


UNITED OVERSEAS BANK (MALAYSIA) BHD
(Company No. 271809 K)
AND ITS SUBSIDIARY COMPANIES
(Incorporated in Malaysia)

PILLAR 3 DISCLOSURE
30 JUNE 2021

Domiciled in Malaysia
Registered Office:
Level 11, Menara UOB
Jalan Raja Laut,
50350 Kuala Lumpur

**Attestation by Chief Executive Officer pursuant to BASEL II – Pillar 3 Disclosures
as at 30 June 2021**

I hereby confirm that the Pillar 3 disclosures for the financial period ended 30 June 2021 have been prepared in accordance with Bank Negara Malaysia's Risk Weighted Capital Adequacy Framework (Basel II) - Disclosure Requirements (Pillar 3) and Capital Adequacy Framework for Islamic Banks (CAFIB) - Disclosure Requirements (Pillar 3). The Pillar 3 disclosures are consistent with the manner that the risks are assessed and managed, and are not misleading in any particular way.



Wong Kim Choong
Chief Executive Officer

Date: 24 August 2021

1. CAPITAL MANAGEMENT AND CAPITAL ADEQUACY

The capital adequacy ratios of the Group and the Bank are computed in accordance with Bank Negara Malaysia ("BNM")'s Capital Adequacy Framework (Capital Components) issued on 2 February 2018 and Basel II - Risk-Weighted Assets ("RWA") issued on 2 February 2018 and Capital Adequacy Framework (Basel II - Risk-Weighted Assets) issued on 3 May 2019.

The capital structure of the Group and the Bank were as follows:

| | Group | | Bank | |
|--|---------------------|---------------------|---------------------|---------------------|
| | 30-Jun-21 RM'000 | 31-Dec-20 RM'000 | 30-Jun-21 RM'000 | 31-Dec-20 RM'000 |
| <u>Common Equity Tier 1 ("CET1")/ Tier 1 Capital</u> | | | | |
| Paid-up share capital | 792,555 | 792,555 | 792,555 | 792,555 |
| Retained profits | 9,667,269 | 10,174,394 | 9,729,649 | 10,236,774 |
| Other reserves | 332,438 | 493,176 | 141,407 | 302,144 |
| Regulatory adjustments applied in the calculation of CET1 Capital | (430,017) | (469,918) | (754,788) | (704,740) |
| Total CET1/Tier 1 Capital | <u>10,362,245</u> | <u>10,990,207</u> | <u>9,908,823</u> | <u>10,626,733</u> |
| <u>Tier 2 Capital</u> | | | | |
| Tier 2 Capital instruments | 1,350,000 | 1,350,000 | 1,350,000 | 1,350,000 |
| Loan/financing loss provision - Surplus eligible provisions over expected losses | 299,482 | 298,644 | 299,937 | 299,172 |
| - General provisions | 28,974 | 30,000 | 18,298 | 19,249 |
| Regulatory adjustments applied in the calculation of Tier 2 Capital | 82,858 | 82,858 | - | - |
| Total Tier 2 Capital | <u>1,761,314</u> | <u>1,761,502</u> | <u>1,668,235</u> | <u>1,668,421</u> |
| Total Capital | <u>12,123,559</u> | <u>12,751,709</u> | <u>11,577,058</u> | <u>12,295,154</u> |

The capital adequacy ratios of the Group and the Bank were as follows:

| | Group | | Bank | |
|---------------------|----------------|------------------|----------------|------------------|
| | 30-Jun-21 | 31-Dec-20 | 30-Jun-21 | 31-Dec-20 |
| CET1/Tier 1 Capital | 16.973% | 18.407% * | 16.439% | 18.030% * |
| Total Capital | <u>19.858%</u> | <u>21.358% *</u> | <u>19.207%</u> | <u>20.861% *</u> |

* The CET1/Tier1 Capital and Total Capital ratios were before dividend payment. The CET1/Tier1 Capital for the Group and the Bank net of proposed dividend are as follows:-

| | | |
|--|---------|---------|
| CET1/Tier 1 Capital Ratio (net of proposed dividends) | 17.558% | 17.170% |
| Total Capital Ratio (net of proposed dividends) | 20.508% | 20.001% |

1. CAPITAL MANAGEMENT AND CAPITAL ADEQUACY (Cont'd.)

The capital adequacy ratios of Islamic Banking Window are computed in accordance with the BNM's Capital Adequacy Framework for Islamic Banking (Capital Components) and Basel II - Risk-weighted Assets Framework for Islamic Banking.

The capital structure of the Islamic Banking Window were as follows:

| | 30-Jun-21 | 31-Dec-20 |
|---|------------------|------------------|
| | RM'000 | RM'000 |
| <u>Common Equity Tier 1 ("CET1")/</u> | | |
| <u>Tier 1 Capital</u> | | |
| Capital fund | 450,000 | 450,000 |
| Accumulated profit | 6,311 | 6,311 |
| Other reserves | 586 | 262 |
| Regulatory adjustments applied in the calculation of CET1 Capital | (10,606) | (10,130) |
| Total CET1/Tier 1 Capital | <u>446,291</u> | <u>446,443</u> |
| <u>Tier 2 Capital</u> | | |
| Financing loss provision | | |
| - Surplus eligible provisions over expected losses | 19,090 | 18,173 |
| - General provisions | 132 | 107 |
| Total Tier 2 Capital | <u>19,222</u> | <u>18,280</u> |
| Total Capital | <u>465,513</u> | <u>464,723</u> |

The capital adequacy ratios of the Islamic Banking Window were as follows:

| | 30-Jun-21 | 31-Dec-20 |
|-----------------------------------|------------------|------------------|
| Before the effects of RSIA | | |
| CET1/Tier 1 Capital Ratio | 9.704% | 11.187% |
| Total Capital Ratio | 10.139% | 11.645% |
| After the effects of RSIA | | |
| CET1/Tier 1 Capital Ratio | 13.426% | 14.042% |
| Total Capital Ratio | 14.004% | 14.617% |

In accordance with BNM's Guidelines on the Investment Account, the credit risk and market risks weighted assets funded by the RSIA which qualify as risk absorbent are excluded from the calculation of capital adequacy ratio. As at 30 June 2021, credit risks related to RSIA assets excluded from the total capital ratio calculation amounted to RM1,275,184,000 (31 December 2020: RM811,295,000)

2. CAPITAL ADEQUACY

The aggregate breakdown of Risk-Weighted Assets (RWA) by exposures in each category of the Bank as at 30 June 2021 were as follows:

| Item | Exposure class | Exposures pre Credit Risk Mitigation (CRM) RM'000 | Exposures post Credit Risk Mitigation (CRM) RM'000 | Risk Weighted Assets (RWA) RM'000 | Minimum capital requirement at 8% RM'000 |
|------|--|--|---|--------------------------------------|---|
| 1.0 | <u>Credit risk</u> | | | | |
| 1.1 | <u>Exempted exposures under the Standardised Approach (SA)</u> | | | | |
| | <i>On-balance sheet exposures</i> | | | | |
| | Sovereigns/central banks | 20,353,201 | 20,353,201 | 228,190 | 18,255 |
| | Public Sector Entities | 206,853 | 206,853 | 6,060 | 485 |
| | Insurance cos, securities firms and fund managers | 311 | 311 | 311 | 25 |
| | Corporates | 264,012 | 261,696 | 260,840 | 20,867 |
| | Regulatory Retail | 4,924 | 4,924 | 4,924 | 394 |
| | Other assets | 1,350,984 | 1,350,984 | 659,658 | 52,773 |
| | Equity exposure | 158,198 | 158,198 | 158,198 | 12,656 |
| | Defaulted exposures | 3,697 | 3,697 | 4,355 | 348 |
| | Total on-balance sheet exposures | 22,342,180 | 22,339,864 | 1,322,536 | 105,803 |
| | <i>Off-balance sheet exposures</i> | | | | |
| | OTC derivatives | 197,925 | 197,925 | 70,361 | 5,629 |
| | Off-balance sheet exposures other than OTC derivatives or credit derivatives | 104,391 | 103,407 | 70,931 | 5,674 |
| | Total off-balance sheet exposures | 302,316 | 301,332 | 141,292 | 11,303 |
| | Total on and off-balance sheet exposures (SA) | 22,644,496 | 22,641,196 | 1,463,828 | 117,106 |
| 1.2 | <u>Exposures under the Foundation IRB approach (FIRB)</u> | | | | |
| | <i>On-balance sheet exposures</i> | | | | |
| | Banks, Development Financial Institutions and MDBs | 5,508,049 | 5,508,049 | 782,027 | 62,562 |
| | Insurance Cos, Securities Firms and Fund Managers | 1,118,447 | 1,093,410 | 293,521 | 23,482 |
| | Corporates | 35,693,398 | 31,726,610 | 31,145,192 | 2,491,615 |
| | Equity (simple risk weight) | 1,850 | 1,850 | 5,550 | 444 |
| | Defaulted exposures | 1,131,903 | 1,109,664 | - | - |
| | Total on-balance sheet exposures | 43,453,647 | 39,439,583 | 32,226,290 | 2,578,103 |
| | <i>Off-balance sheet exposures</i> | | | | |
| | OTC derivatives | 2,338,188 | 2,332,450 | 865,000 | 69,200 |
| | Off-Balance sheet exposures other than OTC derivatives or credit derivatives | 7,851,987 | 6,818,826 | 6,150,629 | 492,050 |
| | Defaulted exposures | 18,635 | 15,296 | - | - |
| | Total off-balance sheet exposures | 10,208,810 | 9,166,572 | 7,015,629 | 561,250 |
| | Total on and off-balance sheet exposures (FIRB) | 53,662,457 | 48,606,155 | 39,241,919 | 3,139,353 |

2. CAPITAL ADEQUACY (Cont'd.)

| Item | Exposure class | Exposures pre CRM | Exposures post CRM | Risk Weighted Assets (RWA) | Min. capital requirement at 8% |
|---|--|----------------------|-----------------------|----------------------------|--------------------------------|
| | | RM'000 | RM'000 | RM'000 | RM'000 |
| 1.3 | <u>Exposures under the Advance IRB approach (AIRB)</u> | | | | |
| | <i><u>On-balance sheet exposures</u></i> | | | | |
| | Corporates | - | - | - | - |
| | Residential mortgages | 35,616,954 | 35,616,954 | 4,023,464 | 321,877 |
| | Qualifying revolving retail | 2,232,633 | 2,232,633 | 798,471 | 63,878 |
| | Other retail | 15,341,000 | 15,341,000 | 2,668,310 | 213,465 |
| | Defaulted exposures | 846,226 | 846,226 | 418,102 | 33,448 |
| | Total on-balance sheet exposures | 54,036,814 | 54,036,813 | 7,908,348 | 632,668 |
| | <i><u>Off-balance sheet exposures</u></i> | | | | |
| | OTC derivatives | 423 | 423 | 95 | 8 |
| | Off-Balance sheet exposures other than OTC derivatives or credit derivatives | 9,405,026 | 9,405,026 | 1,212,550 | 97,004 |
| | Defaulted exposures | | | | |
| | Total off-balance sheet exposures | 9,405,449 | 9,405,449 | 1,212,645 | 97,012 |
| Total on and off-balance sheet exposures (AIRB) | 63,442,263 | 63,442,262 | 9,120,993 | 729,680 | |
| Total exposures under IRB approach | 117,104,720 | 112,048,417 | 48,362,912 | 3,869,033 | |
| Total (exempted exposures and exposures under the IRB approach) after scaling factor | | | 52,728,514 | 4,218,281 | |
| 2.0 | <u>Large Exposures Risk Requirement</u> | - | - | - | - |
| 3.0 | <u>Market risk</u> | | | | |
| | | Long position | Short position | | |
| | Interest rate risk | 166,977 | 86,677 | 1,299,083 | 103,927 |
| | Foreign currency risk | 474,067 | 642,125 | 175,207 | 14,017 |
| | Commodity risk | - | - | - | - |
| Options risk | - | - | 311,451 | 24,916 | |
| 4.0 | <u>Operational risk (basic indicator approach)</u> | | | 5,762,242 | 460,979 |
| 5.0 | <u>Total RWA and capital requirements</u> | | | 60,276,497 | 4,822,120 |

