MBSB INVESTMENT BANK BERHAD (197501002077 / 23878-X)
(Incorporated in Malaysia)

BASEL II PILLAR 3 -
CAPITAL ADEQUACY FRAMEWORK DISCLOSURES
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2026

MBSB INVESTMENT BANK BERHAD (197501002077 / 23878-X)
(Incorporated in Malaysia)

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1.0 OVERVIEW

The Pillar 3 Disclosure for the financial period ended 30 June 2026 for MBSB Investment Bank Berhad ("the Bank" or "Bank") and its subsidiaries ("the Bank Group" or "Bank Group") 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 period ended 30 June 2026 for the Bank Group and the Bank.

The Bank Group and the Bank have adopted the following approaches in determining the capital requirements in accordance with BNM's Guidelines (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 Group and the Bank are 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 Group's Financial Statements for the financial period ended 30 June 2026.

The Pillar 3 discloses the Bank Group'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 2026 published by the Bank Group and 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"), as delegated by the Board of Directors ("Board").

1.3 SCOPE OF APPLICATION

The Pillar 3 Disclosure is prepared on a consolidated basis which comprises information of the Bank Group and the Bank. 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 2026 and differs from that used for regulatory capital reporting purposes. The investment in the subsidiary companies are deducted from the regulatory capital.

All information in the following paragraphs are based on the Bank Group's and the Bank's positions as at the reporting date. The capital adequacy related information of the Bank Group and the Bank are disclosed based on BNM's RWCAF.

2.0 CAPITAL

The primary objective of the Bank Group's and 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 Group and the Bank manage their capital structure and make adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Bank Group and the Bank may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

The Bank Group and the Bank monitor their 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 Bank Negara Malaysia ("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 Group and the Bank have instituted the ICAAP Framework (“ICCAPF”) with the objective to ensure that the Bank Group and the Bank have maintained adequate capital to support its business strategies and operations. The ICAAPF aims to:

(a) Assess the Bank Group's 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 Group's and 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 Group's and the Bank's capital adequacy.

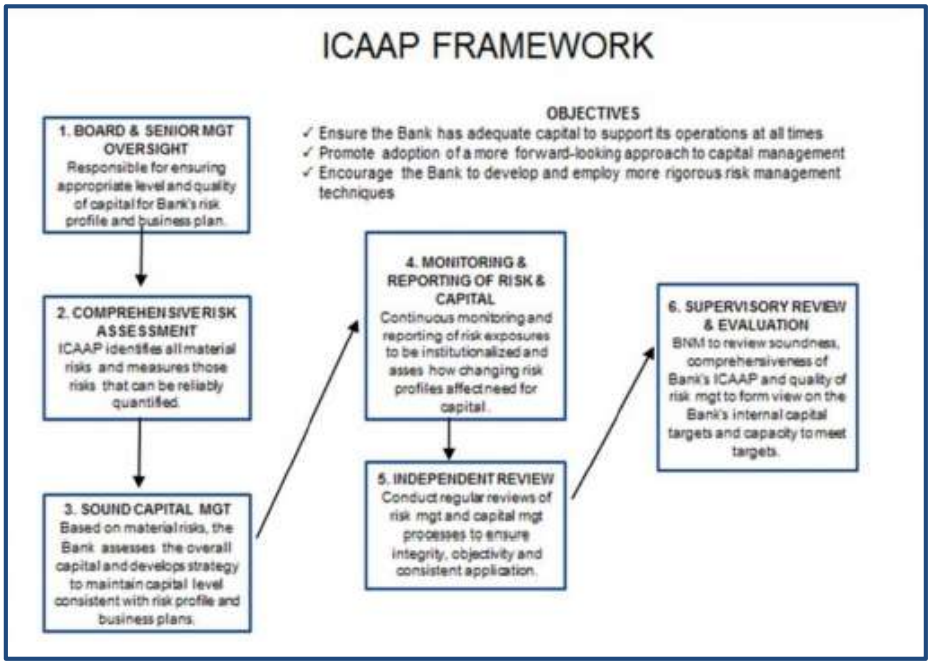
(d) Ensure capital levels remain above minimum regulatory requirements and are sufficient to support the Bank Group's and the Bank's overall risk profile over a dynamic planning horizon of at least three years.

(e) Conduct stress testing to assess the impact of adverse events or changes in market conditions on the Bank Group's and 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 Group and 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 Group's and the Bank's capital adequacy ratio are computed in accordance with the Bank Negara Malaysia ("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 Group and the Bank have adopted Standardised Approach ("SA") for Credit Risk, Market Risk and Operational Risk.

Table 1 sets out further details of the capital adequacy ratios of the Bank Group, the Bank and the Bank's Islamic banking business ("SPI") as at 30 June 2026 and 31 December 2025.

Table 1: Capital Adequacy Ratios

	Bank Group		Bank		SPI	
	30-Jun-26	31-Dec-25	30-Jun-26	31-Dec-25	30-Jun-26	31-Dec-25
CET1 capital ratio	29.153%	28.850%	29.040%	28.788%	49.434%	49.774%
Tier 1 capital ratio	29.153%	28.850%	29.040%	28.788%	49.434%	49.774%
Total capital ratio	30.268%	29.980%	30.155%	29.918%	50.539%	50.897%

The capital ratios after the proposed single-tier interim cash dividend of 15.00 sen per ordinary share in respect of the financial period ended 30 June 2026 amounting to RM23,250,000 based on 155,000,000 shares in issue (31 December 2025: single-tier interim dividend of 65.00 sen per ordinary share amounting to RM100,750,000 based on 155,000,000 shares in issue; 30 June 2025: single-tier interim dividend of 17.20 sen per ordinary share amounting to RM26,660,000 based on 155,000,000 shares in issue) are as follows:

Capital ratios - net of proposed dividend

CET1 capital ratio	28.158%	25.009%	28.048%	24.955%	48.302%	41.591%
Tier 1 capital ratio	28.158%	25.009%	28.048%	24.955%	48.302%	41.591%
Total capital ratio	29.272%	26.139%	29.164%	26.086%	49.407%	42.714%

2.3 CAPITAL STRUCTURE

The total regulatory capital of the Bank Group and 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).

2.0 CAPITAL (cont'd.)

2.3 CAPITAL STRUCTURE (cont'd.)

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 Group and 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").

