

Registration No. 199401009897 (295576-U)

# **AmBank Islamic Berhad**

## **Pillar 3 Disclosure**

**31 March 2026**

**CAFIB - Pillar 3 Disclosure  
For 31 March 2026**

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## 1.0 Scope of Application

The Capital Adequacy Framework for Islamic Banks ("CAFIB") – Disclosure Requirements (Pillar 3) policy document issued by Bank Negara Malaysia ("BNM") aims to enhance the transparency of disclosures on the risk management practices and capital adequacy of banking institutions. The policy document is applicable to AmBank Islamic Berhad ("the Bank") and other banking institutions licensed under the Islamic Financial Services Act 2013 ("IFSA").

The information provided in this Pillar 3 Disclosure has been verified by the Group internal auditors and certified by the Chief Executive Officer.

### Capital Adequacy

BNM's guidelines on capital adequacy seek to ensure that risk exposures of financial institutions are supported by adequate level of capital to withstand losses which may result from credit and other risks associated with its business operations.

The capital adequacy ratios of the Bank are computed in accordance with BNM's policy documents on Capital Adequacy Framework for Islamic Banks ("CAFIB") (Capital Components) issued on 14 June 2024, CAFIB (Risk Weighted Assets) issued on 18 December 2023, Capital Adequacy Framework (Operational Risk) and Capital Adequacy Framework (Exposures to Central Counterparties) issued on 15 December 2023.

Pursuant to BNM's policy document on CAFIB (Capital Components), financial institutions are required to maintain minimum Common Equity Tier 1 ("CET1") Capital Ratio of 4.5%, Tier 1 Capital Ratio of 6.0% and Total Capital Ratio of 8.0% at all times. The Bank is also required to maintain the following capital buffers:

- (a) a Capital Conservation Buffer ("CCB") of 2.5%;
- (b) a Countercyclical Capital Buffer ("CCyB"), determined as the weighted-average of the prevailing CCyB rates applied in the jurisdictions in which the Bank has credit exposures. BNM will communicate any decision on the CCyB rate by up to 12 months before the date from which the rate applies; and
- (c) a Higher Loss Absorbency ("HLA") requirement for a financial institution that is designated as a domestic systemically important bank ("D-SIB").

The Bank adopts the following approaches in determining the capital requirements:

### Credit Risk:

The Bank has adopted the Foundation Internal Rating Based ("FIRB") Approach and Supervisory Slotting Criteria for major non-retail portfolios and the Advanced Internal Ratings Based ("AIRB") Approach for major retail portfolios. Credit risk is computed in accordance with CAFIB (Risk Weighted Assets) and Capital Adequacy Framework (Exposures to Central Counterparties).

### Market Risk:

Market risk remains to be computed using the Standardized Approach, as per the CAFIB (Risk Weighted Assets).

## 1.0 Scope of Application (Cont'd.)

The Bank adopts the following approaches in determining the capital requirements: (Cont'd.)

### **Operational Risk:**

The computation of operational risk-weighted assets is in line with the Capital Adequacy Framework (Operational Risk) issued on 15 December 2023.

### **Frequency of Disclosure**

Full disclosure requirements under the BNM guidelines are made on an annual and semi-annual basis except for disclosures under paragraph 10.1 of the guidelines and all qualitative disclosures which are made on an annual basis if there are no material changes in the interim reporting period.

### **Medium and Location of Disclosure**

These Pillar 3 disclosure of the Bank is available on the AmBank Group's corporate website at [www.ambankgroup.com/home](http://www.ambankgroup.com/home).

## 2.0 Capital Management

The Bank's capital management approach is focused on maintaining an optimal capital position that supports the Bank's strategic objectives and risk appetite. In line with the Bank's annual 3-year strategy plan, a capital plan is developed to ensure that adequate level of capital and an optimum capital structure is maintained to meet regulatory requirements, the Bank's strategic objectives and stakeholders' expectations.

The Bank uses internal models and other quantitative techniques in its internal risk and capital assessment. They help to estimate potential future losses arising from credit, market and other material risks, and supplement the regulatory formulae to simulate the amount of capital required to support them.

Stress testing is used to ensure that the Bank's internal capital assessment considers the impact of extreme but probable scenarios on its risk profile and capital position. They provide an insight into the potential impact of significant adverse events on the Bank and how these events could be mitigated. The Bank's target capital levels are set taking into account its risk appetite and its risk profile under future expected and stressed economic scenarios.

The Bank's assessment of risk appetite is closely integrated with the Bank's strategy, business planning and capital assessment processes, and is used to inform senior management's views on the level of capital required to support the Bank's business activities.

The capital that the Bank is required to hold is determined by its risk exposures after applying collaterals and other risk mitigants.

The Bank has in place processes and controls to monitor and manage capital adequacy across the organisation. The Group Assets and Liabilities Committee ("GALCO") is responsible for overseeing and managing the Bank's capital and liquidity positions.

## 2.0 Capital Management (Cont'd.)

A strong governance and process framework is embedded in the capital planning and assessment methodology. Overall responsibility for the effective management of risk rests with the Board. The Risk Management Committee ("RMC") is specifically delegated the task of reviewing all risk management issues including oversight of the Bank's capital position and any actions impacting the capital levels.

### Table 2.1: Capital Adequacy Ratios

The capital adequacy ratios of the Bank are as follows:

	2026	2025
<b>Before deducting proposed dividends:</b>		
CET 1 Capital ratio	15.937%	15.652%
Tier 1 capital ratio	15.937%	15.652%
Total capital ratio	20.344%	20.276%
<b>After deducting proposed dividends:</b>		
CET 1 Capital ratio	14.594%	14.814%
Tier 1 Capital ratio	14.594%	14.814%
Total Capital ratio	19.001%	19.439%

## 2.2 Restricted Investment Account ("RA")

As part of an arrangement between AmBank (M) Berhad ("AmBank") and the Bank in relation to Restricted Investment Account ("RA") agreements, AmBank records its exposure as "Investment account placement" in the arrangement, whereas the Bank records its exposure as "Financing and Advances". The RA is a contract based on Shariah concept of Mudarabah Muqayyadah between AmBank and the Bank to finance a specific business venture whereby AmBank solely provides capital and the business ventures are managed solely by the Bank as the entrepreneur. The RA exposes AmBank to the risks and rewards of the financing, and accordingly, AmBank accounts for all impairment allowances and risk weighted assets arising from the RA arrangement.

As at 31 March 2026, the gross exposure and collective allowance relating to the RA financing were RM2,558.6 million and RM7.2 million respectively (31 March 2025: RM1,197.5 million and RM2.5 million respectively). No Stage 2 and 3 expected credit losses was provided for the RA financing as at 31 March 2026 and 31 March 2025.

### 2.3 Mudarabah Term Investment Account ("MTIA-i")

MTIA-i is a type of an unrestricted investment account opened and maintained by the Investment Account Holder ("IAH") with the Bank. Monies placed in MTIA-i ("Investment Amount") is mandated by IAH to be utilised by the Bank, to fund its stable retail Shariah-compliant financing-i and investment assets of the Bank ("Investment Asset"). Distribution of returns of the investment is based on the pre-agreed Profit Sharing Ratio ("PSR"); the amount of which is dependent on the performance of the Investment Asset.

As at 31 March 2026, the outstanding MTIA-i stood at RM2,046.2 million (31 March 2025: RM1.1 million).

The underlying assets tagged to both RA and MTIA-i excluded from the risk weighted capital adequacy computation of the Bank for 31 March 2026 amounted to RM2,805.4 million (31 March 2025: RM612.3 million).

### 3.0 Capital Structure

The capital structure of the Bank includes capital under the following headings:

- CET 1 Capital;
- Tier 2 Capital.

#### 3.1 CET1 Capital

CET1 Capital consists of the following:

**a) Ordinary Share Capital**

Ordinary share capital represents the most subordinated claim in liquidation of the financial institution.

**b) Retained Earnings**

Retained earnings are included in CET1 Capital net of any interim and/or final dividend declared, and net of any interim losses. Quarterly interim profits that are reviewed or audited by external auditors are included in the computation of CET1 Capital.

**c) Fair Value Reserve**

The fair value reserve comprises fair value gains (net of fair value losses) on financial investments measured at fair value through other comprehensive income ("FVOCI"). In addition, the loss allowance arising from the recognition of expected credit losses on financial investments measured at FVOCI is accumulated in fair value reserve instead of reducing the carrying amount of the assets. To the extent the balance in the fair value reserve is a net credit position, the Bank can recognise 45% of the balance as part of CET1 Capital. Where the balance is a net debit position, the entire balance is deducted from CET1 Capital.

**d) Regulatory Reserve**

Regulatory reserve is maintained in accordance with paragraph 10.9 of the BNM's Policy Document on Financial Reporting for Islamic Banking Institutions as an additional credit risk absorbent. The amount of the regulatory reserve is deducted from the calculation of CET1 Capital.

### 3.2 Additional Tier 1 Capital

The Bank does not have any Additional Tier 1 Capital in issue.

### 3.3 Tier 2 Capital

The main components of Tier 2 Capital are Basel III compliant subordinated debt capital instruments, surplus eligible provisions over expected losses for IRB exposures and general provision for standardised exposures, subjects to applicable regulatory cap. Any shortfall of eligible provision over expected loss will be deducted from CET1 Capital.

#### Basel III Subordinated Sukuk Murabahah

On 26 February 2014, the Bank established a Basel III compliant Subordinated Sukuk Murabahah programme of RM3.0 billion ("Sukuk Murabahah Programme") to enable the issuance of Tier 2 Capital from time to time.

The Sukuk Murabahah Programme has a tenure of thirty (30) years from the date of the first issuance under the programme. Each issuance of Tier 2 Subordinated Sukuk under the programme shall have a tenure of at least five (5) years from the issue date, and is callable on any profit payment date after a minimum period of five (5) years from the date of issuance of each tranche.

On 19 December 2018, AmBank Islamic revised the terms of the Sukuk Murabahah Programme to include the non-viability trigger event referenced to the financial group. The revision is and will be applicable to all existing and future capital instruments issued under the programme.

The salient features of the Sukuk Murabahah issued under this programme and outstanding as at 31 March 2026 are as follows:

Issue Date	First Call Date	Tenure	Profit Rate	Nominal value outstanding (RM million)
8 March 2022	8 March 2027	10 years Non-Callable 5 years	4.25% per annum	250
28 March 2023	28 March 2028	10 years Non-Callable 5 years	4.53% per annum	150
27 June 2023	27 June 2028	10 years Non-Callable 5 years	4.53% per annum	500
30 September 2025	30 September 2030	10 years Non-Callable 5 years	3.75% per annum	400
<b>Total</b>				<b>1,300</b>

**Table 3.4: Capital Structure**

The components of CET 1 Capital, Tier 2 and Total Capital of the Bank are as follows:

	<b>2026</b>	<b>2025</b>
	<b>RM'000</b>	<b>RM'000</b>
<b><u>CET 1 Capital</u></b>		
Ordinary shares	1,387,107	1,387,107
Retained earnings	3,711,713	3,724,686
Fair value reserve	168	(1,589)
Regulatory reserve	249,295	80,674
Less : Regulatory adjustments applied on CET1 Capital		
- Intangible assets	(130)	(210)
- Deferred tax assets	(49,268)	(55,440)
- 55% of cumulative gains of FVOCI financial instruments	(92)	-
- Regulatory reserve	(249,295)	(80,674)
- Unrealised fair value gains on financial liabilities due to changes in own credit risk	(13)	(9)
<b>CET1 Capital/ Tier 1 Capital</b>	<b>5,049,485</b>	<b>5,054,545</b>
<b><u>Tier 2 Capital</u></b>		
Tier 2 Capital instruments meeting all relevant criteria for inclusion	1,300,000	1,300,000
Surplus of eligible provisions to expected losses	62,563	154,180
General provision*	33,743	39,241
<b>Tier 2 Capital</b>	<b>1,396,306</b>	<b>1,493,421</b>
<b>Total Capital</b>	<b>6,445,791</b>	<b>6,547,966</b>

\* Consists of provision for performing assets and regulatory reserve subject to a maximum 1.25% of total credit RWA.

