

Pillar 3 Disclosure

As at 31 December 2025

OVERVIEW

The Pillar 3 Disclosure is required under the Bank Negara Malaysia (“BNM”)’s Risk-Weighted Capital Adequacy Framework (“RWCAF”), which is the equivalent to Basel II issued by the Basel Committee on Banking Supervision and the Islamic Financial Services Board. Basel II consists of 3 Pillars as follows:

- (a) Pillar 1 sets out the minimum amount of regulatory capital that banking institutions must hold against credit, market and operational risks they assume;
- (b) Pillar 2 promotes the adoption of a more forward-looking approach to capital management and encourages banking institutions to develop and employ more rigorous risk management framework and techniques, including specific oversight by the Board of Directors (“Board”) and senior management on internal controls and corporate governance practices, to ensure that banking institutions maintain adequate capital levels consistent with their risk profile and business plan at all times; and
- (c) Pillar 3 aims to harness market discipline through enhanced disclosure to supplement regulatory supervision of banking institutions through a consistent and comprehensive disclosure framework on risk management practices and capital adequacy of banking institutions that will enhance comparability amongst banking institutions.

The Public Bank Group (“the Group”) adopted the Standardised Approach in determining the capital requirements for credit risk, market risk and operational risk of the Pillar 1 under BNM’s RWCAF.

The Group’s Pillar 3 Disclosure is governed by the Group’s Disclosure Policy on Basel II RWCAF/Capital Adequacy Framework for Islamic Banks - Pillar 3 which sets out the minimum disclosure standards, the approach in determining the appropriateness of information disclosed and the internal controls over the disclosure process which cover the verification and review of the accuracy of information disclosed. The information provided herein has been reviewed and verified by the internal auditors and certified by Public Bank Berhad (“the Bank”)’s Managing Director & Chief Executive Officer. Under the BNM’s RWCAF, the information disclosed herein is not required to be audited by external auditors. The Pillar 3 Disclosure will be published in the Bank’s website, www.publicbankgroup.com

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MINIMUM REGULATORY CAPITAL REQUIREMENTS

The Group's principal business activity is commercial banking which focuses mainly on retail banking and financing operations. The following tables present the minimum regulatory capital requirements to support the Group's and the Bank's risk-weighted assets.

	2025		2024	
	Risk-Weighted Assets RM'000	Minimum Capital Requirement at 8% RM'000	Risk-Weighted Assets RM'000 (Restated)	Minimum Capital Requirement at 8% RM'000 (Restated)
Group				
Credit Risk	333,000,365	26,640,029	316,592,475	25,327,398
Market Risk	7,580,753	606,460	7,408,514	592,681
Operational Risk	27,438,111	2,195,049	24,890,459	1,991,237
Large Exposure Risk	696,114	55,689	679,977	54,398
Total	368,715,343	29,497,227	349,571,425	27,965,714
Bank				
Credit Risk	258,384,171	20,670,734	244,173,925	19,533,914
Market Risk	4,614,408	369,153	4,859,390	388,751
Operational Risk	20,374,940	1,629,995	16,934,756	1,354,781
Large Exposure Risk	672,209	53,777	655,078	52,406
Total	284,045,728	22,723,659	266,623,149	21,329,852

1. SCOPE OF APPLICATION

The Pillar 3 Disclosure is prepared on a consolidated basis and comprises information on the Bank and its subsidiary and associated companies. The Group offers Islamic banking financial services via the Bank's wholly-owned subsidiary company, Public Islamic Bank Berhad ("Public Islamic"). Information on subsidiary and associated companies of the Group is available in Notes 16 and 17 to the financial statements respectively.

The basis of consolidation for financial accounting purposes is described in Note 2(iii)(b) to the financial statements, and differs from that used for regulatory capital purposes. The investment in its insurance associated company, which is equity-accounted in the financial accounting consolidation and the investments in the subsidiary companies engaged in insurance activities are excluded from the regulatory consolidation and is deducted from the regulatory capital.

There were no significant restrictions or impediments on the transfer of funds or regulatory capital within the Group.

There were no capital deficiencies in any of the subsidiary companies of the Group during the financial year.

All information in the ensuing sections is based on the Group's positions. Certain information on capital adequacy relating to the Bank is presented on a voluntary basis to provide additional information to users. The capital adequacy-related information of the Bank, which is presented on a global basis, includes its wholly-owned offshore banking subsidiary company, Public Bank (L) Ltd, as required under the RWCAF.

2. CAPITAL MANAGEMENT - INTERNAL CAPITAL ADEQUACY ASSESSMENT PROCESS ("ICAAP")

The objective of the Group's capital management is to protect the interests of its depositors, creditors and shareholders. To achieve this, the capital management is subject to ongoing review and the Board's approval on the level and composition of the Group's total capital, assessed against the following key objectives:

- Regulatory requirements on minimal capital required
- Capital levels maintained are adequate to support all material risks and to meet the strategic and business plans
- Capital levels maintained are adequate to support the strong external rating for domestic and international rating agencies
- An appropriate balance between maximising shareholders returns and prudent capital management

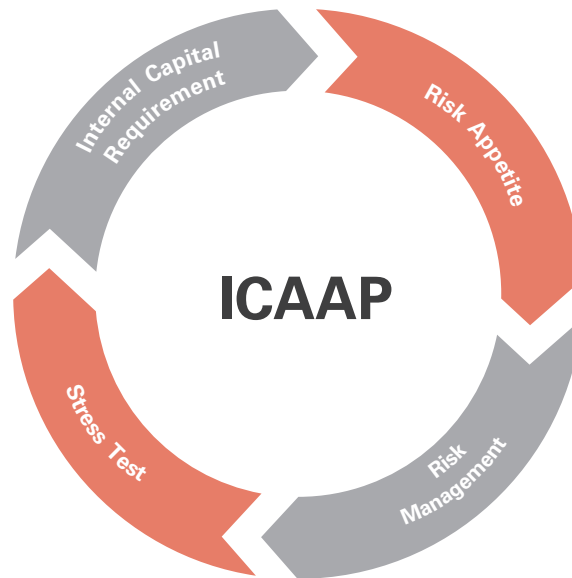
This is executed through its Internal Capital Adequacy Assessment Process ("ICAAP"). The ICAAP requires the Group to identify and assess all material risks, maintain sufficient capital to support these risks and apply the appropriate risk management techniques to manage and mitigate these risks within the given level of capital, on an ongoing and forward looking basis. The ICAAP is supported by a strong risk governance structure with clear roles and responsibilities to ensure the effectiveness of the ICAAP with the Board being ultimately responsible for the overall oversight of the ICAAP. In discharging its duty, the Board is assisted by the Risk Management Committee ("RMC") and ICAAP Working Group. Senior management together with the management committees are responsible to ensure the effective implementation of the capital management directions of the Board. The Internal Audit Division ("IAD") is responsible to conduct reviews of processes relating to the ICAAP to ensure their integrity, objectivity and consistency in application.

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2. CAPITAL MANAGEMENT – INTERNAL CAPITAL ADEQUACY ASSESSMENT PROCESS (“ICAAP”) (CONT’D.)

The key elements of the Group’s ICAAP are as follows:



(a) Risk Appetite

The Group’s Risk Appetite expresses the level of risk which the Group is willing to assume within the Group’s capacity in order to achieve the Group’s objectives, as defined by a set of minimum quantitative metrics and qualitative standards. The key elements applied in setting the Group’s Risk Appetite are the strategic business directions, the risk taking capacity and the level of risk currently assumed by the Group. The Board reviews and approves the Risk Appetite on an annual basis, or more frequently in the event of unexpected changes in the risk environment, with the aim of ensuring the Risk Appetite is consistent with the Group’s strategic directions, business and regulatory environment and stakeholders’ requirements. The setting, cascading, monitoring and the review/revision of the Risk Appetite is set out in the Group’s Risk Appetite Framework and is as follows:

Set Risk Appetite	Cascade Risk Appetite	Monitor Risk Appetite	Review/Revise Risk Appetite
<ul style="list-style-type: none"> Set the desired risk appetite considering: <ul style="list-style-type: none"> Strategic business directions Risk taking capacity Current risk profile Articulate risk appetite using: <ul style="list-style-type: none"> Risk Appetite Metrics 	<ul style="list-style-type: none"> Cascade the applicable risk appetite via: <ul style="list-style-type: none"> Financial budgeting process to: <ul style="list-style-type: none"> Entity level Business units/ Control units level Assimilation of the risk appetite into policies, frameworks and procedures Implementation of Key Risk Indicators 	<ul style="list-style-type: none"> Regular monitoring of the risk profile against the risk appetite Identify the underlying reason for the non-achievements of the risk appetite and develop action plans to address the non-achievements 	<ul style="list-style-type: none"> Review/revise risk appetite in the light of: <ul style="list-style-type: none"> Changing business and economic condition Evolving strategic business directions

2. CAPITAL MANAGEMENT – INTERNAL CAPITAL ADEQUACY ASSESSMENT PROCESS (“ICAAP”) (CONT’D.)

(b) Risk Management

The Group’s Risk Management Framework (“GRMF”) sets out the principles applied in managing the material risks that the Group is exposed to. The Framework serves to drive the development of a consistent risk management practices which enable the continuous identification, measurement, control, monitoring and reporting of all applicable and material risks and this includes the continuous identification of emerging risks followed by the assessment of the risks on the Group’s business and capital positions. Risk limits established to manage the size of the risk exposures are aligned to the overall Risk Appetite.

Annual comprehensive risk assessment is undertaken across all the banking entities within the Group as part of ICAAP to identify and assess the following risks:

- (i) Risks captured under Pillar 1 (credit risk, operational risk and market risk);
- (ii) Risks not fully captured under Pillar 1 (e.g. residual credit risk); and
- (iii) Risk types not covered by Pillar 1 (e.g. credit concentration risk, interest rate risk on banking book, reputation risk, amongst others).

The key components of risk management are set out in the Statement on Risk Management and Internal Control (on pages 400 to 408).

- (i) Risk Governance
- (ii) Risk Appetite
- (iii) Risk Culture
- (iv) Risk Management Process

The details of risk management process for each key risk are set out in item 4 to 9.

(c) Stress Test

The Group’s stress testing process is guided by the Group’s Stress Test Policy (“Stress Test Policy”). The objectives of the Stress Test Policy are as follows:

- (i) To ensure the establishment of a comprehensive and consistent stress test process in conducting the stress test by all entities within the Group;
- (ii) To drive the development of stress test parameters, assumptions and scenarios that are relevant and effective, taking into account the nature, risk profile and complexity of the Group’s business as well as the environment in which it operates;
- (iii) To ensure all material risks are captured in the stress test including emerging risks;
- (iv) To ensure all stress test parameters, assumptions and scenarios are duly deliberated by senior management and the relevant committees prior to the execution of the stress test exercise; and
- (v) To ensure the adverse unexpected outcomes are identified and that capital buffers are set aside to absorb losses that may be experienced during an economic downturn.

The key focus of the stress test is to identify the potential adverse impact on the Group’s capital, profitability, asset quality and liquidity positions followed by the identification of the appropriate actions to mitigate the risk of such possibilities. The results of the stress test are reviewed and deliberated by the ICAAP Working Group and the RMC and are applied to recalibrate the Group’s Internal Capital Targets.

(d) Internal Capital Requirement

The Group’s internal capital requirement is articulated through its capital plans which are drawn up annually, covering a three-year horizon, and are approved by the Board. The capital plan ensures that adequate levels of capital and an efficient mix of different components of capital are maintained to support the Group’s strategic directions and business plans. In formulating the Group’s capital plans, the Group considers the current regulatory requirements, the demands for capital arising from the business outlooks and potential market stresses and the available supply of capital including the sources of the capital. The Group’s capital plans are reviewed regularly by the Board against the Group’s Internal Capital Targets.

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3. CAPITAL ADEQUACY RATIOS AND CAPITAL STRUCTURE

The following tables present the capital adequacy ratios and the capital structure of the Group and of the Bank.

(a) Capital Adequacy Ratios of the Group and of the Bank

	GROUP		BANK	
	2025	2024 (Restated)	2025	2024
Before deducting dividends*:				
Common Equity Tier I ("CET I") capital ratio	14.526%	14.786%	12.860%	13.046%
Tier I capital ratio	14.540%	14.803%	12.860%	13.046%
Total capital ratio	17.242%	17.601%	15.756%	16.065%
After deducting dividends*:				
CET I capital ratio	13.894%	14.175%	12.040%	12.245%
Tier I capital ratio	13.909%	14.192%	12.040%	12.245%
Total capital ratio	16.611%	16.991%	14.936%	15.264%

* Refer to dividends declared subsequent to the financial year end.

The capital adequacy ratios of the banking subsidiary companies of the Bank are set out in Note 52(d) to the financial statements.

BNM's Capital Adequacy Framework ("CAF") on Operational Risk and Exposures to Central Counterparties Policy Documents came into effect on 1 January 2025. CAF on Operational Risk sets out the capital requirements based on a single risk-sensitive Standardised Approach, superseded previously adopted Basic Indicator Approach. In addition, the CAF on Exposures to Central Counterparties provides guidelines on capital requirements to manage the risks arising from exposures to central counterparties.

The total risk-weighted assets of the Group and of the Bank are computed based on the following approaches:

- (i) Credit Risk: Standardised Approach;
- (ii) Market Risk: Standardised Approach; and
- (iii) Operational Risk: Standardised Approach (2024: Basic Indicator Approach).

Regulatory capital requirements

The capital adequacy ratios of the Group and of the Bank are computed in accordance with BNM's CAF on Capital Components, Basel II - Risk-Weighted Assets, Operational Risk and Exposures to Central Counterparties.

The minimum regulatory capital adequacy ratios before including capital conservation buffer ("CCB"), countercyclical capital buffer ("CCyB") and higher loss absorbency ("HLA") requirement for CET I capital ratio, Tier I capital ratio and total capital ratio are 4.5%, 6.0% and 8.0% respectively.