2. CAPITAL ADEQUACY (Cont'd.)

The aggregate breakdown of RWA by exposures in each category of the Bank for the financial year ended 31 December 2020 were as follows:

| Item | Exposure class | Exposures pre Credit Risk Mitigation (CRM) | Exposures post Credit Risk Mitigation (CRM) | Risk Weighted Assets (RWA) | Min. capital requirement at 8% |
|------|--|--|---|----------------------------|--------------------------------|
| | | RM'000 | RM'000 | RM'000 | RM'000 |
| 1.0 | Credit risk | | | | |
| 1.1 | <u>Exempted exposures under the Standardised Approach (SA)</u> | | | | |
| | <i>On-balance sheet exposures</i> | | | | |
| | Sovereigns/central banks | 23,059,910 | 22,859,553 | 229,862 | 18,389 |
| | Public Sector Entities | 179,046 | 179,046 | - | - |
| | Insurance cos, securities firms and fund managers | 62 | 62 | 62 | 5 |
| | Corporates | 294,798 | 292,128 | 291,658 | 23,333 |
| | Regulatory Retail | 9,965 | 9,965 | 9,965 | 797 |
| | Other assets | 1,321,778 | 1,321,778 | 702,149 | 56,172 |
| | Equity exposure | 155,929 | 155,929 | 155,929 | 12,474 |
| | Defaulted exposures | 3,950 | 3,950 | 5,922 | 474 |
| | Total on-balance sheet exposures | 25,025,438 | 24,822,411 | 1,395,547 | 111,644 |
| | <i>Off-balance sheet exposures</i> | | | | |
| | OTC derivatives | 98,390 | 98,390 | 56,255 | 4,500 |
| | Off-balance sheet exposures other than OTC derivatives or credit derivatives | 90,766 | 89,748 | 88,198 | 7,056 |
| | Total off-balance sheet exposures | 189,156 | 188,138 | 144,453 | 11,556 |
| | Total on and off-balance sheet exposures (SA) | 25,214,594 | 25,010,549 | 1,540,000 | 123,200 |
| 1.2 | <u>Exposures under the Foundation IRB approach (FIRB)</u> | | | | |
| | <i>On-balance sheet exposures</i> | | | | |
| | Banks, Development Financial Institutions and MDBs | 8,545,328 | 7,696,678 | 743,093 | 59,447 |
| | Insurance Cos, Securities Firms and Fund Managers | 1,130,296 | 1,120,279 | 278,386 | 22,271 |
| | Corporates | 34,219,891 | 30,171,147 | 30,587,833 | 2,447,027 |
| | Equity (simple risk weight) | 2,456 | 2,456 | 7,369 | 590 |
| | Defaulted exposures | 983,679 | 965,294 | - | - |
| | Total on-balance sheet exposures | 44,881,649 | 39,955,855 | 31,616,681 | 2,529,334 |
| | <i>Off-balance sheet exposures</i> | | | | |
| | OTC derivatives | 2,201,029 | 2,197,675 | 883,199 | 70,656 |
| | Off-Balance sheet exposures other than OTC derivatives or credit derivatives | 7,546,399 | 6,555,912 | 6,106,505 | 488,520 |
| | Defaulted exposures | 16,613 | 15,446 | - | - |
| | Total off-balance sheet exposures | 9,764,041 | 8,769,033 | 6,989,704 | 559,176 |
| | Total on and off-balance sheet exposures (FIRB) | 54,645,690 | 48,724,888 | 38,606,385 | 3,088,511 |

2. CAPITAL ADEQUACY (Cont'd.)

| Item | Exposure class | Exposures pre CRM | Exposures post CRM | Risk Weighted Assets (RWA) | Min. capital requirement at 8% |
|---|--|----------------------|-----------------------|----------------------------|--------------------------------|
| | | RM'000 | RM'000 | RM'000 | RM'000 |
| 1.3 | <u>Exposures under the Advance IRB approach (AIRB)</u> | | | | |
| | <i>On-balance sheet exposures</i> | | | | |
| | Corporates | - | - | - | - |
| | Residential mortgages | 35,534,166 | 35,534,166 | 3,822,943 | 305,835 |
| | Qualifying revolving retail | 2,548,509 | 2,548,509 | 929,284 | 74,343 |
| | Other retail | 15,730,978 | 15,730,978 | 2,836,203 | 226,896 |
| | Defaulted exposures | 745,269 | 745,269 | 358,289 | 28,663 |
| | Total on-balance sheet exposures | 54,558,922 | 54,558,922 | 7,946,719 | 635,738 |
| | <i>Off-balance sheet exposures</i> | | | | |
| | OTC derivatives | 482 | 482 | 110 | 9 |
| | Off-Balance sheet exposures other than OTC derivatives or credit derivatives | 9,347,069 | 9,347,069 | 1,251,725 | 100,138 |
| | Defaulted exposures | - | - | - | - |
| | Total off-balance sheet exposures | 9,347,551 | 9,347,551 | 1,251,836 | 100,147 |
| Total on and off-balance sheet exposures (AIRB) | 63,906,473 | 63,906,473 | 9,198,555 | 735,884 | |
| Total exposures under IRB approach | 118,552,163 | 112,631,361 | 47,804,940 | 3,824,395 | |
| Total (exempted exposures and exposures under the IRB approach) after scaling factor | | | 52,213,236 | 4,177,059 | |
| 2.0 | <u>Large Exposures Risk Requirement</u> | - | - | - | - |
| 3.0 | <u>Market risk</u> | | | | |
| | | Long position | Short position | | |
| | Interest rate risk | 121,706 | 88,261 | 907,177 | 72,574 |
| | Foreign currency risk | 498,504 | 570,773 | 94,230 | 7,538 |
| | Commodity risk | 1,622 | - | 3,041 | 243 |
| Options risk | - | - | 62,200 | 4,976 | |
| 4.0 | <u>Operational risk (basic indicator approach)</u> | | | 5,658,697 | 452,696 |
| 5.0 | <u>Total RWA and capital requirements</u> | | | 58,938,581 | 4,715,087 |

2. CAPITAL ADEQUACY (Cont'd.)

The aggregate breakdown of RWA by exposures in each category of the Islamic Banking Window as at 30 June 2021 were as follows:

| Item | Exposure class | Exposures pre CRM | Exposures post CRM | Risk Weighted Assets (RWA) | RWA absorbed by PSIA | Total RWA after effects of PSIA | Min. capital requirement at 8% |
|------|--|-------------------|--------------------|----------------------------|----------------------|---------------------------------|--------------------------------|
| | | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| 1.0 | Credit risk | | | | | | |
| 1.1 | Exempted exposures under Standardised Approach (SA) | | | | | | |
| | <i>On-balance sheet exposures</i> | | | | | | |
| | Sovereigns/Central Banks | 2,288,863 | 2,288,863 | - | - | - | - |
| | Corporates | - | - | - | - | - | - |
| | Other assets | 6,171 | 6,171 | 6,171 | - | 6,171 | 494 |
| | Total on-balance sheet exposures | 2,295,034 | 2,295,034 | 6,171 | - | 6,171 | 494 |
| | <i>Off-balance sheet exposures</i> | | | | | | |
| | OTC derivatives | 11,620 | 11,620 | 4,405 | - | 4,405 | 352 |
| | Off-balance sheet exposures other than OTC derivatives or credit derivatives | | | | | | |
| | Total off-balance sheet exposures | 11,620 | 11,620 | 4,405 | - | 4,405 | 352 |
| | Total on and off-balance sheet exposures (SA) | 2,306,655 | 2,306,655 | 10,576 | - | 10,576 | 846 |
| 1.2 | Exposures under the FIRB approach | | | | | | |
| | <i>On-balance sheet exposures</i> | | | | | | |
| | Banks, Development Financial Institutions and MDBs | 151,821 | 151,821 | 15,409 | - | 15,409 | 1,233 |
| | Insurance Cos, Firms & Fund | 1,001,376 | 1,001,376 | 264,674 | 264,674 | - | - |
| | Corporates | 2,330,014 | 2,195,031 | 2,667,122 | 938,329 | 1,728,792 | 138,303 |
| | Defaulted Exposures | 14,461 | 14,461 | - | - | - | - |
| | Total on-balance sheet exposures | 3,497,672 | 3,362,689 | 2,947,205 | 1,203,003 | 1,744,201 | 139,536 |
| | <i>Off-balance sheet exposures</i> | | | | | | |
| | OTC Derivatives | 13,527 | 13,442 | 9,077 | - | 9,077 | 726 |
| | Off-balance sheet exposures other than OTC derivatives or credit derivatives | 398,922 | 386,367 | 377,462 | - | 377,462 | 30,197 |
| | Total off-balance sheet exposures | 412,449 | 399,809 | 386,539 | - | 386,539 | 30,923 |
| | Total on and off-balance sheet | 3,910,121 | 3,762,498 | 3,333,744 | 1,203,003 | 2,130,740 | 170,459 |

2. CAPITAL ADEQUACY (Cont'd.)

| Item | Exposure class | Exposures pre CRM | Exposures post CRM | Risk Weighted Assets (RWA) | RWA absorbed by PSIA | Total RWA after effects of PSIA | Min. capital requirement at 8% |
|---|--|----------------------|-----------------------|----------------------------|----------------------|---------------------------------|--------------------------------|
| 1.3 | <u>Exposures under the AIRB approach</u> | | | | | | |
| | <i>On-balance sheet exposures</i> | | | | | | |
| | Corporate | | | | | | |
| | Residential mortgages | 2,765,052 | 2,765,053 | 469,355 | - | 469,355 | 37,548 |
| | Other retail | 1,156,681 | 1,156,681 | 299,929 | - | 299,929 | 23,994 |
| | Defaulted exposures | 66,020 | 66,020 | 32,924 | - | 32,924 | 2,634 |
| | Total on-balance sheet exposures | 3,987,753 | 3,987,754 | 802,208 | - | 802,208 | 64,176 |
| | <i>Off-balance sheet exposures</i> | | | | | | |
| | Off-balance sheet exposures other than OTC derivatives or credit derivatives | 417,803 | 417,803 | 68,664 | - | 68,664 | 5,493 |
| | Total off-balance sheet exposures | 417,803 | 417,803 | 68,664 | - | 68,664 | 5,493 |
| Total on and off-balance sheet | 4,405,556 | 4,405,557 | 870,872 | - | 870,872 | 69,669 | |
| Total exposures under IRB approach | 8,315,677 | 8,168,055 | 4,204,616 | 1,203,003 | 3,001,612 | 240,128 | |
| Total (exempted exposures and exposures under the IRB approach) after scaling factor | | | 4,467,469 | 1,275,184 | 3,192,285 | 255,383 | |
| 2.0 | <u>Large exposures risk requirement</u> | - | - | - | - | - | - |
| 3.0 | <u>Market risk</u> | | | | | | |
| | | Long position | Short position | | | | |
| | Interest rate risk | 352 | 342 | 4,254 | - | 4,254 | 340 |
| | Foreign currency risk | 740 | 1,065 | 1,065 | - | 1,065 | 85 |
| | Commodity risk | - | - | - | - | - | - |
| Options risk | - | - | - | - | - | - | |
| 4.0 | <u>Operational risk (basic indicator approach)</u> | | | 126,449 | - | 126,449 | 10,116 |
| 5.0 | <u>Total RWA and capital requirements</u> | | | 4,599,237 | 1,275,184 | 3,324,053 | 265,924 |