The breakdown of the risk-weighted assets ("RWA") in various categories of risk are as follows:

	<b>2026</b>	<b>2025</b>
	<b>RM'000</b>	<b>RM'000</b>
Credit RWA	32,122,513	29,448,313
Less : Credit RWA absorbed by Investment Account	(2,805,388)	(612,320)
Total Credit RWA	29,317,125	28,835,993
Market RWA	327,492	449,684
Operational RWA	2,039,197	1,952,957
Additional RWA due to Capital Floor	-	1,055,516
<b>Total RWA</b>	<b>31,683,814</b>	<b>32,294,150</b>

**Table 3.5: Risk Weighted Assets and Capital Requirements**

The breakdown of risk weighted assets ("RWA") by exposures in major risk category of the Bank is as follows:

2026

Exposure Class	Gross Exposures/ Exposure At Default ("EAD") before Credit Risk Mitigation ("CRM")		Net Exposures/ EAD after CRM	Risk Weighted Assets	Risk Weighted Assets Absorbed by Profit-Sharing Investment Account ("PSIA")	Total Risk Weighted Assets after effects of PSIA	Minimum Capital Requirement at 8%
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>1. Credit risk</b>							
<b>1.1 Exposures under the Standardised Approach:</b>							
<b>On-balance sheet exposures</b>							
Sovereigns/Central banks	6,767,316	6,767,316	-	-	-	-	-
Public sector entities	92	92	18	-	18	1	
Banks, Development Financial Institutions ("DFIs") and Multilateral Development Banks ("MDBs")	1,903,807	1,903,807	380,761	-	380,761	30,461	
Insurance companies, Securities firms and Fund manager	260	260	260	-	260	21	
Corporates	7,279,268	7,263,892	841,277	-	841,277	67,302	
Regulatory retail	4,142,338	1,816,441	1,596,507	368,158	1,228,349	98,268	
Residential mortgages	57,756	57,756	23,791	-	23,791	1,903	
Higher risk assets	37,469	37,469	56,204	-	56,204	4,496	
Other assets	161,937	161,937	79,629	-	79,629	6,370	
Equity exposures	12,452	12,452	12,452	-	12,452	996	
Defaulted exposures	6,942	6,942	3,491	-	3,491	279	
<b>Total on-balance sheet exposures</b>	<b>20,369,637</b>	<b>18,028,364</b>	<b>2,994,390</b>	<b>368,158</b>	<b>2,626,232</b>	<b>210,097</b>	
<b>Off-balance sheet exposures</b>							
Over the counter ("OTC") derivatives	28,716	28,716	11,627	-	11,627	930	
Off-balance sheet exposures other than OTC derivatives or credit derivatives	467,583	413,176	61,576	-	61,576	4,926	
<b>Total off-balance sheet exposures</b>	<b>496,299</b>	<b>441,892</b>	<b>73,203</b>	<b>-</b>	<b>73,203</b>	<b>5,856</b>	
<b>Total on and off-balance sheet exposures</b>	<b>20,865,936</b>	<b>18,470,256</b>	<b>3,067,593</b>	<b>368,158</b>	<b>2,699,435</b>	<b>215,953</b>	
<b>1.2 Exposures under the IRB Approach:</b>							
<b>On-balance sheet exposures</b>							
<b>Corporates</b>	<b>23,710,085</b>	<b>23,710,085</b>	<b>18,212,694</b>	<b>1,905,082</b>	<b>16,307,612</b>	<b>1,304,610</b>	
(a) Corporate (excluding Specialised Lending and firm-size adjustment)	14,076,669	14,076,669	10,558,835	1,763,862	8,794,973	703,598	
(b) Corporate (with firm-size adjustment)	6,037,251	6,037,251	4,399,987	91,969	4,308,018	344,642	
(c) Specialised Lending (Slotting Approach)	<b>3,596,165</b>	<b>3,596,165</b>	<b>3,253,872</b>	<b>49,251</b>	<b>3,204,621</b>	<b>256,370</b>	
- Project Finance	866,831	866,831	773,733	-	773,733	61,899	
- Object Finance	55,085	55,085	51,190	-	51,190	4,095	
- Income Producing Real Estate	2,451,435	2,451,435	2,157,049	49,251	2,107,798	168,624	
- High Volatility Commercial Real Estate	222,814	222,814	271,900	-	271,900	21,752	

**Table 3.5: Risk Weighted Assets and Capital Requirements (Cont'd.)**

The breakdown of risk weighted assets ("RWA") by exposures in major risk category of the Bank is as follows: (Cont'd.)

2026

Exposure Class	Gross Exposures/ Exposure At Default ("EAD") before Credit Risk Mitigation ("CRM")		Net Exposures/ EAD after CRM	Risk Weighted Assets	Risk Weighted Assets Absorbed by PSIA	Total Risk Weighted Assets after effects of PSIA	Minimum Capital Requirement at 8%
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>1. Credit risk (Cont'd.)</b>							
<b>1.2 Exposures under the IRB Approach (Cont'd.):</b>							
<b>On-balance sheet exposures (Cont'd.)</b>							
<b>Retail Exposures</b>	<b>20,935,703</b>	<b>20,935,703</b>	<b>5,891,511</b>	<b>394,192</b>	<b>5,497,319</b>	<b>439,786</b>	
(a) Residential Mortgages	13,827,343	13,827,343	3,468,588	748	3,467,840	277,427	
(b) Qualifying Revolving Retail Exposures	584,766	584,766	469,870	-	469,870	37,590	
(c) Hire Purchase Exposures	4,804,821	4,804,821	1,537,005	393,444	1,143,561	91,485	
(d) Other Retail Exposures	1,718,773	1,718,773	416,048	-	416,048	33,284	
Defaulted Exposures	939,475	939,475	297,214	-	297,214	23,777	
<b>Total on-balance sheet exposures</b>	<b>45,585,263</b>	<b>45,585,263</b>	<b>24,401,419</b>	<b>2,299,274</b>	<b>22,102,145</b>	<b>1,768,173</b>	
<b>Off-balance sheet exposures</b>							
Over the counter ("OTC") derivatives	5,519	5,519	5,195	-	5,195	416	
Off-balance sheet exposures other than OTC derivatives or credit derivatives	6,616,846	6,616,846	3,003,068	-	3,003,068	240,246	
Defaulted exposures	2,817	2,817	620	-	620	50	
<b>Total off-balance sheet exposures</b>	<b>6,625,182</b>	<b>6,625,182</b>	<b>3,008,883</b>	<b>-</b>	<b>3,008,883</b>	<b>240,712</b>	
<b>Total on and off-balance sheet exposures</b>	<b>52,210,445</b>	<b>52,210,445</b>	<b>27,410,302</b>	<b>2,299,274</b>	<b>25,111,028</b>	<b>2,008,885</b>	
<b>Total IRB Approach after Scaling Factor of 1.06</b>			<b>29,054,920</b>	<b>2,437,230</b>	<b>26,617,690</b>	<b>2,129,417</b>	
<b>Total Standardised and IRB Approaches</b>	<b>73,076,381</b>	<b>70,680,701</b>	<b>32,122,513</b>	<b>2,805,388</b>	<b>29,317,125</b>	<b>2,345,370</b>	
<b>2. Large exposure risk requirement</b>				-	-	-	-
<b>3. Market risk</b>							
	<b>Long Position</b>	<b>Short Position</b>					
Rate of return risk	5,665,385	1,931,274		274,468	-	274,468	21,957
- General rate of return risk	3,777,460	1,911,139		259,443	-	259,443	20,755
- Specific rate of return risk	1,887,925	20,135		15,025	-	15,025	1,202
Foreign currency risk	2,303	53,024		53,024	-	53,024	4,242
<b>Total</b>	<b>5,667,688</b>	<b>1,984,298</b>		<b>327,492</b>	<b>-</b>	<b>327,492</b>	<b>26,199</b>
<b>4. Operational risk</b>				<b>2,039,197</b>	<b>-</b>	<b>2,039,197</b>	<b>163,136</b>
<b>5. Additional RWA due to Capital Floor</b>				<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>6. Total RWA and capital requirements</b>				<b>34,489,202</b>	<b>2,805,388</b>	<b>31,683,814</b>	<b>2,534,705</b>

**Table 3.5: Risk Weighted Assets and Capital Requirements (Cont'd.)**

The breakdown of risk weighted assets ("RWA") by exposures in major risk category of the Bank is as follows: (Cont'd.)

2025

Exposure Class	Gross Exposures/ Exposure At Default ("EAD") before Credit Risk Mitigation ("CRM")		Net Exposures/ EAD after CRM	Risk Weighted Assets	Risk Weighted Assets Absorbed by PSIA	Total Risk Weighted Assets after effects of PSIA	Minimum Capital Requirement at 8%
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>1. Credit risk</b>							
<b>1.1 Exposures under the Standardised Approach:</b>							
<b>On-balance sheet exposures</b>							
Sovereigns/Central banks	6,252,353	6,252,353	-	-	-	-	-
Public sector entities	557	557	111	-	111	9	
Banks, Development Financial Institutions ("DFIs") and Multilateral Development Banks ("MDBs")	1,653,210	1,653,210	322,588	-	322,588	25,807	
Corporates	5,301,613	5,281,231	796,586	-	796,586	63,727	
Regulatory retail	4,163,073	1,961,599	1,740,567	-	1,740,567	139,247	
Residential mortgages	60,657	60,657	25,142	-	25,142	2,011	
Higher risk assets	29,234	29,234	43,852	-	43,852	3,508	
Other assets	192,790	192,790	110,481	-	110,481	8,838	
Equity exposures	9,715	9,715	9,715	-	9,715	777	
Defaulted exposures	2,528	2,489	1,515	-	1,515	121	
<b>Total on-balance sheet exposures</b>	<b>17,665,730</b>	<b>15,443,835</b>	<b>3,050,557</b>	<b>-</b>	<b>3,050,557</b>	<b>244,045</b>	
<b>Off-balance sheet exposures</b>							
Over the counter ("OTC") derivatives	35,788	35,788	10,760	-	10,760	861	
Off-balance sheet exposures other than OTC derivatives or credit derivatives	236,763	168,340	77,963	-	77,963	6,237	
Defaulted exposures	26	26	39	-	39	3	
<b>Total off-balance sheet exposures</b>	<b>272,577</b>	<b>204,154</b>	<b>88,762</b>	<b>-</b>	<b>88,762</b>	<b>7,101</b>	
<b>Total on and off-balance sheet exposures</b>	<b>17,938,307</b>	<b>15,647,989</b>	<b>3,139,319</b>	<b>-</b>	<b>3,139,319</b>	<b>251,146</b>	
<b>1.2 Exposures under the IRB Approach:</b>							
<b>On-balance sheet exposures</b>							
<b>Corporates</b>	<b>21,859,320</b>	<b>21,859,320</b>	<b>15,869,935</b>	<b>576,588</b>	<b>15,293,347</b>	<b>1,223,467</b>	
(a) Corporate (excluding Specialised Lending and firm-size adjustment)	13,496,560	13,496,560	9,501,736	462,268	9,039,468	723,157	
(b) Corporate (with firm-size adjustment)	5,317,150	5,317,150	3,928,035	114,320	3,813,715	305,097	
(c) Specialised Lending (Slotting Approach)	<b>3,045,610</b>	<b>3,045,610</b>	<b>2,440,164</b>	<b>-</b>	<b>2,440,164</b>	<b>195,213</b>	
- Project Finance	1,003,908	1,003,908	749,793	-	749,793	59,983	
- Object Finance	29,419	29,419	17,628	-	17,628	1,410	
- Income Producing Real Estate	1,818,405	1,818,405	1,427,069	-	1,427,069	114,166	
- High Volatility Commercial Real Estate	193,878	193,878	245,674	-	245,674	19,654	

**Table 3.5: Risk Weighted Assets and Capital Requirements (Cont'd.)**

The breakdown of risk weighted assets ("RWA") by exposures in major risk category of the Bank is as follows: (Cont'd.)