Banking institutions are also required to maintain a CCB of 2.5% and a CCyB above the minimum regulatory capital adequacy ratios. A CCyB is required to be maintained if this buffer is applied by regulators in countries which the Group and the Bank have exposures to, determined based on the weighted average of prevailing CCyB rates applied in those jurisdictions. The Group and the Bank have applied CCyB on their private sector credit exposures outside Malaysia in line with the respective jurisdictions' requirement to maintain their CCyB. The CCyB is not a requirement for exposures in Malaysia yet but may be applied by regulators in the future.

HLA requirement is applicable to financial institutions designated as domestic systemically important banks ("D-SIBs"). Arising from this, the Group which is designated as a D-SIB by BNM is required to maintain an additional capital buffer of 0.5% to the regulatory capital requirements in line with the BNM's D-SIB Framework.

3. CAPITAL ADEQUACY RATIOS AND CAPITAL STRUCTURE (CONT'D.)

(b) Capital Structure

	GROUP		BANK	
	2025 RM'000	2024 RM'000 (Restated)	2025 RM'000	2024 RM'000
CET I/Tier I capital				
Share capital	9,417,653	9,417,653	9,417,653	9,417,653
Other reserves	1,121,167	1,665,389	634,668	585,100
Retained profits	46,987,026	44,554,530	36,208,896	34,566,495
Treasury shares	(434,752)	(434,752)	–	–
Qualifying non-controlling interests	551,163	617,318	–	–
Less: Goodwill and other intangible assets	(2,933,098)	(3,082,236)	(695,393)	(695,393)
Less: Deferred tax assets, net	(426,913)	(540,530)	(270,095)	(344,672)
Less: Defined benefit pension fund assets	(75,991)	(52,642)	(74,912)	(51,915)
Less: Investment in banking/insurance subsidiary companies and associated companies deducted from CET I capital	(647,697)	(457,302)	(8,693,261)	(8,693,261)
Total CET I capital	53,558,558	51,687,428	36,527,556	34,784,007
Qualifying CET I and additional Tier I capital instruments held by third parties	54,372	59,462	–	–
Total Tier I capital	53,612,930	51,746,890	36,527,556	34,784,007
Tier II capital				
Stage 1 and Stage 2 expected credit loss allowances	2,797,243	3,169,049	1,929,306	2,275,175
Qualifying regulatory reserves [#]	1,365,262	788,357	1,300,496	776,999
Subordinated notes	4,962,502	4,962,162	4,997,502	4,997,162
Qualifying CET I and additional Tier I and Tier II capital instruments held by third parties	706,544	714,379	–	–
Others	130,982	148,401	–	–
Total Tier II capital	9,962,533	9,782,348	8,227,304	8,049,336
Total capital	63,575,463	61,529,238	44,754,860	42,833,343

[#] Excludes regulatory reserves restricted from Tier II capital of the Group and of the Bank of RM892,011,000 (2024: RM803,078,000) and RM494,155,000 (2024: RM486,014,000) respectively.

In arriving at the total capital of the Group and of the Bank above, the dividends declared subsequent to the financial year end were not deducted.

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3. CAPITAL ADEQUACY RATIOS AND CAPITAL STRUCTURE (CONT'D.)

(b) Capital Structure (Cont'd.)

The Group has issued various capital instruments which qualify as components of regulatory capital under the BNM's Capital Adequacy Framework (Capital Components), as summarised in the following table:

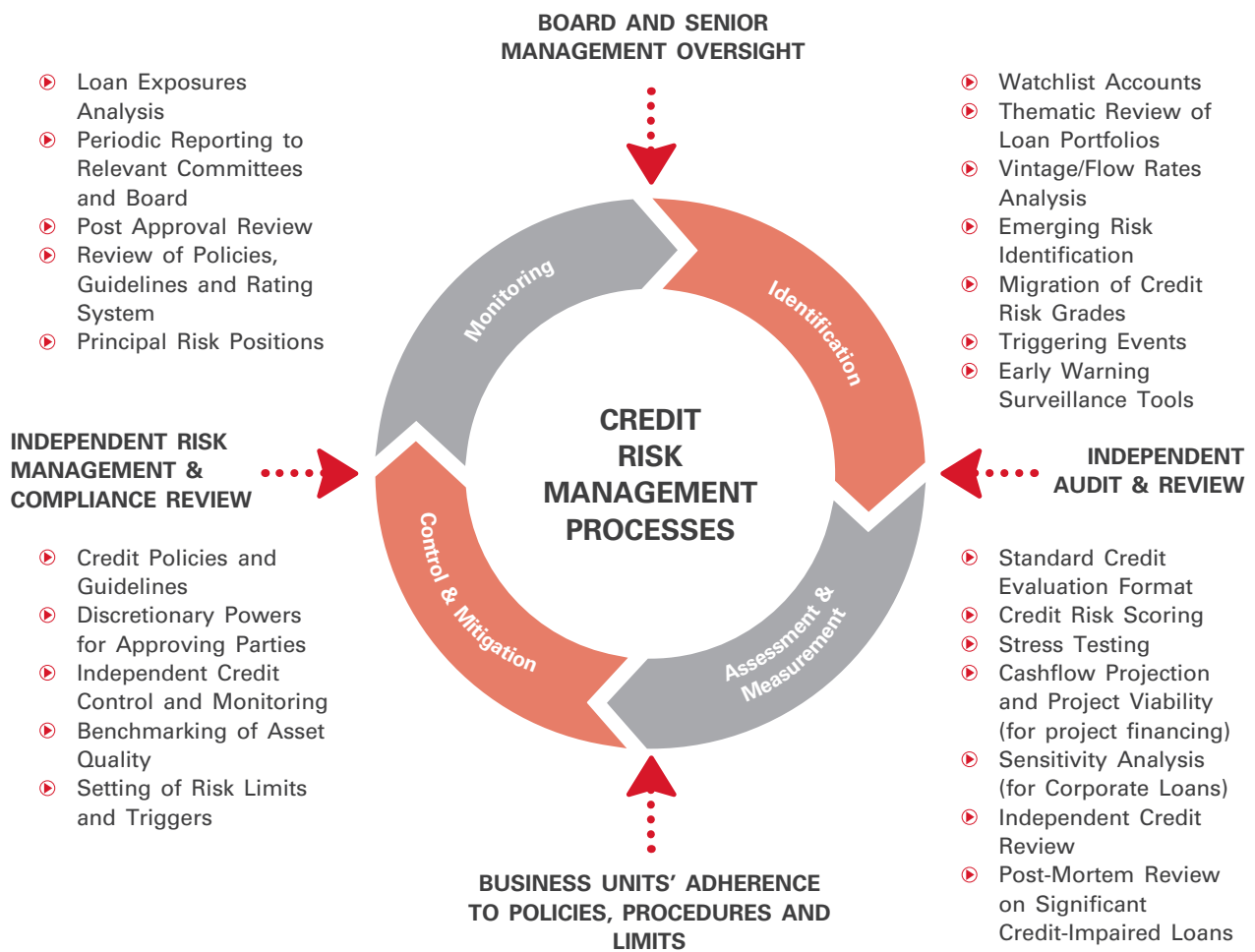
Capital Instruments	Capital Component	Main Features
Issued by the Bank: Basel III-Compliant Subordinated notes ("Basel III-Compliant Sub Notes")	Tier II Capital	<ul style="list-style-type: none"> • Subordinated to all liabilities, including depositors • Unsecured • Optional redemption after 5 years. No step-up • Upon occurrence of a Non-Viability Event as determined by BNM and Perbadanan Insurans Deposit Malaysia, the Basel III-Compliant Sub Notes may be subject to write-off • The write-off shall not constitute an event of default or an enforcement event, nor would it trigger any cross-default under the Basel III-Compliant Sub Notes
Issued by Public Islamic: Basel III-Compliant Subordinated Sukuk Murabahah ("Basel III-Compliant Sub Sukuk Murabahah")	Tier II Capital	<ul style="list-style-type: none"> • Subordinated to all liabilities, including depositors • Unsecured • Optional redemption after 5 years. No step-up • Upon occurrence of a Trigger Event at the Bank/Public Islamic as determined by BNM and Perbadanan Insurans Deposit Malaysia, the Basel III-Compliant Sub Sukuk Murabahah may be subject to write-off • The write-off shall not constitute an event of default or trigger any cross-default under the Basel III-Compliant Sub Sukuk Murabahah

The details of the capital instruments are found in Note 26 to the financial statements.

4. CREDIT RISK

Credit risk is the potential loss of revenue as a result of failure by the customers or counterparties to meet their contractual financial obligations. As the Group’s primary business is in commercial banking, the Group’s exposure to credit risk is primarily from its lending and financing to retail consumers, small and medium enterprises (“SMEs”) and corporate customers. Trading activities and investing the surplus funds of the Group, such as trading or holding of debt securities, deposit placements, settlement of transactions, also expose the Group to credit risk and counterparty credit risk (“CCR”).

The following diagram presents the risk management processes over credit risk.



The risk governance and risk management approach for credit risk are set out in the credit risk section of Note 47 to the financial statements.

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4. CREDIT RISK (CONT'D.)

Minimum Regulatory Capital Requirements for Credit Risk

The following tables present the minimum regulatory capital requirements for credit risk of the Group and of the Bank.

Group Exposure Class	Total Exposures before Credit Risk Mitigation RM'000	Total Exposures after Credit Risk Mitigation RM'000	Risk- Weighted Assets RM'000	Minimum Capital Requirement at 8% RM'000
2025				
On-Balance Sheet Exposures				
Sovereigns/Central Banks	68,904,774	68,904,774	441,017	35,281
Public Sector Entities	1,543,585	1,543,585	63,979	5,118
Banks, Development Financial Institutions ("DFIs") and Multilateral Development Banks ("MDBs")	16,975,949	16,975,949	5,081,812	406,545
Insurance Companies, Securities Firms and Fund Managers	710,955	567,316	502,097	40,168
Corporates	96,128,398	92,118,191	73,506,181	5,880,494
Regulatory Retail	180,076,872	178,512,006	136,083,361	10,886,669
Residential Mortgages	176,148,844	175,740,162	80,028,439	6,402,275
Higher Risk Assets	132,899	132,446	198,669	15,894
Other Assets	9,299,697	9,299,697	4,691,831	375,346
Equity Exposures	868,232	868,232	868,232	69,459
Defaulted Exposures	3,223,640	3,223,002	4,294,276	343,542
	554,013,845	547,885,360	305,759,894	24,460,791
Off-Balance Sheet Exposures				
Credit-related Exposures	33,124,089	32,297,506	26,866,372	2,149,310
Derivative Financial Instruments	996,798	996,798	320,526	25,642
Other Treasury-related Exposures	562,878	562,878	42,650	3,412
Defaulted Exposures	8,255	8,255	10,923	874
	34,692,020	33,865,437	27,240,471	2,179,238
Total Credit Exposures	588,705,865	581,750,797	333,000,365	26,640,029

4. CREDIT RISK (CONT'D.)

Minimum Regulatory Capital Requirements for Credit Risk (Cont'd.)

The following tables present the minimum regulatory capital requirements for credit risk of the Group and of the Bank. (Cont'd.)

Group Exposure Class	Total Exposures before Credit Risk Mitigation RM'000	Total Exposures after Credit Risk Mitigation RM'000	Risk- Weighted Assets RM'000	Minimum Capital Requirement at 8% RM'000
2024 (Restated)				
On-Balance Sheet Exposures				
Sovereigns/Central Banks	73,536,590	73,536,590	578,188	46,255
Public Sector Entities	2,254,762	2,254,762	37,360	2,989
Banks, DFIs and MDBs	16,708,630	16,708,630	5,144,214	411,537
Insurance Companies, Securities Firms and Fund Managers	784,021	765,105	684,639	54,771
Corporates	93,344,351	87,988,059	70,838,648	5,667,092
Regulatory Retail	170,777,458	169,312,394	129,050,627	10,324,050
Residential Mortgages	165,495,808	165,126,165	75,101,355	6,008,108
Higher Risk Assets	118,101	117,807	176,711	14,137
Other Assets	8,750,015	8,750,015	4,832,923	386,634
Equity Exposures	840,321	840,321	840,321	67,226
Defaulted Exposures	2,956,930	2,955,615	3,953,280	316,262
	535,566,987	528,355,463	291,238,266	23,299,061
Off-Balance Sheet Exposures				
Credit-related Exposures	30,451,376	29,678,080	24,923,013	1,993,841
Derivative Financial Instruments	1,262,129	1,262,129	381,188	30,495
Other Treasury-related Exposures	529,898	529,898	35,842	2,868
Defaulted Exposures	10,084	10,084	14,166	1,133
	32,253,487	31,480,191	25,354,209	2,028,337
Total Credit Exposures	567,820,474	559,835,654	316,592,475	25,327,398

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4. CREDIT RISK (CONT'D.)

Minimum Regulatory Capital Requirements for Credit Risk (Cont'd.)

The following tables present the minimum regulatory capital requirements for credit risk of the Group and of the Bank. (Cont'd.)

Bank Exposure Class	Total Exposures before Credit Risk Mitigation RM'000	Total Exposures after Credit Risk Mitigation RM'000	Risk-Weighted Assets RM'000	Minimum Capital Requirement at 8% RM'000
2025				
On-Balance Sheet Exposures				
Sovereigns/Central Banks	46,675,735	46,675,735	56,579	4,526
Public Sector Entities	124,507	124,507	3,649	292
Banks, DFIs and MDBs	9,910,771	9,910,771	3,688,086	295,047
Insurance Companies, Securities Firms and Fund Managers	92,342	91,862	91,281	7,303
Corporates	73,548,829	70,206,714	55,669,153	4,453,532
Regulatory Retail	137,441,198	136,221,079	103,099,062	8,247,925
Residential Mortgages	129,852,979	129,535,343	58,383,778	4,670,702
Higher Risk Assets	115,170	114,765	172,148	13,772
Other Assets	7,679,550	7,679,550	4,467,365	357,389
Equity Exposures	7,772,266	7,772,266	7,772,266	621,781
Defaulted Exposures	2,163,373	2,162,858	2,898,659	231,893
	415,376,720	410,495,450	236,302,026	18,904,162
Off-Balance Sheet Exposures				
Credit-related Exposures	27,072,677	26,287,140	21,705,506	1,736,441
Derivative Financial Instruments	1,066,145	1,066,145	326,583	26,127
Other Treasury-related Exposures	271,012	271,012	42,650	3,412
Defaulted Exposures	5,602	5,602	7,406	592
	28,415,436	27,629,899	22,082,145	1,766,572
Total Credit Exposures	443,792,156	438,125,349	258,384,171	20,670,734

4. CREDIT RISK (CONT'D.)

Minimum Regulatory Capital Requirements for Credit Risk (Cont'd.)