2. CAPITAL ADEQUACY (Cont'd.)

The aggregate breakdown of RWA by exposures in each category of the Islamic Banking Window for the financial year ended 31 December 2020 were as follows:

| Item | Exposure class | Exposures pre CRM | Exposures post CRM | RWA | RWA absorbed by PSIA | Total RWA after effects of PSIA | Min. capital requirement at 8% |
|------|--|-------------------|--------------------|------------------|----------------------|---------------------------------|--------------------------------|
| | | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| 1.0 | Credit risk | | | | | | |
| 1.1 | Exempted exposures under Standardised Approach (SA) | | | | | | |
| | <i>On-balance sheet exposures</i> | | | | | | |
| | Sovereigns/Central Banks | 1,338,772 | 1,338,772 | - | - | - | - |
| | Corporate | 535 | 95 | 95 | - | 95 | 8 |
| | Other assets | 6,486 | 6,486 | 6,486 | - | 6,486 | 519 |
| | Total on-balance sheet exposures | 1,345,793 | 1,345,353 | 6,581 | - | 6,581 | 526 |
| | <i>Off-balance sheet exposures</i> | | | | | | |
| | OTC derivatives | 5,627 | 5,627 | 2,013 | - | 2,013 | 161 |
| | Off-balance sheet exposures other than OTC derivatives or credit derivatives | - | - | - | - | - | - |
| | Total off-balance sheet exposures | 5,627 | 5,627 | 2,013 | - | 2,013 | 161 |
| | Total on and off-balance sheet exposures (SA) | 1,351,421 | 1,350,981 | 8,594 | - | 8,594 | 688 |
| 1.2 | Exposures under the FIRB approach | | | | | | |
| | <i>On-balance sheet exposures</i> | | | | | | |
| | Banks, Development Financial Institutions and MDBs | 115,504 | 115,504 | 11,893 | - | 11,893 | 951 |
| | Insurance Cos, Securities Firms & Fund Managers | 1,001,476 | 1,001,476 | 238,004 | 238,004 | 238,004 | 19,040 |
| | Corporates | 2,092,581 | 1,966,802 | 2,457,216 | 527,369 | 1,691,844 | 135,348 |
| | Defaulted Exposures | 15,486 | 15,486 | - | - | - | - |
| | Total on-balance sheet exposures | 3,225,048 | 3,099,269 | 2,707,113 | 765,372 | 1,941,741 | 155,339 |
| | <i>Off-balance sheet exposures</i> | | | | | | |
| | OTC Derivatives | 637 | 612 | 804 | - | 804 | 64 |
| | Off-balance sheet exposures other than OTC derivatives or credit derivatives | 131,255 | 124,533 | 160,743 | - | 160,743 | 12,859 |
| | Total off-balance sheet exposures | 131,892 | 125,145 | 161,547 | - | 161,547 | 12,924 |
| | Total on and off-balance sheet exposures (FIRB) | 3,356,940 | 3,224,414 | 2,868,660 | 765,372 | 2,103,288 | 168,263 |

2. CAPITAL ADEQUACY (Cont'd.)

| Item | Exposure class | Exposures pre CRM | Exposures post CRM | RWA | RWA absorbed by PSIA | Total RWA after effects of PSIA | Min. capital requirement at 8% |
|------|---|----------------------|-----------------------|------------------|----------------------|---------------------------------|--------------------------------|
| | | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| 1.3 | <u>Exposures under the AIRB approach</u> | | | | | | |
| | <i>On-balance sheet exposures</i> | | | | | | |
| | Corporate | - | - | - | - | - | - |
| | Residential mortgages | 2,539,930 | 2,539,930 | 408,690 | - | 408,690 | 32,695 |
| | Other retail | 1,087,704 | 1,087,704 | 294,283 | - | 294,283 | 23,543 |
| | Defaulted exposures | 59,951 | 59,951 | 18,139 | - | 18,139 | 1,451 |
| | Total on-balance sheet exposures | 3,687,585 | 3,687,585 | 721,111 | - | 721,111 | 57,689 |
| | <i>Off-balance sheet exposures</i> | | | | | | |
| | Off-balance sheet exposures other than OTC derivatives or credit derivatives | 457,948 | 457,948 | 73,259 | - | 73,259 | 5,861 |
| | Total off-balance sheet exposures | 457,948 | 457,948 | 73,259 | - | 73,259 | 5,861 |
| | Total on and off-balance sheet exposures (AIRB) | 4,145,532 | 4,145,532 | 794,370 | - | 794,370 | 63,550 |
| | Total exposures under IRB approach | 7,502,472 | 7,369,946 | 3,663,030 | 765,372 | 2,897,658 | 231,813 |
| | Total (exempted exposures and exposures under the IRB approach) after scaling factor | | | 3,891,406 | 811,295 | 3,080,111 | 246,409 |
| 2.0 | <u>Large exposures risk requirement</u> | - | - | - | - | - | - |
| 3.0 | <u>Market risk</u> | | | | | | |
| | | Long position | Short position | | | | |
| | Interest rate risk | 256 | 256 | 5,221 | | 5,221 | 418 |
| | Foreign currency risk | 62 | 339 | 339 | | 339 | 27 |
| | Commodity risk | - | - | - | - | - | - |
| | Options risk | - | - | - | - | - | - |
| 4.0 | <u>Operational risk (basic indicator approach)</u> | | | 93,714 | - | 93,714 | 7,497 |
| 5.0 | <u>Total RWA and capital requirements</u> | | | 3,990,680 | 811,295 | 3,179,385 | 254,351 |

3. CREDIT RISK

(i) The credit exposures by sector of the Bank as at 30 June 2021 were as follows:

| Bank | Sovereigns/ central banks RM'000 | Public sector entities RM'000 | Banks, DFIs and MDBs RM'000 | Insurance Cos, securities firms and fund managers RM'000 | Corporates (including specialised lending and SMEs) RM'000 | Retail RM'000 | Residential mortgages RM'000 | Equity exposures RM'000 | Other assets RM'000 | Grand total RM'000 |
|---|---|--|--|---|---|--------------------------|---|--|------------------------------------|-----------------------------------|
| Agriculture, hunting, forestry and fishing | - | - | - | - | 1,791,931 | 23,864 | - | - | - | 1,815,795 |
| Mining and quarrying | - | - | 1,065,697 | - | 179,033 | 11,048 | - | - | - | 1,255,778 |
| Manufacturing | - | - | 90,263 | - | 8,083,565 | 1,328,594 | - | - | - | 9,502,422 |
| Electricity, gas and water | - | - | - | - | 691,641 | 12,570 | - | - | - | 704,211 |
| Construction | - | - | - | - | 10,366,034 | 527,917 | - | - | - | 10,893,951 |
| Wholesale, retail trade, restaurant and hotels | - | - | 19,195 | - | 15,045,646 | 4,311,746 | - | - | 400 | 19,376,987 |
| Transport, storage and communication | - | - | 1,229 | - | 2,028,659 | 171,168 | - | - | - | 2,201,056 |
| Finance, insurance and business services | 48,906 | 259,585 | 6,438,413 | 1,239,179 | 2,878,480 | 970,671 | - | - | - | 11,835,234 |
| Real estate | - | - | - | - | 4,013,996 | 647,871 | - | - | - | 4,661,867 |
| Community, social and personal services | - | - | - | - | 35,239 | 127,917 | - | - | - | 163,156 |
| Households | - | - | - | - | 3,125 | 16,778,970 | 38,534,850 | - | - | 55,316,945 |
| Others | 20,411,403 | 30,299 | - | - | 28,835 | - | - | 160,048 | 1,391,229 | 22,021,814 |
| | <u>20,460,309</u> | <u>289,884</u> | <u>7,614,797</u> | <u>1,239,179</u> | <u>45,146,184</u> | <u>24,912,336</u> | <u>38,534,850</u> | <u>160,048</u> | <u>1,391,629</u> | <u>139,749,215</u> |

Note: The credit exposures in the tables (i) to (iv) are based on exposures as defined under BNM's Capital Adequacy Framework for Standardised Approach and IRB Approach respectively.

3. CREDIT RISK (Cont'd.)

The credit exposures by sector of the Bank for the financial year ended 31 December 2020 were as follows:

| Bank | Sovereigns/ central banks RM'000 | Public sector entities RM'000 | Banks, DFIs and MDBs RM'000 | Insurance Cos, securities firms and fund managers RM'000 | Corporates (including specialised lending and SMEs) RM'000 | Retail RM'000 | Residential mortgages RM'000 | Equity exposures RM'000 | Other assets RM'000 | Grand total RM'000 |
|---|---|--|--|---|---|--------------------------|---|--|------------------------------------|-----------------------------------|
| Agriculture, hunting, forestry and fishing | - | - | - | - | 1,912,643 | 26,806 | - | - | - | 1,939,449 |
| Mining and quarrying | - | - | 939,264 | - | 196,953 | 10,209 | - | - | - | 1,146,426 |
| Manufacturing | - | - | 76,037 | - | 7,307,636 | 1,365,505 | - | - | - | 8,749,178 |
| Electricity, gas and water | - | - | - | - | 262,442 | 12,793 | - | - | - | 275,235 |
| Construction | - | - | - | - | 10,891,718 | 549,171 | - | - | - | 11,440,889 |
| Wholesale, retail trade, restaurant and hotels | - | 179,045 | 3,230 | - | 13,412,676 | 4,383,772 | - | - | - | 17,978,723 |
| Transport, storage and communication | - | - | 268 | - | 2,078,322 | 187,574 | - | - | - | 2,266,164 |
| Finance, insurance and business services | 14,104 | 52,467 | 9,415,524 | 1,238,898 | 3,019,857 | 975,109 | - | - | - | 14,715,959 |
| Real estate | - | - | - | - | 4,053,440 | 666,667 | - | - | - | 4,720,107 |
| Community, social and personal services | - | - | - | - | 40,629 | 126,365 | - | - | - | 166,994 |
| Households | - | - | - | - | 3,406 | 17,208,786 | 38,403,682 | - | - | 55,615,874 |
| Others | 23,045,806 | - | - | - | 171,290 | - | - | 158,385 | 1,376,278 | 24,751,759 |
| | <u>23,059,910</u> | <u>231,512</u> | <u>10,434,323</u> | <u>1,238,898</u> | <u>43,351,012</u> | <u>25,512,757</u> | <u>38,403,682</u> | <u>158,385</u> | <u>1,376,278</u> | <u>143,766,757</u> |

3. CREDIT RISK (Cont'd.)

(ii) The credit exposures by sector of the Islamic Banking Window as at 30 June 2021 were as follows:

| Islamic Banking Window | Sovereigns/ central banks RM'000 | Public sector entities RM'000 | Banks, DFIs and MDBs RM'000 | Insurance Cos, securities firms and fund managers RM'000 | Corporates (including specialised lending and SMEs) RM'000 | Retail RM'000 | Residential mortgages RM'000 | Equity exposures RM'000 | Other assets RM'000 | Grand total RM'000 |
|---|---|--|--------------------------------------|---|---|------------------|------------------------------------|-------------------------------|---------------------------|--------------------------|
| Agriculture, hunting, forestry and fishing | - | - | - | - | 491,911 | 434 | - | - | - | 492,345 |
| Mining & Quarrying | - | - | - | - | 85,745 | - | - | - | - | 85,745 |
| Manufacturing | - | - | - | - | 363,761 | 166,650 | - | - | - | 530,411 |
| Electricity, gas and water | - | - | - | - | 514,830 | - | - | - | - | 514,830 |
| Construction | - | - | - | - | 370,480 | 66,245 | - | - | - | 436,725 |
| Wholesale, retail trade, restaurant and hotels | - | - | - | - | 584,221 | 433,094 | - | - | - | 1,017,315 |
| Transport, storage and communication | - | - | - | - | 104,404 | 29,684 | - | - | - | 134,088 |
| Finance, insurance and business services | 732 | 9,019 | 151,821 | 1,003,978 | 38,021 | 161,369 | - | - | - | 1,364,940 |
| Real estate | - | - | - | - | 201,344 | 116,701 | - | - | - | 318,045 |
| Community, social and personal services | - | - | - | - | - | 28,772 | - | - | - | 28,772 |
| Households | - | - | - | - | - | 291,113 | 3,111,494 | - | - | 3,402,607 |
| Others | 2,288,131 | - | - | - | 2,206 | - | - | - | 6,171 | 2,296,508 |
| | <u>2,288,863</u> | <u>9,019</u> | <u>151,821</u> | <u>1,003,978</u> | <u>2,756,924</u> | <u>1,294,062</u> | <u>3,111,494</u> | <u>-</u> | <u>6,171</u> | <u>10,622,332</u> |

3. CREDIT RISK (Cont'd.)

The credit exposures by sector of the Islamic Banking Window for the financial year ended 31 December 2020 were as follows:

| Islamic Banking Window | Sovereigns/ central banks RM'000 | Public sector entities RM'000 | Banks, DFIs and MDBs RM'000 | Insurance Cos, securities firms and fund managers RM'000 | Corporates (including specialised lending and SMEs) RM'000 | Retail RM'000 | Residential mortgages RM'000 | Equity exposures RM'000 | Other assets RM'000 | Grand total RM'000 |
|---|---|--|--------------------------------------|---|---|------------------|------------------------------------|-------------------------------|---------------------------|--------------------------|
| Agriculture, hunting, forestry and fishing | - | - | - | - | 524,065 | 450 | - | - | - | 524,515 |
| Mining and Quarrying | - | - | - | - | 96,873 | - | - | - | - | 96,873 |
| Manufacturing | - | - | - | - | 319,301 | 160,764 | - | - | - | 480,065 |
| Electricity, gas and water | - | - | - | - | 56,921 | - | - | - | - | 56,921 |
| Construction | - | - | - | - | 416,643 | 66,793 | - | - | - | 483,436 |
| Wholesale, retail trade, restaurant and hotels | - | - | - | - | 479,525 | 389,479 | - | - | - | 869,004 |
| Transport, storage and communication | - | - | - | - | 96,846 | 34,482 | - | - | - | 131,328 |
| Finance, insurance and business services | 1,405 | 4,518 | 115,504 | 1,002,586 | 36,288 | 158,644 | - | - | - | 1,318,945 |
| Real estate | - | - | - | - | 214,033 | 109,194 | - | - | - | 323,227 |
| Community, social and personal services | - | - | - | - | - | 26,942 | - | - | - | 26,942 |
| Households | - | - | - | - | - | 291,032 | 2,907,752 | - | - | 3,198,784 |
| Others | 1,337,367 | - | - | - | - | - | - | - | 6,486 | 1,343,853 |
| | 1,338,772 | 4,518 | 115,504 | 1,002,586 | 2,240,495 | 1,237,780 | 2,907,752 | - | 6,486 | 8,853,893 |