2025

Exposure Class	Gross Exposures/ Exposure At Default ("EAD") before Credit Risk Mitigation ("CRM")		Net Exposures/ EAD after CRM	Risk Weighted Assets	Risk Weighted Assets Absorbed by PSIA	Total Risk Weighted Assets after effects of PSIA	Minimum Capital Requirement at 8%
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>1. Credit risk (Cont'd.)</b>							
<b>1.2 Exposures under the IRB Approach (Cont'd.):</b>							
<b>On-balance sheet exposures (Cont'd.)</b>							
<b>Retail Exposures</b>		<b>20,432,304</b>	<b>20,432,304</b>	<b>5,680,795</b>	<b>1,073</b>	<b>5,679,722</b>	<b>454,378</b>
(a) Residential Mortgages		13,321,743	13,321,743	3,369,602	1,073	3,368,529	269,482
(b) Qualifying Revolving Retail Exposures		548,636	548,636	445,257	-	445,257	35,621
(c) Hire Purchase Exposures		4,669,141	4,669,141	1,428,650	-	1,428,650	114,292
(d) Other Retail Exposures		1,892,784	1,892,784	437,286	-	437,286	34,983
Defaulted Exposures		1,373,516	1,373,516	273,536	-	273,536	21,883
<b>Total on-balance sheet exposures</b>		<b>43,665,140</b>	<b>43,665,140</b>	<b>21,824,266</b>	<b>577,661</b>	<b>21,246,605</b>	<b>1,699,728</b>
<b>Off-balance sheet exposures</b>							
Over the counter ("OTC") derivatives		7,695	7,695	6,823	-	6,823	546
Off-balance sheet exposures other than OTC derivatives or credit derivatives		6,704,507	6,704,507	2,973,826	-	2,973,826	237,906
Defaulted exposures		10,279	10,279	14,891	-	14,891	1,191
<b>Total off-balance sheet exposures</b>		<b>6,722,481</b>	<b>6,722,481</b>	<b>2,995,540</b>	<b>-</b>	<b>2,995,540</b>	<b>239,643</b>
<b>Total on and off-balance sheet exposures</b>		<b>50,387,621</b>	<b>50,387,621</b>	<b>24,819,806</b>	<b>577,661</b>	<b>24,242,145</b>	<b>1,939,371</b>
<b>Total IRB Approach after Scaling Factor of 1.06</b>				<b>26,308,994</b>	<b>612,320</b>	<b>25,696,674</b>	<b>2,055,733</b>
<b>Total Standardised and IRB Approaches</b>		<b>68,325,928</b>	<b>66,035,610</b>	<b>29,448,313</b>	<b>612,320</b>	<b>28,835,993</b>	<b>2,306,879</b>
<b>2. Large exposure risk requirement</b>				-	-	-	-
<b>3. Market risk</b>							
	<b>Long Position</b>	<b>Short Position</b>					
Rate of return risk							
- General rate of return risk	4,785,122	2,547,970		318,450	-	318,450	25,476
- Specific rate of return risk	2,488,610	250,449		20,194	-	20,194	1,616
Foreign currency risk	-	111,040		111,040	-	111,040	8,883
<b>Total</b>	<b>7,273,732</b>	<b>2,909,459</b>		<b>449,684</b>	<b>-</b>	<b>449,684</b>	<b>35,975</b>
<b>4. Operational risk</b>				<b>1,952,957</b>	<b>-</b>	<b>1,952,957</b>	<b>156,237</b>
<b>5. Additional RWA due to Capital Floor</b>				<b>1,055,516</b>	<b>-</b>	<b>1,055,516</b>	<b>84,441</b>
<b>6. Total RWA and capital requirements</b>				<b>32,906,470</b>	<b>612,320</b>	<b>32,294,150</b>	<b>2,583,532</b>

#### 4.0 General Risk Management

The Risk Management Framework takes its lead from the Board's Approved Risk Appetite Framework that forms the foundation for AMMB Holdings Berhad ("AMMB") Group to set its risk/reward profile.

The Risk Appetite Framework is reviewed and approved annually by the Board of Directors ("Board") taking into account the AMMB Group's desired external rating and targeted profitability/return on capital employed ("ROCE") and is reviewed periodically throughout the financial year by both the executive management and the Board to consider any fine tuning/enhancements taking into consideration the prevailing or in anticipation of challenges to the environment that AMMB Group operates in.

The Risk Appetite Framework provides portfolio limits/triggers for Credit Risk, Traded Market Risk, Non-Traded Market Risk, Operational Risk, Sustainability Risk and Technology and Cyber Risk incorporating, inter alia, limits/triggers for countries, industries, single counterparty group, products, value at risk, stop loss, stable funding ratio, liquidity and Operational Risk Management ("ORM") tools.

#### AMMB Group Risk Direction

AMMB Group's financial year ("FY") 2025 to FY 2029 Winning Together Strategy blueprint is to focus and reconstruct on 8 key areas, namely, (1) Path to Return on Equity ("ROE") of  $\geq 10\%$ , (2) Sharpening Segment Play, (3) Holistic Customer Value Proposition ("CVP") Leveraging A Collaboration Culture and Partnerships, (4) Pushing Capital-Light Revenue, (5) Ramping Up the Next Wave of Digital Initiatives, (6) Future Proofing The Workforce, (7) Integrating Environmental, Social, and Governance ("ESG") Considerations and (8) The Digital Bank.

- AMMB Group aspires to maintain its corporate credit ratings and the financial institution ratings of its banking subsidiaries at a minimum of AA2/P1 by RAM Rating Services Berhad ("RAM").
- AMMB Group aims to maintain a minimum ROCE of 12% and RWA efficiency ("CRWA/EAD") in the range of 40% to 45%, both based on FIRB.
- AMMB Group aims to maintain its Capital Ratios and at the AMMB Group's Internal Capital Target and Desired Operating Level Target under normal conditions.
- AMMB Group aims to maintain Available Financial Resources in excess of the capital requirements as estimated in the Internal Capital Adequacy Assessment Process ("ICAAP").
- AMMB Group recognises the importance of funding its own business. It aims to maintain the following:
  - Liquidity Coverage Ratio ("LCR") (both consolidated and entity level) at least 10 percentage points above prevailing regulatory minimum;
  - Stressed LCR (both consolidated and entity level) above the regulatory requirement; and
  - Net Stable Funding Ratio ("NSFR") (Financial Holding Company level) above the prevailing regulatory minimum (effective July 2020).

#### **4.0 General Risk Management (Cont'd.)**

##### **AMMB Group Risk Direction (Cont'd.)**

- AMMB Group aims to maintain adequate controls for all key operational risks (including but not limited to regulatory, compliance, technology, conduct and reputational risks).
  - Keep the overall financial losses (operational losses, regulatory penalties and fraud losses) below 0.8% of Profit After Taxation and Minority Interest ("PATMI"); and
  - Remain vigilant in risk identification and management to protect its reputation and business franchise.
  
- AMMB Group aims to maintain adequate controls for all Shariah Non-Compliance ("SNC") risks, with zero tolerance to SNC.
  
- AMMB Group to manage the non-climate supporting and transition exposures of the climate sensitive sectors within 15% by financial year ("FY") 2027 (Short Term) and 10% by FY2030 (Medium Term) of non-retail financing/investment exposures.
  
- AMMB Group aims to manage its exposures to Green House Gas ("GHG") emission intensive sectors while continuing to engage and assist our customers onto sustainability pathways toward the AMMB Group's ultimate target of net zero, in line with the country aspiration by FY2050.

##### **Risk Management Governance**

The Board is ultimately accountable for the management of risks within the Bank. The RMC is formed to assist the Board in discharging its duties in overseeing the overall management of all risks including but not limited to market risk, liquidity risk, credit risk, operational and fraud risk, technology and cyber risk.

The Board has also established the Management Committees to assist in managing the risks and businesses of the Bank. The Management committees address all classes of risk within its Board delegated mandate: credit risk, legal risk, operational and fraud risk, technology and cyber risk, market risk, liquidity risk, Shariah risk, compliance risk, reputational risk, product and business risk, Information Technology ("IT") risk, climate related risk and sustainability (covering ESG) risk.

AMMB Group has an independent risk management function, headed by the Group Chief Risk Officer who:

- is responsible for establishing an enterprise wide risk management framework in all areas including credit, market, liquidity, operational, fraud, reputational, security, technology and cyber, emerging risks, climate related risk and sustainability risk;
- essentially champions and embeds a positive risk culture across AMMB Group to ensure that risk-taking activities across AMMB Group are aligned to AMMB Group's risk appetite and strategies; and
- through the RMC, has access to AMMB Group's Board and the Boards of the respective banking entities to facilitate suitable escalation of issues of concern across the organisation.

## **4.0 General Risk Management (Cont'd.)**

### **Potential impact of Emerging Risk**

Emerging risks, such as increasing living costs due to inflationary pressure would potentially impact the asset quality of the Bank's receivables. Mitigation actions such as comprehensive assessment through new booking quality tracking and trigger as well as a thorough review of the existing portfolio to identify the potentially vulnerable segment and thereafter allocate reasonable provisions to cushion the potential impacts.

The Business Banking - Enterprise Banking portfolio, particularly for smaller small and medium enterprises ("SMEs"), contains segments with elevated risk (i.e. high risk segment) that may affect overall asset quality. Portfolio segmentation has been carried out to enable different strategies to be deployed accordingly, enabling a more effective portfolio management with improved oversight. Furthermore, appropriate provisions have been allocated as necessary.

### **4.1 Internal Capital Adequacy Assessment Process**

The core objectives of the AMMB Group's Internal Capital Adequacy Assessment Process ("ICAAP") Policy are to:

- protect the interests of depositors, creditors and shareholders;
- ensure the safety and soundness of the AMMB Group's capital position; and
- ensure that the capital base supports the AMMB Group's Risk Appetite, and strategic business objectives, in an efficient and effective manner.

The requirements of the ICAAP Policy are consistent and calibrated with the AMMB Group's Risk Appetite as set and approved by the Board.

The following key principles underpin the ICAAP:

4.1.1 AMMB Group shall maintain an approved, documented, risk based and auditable ICAAP. The aim is to ensure the AMMB Group maintains, on a continuous basis, an adequate level of capitalisation which is sized following the identification, measurement, monitoring, and effective management and oversight of material risks across AMMB Group, consistent with:

- The Group Risk Appetite, including the AMMB Group's target credit rating category;
- Regulatory capital requirements;
- The Board and Management's targeted financial performance; and
- The AMMB Group's planned asset growth and strategic business objectives.

#### **4.1.2 Board and Senior Management Oversight**

The ICAAP must be subject to Board and senior management oversight, forms an integral part of the AMMB Group's capital management and decision making processes, and will:

- ensure all elements of the ICAAP are established and functioning effectively and subject to independent review on a periodic basis; and
- ensure comprehensive assessment of capital adequacy conducted annually.

#### **4.1 Internal Capital Adequacy Assessment Process (Cont'd.)**

##### 4.1.3 Capital Management Framework

The ICAAP shall include an approved Capital Management Framework which contains:

- a strategy for maintaining capital resources over time;
- measures that would be taken in the event capital falls below a targeted level; and
- measures to ensure that the AMMB Group complies with minimum regulatory standards.

##### 4.1.4 AMMB Group's quality and level of capital shall commensurate with the level of risks in the business. Sufficient capital shall be maintained to:

- meet minimum prudential requirements (including capital buffer requirements) in all jurisdictions in which AMMB Group operates and any requirements that may be imposed by stakeholders of AMMB Group;
- be consistent with the AMMB Group's overall risk profile and financial positions, taking into account its strategic focus and business plan; and
- achieve or maintain the AMMB Group's desired long term credit rating.

