Bangkok Bank

Bangkok Bank Berhad
Risk Weighted Capital Adequacy Framework (BASEL II)
- Pillar 3 Disclosures Report
As at 30 June 2026

Bangkok Bank

ATTESTATION BY CHIEF EXECUTIVE OFFICER PURSUANT TO RISK WEIGHTED CAPITAL ADEQUACY FRAMEWORK (BASEL II) – DISCLOSURE REQUIREMENTS (PILLAR 3)

The risk disclosures set out are generally in conformance with the Bank Negara Malaysia Risk Weighted Capital Adequacy Framework (Basel II) – Disclosure Requirements (Pillar 3) as at 30 June 2026.

KANET BURANASIN

CHIEF EXECUTIVE OFFICER

Bangkok Bank

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1. Introduction

Bangkok Bank Berhad ("the Bank") recognizes that effective risk management and good corporate governance are essential to the Bank's stability and sustainable credibility. Therefore, the Bank places great emphasis on continuous improvement of its risk management processes to ensure that its capital reserves are sufficient to support its operations and absorb any potential loss.

The Bank discloses information on its capital, risk exposures, risk assessment processes, and capital adequacy in accordance with Bank Negara Malaysia's ("BNM") Risk Weighted Capital Adequacy Framework ("RWCAF") (Basel II) – Disclosure Requirements (Pillar 3).

The Bank shall make complete Pillar 3 disclosures on semi-annual basis. Additional disclosures may be required if there are material changes in the interim reporting period.

The information provided herein has been reviewed and verified by the Audit & Control Department and certified by the Bank's Chief Executive Officer.

The Bank's Pillar 3 disclosures report is made available on the Bank's website at www.bangkokbank.com.my under the Investor Relations section.

2. Scope of Application

The Bank, a locally-incorporated foreign bank wholly owned by Bangkok Bank Public Company Limited, discloses its capital information on an entity basis. The Bank does not offer Islamic financial services nor is involved in Islamic banking operations.

The Bank's sole subsidiary, BBL Nominees (Tempatan) Sdn Bhd is not involved in banking operations.

3. Capital

3.1 Capital Structure

As at 30 June 2026 and 31 December 2025, the Bank's total capital according to the BNM's Capital Adequacy Framework (Capital Components) is as follows:

Table 1: Total Capital Structure

	30 June 2026	31 December 2025
	RM'000	RM'000
Common Equity Tier 1 Capital		
Paid-up share capital	1,000,000	1,000,000
Unrealised gain on financial assets at FVOCI	35,784	36,072
Retained profits	426,015	417,049
Less: Regulatory adjustments, applied on CET 1 Capital:		
- Other intangibles	-	-
- Deferred tax assets	(20,050)	(20,031)
- 55% of unrealised gain on financial assets at FVOCI	(19,681)	(19,840)
Total Common Equity Tier 1 Capital	**1,422,068**	**1,413,250**
Tier 2 Capital		
Stage 1 and Stage 2 ECL*	39,479	42,364
Less: Investment in subsidiary	(10)	(10)
Total Tier 2 Capital	**39,469**	**42,354**
Total Capital	**1,461,537**	**1,455,604**

* General provisions are subject to a maximum of 1.25% of the total credit risk-weighted assets ("RWA") determined under the Standardised Approach for credit risk.

3.2 Capital Adequacy

In terms of capital management, the Bank strives to maintain an adequate level of capital to support business growth strategies under an acceptable risk framework, and to meet regulatory requirements and market expectations.

The Bank's capital assessment and management process under its Internal Capital Adequacy Assessment Process ("ICAAP") involves a careful analysis of the capital requirement to support business growth and the source of capital, both from financial performance as well as external funding sources, if necessary. The Bank regularly assesses its capital adequacy for the purpose of capital planning and management to ensure that the capital is at the level suitable for the prevailing business conditions.

The Bank adopts the Standardised Approach ("SA") in computing credit risk, market risk, and operational risk, in accordance with BNM's Capital Adequacy Framework.

As at 30 June 2026 and 31 December 2025, the Bank's capital requirements for each type of risks and capital adequacy ratios, in accordance with the BNM guidelines, are as follows:

Table 2: Capital Requirements for Each Type of Risks Classified by Asset Types under Basel II

Exposure Class	Gross Exposures	Net Exposures	Risk Weighted Assets	Capital Requirement
	RM'000	RM'000	RM'000	RM'000
30 June 2026				
Credit Risk				
On-Balance Sheet Exposures				
- Sovereigns/Central Banks	691,453	691,453	-	-
- Banks, Development Financial Institutions & MDBs	551,349	551,349	117,271	9,382
- Corporates	2,570,094	2,560,550	2,381,211	190,497
- Regulatory Retail	306	306	262	21
- Residential Mortgages	351	351	123	10
- Higher Risk Assets	-	-	-	-
- Other Assets	125,368	125,368	123,265	9,861
- Equity Exposures	32,878	32,878	32,878	2,630
- Defaulted Exposures	13,470	13,470	6,735	539
Total for On-Balance Sheet Exposures	3,985,269	3,975,725	2,661,745	212,940
- OTC Derivatives	2,216	2,199	1,115	89
- Credit Derivatives	-	-	-	-
- Off-Balance Sheet Exposures other than OTC or Credit Derivatives	505,561	496,003	495,449	39,636
- Defaulted Exposures	-	-	-	-
Total for Off-Balance Sheet Exposures	507,777	498,202	496,564	39,725
Total for On & Off-Balance Sheet Exposures	**4,493,046**	**4,473,927**	**3,158,309**	**252,665**

	Long Position	Short Position			
	RM'000	RM'000			
Market Risk					
Interest Rate Risk	169,482	170,739	(1,257)	2,714	217
Foreign Currency Risk	1,851	270	1,581	1,851	148
Operational Risk				156,553	12,524
Total Risk Weighted Assets				**3,319,427**	**265,554**