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

Table 2: Capital Structure

	Bank Group		Bank	
	30-Jun-26 RM'000	31-Dec-25 RM'000	30-Jun-26 RM'000	31-Dec-25 RM'000
Common Equity Tier 1 ("CET 1") Capital				
Ordinary share capital	369,111	369,111	369,111	369,111
Regulatory reserve	31,443	31,443	31,443	31,443
Fair value reserves	3,651	6,954	3,651	6,954
Retained profits	319,778	395,023	319,671	394,968
	723,983	802,531	723,876	802,476
Less : Regulatory adjustments	(43,020)	(45,746)	(43,020)	(45,746)
Total CET1 capital	680,963	756,785	680,856	756,730
Total Tier 1 capital	680,963	756,785	680,856	756,730
Tier 2 Capital				
Collective assessment impairment allowance and regulatory reserve	26,043	29,644	26,152	29,712
Total Tier 2 capital	26,043	29,644	26,152	29,712
Total Capital	707,006	786,429	707,008	786,442

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

	Bank Group		Bank	
Total risk weighted assets ("RWA")	30-Jun-26 RM'000	31-Dec-25 RM'000	30-Jun-26 RM'000	31-Dec-25 RM'000
Credit risk	2,083,423	2,371,527	2,092,144	2,376,945
Operational risk	252,412	251,680	252,412	251,680
Total RWA	2,335,835	2,623,207	2,344,556	2,628,625

2.0 CAPITAL (cont'd.)

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

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

Table 3: Regulatory Capital Requirements

Bank Group

30-Jun-26 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	1,179,854	1,179,854	-	-
Banks, MDBs and DFIs	552,166	552,166	114,925	9,194
Corporates	2,759,169	2,759,169	1,783,803	142,704
Regulatory Retail	21	21	16	1
Residential Mortgages	9	9	3	0
Higher Risk Assets	1,032	1,032	1,548	124
Other Assets	51,815	51,815	48,681	3,894
Total On-Balance Sheet Exposures	4,544,066	4,544,066	1,948,976	155,918
Off-Balance Sheet Exposures:				
Off balance sheet exposures other than OTC derivatives or credit derivatives	134,447	134,447	134,447	10,756
Total Off-Balance Sheet Exposures	134,447	134,447	134,447	10,756
Total On and Off-Balance Sheet Exposures	4,678,513	4,678,513	2,083,423	166,674
Operational Risk	-	-	252,412	20,193
Total RWA and Capital Requirements	**4,678,513**	**4,678,513**	**2,335,835**	**186,867**

2.0 CAPITAL (cont'd.)

2.4 RISK-WEIGHTED ASSETS ("RWA") AND CAPITAL REQUIREMENTS (cont'd.)

Table 3 presents the minimum regulatory capital requirements of the Bank Group and the Bank (cont'd):

Table 3: Regulatory Capital Requirements (cont'd)

Bank Group

31-Dec-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	1,505,064	1,505,064	-	-
Banks, MDBs and DFIs	365,150	365,150	73,030	5,842
Corporates	3,297,483	3,297,483	2,096,018	167,681
Regulatory Retail	25	25	19	2
Residential Mortgages	13	13	5	0
Higher Risk Assets	1,032	1,032	1,548	124
Other Assets	94,660	94,660	92,181	7,374
Total On-Balance Sheet Exposures	5,263,427	5,263,427	2,262,801	181,024
Off-Balance Sheet Exposures:				
Off balance sheet exposures other than OTC derivatives or credit derivatives	109,515	109,515	109,515	8,761
Total Off-Balance Sheet Exposures	109,515	109,515	109,515	8,761
Total On and Off-Balance Sheet Exposures	5,372,942	5,372,942	2,372,316	189,785
Operational Risk	-	-	251,680	20,134
Total RWA and Capital Requirements	5,372,942	5,372,942	2,623,996	209,920

2.0 CAPITAL (cont'd.)

2.4 RISK-WEIGHTED ASSETS ("RWA") AND CAPITAL REQUIREMENTS (cont'd.)

Table 3 presents the minimum regulatory capital requirements of the Bank Group and the Bank (cont'd):

Table 3: Regulatory Capital Requirements (cont'd)

Bank

30-Jun-26 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	1,179,854	1,179,854	-	-
Banks, MDBs and DFIs	541,133	541,133	112,718	9,017
Corporates	2,759,169	2,759,169	1,783,804	142,704
Regulatory Retail	21	21	16	1
Residential Mortgages	9	9	3	0
Higher Risk Assets	1,032	1,032	1,548	124
Other Assets	62,743	62,743	59,609	4,769
Total On-Balance Sheet Exposures	4,543,961	4,543,961	1,957,698	156,616
Off-Balance Sheet Exposures:				
Off balance sheet exposures other than OTC derivatives or credit derivatives	134,447	134,447	134,447	10,756
Total Off-Balance Sheet Exposures	134,447	134,447	134,447	10,756
Total On and Off-Balance Sheet Exposures	4,678,408	4,678,408	2,092,145	167,372
Operational Risk	-	-	252,412	20,193
Total RWA and Capital Requirements	**4,678,408**	**4,678,408**	**2,344,557**	**187,565**

2.0 CAPITAL (cont'd.)

2.4 RISK-WEIGHTED ASSETS ("RWA") AND CAPITAL REQUIREMENTS (cont'd.)

Table 3 presents the minimum regulatory capital requirements of the Bank Group and the Bank (cont'd):

Table 3: Regulatory Capital Requirements (cont'd)

Bank

31-Dec-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	1,505,064	1,505,064	-	-
Banks, MDBs and DFIs	358,283	358,283	71,657	5,733
Corporates	3,297,483	3,297,483	2,096,018	167,681
Regulatory Retail	25	25	19	2
Residential Mortgages	13	13	5	0
Higher Risk Assets	1,032	1,032	1,548	124
Other Assets	100,663	100,663	98,183	7,855
Total On-Balance Sheet Exposures	5,262,563	5,262,563	2,267,430	181,394
Off-Balance Sheet Exposures:				
Off balance sheet exposures other than OTC derivatives or credit derivatives	109,515	109,515	109,515	8,761
Total Off-Balance Sheet Exposures	109,515	109,515	109,515	8,761
Total On and Off-Balance Sheet Exposures	5,372,078	5,372,078	2,376,945	190,155
Operational Risk	-	-	251,680	20,134
Total RWA and Capital Requirements	5,372,078	5,372,078	2,628,625	210,290

3.0 RISK MANAGEMENT

Risk management forms an integral part of the Bank Group and 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 Group and 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 subsequently submitted to Group Management Risk and Compliance Committee ("GMRCC"), Board Risk Management and Compliance Committee ("BRMCC") and/or the Board for approval.