##### 4.1.5 Capital allocation:

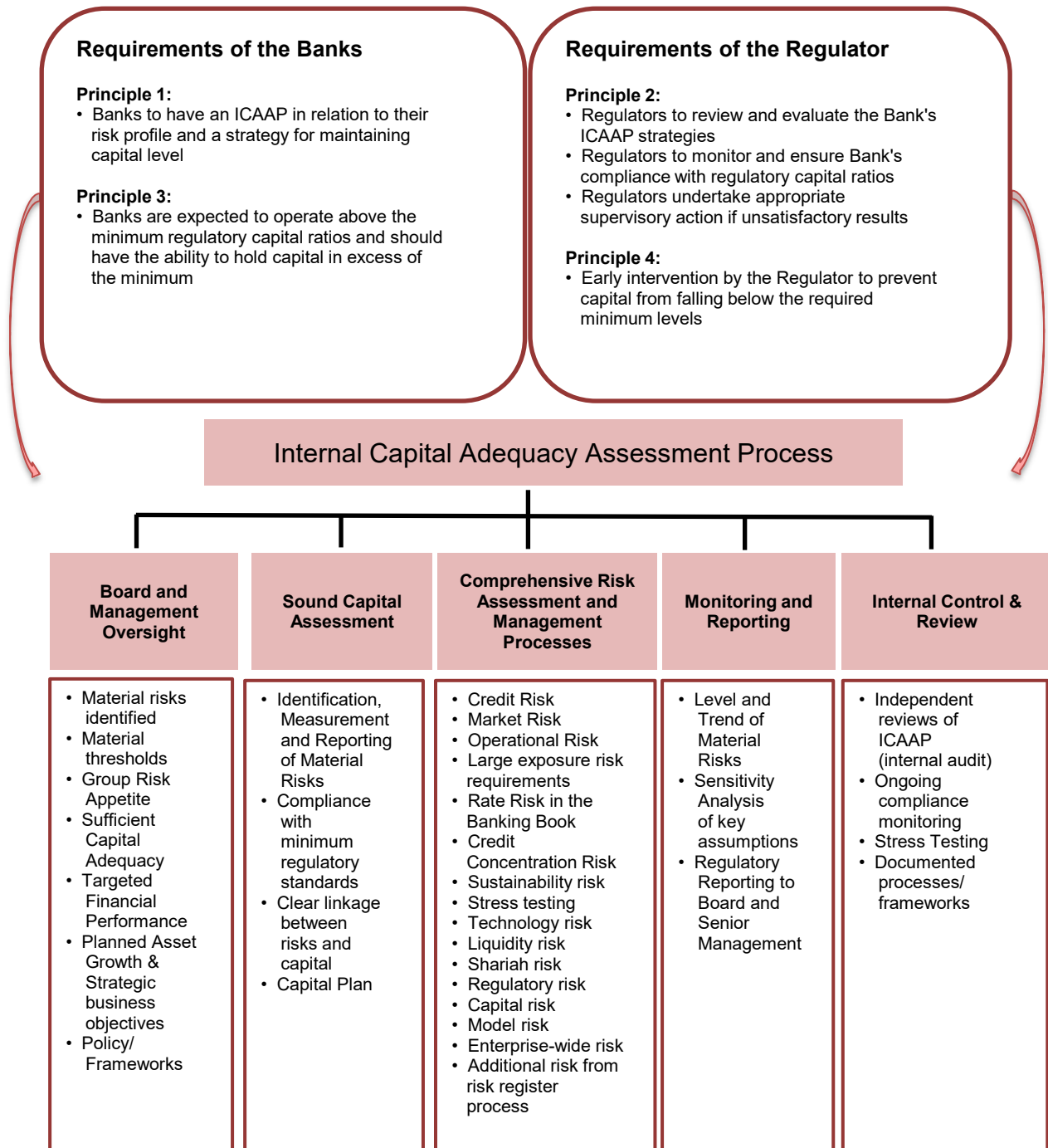
- Capital allocation should be consistent with the AMMB Group's regulatory capital measurement framework and risk adjusted performance requirements.

##### 4.1.6 Material Risks:

- AMMB Group shall identify and assess the risk materiality on an annual basis;
- Risk assessments shall be conducted at bank-wide level and incorporate both quantitative and qualitative elements; and
- Methodologies to identify and determine the materiality of current risk types, changes to existing risk types and new risk types must be established.

## 4.1 Internal Capital Adequacy Assessment Process (Cont'd.)

### ICAAP Framework



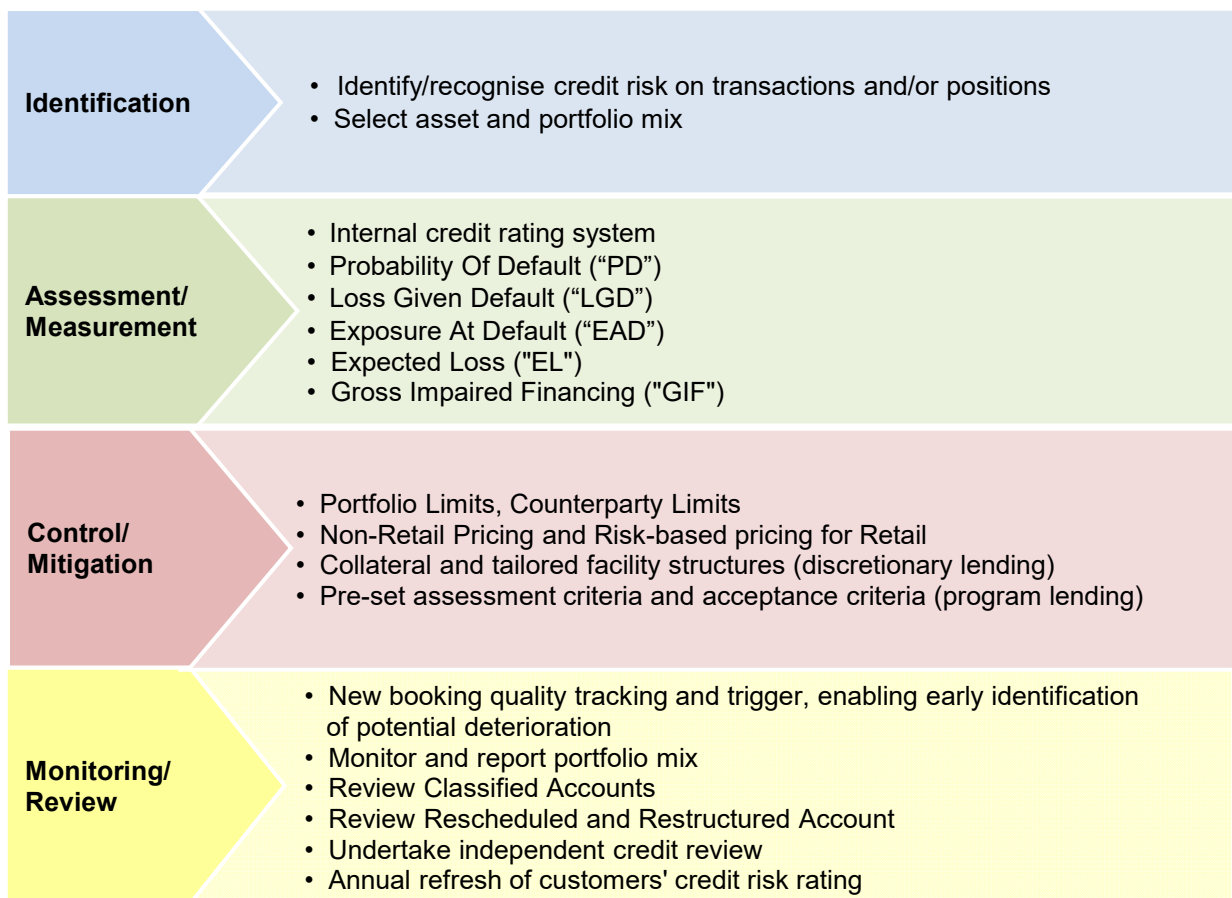
#### 4.1 Internal Capital Adequacy Assessment Process (Cont'd.)

##### Overview of ICAAP process and setting Internal Capital Targets



## 5.0 Credit Risk Management

The credit risk management process is depicted in the table below:



Credit risk is the risk of loss due to the inability or unwillingness of a counterparty to meet its payment obligations. Exposure to credit risk arises from financing, securities and derivative exposures. The identification of credit risk is done by assessing the potential impact of internal and external factors on the Bank's transactions and/or positions as well as Shariah compliance risk (please refer to Section 12 for discussion on Shariah Governance Structure).

The primary objective of credit risk management is to maintain accurate risk recognition - identification and measurement, to ensure that credit risk exposure is in line with the Group Risk Appetite Framework ("GRAF") and related credit policies.

For non-retail credit, risk assessment is a combination of both qualitative and quantitative assessment (including the financial standing of the customer or counterparty using the Bank's credit rating model where the scores are translated into rating grade) on the customer or counterparty. The assigned credit rating grade forms a crucial part of the credit analysis undertaken for each of the Bank's credit exposures and the overall credit assessment is conducted either through a program lending or discretionary lending approach.

For retail credit, credit-scoring systems to better differentiate the quality of customers are being used to complement the credit assessment and approval processes.

## 5.0 Credit Risk Management (Cont'd.)

To support credit risk management, rating models for major portfolios have been continuously monitored and implemented to facilitate:

- improvement in the accuracy of individual obligor risk ratings;
- enhancement to pricing models;
- credit decisioning process;
- financing loss provision calculation;
- stress-testing; and
- enhancement to portfolio management.

Financing activities are guided by internal credit policies and GRAF that are approved by the Board supplemented by credit guidelines and Management-level GRAF settings approved by the Management. The GRAF is refreshed at least annually and with regard to credit risk, provides direction as to portfolio management strategies and internal limits designed to deliver the Bank's optimal portfolio mix. Credit risk portfolio management strategies include, amongst others:

- Concentration threshold/review triggers:
  - single counterparty credit exposure;
  - industry sector exposure; and
  - country risk exposure;
- Non-Retail Credit Policy ("NRCP") and Retail Credit Policy ("RCP") which set out the credit principles and requirements for managing credit risk in the Wholesale Banking ("WB"), Business Banking ("BB"), Investment Banking ("IB"), Group Wealth Management ("GWM") and Retail Banking ("RB") portfolios;
- Classified Account Management requirements are in place for the non-retail model related portfolio, this sets out the identification and management (including monitoring requirements) of customers that exhibit significant increase in credit risk or show symptoms of potential credit issues;
- Rescheduled and Restructured ("R&R") Account Management (embedded within the NRCP for WB and BB, and RCP for RB) sets out the controls in managing R&R financing; and
- Setting Retail and BB-EB risk controls capping for higher risk segment to ensure credit approval practice is aligned with the credit policies and GRAF.

## **5.0 Credit Risk Management (Cont'd.)**

Exposure outside the approval discretions of individual Credit Approval Delegation ("CAD") holders are escalated to higher approving authority or Credit and Commitments Committee ("CACC") for approval. In the event such exposure exceeds a stipulated customer group threshold within AMMB Group, the letter of offer shall not be issued until the credit is reviewed by the Joint Board Credit Committee ("Joint BCC"). Portfolio credit risk is reported to the relevant management and board committees.

The Group Management Risk Committee ("GMRC") regularly meets to review the quality and diversification of the Bank's financing portfolio and review the portfolio risk profile against the GRAF and recommend or approve new and amended credit risk policies or guidelines.

Group Risk Management prepares monthly Risk Reports which detail important portfolio composition and trend analysis incorporating asset growth, asset quality, impairment, flow rates of financing delinquency buckets and exposures by industry sectors are reported monthly to executive management and to all meetings of the Board.

5.0 Credit Risk Management

Table 5.0.1: Distribution of gross credit exposures by sector

The distribution of credit exposures by sector of the Bank is as follows:

2026	Agriculture RM'000	Mining and Quarrying RM'000	Manufacturing RM'000	Electricity, Gas and Water RM'000	Construction RM'000	Wholesale and Retail Trade and Hotel and Restaurants RM'000	Transport, Storage and Communication RM'000	Finance and Insurance RM'000	Government and Central Banks RM'000	Real Estate RM'000	Business Activity RM'000	Education and Health RM'000	Household RM'000	Others RM'000	Total RM'000
<b>Exposures under the Standardised Approach:</b>															
<b>On-balance sheet exposures</b>															
Sovereigns/Central banks	-	-	-	-	-	-	-	-	6,767,316	-	-	-	-	-	6,767,316
Public sector entities	-	-	-	-	-	-	-	-	92	-	-	-	-	-	92
Banks, DFIs and MDBs	-	-	-	-	-	-	-	1,903,807	-	-	-	-	-	-	1,903,807
Insurance companies, Securities firms and Fund manager	-	-	-	-	-	-	-	260	-	-	-	-	-	-	260
Corporates	993,984	2,958	5,173	41,091	843,228	59,670	1,553,059	3,470,571	-	62,074	122,645	111,539	13,276	-	7,279,268
Regulatory retail	-	-	6,680	-	1,232	11,555	4,946	-	-	-	558	5	4,117,362	-	4,142,338
Residential mortgages	-	-	-	-	-	-	-	-	-	-	-	-	57,756	-	57,756
Higher risk assets	-	-	37,469	-	-	-	-	-	-	-	-	-	-	-	37,469
Other assets	-	-	-	-	-	-	-	-	82,309	-	-	-	-	79,628	161,937
Equity exposures	-	-	12,452	-	-	-	-	-	-	-	-	-	-	-	12,452
Defaulted exposures	-	-	-	-	-	-	-	-	-	-	-	-	6,942	-	6,942
<b>Total on-balance sheet exposures</b>	<b>993,984</b>	<b>2,958</b>	<b>61,774</b>	<b>41,091</b>	<b>844,460</b>	<b>71,225</b>	<b>1,558,005</b>	<b>5,374,638</b>	<b>6,849,717</b>	<b>62,074</b>	<b>123,203</b>	<b>111,544</b>	<b>4,195,336</b>	<b>79,628</b>	<b>20,369,637</b>
<b>Off-balance sheet exposures</b>															
OTC derivatives	-	-	-	-	-	-	-	28,716	-	-	-	-	-	-	28,716
Off-balance sheet exposures other than OTC derivatives or credit derivatives	33,258	4	19,738	505	3,601	9,759	294,790	3,900	-	9,401	1,445	6	91,176	-	467,583
<b>Total off-balance sheet exposures</b>	<b>33,258</b>	<b>4</b>	<b>19,738</b>	<b>505</b>	<b>3,601</b>	<b>9,759</b>	<b>294,790</b>	<b>32,616</b>	<b>-</b>	<b>9,401</b>	<b>1,445</b>	<b>6</b>	<b>91,176</b>	<b>-</b>	<b>496,299</b>
<b>Total on and off-balance sheet exposures (Standardised Approach)</b>	<b>1,027,242</b>	<b>2,962</b>	<b>81,512</b>	<b>41,596</b>	<b>848,061</b>	<b>80,984</b>	<b>1,852,795</b>	<b>5,407,254</b>	<b>6,849,717</b>	<b>71,475</b>	<b>124,648</b>	<b>111,550</b>	<b>4,286,512</b>	<b>79,628</b>	<b>20,865,936</b>

Table 5.0.1: Distribution of gross credit exposures by sector (Cont'd.)