Exposure Class	Gross Exposures	Net Exposures	Risk Weighted Assets	Capital Requirement
	RM'000	RM'000	RM'000	RM'000
31 December 2025				
Credit Risk				
On-Balance Sheet Exposures				
- Sovereigns/Central Banks	734,626	734,626	-	-
- Banks, Development Financial Institutions & MDBs	673,488	673,488	139,919	11,194
- Corporates	2,880,335	2,870,701	2,663,293	213,063
- Regulatory Retail	698	345	294	23
- Residential Mortgages	362	362	127	10
- Higher Risk Assets	-	-	-	-
- Other Assets	133,780	133,780	131,564	10,525
- Equity Exposures	31,308	31,308	31,308	2,505
- Defaulted Exposures	13,588	13,588	7,234	579
Total for On-Balance Sheet Exposures	4,468,185	4,458,198	2,973,739	237,899
- OTC Derivatives	840	840	471	38
- Credit Derivatives	-	-	-	-
- Off-Balance Sheet Exposures other than OTC or Credit Derivatives	423,584	415,219	414,901	33,192
- Defaulted Exposures	-	-	-	-
Total for Off-Balance Sheet Exposures	424,424	416,059	415,372	33,230
Total for On & Off-Balance Sheet Exposures	**4,892,609**	**4,874,257**	**3,389,111**	**271,129**

	Long Position	Short Position			
	RM'000	RM'000			
Market Risk					
Interest Rate Risk	122,081	121,626	455	294	23
Foreign Currency Risk	2,988	312	2,676	2,988	239
Operational Risk				158,544	12,684
Total Risk Weighted Assets				**3,550,937**	**284,075**

The Bank has complied with BNM's capital adequacy requirements as follows:

	BNM Minimum Requirement	30 June 2026	31 December 2025
Total Capital Ratio ("TCR")	10.50%	44.03%	40.99%
Tier 1 Capital Ratio	8.50%	42.84%	39.80%
Common Equity Tier 1 ("CET1") Capital Ratio	7.00%	42.84%	39.80%

4. Information Related to the Bank's Risks

The Bank recognizes that its operations could be affected by certain risk factors and continuously analyzes major risk factors which could affect its financial operations to ensure that its risk management is in line with industry practices and in accordance with BNM guidelines.

The Bank's Risk Management Committee ("RMC") plays a significant role in reviewing and recommending risk management policies and the Risk Appetite Statement ("RAS") for the Board of Directors' approval to manage relevant risks within designated boundaries, particularly in strengthening the quality of capital in accordance with the revised capital adequacy requirements under Basel III guidelines.

The key risk management processes comprise identification of significant risks which may potentially impact the Bank's business operations, assessment of each type of risk, monitoring of risks to an appropriate level and reporting of the status of each type of risk to relevant parties.

A key principle of risk management is the business units, as the 1st line of defense, are responsible to manage their risk exposures so that the risk is within specified limits and complies with the overall risk management policy approved by the Board of Directors. The Risk Management Department, as the 2nd line of defense, is responsible to monitor and control the risks on a regular basis and the 3rd line of defense i.e. the Audit and Control Department, is responsible to audit other departments to assess the effectiveness of internal control processes.

The Bank has established an ICAAP Committee with the responsibility to oversee the implementation of ICAAP. An ICAAP Policy has been duly established. The Board-approved ICAAP report is submitted to BNM annually.

The Bank's guidelines for the management of credit risk, market risk and operational risk are as follows:

4.1 Credit Risk

Credit Risk is the risk arising from the inability of borrowers or counterparties to perform their obligations under contractual agreements in relation to the Bank's lending, investment and other contractual commitments.

4.1.1 Credit Risk (General Disclosures)

Credit Risk Management

The Bank has specific processes for credit approval which include the formulation of a credit policy, credit risk ratings for customers and the establishment of different levels of delegated authority for credit approval. In terms of loan approval process, the Bank considers the purpose of the loan and assesses the repayment ability of the applicant, taking into account, amongst others, the applicant's operating cash flows, business viability, character and capability of management and collateral coverage.

The Bank also performs credit reviews (inclusive of credit risk rating) regularly. The following units have been set up to monitor and manage the relevant risks.

Credit Policy Unit

Credit Policy Unit oversees the credit policy framework and is responsible for disseminating the credit policies, credit underwriting standards and guidelines and gathering inputs from relevant stakeholders to develop new credit policies or enhance the existing credit policies.

Credit Acceptance Unit

Credit Acceptance Unit oversees the quality of credit extensions, assesses any non-compliance in credit policies and credit underwriting standards and guidelines, reviews the appropriateness of credit structures and credit risk ratings, inculcates a good credit culture and maintains a systematic credit extension process.

Portfolio Management Unit

Portfolio Management Unit is responsible for analyzing and making recommendations on adjustments to the portfolio structure, recommending the appropriate portfolio composition and the provisioning at portfolio level, overseeing credit risk management tools and methodologies, constructing credit databases, monitoring climate risk exposure levels in relation to the Bank's risk appetite and monitoring thresholds, and overseeing related management standards.

Special Asset Management Unit

Special Asset Management Unit is responsible for managing impaired loans and for determining and executing strategies for the resolution and restructuring of troubled loans.

Business Units are responsible for monitoring, reporting and complying with the Bank's credit management policies. Credit Acceptance Unit would assess the credit applications or proposals by Business Units, and ensure compliance with the Bank's credit policies and underwriting standards, credit risk rating and collateral requirements and climate risk assessment requirements. For handling of impaired loans, the Bank has established a specific unit to monitor and resolve such loans.

The Bank's Risk Asset Review Unit ("RAR") undertakes the post lending review function by reviewing the credit quality, credit management processes, compliance with credit policy, regulations, credit underwriting standards, climate risk assessment requirements and other relevant credit-related matters. RAR's quarterly Loan Review Report is submitted to the Risk Management Committee and the Board of Directors.