3. CREDIT RISK (Cont'd.)

(iii) The credit exposures by remaining contractual maturities of the Bank as at 30 June 2021 were as follows:

| Bank | Sovereigns/ central banks RM'000 | Public sector entities RM'000 | Banks, DFIs and MDBs RM'000 | Ins cos, securities firms and fund managers RM'000 | Corporates (including specialised lending and SMEs) RM'000 | Retail RM'000 | Residential mortgages RM'000 | Equity exposures RM'000 | Other assets RM'000 | Grand total RM'000 |
|---------------|---|--|--------------------------------------|---|---|------------------|------------------------------------|-------------------------------|---------------------------|--------------------------|
| < 3 months | 3,972,532 | 39,793 | 3,267,652 | 155,996 | 13,025,723 | 947,419 | 1,968 | - | - | 21,411,083 |
| 3 - 6 months | 1,067,023 | 10,641 | 1,541,935 | 20,750 | 3,951,238 | 170,881 | 6,767 | - | - | 6,769,235 |
| 6 - 12 months | 2,985,096 | 83,824 | 968,262 | 23,630 | 4,577,361 | 6,965,881 | 1,553,022 | - | 580,675 | 17,737,751 |
| 1 - 3 years | 6,208,771 | 155,626 | 974,486 | 30,178 | 10,810,494 | 2,611,854 | 108,724 | 160,048 | 810,954 | 21,871,135 |
| 3 - 5 years | 3,198,385 | - | 759,937 | 1,008,625 | 6,977,757 | 821,590 | 268,643 | - | - | 13,034,937 |
| > 5 years | 3,028,502 | - | 102,525 | - | 5,803,611 | 13,394,711 | 36,595,726 | - | - | 58,925,074 |
| | 20,460,309 | 289,884 | 7,614,797 | 1,239,179 | 45,146,184 | 24,912,336 | 38,534,850 | 160,048 | 1,391,629 | 139,749,215 |

The credit exposures by remaining contractual maturities of the Bank for the financial year ended 31 December 2020 were as follows:

| Bank | Sovereigns/ central banks RM'000 | Public sector entities RM'000 | Banks, DFIs and MDBs RM'000 | Ins cos, securities firms and fund managers RM'000 | Corporates (including specialised lending and SMEs) RM'000 | Retail RM'000 | Residential mortgages RM'000 | Equity exposures RM'000 | Other assets RM'000 | Grand total RM'000 |
|---------------|---|--|--------------------------------------|---|---|------------------|------------------------------------|-------------------------------|---------------------------|--------------------------|
| < 3 months | 7,418,993 | 29,575 | 6,287,134 | 166,738 | 11,963,366 | 824,667 | 11,376 | - | - | 26,701,849 |
| 3 - 6 months | 399,945 | 22,892 | 1,766,966 | 15,203 | 3,183,683 | 236,593 | 7,176 | - | - | 5,632,458 |
| 6 - 12 months | 925,705 | - | 234,336 | 16,167 | 4,404,287 | 7,229,928 | 1,562,091 | - | 505,038 | 14,877,552 |
| 1 - 3 years | 7,961,590 | 152,118 | 1,523,194 | 19,566 | 11,465,997 | 2,648,115 | 100,174 | 158,385 | 871,240 | 24,900,379 |
| 3 - 5 years | 3,640,054 | 26,927 | 526,916 | 1,021,224 | 6,578,760 | 847,866 | 264,882 | - | - | 12,906,629 |
| > 5 years | 2,713,623 | - | 95,777 | - | 5,754,919 | 13,725,588 | 36,457,983 | - | - | 58,747,890 |
| | 23,059,910 | 231,512 | 10,434,323 | 1,238,898 | 43,351,012 | 25,512,757 | 38,403,682 | 158,385 | 1,376,278 | 143,766,757 |

3. CREDIT RISK (Cont'd.)

(iv) The credit exposures by remaining contractual maturities of the Islamic Banking Window as at 30 June 2021 were as follows:

| Islamic Banking Window | Sovereigns/ central banks RM'000 | Public sector entities RM'000 | Banks, DFIs and MDBs RM'000 | Ins cos, securities firms and fund managers RM'000 | Corporates (including specialised lending and SMEs) RM'000 | Retail RM'000 | Residential mortgages RM'000 | Equity exposures RM'000 | Other assets RM'000 | Grand total RM'000 |
|------------------------|---|--|--------------------------------------|---|---|------------------|------------------------------------|-------------------------------|---------------------------|--------------------------|
| < 3 months | 159,374 | 2,422 | 135,682 | 2,602 | 745,197 | 2,728 | - | - | - | 1,048,004 |
| 3 - 6 months | 794,141 | 1,948 | - | - | 40,064 | 309 | - | - | - | 836,462 |
| 6 - 12 months | 1,334,616 | 4,649 | - | - | 31,783 | 41 | - | - | - | 1,371,089 |
| 1 - 3 years | 732 | - | 16,139 | - | 107,494 | 8,353 | 48 | - | 6,171 | 138,937 |
| 3 - 5 years | - | - | - | 1,001,377 | 680,083 | 4,569 | 999 | - | - | 1,687,028 |
| > 5 years | - | - | - | - | 1,152,303 | 1,278,062 | 3,110,447 | - | - | 5,540,812 |
| | 2,288,863 | 9,019 | 151,821 | 1,003,978 | 2,756,924 | 1,294,062 | 3,111,494 | - | 6,171 | 10,622,331 |

The credit exposures by remaining contractual maturities of the Islamic Banking Window for the financial year ended 31 December 2020 were as follows:

| Islamic Banking Window | Sovereigns/ central banks RM'000 | Public sector entities RM'000 | Banks, DFIs and MDBs RM'000 | Ins cos, securities firms and fund managers RM'000 | Corporates (including specialised lending and SMEs) RM'000 | Retail RM'000 | Residential mortgages RM'000 | Equity exposures RM'000 | Other assets RM'000 | Grand total RM'000 |
|------------------------|---|--|--------------------------------------|---|---|------------------|------------------------------------|-------------------------------|---------------------------|--------------------------|
| < 3 months | 1,216,661 | 2,410 | 100,896 | 1,109 | 653,095 | 2,825 | - | - | - | 1,976,996 |
| 3 - 6 months | 120,706 | 2,108 | - | - | 32,686 | 427 | - | - | - | 155,927 |
| 6 - 12 months | - | - | - | - | 101,832 | 195 | - | - | - | 102,027 |
| 1 - 3 years | 1,405 | - | 14,608 | - | 101,393 | 7,591 | - | - | 6,486 | 131,483 |
| 3 - 5 years | - | - | - | 1,001,477 | 261,337 | 3,908 | 1,253 | - | - | 1,267,975 |
| > 5 years | - | - | - | - | 1,090,152 | 1,222,834 | 2,906,499 | - | - | 5,219,485 |
| | 1,338,772 | 4,518 | 115,504 | 1,002,586 | 2,240,495 | 1,237,780 | 2,907,752 | - | 6,486 | 8,853,893 |

3. CREDIT RISK (Cont'd.)

The aggregate breakdown of credit risk standardised exposures by risk weights of the Bank as at 30 June 2021 were as follows:

| Risk weights | Bank | | | | | | | | | |
|--------------|---------------------------------|------------------------------|-------------------------|--|----------------|----------------------|------------------|----------------|--|------------------|
| | Sovereigns/ central banks | Public sector entities | Banks, DFIs and MDBs | Ins cos, securities firms and fund managers | Corporates | Regulatory Retail | Other assets | Equity | Total exposures after netting and CRM | Total RWA |
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| 0% | 19,243,258 | 176,553 | - | - | 2,325 | - | 691,326 | - | 20,113,462 | - |
| 10% | - | - | - | - | - | - | - | - | - | - |
| 20% | 1,217,051 | 113,331 | - | - | 323 | - | - | - | 1,330,705 | 266,141 |
| 35% | - | - | - | - | - | - | - | - | - | - |
| 50% | - | - | - | - | - | - | - | - | - | - |
| 75% | - | - | - | - | - | - | - | - | - | - |
| 90% | - | - | - | - | - | - | - | - | - | - |
| 100% | - | - | - | 39,181 | 293,104 | 4,924 | 700,303 | 158,198 | 1,195,710 | 1,195,710 |
| 110% | - | - | - | - | - | - | - | - | - | - |
| 125% | - | - | - | - | - | - | - | - | - | - |
| 135% | - | - | - | - | - | - | - | - | - | - |
| 150% | - | - | - | - | 1,318 | - | - | - | 1,318 | 1,977 |
| 270% | - | - | - | - | - | - | - | - | - | - |
| 350% | - | - | - | - | - | - | - | - | - | - |
| 400% | - | - | - | - | - | - | - | - | - | - |
| 625% | - | - | - | - | - | - | - | - | - | - |
| 937.5% | - | - | - | - | - | - | - | - | - | - |
| 1250.0% | - | - | - | - | - | - | - | - | - | - |
| Total | 20,460,309 | 289,884 | - | 39,181 | 297,070 | 4,924 | 1,391,629 | 158,198 | 22,641,196 | 1,463,828 |

3. CREDIT RISK (Cont'd.)

The aggregate breakdown of credit risk standardised exposures by risk weights of the Bank for the financial year ended 31 December 2020 were as follows:

| Risk weights | Bank | | | | | | | | | |
|--------------|---------------------------------|------------------------------|-------------------------|--|----------------|----------------------|------------------|----------------|--|------------------|
| | Sovereigns/ central banks | Public sector entities | Banks, DFIs and MDBs | Ins cos, securities firms and fund managers | Corporates | Regulatory Retail | Other assets | Equity | Total exposures after netting and CRM | Total RWA |
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| 0% | 21,710,244 | 179,046 | - | - | 2,021 | - | 619,629 | - | 22,510,940 | - |
| 10% | - | - | - | - | - | - | - | - | - | - |
| 20% | 1,149,309 | 52,467 | - | - | 202 | - | 0 | - | 1,201,977 | 240,395 |
| 35% | - | - | - | - | - | - | - | - | - | - |
| 50% | - | - | - | - | 2 | - | - | - | 2 | 1 |
| 75% | - | - | - | - | - | - | - | - | - | - |
| 90% | - | - | - | - | - | - | - | - | - | - |
| 100% | - | - | - | 43,041 | 328,099 | 9,965 | 756,649 | 155,929 | 1,293,683 | 1,293,683 |
| 110% | - | - | - | - | - | - | - | - | - | - |
| 125% | - | - | - | - | - | - | - | - | - | - |
| 135% | - | - | - | - | - | - | - | - | - | - |
| 150% | - | - | - | - | 3,947 | - | - | - | 3,947 | 5,921 |
| 270% | - | - | - | - | - | - | - | - | - | - |
| 350% | - | - | - | - | - | - | - | - | - | - |
| 400% | - | - | - | - | - | - | - | - | - | - |
| 625% | - | - | - | - | - | - | - | - | - | - |
| 937.5% | - | - | - | - | - | - | - | - | - | - |
| 1250.0% | - | - | - | - | - | - | - | - | - | - |
| Total | 22,859,553 | 231,512 | - | 43,041 | 334,270 | 9,965 | 1,376,278 | 155,929 | 25,010,549 | 1,540,000 |