The following tables present the minimum regulatory capital requirements for credit risk of the Group and of the Bank. (Cont'd.)

Bank Exposure Class	Total Exposures before Credit Risk Mitigation RM'000	Total Exposures after Credit Risk Mitigation RM'000	Risk- Weighted Assets RM'000	Minimum Capital Requirement at 8% RM'000
2024				
On-Balance Sheet Exposures				
Sovereigns/Central Banks	48,815,778	48,815,778	120,448	9,636
Public Sector Entities	70,801	70,801	4,071	326
Banks, DFIs and MDBs	10,334,214	10,334,214	3,561,389	284,911
Insurance Companies, Securities Firms and Fund Managers	79,927	79,622	78,803	6,304
Corporates	70,655,372	65,839,155	51,908,542	4,152,684
Regulatory Retail	129,880,440	128,718,319	97,163,453	7,773,076
Residential Mortgages	122,860,525	122,568,776	55,016,240	4,401,299
Higher Risk Assets	102,160	101,866	152,800	12,224
Other Assets	6,887,799	6,887,799	4,454,936	356,395
Equity Exposures	7,510,212	7,510,212	7,510,212	600,817
Defaulted Exposures	2,009,246	2,008,306	2,712,827	217,026
	399,206,474	392,934,848	222,683,721	17,814,698
Off-Balance Sheet Exposures				
Credit-related Exposures	25,724,860	24,995,009	21,075,255	1,686,020
Derivative Financial Instruments	1,329,561	1,329,561	394,377	31,550
Other Treasury-related Exposures	439,860	439,860	9,516	761
Defaulted Exposures	7,891	7,891	11,056	885
	27,502,172	26,772,321	21,490,204	1,719,216
Total Credit Exposures	426,708,646	419,707,169	244,173,925	19,533,914

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4. CREDIT RISK (CONT'D.)

4.1 Distribution of Credit Exposures

Tables (a)-(c) present the analyses of credit exposures of financial assets before the effect of credit risk mitigation of the Group as follows:

- Industry analysis
- Geographical analysis based on geographical location where the credit risk resides
- Maturity analysis based on the residual contractual maturity

For on-balance sheet exposures, the maximum exposure to credit risk equals their carrying amounts. For financial guarantees, the maximum exposure to credit risk is the full amount that the Group would have to pay if the obligations for which the instruments issued are called upon. For credit commitments, the maximum exposure to credit risk is the full amount of the undrawn credit granted to customers.

(a) Industry Analysis

Group	Government & Central Banks RM'000	Financial Services RM'000	Transport & Business Services RM'000	Agriculture, Manufacturing, Wholesale & Retail Trade RM'000	Construction & Real Estate RM'000	Residential Mortgages RM'000	Motor Vehicle Financing RM'000	Other Consumer Loans RM'000	Total RM'000
2025									
On-Balance Sheet Exposures									
Cash and balances with banks (Gross)	2,530,082	14,299,651	-	-	-	-	-	-	16,829,733
Reverse repurchase agreements	1,642	-	-	-	-	-	-	-	1,642
Financial assets at fair value through profit or loss*	1,090,367	1,292,924	10,219	20,337	15,279	-	-	-	2,429,126
Derivative financial assets	-	224,574	-	-	-	-	-	-	224,574
Financial investments at fair value through other comprehensive income*	43,361,105	4,756,779	477,834	1,004,672	48,958	-	-	-	49,649,348
Financial investments at amortised cost (Gross)	18,578,065	10,969,570	405,155	514,316	358,981	-	-	-	30,826,087
Gross loans, advances and financing	1,036,194	20,248,090	11,848,822	56,886,680	41,984,290	191,681,096	69,929,373	52,143,533	445,758,078
Statutory deposits with Central Banks	4,441,274	-	-	-	-	-	-	-	4,441,274
	71,038,729	51,791,588	12,742,030	58,426,005	42,407,508	191,681,096	69,929,373	52,143,533	550,159,862
Commitments and Contingencies									
Contingent liabilities	5,531	17,880	2,395,212	1,438,122	2,427,230	-	-	73,059	6,357,034
Commitments	303,047	1,659,164	5,380,111	17,333,764	11,894,376	21,797,078	17,070	23,280,722	81,665,332
	308,578	1,677,044	7,775,323	18,771,886	14,321,606	21,797,078	17,070	23,353,781	88,022,366
Total Credit Exposures	71,347,307	53,468,632	20,517,353	77,197,891	56,729,114	213,478,174	69,946,443	75,497,314	638,182,228

* Excluding equity securities and unit trusts which do not have any credit risk.

4. CREDIT RISK (CONT'D.)

4.1 Distribution of Credit Exposures (Cont'd.)

(a) Industry Analysis (Cont'd.)

Group	Government & Central Banks RM'000	Financial Services RM'000	Transport & Business Services RM'000	Agriculture, Manufacturing, Wholesale & Retail Trade RM'000	Construction & Real Estate RM'000	Residential Mortgages RM'000	Motor Vehicle Financing RM'000	Other Consumer Loans RM'000	Total RM'000
2024									
On-Balance Sheet Exposures									
Cash and balances with banks (Gross)	1,369,447	14,100,439	-	-	-	-	-	-	15,469,886
Reverse repurchase agreements	6,103	-	-	-	-	-	-	-	6,103
Financial assets at fair value through profit or loss*	1,167,418	1,270,339	10,233	25,154	14,994	-	-	-	2,488,138
Derivative financial assets	-	568,069	-	-	-	-	-	-	568,069
Financial investments at fair value through other comprehensive income*	47,211,698	5,012,062	202,569	1,029,109	11,965	-	-	-	53,467,403
Financial investments at amortised cost (Gross)	17,218,076	10,469,361	354,556	423,764	542,237	-	-	-	29,007,994
Gross loans, advances and financing	2,038,266	20,295,172	10,957,811	53,675,582	41,205,362	181,654,275	63,345,220	50,999,283	424,170,971
Statutory deposits with Central Banks	7,650,252	-	-	-	-	-	-	-	7,650,252
	76,661,260	51,715,442	11,525,169	55,153,609	41,774,558	181,654,275	63,345,220	50,999,283	532,828,816
Commitments and Contingencies									
Contingent liabilities	5,693	21,657	455,015	1,345,057	1,593,600	-	-	14,260	3,435,282
Commitments	128,072	1,703,318	3,520,527	16,259,104	9,297,291	20,218,658	23,267	30,247,671	81,397,908
	133,765	1,724,975	3,975,542	17,604,161	10,890,891	20,218,658	23,267	30,261,931	84,833,190
Total Credit Exposures	76,795,025	53,440,417	15,500,711	72,757,770	52,665,449	201,872,933	63,368,487	81,261,214	617,662,006

* Excluding equity securities and unit trusts which do not have any credit risk.

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4. CREDIT RISK (CONT'D.)

4.1 Distribution of Credit Exposures (Cont'd.)

(b) Geographical Analysis

Group	Malaysia RM'000	Hong Kong & China RM'000	Cambodia RM'000	Other Countries RM'000	Total RM'000
2025					
On-Balance Sheet Exposures					
Cash and balances with banks (Gross)	8,317,015	3,494,039	1,417,610	3,601,069	16,829,733
Reverse repurchase agreements	–	–	–	1,642	1,642
Financial assets at fair value through profit or loss*	2,429,126	–	–	–	2,429,126
Derivative financial assets	129,499	10,480	–	84,595	224,574
Financial investments at fair value through other comprehensive income*	46,943,896	2,079,596	–	625,856	49,649,348
Financial investments at amortised cost (Gross)	28,900,352	742,012	84,367	1,099,356	30,826,087
Gross loans, advances and financing	418,740,148	13,411,313	5,762,157	7,844,460	445,758,078
Statutory deposits with Central Banks	3,773,469	1,177	527,646	138,982	4,441,274
	509,233,505	19,738,617	7,791,780	13,395,960	550,159,862
Commitments and Contingencies					
Contingent liabilities	5,575,751	288,880	31,055	461,348	6,357,034
Commitments	72,038,026	1,138,898	867,048	7,621,360	81,665,332
	77,613,777	1,427,778	898,103	8,082,708	88,022,366
Total Credit Exposures	586,847,282	21,166,395	8,689,883	21,478,668	638,182,228

* Excluding equity securities and unit trusts which do not have any credit risk.

4. CREDIT RISK (CONT'D.)

4.1 Distribution of Credit Exposures (Cont'd.)

(b) Geographical Analysis (Cont'd.)

Group	Malaysia RM'000	Hong Kong & China RM'000	Cambodia RM'000	Other Countries RM'000	Total RM'000
2024					
On-Balance Sheet Exposures					
Cash and balances with banks (Gross)	6,502,111	4,661,008	1,293,446	3,013,321	15,469,886
Reverse repurchase agreements	–	–	–	6,103	6,103
Financial assets at fair value through profit or loss*	2,488,138	–	–	–	2,488,138
Derivative financial assets	480,910	2,934	–	84,225	568,069
Financial investments at fair value through other comprehensive income*	51,143,712	1,779,508	–	544,183	53,467,403
Financial investments at amortised cost (Gross)	26,726,995	867,862	89,415	1,323,722	29,007,994
Gross loans, advances and financing	394,092,239	14,310,894	6,679,564	9,088,274	424,170,971
Statutory deposits with Central Banks	7,022,598	1,114	531,622	94,918	7,650,252
	488,456,703	21,623,320	8,594,047	14,154,746	532,828,816
Commitments and Contingencies					
Contingent liabilities	2,671,977	110,547	19,533	633,225	3,435,282
Commitments	68,674,331	1,483,192	790,352	10,450,033	81,397,908
	71,346,308	1,593,739	809,885	11,083,258	84,833,190
Total Credit Exposures	559,803,011	23,217,059	9,403,932	25,238,004	617,662,006

* Excluding equity securities and unit trusts which do not have any credit risk.

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4. CREDIT RISK (CONT'D.)

4.1 Distribution of Credit Exposures (Cont'd.)

(c) Maturity Analysis

Group	Up to 1 Year RM'000	>1 to 3 Years RM'000	>3 to 5 Years RM'000	>5 Years RM'000	Total RM'000
2025					
On-Balance Sheet Exposures					
Cash and balances with banks (Gross)	16,829,733	–	–	–	16,829,733
Reverse repurchase agreements	1,642	–	–	–	1,642
Financial assets at fair value through profit or loss*	1,476,933	581,125	192,543	178,525	2,429,126
Derivative financial assets	182,078	31,622	10,104	770	224,574
Financial investments at fair value through other comprehensive income*	10,437,514	15,119,053	14,506,026	9,586,755	49,649,348
Financial investments at amortised cost (Gross)	6,014,921	14,797,462	6,820,264	3,193,440	30,826,087
Gross loans, advances and financing	35,075,782	29,518,189	38,085,253	343,078,854	445,758,078
Statutory deposits with Central Banks	–	–	–	4,441,274	4,441,274
Total On-Balance Sheet Exposures	70,018,603	60,047,451	59,614,190	360,479,618	550,159,862

Group	Up to 1 Year RM'000	>1 to 3 Years RM'000	>3 to 5 Years RM'000	>5 Years RM'000	Total RM'000
2024					
On-Balance Sheet Exposures					
Cash and balances with banks (Gross)	15,462,371	7,515	–	–	15,469,886
Reverse repurchase agreements	6,103	–	–	–	6,103
Financial assets at fair value through profit or loss*	1,768,325	375,303	226,743	117,767	2,488,138
Derivative financial assets	449,140	95,982	13,840	9,107	568,069
Financial investments at fair value through other comprehensive income*	11,204,497	20,788,321	13,547,293	7,927,292	53,467,403
Financial investments at amortised cost (Gross)	4,904,294	14,029,883	7,355,021	2,718,796	29,007,994
Gross loans, advances and financing	38,257,687	28,749,849	34,319,705	322,843,730	424,170,971
Statutory deposits with Central Banks	–	–	–	7,650,252	7,650,252
Total On-Balance Sheet Exposures	72,052,417	64,046,853	55,462,602	341,266,944	532,828,816

* Excluding equity securities and unit trusts which do not have any credit risk.

4. CREDIT RISK (CONT'D.)

4.1 Distribution of Credit Exposures (Cont'd.)

(c) Maturity Analysis (Cont'd.)

Approximately 13% (2024: 14%) of the Group's exposures to customers and counterparties are short-term, having contractual maturity of one year or less. About 77% (2024: 76%) of the Group's gross loans, advances and financing has residual maturity of more than five years. The longer maturity is from the housing loans/financing and hire purchase which made up 60% (2024: 58%) of the portfolio and are traditionally longer term in nature and well secured.

The residual contractual maturity for off-balance sheet exposures is not presented as the total off-balance sheet exposures do not represent future cash requirements since the Group expects many of these commitments (such as direct credit substitutes) to expire without being called or drawn upon, whereas many of the contingent liabilities (such as letters of credit) are reimbursable by customers.

4.2 Off-Balance Sheet Exposures and Counterparty Credit Risk

(a) Off-Balance Sheet Exposures

Off-balance sheet exposures of the Group are mainly from the following:

- (i) Financial guarantees and standby letters of credit, which represent undertakings that the Group will make payments in the event that a customer cannot meet its obligations to third parties. These exposures carry the same credit risk as loans even though they are contingent in nature;
- (ii) Documentary and commercial letters of credit, which are undertakings by the Group on behalf of the customer. These exposures are usually collateralised by the underlying shipment of goods to which they relate;
- (iii) Commitments to extend credit including the unutilised or undrawn portions of credit facilities;
- (iv) Unutilised credit card lines; and
- (v) Principal/notional amount of derivative financial instruments.