The Bank manages credit risk by imposing limits on the total amount of credits granted, investments, and contingent liabilities undertaken with borrowers or groups of debtors to control the loss of the Bank's capital during an adverse scenario. For example, the Bank has specified limits in areas such as large borrower concentrations and country concentrations to manage portfolio concentration risk.

Managing Credit Risk Concentration

Credit risk concentration arises from lending to a single customer or group of related counterparties of borrowers, or borrowers engaged in similar activities/ industry. To manage these concentrations, exposure limits are established for single borrowing groups and industry sectors.

Classification and Impairment of Credit Facility

The Bank adopted the Malaysian Financial Reporting Standard 9 (MFRS 9 Financial Instruments) with effect from 1 January 2018. Under the MFRS 9 impairment approach, the Bank accounts for expected credit losses ("ECLs") and changes in those expected credit losses instead of recognizing credit losses after occurrence of a credit event. The amount of ECLs is updated at each reporting date to reflect changes in credit risk since initial recognition and, consequently, more timely information is provided on the ECLs.

MFRS 9 requires ECLs to reflect an unbiased and probability-weighted estimate, taking into account time value of money and using reasonable and supportable information available on past events, current conditions and forecasts of future conditions. The Bank has incorporated these components into the ECL model leveraging on the Basel II methodology on Probability of Default ("PD"), Loss Given Default ("LGD") and Exposure at Default ("EAD").

The amount of ECLs recognized as a loss allowance or provision depends on the extent of credit deterioration since initial recognition, as follows:

- 12-month ECLs (Stage 1), which applies to all items (from initial recognition) as long as there is no significant deterioration in credit quality;

- Lifetime ECLs (Stages 2 and 3), which applies when a significant increase in credit risk has occurred on an individual or collective basis. Stage 3 refers to accounts that are credit-impaired and assessed on an individual assessment basis.

Lifetime ECL would be estimated based on the present value of all cash shortfalls over the remaining life of the credit facility. The 12-month ECL is a portion of the lifetime ECL that is associated with the probability of default events occurring within 12 months after the reporting date.

Special attention is paid to problem exposures, which are subject to more frequent and intensive review and reporting, in order to accelerate remedial action.

The Bank shall classify a loan as impaired based on the following:

i. Where the principal or interest or both is past due for more than 90 days or 3 months;

ii. In the case of revolving facilities (e.g. overdraft facilities), the facility shall be classified as impaired where the outstanding amount has remained in excess of the approved limit for a period of more than 90 days or 3 months;

iii. Where the amount is past due or outstanding amount has been in excess of the approved limit for less than 90 days or 3 months, but the loan exhibits weaknesses that renders classification as impaired based on the Bank's policy; or

iv. As soon as default (inability to meet the contractual repayment terms) occurs where the principal and/or interest repayments are scheduled on intervals of 3 months or longer.

In general, classification of loans as impaired is mandatory if the credit facility falls under the above items i, ii and iv. For classification of loans as impaired based on judgmental trigger under the above item iii, a credit review paper should be put up with a complete analysis, considering the list of circumstances or events stipulated in the Bank's Policy on Classification and Impairment Provisions of Loans before submitting the paper to the Loan Committee for impairment decision.

The following tables present the Bank's quantitative information related to credit risk:

Table 3: Geographic Distribution of Gross Credit Exposures

Exposure Class	Malaysia	Thailand	USA	Others	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
30 June 2026					
Sovereigns/Central Banks	691,453	-	-	-	691,453
Banks, Development Financial Institutions & MDBs	515,002	3,707	20,156	14,053	552,918
Corporates	3,075,890	-	-	-	3,075,890
Regulatory Retail	718	-	-	-	718
Residential Mortgages	351	-	-	-	351
Higher Risk Assets	-	-	-	-	-
Other Assets	125,368	-	-	-	125,368
Equity Exposures	32,878	-	-	-	32,878
Defaulted Exposures	13,470	-	-	-	13,470
Total Credit Exposures	**4,455,130**	**3,707**	**20,156**	**14,053**	**4,493,046**

Exposure Class	Malaysia	Thailand	USA	Others	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
31 December 2025					
Sovereigns/Central Banks	734,626	-	-	-	734,626
Banks, Development Financial Institutions & MDBs	636,073	2,634	21,158	14,316	674,181
Corporates	3,303,578	-	-	-	3,303,578
Regulatory Retail	1,186	-	-	-	1,186
Residential Mortgages	362	-	-	-	362
Higher Risk Assets	-	-	-	-	-
Other Assets	133,780	-	-	-	133,780
Equity Exposures	31,308	-	-	-	31,308
Defaulted Exposures	13,588	-	-	-	13,588
Total Credit Exposures	**4,854,501**	**2,634**	**21,158**	**14,316**	**4,892,609**

* The Bank's country risk management based on customer's country of residence

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Table 4: Distribution of Gross Credit Exposures by Sector

Exposure Class	Government	Individuals	Primary Agriculture	Manufacturing	Electricity, Gas & Water Supply	Construction	Wholesale & Retails	Real Estate	Finance, Insurance & Business Services	Transport, Storage & Telecom	Others	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
As at 30 June 2026												
Sovereigns/Central Banks	691,453	-	-	-	-	-	-	-	-	-	-	691,453
Banks, Development Financial Institutions & MDBs	-	-	-	-	-	-	-	-	552,918	-	-	552,918
Corporates	-	-	212,906	1,003,418	11,545	283,561	246,095	410,470	667,647	164,012	76,236	3,075,890
Regulatory Retail	-	306	10	-	-	226	79	35	47	15	-	718
Residential Mortgages	-	351	-	-	-	-	-	-	-	-	-	351
Higher Risk Assets	-	-	-	-	-	-	-	-	-	-	-	-
Other Assets	-	-	-	-	-	-	-	-	339	-	125,029	125,368
Equity Exposures	-	-	-	-	-	-	-	-	32,878	-	-	32,878
Defaulted Exposures	-	821	-	12,531	-	118	-	-	-	-	-	13,470
Total Credit Exposures	**691,453**	**1,478**	**212,916**	**1,015,949**	**11,545**	**283,905**	**246,174**	**410,505**	**1,253,829**	**164,027**	**201,265**	**4,493,046**