In essence, the objectives of the Bank Group and 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 Group and 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 Group and 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 Group 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 Group.

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 Group in addressing and managing the risk is clearly assigned through a "three lines of defence model".

The Bank Group'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 Group, fostering a unified and comprehensive understanding across every facet of the Bank Group.

3.0 RISK MANAGEMENT (cont'd.)

3.1 RISK MANAGEMENT FRAMEWORK (Cont'd.)

3.1.2 INTERNAL CAPITAL ADEQUACY ASSESSMENT PROCESS ("ICAAP")

The ICAAP framework ensures that all material risks are identified, measured, monitored 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 Group and the Bank.

3.1.3 RISK APPETITE

It is defined as the amount and types of risk that the Bank Group and 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 Group and 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 Group and the Bank applies a structured 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 Group's Enterprise 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 Group and the Bank's overall risk profile and adherence to the approved 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 approved risk control 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 Group 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 approved 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 Group.

In addition, Business Risk and Compliance Specialist ("BRICS") and Designated Compliance and Risk Officer ("DCOROs") are appointed at the respective business and functional units across the Bank Group to cultivate proactive risk and compliance management and to establish a robust risk culture.

3.2 RISK ORGANISATION

At the apex of the Bank Group'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 Group, 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 Group 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:** The Board is the Bank's ultimate governing body with overall responsibility for risk oversight, including the establishment of an appropriate governance structure and risk appetite.

- **Board Risk Management and Compliance Committee (BRMCC)**: The BRMCC assists the Board by overseeing key risk areas and providing oversight of the effective implementation of risk management strategies, risk appetite, frameworks, policies and procedures across credit, market, liquidity, technology and cybersecurity, operational, ESG, compliance, legal and other material risk areas.

3.0 RISK MANAGEMENT (cont'd.)

3.2 RISK ORGANISATION (cont'd.)

- **Group Management Committee (GMC)**: Provides the direction in the implementation of strategies and policies approved by the Board and management of key accounts.

- **Group Management Risk and Compliance Committee (GMRCC)**: The GMRCC oversees risk and compliance matters and reviews risk management policies, frameworks and strategies for recommendation to the BRMCC.

- **Group Asset Liability Committee (GALCO)**: The GALCO provides oversight of market risk, liquidity risk, capital management and balance sheet management. It oversees asset and liability management strategies, and recovery planning arrangements to support effective risk governance and financial resilience.

- **Group Management Investment and Credit Committee (GMICC):** The GMICC oversees credit and investment proposals across the Bank and reviews credit quality and recovery matters.

- **Group Management Information Technology Committee (GMITC):** The GMITC provides oversight of the Bank's technology strategy, IT operations and cyber security matters. It oversees technology and cyber security risk management, reviews IT policies and initiatives, and monitors IT performance and project delivery.

- **Group Management Transformation Committee (GMTC):** Oversees the governance and implementation of transformation initiatives to ensure alignment with the Bank's strategic priorities, risk considerations and approved investment objectives.

The Bank Group'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 Group and the Bank due to the deterioration in credit worthiness of its customers and, consequently, their ability to discharge their contractual obligations to the Bank Group and the Bank. Credit risk remains the most significant risk to which the the Bank Group and 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 Group and the Bank's risk appetite and to ensure that returns are commensurate with the risk underwritten.

The primary objective of the Bank Group and 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 Group and 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 Group and 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 Group and 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 Group and 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 Group and 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 Group and 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 Group and the Bank's gross credit exposures by geographic region.

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

Bank Group

30-Jun-26	**Inside Malaysia RM'000**	**Total RM'000**
Exposure Class		
On-Balance Sheet Exposures:		
Sovereigns & Central Banks	1,179,854	1,179,854
Banks, MDBs and DFIs	552,166	552,166
Corporates	2,759,169	2,759,169
Regulatory Retail	21	21
Residential Mortgages	9	9
Higher Risk Assets	1,032	1,032
Other Assets	51,815	51,815
Total On-Balance Sheet Exposures	**4,544,066**	**4,544,066**
Off-Balance Sheet Exposures:		
Off balance sheet exposures other than OTC derivatives or credit derivatives	134,447	134,447
Total Off-Balance Sheet Exposures	**134,447**	**134,447**
Total Credit Exposures	**4,678,513**	**4,678,513**

31-Dec-25	**Inside Malaysia RM'000**	**Total RM'000**
Exposure Class		
On-Balance Sheet Exposures:		
Sovereigns & Central Banks	1,505,064	1,505,064
Banks, MDBs and DFIs	365,150	365,150
Corporates	3,297,483	3,297,483
Regulatory Retail	25	25
Residential Mortgages	13	13
Higher Risk Assets	1,032	1,032
Other Assets	94,660	94,660
Total On-Balance Sheet Exposures	5,263,427	5,263,427
Off-Balance Sheet Exposures:		
Off balance sheet exposures other than OTC derivatives or credit derivatives	109,515	109,515
Total Off-Balance Sheet Exposures	109,515	109,515
Total Credit Exposures	5,372,942	5,372,942

4.0 CREDIT RISK (cont'd.)

4.1 DISTRIBUTION OF CREDIT EXPOSURES (CONT'D.)

(a) Geographic Distribution (Cont'd.)

The following tables represent the Bank Group and the Bank's gross credit exposures by geographic region (cont'd.)

Table 4: Credit Risk (General Disclosures) by Geographical Distribution (cont'd.)