The management of off-balance sheet exposures is in accordance with the credit risk management approach as set out in item 4 of the Pillar 3 Disclosure.

(b) Counterparty Credit Risk on Derivative Financial Instruments

The risk management approach on counterparty credit risk on derivative financial instruments are set out in the credit risk section of Note 47(d) to the financial statements.

Credit Ratings Downgrade

As at reporting date, there were no requirements to post additional collateral in the event of a one-notch downgrade in rating (2024: nil) as the ISDA/CSA agreements entered with the majority of the counterparties had removed the threshold limit for posting of additional collateral whereby any shortfalls in value, cash collateral were posted immediately. For ISDA/CSA with threshold limits, no collateral was required to be posted as the shortfalls were well within the threshold limits for one-notch downgrade.

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4. CREDIT RISK (CONT'D.)

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

(b) Counterparty Credit Risk on Derivative Financial Instruments (Cont'd.)

Composition of Off-Balance Sheet Exposures

The following tables present the composition of off-balance sheet exposures of the Group and of the Bank. All derivative financial instruments are at their notional amounts.

Group	Principal Amount RM'000	Positive Fair Value of Derivative Contracts RM'000	Credit Equivalent Amount RM'000	Risk-Weighted Assets RM'000
2025				
Contingent Liabilities				
Direct credit substitutes	1,275,603		1,275,603	853,677
Transaction-related contingent items	4,714,234		2,357,117	1,503,520
Short-term self-liquidating trade-related contingencies	367,197		73,439	69,066
	6,357,034		3,706,159	2,426,263
Commitments				
Other commitments, such as formal standby facilities and credit lines, with an original maturity of:				
– exceeding one year	43,880,091		21,939,628	18,361,022
– not exceeding one year	25,816,561		5,163,312	4,347,576
Unutilised credit card lines	11,616,224		2,323,245	1,742,434
Forward asset purchases	352,456		352,456	11,444
	81,665,332		29,778,641	24,462,476
Lending of banks' securities or the posting of securities as collateral by banks, including instances where these arise out of repo-style transactions	210,422		210,422	31,206
Derivative Financial Instruments				
Foreign exchange related contracts:				
– up to one year	43,461,964	180,073	753,853	245,122
Interest rate related contracts:				
– up to one year	810,915	1,995	3,630	871
– more than one year to five years	5,271,853	36,240	161,509	47,765
– more than five years	1,111,894	6,256	77,750	26,712
Commodity related contracts:				
– up to one year	4,561	10	56	56
	50,661,187	224,574	996,798	320,526
Total Off-Balance Sheet Exposures	138,893,975	224,574	34,692,020	27,240,471

4. CREDIT RISK (CONT'D.)

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

(b) Counterparty Credit Risk on Derivative Financial Instruments (Cont'd.)

Composition of Off-Balance Sheet Exposures (Cont'd.)

The following tables present the composition of off-balance sheet exposures of the Group and of the Bank. All derivative financial instruments are at their notional amounts. (Cont'd.)

Group	Principal Amount RM'000	Positive Fair Value of Derivative Contracts RM'000	Credit Equivalent Amount RM'000	Risk-Weighted Assets RM'000
2024				
Contingent Liabilities				
Direct credit substitutes	912,746		912,746	487,948
Transaction-related contingent items	1,931,301		965,651	520,771
Short-term self-liquidating trade-related contingencies	591,235		118,247	112,845
	3,435,282		1,996,644	1,121,564
Commitments				
Other commitments, such as formal standby facilities and credit lines, with an original maturity of:				
– exceeding one year	40,731,801		20,365,370	16,973,437
– not exceeding one year	29,758,511		5,951,703	5,231,370
Unutilised credit card lines	10,738,717		2,147,743	1,610,808
Forward asset purchases	168,879		168,879	9,352
	81,397,908		28,633,695	23,824,967
Lending of banks' securities or the posting of securities as collateral by banks, including instances where these arise out of repo-style transactions	361,019		361,019	26,490
Derivative Financial Instruments				
Foreign exchange related contracts:				
– up to one year	39,155,077	438,045	951,600	288,015
– more than one year to five years	1,053,622	89	52,771	26,385
Interest rate related contracts:				
– up to one year	1,909,303	11,095	14,281	3,376
– more than one year to five years	4,668,362	109,733	220,071	54,705
– more than five years	271,532	9,107	23,398	8,699
Commodity related contracts:				
– up to one year	774	–	8	8
	47,058,670	568,069	1,262,129	381,188
Total Off-Balance Sheet Exposures	132,252,879	568,069	32,253,487	25,354,209

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4. CREDIT RISK (CONT'D.)

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

(b) Counterparty Credit Risk on Derivative Financial Instruments (Cont'd.)

Composition of Off-Balance Sheet Exposures (Cont'd.)

The following tables present the composition of off-balance sheet exposures of the Group and of the Bank. All derivative financial instruments are at their notional amounts. (Cont'd.)

Bank	Principal Amount RM'000	Positive Fair Value of Derivative Contracts RM'000	Credit Equivalent Amount RM'000	Risk-Weighted Assets RM'000
2025				
Bank (excluding Public Bank (L) Ltd.)				
Contingent Liabilities				
Direct credit substitutes	863,555		863,555	457,896
Transaction-related contingent items	4,028,212		2,014,106	1,370,072
Short-term self-liquidating trade-related contingencies	83,848		16,770	15,585
	4,975,615		2,894,431	1,843,553
Commitments				
Other commitments, such as formal standby facilities and credit lines, with an original maturity of:				
– exceeding one year	35,693,023		17,846,246	14,740,353
– not exceeding one year	20,694,123		4,138,824	3,470,806
Unutilised credit card lines	10,811,566		2,162,313	1,621,735
Forward asset purchases	72,414		72,414	11,444
	67,271,126		24,219,797	19,844,338
Lending of banks' securities or the posting of securities as collateral by banks, including instances where these arise out of repo-style transactions	198,598		198,598	31,206
Derivative Financial Instruments				
Foreign exchange related contracts:				
– up to one year	42,159,007	173,196	743,404	235,220
Interest rate related contracts:				
– up to one year	2,150,000	3,264	7,589	1,518
– more than one year to five years	7,388,023	44,197	233,551	61,180
– more than five years	866,000	770	52,730	14,202
Commodity related contracts:				
– up to one year	4,561	10	56	56
	52,567,591	221,437	1,037,330	312,176
Total	125,012,930	221,437	28,350,156	22,031,273

4. CREDIT RISK (CONT'D.)

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

(b) Counterparty Credit Risk on Derivative Financial Instruments (Cont'd.)

Composition of Off-Balance Sheet Exposures (Cont'd.)

The following tables present the composition of off-balance sheet exposures of the Group and of the Bank. All derivative financial instruments are at their notional amounts. (Cont'd.)

Bank	Principal Amount RM'000	Positive Fair Value of Derivative Contracts RM'000	Credit Equivalent Amount RM'000	Risk-Weighted Assets RM'000
2025				
Public Bank (L) Ltd.				
Commitments				
Other commitments, such as formal standby facilities and credit lines, with an original maturity of:				
– exceeding one year	72,765		36,383	36,383
– not exceeding one year	410		82	82
	73,175		36,465	36,465
Derivative Financial Instruments				
Interest rate related contracts:				
– up to one year	60,915	423	483	241
– more than one year to five years	121,830	877	3,312	1,656
– more than five years	245,894	5,486	25,020	12,510
	428,639	6,786	28,815	14,407
Total	501,814	6,786	65,280	50,872
Total Off-Balance Sheet Exposures of the Bank and Public Bank (L) Ltd.	125,514,744	228,223	28,415,436	22,082,145

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4. CREDIT RISK (CONT'D.)

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

(b) Counterparty Credit Risk on Derivative Financial Instruments (Cont'd.)

Composition of Off-Balance Sheet Exposures (Cont'd.)

The following tables present the composition of off-balance sheet exposures of the Group and of the Bank. All derivative financial instruments are at their notional amounts. (Cont'd.)

Bank	Principal Amount RM'000	Positive Fair Value of Derivative Contracts RM'000	Credit Equivalent Amount RM'000	Risk-Weighted Assets RM'000
2024				
Bank (excluding Public Bank (L) Ltd.)				
Contingent Liabilities				
Direct credit substitutes	861,080		861,080	448,831
Transaction-related contingent items	1,583,639		791,819	382,684
Short-term self-liquidating trade-related contingencies	72,021		14,404	13,038
	2,516,740		1,667,303	844,553
Commitments				
Other commitments, such as formal standby facilities and credit lines, with an original maturity of:				
– exceeding one year	34,037,301		17,018,286	14,346,595
– not exceeding one year	24,942,785		4,988,557	4,337,609
Unutilised credit card lines	10,021,014		2,004,203	1,503,152
Forward asset purchases	122,318		122,318	40
	69,123,418		24,133,364	20,187,396
Lending of banks' securities or the posting of securities as collateral by banks, including instances where these arise out of repo-style transactions	317,542		317,542	9,476
Derivative Financial Instruments				
Foreign exchange related contracts:				
– up to one year	38,118,547	435,125	943,756	286,148
– more than one year to five years	1,053,622	89	52,771	26,385
Interest rate related contracts:				
– up to one year	2,850,000	12,636	17,811	3,562
– more than one year to five years	7,067,178	111,295	267,938	60,794
– more than five years	400,000	531	20,531	4,106
Commodity related contracts:				
– up to one year	774	–	8	8
	49,490,121	559,676	1,302,815	381,003
Total	121,447,821	559,676	27,421,024	21,422,428

4. CREDIT RISK (CONT'D.)

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

(b) Counterparty Credit Risk on Derivative Financial Instruments (Cont'd.)

Composition of Off-Balance Sheet Exposures (Cont'd.)

The following tables present the composition of off-balance sheet exposures of the Group and of the Bank. All derivative financial instruments are at their notional amounts. (Cont'd.)

Bank	Principal Amount RM'000	Positive Fair Value of Derivative Contracts RM'000	Credit Equivalent Amount RM'000	Risk- Weighted Assets RM'000
2024				
Public Bank (L) Ltd.				
Contingent Liabilities				
Direct credit substitutes	6,706		6,706	6,706
Commitments				
Other commitments, such as formal standby facilities and credit lines, with an original maturity of:				
– exceeding one year	72,912		36,456	36,456
– not exceeding one year	56,200		11,240	11,240
	129,112		47,696	47,696
Derivative Financial Instruments				
Interest rate related contracts:				
– up to one year	259,303	1,472	1,733	867
– more than one year to five years	201,184	6,920	11,615	5,808
– more than five years	71,532	9,107	13,398	6,699
	532,019	17,499	26,746	13,374
Total	667,837	17,499	81,148	67,776
Total Off-Balance Sheet Exposures of the Bank and Public Bank (L) Ltd.	122,115,658	577,175	27,502,172	21,490,204

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4. CREDIT RISK (CONT'D.)

4.3 Credit Risk Mitigation

The Group's approach in granting credit facilities is based on the credit standing of the customer, source of repayment and debt servicing ability rather than placing primary reliance on credit risk mitigants ("CRM"). Depending on a customer's credit standing and the type of product, facilities may be provided unsecured. Nevertheless, mitigation of credit risk is a key aspect of effective risk management and takes many forms.

The main types of collateral obtained by the Group to mitigate credit risk are as follows:

- (a) for residential mortgages - charges over residential properties;
- (b) for commercial property loans/financing - charges over the properties being financed;
- (c) for motor vehicle financing - ownership claims over the vehicles financed;
- (d) for share margin financing - pledges over securities from listed exchange; and
- (e) for other loans/financing - charges over business assets such as premises, inventories, trade receivables or deposits.

The reliance that can be placed on CRM is carefully assessed in light of issues such as legal enforceability, market value and the ease of realising the CRM. Policies and procedures are in place to govern the protection of the Group's position from the onset of a customer relationship, for instance in requiring standard terms and conditions or specifically agreed upon during documentation to ensure the legal enforceability of the CRM.

The valuation of CRM seeks to monitor and ensure that they will continue to provide the credit protection. Policy on the periodic valuation updates of CRM is in place to ensure this. The value of properties taken as collateral is generally updated from time to time during the review of the customers' facilities to reflect the current market value. The quality, liquidity and collateral type will determine the appropriate haircuts or discounts applied on the market value of the collateral.

Where there is a currency mismatch, haircuts are applied to protect against currency fluctuations, in addition to ongoing review and controls over maturity mismatch between collateral and exposures. In mortgage financing, the collateral is required to be insured at all times against major risks, for instance, against fire, with the respective banking entities as the loss payee under the insurance policy. In addition, customers are generally insured against major risks, such as, death and permanent disability.

The Group also accepts guarantees from individuals, corporate and institutional customers to mitigate credit risk, subject to internal guidelines on eligibility. Currently, the Group does not employ the use of derivative credit instruments such as credit default swaps, structured credit notes and securitisation structures to mitigate the Group's credit exposures. In addition, the Group enters into master netting arrangements with its derivative counterparties to reduce the credit risk, all amounts with the counterparty are settled on a net basis.

4. CREDIT RISK (CONT'D.)

4.3 Credit Risk Mitigation (Cont'd.)

Credit Risk Mitigation Analysis

The following tables present the credit risk mitigation analysis of the Group i.e. credit exposures covered by eligible financial collateral and financial guarantees as defined under the Standardised Approach. Eligible financial collateral consists primarily of cash, securities from listed exchange, unit trust or marketable securities. The Group does not have any credit exposure which is reduced through the application of other eligible collateral.