3. CREDIT RISK (Cont'd.)

The aggregate breakdown of credit risk standardised exposures by risk weights of the Islamic Banking Window as at 30 June 2021 were as follows:

| Risk weights | Islamic Banking Window | | | | | | | | |
|--------------|---------------------------------|------------------------------|-------------------------|--|------------|-----------------|----------|--|---------------|
| | Sovereigns/ central banks | Public sector entities | Banks, DFIs and MDBs | Ins cos, securities firms and fund managers | Corporates | Other assets | Equity | Total exposures after netting and CRM | Total RWA |
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| 0% | 2,288,863 | - | - | - | - | - | - | 2,288,863 | - |
| 10% | - | - | - | - | - | - | - | - | - |
| 20% | - | 9,019 | - | - | - | - | - | 9,019 | 1,804 |
| 35% | - | - | - | - | - | - | - | - | - |
| 50% | - | - | - | - | - | - | - | - | - |
| 75% | - | - | - | - | - | - | - | - | - |
| 90% | - | - | - | - | - | - | - | - | - |
| 100% | - | - | - | 2,601 | - | 6,171 | - | 8,772 | 8,772 |
| 110% | - | - | - | - | - | - | - | - | - |
| 125% | - | - | - | - | - | - | - | - | - |
| 135% | - | - | - | - | - | - | - | - | - |
| 150% | - | - | - | - | - | - | - | - | - |
| 270% | - | - | - | - | - | - | - | - | - |
| 350% | - | - | - | - | - | - | - | - | - |
| 400% | - | - | - | - | - | - | - | - | - |
| 625% | - | - | - | - | - | - | - | - | - |
| 937.5% | - | - | - | - | - | - | - | - | - |
| 1250.0% | - | - | - | - | - | - | - | - | - |
| Total | 2,288,863 | 9,019 | - | 2,601 | - | 6,171 | - | 2,306,655 | 10,576 |

3. CREDIT RISK (Cont'd.)

The aggregate breakdown of credit risk standardised exposures by risk weights of the Islamic Banking Window for the financial year ended 31 December 2020 were as

| Risk weights | Islamic Banking Window | | | | | | | | |
|--------------|---------------------------------|------------------------------|-------------------------|--|------------|-----------------|----------|--|--------------|
| | Sovereigns/ central banks | Public sector entities | Banks, DFIs and MDBs | Ins cos, securities firms and fund managers | Corporates | Other assets | Equity | Total exposures after netting and CRM | Total RWA |
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| 0% | 1,338,772 | - | - | - | - | - | - | 1,338,772 | - |
| 10% | - | - | - | - | - | - | - | - | - |
| 20% | - | 4,518 | - | - | - | - | - | 4,518 | 904 |
| 35% | - | - | - | - | - | - | - | - | - |
| 50% | - | - | - | - | - | - | - | - | - |
| 75% | - | - | - | - | - | - | - | - | - |
| 90% | - | - | - | - | - | - | - | - | - |
| 100% | - | - | - | 1,109 | 95 | 6,486 | - | 7,690 | 7,690 |
| 110% | - | - | - | - | - | - | - | - | - |
| 125% | - | - | - | - | - | - | - | - | - |
| 135% | - | - | - | - | - | - | - | - | - |
| 150% | - | - | - | - | - | - | - | - | - |
| 270% | - | - | - | - | - | - | - | - | - |
| 350% | - | - | - | - | - | - | - | - | - |
| 400% | - | - | - | - | - | - | - | - | - |
| 625% | - | - | - | - | - | - | - | - | - |
| 937.5% | - | - | - | - | - | - | - | - | - |
| 1250.0% | - | - | - | - | - | - | - | - | - |
| Total | 1,338,772 | 4,518 | - | 1,109 | 95 | 6,486 | - | 1,350,981 | 8,594 |

3. CREDIT RISK (Cont'd.)

Rated Exposures according to ratings by ECAs of the Bank as at 30 June 2021 were as follows:

RM'000

| Exposure class | Ratings of corporates by approved ECAs | | | | | |
|--|--|------------|-------------|-------------|---------|----------------|
| | Moodys | Aaa to Aa3 | A1 to A3 | Baa1 to Ba3 | B1 to C | Unrated |
| | S&P | AAA to AA- | A+ to A- | BBB+ to BB- | B+ to D | Unrated |
| | Fitch | AAA to AA- | A+ to A- | BBB+ to BB- | B+ to D | Unrated |
| | RAM | AAA to AA3 | A to A3 | BBB1 to BB3 | B to D | Unrated |
| MARC | AAA to AA- | A+ to A- | BBB+ to BB- | B+ to D | Unrated | |
| On and off-balance sheet exposures | | | | | | |
| Credit exposures (using corporate risk weights) | | | | | | |
| Public sector entities (applicable for entities risk weighted based on their external ratings as corporates) | | - | - | - | - | 289,884 |
| Insurance cos, securities firms and fund managers | | - | - | - | - | 39,181 |
| Corporates | | - | - | - | - | 297,070 |
| Regulatory Retail | | - | - | - | - | 4,924 |
| Total | | - | - | - | - | 631,060 |

RM'000

| Exposure class | Ratings of banking institutions by approved ECAs | | | | | | |
|---|--|------------|--------------|--------------|-----------|-----------|---------|
| | Moodys | 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 | | - | - | - | - | - | - |
| Total | | - | - | - | - | - | - |

RM'000

| Exposure class | Ratings of sovereigns and central banks by approved ECAs | | | | | | |
|---|--|------------|-------------------|--------------|-----------|-----------|---------|
| | Moodys | 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 | | | | | | | |
| Sovereigns/central banks | | - | 20,460,309 | - | - | - | - |
| Total | | - | 20,460,309 | - | - | - | - |

3. CREDIT RISK (Cont'd.)

Rated Exposures according to ratings by ECAIs of the Bank for the financial year ended 31 December 2020 were as follows:

RM'000

| Exposure class | Ratings of corporates by approved ECAIs | | | | | |
|--|---|------------|----------|-------------|---------|----------------|
| | Moodys | Aaa to Aa3 | A1 to A3 | Baa1 to Ba3 | B1 to C | Unrated |
| | S&P | AAA to AA- | A+ to A- | BBB+ to BB- | B+ to D | Unrated |
| | Fitch | AAA to AA- | A+ to A- | BBB+ to BB- | B+ to D | Unrated |
| | RAM | AAA to AA3 | A to A3 | BBB1 to BB3 | B to D | Unrated |
| | MARC | AAA to AA- | A+ to A- | BBB+ to BB- | B+ to D | Unrated |
| On and off-balance sheet exposures | | | | | | |
| Credit exposures (using corporate risk weights) | | | | | | |
| Public sector entities (applicable for entities risk weighted based on their external ratings as corporates) | | - | - | - | - | 231,512 |
| Insurance cos, securities firms and fund managers | | - | - | - | - | 43,041 |
| Corporates | | - | - | - | - | 334,270 |
| Regulatory Retail | | - | - | - | - | 9,965 |
| Total | | - | - | - | - | 618,789 |

RM'000

| Exposure class | Ratings of banking institutions by approved ECAIs | | | | | | |
|---|---|------------|----------|--------------|-----------|-----------|---------|
| | Moodys | 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 | | - | - | - | - | - | - |
| Total | | - | - | - | - | - | - |

RM'000

| Exposure class | Ratings of sovereigns and central banks by approved ECAIs | | | | | | |
|---|---|------------|-------------------|--------------|-----------|-----------|------------------|
| | Moodys | 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 | | | | | | | |
| Sovereigns/central banks | | - | 21,761,800 | - | - | - | 1,097,753 |
| Total | | - | 21,761,800 | - | - | - | 1,097,753 |

3. CREDIT RISK (Cont'd.)

Rated Exposures according to ratings by ECAIs of the Islamic Banking Window as at 30 June 2021 were as

RM'000

| Exposure class | Ratings of corporates by approved ECAIs | | | | | |
|--|---|------------|-------------|-------------|---------|---------------|
| | Moodys | Aaa to Aa3 | A1 to A3 | Baa1 to Ba3 | B1 to C | Unrated |
| | S&P | AAA to AA- | A+ to A- | BBB+ to BB- | B+ to D | Unrated |
| | Fitch | AAA to AA- | A+ to A- | BBB+ to BB- | B+ to D | Unrated |
| | RAM | AAA to AA3 | A to A3 | BBB1 to BB3 | B to D | Unrated |
| MARC | AAA to AA- | A+ to A- | BBB+ to BB- | B+ to D | Unrated | |
| On and off-balance sheet exposures | | | | | | |
| Credit exposures (using corporate risk weights) | | | | | | |
| Public sector entities (applicable for entities risk weighted based on their external ratings as corporates) | | - | - | - | - | 9,019 |
| Insurance cos, securities firms and fund managers | | - | - | - | - | 2,601 |
| Corporates | | - | - | - | - | - |
| Total | | - | - | - | - | 11,620 |

RM'000

| Exposure class | Ratings of banking institutions by approved ECAIs | | | | | | |
|---|---|------------|--------------|--------------|-----------|-----------|---------|
| | Moodys | 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 | | - | - | - | - | - | - |
| Total | | - | - | - | - | - | - |

RM'000

| Exposure class | Ratings of sovereigns and central banks by approved ECAIs | | | | | | |
|---|---|------------|------------------|--------------|-----------|-----------|---------|
| | Moodys | 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 | | | | | | | |
| Sovereigns/central banks | | - | 2,288,863 | - | - | - | - |
| Total | | - | 2,288,863 | - | - | - | - |

3. CREDIT RISK (Cont'd.)

Rated Exposures according to ratings by ECAIs of the Islamic Banking Window for the financial year ended 31 December 2020 were as follows:

RM'000

| Exposure class | Ratings of corporates by approved ECAIs | | | | | |
|--|---|------------|----------|-------------|---------|--------------|
| | Moodys | Aaa to Aa3 | A1 to A3 | Baa1 to Ba3 | B1 to C | Unrated |
| | S&P | AAA to AA- | A+ to A- | BBB+ to BB- | B+ to D | Unrated |
| | Fitch | AAA to AA- | A+ to A- | BBB+ to BB- | B+ to D | Unrated |
| | RAM | AAA to AA3 | A to A3 | | B to D | Unrated |
| | MARC | AAA to AA- | A+ to A- | BBB+ to BB- | B+ to D | Unrated |
| On and off-balance sheet exposures | | | | | | |
| Credit exposures (using corporate risk weights) | | | | | | |
| Public sector entities (applicable for entities risk weighted based on their external ratings as corporates) | | - | - | - | - | 4,518 |
| Insurance cos, securities firms and fund managers | | - | - | - | - | 1,109 |
| Corporates | | - | - | - | - | 95 |
| Total | | - | - | - | - | 5,722 |

RM'000

| Exposure class | Ratings of banking institutions by approved ECAIs | | | | | | |
|---|---|------------|----------|--------------|-----------|-----------|---------|
| | Moodys | 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 | | - | - | - | - | - | - |
| Total | | - | - | - | - | - | - |

RM'000

| Exposure class | Ratings of sovereigns and central banks by approved ECAIs | | | | | | |
|---|---|------------|----------------|--------------|-----------|-----------|----------------|
| | Moodys | 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 | | | | | | | |
| Sovereigns/central banks | | - | 829,859 | - | - | - | 508,913 |
| Total | | - | 829,859 | - | - | - | 508,913 |

3. CREDIT RISK (Cont'd.)

The following tables presented the breakdown of exposures by RWA and EAD for the Bank using the respective internal rating scale for the model applicable to the asset classes as at 30 June 2021:

Exposures under the IRB approach by Risk Grade

| CRR band | 1-9 | 10-16 | 17-20 (Default) |
|--|-------------------|-------------------|--------------------|
| | RM'000 | RM'000 | RM'000 |
| <u>Non-retail exposures (EAD)</u> | | | |
| Large corporate, SMEs and specialised lending (IPRE) | 22,347,755 | 20,806,376 | 1,152,281 |
| Bank | 7,566,181 | 48,616 | - |
| Insurance Cos, securities firm and fund managers | 1,199,324 | 674 | - |
| Total non-retail exposures | 31,113,260 | 20,855,667 | 1,152,281 |
| <u>Undrawn commitments</u> | | | |
| Large corporate, SMEs and specialised lending (IPRE) | 1,515,302 | 486,745 | 1,501 |
| Bank | - | - | - |
| Insurance Cos, securities firm and fund managers | - | - | - |
| Total undrawn commitments | 1,515,302 | 486,745 | 1,501 |
| <u>Exposure weighted average LGD (%)</u> | | | |
| Large corporate, SMEs and specialised lending (IPRE) | 43% | 40% | 45% |
| Bank | 45% | 45% | - |
| Insurance Cos, securities firm and fund managers | 44% | 16% | - |
| <u>Exposure weighted average risk weight (%)</u> | | | |
| Large corporate, SMEs and specialised lending (IPRE) | 65% | 109% | 0% |
| Bank | 16% | 58% | - |
| Insurance Cos, securities firm and fund managers | 26% | 79% | - |