Bank

30-Jun-26	**Inside Malaysia RM'000**	**Total RM'000**
Exposure Class		
On-Balance Sheet Exposures:		
Sovereigns & Central Banks	1,179,854	1,179,854
Banks, MDBs and DFIs	541,133	541,133
Corporates	2,759,169	2,759,169
Regulatory Retail	21	21
Residential Mortgages	9	9
Higher Risk Assets	1,032	1,032
Other Assets	62,743	62,743
Total On-Balance Sheet Exposures	**4,543,961**	**4,543,961**
Off-Balance Sheet Exposures:		
Off balance sheet exposures other than OTC derivatives or credit derivatives	134,447	134,447
Total Off-Balance Sheet Exposures	**134,447**	**134,447**
Total Credit Exposures	**4,678,408**	**4,678,408**

31-Dec-25	**Inside Malaysia RM'000**	**Total RM'000**
Exposure Class		
On-Balance Sheet Exposures:		
Sovereigns & Central Banks	1,505,064	1,505,064
Banks, MDBs and DFIs	358,283	358,283
Corporates	3,297,483	3,297,483
Regulatory Retail	25	25
Residential Mortgages	13	13
Higher Risk Assets	1,032	1,032
Other Assets	100,663	100,663
Total On-Balance Sheet Exposures	5,262,563	5,262,563
Off-Balance Sheet Exposures:		
Off balance sheet exposures other than OTC derivatives or credit derivatives	109,515	109,515
Total Off-Balance Sheet Exposures	109,515	109,515
Total Credit Exposures	5,372,078	5,372,078

4.0 CREDIT RISK (cont'd.)

4.1 DISTRIBUTION OF CREDIT EXPOSURES (cont'd.)

(b) Economic Purpose

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

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

Bank Group		**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-26						
Exposure Class						
On-Balance Sheet Exposures:						
Sovereigns & Central Banks	1,143,344	-	-	-	-	-
Banks, MDBs and DFIs	176,767	-	-	-	-	-
Corporates	2,340,299	-	-	-	-	-
Regulatory Retail	-	-	-	-	21	-
Residential Mortgages	-	9	-	-	-	-
Higher Risk Assets	-	-	-	-	-	-
Other Assets	-	-	-	-	-	6,508
Total On-Balance Sheet Exposures	**3,660,410**	**9**	**-**	**-**	**21**	**6,508**
Off-Balance Sheet Exposures:						
Off balance sheet exposures other than OTC derivatives or credit derivatives	97,850	-	-	-	-	-
Total Off-Balance Sheet Exposures	**97,850**	**-**	**-**	**-**	**-**	**-**
Total Credit Exposures	**3,758,260**	**9**	**-**	**-**	**21**	**6,508**

4.0 CREDIT RISK (cont'd.)

4.1 DISTRIBUTION OF CREDIT EXPOSURES (cont'd.)

(b) Economic Purpose (cont'd.)

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

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

Bank Group	**Personal Use**	**Construction**	**Mergers & acquisition**	**Working capital**	**Other purpose**	**Total**
	RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
30-Jun-26						
Exposure Class						
On-Balance Sheet Exposures:						
Sovereigns & Central Banks	-	-	-	-	36,510	1,179,854
Banks, MDBs and DFIs	-	-	-	-	375,399	552,166
Corporates	-	278,613	108,020	10,033	22,204	2,759,169
Regulatory Retail	-	-	-	-	-	21
Residential Mortgages	-	-	-	-	-	9
Higher Risk Assets	-	-	-	-	1,032	1,032
Other Assets	-	-	-	-	45,307	51,815
Total On-Balance Sheet Exposures	**-**	**278,613**	**108,020**	**10,033**	**480,452**	**4,544,066**
Off-Balance Sheet Exposures:						
Off balance sheet exposures other than OTC derivatives or credit derivatives	-	36,597	-	-	-	134,447
Total Off-Balance Sheet Exposures	**-**	**36,597**	**-**	**-**	**-**	**134,447**
Total Credit Exposures	**-**	**315,210**	**108,020**	**10,033**	**480,452**	**4,678,513**

4.0 CREDIT RISK (cont'd.)

4.1 DISTRIBUTION OF CREDIT EXPOSURES (cont'd.)

(b) Economic Purpose (cont'd.)

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

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

Bank Group		**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-25						
Exposure Class						
On-Balance Sheet Exposures:						
Sovereigns & Central Banks	1,093,722	-	-	-	-	-
Banks, MDBs and DFIs	177,480	-	-	-	-	-
Corporates	2,757,932	-	-	-	-	-
Regulatory Retail	-	-	-	-	25	-
Residential Mortgages	-	13	-	-	-	-
Higher Risk Assets	-	-	-	-	-	-
Other Assets	-	-	-	-	-	8,309
Total On-Balance Sheet Exposures	**4,029,134**	**13**	**-**	**-**	**25**	**8,309**
Off-Balance Sheet Exposures:						
Off balance sheet exposures other than OTC derivatives or credit derivatives	65,352	-	-	-	-	-
Total Off-Balance Sheet Exposures	**65,352**	**-**	**-**	**-**	**-**	**-**
Total Credit Exposures	**4,094,486**	**13**	**-**	**-**	**25**	**8,309**

4.0 CREDIT RISK (cont'd.)

4.1 DISTRIBUTION OF CREDIT EXPOSURES (cont'd.)

(b) Economic Purpose (cont'd.)

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

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

Bank Group	**Personal Use**	**Construction**	**Mergers & acquisition**	**Working capital**	**Other purpose**	**Total**
	RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
31-Dec-25						
Exposure Class						
On-Balance Sheet Exposures:						
Sovereigns & Central Banks	-	-	-	-	411,342	1,505,064
Banks, MDBs and DFIs	-	-	-	-	187,670	365,150
Corporates	-	262,926	120,022	107,204	49,399	3,297,483
Regulatory Retail	-	-	-	-	-	25
Residential Mortgages	-	-	-	-	-	13
Higher Risk Assets	-	-	-	-	1,032	1,032
Other Assets	-	-	-	-	86,351	94,660
Total On-Balance Sheet Exposures	**-**	**262,926**	**120,022**	**107,204**	**735,794**	**5,263,427**
Off-Balance Sheet Exposures:						
Off balance sheet exposures other than OTC derivatives or credit derivatives	-	44,163	-	-	-	109,515
Total Off-Balance Sheet Exposures	**-**	**44,163**	**-**	**-**	**-**	**109,515**
Total Credit Exposures	**-**	**307,089**	**120,022**	**107,204**	**735,794**	**5,372,942**

4.0 CREDIT RISK (cont'd.)

4.1 DISTRIBUTION OF CREDIT EXPOSURES (cont'd.)

(b) Economic Purpose (cont'd.)