Group Exposure Class	Total Exposures before Credit Risk Mitigation RM'000	Total Exposures Covered by Guarantees RM'000	Total Exposures Covered by Eligible Financial Collateral RM'000	Total Exposures Covered by Other Eligible Collateral RM'000
2025				
On-Balance Sheet Exposures				
Sovereigns/Central Banks	68,904,774	–	–	–
Public Sector Entities	1,543,585	1,223,690	–	–
Banks, DFIs and MDBs	16,975,949	16,580	–	–
Insurance Companies, Securities Firms and Fund Managers	710,955	8,350	143,639	–
Corporates	96,128,398	3,354,406	4,010,207	–
Regulatory Retail	180,076,872	508,005	1,564,866	–
Residential Mortgages	176,148,844	–	408,682	–
Higher Risk Assets	132,899	–	453	–
Other Assets	9,299,697	–	–	–
Equity Exposures	868,232	–	–	–
Defaulted Exposures	3,223,640	–	638	–
	554,013,845	5,111,031	6,128,485	–
Off-Balance Sheet Exposures				
Credit-related Exposures	33,124,089	172,875	826,583	–
Derivative Financial Instruments	996,798	–	–	–
Other Treasury-related Exposures	562,878	–	–	–
Defaulted Exposures	8,255	–	–	–
	34,692,020	172,875	826,583	–
Total Credit Exposures	588,705,865	5,283,906	6,955,068	–

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4. CREDIT RISK (CONT'D.)

4.3 Credit Risk Mitigation (Cont'd.)

Credit Risk Mitigation Analysis (Cont'd.)

The following tables present the credit risk mitigation analysis of the Group i.e. credit exposures covered by eligible financial collateral and financial guarantees as defined under the Standardised Approach. Eligible financial collateral consists primarily of cash, securities from listed exchange, unit trust or marketable securities. The Group does not have any credit exposure which is reduced through the application of other eligible collateral. (Cont'd.)

Group Exposure Class	Total Exposures before Credit Risk Mitigation RM'000	Total Exposures Covered by Guarantees RM'000	Total Exposures Covered by Eligible Financial Collateral RM'000	Total Exposures Covered by Other Eligible Collateral RM'000
2024 (Restated)				
On-Balance Sheet Exposures				
Sovereigns/Central Banks	73,536,590	-	-	-
Public Sector Entities	2,254,762	2,067,961	-	-
Banks, DFIs and MDBs	16,708,630	-	-	-
Insurance Companies, Securities Firms and Fund Managers	784,021	858	18,916	-
Corporates	93,344,351	5,013,371	5,356,292	-
Regulatory Retail	170,777,458	796,884	1,465,064	-
Residential Mortgages	165,495,808	-	369,643	-
Higher Risk Assets	118,101	-	294	-
Other Assets	8,750,015	-	-	-
Equity Exposures	840,321	-	-	-
Defaulted Exposures	2,956,930	-	1,315	-
	535,566,987	7,879,074	7,211,524	-
Off-Balance Sheet Exposures				
Credit-related Exposures	30,451,376	139,780	773,296	-
Derivative Financial Instruments	1,262,129	-	-	-
Other Treasury-related Exposures	529,898	-	-	-
Defaulted Exposures	10,084	-	-	-
	32,253,487	139,780	773,296	-
Total Credit Exposures	567,820,474	8,018,854	7,984,820	-

4. CREDIT RISK (CONT'D.)

4.4 Assignment of Risk Weights for Portfolios Under the Standardised Approach

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

- (a) Standard & Poor’s (“S&P”)
- (b) Moody’s Investors Service (“Moody’s”)
- (c) Fitch Ratings (“Fitch”)
- (d) RAM Rating Services Berhad (“RAM”)
- (e) Malaysian Rating Corporation Berhad (“MARC”)

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

- (a) Sovereigns and Central Banks
- (b) Banking Institutions
- (c) Corporates

Unrated and Rated Counterparties

In general, the rating specific to the credit exposure is used, i.e. the issue rating. Where no specific rating exists, the credit rating assigned to the issuer or counterparty of that particular credit exposure is used. In cases where an exposure has neither an issue or issuer rating, it is deemed as unrated or the rating of another rated obligation of the same counterparty may be used if the exposure is ranked at least pari passu with the obligation that is rated, as stipulated in the RWCAF. Where a counterparty or an exposure is rated by more than one ECAI, the second highest rating is then used to determine the risk weight. In cases where the credit exposures are secured by guarantees issued by eligible or rated guarantors, the risk weights similar to that of the guarantor are assigned.

The following is a summary of the rules governing the assignment of risk weights under the Standardised Approach. Each rated exposure must be assigned to one of the six credit quality rating categories defined in the table below:

Rating Category	S & P	Moody's	Fitch	RAM	MARC
1	AAA to AA-	Aaa to Aa3	AAA to AA-	AAA to AA3	AAA to AA-
2	A+ to A-	A1 to A3	A+ to A-	A1 to A3	A+ to A-
3	BBB+ to BBB-	Baa1 to Baa3	BBB+ to BBB-	BBB1 to BBB3	BBB+ to BBB-
4	BB+ to BB-	Ba1 to Ba3	BB+ to BB-	BB1 to BB3	BB+ to BB-
5	B+ to B-	B1 to B3	B+ to B-	B1 to B3	B+ to B-
6	CCC+ and below	Caa1 and below	CCC+ and below	C1 and below	C+ and below

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4. CREDIT RISK (CONT'D.)

4.4 Assignment of Risk Weights for Portfolios Under the Standardised Approach (Cont'd.)

Unrated and Rated Counterparties (Cont'd.)

The Group uses a system to automatically execute the selection of ratings and allocation of risk weights. The following table is a summarised risk weight mapping matrix for each credit quality rating category:

Risk Weights Based on Credit Rating of the Counterparty Exposure Class				
Rating Category	Sovereigns and Central Banks	Corporates	Banking Institutions	
			For Exposure Greater Than Six Months Original Maturity	For Exposure Less Than Six Months Original Maturity
1	0%	20%	20%	20%
2	20%	50%	50%	20%
3	50%	100%	50%	20%
4	100%	100%	100%	50%
5	100%	150%	100%	50%
6	150%	150%	150%	150%

In addition to the above, credit exposures under the counterparty exposure class of Banking Institutions, with an original maturity of three months or less which are denominated and funded in Ringgit Malaysia, are all risk-weighted at 20% regardless of credit rating.

4. CREDIT RISK (CONT'D.)

4.4 Assignment of Risk Weights for Portfolios Under the Standardised Approach (Cont'd.)

Credit Exposures before the Effect of Credit Risk Mitigation by Credit Quality Rating Categories

The following tables present the credit exposures of the Group before the effect of credit risk mitigation by credit quality rating categories.

Group Exposure Class	Rating Categories							Unrated RM'000	Total RM'000
	1 RM'000	2 RM'000	3 RM'000	4 RM'000	5 RM'000	6 RM'000			
2025									
On-Balance Sheet Exposures									
(a) Rated Exposures									
(i) Exposures risk-weighted using ratings of Corporates									
- Corporates	22,395,300	315,061	60,574	-	-	-		22,770,935	
- Regulatory Retail	73,533	-	-	-	-	-		73,533	
- Insurance Companies, Securities Firms and Fund Managers	196	-	-	-	-	-		196	
	22,469,029	315,061	60,574	-	-	-		22,844,664	
(ii) Exposures risk-weighted using ratings of Sovereigns and Central Banks [#]									
- Sovereigns and Central Banks	1,516,109	65,613,308	-	365,234	1,255,852	154,271		68,904,774	
- Public Sector Entities	-	1,524,212	-	-	-	-		1,524,212	
- Banks, DFIs and MDBs	-	16,583	-	-	-	-		16,583	
- Insurance Companies, Securities Firms and Fund Managers	-	424	-	-	-	-		424	
- Corporates	-	604,114	-	-	-	-		604,114	
- Regulatory Retail	-	430,584	-	-	-	-		430,584	
	1,516,109	68,189,225	-	365,234	1,255,852	154,271		71,480,691	
(iii) Exposures risk-weighted using ratings of Banking Institutions									
- Banks, DFIs and MDBs	8,348,107	5,364,805	669,171	1,148,016	199,086	-		15,729,185	
- Corporates	138,222	87,864	-	-	-	-		226,086	
- Regulatory Retail	-	2,179	-	-	-	-		2,179	
	8,486,329	5,454,848	669,171	1,148,016	199,086	-		15,957,450	
(iv) Exposures risk-weighted using ratings of Insurance Companies, Securities Firms and Fund Managers									
- Insurance Companies, Securities Firms and Fund Managers	75,967	-	-	-	-	-		75,967	
Total Rated Exposures	32,547,434	73,959,134	729,745	1,513,250	1,454,938	154,271		110,358,772	
(b) Total Unrated Exposures							443,655,073	443,655,073	
	32,547,434	73,959,134	729,745	1,513,250	1,454,938	154,271	443,655,073	554,013,845	

[#] Under the RWCAF, exposures denominated and funded in Ringgit Malaysia and guaranteed by the Federal Government of Malaysia or BNM are accorded a preferential sovereign risk weight of 0%.

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4. CREDIT RISK (CONT'D.)

4.4 Assignment of Risk Weights for Portfolios Under the Standardised Approach (Cont'd.)

Credit Exposures before the Effect of Credit Risk Mitigation by Credit Quality Rating Categories (Cont'd.)

The following tables present the credit exposures of the Group before the effect of credit risk mitigation by credit quality rating categories. (Cont'd.)

Group Exposure Class	Rating Categories							Unrated RM'000	Total RM'000
	1 RM'000	2 RM'000	3 RM'000	4 RM'000	5 RM'000	6 RM'000			
2025									
Off-Balance Sheet Exposures									
(a) Rated Exposures									
(i) Exposures risk-weighted using ratings of Corporates									
– Corporates	709,349	-	-	-	-	-			709,349
(ii) Exposures risk-weighted using ratings of Sovereigns and Central Banks [#]									
– Sovereigns and Central Banks	-	474,524	31	4,521	-	-			479,076
(iii) Exposures risk-weighted using ratings of Banking Institutions									
– Banks, DFIs and MDBs	338,418	239,609	8,667	5,244	-	-			591,938
– Corporates	-	1,487	-	-	-	-			1,487
– Regulatory Retail	-	1,600	-	-	-	-			1,600
	338,418	242,696	8,667	5,244	-	-			595,025
Total Rated Exposures	1,047,767	717,220	8,698	9,765	-	-			1,783,450
(b) Total Unrated Exposures							32,908,570		32,908,570
	1,047,767	717,220	8,698	9,765	-	-	32,908,570		34,692,020
Total Credit Exposures before Credit Risk Mitigation	33,595,201	74,676,354	738,443	1,523,015	1,454,938	154,271	476,563,643		588,705,865

[#] Under the RWCAF, exposures denominated and funded in Ringgit Malaysia and guaranteed by the Federal Government of Malaysia or BNM are accorded a preferential sovereign risk weight of 0%.

4. CREDIT RISK (CONT'D.)

4.4 Assignment of Risk Weights for Portfolios Under the Standardised Approach (Cont'd.)

Credit Exposures before the Effect of Credit Risk Mitigation by Credit Quality Rating Categories (Cont'd.)

The following tables present the credit exposures of the Group before the effect of credit risk mitigation by credit quality rating categories. (Cont'd.)

Group Exposure Class	Rating Categories						Unrated RM'000	Total RM'000
	1 RM'000	2 RM'000	3 RM'000	4 RM'000	5 RM'000	6 RM'000		
2024 (Restated)								
On-Balance Sheet Exposures								
(a) Rated Exposures								
(i) Exposures risk-weighted using ratings of Corporates								
- Corporates	18,995,020	815,788	62,255	-	-	-		19,873,063
- Regulatory Retail	108,743	-	-	-	-	-		108,743
- Insurance Companies, Securities Firms and Fund Managers	197	-	-	-	-	-		197
	19,103,960	815,788	62,255	-	-	-		19,982,003
(ii) Exposures risk-weighted using ratings of Sovereigns and Central Banks[#]								
- Sovereigns and Central Banks	1,485,640	70,288,906	-	335,802	1,182,969	243,274		73,536,591
- Public Sector Entities	-	2,234,167	-	-	-	-		2,234,167
- Insurance Companies, Securities Firms and Fund Managers	-	661	-	-	-	-		661
- Corporates	-	1,608,202	-	-	-	-		1,608,202
- Regulatory Retail	-	685,074	-	-	-	-		685,074
	1,485,640	74,817,010	-	335,802	1,182,969	243,274		78,064,695
(iii) Exposures risk-weighted using ratings of Banking Institutions								
- Banks, DFIs and MDBs	7,577,278	4,981,727	90,214	872,115	278,944	-		13,800,278
- Corporates	139,156	98,362	-	-	-	-		237,518
- Regulatory Retail	-	3,067	-	-	-	-		3,067
	7,716,434	5,083,156	90,214	872,115	278,944	-		14,040,863
(iv) Exposures risk-weighted using ratings of Insurance Companies, Securities Firms and Fund Managers								
- Insurance Companies, Securities Firms and Fund Managers	99,559	-	-	-	-	-		99,559
Total Rated Exposures	28,405,593	80,715,954	152,469	1,207,917	1,461,913	243,274		112,187,120
(b) Total Unrated Exposures							423,379,867	423,379,867
	28,405,593	80,715,954	152,469	1,207,917	1,461,913	243,274	423,379,867	535,566,987

[#] Under the RWCAF, exposures denominated and funded in Ringgit Malaysia and guaranteed by the Federal Government of Malaysia or BNM are accorded a preferential sovereign risk weight of 0%.

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4. CREDIT RISK (CONT'D.)

4.4 Assignment of Risk Weights for Portfolios Under the Standardised Approach (Cont'd.)

Credit Exposures before the Effect of Credit Risk Mitigation by Credit Quality Rating Categories (Cont'd.)

The following tables present the credit exposures of the Group before the effect of credit risk mitigation by credit quality rating categories. (Cont'd.)

Group Exposure Class	Rating Categories						Unrated RM'000	Total RM'000
	1 RM'000	2 RM'000	3 RM'000	4 RM'000	5 RM'000	6 RM'000		
2024 (Restated)								
Off-Balance Sheet Exposures								
(a) Rated Exposures								
(i) Exposures risk-weighted using ratings of Corporates								
- Corporates	154,738	1,228	-	-	-	-		155,966
(ii) Exposures risk-weighted using ratings of Sovereigns and Central Banks[#]								
- Sovereigns and Central Banks	-	688,250	31	17,014	-	-		705,295
(iii) Exposures risk-weighted using ratings of Banking Institutions								
- Banks, DFIs and MDBs	283,243	260,746	17,705	220	62	-		561,976
- Corporates	73	2,671	-	-	-	-		2,744
	283,316	263,417	17,705	220	62	-		564,720
Total Rated Exposures	438,054	952,895	17,736	17,234	62	-		1,425,981
(b) Total Unrated Exposures							30,827,506	30,827,506
	438,054	952,895	17,736	17,234	62	-	30,827,506	32,253,487
Total Credit Exposures before Credit Risk Mitigation	28,843,647	81,668,849	170,205	1,225,151	1,461,975	243,274	454,207,373	567,820,474

[#] Under the RWCAF, exposures denominated and funded in Ringgit Malaysia and guaranteed by the Federal Government of Malaysia or BNM are accorded a preferential sovereign risk weight of 0%.