Specialised Lending Exposure under the Supervisory Slotting Criteria

| Supervisory Categories / Risk Weights | Strong/ 70% | Good/ 90% | Satisfactory/ 115% | Weak/ 250% | Default/ 0% |
|---|----------------|--------------|-----------------------|---------------|----------------|
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| <u>Specialised Lending Exposure (EAD)</u> | | | | | |
| Project Finance | 89,359 | 450,041 | - | - | - |
| Object Finance | - | - | - | 0.005 | - |
| Risk Weighted Assets | 62,552 | 405,037 | - | 0.01 | - |

| PD range of retail exposures | 0.00% to 1.00% | 1.01% to 2.00% | 2.01% to 99.99% | SD to default |
|--|-------------------|-------------------|--------------------|------------------|
| | RM'000 | RM'000 | RM'000 | RM'000 |
| <u>Retail exposures (EAD)</u> | | | | |
| Residential mortgages | 33,738,602 | 641,635 | 3,603,165 | 551,448 |
| Qualifying revolving retail | 4,217,216 | 748,235 | 1,546,365 | 33,221 |
| Other retail | 13,913,730 | 2,040,520 | 2,146,389 | 261,736 |
| Total retail exposures | 51,869,548 | 3,430,390 | 7,295,919 | 846,405 |
| <u>Undrawn commitments</u> | | | | |
| Residential mortgages | 2,056,455 | 170,628 | 139,364 | - |
| Qualifying revolving retail | 3,234,703 | 347,772 | 696,709 | - |
| Other retail | 2,104,759 | 444,075 | 210,804 | 180 |
| Total undrawn commitments | 7,395,917 | 962,475 | 1,046,877 | 180 |
| <u>Exposure weighted average LGD (%)</u> | | | | |
| Residential mortgages | 12.80% | 14.13% | 13.54% | 14.17% |
| Qualifying revolving retail | 31.93% | 45.92% | 43.80% | 59.46% |
| Other retail | 16.17% | 25.06% | 23.85% | 23.73% |
| <u>Exposure weighted average risk weight (%)</u> | | | | |
| Residential mortgages | 7.38% | 21.94% | 44.99% | 27.65% |
| Qualifying revolving retail | 5.99% | 20.14% | 62.94% | 277.67% |
| Other retail | 12.08% | 27.95% | 38.37% | 66.23% |

3. CREDIT RISK (Cont'd.)

The following tables presented the breakdown of exposures by RWA and EAD for the Bank using the respective internal rating scale for the model applicable to the asset classes for the financial year ended 31 December 2020:

| CRR band | 1-9 | 10-16 | 17-20 (Default) |
|--|-------------------|-------------------|----------------------------|
| | RM'000 | RM'000 | RM'000 |
| Non-retail exposures (EAD) | | | |
| Large corporate, SMEs and specialised lending (IPRE) | 22,064,468 | 19,858,378 | 998,245 |
| Bank | 10,343,279 | 91,044 | - |
| Insurance Cos, securities firm and fund managers | 1,195,205 | 652 | - |
| Total non-retail exposures | 33,602,953 | 19,950,074 | 998,245 |
| Undrawn commitments | | | |
| Large corporate, SMEs and specialised lending (IPRE) | 1,682,598 | 605,667 | 1,877 |
| Bank | - | - | - |
| Insurance Cos, securities firm and fund managers | - | - | - |
| Total undrawn commitments | 1,682,598 | 605,667 | 1,877 |
| Exposure weighted average LGD (%) | | | |
| Large corporate, SMEs and specialised lending (IPRE) | 42% | 40% | 45% |
| Bank | 41% | 45% | - |
| Insurance Cos, securities firm and fund managers | 45% | 14% | - |
| Exposure weighted average risk weight (%) | | | |
| Large corporate, SMEs and specialised lending (IPRE) | 66% | 114% | 0% |
| Bank | 11% | 62% | - |
| Insurance Cos, securities firm and fund managers | 24% | 72% | - |

Specialised Lending Exposure under the Supervisory Slotting Criteria

| Supervisory Categories / Risk Weights | Strong/ 70% | Good/ 90% | Satisfactory/ 115% | Weak/ 250% | Default/ 0% |
|--|------------------------|----------------------|-------------------------------|-----------------------|------------------------|
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| Specialised Lending Exposure (EAD) | | | | | |
| Project Finance | 91,962 | - | - | - | - |
| Object Finance | - | - | - | - | - |
| Risk Weighted Assets | 64,373 | - | - | - | - |

| PD range of retail exposures | 0.00% to 1.00% | 1.01% to 2.00% | 2.01% to 99.99% | SD to default |
|--|---------------------------|---------------------------|----------------------------|--------------------------|
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Retail exposures (EAD) | | | | |
| Residential mortgages | 34,025,110 | 598,344 | 3,270,180 | 510,048 |
| Qualifying revolving retail | 4,105,639 | 856,893 | 1,746,060 | 23,764 |
| Other retail | 14,223,677 | 2,074,020 | 2,261,152 | 211,587 |
| Total retail exposures | 52,354,426 | 3,529,257 | 7,277,392 | 745,399 |
| Undrawn commitments | | | | |
| Residential mortgages | 2,045,170 | 168,974 | 145,325 | - |
| Qualifying revolving retail | 3,003,987 | 391,010 | 765,085 | - |
| Other retail | 2,171,693 | 418,075 | 238,102 | 129 |
| Total undrawn commitments | 7,220,849 | 978,059 | 1,148,512 | 129 |
| Exposure weighted average LGD (%) | | | | |
| Residential mortgages | 12.74% | 13.87% | 13.49% | 14.06% |
| Qualifying revolving retail | 32.91% | 45.65% | 44.32% | 59.03% |
| Other retail | 16.34% | 26.77% | 25.61% | 25.34% |
| Exposure weighted average risk weight (%) | | | | |
| Residential mortgages | 7.33% | 21.89% | 43.63% | 27.51% |
| Qualifying revolving retail | 6.26% | 19.84% | 62.75% | 287.35% |
| Other retail | 12.19% | 29.91% | 40.37% | 70.75% |

3. CREDIT RISK (Cont'd.)

The following tables presented the breakdown of exposures by RWA and EAD for the Islamic Banking Window using the respective internal rating scale for the model applicable to the asset classes as at 30 June 2021:

| CRR band | 1-9 | 10-16 | 17-20 (Default) |
|--|-------------------|-------------------|--------------------|
| | RM'000 | RM'000 | RM'000 |
| Non-retail exposures (EAD) | | | |
| Large corporate, SMEs and specialised lending (IPRE) | 1,306,275 | 975,331 | 15,211 |
| Bank | 151,610 | 210 | - |
| Insurance Cos, securities firm and fund managers | 1,001,376 | - | - |
| Total non-retail exposures | 2,459,262 | 975,541 | 15,211 |
| Undrawn commitments | | | |
| Large corporate, SMEs and specialised lending (IPRE) | 37,951,420 | 13,116,449 | 750,000 |
| Bank | - | - | - |
| Insurance Cos, securities firm and fund managers | - | - | - |
| Total undrawn commitments | 37,951,420 | 13,116,449 | 750,000 |
| Exposure weighted average LGD (%) | | | |
| Large corporate, SMEs and specialised lending (IPRE) | 44% | 41% | 45% |
| Bank | 45% | 45% | - |
| Insurance Cos, securities firm and fund managers | 45% | - | - |
| Exposure weighted average risk weight (%) | | | |
| Large corporate, SMEs and specialised lending (IPRE) | 103% | 133% | 0% |
| Bank | 10% | 43% | - |
| Insurance Cos, securities firm and fund managers | 26% | - | - |

Specialised Lending Exposure under the Supervisory Slotting Criteria

| Supervisory Categories / Risk Weights | Strong/ 70% | Good/ 90% | Satisfactory/ 115% | Weak/ 250% | Default/ 0% |
|---|----------------|--------------|-----------------------|---------------|----------------|
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| Specialised Lending Exposure (EAD) | | | | | |
| Project Finance | 10,066 | 450,041 | - | - | - |
| Object Finance | - | - | - | - | - |
| Risk Weighted Assets | 7,046 | 405,037 | - | - | - |

| PD range of retail exposures | 0.00% to 1.00% | 1.01% to 2.00% | 2.01% to 99.99% | SD to default |
|--|-------------------|-------------------|--------------------|------------------|
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Retail exposures (EAD) | | | | |
| Residential mortgages | 2,585,016 | 96,574 | 381,519 | 48,385 |
| Other retail | 688,071 | 454,962 | 133,394 | 17,635 |
| Total retail exposures | 3,273,087 | 551,536 | 514,913 | 66,020 |
| Undrawn commitments | | | | |
| Residential mortgages | 249,097 | 35,385 | 13,575 | - |
| Other retail | 54,131 | 58,656 | 6,959 | - |
| Total undrawn commitments | 303,228 | 94,041 | 20,534 | - |
| Exposure weighted average LGD (%) | | | | |
| Residential mortgages | 15.55% | 15.48% | 16.39% | 15.71% |
| Other retail | 22.44% | 26.93% | 28.62% | 37.89% |
| Exposure weighted average risk weight (%) | | | | |
| Residential mortgages | 11.33% | 23.77% | 52.19% | 2.47% |
| Other retail | 18.92% | 29.78% | 42.99% | 179.93% |

3. CREDIT RISK (Cont'd.)

The following tables presented the breakdown of exposures by RWA and EAD for the Islamic Banking Window using the respective internal rating scale for the model applicable to the asset classes as at 31 December 2020:

| CRR band | 1-9 | 10-16 | 17-20 (Default) |
|--|------------------|----------------|--------------------|
| | RM'000 | RM'000 | RM'000 |
| Non-retail exposures (EAD) | | | |
| Large corporate, SMEs and specialised lending (IPRE) | 1,354,068 | 869,279 | 16,612 |
| Bank | 115,504 | - | - |
| Insurance Cos, securities firm and fund managers | 1,001,476 | - | - |
| Total non-retail exposures | 2,471,049 | 869,279 | 16,612 |
| Undrawn commitments | | | |
| Large corporate, SMEs and specialised lending (IPRE) | 50,107 | 15,936 | 1,126 |
| Bank | - | - | - |
| Insurance Cos, securities firm and fund managers | - | - | - |
| Total undrawn commitments | 50,107 | 15,936 | 1,126 |
| Exposure weighted average LGD (%) | | | |
| Large corporate, SMEs and specialised lending (IPRE) | 44% | 41% | 45% |
| Bank | 45% | - | - |
| Insurance Cos, securities firm and fund managers | 45% | - | - |
| Exposure weighted average risk weight (%) | | | |
| Large corporate, SMEs and specialised lending (IPRE) | 105% | 138% | 0% |
| Bank | 10% | - | - |
| Insurance Cos, securities firm and fund managers | 24% | - | - |

As at 31 December 2020, there were no Specialised Lending Exposure under the Supervisory Slotting Criteria for Islamic Banking Window.

| PD range of retail exposures | 0.00% to 1.00% | 1.01% to 2.00% | 2.01% to 99.99% | SD to default |
|--|-------------------|-------------------|--------------------|------------------|
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Retail exposures (EAD) | | | | |
| Residential mortgages | 2,477,900 | 73,348 | 311,319 | 45,185 |
| Other retail | 649,306 | 435,782 | 137,926 | 14,766 |
| Total retail exposures | 3,127,206 | 509,131 | 449,245 | 59,951 |
| Undrawn commitments | | | | |
| Residential mortgages | 285,376 | 25,760 | 11,501 | - |
| Other retail | 61,503 | 67,711 | 6,097 | - |
| Total undrawn commitments | 346,879 | 93,471 | 17,598 | - |
| Exposure weighted average LGD (%) | | | | |
| Residential mortgages | 15.55% | 15.46% | 16.52% | 15.71% |
| Other retail | 23.84% | 27.31% | 27.64% | 41.90% |
| Exposure weighted average risk weight (%) | | | | |
| Residential mortgages | 11.04% | 23.69% | 52.17% | 2.04% |
| Other retail | 20.00% | 30.39% | 43.93% | 116.61% |