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

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

Bank		**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-26						
Exposure Class						
On-Balance Sheet Exposures:						
Sovereigns & Central Banks	1,143,344	-	-	-	-	-
Banks, MDBs and DFIs	176,767	-	-	-	-	-
Corporates	2,340,299	-	-	-	-	-
Regulatory Retail	-	-	-	-	21	-
Residential Mortgages	-	9	-	-	-	-
Higher Risk Assets	-	-	-	-	-	-
Other Assets	-	-	-	-	-	6,508
Total On-Balance Sheet Exposures	**3,660,410**	**9**	**-**	**-**	**21**	**6,508**
Off-Balance Sheet Exposures:						
Off balance sheet exposures other than OTC derivatives or credit derivatives	97,850	-	-	-	-	-
Total Off-Balance Sheet Exposures	**97,850**	**-**	**-**	**-**	**-**	**-**
Total Credit Exposures	**3,758,260**	**9**	**-**	**-**	**21**	**6,508**

4.0 CREDIT RISK (cont'd.)

4.1 DISTRIBUTION OF CREDIT EXPOSURES (cont'd.)

(b) Economic Purpose (cont'd.)

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

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

Bank	**Personal Use**	**Construction**	**Mergers & acquisition**	**Working capital**	**Other purpose**	**Total**
	RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
30-Jun-26						
Exposure Class						
On-Balance Sheet Exposures:						
Sovereigns & Central Banks	-	-	-	-	36,510	1,179,854
Banks, MDBs and DFIs	-	-	-	-	364,366	541,133
Corporates	-	278,613	108,020	10,033	22,204	2,759,169
Regulatory Retail	-	-	-	-	-	21
Residential Mortgages	-	-	-	-	-	9
Higher Risk Assets	-	-	-	-	1,032	1,032
Other Assets	-	-	-	-	56,235	62,743
Total On-Balance Sheet Exposures	**-**	**278,613**	**108,020**	**10,033**	**480,347**	**4,543,961**
Off-Balance Sheet Exposures:						
Off balance sheet exposures other than OTC derivatives or credit derivatives	-	36,597	-	-	-	134,447
Total Off-Balance Sheet Exposures	**-**	**36,597**	**-**	**-**	**-**	**134,447**
Total Credit Exposures	**-**	**315,210**	**108,020**	**10,033**	**480,347**	**4,678,408**

4.0 CREDIT RISK (cont'd.)

4.1 DISTRIBUTION OF CREDIT EXPOSURES (cont'd.)

(b) Economic Purpose (cont'd.)

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

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

Bank		**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-25						
Exposure Class						
On-Balance Sheet Exposures:						
Sovereigns & Central Banks	1,093,722	-	-	-	-	-
Banks, MDBs and DFIs	177,480	-	-	-	-	-
Corporates	2,757,932	-	-	-	-	-
Regulatory Retail	-	-	-	-	25	-
Residential Mortgages	-	13	-	-	-	-
Higher Risk Assets	-	-	-	-	-	-
Other Assets	-	-	-	-	-	7,522
Total On-Balance Sheet Exposures	**4,029,134**	**13**	**-**	**-**	**25**	**7,522**
Off-Balance Sheet Exposures:						
Off balance sheet exposures other than OTC derivatives or credit derivatives	65,352	-	-	-	-	-
Total Off-Balance Sheet Exposures	**65,352**	**-**	**-**	**-**	**-**	**-**
Total Credit Exposures	**4,094,486**	**13**	**-**	**-**	**25**	**7,522**

4.0 CREDIT RISK (cont'd.)

4.1 DISTRIBUTION OF CREDIT EXPOSURES (cont'd.)

(b) Economic Purpose (cont'd.)

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

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

Bank	**Personal Use**	**Construction**	**Mergers & acquisition**	**Working capital**	**Other purpose**	**Total**
	RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
31-Dec-25						
Exposure Class						
On-Balance Sheet Exposures:						
Sovereigns & Central Banks	-	-	-	-	411,342	1,505,064
Banks, MDBs and DFIs	-	-	-	-	180,803	358,283
Corporates	-	262,926	120,022	107,204	49,399	3,297,483
Regulatory Retail	-	-	-	-	-	25
Residential Mortgages	-	-	-	-	-	13
Higher Risk Assets	-	-	-	-	1,032	1,032
Other Assets	-	-	-	-	93,141	100,663
Total On-Balance Sheet Exposures	**-**	**262,926**	**120,022**	**107,204**	**735,717**	**5,262,563**
Off-Balance Sheet Exposures:						
Off balance sheet exposures other than OTC derivatives or credit derivatives	-	44,163	-	-	-	109,515
Total Off-Balance Sheet Exposures	**-**	**44,163**	**-**	**-**	**-**	**109,515**
Total Credit Exposures	**-**	**307,089**	**120,022**	**107,204**	**735,717**	**5,372,078**

4.0 CREDIT RISK (cont'd.)

4.1 DISTRIBUTION OF CREDIT EXPOSURES (cont'd.)

(c) Residual Contractual Maturity

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

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

Bank Group **30-Jun-26** **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	294,548	536,467	348,839	-	1,179,854
Banks, MDBs and FDIs	415,967	91,177	45,022	-	552,166
Corporates	1,355,157	1,111,692	292,320	-	2,759,169
Regulatory Retail	2	19	-	-	21
Residential Mortgages	9	-	-	-	9
Higher Risk Assets	-	-	-	1,032	1,032
Other Assets	-	-	-	51,815	51,815
Total On-Balance Sheet Exposures	**2,065,683**	**1,739,355**	**686,181**	**52,847**	**4,544,066**
Off-Balance Sheet Exposures:					
Off balance sheet exposures other than OTC derivatives or credit derivatives	99,850	34,597	-	-	134,447
Total Off-Balance Sheet Exposures	**99,850**	**34,597**	**-**	**-**	**134,447**
Total Credit Exposures	**2,165,533**	**1,773,952**	**686,181**	**52,847**	**4,678,513**

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 Group's and Bank's gross credit exposures by residual contractual maturity. (cont'd.)

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

Bank Group **31-Dec-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	1,089,401	270,469	145,194	-	1,505,064
Banks, MDBs and FDIs	263,477	101,673	-	-	365,150
Corporates	1,686,673	1,339,798	271,012	-	3,297,483
Regulatory Retail	9	16	-	-	25
Residential Mortgages	9	4	-	-	13
Higher Risk Assets	-	-	-	1,032	1,032
Other Assets	-	-	-	94,660	94,660
Total On-Balance Sheet Exposures	3,039,569	1,711,960	416,206	95,692	5,263,427
Off-Balance Sheet Exposures:					
Off balance sheet exposures other than OTC derivatives or credit derivatives	65,352	44,163	-	-	109,515
Total Off-Balance Sheet Exposures	65,352	44,163	-	-	109,515
Total Credit Exposures	3,104,921	1,756,123	416,206	95,692	5,372,942

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 Group's and Bank's gross credit exposures by residual contractual maturity. (cont'd.)