The distribution of credit exposures by sector of the Bank is as follows: (Cont'd.)

2026	Agriculture RM'000	Mining and Quarrying RM'000	Manufacturing RM'000	Electricity, Gas and Water RM'000	Construction RM'000	Wholesale and Retail Trade and Hotel and Restaurants RM'000	Transport, Storage and Communication RM'000	Finance and Insurance RM'000	Government and Central Banks RM'000	Real Estate RM'000	Business Activity RM'000	Education and Health RM'000	Household RM'000	Others RM'000	Total RM'000
<b>Exposures under the</b>															
<b>IRB Approach:</b>															
<b>On-balance sheet exposures</b>															
<b>Corporates</b>	<b>574,891</b>	<b>112,314</b>	<b>5,741,802</b>	<b>1,426,592</b>	<b>1,522,561</b>	<b>3,386,831</b>	<b>3,816,082</b>	<b>1,814,871</b>	-	<b>3,965,854</b>	<b>933,744</b>	<b>410,643</b>	<b>3,900</b>	-	<b>23,710,085</b>
(a) Corporate (excluding Specialised Lending and firm-size adjustment)	434,322	85,127	3,489,747	742,832	803,062	1,811,932	2,889,438	1,707,618	-	1,531,547	417,278	163,766	-	-	14,076,669
(b) Corporate (with firm-size adjustment)	140,569	27,187	1,971,152	243,261	365,115	1,572,480	517,517	107,215	-	450,632	501,450	136,773	3,900	-	6,037,251
(c) Specialised Lending (Slotting Approach)	-	-	<b>280,903</b>	<b>440,499</b>	<b>354,384</b>	<b>2,419</b>	<b>409,127</b>	<b>38</b>	-	<b>1,983,675</b>	<b>15,016</b>	<b>110,104</b>	-	-	<b>3,596,165</b>
- Project Finance	-	-	280,903	367,640	218,288	-	-	-	-	-	-	-	-	-	866,831
- Object Finance	-	-	-	36,486	-	-	-	-	-	-	15,016	3,583	-	-	55,085
- Income Producing Real Estate	-	-	-	36,373	136,096	2,419	409,127	38	-	1,760,861	-	106,521	-	-	2,451,435
- High Volatility Commercial Real Estate	-	-	-	-	-	-	-	-	-	222,814	-	-	-	-	222,814
<b>Retail Exposures</b>	<b>4,329</b>	<b>5,941</b>	<b>108,684</b>	<b>2,401</b>	<b>41,764</b>	<b>170,741</b>	<b>55,508</b>	<b>45</b>	-	<b>14,457</b>	<b>39,751</b>	<b>16,401</b>	<b>20,475,681</b>	-	<b>20,935,703</b>
(a) Residential Mortgages	-	-	-	-	-	-	-	-	-	-	-	-	13,827,343	-	13,827,343
(b) Qualifying Revolving Retail Exposures	-	-	-	-	-	-	-	-	-	-	-	-	584,766	-	584,766
(c) Hire Purchase Exposures	-	-	-	-	-	-	-	-	-	-	-	-	4,804,821	-	4,804,821
(d) Other Retail Exposures	4,329	5,941	108,684	2,401	41,764	170,741	55,508	45	-	14,457	39,751	16,401	1,258,751	-	1,718,773
Defaulted Exposures	83,756	176,335	48,184	826	10,780	72,175	9,649	1	-	60,375	10,641	7,087	459,666	-	939,475
<b>Total on-balance sheet exposures</b>	<b>662,976</b>	<b>294,590</b>	<b>5,898,670</b>	<b>1,429,819</b>	<b>1,575,105</b>	<b>3,629,747</b>	<b>3,881,239</b>	<b>1,814,917</b>	-	<b>4,040,686</b>	<b>984,136</b>	<b>434,131</b>	<b>20,939,247</b>	-	<b>45,585,263</b>
<b>Off-balance sheet exposures</b>															
OTC derivatives	-	-	3,754	986	6	571	45	-	-	-	-	157	-	-	5,519
Off-balance sheet exposures other than OTC derivatives or credit derivatives	42,843	41,203	1,604,527	658,976	887,137	683,660	282,833	27,539	-	495,274	104,602	38,962	1,749,290	-	6,616,846
Defaulted exposures	-	-	-	-	1,711	17	48	-	-	-	40	-	1,001	-	2,817
<b>Total off-balance sheet exposures</b>	<b>42,843</b>	<b>41,203</b>	<b>1,608,281</b>	<b>659,962</b>	<b>888,854</b>	<b>684,248</b>	<b>282,926</b>	<b>27,539</b>	-	<b>495,274</b>	<b>104,642</b>	<b>39,119</b>	<b>1,750,291</b>	-	<b>6,625,182</b>
<b>Total on and off-balance sheet exposures (IRB Approach)</b>	<b>705,819</b>	<b>335,793</b>	<b>7,506,951</b>	<b>2,089,781</b>	<b>2,463,959</b>	<b>4,313,995</b>	<b>4,164,165</b>	<b>1,842,456</b>	-	<b>4,535,960</b>	<b>1,088,778</b>	<b>473,250</b>	<b>22,689,538</b>	-	<b>52,210,445</b>
<b>Total Standardised and IRB Approaches</b>	<b>1,733,061</b>	<b>338,755</b>	<b>7,588,463</b>	<b>2,131,377</b>	<b>3,312,020</b>	<b>4,394,979</b>	<b>6,016,960</b>	<b>7,249,710</b>	<b>6,849,717</b>	<b>4,607,435</b>	<b>1,213,426</b>	<b>584,800</b>	<b>26,976,050</b>	<b>79,628</b>	<b>73,076,381</b>

**Table 5.0.1: Distribution of gross credit exposures by sector (Cont'd.)**

The distribution of credit exposures by sector of the Bank is as follows: (Cont'd.)

2025	Agriculture RM'000	Mining and Quarrying RM'000	Manufacturing RM'000	Electricity, Gas and Water RM'000	Construction RM'000	Wholesale and Retail Trade and Hotel and Restaurants RM'000	Transport, Storage and Communication RM'000	Finance and Insurance RM'000	Government and Central Banks RM'000	Real Estate RM'000	Business Activity RM'000	Education and Health RM'000	Household RM'000	Others RM'000	Total RM'000
<b>Exposures under the</b>															
<b>Standardised Approach:</b>															
<b>On-balance sheet exposures</b>															
Sovereigns/Central banks	-	-	-	-	-	-	-	-	6,252,353	-	-	-	-	-	6,252,353
Public sector entities	-	-	-	-	-	-	-	-	557	-	-	-	-	-	557
Banks, DFIs and MDBs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,653,210
Corporates	270,956	22,513	15,017	-	1,143,487	59,731	322,612	2,693,115	-	64,975	697,923	10,863	421	-	5,301,613
Regulatory retail	14	-	3	-	17	1,481	1,015	-	-	-	1	6	4,160,536	-	4,163,073
Residential mortgages	-	-	-	-	-	-	-	-	-	-	-	-	60,657	-	60,657
Higher risk assets	-	-	29,234	-	-	-	-	-	-	-	-	-	-	-	29,234
Other assets	-	-	-	-	-	-	-	-	82,309	-	-	-	-	110,481	192,790
Equity exposures	-	-	9,715	-	-	-	-	-	-	-	-	-	-	-	9,715
Defaulted exposures	-	-	-	-	-	-	-	-	-	-	-	-	2,528	-	2,528
<b>Total on-balance sheet exposures</b>	<b>270,970</b>	<b>22,513</b>	<b>53,969</b>	<b>-</b>	<b>1,143,504</b>	<b>61,212</b>	<b>323,627</b>	<b>4,346,325</b>	<b>6,335,219</b>	<b>64,975</b>	<b>697,924</b>	<b>10,869</b>	<b>4,224,142</b>	<b>110,481</b>	<b>17,665,730</b>
<b>Off-balance sheet exposures</b>															
OTC derivatives	-	-	-	-	-	-	-	12,008	23,780	-	-	-	-	-	35,788
Off-balance sheet exposures other than OTC derivatives or credit derivatives	2,138	102	19,209	14	610	6,200	5,243	27,040	3	11	60,208	72	115,913	-	236,763
Defaulted exposures	-	-	-	-	-	-	-	-	-	-	-	-	26	-	26
<b>Total off-balance sheet exposures</b>	<b>2,138</b>	<b>102</b>	<b>19,209</b>	<b>14</b>	<b>610</b>	<b>6,200</b>	<b>5,243</b>	<b>39,048</b>	<b>23,783</b>	<b>11</b>	<b>60,208</b>	<b>72</b>	<b>115,939</b>	<b>-</b>	<b>272,577</b>
<b>Total on and off-balance sheet exposures (Standardised Approach)</b>	<b>273,108</b>	<b>22,615</b>	<b>73,178</b>	<b>14</b>	<b>1,144,114</b>	<b>67,412</b>	<b>328,870</b>	<b>4,385,373</b>	<b>6,359,002</b>	<b>64,986</b>	<b>758,132</b>	<b>10,941</b>	<b>4,340,081</b>	<b>110,481</b>	<b>17,938,307</b>

**Table 5.0.1: Distribution of gross credit exposures by sector (Cont'd.)**

The distribution of credit exposures by sector of the Bank is as follows: (Cont'd.)