3. CREDIT RISK (Cont'd.)

Retail exposures under the IRB approach by expected loss range of the Bank as at 30 June 2021 were as follows:

| EL% range of retail exposures | 0.0% to 1.0% | 1.0% to 5.0% | 5.0% to 10.0% | 10.0% to 30.0% | 30.0% to 100.0% |
|--|-------------------------|-------------------------|--------------------------|---------------------------|----------------------------|
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| <u>Retail exposures (EAD)</u> | | | | | |
| Residential mortgages | 37,017,387 | 1,028,736 | 80,235 | 408,492 | - |
| Qualifying revolving retail | 4,993,335 | 1,034,215 | 267,988 | 183,297 | 66,202 |
| Other retail | 17,138,952 | 830,310 | 159,387 | 158,125 | 75,601 |
| Total retail exposures | 59,149,674 | 2,893,261 | 507,610 | 749,914 | 141,803 |
| <u>Undrawn commitments</u> | | | | | |
| Residential mortgages | 2,350,649 | 15,035 | 763 | - | - |
| Qualifying revolving retail | 3,611,567 | 443,799 | 137,528 | 84,462 | 1,828 |
| Other retail | 2,709,902 | 46,928 | 2,565 | 373 | 50 |
| Total undrawn commitments | 8,672,118 | 505,762 | 140,856 | 84,835 | 1,878 |
| <u>Exposure weighted average risk weight (%)</u> | | | | | |
| Residential mortgages | 9.70% | 71.64% | 94.50% | 0.60% | 0.00% |
| Qualifying revolving retail | 7.77% | 47.18% | 97.89% | 114.94% | 181.32% |
| Other retail | 14.95% | 52.20% | 100.80% | 45.99% | 24.47% |

Retail exposures under the IRB approach by expected loss range of the Bank for the financial year ended 31 December 2020 were as follows:

| EL% range of retail exposures | 0.0% to 1.0% | 1.0% to 5.0% | 5.0% to 10.0% | 10.0% to 30.0% | 30.0% to 100.0% |
|--|-------------------------|-------------------------|--------------------------|---------------------------|----------------------------|
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| <u>Retail exposures (EAD)</u> | | | | | |
| Residential mortgages | 37,117,141 | 830,021 | 86,040 | 370,480 | - |
| Qualifying revolving retail | 5,017,892 | 1,229,668 | 239,944 | 197,628 | 47,224 |
| Other retail | 17,544,085 | 856,165 | 175,754 | 127,952 | 66,480 |
| Total retail exposures | 59,679,118 | 2,915,854 | 501,738 | 696,059 | 113,704 |
| <u>Undrawn commitments</u> | | | | | |
| Residential mortgages | 2,341,425 | 17,062 | 982 | - | - |
| Qualifying revolving retail | 3,450,546 | 542,915 | 86,516 | 78,368 | 1,737 |
| Other retail | 2,775,908 | 48,743 | 3,215 | 133 | - |
| Total undrawn commitments | 8,567,879 | 608,720 | 90,713 | 78,501 | 1,737 |
| <u>Exposure weighted average risk weight (%)</u> | | | | | |
| Residential mortgages | 9.50% | 71.45% | 83.07% | 0.64% | - |
| Qualifying revolving retail | 8.30% | 47.81% | 106.02% | 129.28% | 162.14% |
| Other retail | 15.13% | 57.52% | 105.09% | 47.38% | 36.32% |

3. CREDIT RISK (Cont'd.)

Retail exposures under the IRB approach by expected loss range of the Islamic Banking Window as at 30 June 2021 were as follows:

| EL% range of retail exposures | 0.0% to 1.0% | 1.0% to 5.0% | 5.0% to 10.0% | 10.0% to 30.0% | 30.0% to 100.0% |
|--|-------------------------|-------------------------|--------------------------|---------------------------|----------------------------|
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| <u>Retail exposures (EAD)</u> | | | | | |
| Residential mortgages | 2,999,493 | 55,902 | 7,714 | 48,385 | - |
| Other retail | 1,233,206 | 44,246 | 2,447 | 5,964 | 8,199 |
| Total retail exposures | 4,232,699 | 100,148 | 10,161 | 54,349 | 8,199 |
| <u>Undrawn commitments</u> | | | | | |
| Residential mortgages | 297,434 | 599 | 24 | - | - |
| Other retail | 116,938 | 2,808 | - | - | - |
| Total undrawn commitments | 414,372 | 3,407 | 24 | - | - |
| <u>Exposure weighted average risk weight (%)</u> | | | | | |
| Residential mortgages | 15.44% | 80.39% | 89.95% | 2.47% | 0.00% |
| Other retail | 25.34% | 56.55% | 80.78% | 179.28% | 56.69% |

Retail exposures under the IRB approach by expected loss range of the Islamic Banking Window for the financial year ended 31 December 2020 were as follows:

| EL% range of retail exposures | 0.0% to 1.0% | 1.0% to 5.0% | 5.0% to 10.0% | 10.0% to 30.0% | 30.0% to 100.0% |
|--|-------------------------|-------------------------|--------------------------|---------------------------|----------------------------|
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| <u>Retail exposures (EAD)</u> | | | | | |
| Residential mortgages | 2,818,294 | 35,866 | 8,407 | 45,185 | - |
| Other retail | 1,159,614 | 48,323 | 10,938 | 9,655 | 9,250 |
| Total retail exposures | 3,977,908 | 84,189 | 19,345 | 54,840 | 9,250 |
| <u>Undrawn commitments</u> | | | | | |
| Residential mortgages | 321,948 | 689 | - | - | - |
| Other retail | 133,460 | 1,851 | - | - | - |
| Total undrawn commitments | 455,408 | 2,540 | - | - | - |
| <u>Exposure weighted average risk weight (%)</u> | | | | | |
| Residential mortgages | 14.79% | 80.38% | 89.95% | 2.04% | 0% |
| Other retail | 25.09% | 50.00% | 68.29% | 140.91% | 43% |

3. CREDIT RISK (Cont'd.)

Credit risk mitigation

The following tables presented the total exposures which are covered by eligible credit risk mitigants of the Bank as at 30 June 2021:

| Exposure class | Exposures before CRM | Exposures covered by guarantees/ credit derivatives | Exposures covered by eligible financial collateral | Exposures covered by other eligible collateral |
|--|----------------------|---|--|--|
| | RM'000 | RM'000 | RM'000 | RM'000 |
| <u>Credit risk</u> | | | | |
| <i>On-balance sheet exposures</i> | | | | |
| Sovereign/central banks | 20,353,201 | - | - | - |
| Public Sector Entities | 206,853 | 176,553 | - | - |
| Banks, DFIs and MDBs | 5,508,049 | - | - | - |
| Insurances cos, securities firms and fund managers | 1,118,758 | - | 25,038 | - |
| Corporates | 35,959,642 | 3,291,825 | 2,215,958 | 1,753,145 |
| Regulatory retail | 17,573,633 | - | - | - |
| Residential mortgages | 35,616,954 | - | - | - |
| Other assets | 1,350,984 | - | - | - |
| Equity exposures | 160,048 | - | - | - |
| Defaulted exposures | 1,463,765 | 5,735 | 791 | 20,930 |
| Total on-balance sheet exposures | 119,311,887 | 3,474,113 | 2,241,787 | 1,774,075 |
| <i>Off-balance sheet exposures</i> | | | | |
| OTC derivatives | 1,925,572 | 5,615 | 3,045 | 1,127 |
| Off-balance sheet exposures other than OTC derivatives or credit derivatives | 17,972,188 | 229,714 | 830,673 | 205,038 |
| Defaulted exposures | 10,843 | - | 3,049 | - |
| Total off-balance sheet exposures | 19,908,603 | 235,329 | 836,767 | 206,165 |
| Total on and off-balance sheet exposures | 139,220,490 | 3,709,442 | 3,078,554 | 1,980,240 |

3. CREDIT RISK (Cont'd.)

Credit risk mitigation (cont'd.)

The following tables presented the total exposures which are covered by eligible credit risk mitigants of the Bank for the financial year ended 31 December 2020:

| Exposure class | Exposures before CRM | Exposures covered by guarantees/ credit derivatives | Exposures covered by eligible financial collateral | Exposures covered by other eligible collateral |
|--|----------------------|---|--|--|
| | RM'000 | RM'000 | RM'000 | RM'000 |
| <u>Credit risk</u> | | | | |
| <i>On-balance sheet exposures</i> | | | | |
| Sovereign/central banks | 23,059,910 | - | 200,357 | - |
| Public Sector Entities | 179,046 | 179,046 | - | - |
| Banks, DFIs and MDBs | 8,545,328 | - | 848,650 | - |
| Insurances cos, securities firms and fund managers | 1,130,358 | - | 10,016 | - |
| Corporates | 34,524,654 | 2,803,114 | 2,339,840 | 1,711,575 |
| Regulatory retail | 18,279,487 | - | - | - |
| Residential mortgages | 35,534,166 | - | - | - |
| Other assets | 1,321,778 | - | - | - |
| Equity exposures | 158,385 | - | - | - |
| Defaulted exposures | 1,283,719 | 4,407 | 566 | 14,599 |
| Total on-balance sheet exposures | 124,016,831 | 2,986,567 | 3,399,428 | 1,726,174 |
| <i>Off-balance sheet exposures</i> | | | | |
| OTC derivatives | 1,679,485 | 2,314 | 1,797 | 0 |
| Off-balance sheet exposures other than OTC derivatives or credit derivatives | 17,604,520 | 145,264 | 821,528 | 182,240 |
| Defaulted exposures | 7,665 | - | 878 | - |
| Total off-balance sheet exposures | 19,291,670 | 147,578 | 824,204 | 182,240 |
| Total on and off-balance sheet exposures | 143,308,501 | 3,134,145 | 4,223,632 | 1,908,414 |

3. CREDIT RISK (Cont'd.)

Credit risk mitigation (cont'd.)

The following tables presented the total exposures which are covered by eligible credit risk mitigants of Islamic Banking Window as at 30 June 2021:

| Exposure class | Exposures before CRM | Exposures covered by guarantees/ credit derivatives | Exposures covered by eligible financial collateral | Exposures covered by other eligible collateral |
|--|----------------------|---|--|--|
| | RM'000 | RM'000 | RM'000 | RM'000 |
| <u>Credit risk</u> | | | | |
| <i><u>On-balance sheet exposures</u></i> | | | | |
| Sovereign/central banks | 2,288,863 | - | - | - |
| Banks, DFIs and MDBs | 151,821 | - | - | - |
| Insurances cos, securities firms and fund managers | 1,001,376 | - | - | - |
| Corporates | 2,330,014 | 98,897 | 85,411 | 49,572 |
| Regulatory retail | 1,156,681 | - | - | - |
| Residential mortgages | 2,765,052 | - | - | - |
| Other assets | 6,171 | - | - | - |
| Defaulted exposures | 61,750 | - | - | - |
| Total on-balance sheet exposures | 9,761,728 | 98,897 | 85,411 | 49,572 |
| <i><u>Off-balance sheet exposures</u></i> | | | | |
| OTC derivatives | 25,147 | - | 85 | - |
| Off-balance sheet exposures other than OTC derivatives or credit derivatives | 815,976 | 2,743 | 10,173 | 2,382 |
| Defaulted Exposures | 750 | - | - | - |
| Total off-balance sheet exposures | 841,873 | 2,743 | 10,258 | 2,382 |
| Total on and off-balance sheet exposures | 10,603,601 | 101,640 | 95,669 | 51,954 |

3. CREDIT RISK (Cont'd.)

Credit risk mitigation (cont'd.)