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

Bank **30-Jun-26** **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	294,548	536,467	348,839	-	1,179,854
Banks, MDBs and FDIs	404,935	91,177	45,021	-	541,133
Corporates	1,355,157	1,111,692	292,320	-	2,759,169
Regulatory Retail	2	19	-	-	21
Residential Mortgages	9	-	-	-	9
Higher Risk Assets	-	-	-	1,032	1,032
Other Assets	-	-	-	62,743	62,743
Total On-Balance Sheet Exposures	**2,054,651**	**1,739,355**	**686,180**	**63,775**	**4,543,961**
Off-Balance Sheet Exposures:					
Off balance sheet exposures other than OTC derivatives or credit derivatives	99,850	34,597	-	-	134,447
Total Off-Balance Sheet Exposures	**99,850**	**34,597**	**-**	**-**	**134,447**
Total Credit Exposures	**2,154,501**	**1,773,952**	**686,180**	**63,775**	**4,678,408**

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 Group's and Bank's gross credit exposures by residual contractual maturity. (cont'd.)

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

Bank **31-Dec-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	1,089,401	270,469	145,194	-	1,505,064
Banks, MDBs and FDIs	256,610	101,673	-	-	358,283
Corporates	1,686,673	1,339,798	271,012	-	3,297,483
Regulatory Retail	9	16	-	-	25
Residential Mortgages	9	4	-	-	13
Higher Risk Assets	-	-	-	1,032	1,032
Other Assets	-	-	-	100,663	100,663
Total On-Balance Sheet Exposures	3,032,702	1,711,960	416,206	101,695	5,262,563
Off-Balance Sheet Exposures:					
Off balance sheet exposures other than OTC derivatives or credit derivatives	65,352	44,163	-	-	109,515
Total Off-Balance Sheet Exposures	65,352	44,163	-	-	109,515
Total Credit Exposures	3,098,054	1,756,123	416,206	101,695	5,372,078

4.0 CREDIT RISK (cont'd.)

4.2 CREDIT QUALITY OF FINANCING AND ADVANCES

Credit-impaired (Default)

Past due refers to credit exposures where scheduled payments of principal, profit/interest or other contractual amounts have not been settled by the counterparty on the contractual due date.

At each reporting date, the Bank Group and the Bank assess 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 Group and 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 Group's and 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 Group and 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 Group and 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 Group and 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.

4.0 CREDIT RISK (cont'd.)

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

Please refer to the note of the Financial Statements for the financial period ended 30 June 2026 for accounting policies on impairement of financial assets.

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

Bank Group / Bank	Neither past due nor impaired		Impaired	Total
	Stage 1	Stage 2	Stage 3	
	RM'000	RM'000	RM'000	RM'000
30-Jun-26				
Purchase of securities	869,214	-	39,543	908,757
Purchase of Land and Building of which:				
- Residential	9	-	-	9
- Non Residential	-	-	-	-
Purchase of Fixed Assets Other Than Land and Building of which:				
- Machinery and Equipments	-	-	-	-
- Transport or commercial vehicles	21	-	-	21
- Other Fixed Assets	-	-	-	-
Personal Use	-	-	-	-
Construction	133,835	89,346	55,432	278,613
Mergers & acquisition	-	108,020	-	108,020
Working capital	10,033	-	-	10,033
Other purpose	22,204	-	-	22,204
Total	**1,035,316**	**197,366**	**94,975**	**1,327,657**

	Neither past due nor impaired		Impaired	Total
	Stage 1	Stage 2	Stage 3	
	RM'000	RM'000	RM'000	RM'000
31-Dec-25				
Purchase of securities	1,051,259	-	-	1,051,259
Purchase of Land and Building of which:				
- Residential	13	-	-	13
- Non Residential	-	-	-	-
Purchase of Fixed Assets Other Than Land and Building of which:				
- Machinery and Equipments	-	-	-	-
- Transport or commercial vehicles	25	-	-	25
- Other Fixed Assets	-	-	-	-
Personal Use	-	-	-	-
Construction	198,180	9,581	55,165	262,926
Mergers & acquisition	-	120,022	-	120,022
Working capital	107,204	-	-	107,204
Other purpose	22,204	-	27,488	49,692
Total	1,378,885	129,603	82,653	1,591,141

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	
	RM'000	RM'000	RM'000	RM'000
30-Jun-26				
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	1,282	757	-	2,039
Mergers & acquisition	-	-	-	-
Working capital	13	-	-	13
Other purpose	131	-	-	131
Total	**1,426**	**757**	**-**	**2,183**

	Neither past due nor impaired		Impaired	Total
	Stage 1	Stage 2	Stage 3	
	RM'000	RM'000	RM'000	RM'000
31-Dec-25				
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	2,256	-	-	2,256
Mergers & acquisition	-	-	-	-
Working capital	838	-	-	838
Other purpose	155	-	292	447
Total	3,249	-	292	3,541

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-26				
Inside Malaysia	1,035,316	197,366	94,975	1,327,657
31-Dec-25				
Inside Malaysia	1,378,885	129,603	82,653	1,591,141

Table 10: Expected Credit Losses by Geographical Distribution

	Neither past due nor impaired		Impaired	
	Stage 1	Stage 2	Stage 3	Total
30-Jun-26	RM'000	RM'000	RM'000	RM'000
Inside Malaysia	1,426	757	-	2,183
31-Dec-25				
Inside Malaysia	3,249	-	292	3,541

Table 11: Expected Credit Losses Charges/(Write-Back) and Write-Off by Economic Purpose

	Individual Impairment Charges/ (Write-Back) RM'000	Stage 3 Write-Off RM'000
30-Jun-26		
Construction	-	-
Mergers & acquisition	-	-
Other purpose	(292)	-
Total	(292)	**-**
31-Dec-25		
Purchase of securities	-	13,137
Construction	(67)	-
Mergers & acquisition	(2,277)	
Other purpose	19	-
Total	(2,325)	13,137