Exposure Class	Government	Individuals	Primary Agriculture	Manufacturing	Electricity, Gas & Water Supply	Construction	Wholesale & Retails	Real Estate	Finance, Insurance & Business Services	Transport, Storage & Telecom	Others	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
As at 31 December 2025												
Sovereigns/Central Banks	734,626	-	-	-	-	-	-	-	-	-	-	734,626
Banks, Development Financial Institutions & MDBs	-	-	-	-	-	-	-	-	674,181	-	-	674,181
Corporates	-	-	231,352	942,972	13,238	313,457	259,067	501,100	804,503	171,193	66,696	3,303,578
Regulatory Retail	-	387	-	-	-	226	426	85	47	15	-	1,186
Residential Mortgages	-	362	-	-	-	-	-	-	-	-	-	362
Higher Risk Assets	-	-	-	-	-	-	-	-	-	-	-	-
Other Assets	-	-	-	-	-	-	-	-	368	-	133,412	133,780
Equity Exposures	-	-	-	-	-	-	-	-	31,308	-	-	31,308
Defaulted Exposures	-	939	-	12,531	-	118	-	-	-	-	-	13,588
Total Credit Exposures	**734,626**	**1,688**	**231,352**	**955,503**	**13,238**	**313,801**	**259,493**	**501,185**	**1,510,407**	**171,208**	**200,108**	**4,892,609**

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Table 5: Residual Contractual Maturity of Gross Credit Exposures

Exposure Class	One year or less	One to five years	More than five years	Total
	RM'000	RM'000	RM'000	RM'000
30 June 2026				
Sovereigns/Central Banks	252,286	439,167	-	691,453
Banks, Development Financial Institutions & MDBs	552,714	204	-	552,918
Corporates	2,164,642	537,190	374,058	3,075,890
Regulatory Retail	209	377	132	718
Residential Mortgages	-	-	351	351
Higher Risk Assets	-	-	-	-
Other Assets	339	-	125,029	125,368
Equity Exposures	32,878	-	-	32,878
Defaulted Exposures	12,649	783	38	13,470
Total Credit Exposures	**3,015,717**	**977,721**	**499,608**	**4,493,046**

Exposure Class	One year or less	One to five years	More than five years	Total
	RM'000	RM'000	RM'000	RM'000
31 December 2025				
Sovereigns/Central Banks	201,704	532,922	-	734,626
Banks, Development Financial Institutions & MDBs	673,977	204	-	674,181
Corporates	2,523,958	345,844	433,776	3,303,578
Regulatory Retail	623	420	143	1,186
Residential Mortgages	-	-	362	362
Higher Risk Assets	-	-	-	-
Other Assets	368	-	133,412	133,780
Equity Exposures	31,308	-	-	31,308
Defaulted Exposures	12,649	898	41	13,588
Total Credit Exposures	**3,444,587**	**880,288**	**567,734**	**4,892,609**

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Table 6: Impaired Loans, Expected Credit Losses and Bad Debt Written off Classified by Economic Purpose

Economic Purpose	Impaired Loans	Stage 1 & 2 ECL	Stage 3 ECL	Bad Debt Written off
	RM'000	RM'000	RM'000	RM'000
30 June 2026				
Purchase of Securities	-	143	-	-
Purchase of Transport Vehicles	-	19	-	-
Purchase of Residential Properties	141	58	90	-
Purchase of Non-Residential Properties	-	1,162	-	200
Purchase of Fixed Assets Other Than Land and Building	-	771	-	-
Personal Use	1,538	-	770	-
Construction	-	3,189	-	-
Working Capital	66,674	15,457	54,025	-
Others	-	2,556	-	-
Total	**68,353**	**23,355**	**54,885**	**200**

Economic Purpose	Impaired Loans	Stage 1 & 2 ECL	Stage 3 ECL	Bad Debt Written off
	RM'000	RM'000	RM'000	RM'000
31 December 2025				
Purchase of Securities	-	179	-	-
Purchase of Transport Vehicles	-	21	-	-
Purchase of Residential Properties	193	24	135	-
Purchase of Non-Residential Properties	279	1,540	506	-
Purchase of Fixed Assets Other Than Land and Building	-	1,197	-	-
Personal Use	1,734	-	854	-
Construction	-	2,804	-	-
Working Capital	67,546	17,151	54,897	23,892
Others	-	1,073	-	-
Total	**69,752**	**23,989**	**56,392**	**23,892**

Table 7: Reconciliation of Changes in the Expected Credit Losses

	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
Balance as at 1 January 2026	**23,931**	**58**	**56,392**	**80,381**
New loans, advances and financing originated	3,026	-	-	3,026
Loans, advances and financing derecognized (other than write-off)	(1,702)	-	(1,669)	(3,371)
Transfer to Stage 1	-	-	-	-
Transfer to Stage 2	(6)	6	-	-
Transfer to Stage 3	-	-	-	-
Net measurement due to changes in credit risk	(1,972)	14	362	(1,596)
Amount written off	-	-	(200)	(200)
Management Overlay				67,905
Balance as at 30 June 2026	**23,277**	**78**	**54,885**	**146,145**

All impaired loans, expected credit losses and bad debt written off of the Bank are attributable to customers in Malaysia and other countries.

4.1.2 Credit Rating

Where available, the Bank uses external ratings issued by recognized external credit assessment institutions ("ECAIs") such as Standard & Poor's, Moody's, Fitch, RAM and MARC to determine the risk weights of its credit exposure as per the SA.