The following tables presented the total exposures which are covered by eligible credit risk mitigants of Islamic Banking Window for the financial year ended 31 December 2020:

| Exposure class | Exposures before CRM | Exposures covered by guarantees/ credit derivatives | Exposures covered by eligible financial collateral | Exposures covered by other eligible collateral |
|--|----------------------|---|--|--|
| | RM'000 | RM'000 | RM'000 | RM'000 |
| <u>Credit risk</u> | | | | |
| <i><u>On-balance sheet exposures</u></i> | | | | |
| Sovereign/central banks | 1,338,772 | - | - | - |
| Banks, DFIs and MDBs | 115,504 | - | - | - |
| Insurances cos, securities firms and fund managers | 1,001,476 | - | - | - |
| Corporates | 2,093,116 | 94,904 | 80,354 | 45,864 |
| Regulatory retail | 1,087,704 | - | - | - |
| Residential mortgages | 2,539,930 | - | - | - |
| Other assets | 6,486 | - | - | - |
| Defaulted exposures | 55,183 | - | - | - |
| Total on-balance sheet exposures | 8,238,171 | 94,904 | 80,354 | 45,864 |
| <i><u>Off-balance sheet exposures</u></i> | | | | |
| OTC derivatives | 6,265 | - | 25 | - |
| Off-balance sheet exposures other than OTC derivatives or credit derivatives | 588,077 | 3,127 | 6,681 | 41 |
| Defaulted Exposures | 1,126 | - | - | - |
| Total off-balance sheet exposures | 595,468 | 3,127 | 6,707 | 41 |
| Total on and off-balance sheet exposures | 8,833,639 | 98,031 | 87,061 | 45,905 |

3. CREDIT RISK (Cont'd.)

Off-Balance Sheet Exposures and Counterparty Credit Risk

Pre-settlement limits for FX and derivative transactions are established using the potential future exposures (PFE) approach. This approach takes into consideration the transaction currency and tenor to address the credit risk exposures arising from adverse market movements.

The off-balance sheet exposures and their related counterparty credit risk of the Bank as at 30 June 2021 were as follows:

| Description | Principal amount | Positive fair value of derivative contracts | Credit equivalent amount | RWA |
|--|--------------------|---|--------------------------|------------------|
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Direct credit substitutes | 2,940,643 | | 2,851,409 | 1,868,972 |
| Transaction related contingent items | 5,746,450 | | 2,851,324 | 1,749,702 |
| Short-term self liquidating trade related contingencies | 826,480 | | 169,588 | 111,482 |
| Foreign exchange related contracts | | | | |
| One year or less | 42,089,706 | 255,248 | 881,116 | 206,451 |
| Over one year to five years | 386,635 | 2,795 | 29,387 | 13,598 |
| Over five years | | | | |
| Interest/profit rate related contracts | | | | |
| One year or less | 15,118,675 | 82,568 | 198,079 | 107,136 |
| Over one year to five years | 27,453,757 | 205,661 | 1,113,830 | 435,332 |
| Over five years | 1,936,708 | 55,088 | 239,852 | 125,263 |
| Equity related contracts | | | | |
| One year or less | 33,049 | 123 | - | - |
| Over one year to five years | - | - | - | - |
| Over five years | - | - | - | - |
| Precious metal contracts | | | | |
| One year or less | - | - | - | - |
| Over one year to five years | - | - | - | - |
| Over five years | - | - | - | - |
| Commodity contracts | | | | |
| One year or less | 449,921 | 47,666 | 73,907 | 47,478 |
| Over one year to five years | 29,410 | 184 | 365 | 198 |
| Over five years | - | - | - | - |
| Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year | 6,449,590 | | 4,445,337 | 2,752,623 |
| Other commitments, such as formal standby facilities and credit lines, with an original maturity of up to one year | 20,249,987 | | 1,048,510 | 209,024 |
| Any commitments that are unconditionally cancelled at any time by the bank without prior notice or that effectively provide for automatic cancellation due to deterioration in a borrower's creditworthiness. | 15,830,785 | | 5,994,897 | 724,919 |
| Unutilised credit card lines | 94,871 | | 18,974 | 17,387 |
| Off-balance sheet for securitisation exposures | - | | - | - |
| Total | 139,636,667 | 649,333 | 19,916,575 | 8,369,565 |

3. CREDIT RISK (Cont'd.)

Off-Balance Sheet Exposures and Counterparty Credit Risk (cont'd.)

The off-balance sheet exposures and their related counterparty credit risk of the Bank for the financial year ended 31 December 2020 were as follows:

| Description | Principal amount | Positive fair value of derivative contracts | Credit equivalent amount | RWA |
|--|--------------------|---|--------------------------|------------------|
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Direct credit substitutes | 2,627,192 | | 2,549,849 | 1,727,545 |
| Transaction related contingent items | 5,866,993 | | 2,910,012 | 1,801,497 |
| Short-term self liquidating trade related contingencies | 436,465 | | 99,150 | 61,223 |
| Foreign exchange related contracts | | | | |
| One year or less | 35,267,102 | 257,337 | 670,627 | 182,943 |
| Over one year to five years | 196,407 | 1,300 | 17,149 | 11,954 |
| Over five years | - | - | - | - |
| Interest/profit rate related contracts | | | | |
| One year or less | 6,219,513 | 44,782 | 94,004 | 44,549 |
| Over one year to five years | 25,759,642 | 385,087 | 1,196,853 | 516,581 |
| Over five years | 1,807,224 | 69,181 | 242,603 | 126,779 |
| Equity related contracts | | | | |
| One year or less | 118,736 | 4,263 | - | - |
| Over one year to five years | - | - | - | - |
| Over five years | - | - | - | - |
| Commodity contracts | | | | |
| One year or less | 518,729 | 51,824 | 78,012 | 56,693 |
| Over one year to five years | 19,308 | 343 | 653 | 65 |
| Over five years | - | - | - | - |
| Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year | 6,483,994 | | 4,456,619 | 2,852,274 |
| Other commitments, such as formal standby facilities and credit lines, with an original maturity of up to one year | 20,177,400 | | 1,040,924 | 233,966 |
| Any commitments that are unconditionally cancelled at any time by the bank without prior notice or that effectively provide for automatic cancellation due to deterioration in a borrower's creditworthiness. | 15,634,135 | | 5,925,122 | 751,331 |
| Unutilised credit card lines | 95,857 | | 19,171 | 17,579 |
| Off-balance sheet for securitisation exposures | - | | - | - |
| Total | 121,228,697 | 814,118 | 19,300,748 | 8,384,979 |

3. CREDIT RISK (Cont'd.)

Off-Balance Sheet Exposures and Counterparty Credit Risk (cont'd.)

The off-balance sheet exposures and their related counterparty credit risk of the Islamic Banking Window as at 30 June 2021 were as follows:

| Description | Principal amount | Positive fair value of derivative contracts | Credit equivalent amount | RWA |
|---|------------------|---|--------------------------|----------------|
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Direct credit substitutes | 43,343 | | 43,343 | 36,075 |
| Transaction related contingent items | 59,828 | | 30,184 | 27,426 |
| Short-term self-liquidating trade-related contingencies | 10,013 | | 2,003 | 2,538 |
| Foreign exchange related contracts | | | | |
| One year or less | 557,824 | 3,992 | 14,896 | 6,918 |
| Over one year to five years | 34,494 | 352 | 2,264 | 1,668 |
| Over five years | | | | |
| Interest/profit rate related contracts | | | | |
| One year or less | | | | |
| Over one year to five years | 289,560 | 2,196 | 7,987 | 4,896 |
| Over five years | | | | |
| Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year | 1,020,856 | | 733,823 | 377,722 |
| Other commitments, such as formal standby facilities and credit lines, with an original maturity of up to one year | 220,596 | | 7,372 | 2,365 |
| Any commitments that are unconditionally cancelled at any time by the bank without prior notice or that effectively provide for automatic cancellation due to deterioration in a borrower's creditworthiness | 347,068 | | - | - |
| Total | 2,583,582 | 6,540 | 841,872 | 459,608 |

3. CREDIT RISK (Cont'd.)

Off-Balance Sheet Exposures and Counterparty Credit Risk (cont'd.)

The off-balance sheet exposures and their related counterparty credit risk of the Islamic Banking Window for the financial year ended 31 December 2020 were as follows:

| Description | Principal amount | Positive fair value of derivative contracts | Credit equivalent amount | RWA |
|---|------------------|---|--------------------------|----------------|
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Direct credit substitutes | 35,164 | | 35,164 | 36,981 |
| Transaction related contingent items | 56,499 | | 28,449 | 32,415 |
| Short-term self-liquidating trade-related contingencies | 4,362 | | 872 | 1,436 |
| Foreign exchange related contracts | | | | |
| One year or less | 435,412 | 8,729 | 6,265 | 2,817 |
| Over one year to five years | - | - | - | - |
| Over five years | - | - | - | - |
| Interest/profit rate related contracts | | | | |
| One year or less | - | - | - | - |
| Over one year to five years | - | - | - | - |
| Over five years | - | - | - | - |
| Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year | 720,560 | | 518,124 | 160,519 |
| Other commitments, such as formal standby facilities and credit lines, with an original maturity of up to one year | 260,048 | | 6,594 | 2,651 |
| Any commitments that are unconditionally cancelled at any time by the bank without prior notice or that effectively provide for automatic cancellation due to deterioration in a borrower's creditworthiness | 227,495 | | - | - |
| Total | 1,739,540 | 8,729 | 595,468 | 236,819 |

4. EQUITIES (Disclosures for Banking Book position)

The following table presented the equity exposures in the banking book.

These exposures were classified under available-for-sale (AFS) securities which were being measured at fair value.

| Type of Equities | Bank | | | |
|--|----------------|----------------|----------------|----------------|
| | 30-Jun-21 | | 31-Dec-20 | |
| | Exposures | RWA | Exposures | RWA |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Publicly traded equity exposures * mainly acquired via loan restructuring activities | 1,850 | 5,550 | 2,456 | 7,369 |
| All other equity exposures | 158,198 | 158,198 | 155,929 | 155,929 |
| Total | 160,048 | 163,748 | 158,385 | 163,298 |

| | Bank | |
|---|---------------------|---------------------|
| | 30-Jun-21 RM'000 | 31-Dec-20 RM'000 |
| Realised gains arising from sales and liquidation | 5,678 | - |
| Unrealised gains included in fair value reserve | 147,701 | 145,850 |

As at 30 June 2021, there were no equity exposures under Islamic Banking Window.

5. INTEREST RATE RISK/RATE OF RETURN RISK IN THE BANKING BOOK ("IRRBB/RORRBB")

Interest/Profit Rate Sensitivity Analysis - Banking Book

The table below shows the results at 100 and 200 basis points parallel interest/profit rate shocks to EVE and NII/NPI. The repricing profile of loans is generally based on the earliest possible repricing dates. Interest/profit rate flooring effects are taken into consideration. Loan prepayment and time deposit early withdrawal rates are estimated based on past statistics and trends where possible and material. The average repricing maturity of core non-maturity deposits is determined through empirical models.

Economic Value of Equity ("EVE")

| 30-Jun-21 | Increase/ (Decrease) in basis points | Sensitivity of EVE | Increase/ (Decrease) in basis points | Sensitivity of EVE |
|------------------|--|---------------------------|--|---------------------------|
| Currency | | RM'000 | | RM'000 |
| Total | +200/(200) | (755,344)/ 820,851 | +100/(100) | (397,552)/ 447,727 |
| MYR | +200/(200) | (754,586)/ 814,380 | +100/(100) | (397,050)/ 441,919 |
| USD | +200/(200) | (758)/ 6,471 | +100/(100) | (502)/ 5,808 |
| 31-Dec-20 | Increase/ (Decrease) in basis points | Sensitivity of EVE | Increase/ (Decrease) in basis points | Sensitivity of EVE |
| Currency | | RM'000 | | RM'000 |
| Total | +200/(200) | (544,784)/ 533,352 | +100/(100) | (281,127)/ 304,669 |
| MYR | +200/(200) | (554,087)/ 532,553 | +100/(100) | (285,816)/ 304,481 |
| USD | +200/(200) | 9,303/ 799 | +100/(100) | 4,689/ 188 |

Net Interest/Profit Income ("NII/NPI")

| 30-Jun-21 | Increase/ (Decrease) in basis points | Sensitivity of NII/NPI | Increase/ (Decrease) in basis points | Sensitivity of NII/NPI |
|------------------|--|---------------------------|--|---------------------------|
| Currency | | RM'000 | | RM'000 |
| Total | +200/(200) | 295,036/ (464,022) | +100/(100) | 147,518/ (205,935) |
| MYR | +200/(200) | 316,512/ (462,148) | +100/(100) | 158,256/ (204,061) |
| USD | +200/(200) | (21,476)/ (1,874) | +100/(100) | (10,738)/ (1,874) |
| 31-Dec-20 | Increase/ (Decrease) in basis points | Sensitivity of NII/NPI | Increase/ (Decrease) in basis points | Sensitivity of NII/NPI |
| Currency | | RM'000 | | RM'000 |
| Total | +200/(200) | 389,685/ (570,677) | +100/(100) | 194,843/ (264,821) |
| MYR | +200/(200) | 422,720/ (549,896) | +100/(100) | 211,360/ (255,267) |
| USD | +200/(200) | (33,035)/ (20,781) | +100/(100) | (16,517)/ (9,554) |