4.0 CREDIT RISK (cont'd.)

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

Table 12: Movement of Expected Credit Losses ("ECL") for financing and advances

	Stage 1	Stage 2	Stage 3	Total
	RM'000	RM'000	RM'000	RM'000
30-Jun-26				
As at 1 January	3,249	-	292	3,541
(Reversal)/charge to profit or loss	(1,823)	757	(292)	(1,358)
Changes in the ECL due to transfer within stages:				
- Transfer to Stage 2	(757)	757	-	-
- Transfer to Stage 3	-	-	-	-
New financing/disbursement during the period	12	155	-	167
Repayment during the period	(796)	-	(292)	(1,088)
Changes in credit risk parameters #	(282)	(155)	-	(437)
Write-offs	-	-	-	-
As at 30 June	**1,426**	**757**	**-**	**2,183**

	Stage 1	Stage 2	Stage 3	Total
31-Dec-25	RM'000	RM'000	RM'000	RM'000
As at 1 January	8,537	293	12,537	21,367
(Reversal)/charge to profit or loss	(5,288)	(293)	892	(4,689)
Changes in the ECL due to transfer within stages:				
- Transfer to Stage 2	(2,277)	2,277	-	-
- Transfer to Stage 3	(47)	(226)	273	-
New financing/disbursement during the year	1,646	-	-	1,646
Repayment during the year	(2,358)	-	(24)	(2,382)
Other movements	-	-	600	600
Changes in credit risk parameters #	(2,252)	(2,344)	43	(4,553)
Write-offs	-	-	(13,137)	(13,137)
As at 31 December	3,249	-	292	3,541

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 Group and the Bank make 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 Group and the Bank and are recognised by BNM:

(a) Standard & Poor's ("S&P)

(b) Moody's Investors Service ("Moody's")

(c) Fitch Ratings ("Fitch")

(d) RAM Rating Services Berhad ("RAM")

(e) 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 purpose:

(a) Sovereigns & Central Banks

(b) Banking Institutions

(c) Corporates

Rating Category	S&P	Moody's	Moody's	RAM	MARC
1	AAA to AA-	Aaa to Aa3	Aaa to Aa3	AAA to AA3	AAA to AA-
2	A+ to A-	A1 to A3	A1 to A3	A+ to A3	A+ to A-
3	BBB+ to BBB-	Baa1 to Baa3	Baa1 to Baa3	BBB+ to BBB3	BBB+ to BBB-
4	BB+ to BB-	Ba1 to Ba3	Ba1 to Ba3	BB+ to BB3	BB+ to BB-
5	B+ to B-	B1 to B3	B1 to B3	B+ to B3	B+ to B-
6	CCC+ and below	Caa1 and below	Caa1 and below	C1 and below	C+ and below
7	Unrated	Unrated	Unrated	Unrated	Unrated

4.0 CREDIT RISK (cont'd.)

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

Table 13: Credit Risk Exposure by Risk Weight Under SA

Bank Group

30-Jun-26 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%	1,179,854	-	-	-	-	-	-	1,179,854	-
20%	-	537,194	1,246,565	-	-	-	3,918	1,787,677	357,535
35%	-	-	-	-	9	-	-	9	3
50%	-	14,972	51,201	-	-	-	-	66,173	33,087
75%	-	-	-	21	-	-	-	21	16
100%	-	-	1,500,875	-	-	-	47,897	1,548,772	1,548,772
150%	-	-	-	-	-	1,032	-	1,032	1,548
Total	**1,179,854**	**552,166**	**2,798,641**	**21**	**9**	**1,032**	**51,815**	**4,583,538**	**1,940,961**
Defaulted Exposures									
150%	-	-	94,975	-	-	-	-	94,975	142,463
Total	**-**	**-**	**94,975**	**-**	**-**	**-**	**-**	**94,975**	**142,463**
Total Performing and Defaulted	**1,179,854**	**552,166**	**2,893,616**	**21**	**9**	**1,032**	**51,815**	**4,678,513**	**2,083,424**

4.0 CREDIT RISK (cont'd.)

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

Table 13: Credit Risk Exposure by Risk Weight Under SA (cont'd.)

Bank Group

31-Dec-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%	1,505,064	-	-	-	-	-	-	1,505,064	-
20%	-	365,150	1,521,254	-	-	-	3,099	1,889,503	377,901
35%	-	-	-	-	13	-	-	13	5
50%	-	-	51,284	-	-	-	-	51,284	25,642
75%	-	-	-	25	-	-	-	25	19
100%	-	-	1,752,100	-	-	-	91,561	1,843,661	1,843,661
150%	-	-	-	-	-	1,032	-	1,032	1,548
Total	**1,505,064**	**365,150**	**3,324,638**	**25**	**13**	**1,032**	**94,660**	**5,290,582**	**2,248,776**
Defaulted Exposures									
150%	-	-	82,360	-	-	-	-	82,360	123,540
Total	**-**	**-**	**82,360**	**-**	**-**	**-**	**-**	**82,360**	**123,540**
Total Performing and Defaulted	**1,505,064**	**365,150**	**3,406,998**	**25**	**13**	**1,032**	**94,660**	**5,372,942**	**2,372,316**

4.0 CREDIT RISK (cont'd.)

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

Table 13: Credit Risk Exposure by Risk Weight Under SA (cont'd.)

Bank

30-Jun-26 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%	1,179,854	-	-	-	-	-	-	1,179,854	-
20%	-	526,161	1,246,565	-	-	-	3,918	1,776,644	355,329
35%	-	-	-	-	9	-	-	9	3
50%	-	14,972	51,201	-	-	-	-	66,173	33,087
75%	-	-	-	21	-	-	-	21	16
100%	-	-	1,500,875	-	-	-	58,825	1,559,700	1,559,700
150%	-	-	-	-	-	1,032	-	1,032	1,548
Total	**1,179,854**	**541,133**	**2,798,641**	**21**	**9**	**1,032**	**62,743**	**4,583,433**	**1,949,682**
Defaulted Exposures									
150%	-	-	94,975	-	-	-	-	94,975	142,463
Total	**-**	**-**	**94,975**	**-**	**-**	**-**	**-**	**94,975**	**142,463**
Total Performing and Defaulted	**1,179,854**	**541,133**	**2,893,616**	**21**	**9**	**1,032**	**62,743**	**4,678,408**	**2,092,145**

4.0 CREDIT RISK (cont'd.)

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

Table 13: Credit Risk Exposure by Risk Weight Under SA (cont'd.)