Table 8: Credit Risk - Disclosure by Risk Weights under Standardised Approach

Risk Weights	Exposures after Netting and Credit Risk Mitigation							Total Exposures after Netting & Credit Risk Mitigation	Total Risk Weighted Assets
	Sovereigns / Central Banks RM'000	Banks, DFIs and MDBs RM'000	Corporates RM'000	Regulatory Retail RM'000	Residential Mortgages RM'000	Other Assets RM'000	Equity RM'000	RM'000	RM'000
As at 30 June 2026									
0%	691,453	-	-	-	-	2,103	-	693,556	-
20%	-	529,366	222,485	-	-	-	-	751,851	150,370
35%	-	-	-	-	351	-	-	351	123
50%	-	23,552	16,605	337	52	-	-	40,546	20,273
75%	-	-	-	319	-	-	-	319	239
100%	-	-	2,831,028	133	-	123,265	32,878	2,987,304	2,987,304
150%	-	-	-	-	-	-	-	-	-
Average Risk Weight								**4,473,927**	**3,158,309**
Deduction from Capital Base	-	-	-	-	-	-	-	-	

Risk Weights	Exposures after Netting and Credit Risk Mitigation							Total Exposures after Netting & Credit Risk Mitigation	Total Risk Weighted Assets
	Sovereigns / Central Banks RM'000	Banks, DFIs and MDBs RM'000	Corporates RM'000	Regulatory Retail RM'000	Residential Mortgages RM'000	Other Assets RM'000	Equity RM'000	RM'000	RM'000
As at 31 December 2025									
0%	734,626	-	-	-	-	2,216	-	736,842	-
20%	-	656,544	257,820	-	-	-	-	914,364	182,873
35%	-	-	-	-	362	-	-	362	127
50%	-	17,637	15,252	-	59	-	-	32,948	16,474
75%	-	-	-	413	-	-	-	413	309
100%	-	-	3,025,929	527	-	131,564	31,308	3,189,328	3,189,328
150%	-	-	-	-	-	-	-	-	-
Average Risk Weight								**4,874,257**	**3,389,111**
Deduction from Capital Base	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	

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Table 9: Disclosure on Rated and Unrated Exposures according to Ratings by ECAIs

Position as at 30 June 2026

Exposure Class	Ratings of Corporate by Approved ECAIs (RM'000)						
	Moody's	Aaa to Aa3	A1 to A3	Baa1 to Ba3	B1 to C		Unrated
	S&P	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D		Unrated
	Fitch	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D		Unrated
	RAM	AAA to AA3	A1 to A3	BBB1 to BB3	B1 to D		Unrated
	MARC	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		222,485	-	-	-		2,866,486
Equity		-	25,651	-	-		7,227
Total		**222,485**	**25,651**	**-**	**-**		**2,873,713**

Exposure Class	Ratings of Sovereigns and Central Banks by Approved ECAIs (RM'000)						
	Moody's	Aaa to Aa3	A1 to A3	Baa1to 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
On and Off Balance Sheet Exposures							
Sovereigns / Central Banks		-	691,453	-	-	-	-
Total		**-**	**691,453**	**-**	**-**	**-**	**-**

Exposure Class	Ratings of Banking Institutions by Approved ECAIs (RM'000)						
	Moody's	Aaa to Aa3	A1 to A3	Baa1 to Baa3	Ba1 to B3	Caa1 to C	Unrated
	S&P	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to D	Unrated
	Fitch	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to D	Unrated
	RAM	AAA to AA3	A1 to A3	BBB1 to BBB3	BB1 to B3	C1 to D	Unrated
	MARC	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	C+ to D	Unrated
On and Off Balance Sheet Exposures							
Banks, DFIs and MDBs		397,201	86,493	68,094	-	-	1,130
Total		**397,201**	**86,493**	**68,094**	**-**	**-**	**1,130**

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Position as at 31 December 2025

Exposure Class	Ratings of Corporate by Approved ECAIs (RM'000)						
	Moody's	Aaa to Aa3	A1 to A3	Baa1 to Ba3	B1 to C		Unrated
	S&P	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D		Unrated
	Fitch	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D		Unrated
	RAM	AAA to AA3	A1 to A3	BBB1 to BB3	B1 to D		Unrated
	MARC	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		257,821	-	-	-		3,058,902
Equity		-	24,189	-	-		7,119
Total		**257,821**	**24,189**	**-**	**-**		**3,066,021**

Exposure Class	Ratings of Sovereigns and Central Banks by Approved ECAIs (RM'000)						
	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
On and Off Balance Sheet Exposures							
Sovereigns / Central Banks		-	734,626	-	-	-	-
Total		**-**	**734,626**	**-**	**-**	**-**	**-**

Exposure Class	Ratings of Banking Institutions by Approved ECAIs (RM'000)						
	Moody's	Aaa to Aa3	A1 to A3	Baa1 to Baa3	Ba1 to B3	Caa1 to C	Unrated
	S&P	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to D	Unrated
	Fitch	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to D	Unrated
	RAM	AAA to AA3	A1 to A3	BBB1 to BBB3	BB1 to B3	C1 to D	Unrated
	MARC	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	C+ to D	Unrated
On and Off Balance Sheet Exposures							
Banks, DFIs and MDBs		282,613	378,203	13,334	-	-	31
Total		**282,613**	**378,203**	**13,334**	**-**	**-**	**31**

4.1.3 Credit Risk Mitigation (Disclosures under the Comprehensive Approach)

The Bank's policy aims to mitigate credit risk which may arise when borrowers are unable or unwilling to repay loans. Prior to granting credits, the Bank shall request legally enforceable collateral and/or Guarantee to mitigate against potential losses. A legally enforceable collateral and/or Guarantee also serves as a tool to obtain a strong position for negotiation with the customer to enforce the credit contract.