2025	Agriculture RM'000	Mining and Quarrying RM'000	Manufacturing RM'000	Electricity, Gas and Water RM'000	Construction RM'000	Wholesale and Retail Trade and Hotel and Restaurants RM'000	Transport, Storage and Communication RM'000	Finance and Insurance RM'000	Government and Central Banks RM'000	Real Estate RM'000	Business Activity RM'000	Education and Health RM'000	Household RM'000	Others RM'000	Total RM'000
<b>Exposures under the</b>															
<b>IRB Approach:</b>															
<b>On-balance sheet exposures</b>															
<b>Corporates</b>	<b>1,406,622</b>	<b>62,875</b>	<b>5,013,054</b>	<b>1,070,516</b>	<b>900,913</b>	<b>3,612,404</b>	<b>2,986,955</b>	<b>2,104,428</b>	-	<b>2,895,646</b>	<b>1,438,130</b>	<b>364,406</b>	<b>3,371</b>	-	<b>21,859,320</b>
(a) Corporate (excluding Specialised Lending and firm-size adjustment)	1,158,350	12,231	3,424,439	652,350	536,317	1,881,564	1,615,867	1,893,629	-	1,168,448	1,002,776	148,501	2,088	-	13,496,560
(b) Corporate (with firm-size adjustment)	248,272	50,644	1,335,308	125,534	197,751	1,726,996	593,544	209,239	-	249,482	430,023	149,074	1,283	-	5,317,150
(c) Specialised Lending (Slotting Approach)	-	-	<b>253,307</b>	<b>292,632</b>	<b>166,845</b>	<b>3,844</b>	<b>777,544</b>	<b>1,560</b>	-	<b>1,477,716</b>	<b>5,331</b>	<b>66,831</b>	-	-	<b>3,045,610</b>
- Project Finance	-	-	251,410	251,006	131,288	-	365,126	-	-	-	5,078	-	-	-	1,003,908
- Object Finance	-	-	-	24,930	-	-	-	-	-	-	-	4,489	-	-	29,419
- Income Producing Real Estate	-	-	1,897	16,696	35,557	3,844	412,418	1,560	-	1,283,838	253	62,342	-	-	1,818,405
- High Volatility Commercial Real Estate	-	-	-	-	-	-	-	-	-	193,878	-	-	-	-	193,878
<b>Retail Exposures</b>	<b>4,897</b>	<b>5,467</b>	<b>105,441</b>	<b>2,169</b>	<b>39,672</b>	<b>171,081</b>	<b>56,008</b>	<b>124</b>	-	<b>17,832</b>	<b>34,564</b>	<b>21,463</b>	<b>19,973,586</b>	-	<b>20,432,304</b>
(a) Residential Mortgages	-	-	-	-	-	-	-	-	-	-	-	-	13,321,743	-	13,321,743
(b) Qualifying Revolving Retail Exposures	-	-	-	-	-	-	-	-	-	-	-	-	548,636	-	548,636
(c) Hire Purchase Exposures	-	-	-	-	-	-	-	-	-	-	-	-	4,669,141	-	4,669,141
(d) Other Retail Exposures	4,897	5,467	105,441	2,169	39,672	171,081	56,008	124	-	17,832	34,564	21,463	1,434,066	-	1,892,784
Defaulted Exposures	8,137	733,717	43,067	869	41,291	63,304	8,552	2	-	61,947	8,684	2,171	401,775	-	1,373,516
<b>Total on-balance sheet exposures</b>	<b>1,419,656</b>	<b>802,059</b>	<b>5,161,562</b>	<b>1,073,554</b>	<b>981,876</b>	<b>3,846,789</b>	<b>3,051,515</b>	<b>2,104,554</b>	-	<b>2,975,425</b>	<b>1,481,378</b>	<b>388,040</b>	<b>20,378,732</b>	-	<b>43,665,140</b>
<b>Off-balance sheet exposures</b>															
OTC derivatives	-	-	7,021	160	22	451	-	-	-	-	41	-	-	-	7,695
Off-balance sheet exposures other than OTC derivatives or credit derivatives	146,914	265,137	1,376,018	203,132	935,188	898,543	842,365	23,722	-	315,735	97,436	40,774	1,559,543	-	6,704,507
Defaulted exposures	1,000	630	2,974	-	2,409	72	345	-	-	-	-	-	2,849	-	10,279
<b>Total off-balance sheet exposures</b>	<b>147,914</b>	<b>265,767</b>	<b>1,386,013</b>	<b>203,292</b>	<b>937,619</b>	<b>899,066</b>	<b>842,710</b>	<b>23,722</b>	-	<b>315,735</b>	<b>97,477</b>	<b>40,774</b>	<b>1,562,392</b>	-	<b>6,722,481</b>
<b>Total on and off-balance sheet exposures (IRB Approach)</b>	<b>1,567,570</b>	<b>1,067,826</b>	<b>6,547,575</b>	<b>1,276,846</b>	<b>1,919,495</b>	<b>4,745,855</b>	<b>3,894,225</b>	<b>2,128,276</b>	-	<b>3,291,160</b>	<b>1,578,855</b>	<b>428,814</b>	<b>21,941,124</b>	-	<b>50,387,621</b>
<b>Total Standardised and IRB Approaches</b>	<b>1,840,678</b>	<b>1,090,441</b>	<b>6,620,753</b>	<b>1,276,860</b>	<b>3,063,609</b>	<b>4,813,267</b>	<b>4,223,095</b>	<b>6,513,649</b>	<b>6,359,002</b>	<b>3,356,146</b>	<b>2,336,987</b>	<b>439,755</b>	<b>26,281,205</b>	<b>110,481</b>	<b>68,325,928</b>

**Table 5.0.2: Geographical distribution of credit exposures**

The geographic distribution of credit exposures of the Bank is as follows:

2026	In Malaysia	Outside Malaysia	Total
	RM'000	RM'000	RM'000
<b>Exposures under the</b>			
<b><u>Standardised Approach:</u></b>			
<b>On-balance sheet exposures</b>			
Sovereigns/Central banks	6,767,316	-	6,767,316
Public sector entities	92	-	92
Banks, DFIs and MDBs	1,870,137	33,670	1,903,807
Insurance companies, Securities firms and Fund manager	260	-	260
Corporates	7,279,268	-	7,279,268
Regulatory retail	4,142,338	-	4,142,338
Residential mortgages	57,756	-	57,756
Higher risk assets	37,469	-	37,469
Other assets	161,937	-	161,937
Equity exposures	12,452	-	12,452
Defaulted exposures	6,942	-	6,942
<b>Total on-balance sheet exposures</b>	<b>20,335,967</b>	<b>33,670</b>	<b>20,369,637</b>
<b>Off-balance sheet exposures</b>			
OTC derivatives	28,716	-	28,716
Off-balance sheet exposures other than OTC derivatives or credit derivatives	467,583	-	467,583
<b>Total off-balance sheet exposures</b>	<b>496,299</b>	<b>-</b>	<b>496,299</b>
<b>Total on and off-balance sheet exposures (Standardised Approach)</b>	<b>20,832,266</b>	<b>33,670</b>	<b>20,865,936</b>
<b>Exposures under the IRB Approach:</b>			
<b>On-balance sheet exposures</b>			
<b>Corporates</b>	<b>23,710,085</b>	<b>-</b>	<b>23,710,085</b>
(a) Corporate (excluding Specialised Lending and firm-size adjustment)	14,076,669	-	14,076,669
(b) Corporate (with firm-size adjustment)	6,037,251	-	6,037,251
(c) Specialised Lending (Slotting Approach)	<b>3,596,165</b>	<b>-</b>	<b>3,596,165</b>
- Project Finance	866,831	-	866,831
- Object Finance	55,085	-	55,085
- Income Producing Real Estate	2,451,435	-	2,451,435
- High Volatility Commercial Real Estate	222,814	-	222,814

**Table 5.0.2: Geographical distribution of credit exposures (Cont'd.)**

The geographic distribution of credit exposures of the Bank is as follows: (Cont'd.)

2026	In Malaysia	Outside Malaysia	Total
	RM'000	RM'000	RM'000
<b>Exposures under the IRB Approach: (Cont'd.)</b>			
<b>On-balance sheet exposures (Cont'd.)</b>			
<b>Retail Exposures</b>	<b>20,935,703</b>	-	<b>20,935,703</b>
(a) Residential Mortgages	13,827,343	-	13,827,343
(b) Qualifying Revolving Retail Exposures	584,766	-	584,766
(c) Hire Purchase Exposures	4,804,821	-	4,804,821
(d) Other Retail Exposures	1,718,773	-	1,718,773
Defaulted Exposures	939,475	-	939,475
<b>Total on-balance sheet exposures</b>	<b>45,585,263</b>	-	<b>45,585,263</b>
<b>Off-balance sheet exposures</b>			
OTC derivatives	5,519	-	5,519
Off-balance sheet exposures other than OTC derivatives or credit derivatives	6,616,846	-	6,616,846
Defaulted exposures	2,817	-	2,817
<b>Total off-balance sheet exposures</b>	<b>6,625,182</b>	-	<b>6,625,182</b>
<b>Total on and off-balance sheet exposures (IRB Approach)</b>	<b>52,210,445</b>	-	<b>52,210,445</b>
<b>Total Standardised and IRB Approaches</b>	<b>73,042,711</b>	<b>33,670</b>	<b>73,076,381</b>

**Table 5.0.2: Geographical distribution of credit exposures (Cont'd.)**

The geographic distribution of credit exposures of the Bank is as follows: (Cont'd.)

2025	In Malaysia	Outside Malaysia	Total
	RM'000	RM'000	RM'000
<b>Exposures under the</b>			
<b><u>Standardised Approach:</u></b>			
<b>On-balance sheet exposures</b>			
Sovereigns/Central banks	6,252,353	-	6,252,353
Public sector entities	557	-	557
Banks, DFIs and MDBs	1,584,600	68,610	1,653,210
Corporates	5,301,613	-	5,301,613
Regulatory retail	4,163,073	-	4,163,073
Residential mortgages	60,657	-	60,657
Higher risk assets	29,234	-	29,234
Other assets	192,790	-	192,790
Equity exposures	9,715	-	9,715
Defaulted exposures	2,528	-	2,528
<b>Total on-balance sheet exposures</b>	<b>17,597,120</b>	<b>68,610</b>	<b>17,665,730</b>
<b>Off-balance sheet exposures</b>			
OTC derivatives	35,788	-	35,788
Off-balance sheet exposures other than OTC derivatives or credit derivatives	236,763	-	236,763
Defaulted exposures	26	-	26
<b>Total off-balance sheet exposures</b>	<b>272,577</b>	<b>-</b>	<b>272,577</b>
<b>Total on and off-balance sheet exposures (Standardised Approach)</b>	<b>17,869,697</b>	<b>68,610</b>	<b>17,938,307</b>
<b>Exposures under the IRB Approach:</b>			
<b>On-balance sheet exposures</b>			
<b>Corporates</b>	<b>21,859,320</b>	<b>-</b>	<b>21,859,320</b>
(a) Corporate (excluding Specialised Lending and firm-size adjustment)	13,496,560	-	13,496,560
(b) Corporate (with firm-size adjustment)	5,317,150	-	5,317,150
(c) Specialised Lending (Slotting Approach)	<b>3,045,610</b>	<b>-</b>	<b>3,045,610</b>
- Project Finance	1,003,908	-	1,003,908
- Object Finance	29,419	-	29,419
- Income Producing Real Estate	1,818,405	-	1,818,405
- High Volatility Commercial Real Estate	193,878	-	193,878

**Table 5.0.2: Geographical distribution of credit exposures (Cont'd.)**

The geographic distribution of credit exposures of the Bank is as follows: (Cont'd.)

2025	In Malaysia	Outside Malaysia	Total
	RM'000	RM'000	RM'000
<b>Exposures under the IRB Approach: (Cont'd.)</b>			
<b>On-balance sheet exposures (Cont'd.)</b>			
<b>Retail Exposures</b>	<b>20,432,304</b>	-	<b>20,432,304</b>
(a) Residential Mortgages	13,321,743	-	13,321,743
(b) Qualifying Revolving Retail Exposures	548,636	-	548,636
(c) Hire Purchase Exposures	4,669,141	-	4,669,141
(d) Other Retail Exposures	1,892,784	-	1,892,784
Defaulted Exposures	1,373,516	-	1,373,516
<b>Total on-balance sheet exposures</b>	<b>43,665,140</b>	-	<b>43,665,140</b>
<b>Off-balance sheet exposures</b>			
OTC derivatives	7,695	-	7,695
Off-balance sheet exposures other than OTC derivatives or credit derivatives	6,704,507	-	6,704,507
Defaulted exposures	10,279	-	10,279
<b>Total off-balance sheet exposures</b>	<b>6,722,481</b>	-	<b>6,722,481</b>
<b>Total on and off-balance sheet exposures (IRB Approach)</b>	<b>50,387,621</b>	-	<b>50,387,621</b>
<b>Total Standardised and IRB Approaches</b>	<b>68,257,318</b>	<b>68,610</b>	<b>68,325,928</b>

**Table 5.0.3: Residual contractual maturity by major types of credit exposures**

The residual contractual maturity by major types of gross credit exposures of the Bank is as follows:

2026	Up to 1 month RM'000	>1 month to 3 months RM'000	>3 months to 6 months RM'000	>6 months to 12 months RM'000	>1 year to 3 years RM'000	>3 years to 5 years RM'000	> 5 years RM'000	No maturity specified RM'000	Total RM'000
<b>Exposures under the Standardised Approach:</b>									
<b>On-balance sheet exposures</b>									
Sovereigns/Central banks	2,791,890	-	-	-	667,498	1,172,347	2,135,581	-	6,767,316
Public sector entities	-	-	-	92	-	-	-	-	92
Banks, DFIs and MDB	898,601	20,201	296,651	157,978	329,640	200,736	-	-	1,903,807
Insurance companies, Securities firms and Fund manager	-	-	-	260	-	-	-	-	260
Corporates	3,562,467	74,633	317,174	559,919	1,199,421	400,461	1,165,193	-	7,279,268
Regulatory retail	318	360	1,670	20,150	69,131	160,807	3,889,902	-	4,142,338
Residential mortgages	-	-	-	-	-	-	57,756	-	57,756
Higher risk assets	-	-	-	-	-	-	-	37,469	37,469
Other assets	82,309	-	-	-	-	-	-	79,628	161,937
Equity exposures	-	-	-	-	-	-	-	12,452	12,452
Defaulted exposures	58	15	51	146	753	1,352	4,567	-	6,942
<b>Total on-balance sheet exposures</b>	<b>7,335,643</b>	<b>95,209</b>	<b>615,546</b>	<b>738,545</b>	<b>2,266,443</b>	<b>1,935,703</b>	<b>7,252,999</b>	<b>129,549</b>	<b>20,369,637</b>
<b>Off-balance sheet exposures</b>									
OTC derivatives	-	-	9,109	-	-	19,607	-	-	28,716
Off-balance sheet exposures other than OTC derivatives or credit derivatives	1,217	638	4,649	381,781	-	-	79,298	-	467,583
<b>Total off-balance sheet exposures</b>	<b>1,217</b>	<b>638</b>	<b>13,758</b>	<b>381,781</b>	<b>-</b>	<b>19,607</b>	<b>79,298</b>	<b>-</b>	<b>496,299</b>
<b>Total on and off-balance sheet exposures (Standardised Approach)</b>	<b>7,336,860</b>	<b>95,847</b>	<b>629,304</b>	<b>1,120,326</b>	<b>2,266,443</b>	<b>1,955,310</b>	<b>7,332,297</b>	<b>129,549</b>	<b>20,865,936</b>
<b>Exposures under the IRB Approach:</b>									
<b>On-balance sheet exposures</b>									
<b>Corporates</b>	<b>10,223,381</b>	<b>3,263,443</b>	<b>1,831,081</b>	<b>2,355,187</b>	<b>2,137,484</b>	<b>994,237</b>	<b>2,905,272</b>	<b>-</b>	<b>23,710,085</b>
(a) Corporate (excluding Specialised Lending and firm-size adjustment)	6,326,164	2,183,116	1,207,634	1,079,502	1,615,262	560,803	1,104,188	-	14,076,669
(b) Corporate (with firm-size adjustment)	2,289,074	735,563	449,626	949,414	245,619	132,247	1,235,708	-	6,037,251
(c) Specialised Lending (Slotting Approach)	<b>1,608,143</b>	<b>344,764</b>	<b>173,821</b>	<b>326,271</b>	<b>276,603</b>	<b>301,187</b>	<b>565,376</b>	<b>-</b>	<b>3,596,165</b>
- Project Finance	170,756	147,970	76,407	84,358	120,398	66,078	200,864	-	866,831
- Object Finance	37,283	-	15,016	1,999	787	-	-	-	55,085
- Income Producing Real Estate	1,261,721	193,903	61,813	193,694	146,983	228,809	364,512	-	2,451,435
- High Volatility Commercial Real Estate	138,383	2,891	20,585	46,220	8,435	6,300	-	-	222,814

**Table 5.0.3: Residual contractual maturity by major types of credit exposures (Cont'd.)**

The residual contractual maturity by major types of gross credit exposures of the Bank is as follows: (cont'd.)

2026	Up to 1 month RM'000	>1 month to 3 months RM'000	>3 months to 6 months RM'000	>6 months to 12 months RM'000	>1 year to 3 years RM'000	>3 years to 5 years RM'000	> 5 years RM'000	No maturity specified RM'000	Total RM'000
<b>Exposures under the IRB Approach: (Cont'd.)</b>									
<b>On-balance sheet exposures (Cont'd.)</b>									
<b>Retail Exposures</b>	<b>26,515</b>	<b>35,944</b>	<b>29,395</b>	<b>740,136</b>	<b>253,675</b>	<b>1,267,940</b>	<b>18,582,098</b>	-	<b>20,935,703</b>
(a) Residential Mortgages	154	24	44	493	5,810	17,589	13,803,229	-	13,827,343
(b) Qualifying Revolving Retail Exposures	10,919	12,937	16,034	544,876	-	-	-	-	584,766
(c) Hire Purchase Exposures	430	595	2,189	14,544	208,070	1,174,402	3,404,591	-	4,804,821
(d) Other Retail Exposures	15,012	22,388	11,128	180,223	39,795	75,949	1,374,278	-	1,718,773
Defaulted Exposures	195,817	4,067	602	48,235	53,105	63,566	574,083	-	939,475
<b>Total on-balance sheet exposures</b>	<b>10,445,713</b>	<b>3,303,454</b>	<b>1,861,078</b>	<b>3,143,558</b>	<b>2,444,264</b>	<b>2,325,743</b>	<b>22,061,453</b>	-	<b>45,585,263</b>
<b>Off-balance sheet exposures</b>									
OTC derivatives	1,024	1,856	1,457	214	968	-	-	-	5,519
Off-balance sheet exposures other than OTC derivatives or credit derivatives	1,428,811	651,154	524,136	3,588,110	96	7,374	417,165	-	6,616,846
Defaulted exposures	2,382	-	-	39	393	-	3	-	2,817
<b>Total off-balance sheet exposures</b>	<b>1,432,217</b>	<b>653,010</b>	<b>525,593</b>	<b>3,588,363</b>	<b>1,457</b>	<b>7,374</b>	<b>417,168</b>	-	<b>6,625,182</b>
<b>Total on and off-balance sheet exposures (IRB Approach)</b>	<b>11,877,930</b>	<b>3,956,464</b>	<b>2,386,671</b>	<b>6,731,921</b>	<b>2,445,721</b>	<b>2,333,117</b>	<b>22,478,621</b>	-	<b>52,210,445</b>
<b>Total Standardised and IRB Approaches</b>	<b>19,214,790</b>	<b>4,052,311</b>	<b>3,015,975</b>	<b>7,852,247</b>	<b>4,712,164</b>	<b>4,288,427</b>	<b>29,810,918</b>	<b>129,549</b>	<b>73,076,381</b>

**Table 5.0.3: Residual contractual maturity by major types of credit exposures (Cont'd.)**

The residual contractual maturity by major types of gross credit exposures of the Bank is as follows: (cont'd.)

2025	Up to 1 month RM'000	>1 month to 3 months RM'000	>3 months to 6 months RM'000	>6 months to 12 months RM'000	>1 year to 3 years RM'000	>3 years to 5 years RM'000	> 5 years RM'000	No maturity specified RM'000	Total RM'000
<b>Exposures under the Standardised Approach:</b>									
<b>On-balance sheet exposures</b>									
Sovereigns/Central banks	2,370,289	-	-	148,314	699,684	701,037	2,333,029	-	6,252,353
Public sector entities	3	8	8	538	-	-	-	-	557
Banks, DFIs and MDB	409,429	695,238	296,812	140,314	70,951	40,466	-	-	1,653,210
Corporates	2,148,783	121,830	258,236	184,638	1,014,438	298,912	1,274,776	-	5,301,613
Regulatory retail	755	1,413	2,681	17,063	97,837	94,189	3,949,135	-	4,163,073
Residential mortgages	-	-	-	-	-	-	60,657	-	60,657
Higher risk assets	-	-	-	-	-	-	-	29,234	29,234
Other assets	82,309	-	-	-	-	-	-	110,481	192,790
Equity exposures	-	-	-	-	-	-	-	9,715	9,715
Defaulted exposures	21	5	4	69	614	185	1,630	-	2,528
<b>Total on-balance sheet exposures</b>	<b>5,011,589</b>	<b>818,494</b>	<b>557,741</b>	<b>490,936</b>	<b>1,883,524</b>	<b>1,134,789</b>	<b>7,619,227</b>	<b>149,430</b>	<b>17,665,730</b>
<b>Off-balance sheet exposures</b>									
OTC derivatives	-	-	-	23,780	-	12,008	-	-	35,788
Off-balance sheet exposures other than OTC derivatives or credit derivatives	60,414	4,600	3,283	82,128	1,000	-	85,338	-	236,763
Defaulted exposures	-	-	-	-	-	-	26	-	26
<b>Total off-balance sheet exposures</b>	<b>60,414</b>	<b>4,600</b>	<b>3,283</b>	<b>105,908</b>	<b>1,000</b>	<b>12,008</b>	<b>85,364</b>	<b>-</b>	<b>272,577</b>
<b>Total on and off-balance sheet exposures (Standardised Approach)</b>	<b>5,072,003</b>	<b>823,094</b>	<b>561,024</b>	<b>596,844</b>	<b>1,884,524</b>	<b>1,146,797</b>	<b>7,704,591</b>	<b>149,430</b>	<b>17,938,307</b>
<b>Exposures under the IRB Approach:</b>									
<b>On-balance sheet exposures</b>									
<b>Corporates</b>	<b>8,903,385</b>	<b>2,807,746</b>	<b>1,437,749</b>	<b>2,447,617</b>	<b>1,864,638</b>	<b>1,163,316</b>	<b>3,234,869</b>	<b>-</b>	<b>21,859,320</b>
(a) Corporate (excluding Specialised Lending and firm-size adjustment)	6,116,342	2,026,677	821,694	1,224,530	1,440,404	680,283	1,186,630	-	13,496,560
(b) Corporate (with firm-size adjustment)	1,489,614	498,491	463,420	883,454	192,733	408,637	1,380,801	-	5,317,150
(c) Specialised Lending (Slotting Approach)	<b>1,297,429</b>	<b>282,578</b>	<b>152,635</b>	<b>339,633</b>	<b>231,501</b>	<b>74,396</b>	<b>667,438</b>	<b>-</b>	<b>3,045,610</b>
- Project Finance	539,986	40,944	121,120	90,214	30,374	-	181,270	-	1,003,908
- Object Finance	25,891	-	-	1,999	-	1,529	-	-	29,419
- Income Producing Real Estate	646,817	232,599	31,515	227,781	122,358	72,867	484,468	-	1,818,405
- High Volatility Commercial Real Estate	84,735	9,035	-	19,639	78,769	-	1,700	-	193,878

**Table 5.0.3: Residual contractual maturity by major types of credit exposures (Cont'd.)**

The residual contractual maturity by major types of gross credit exposures of the Bank is as follows: (cont'd.)

2025	Up to 1 month RM'000	>1 month to 3 months RM'000	>3 months to 6 months RM'000	>6 months to 12 months RM'000	>1 year to 3 years RM'000	>3 years to 5 years RM'000	> 5 years RM'000	No maturity specified RM'000	Total RM'000
<b>Exposures under the IRB Approach: (Cont'd.)</b>									
<b>On-balance sheet exposures (Cont'd.)</b>									
<b>Retail Exposures</b>	<b>15,603</b>	<b>21,906</b>	<b>21,671</b>	<b>707,334</b>	<b>219,305</b>	<b>911,723</b>	<b>18,534,762</b>	-	<b>20,432,304</b>
(a) Residential Mortgages	140	75	201	388	5,920	12,242	13,302,777	-	13,321,743
(b) Qualifying Revolving Retail Exposures	5,632	1,949	5,307	535,748	-	-	-	-	548,636
(c) Hire Purchase Exposures	759	862	2,858	11,951	176,479	815,817	3,660,415	-	4,669,141
(d) Other Retail Exposures	9,072	19,020	13,305	159,247	36,906	83,664	1,571,570	-	1,892,784
Defaulted Exposures	178,432	2,329	12,373	51,459	29,981	678,398	420,544	-	1,373,516
<b>Total on-balance sheet exposures</b>	<b>9,097,420</b>	<b>2,831,981</b>	<b>1,471,793</b>	<b>3,206,410</b>	<b>2,113,924</b>	<b>2,753,437</b>	<b>22,190,175</b>	-	<b>43,665,140</b>
<b>Off-balance sheet exposures</b>									
OTC derivatives	494	1,593	697	58	4,853	-	-	-	7,695
Off-balance sheet exposures other than OTC derivatives or credit derivatives	1,322,466	477,000	400,120	4,031,908	44	4,499	468,470	-	6,704,507
Defaulted exposures	7,290	250	215	1,917	14	589	4	-	10,279
<b>Total off-balance sheet exposures</b>	<b>1,330,250</b>	<b>478,843</b>	<b>401,032</b>	<b>4,033,883</b>	<b>4,911</b>	<b>5,088</b>	<b>468,474</b>	-	<b>6,722,481</b>
<b>Total on and off-balance sheet exposures (IRB Approach)</b>	<b>10,427,670</b>	<b>3,310,824</b>	<b>1,872,825</b>	<b>7,240,293</b>	<b>2,118,835</b>	<b>2,758,525</b>	<b>22,658,649</b>	-	<b>50,387,621</b>
<b>Total Standardised and IRB Approaches</b>	<b>15,499,673</b>	<b>4,133,918</b>	<b>2,433,849</b>	<b>7,837,137</b>	<b>4,003,359</b>	<b>3,905,322</b>	<b>30,363,240</b>	<b>149,430</b>	<b>68,325,928</b>

## 5.1 Impairment

The relevant governance for the respective Line of Businesses are established to align with the MFRS Accounting Standards and related BNM's standards/guidelines. In general, an asset is considered impaired when:-

- (a) The obligor has breached its contractual payment obligations and past due for more than 90 days; or
- (b) As soon as default occurs where the principal and/or profit payments are scheduled on intervals of 3 months or longer; or
- (c) Other impairment indicators stipulated in the relevant guidelines.