4. CREDIT RISK (CONT'D.)

4.4 Assignment of Risk Weights for Portfolios Under the Standardised Approach (Cont'd.)

Credit Exposures after the Effect of Credit Risk Mitigation by Risk Weights

The following tables present the credit exposures of the Group and of the Bank after the effect of credit risk mitigation by risk weights.

← Credit Exposures after the Effect of Credit Risk Mitigation →												
Group Risk Weights	Sovereigns/ Central Banks RM'000	Public Sector Entities RM'000	Banks, DFIs and MDBs RM'000	Insurance Companies, Securities Firms and Fund Managers RM'000	Corporates RM'000	Regulatory Retail RM'000	Residential Mortgages RM'000	Higher Risk Assets RM'000	Other Assets RM'000	Equity Exposures RM'000	Total Exposures after Credit Risk Mitigation RM'000	Total Risk- Weighted Assets RM'000
2025												
0%	68,647,318	1,223,690	16,583	424	587,816	430,584	-	-	4,604,961	-	75,511,376	-
20%	354,081	323,606	13,294,159	76,163	23,243,304	73,533	-	-	3,631	-	37,368,477	7,473,695
35%	-	-	-	-	-	-	114,301,046	-	-	-	114,301,046	40,005,366
50%	1	-	4,030,635	7,730	515,090	28,598	44,839,976	-	-	-	49,422,030	24,711,015
75%	-	-	-	-	-	183,098,806	124,124	-	-	-	183,222,930	137,417,198
100%	347,870	-	721,297	534,387	78,186,556	13,910,567	19,728,619	-	4,691,105	868,232	118,988,633	118,988,633
150%	34,551	-	12,034	-	1,023,543	1,590,442	107,527	168,208	-	-	2,936,305	4,404,458
Total	69,383,821	1,547,296	18,074,708	618,704	103,556,309	199,132,530	179,101,292	168,208	9,299,697	868,232	581,750,797	333,000,365
Risk-Weighted Assets by Exposures	470,513	64,721	5,413,497	553,485	84,628,076	153,649,341	82,408,357	252,312	4,691,831	868,232	333,000,365	
Average Risk Weights	0.7%	4.2%	30.0%	89.5%	81.7%	77.2%	46.0%	150.0%	50.5%	100.0%	57.2%	
Deduction from Total Capital			-							-	-	

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4. CREDIT RISK (CONT'D.)

4.4 Assignment of Risk Weights for Portfolios Under the Standardised Approach (Cont'd.)

Credit Exposures after the Effect of Credit Risk Mitigation by Risk Weights (Cont'd.)

The following tables present the credit exposures of the Group and of the Bank after the effect of credit risk mitigation by risk weights. (Cont'd.)

← Credit Exposures after the Effect of Credit Risk Mitigation →												
Group Risk Weights	Sovereigns/ Central Banks RM'000	Public Sector Entities RM'000	Banks, DFIs and MDBs RM'000	Insurance Companies, Securities Firms and Fund Managers RM'000	Corporates RM'000	Regulatory Retail RM'000	Residential Mortgages RM'000	Higher Risk Assets RM'000	Other Assets RM'000	Equity Exposures RM'000	Total Exposures after Credit Risk Mitigation RM'000	Total Risk- Weighted Assets RM'000
2024 (Restated)												
0%	73,217,339	2,067,961	-	661	1,550,447	685,074	-	-	3,912,898	-	81,434,380	-
20%	536,965	190,861	12,345,043	99,756	19,288,985	108,743	-	-	5,243	-	32,575,596	6,515,119
35%	-	-	-	-	-	-	108,549,412	-	-	-	108,549,412	37,992,294
50%	1	-	4,904,799	-	994,234	20,883	41,076,573	-	-	-	46,996,490	23,498,245
75%	-	-	-	-	-	172,045,095	155,785	-	-	-	172,200,880	129,150,660
100%	379,245	-	567,887	712,848	75,587,388	13,734,454	18,710,357	-	4,831,874	840,321	115,364,374	115,364,374
150%	108,305	-	5,338	-	795,561	1,522,469	135,032	147,817	-	-	2,714,522	4,071,783
Total	74,241,855	2,258,822	17,823,067	813,265	98,216,615	188,116,718	168,627,159	147,817	8,750,015	840,321	559,835,654	316,592,475
Risk-Weighted Assets by Exposures	649,096	38,172	5,497,301	732,799	81,135,644	145,084,169	77,560,324	221,726	4,832,923	840,321	316,592,475	
Average Risk Weights	0.9%	1.7%	30.8%	90.1%	82.6%	77.1%	46.0%	150.0%	55.2%	100.0%	56.6%	
Deduction from Total Capital			-							-	-	

4. CREDIT RISK (CONT'D.)

4.4 Assignment of Risk Weights for Portfolios Under the Standardised Approach (Cont'd.)

Credit Exposures after the Effect of Credit Risk Mitigation by Risk Weights (Cont'd.)

The following tables present the credit exposures of the Group and of the Bank after the effect of credit risk mitigation by risk weights. (Cont'd.)

← Credit Exposures after the Effect of Credit Risk Mitigation →												
Bank Risk Weights	Sovereigns/ Central Banks RM'000	Public Sector Entities RM'000	Banks, DFIs and MDBs RM'000	Insurance Companies, Securities Firms and Fund Managers RM'000	Corporates RM'000	Regulatory Retail RM'000	Residential Mortgages RM'000	Higher Risk Assets RM'000	Other Assets RM'000	Equity Exposures RM'000	Total Exposures after Credit Risk Mitigation RM'000	Total Risk- Weighted Assets RM'000
2025												
0%	46,642,827	106,265	-	424	269,653	394,640	-	-	4,245,379	-	51,659,188	-
20%	185,996	21,953	8,464,403	196	18,284,887	73,533	-	-	-	-	27,030,968	5,406,194
35%	-	-	-	-	-	-	85,108,697	-	-	-	85,108,697	29,788,044
50%	1	-	763,248	-	498,589	17,448	33,113,339	-	-	-	34,392,625	17,196,313
75%	-	-	-	-	-	143,595,442	80,225	-	-	-	143,675,667	107,756,750
100%	-	-	1,913,192	141,468	59,633,178	7,982,342	13,490,643	-	3,344,328	7,772,266	94,277,417	94,277,417
150%	29,570	-	71,466	-	511,692	1,100,060	36,401	141,755	-	-	1,890,944	2,836,416
1250%	-	-	-	-	-	-	-	-	89,843	-	89,843	1,123,037
Total	46,858,394	128,218	11,212,309	142,088	79,197,999	153,163,465	131,829,305	141,755	7,679,550	7,772,266	438,125,349	258,384,171
Risk-Weighted Assets by Exposures	81,555	4,391	4,094,896	141,507	64,306,987	117,352,444	59,950,127	212,633	4,467,365	7,772,266	258,384,171	
Average Risk Weights	0.2%	3.4%	36.5%	99.6%	81.2%	76.6%	45.5%	150.0%	58.2%	100.0%	59.0%	
Deduction from Total Capital			-							-	-	

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4. CREDIT RISK (CONT'D.)

4.4 Assignment of Risk Weights for Portfolios Under the Standardised Approach (Cont'd.)

Credit Exposures after the Effect of Credit Risk Mitigation by Risk Weights (Cont'd.)

The following tables present the credit exposures of the Group and of the Bank after the effect of credit risk mitigation by risk weights. (Cont'd.)

← Credit Exposures after the Effect of Credit Risk Mitigation →												
Bank Risk Weights	Sovereigns/ Central Banks RM'000	Public Sector Entities RM'000	Banks, DFIs and MDBs RM'000	Insurance Companies, Securities Firms and Fund Managers RM'000	Corporates RM'000	Regulatory Retail RM'000	Residential Mortgages RM'000	Higher Risk Assets RM'000	Other Assets RM'000	Equity Exposures RM'000	Total Exposures after Credit Risk Mitigation RM'000	Total Risk- Weighted Assets RM'000
2024												
0%	49,035,852	50,445	-	661	1,367,633	628,927	-	-	3,466,058	-	54,549,576	-
20%	375,560	24,416	8,918,091	197	15,373,312	108,743	-	-	-	-	24,800,319	4,960,064
35%	-	-	-	-	-	-	81,867,464	-	-	-	81,867,464	28,653,612
50%	1	-	1,040,889	-	641,962	10,187	30,266,141	-	-	-	31,959,180	15,979,590
75%	-	-	-	-	-	135,343,836	102,881	-	-	-	135,446,717	101,585,038
100%	-	-	1,582,086	125,506	56,836,087	7,147,088	12,704,166	-	3,331,898	7,510,212	89,237,043	89,237,043
150%	66,153	-	67,992	-	346,350	1,113,893	36,680	125,959	-	-	1,757,027	2,635,540
1250%	-	-	-	-	-	-	-	-	89,843	-	89,843	1,123,038
Total	49,477,566	74,861	11,609,058	126,364	74,565,344	144,352,674	124,977,332	125,959	6,887,799	7,510,212	419,707,169	244,173,925
Risk-Weighted Assets by Exposures	174,342	4,883	3,988,137	125,545	60,751,255	110,352,647	56,623,029	188,939	4,454,936	7,510,212	244,173,925	
Average Risk Weights	0.4%	6.5%	34.4%	99.4%	81.5%	76.4%	45.3%	150.0%	64.7%	100.0%	58.2%	
Deduction from Total Capital			-							-	-	

4. CREDIT RISK (CONT'D.)

4.5 Credit Quality of Gross Loans, Advances and Financing

Gross Loans, Advances and Financing by Credit Quality

All loans, advances and financing are categorised as either:

- (a) neither past due nor credit-impaired;
- (b) past due but not credit-impaired; or
- (c) credit-impaired.

The loans, advances and financing are considered past due when any payment (whether principal and/or interest/profit) due under the contractual terms are received late or missed.

The loans, advances and financing of the Group and of the Bank are classified as credit-impaired when they fulfil any of the following criteria:

- (a) principal or interest/profit or both are past due for ninety (90) days or more; or
- (b) outstanding amount is in excess of approved limit for ninety (90) days or more in the case of revolving facilities; or
- (c) where the loans, advances and financing are in arrears or the outstanding amount has been in excess of the approved limit for less than ninety (90) days, the loans, advances and financing exhibits indications of significant credit weaknesses; or
- (d) where credit-impaired loans, advances and financing are rescheduled and restructured ("R&R"), the loans, advances and financing will remain as credit-impaired until repayments based on the revised and/or restructured terms have been continuously paid for a period of at least six (6) months and the account is less than ninety (90) days past due upon compliance of their required nursing period; or
- (e) for repayments scheduled on intervals of ninety (90) days or more including bullet repayment as soon as default occurs.

In addition, loans, advances and financing that are considered individually significant, the Group assesses on a case-by-case basis at each reporting date whether there is any objective evidence that loans, advances and financing are credit-impaired.

The gross loans, advances and financing analysed by credit quality are set out in the credit risk section of Note 47(ii) to the financial statements.

The description of the approaches adopted for the determination of individual and collective impairment allowance are set out in Note 2(iii)(h)(ii) to the financial statements.

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4. CREDIT RISK (CONT'D.)

4.5 Credit Quality of Gross Loans, Advances and Financing (Cont'd.)

Gross Loans, Advances and Financing by Credit Quality (Cont'd.)

(a) Past Due But Not Credit-impaired

Tables (i)-(iii) present the analyses of past due but not credit-impaired loans, advances and financing of the Group by the following:

- (i) Economic purpose
- (ii) Geographical
- (iii) Aging

(i) Economic Purpose

Group	2025 RM'000	2024 RM'000
Purchase of securities	6,615	1,212,969
Purchase of transport vehicles	9,280,128	7,909,665
Purchase of properties	13,160,999	14,183,653
(Of which: – residential	10,506,424	10,484,753
– non-residential)	2,654,575	3,698,900
Purchase of fixed assets (excluding properties)	1,897	11,296
Personal use	701,951	687,958
Credit card	346,954	292,012
Construction	136,673	81,507
Working capital	789,537	969,511
Other purpose	12,783	147,170
	24,437,537	25,495,741

(ii) Geographical

Group	2025 RM'000	2024 RM'000
Malaysia	23,381,838	24,460,711
Hong Kong & China	300,356	358,445
Cambodia	548,397	478,419
Other countries	206,946	198,166
	24,437,537	25,495,741

(iii) Aging

Group	2025 RM'000	2024 RM'000
1 day to 30 days	17,850,767	19,012,080
31 to 59 days	4,459,233	4,331,517
60 to 89 days	2,127,537	2,152,144
	24,437,537	25,495,741

4. CREDIT RISK (CONT'D.)

4.5 Credit Quality of Gross Loans, Advances and Financing (Cont'd.)

Gross Loans, Advances and Financing by Credit Quality (Cont'd.)