The main types of collateral obtained by the Bank to mitigate against potential losses include:

a) for residential mortgages – charges over residential properties.

b) for corporate loans – charges over business assets such as premises, inventories, trade receivables, deposits or pledges over listed securities.

c) for other loans – charges over business assets such as premises, inventories, trade receivables or deposits.

The Bank also accepts guarantees from individuals and corporate customers to mitigate losses, subject to internal guidelines on eligibility.

Accordingly, policies and procedures are in place to govern the protection of the Bank's position from the onset of a customer relationship, for instance in requiring standard terms and conditions or specifically agreed upon documentation to ensure legal enforceability of the Credit Risk Mitigation. In addition, the Bank has set up units to verify the correctness and completeness of collateral before drawdown as well as to monitor that the conditions of the agreement are strictly complied with. The specific units have to ensure that all documentation used in collateralized transactions is binding on all parties and legally enforceable in all relevant jurisdictions.

In order to protect the Bank against depreciation or devaluation of collateral value, processes and procedures on periodic valuation reviews and updates on collateral are in place. The value of pledged property is updated from time to time during the review of borrower's credit facilities to reflect the current market value. The market value of pledged shares is monitored on daily basis.

As for financial collaterals such as cash, deposits, and equity securities, the Bank currently adopts the Comprehensive Approach for credit risk mitigation as specified by BNM.

Table 10: Disclosure on Credit Risk Mitigation under Standardised Approach

Exposure Class	Exposure before CRM RM'000	Exposures Covered by Guarantees/ Credit Derivatives RM'000	Exposure Covered by Eligible Financial Collateral RM'000	Exposure Covered by Other Eligible Collateral RM'000
30 June 2026				
Credit Risk				
On-Balance Sheet Exposures				
- Sovereigns/Central Banks	691,453	-	-	-
- Banks, Development Financial Institutions & MDBs	551,349	-	-	-
- Corporates	2,570,094	2,704	9,544	-
- Regulatory Retail	306	-	-	-
- Residential Mortgages	351	-	-	-
- Higher Risk Assets	-	-	-	-
- Other Assets	125,368	-	-	-
- Equity Exposures	32,878	-	-	-
- Defaulted Exposures	13,470	-	-	-
Total for On-Balance Sheet Exposures	**3,985,269**	**2,704**	**9,544**	**-**
Off-Balance Sheet Exposures				
- OTC Derivatives	2,216	-	17	-
- Credit Derivatives	-	-	-	-
- Off-Balance Sheet Exposures other than OTC or Credit Derivatives	505,561	820	9,558	-
- Defaulted Exposures	-	-	-	-
Total for Off-Balance Sheet Exposures	**507,777**	**820**	**9,575**	**-**
Total for On & Off-Balance Sheet Exposures	**4,493,046**	**3,524**	**19,119**	**-**

Exposure Class	Exposure before CRM RM'000	Exposures Covered by Guarantees/ Credit Derivatives RM'000	Exposure Covered by Eligible Financial Collateral RM'000	Exposure Covered by Other Eligible Collateral RM'000
31 December 2025				
Credit Risk				
On-Balance Sheet Exposures				
- Sovereigns/Central Banks	734,626	-	-	-
- Banks, Development Financial Institutions & MDBs	673,488	-	-	-
- Corporates	2,880,335	2,303	9,634	-
- Regulatory Retail	698	-	353	-
- Residential Mortgages	362	-	-	-
- Higher Risk Assets	-	-	-	-
- Other Assets	133,780	-	-	-
- Equity Exposures	31,308	-	-	-
- Defaulted Exposures	13,588	-	-	-
Total for On-Balance Sheet Exposures	**4,468,185**	**2,303**	**9,987**	**-**
Off-Balance Sheet Exposures				
- OTC Derivatives	840	-	-	-
- Credit Derivatives	-	-	-	-
- Off-Balance Sheet Exposures other than OTC or Credit Derivatives	423,584	300	8,365	-
- Defaulted Exposures	-	-	-	-
Total for Off-Balance Sheet Exposures	**424,424**	**300**	**8,365**	**-**
Total for On & Off-Balance Sheet Exposures	**4,892,609**	**2,603**	**18,352**	**-**

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4.1.4 Off-Balance Sheet Exposures and Counterparty Credit Risk ("CCR")

The Bank has put in place credit limits for counterparties in relation to derivative transactions entered into. However, the Bank does not impose collateral on counterparties or establish credit reserves for off-balance sheet transactions.

Table 11: Disclosure on Off-Balance Sheet and Counterparty Credit Risk

Description	Principal Amount RM'000	Positive Fair Value of Derivative Contracts RM'000	Credit Equivalent RM'000	Risk Weighted Assets RM'000
30 June 2026				
Direct credit substitutes	5,551		5,551	2,243
Transaction-related contingent items	191,086		94,798	92,551
Short-term self-liquidating trade-related contingencies	24,669		4,934	4,893
Forward foreign exchange				
- less than one year	218,618	155	2,216	1,115
Interest/Profit Rate Contracts				
- less than one year	-	-	-	-
- One to five years	-	-	-	-
Other commitments, such as formal standby facilities and credit lines, with an original				
- maturity of over one year	89,014		44,507	44,507
- maturity of up to one year	1,778,859		355,771	351,255
Any commitment that are unconditionally cancelled at any time without prior notice	1,004		-	-
Total	**2,308,801**	**155**	**507,777**	**496,564**

Description	Principal Amount RM'000	Positive Fair Value of Derivative Contracts RM'000	Credit Equivalent RM'000	Risk Weighted Assets RM'000
31 December 2025				
Direct credit substitutes	5,756		5,756	2,408
Transaction-related contingent items	225,037		111,773	108,199
Short-term self-liquidating trade-related contingencies	23,802		4,761	4,704
Forward foreign exchange				
- less than one year	151,071	583	840	471
Interest/Profit Rate Contracts				
- less than one year	-	-	-	-
- One to five years	-	-	-	-
Other commitments, such as formal standby facilities and credit lines, with an original				
- maturity of over one year	15,955		7,978	7,978
- maturity of up to one year	1,466,581		293,316	291,612
Any commitment that are unconditionally cancelled at any time without prior notice	2,285		-	-
Total	**1,890,487**	**583**	**424,424**	**415,372**

4.1.5 Securitisation Disclosures under Standardised Approach

Currently, the Bank does not have any securitisation transaction.