Bank

31-Dec-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%	1,505,064	-	-	-	-	-	-	1,505,064	-
20%	-	358,283	1,521,254	-	-	-	3,099	1,882,636	376,527
35%	-	-	-	-	13	-	-	13	5
50%	-	-	51,284	-	-	-	-	51,284	25,642
75%	-	-	-	25	-	-	-	25	19
100%	-	-	1,752,100	-	-	-	97,564	1,849,664	1,849,664
150%	-	-	-	-	-	1,032	-	1,032	1,548
Total	**1,505,064**	**358,283**	**3,324,638**	**25**	**13**	**1,032**	**100,663**	**5,289,718**	**2,253,405**
Defaulted Exposures									
150%	-	-	82,360	-	-	-	-	82,360	123,540
Total	**-**	**-**	**82,360**	**-**	**-**	**-**	**-**	**82,360**	**123,540**
Total Performing and Defaulted	**1,505,064**	**358,283**	**3,406,998**	**25**	**13**	**1,032**	**100,663**	**5,372,078**	**2,376,945**

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

Bank Group

30-Jun-26
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		1,246,565	51,201	-	-	1,595,850
Total		**1,246,565**	**51,201**	**-**	**-**	**1,595,850**

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 (cont'd.)

Table 14: Disclosure for Portfolio Under the SA on Rated Exposures according to Rating by ECAIs (cont'd.)

Bank Group

30-Jun-26
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		1,179,854	-	-	-	-	-
Total		**1,179,854**	**-**	**-**	**-**	**-**	**-**

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		552,166	-	-	-	-	-
Total		**552,166**	**-**	**-**	**-**	**-**	**-**

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 (cont'd.)

Table 14: Disclosure for Portfolio Under the SA on Rated Exposures according to Rating by ECAIs (cont'd.)

Bank Group

31-Dec-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**	**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		1,521,254	51,284	-	-	1,834,460
Total		**1,521,254**	**51,284**	**-**	**-**	**1,834,460**

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 (cont'd.)

Table 14: Disclosure for Portfolio Under the SA on Rated Exposures according to Rating by ECAIs (cont'd.)

Bank Group

31-Dec-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		1,505,064	-	-	-	-	-
Total		**1,505,064**	**-**	**-**	**-**	**-**	**-**

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		365,150	-	-	-	-	-
Total		**365,150**	**-**	**-**	**-**	**-**	**-**

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 (cont'd.)

Table 14: Disclosure for Portfolio Under the SA on Rated Exposures according to Rating by ECAIs (cont'd.)

Bank

30-Jun-26
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		1,246,565	51,201	-	-	1,595,850
Total		**1,246,565**	**51,201**	**-**	**-**	**1,595,850**

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 (cont'd.)

Table 14: Disclosure for Portfolio Under the SA on Rated Exposures according to Rating by ECAIs (cont'd.)

Bank

30-Jun-26
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		1,179,854	-	-	-	-	-
Total		**1,179,854**	**-**	**-**	**-**	**-**	**-**

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		541,133	-	-	-	-	-
Total		**541,133**	**-**	**-**	**-**	**-**	**-**

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 (cont'd.)

Table 14: Disclosure for Portfolio Under the SA on Rated Exposures according to Rating by ECAIs (cont'd.)

Bank

31-Dec-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	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		1,521,254	51,284	-	-	1,834,460
Total		**1,521,254**	**51,284**	**-**	**-**	**1,834,460**

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 (cont'd.)

Table 14: Disclosure for Portfolio Under the SA on Rated Exposures according to Rating by ECAIs (cont'd.)

Bank

31-Dec-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		1,505,064	-	-	-	-	-
Total		**1,505,064**	**-**	**-**	**-**	**-**	**-**

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		358,283	-	-	-	-	-
Total		**358,283**	**-**	**-**	**-**	**-**	**-**

4.0 CREDIT RISK (cont'd.)

4.4 OFF-BALANCE SHEET EXPOSURE AND COUNTERPARTY CREDIT RISK

Off-Balance Sheet Exposures

The Bank Group and 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 Group and the Bank:

Table 15: Off-Balance Sheet Exposure and Counterparty Credit Risk

Bank Group/Bank **30-Jun-26** **Nature of Item**	**Total Principal Amount RM'000**	**Total Credit Equivalent Amount RM'000**	**Total Risk Weighted Amount RM'000**
Direct Credit Substitutes	-	-	-
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	69,195	34,598	34,598
Other commitments, such as formal standby facilities and credit lines, with an original maturity of up to one year	499,248	99,850	99,850
Total	**568,443**	**134,447**	**134,447**

31-Dec-25 **Nature of Item**	**Total Principal Amount RM'000**	**Total Credit Equivalent Amount RM'000**	**Total Risk Weighted Amount RM'000**
Direct Credit Substitutes	-	-	-
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	88,326	44,163	44,163
Other commitments, such as formal standby facilities and credit lines, with an original maturity of up to one year	326,759	65,352	65,352
Total	415,085	109,515	109,515

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 Group and 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 Group and 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 Group and 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 Group and 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 Group and the Bank adopt 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-26 +150 bps parallel shock		31-Dec-25 +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)	(25,036)	(111,332)	(17,706)	(83,377)

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 exposures are the same with the audited financial statements for the financial period ended 30 June 2026.

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-26		31-Dec-25	
	Exposures Pre/Post CRM RM'000	Risk-weighted assets RM'000	Exposures Pre/Post CRM RM'000	Risk-weighted assets RM'000
Privately held	1,032	1,548	1,032	1,548
	1,032	**1,548**	**1,032**	**1,548**

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

	30-Jun-26	31-Dec-25
Realised gains/(loss) recognised in income statement	-	-
Unrealised gains/(loss) recognised in revaluation reserve	-	(354)
	-	(354)

7.0 LIQUIDITY RISK

Liquidity risk is the risk of adverse impacts on the financial condition or overall safety and soundness arising from an 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 Group and the Bank adopt 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.

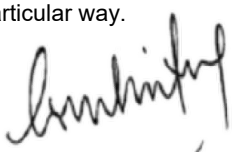
Details on RWA and capital requirements related to Operational Risk are disclosed in Table 3: Regulatory Capital Requirements.

MBSB INVESTMENT BANK BERHAD (197501002077 / 23878-X)
(Incorporated in Malaysia)

PILLAR 3 DISCLOSURES
30 June 2026

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 2026 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