(b) Credit-impaired Loans, Advances and Financing

Tables (i)-(ii) present the analyses of credit-impaired loans, advances and financing of the Group and the impairment allowances of the Group by the following:

- (i) Economic purpose
- (ii) Geographical

(i) Economic Purpose

Group	Credit-impaired Loans, Advances and Financing RM'000	Individual Assessment Allowance at 1 January RM'000	Net Charge for the Year RM'000	Amounts Written Off/Other Movements RM'000	Individual Assessment Allowance at 31 December RM'000	Collective Assessment Allowance at 31 December RM'000	Total Impairment Allowances for Loans, Advances and Financing RM'000
2025							
Purchase of securities	2,566	1	(1)	–	–	19,506	19,506
Purchase of transport vehicles	273,066	53,118	26,095	(11,925)	67,288	708,551	775,839
Purchase of properties	1,416,730	181,758	81,452	(19,878)	243,332	968,080	1,211,412
(Of which: – residential	717,365	21,855	4,864	(8,999)	17,720	344,683	362,403
– non-residential)	699,365	159,903	76,588	(10,879)	225,612	623,397	849,009
Purchase of fixed assets (excluding properties)	9,868	1,499	(411)	(311)	777	2,545	3,322
Personal use	152,838	26,079	157,925	(160,252)	23,752	108,379	132,131
Credit card	12,774	322	662	(491)	493	33,194	33,687
Purchase of consumer durables	1	–	–	–	–	1	1
Construction	10,658	749	52	(82)	719	113,079	113,798
Mergers and acquisitions	–	–	–	–	–	24	24
Working capital	402,647	44,152	36,258	(37,870)	42,540	318,980	361,520
Other purpose	3,425	–	–	–	–	773,607	773,607
	2,284,573	307,678	302,032	(230,809)	378,901	3,045,946	3,424,847

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4. CREDIT RISK (CONT'D.)

4.5 Credit Quality of Gross Loans, Advances and Financing (Cont'd.)

Gross Loans, Advances and Financing by Credit Quality (Cont'd.)

(b) Credit-impaired Loans, Advances and Financing (Cont'd.)

Tables (i)-(ii) present the analyses of credit-impaired loans, advances and financing of the Group and the impairment allowances of the Group by the following: (Cont'd.)

(i) Economic Purpose (Cont'd.)

Group	Credit-impaired Loans, Advances and Financing RM'000	Individual Assessment Allowance at 1 January RM'000	Net Charge for the Year RM'000	Amounts Written Off/Other Movements RM'000	Individual Assessment Allowance at 31 December RM'000	Collective Assessment Allowance at 31 December RM'000	Total Impairment Allowances for Loans, Advances and Financing RM'000
2024							
Purchase of securities	3,181	8,414	(8,413)	–	1	6,551	6,552
Purchase of transport vehicles	244,722	20,921	53,050	(20,853)	53,118	637,270	690,388
Purchase of properties	1,354,011	157,635	34,402	(10,279)	181,758	992,839	1,174,597
(Of which: – residential	759,535	8,213	18,050	(4,408)	21,855	343,244	365,099
– non-residential)	594,476	149,422	16,352	(5,871)	159,903	649,595	809,498
Purchase of fixed assets (excluding properties)	11,528	2,393	770	(1,664)	1,499	2,631	4,130
Personal use	161,909	25,894	139,425	(139,240)	26,079	112,713	138,792
Credit card	11,878	197	147	(22)	322	40,210	40,532
Purchase of consumer durables	4	–	–	–	–	1	1
Construction	7,415	1,346	124,503	(125,100)	749	118,551	119,300
Mergers and acquisitions	–	–	–	–	–	10	10
Working capital	429,528	36,225	105,491	(97,564)	44,152	284,698	328,850
Other purpose	1,317	–	–	–	–	1,196,121	1,196,121
	2,225,493	253,025	449,375	(394,722)	307,678	3,391,595	3,699,273

4. CREDIT RISK (CONT'D.)

4.5 Credit Quality of Gross Loans, Advances and Financing (Cont'd.)

Gross Loans, Advances and Financing by Credit Quality (Cont'd.)

(b) Credit-impaired Loans, Advances and Financing (Cont'd.)

Tables (i)-(ii) present the analyses of credit-impaired loans, advances and financing of the Group and the impairment allowances of the Group by the following: (Cont'd.)

(ii) Geographical

Group	Credit-impaired Loans, Advances and Financing RM'000	Individual Assessment Allowance at 1 January RM'000	Net Charge for the Year RM'000	Amounts Written Off/Other Movements RM'000	Individual Assessment Allowance at 31 December RM'000	Collective Assessment Allowance at 31 December RM'000	Total Impairment Allowances for Loans, Advances and Financing RM'000
2025							
Malaysia	1,521,919	181,431	48,573	(20,225)	209,779	2,823,758	3,033,537
Hong Kong & China	371,067	101,024	208,698	(176,851)	132,871	79,652	212,523
Cambodia	233,004	6,635	38,359	(28,969)	16,025	97,496	113,521
Other countries	158,583	18,588	6,402	(4,764)	20,226	45,040	65,266
	2,284,573	307,678	302,032	(230,809)	378,901	3,045,946	3,424,847
2024							
Malaysia	1,528,059	92,266	108,272	(19,107)	181,431	3,158,721	3,340,152
Hong Kong & China	324,289	125,785	294,937	(319,698)	101,024	100,377	201,401
Cambodia	204,175	8,358	13,436	(15,159)	6,635	82,155	88,790
Other countries	168,970	26,616	32,730	(40,758)	18,588	50,342	68,930
	2,225,493	253,025	449,375	(394,722)	307,678	3,391,595	3,699,273

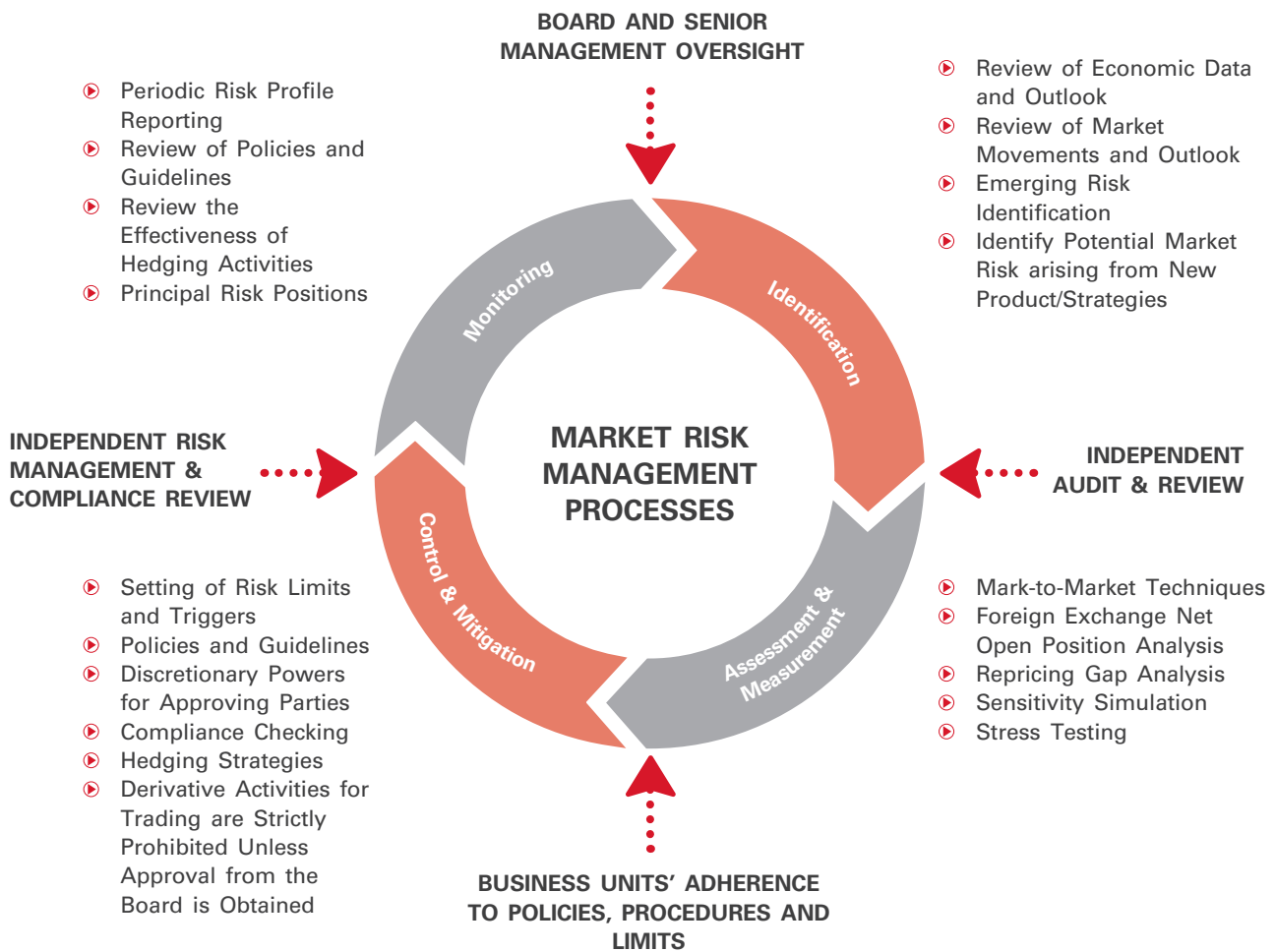
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5. MARKET RISK

Market risk is the risk of movements in market variables, including interest/rates of return, foreign exchange rates, commodity prices and equity prices, which will reduce the earnings or capital of the Group.

The following diagram presents the risk management processes over market risk.



The risk governance and risk management approach for market risk are set out in the market risk section of Note 47 to the financial statements.

5. MARKET RISK (CONT'D.)

Minimum Regulatory Capital Requirements for Market Risk

The following tables present the minimum regulatory capital requirements for market risk of the Group and of the Bank.

Group	Long Position RM'000	Short Position RM'000	Risk- Weighted Assets RM'000	Minimum Capital Requirement at 8% RM'000
2025				
Interest rate/rate of return risk	44,158,626	(42,606,179)	1,940,052	155,204
Foreign exchange risk	7,758,585	(2,124,592)	5,640,701	451,256
Total	51,917,211	(44,730,771)	7,580,753	606,460

2024				
Interest rate/rate of return risk	41,194,078	(39,524,849)	1,878,855	150,308
Foreign exchange risk	6,709,698	(1,180,211)	5,529,659	442,373
Total	47,903,776	(40,705,060)	7,408,514	592,681

Bank	Long Position RM'000	Short Position RM'000	Risk- Weighted Assets RM'000	Minimum Capital Requirement at 8% RM'000
2025				
Interest rate risk	41,831,803	(41,324,182)	1,885,051	150,804
Foreign exchange risk	4,847,241	(3,975,036)	2,729,357	218,349
Total	46,679,044	(45,299,218)	4,614,408	369,153

2024				
Interest rate risk	39,263,544	(38,587,869)	1,816,480	145,318
Foreign exchange risk	4,222,949	(3,372,321)	3,042,910	243,433
Total	43,486,493	(41,960,190)	4,859,390	388,751

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5. MARKET RISK (CONT'D.)

5.1 Interest Rate/Rate of Return Risk in the Banking Book

Interest Rate/Rate of Return Risk Sensitivity Analysis

The following table presents the projected Group's sensitivity to a 100 basis point parallel rate movement across all maturities applied on the Group's interest rate/rate of return sensitivity gap as at the reporting date, taking into consideration the behavioural pattern of certain indeterminate maturity of deposits such as demand and savings deposits to reflect the actual sensitivity behavioural of these deposits. Where the current interest rate/rate of return is lower than 1%, the downward rate shock applied is restricted to the prevailing interest rate/rate of return.

Group	2025		2024	
	-100 bps	+100 bps	-100 bps	+100 bps
	← Increase/(Decrease) →			
	RM'000	RM'000	RM'000	RM'000
Impact on Net Interest/Profit Income ("NII/NPI")				
Ringgit Malaysia	(962,051)	938,253	(912,745)	857,709
United States Dollars	(27,041)	16,794	(29,735)	23,785
Hong Kong Dollars	(39,198)	28,899	(43,001)	37,111
Other Currencies	(20,733)	17,223	(30,741)	27,192
Total	(1,049,023)	1,001,169	(1,016,222)	945,797
Impact on Economic Value of Equity ("EVE")				
Ringgit Malaysia	3,105,399	(1,604,678)	2,826,851	(1,420,147)
United States Dollars	131,267	(84,454)	135,585	(89,705)
Hong Kong Dollars	822	30,350	(20,978)	48,922
Other Currencies	69,826	(49,249)	63,390	(50,746)
Total	3,307,314	(1,708,031)	3,004,848	(1,511,676)

The reported amounts do not capture the impact of business growth or of management actions and are based on the balance sheet as at reporting date. In reality, the Assets & Liabilities Management Committee ("ALCO") seeks to proactively change the interest rate/rate of return risk profile to minimise losses and maximise net revenue. The projection assumes a constant statements of financial position and that all positions run to maturity.

The repricing profile of loans/financing that does not have maturity is based on the earliest possible repricing dates. Actual dates may differ from contractual dates owing to prepayments. Where possible and material, loans/financing prepayments are generally estimated based on past statistics and trends. The impact on the NII/NPI and EVE are measured on a monthly basis for the Bank and quarterly basis for the Group, both of which are reported to the ALCO and RMC.

6. EQUITY EXPOSURES IN THE BANKING BOOK

The following tables present the equity exposures in the banking book and the gains and losses on equity exposures in the banking book of the Group.

(a) Equity Exposures in the Banking Book

Group	2025		2024	
	Gross Credit Exposure RM'000	Risk-Weighted Assets RM'000	Gross Credit Exposure RM'000	Risk-Weighted Assets RM'000
<u>Publicly traded</u>				
Holdings of equity investments	1,758	1,758	1,529	1,529
<u>Privately held</u>				
For socio-economic purposes	866,474	866,474	838,792	838,792
Not for socio-economic purposes	46,176	69,264	45,876	68,814
	912,650	935,738	884,668	907,606
Total	914,408	937,496	886,197	909,135

(i) Publicly Traded

Holdings of equity investments comprise mainly of shares listed in an exchange, are held for dividend yield purpose and to take advantage of favourable movements in equity prices. Decisions concerning investing in equities are made by the Share Investment Committee. Equity positions are monitored against pre-determined cut-loss limits. All publicly traded equity exposures are stated at fair value.

(ii) Privately Held

The privately held equity investments are stated at fair value.