4.2 Market Risk

Market risk is the risk of loss arising from the movement in the level of market prices or rates. The two key components are foreign currency exchange risk and interest rate risk.

4.2.1 Market Risk Management

The Bank aims to manage market risk to be in line with the overall risk management policy of the Bank. In general, the Bank's policy is to manage assets and liabilities denominated in both Ringgit Malaysia and foreign currencies through the use of risk measurement and limits to optimize interest rate risk and foreign exchange risk. If the risk increases significantly, the Bank may take steps to reduce the mismatches of assets and liabilities besides restructuring its assets and liabilities profile, to mitigate the risk. The Asset and Liability Management Committee ("ALCO"), Treasury Department and Market Risk Unit are responsible for managing and monitoring the risk, as well as proposing any enhancement to the risk management policy and/or the appropriate risk measurement and limits for the prevailing market conditions.

ALCO is also responsible for establishing guidelines to manage assets and liabilities, monitor and manage interest rate risk and liquidity risk to an acceptable level with minimal fluctuations and in compliance with the policies set by the Risk Management Committee and the Board of Directors. ALCO is mainly supported by the Market Risk Unit (which is responsible for identifying, assessing, monitoring, reporting and controlling the Bank's market risk).

Meanwhile, Treasury Department manages and controls day-to-day trading of foreign currencies and manages the Bank's liquidity risk for compliance with the policy and regulatory requirements. Treasury Department's activities are monitored by the Market Risk Unit to ensure that the risks taken are in line with the relevant monitoring references.

4.2.2 Traded Market Risk

Traded market risk arises mainly from proprietary trading and client servicing. The Bank's traded market risk mainly comprises of interest rate risk and foreign exchange risk.

Risk Assessment and Monitoring for Traded Market Risk

The Bank uses a set of tools/ measurements to assess market risk exposures in the trading book, i.e.:

1. Present Value of a Basis Point ("PV01")

   PV01 measures the change in value of interest rate sensitive exposures resulting from one basis point increase in interest rate.

2. Marked-to-Market ("MTM")

   Apart from the PV01 measurement, the Bank also conducts daily portfolio mark-to-market profit and loss, and monitors the portfolio size with approved limits to assess market risk exposures in the trading book.

Risk Control for Traded Market Risk

Traded market risk is controlled primarily through a series of limits, e.g. PV01 Limit, Cut-Loss Limits and Portfolio Limits, which are regularly reviewed by ALCO.

The Board of Directors approves the limits at least once a year or as and when appropriate.

Capital Treatment for Traded Market Risk

The Bank currently adopts the Standardised Approach ("SA") for the calculation of regulatory market risk capital and internally uses PV01 method to measure, monitor and control traded market risks.

4.2.3 Equity Exposure in the Banking Book

The Bank does not undertake proprietary position in equity. The equity positions that the Bank has are related to equity holdings held in organizations which are set up for specific socio-economic reasons (e.g. Cagamas) and received as a result of loan restructuring or loan conversion. These non-listed equity securities are fair valued using the discounted cash flow approach or the net asset value approach, as appropriate.

Table 12: Equity Exposures in the Banking Book

	30 June 2026 RM'000	31 December 2025 RM'000
Equity exposures		
Equity securities - unquoted		
- Cost value *	32,878	31,308
- Market value	-	-
Realised gains (losses) on sales of equity securities for the period/ year	-	-
Unrealized gains (losses) on revaluation from FVOCI equity securities	-	-
Minimum capital for equity exposures under SA approach	**2,630**	**2,505**

* Net of the impairment charges for the investment in equity securities, if any

4.2.4 Interest Rate Risk in the Banking Book ("IRRBB")

Interest rate risk in the banking business normally arises when the repricing and/or maturity schedule of assets, liabilities, and off-balance sheet positions are not matched, and negatively affects the Bank's net interest income ("NII") which is also known as Earnings at Risk ("EaR") and/or economic value of equity ("EVE").

Sources of Interest Rate Risk can be classified as follows:

- Re-pricing Risk arises from timing differences in the maturity (for fixed rate) and re-pricing period (for floating rate) of the Bank's assets, liabilities, and off-balance sheet positions. Re-pricing Risk is the primary and most material form of interest rate risk.

- Yield Curve Risk arises from changes in the shape and slope of the yield curves. In other words, it arises from the unparallel shift of the yield curves, including yield curve twist.

- Basis Risk arises from imperfect correlation of the reference interest rates applicable to the Bank's assets, liabilities and off-balance sheet positions.

- Embedded Option Risk arises from changes in interest rate, causing uncertainty of cash flows due to the options embedded in assets, liabilities and off-balance sheet positions, such as non-maturity deposits and prepayment of loans without penalty.

Risk Assessment and Monitoring for IRRBB

The Bank measures interest rate risk in the banking book by assessing the potential impact of interest rate change on NII. The NII impact is used to determine alternative balance sheet strategies that the Bank may undertake to achieve its business return targets. The Bank also assesses the potential impact on EVE which reflects the change in present value of its asset, liabilities and off-balance sheet positions when interest rates change.

The Bank employs static analysis tools to assess interest rate risk in banking book, including:

1. Re-pricing Gap Analysis and Sensitivity Analysis

Re-pricing Gap Analysis is a method widely used to assess the interest rate risk of current balance sheet positions. It captures re-pricing risk which is a primary form of interest rate risk, but does not capture yield curve risk, basis risk and embedded option risk.

The Bank uses re-pricing gap analysis to assess NII impact in the year ahead assuming assets, liabilities and off-balance sheet positions are static and interest rates change immediately across the curves. The re-pricing of loan is based on earliest repricing date or contractual maturity date, whichever is earlier. Non-maturity deposits such as savings and demand deposits are assumed to re-price in "1 week to 1 month" and ">1 to 2 years" buckets at 33% and 67% respectively as per BNM methodology on IRRBB. Re-pricing gap analysis is also used in conjunction with duration-based weights to estimate the potential impact of interest rate change on EVE.

The Bank assesses and monitors interest rate risk in its banking book through NII impact and EVE impact on daily basis.

2. Stress Testing

The Bank performs stress testing for interest rate risk in the banking book on half yearly basis and annual ICAAP reporting using static NII and EVE simulation, which takes into account only the current position, to reflect the potential impact to NII and EVE under various stress scenarios. The results of stress testing are analyzed and used by ALCO to improve the Bank's asset and liability management in order to achieve the business return target and review the change in present value of its assets, liabilities and off-balance sheet positions under the acceptable level of risk.

As at 30 June 2026 and 31 December 2025, the impact of interest rate change to NII and EVE using re-pricing gap analysis is as follows:

Table 13: Interest Rate Risk Impact if the yield curves parallel move by 100 bps

Interest Rate Risk Impact	30 June 2026 RM'000	31 December 2025 RM'000
Net Interest Income	+/-10,057	+/-9,407
Economic Value of Equity	+/-10,657	+/-13,522

Note:

- *A positive (+) sign followed by a negative (-) sign on the impact indicate gains if interest rate were to hike and loss if interest rate were to dip.*
- *A reversal order of such sign will indicate a loss if interest rate were to hike and gain if interest rate were to dip.*
- *NII will impact the Profit and Loss Account whereas EVE will impact the reserves on Balance Sheet.*

Risk Control for IRRBB

The Bank has established a limit on both NII and EVE. These annual limits are submitted to ALCO for concurrence, RMC's endorsement and Board's approval.

Treasury Department is responsible to manage these risks to be within the risk tolerance limits, based on Assets and Liabilities Management ("ALM") policy and guidelines.

4.3 Operational Risk

Operational Risk is defined as the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. This definition includes legal risk but excludes strategic and reputational risk.

The Bank understands that good operational risk management is vital to sustainable business success, particularly in the current environment of uncertainties, both domestic and international. The Bank therefore places great importance on effective operational risk management with sufficient coverage of all aspects of operations and is well-prepared to deal promptly with any unpredictable event.

Operational Risk Management

The Bank establishes a sound Operational Risk Management Policy governing the identification, measurement, assessment, risk control or mitigation, monitoring, communication and consultation as well as reporting that are consistent with the its risk profile, risk appetite, operations or business processes and capital strength to address all relevant aspects of operational risk prevalent in the business on a bank-wide basis.

The Bank has a dedicated operational risk management unit, i.e. Operational Risk Management Unit ("ORU"), which is responsible for developing an integrated Operational Risk Management Policy, methodologies and relevant tools that are consistently applied and embedded in the business processes.

All business units in the Bank are directly responsible for managing their respective operational risks and establishing measures to mitigate or control risks in order to manage the operational risk in the Bank in a cohesive manner to an acceptable level.

Operational Risk Assessment and Monitoring

A key underlying principle of the Bank's operational risk management is to inculcate a strong operational risk culture in the Bank by instilling a consistent understanding of operational risk methodology and practices, i.e. operational risks are identified, measured, assessed and appropriate action plans formulated to mitigate these risks.

Business units are also required to report loss data / incidents to ORU based on the incident reporting procedure / criteria within the stipulated timelines outlined in the Operational Risk Management Policy.

The Bank's business units use operational risk tools i.e. Risk Control Self Assessment ("RCSA") to assess risk levels based on the semi-quantified risk matrix (impact and likelihood) and Key Risk Indicator ("KRI") to assess potential operational risks respectively.

The primary objective of ensuring the identified risks are duly mitigated by relevant controls to an acceptable level while potential risks are identified and addressed at an early stage before it evolves into a significant operational risk issue that may lead to policy breaches (both internal and regulatory) / losses subsequently.

Emphasis is also given towards ensuring effective coordination in the management of operational risk with that of other risks (e.g. credit and market risks) to provide a holistic and integrated approach to the Bank's overall risk management strategy.

Operational Risk Control

Operational risk is managed via a sound internal control system which includes the following:

a) Implementation of policies, processes, methodology and tools to ensure that operational risk is appropriately identified and managed with effective risk mitigations.

b) The three lines of defense model defines the roles and responsibilities and ensures proper accountability of each line.

c) The individual business and functional lines' accountability for the management and control of their respective operational risks.

d) Separation of duties between key functions (e.g. "maker" and "checker" control).

In line with the implementation of BNM's Risk Management in Technology ("RMiT") policy on 1 January 2020, the Bank has set up a Technology Risk Unit to oversee the development and management of technology risks at the 2nd line of defense.

In addition, the Bank also has a holistic Business Continuity Management ("BCM") policy in place that focusses on the effective recovery and rapid resumption of critical business functions and restoration of information technology infrastructure due to unplanned disruptions. The policy has been approved by the Board of Directors and regularly tested to ensure its readiness to respond to and recover from crises.

The Calculation of Value Equivalent to Operational Risk-Weighted Asset

The Bank currently uses the Standardised Approach ("SA") to calculate its value equivalent to operational risk-weighted assets. As prescribed by BNM, the calculation of operational risk capital requirements comprises two components, namely the Business Indicator Component ("BIC") and the Internal Loss Multiplier ("ILM").