(b) Gains and Losses on Equity Exposures in the Banking Book

Group	2025 RM'000	2024 RM'000
Realised gain recognised in profit or loss		
– Privately held equity investments	–	220
Unrealised revaluation (loss)/gain recognised in profit or loss		
– Privately held equity investments	(17,374)	72,929
Unrealised revaluation gain recognised in other comprehensive income		
– Privately held equity investments	49,000	29,432
– Publicly traded equity investments	229	51
	49,229	29,483

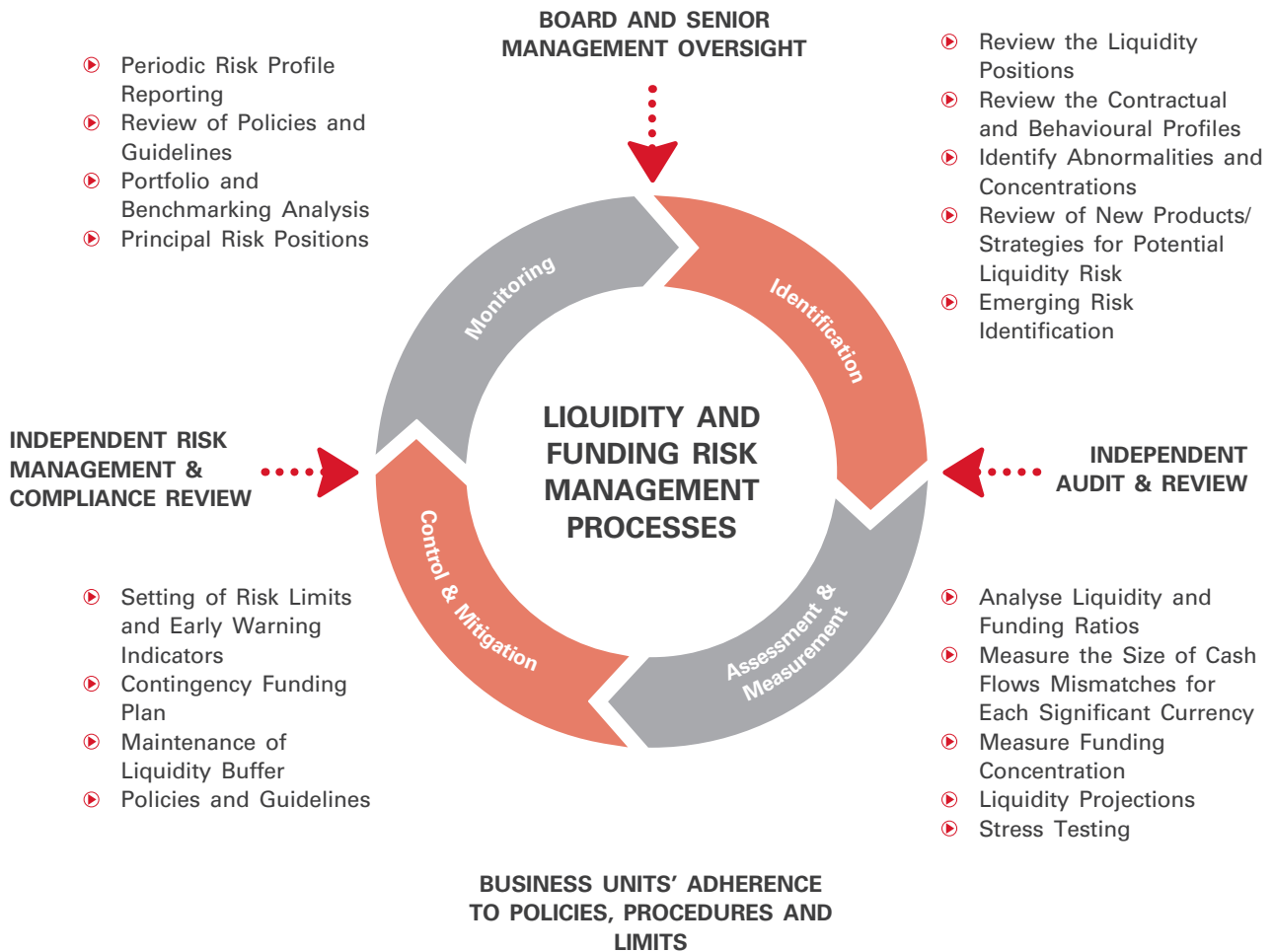
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7. LIQUIDITY AND FUNDING RISK

Liquidity and funding risk is the risk of insufficient liquid assets to meet obligations due and/or inefficient funding structure resulting in high funding cost.

The following diagram presents the risk management processes over liquidity and funding risk.

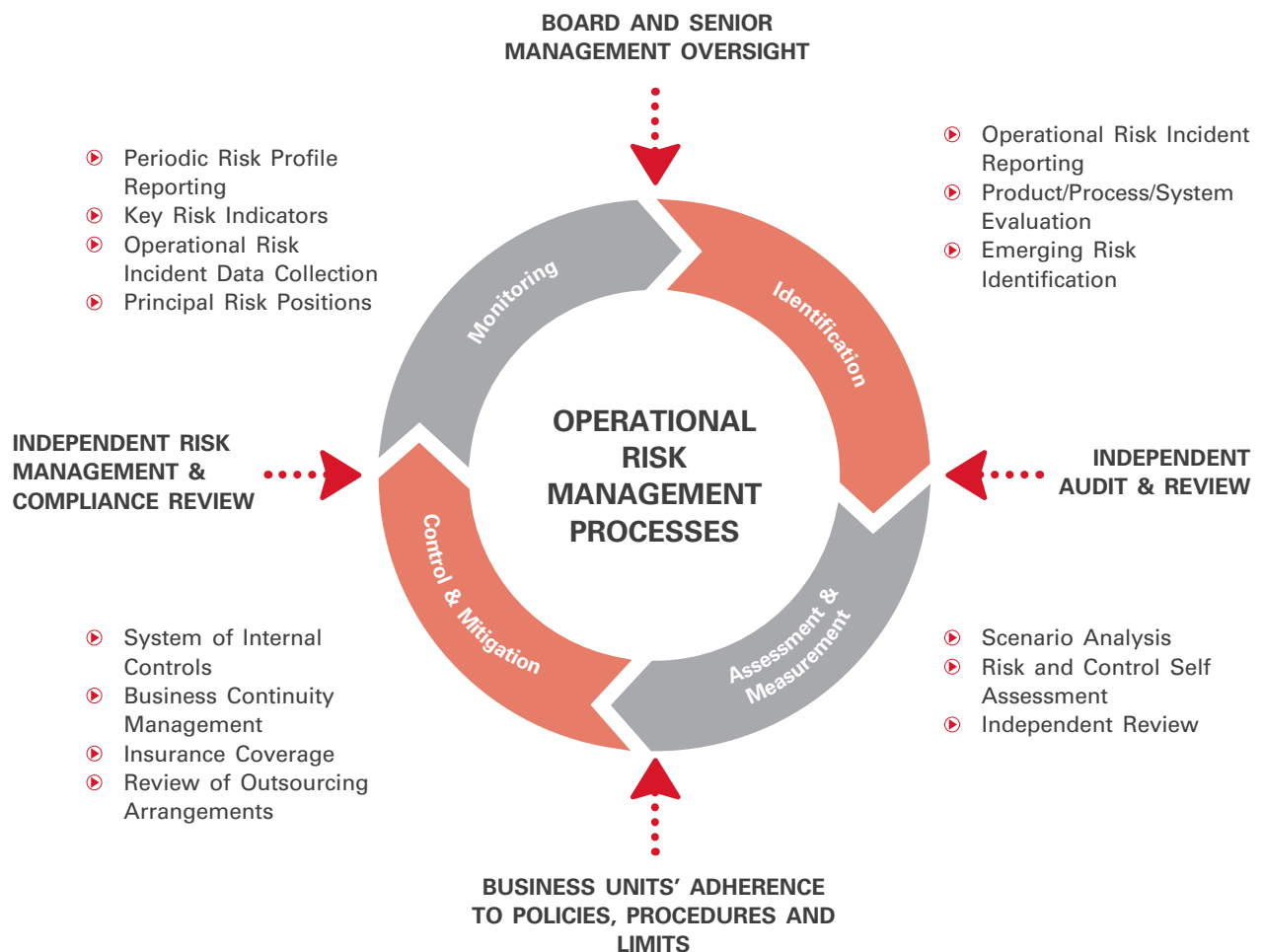


The risk governance and risk management approach for liquidity and funding risk are set out in the liquidity and funding risk section of Note 47 to the financial statements.

8. OPERATIONAL RISK

Operational risk is the risk of inadequate or failed internal processes, people and systems or from external events which would result in financial loss, disruptions in financial services/operations or reputational harm. Operational risk is unavoidable as it is inherent in all banking businesses. The objective of the operational risk management of the Group is to manage its operational risk within an acceptable level.

The following diagram presents the risk management processes over operational risk.



The risk governance and risk management approach for operational risk are set out in the operational risk section of Note 47 to the financial statements.

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8. OPERATIONAL RISK (CONT'D.)

Minimum Regulatory Capital Requirements for Operational Risk

The following table presents the minimum regulatory capital requirements for operational risk of the Group and of the Bank.

	2025		2024	
	Risk-Weighted Assets RM'000	Minimum Capital Requirement at 8% RM'000	Risk-Weighted Assets RM'000	Minimum Capital Requirement at 8% RM'000
Group	27,438,111	2,195,049	24,890,459	1,991,237
Bank	20,374,940	1,629,995	16,934,756	1,354,781

9. SHARIAH NON-COMPLIANCE RISK

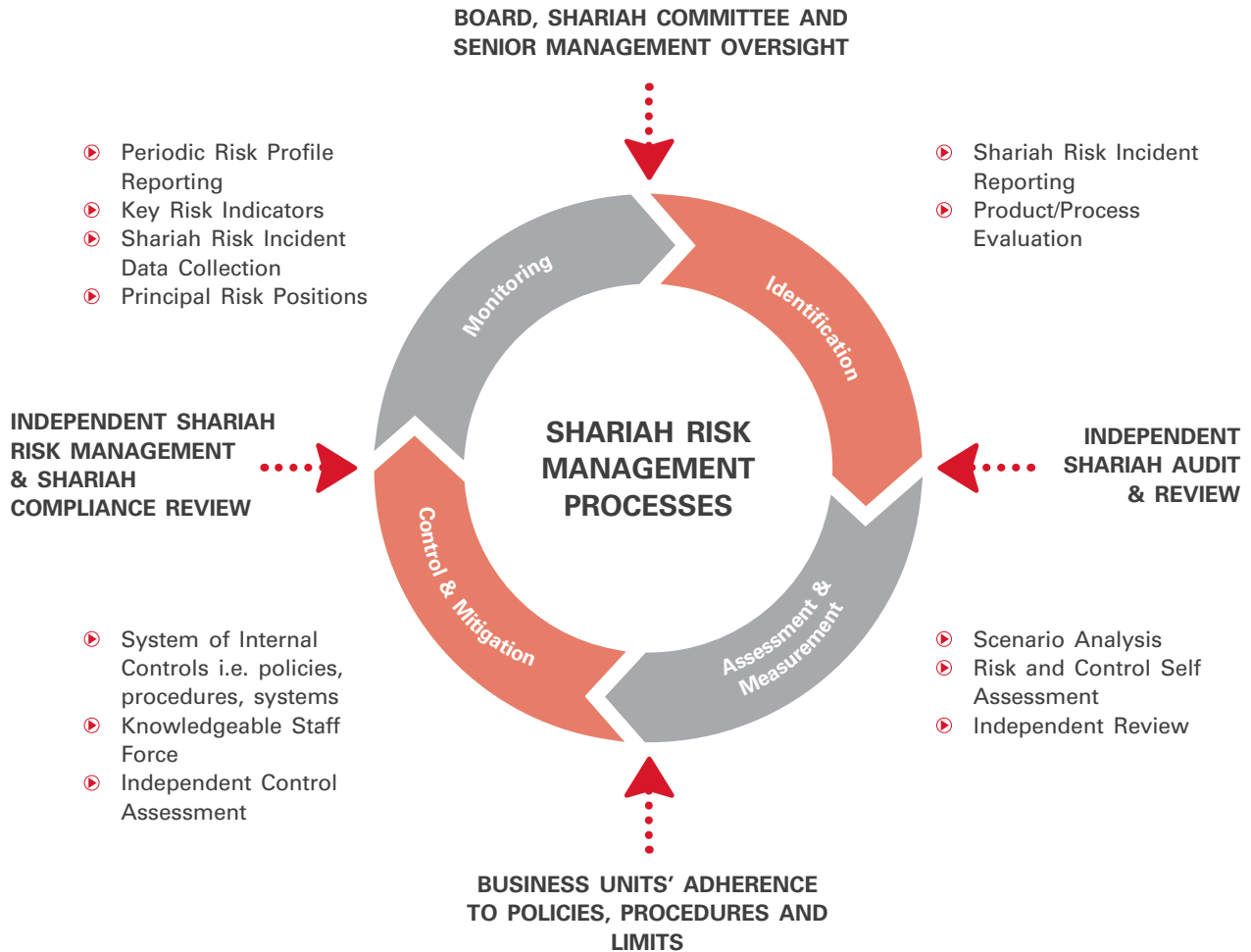
Shariah non-compliance ("SNC") risk is the risk of failure to comply with the rulings of the Shariah Advisory Council of BNM, standards on Shariah matters issued by BNM or decisions or advice of the Shariah Committee ("SC") which could result in legal or regulatory sanctions, financial loss or non-financial implications including reputational damage.

SNC risk of the Group may emanate from the Islamic banking operations, business, affairs and activities of Public Islamic, the management of Shariah-based funds by Public Mutual Berhad and the Islamic capital market activities of Public Investment Bank Berhad.

9. SHARIAH NON-COMPLIANCE RISK (CONT'D.)

Islamic Banking Operations

The following diagram presents the risk management processes over SNC risk:



The following disclosures on SNC risk are set out in the SC report and SNC risk section of Note 47 to the financial statements:

- (a) Nature of Shariah non-compliant activities;
- (b) Amount of Shariah non-compliant income;
- (c) Number of non-Shariah compliant events occurring during the year; and
- (d) Rectification process and control measures to avoid recurrence of such Shariah non-compliant activities.