Impaired accounts which undergo restructuring/rescheduling will continue to be impaired for at least 6 months.

### 5.1.1 AMMB Group Provisioning Methodology

The AMMB Group's provisioning methodology complies with MFRS 9 where the AMMB Group recognises ECL at all times to reflect changes in the credit risk of a financial instrument. The methodology incorporates historical, current and forecasted information into ECL estimation. Consequently, more timely information is required to be provided about ECL.

MFRS 9 applies to all financial assets classified as amortised cost and FVOCI, lease receivables, trade receivables, and commitments to lend money and financial guarantee contracts.

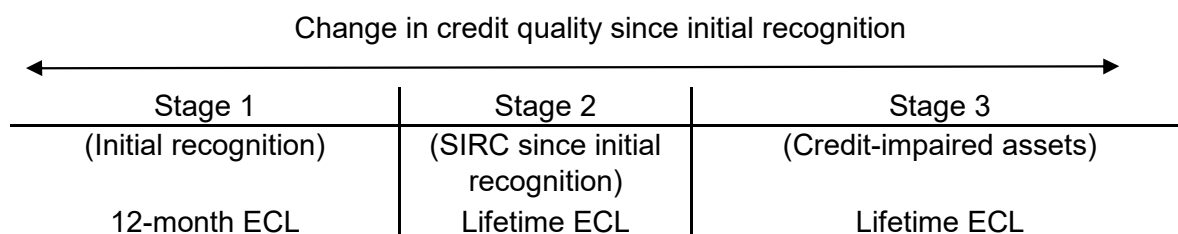
Except for purchased or originated credit-impaired ("POCI") financial assets, financial assets are classified into 3 stages based on the changes in credit risk since initial recognition. The Bank calculates 12-month ECL for Stage 1, Lifetime ECL for Stage 2,

- i. Stage 1: For performing financial assets which credit risk had not been significantly increased since initial recognition.
- ii. Stage 2: For underperforming financial assets which credit risk had significantly increased since initial recognition.
- iii. Stage 3: For financial assets which are credit impaired subsequent to initial recognition.
- iv. POCI For financial assets which are credit-impaired on initial recognition.

## 5.1 Impairment (Cont'd.)

### 5.1.1 AMMB Group Provisioning Methodology (Cont'd.)

The following diagram summarises the impairment requirements under MFRS 9 (other than POCI financial assets):



ECL can be assessed individually or collectively. Financial assets that are not individually significant or not individually credit impaired are collectively assessed. For financial assets that are individually significant, an assessment is performed to determine whether objective evidence of impairment exists individually.

Individual assessment is divided into two main processes - trigger assessment and measurement of impairment loss. Financial assets which are triggered by the impairment triggers will be measured for evidence of high likelihood of impairment, i.e. estimated recoveries (based on the discounted cash flow projection method and taking into account economic conditions) is less than carrying value.

## 5.1 Impairment

Table 5.1.1: Impaired and past due financing and impairment allowances by sector

The impaired and past due financing, impairment allowances, charge for or writeback of individual impairment allowances and write offs during the financial year by sector of the Bank are as follows:

2026	Agriculture and Quarrying RM'000	Mining and Quarrying RM'000	Manufacturing RM'000	Electricity, Gas and Water RM'000	Construction RM'000	Wholesale and Retail Trade and Hotel and Restaurants RM'000	Transport, Storage and Communication RM'000	Finance and Insurance RM'000	Real Estate RM'000	Business Activities RM'000	Education and Health RM'000	Household RM'000	Total RM'000
Impaired financing	83,163	38,312	21,989	2,479	8,863	48,743	7,500	-	60,272	8,173	7,080	453,163	739,737
Past due but not impaired financing	214	54	13,640	74	6,510	624,069	9,521	45	8,886	3,189	40,157	2,899,657	3,606,016
Allowances for expected credit losses													
-Individual allowances	1,704	749	4,733	42	2,407	5,382	1,597	-	21,379	3,935	3,848	-	45,776
-Collective allowances	710	668	15,525	4,714	4,659	22,536	4,997	-	8,284	7,486	1,227	355,681	426,487
Charge for/(Writeback of) individual allowances	1,624	27	7,247	3,165	3,098	15,304	(24)	-	21,020	2,525	3,848	-	57,834
Write-offs against individual allowances	-	-	6,462	3,123	25,248	13,323	-	-	-	33	-	-	48,189

2025	Agriculture and Quarrying RM'000	Mining and Quarrying RM'000	Manufacturing RM'000	Electricity, Gas and Water RM'000	Construction RM'000	Wholesale and Retail Trade and Hotel and Restaurants RM'000	Transport, Storage and Communication RM'000	Finance and Insurance RM'000	Real Estate RM'000	Business Activities RM'000	Education and Health RM'000	Household RM'000	Total RM'000
Impaired financing	8,040	37,319	27,445	869	38,945	50,470	7,013	-	61,946	5,852	641	385,639	624,179
Past due but not impaired financing	64,220	1,323	18,578	25,382	24,963	30,889	25,696	-	31,365	4,381	7,701	2,659,955	2,894,453
Allowances for expected credit losses													
-Individual allowances	80	722	3,948	-	24,557	3,402	1,621	-	359	1,443	-	-	36,132
-Collective allowances	3,633	768	19,976	3,659	4,476	50,296	4,240	-	25,691	15,145	1,832	384,063	513,779
Charge for/(Writeback of) individual allowances	80	108	6,912	-	18,830	5,869	(141)	-	(50)	1,129	(18)	-	32,719
Write-offs against individual allowances	-	153	28,028	-	2,966	30,562	476	-	-	2,943	-	-	65,128

**Table 5.1.2: Geographical distribution of impaired and past due financing and impairment allowances**

The impaired and past due financing all reside in Malaysia and impairment allowances of the Bank are as follows:

<b>2026</b>	<b>Total RM'000</b>
Impaired financing	739,737
Past due but not impaired financing	3,606,016
Individual allowances	45,776
Collective allowances	426,487

<b>2025</b>	<b>Total RM'000</b>
Impaired financing	624,179
Past due but not impaired financing	2,894,453
Individual allowances	36,132
Collective allowances	513,779

**Table 5.1.3: Reconciliation of changes to financing impairment allowances**

The disclosure on reconciliation of financing loss allowances can be found in Note 11(j) of the financial statements. Charge offs and recoveries that have been taken up directly to the statement of profit or loss are as follows:

<b>2026</b>	<b>(Charge off)/Recoveries RM'000</b>
Individual allowance written off during the financial year	(13,826)
Individual allowance recoveries during the financial year	98,757

<b>2025</b>	<b>(Charge off)/Recoveries RM'000</b>
Individual allowance written off during the financial year	(13,945)
Individual allowance recoveries during the financial year	111,793

## 5.2 Credit Risk Exposure under the IRB Approach

### Adoption of IRB Basel II

The Bank has on 29 July 2024 obtained BNM's approval to adopt FIRB approach, i.e. to apply internal models to determine risk-weight for the majority of its credit portfolios.

For RWA computation of retail portfolios, the Bank adopts the AIRB Approach using own internal estimates of PD, LGD and EAD. For non-retail portfolios, the Bank adopts FIRB Approach, which uses own internal PD estimates and applies supervisory estimates of LGD and EAD.

The key measures generated by the internal models to quantify regulatory capital are:

- (i) **PD**  
This measures the likelihood that a customer defaults on its credit obligation over a period of one year.
- (ii) **LGD**  
This is a measure of the economic loss the Bank would incur in the event a customer defaults taking into account also the time value of money when measuring recovery cash flows.
- (iii) **EAD**  
EAD is the expected amount that a customer is expected to be owing at time of default. This takes into account potential additional drawdown that may be incurred by the customer facing financial difficulties prior to default.

Various models are developed, tuned to the specific risk characteristics of each portfolio, to achieve these measurements.

In general, default risk estimates approach for Retail and Non-Retail portfolios are similar for PD, EAD and LGD models.

- Nevertheless, PD model for Retail segment is further segmented by Application Scorecard ("Ascore") and Behavioral Scorecard ("Bscore"). Ascore is generally developed by using internal and external (e.g. CCRIS) information for new application decisioning. Bscore is used primarily for account management and business strategy.
- Non-retail exposures under FIRB for capital computation allows the Bank to use its internal PD estimates, but use supervisory LGD and EAD estimates to compute the risk weights for corporate exposures. For specialised lending exposures, the Bank adopts Supervisory Slotting Criteria approach with supervisory prescribed risk weights.

## 5.2 Credit Risk Exposure under the IRB Approach (Cont'd.)

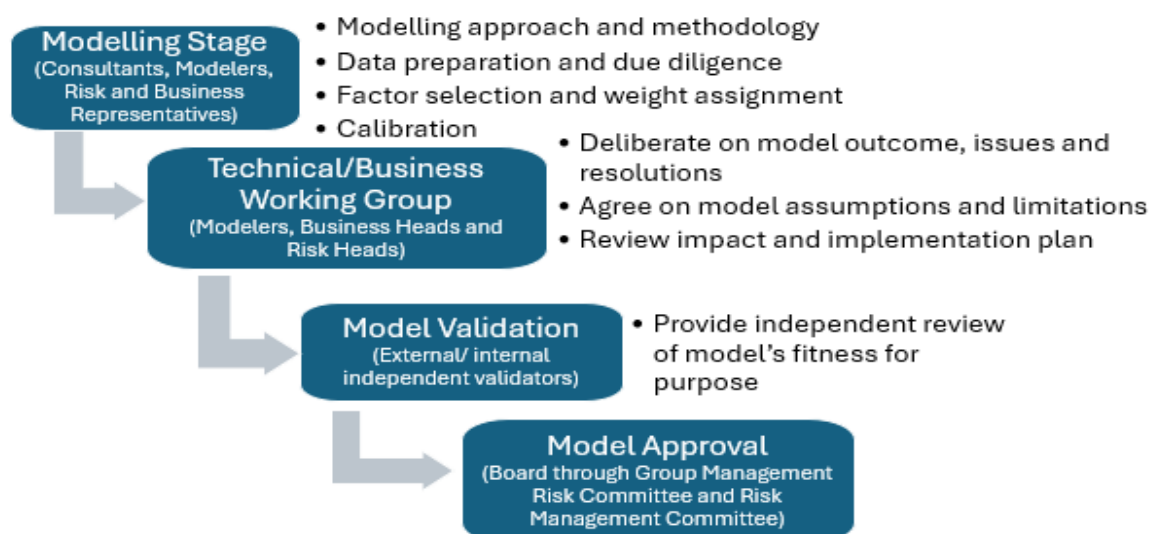
### Model Risk Management

To ensure a robust model risk management, the Bank has established a Board-approved model risk management framework and its related guidelines on the operational structure, minimum thresholds and standards, and risk management requirements for governing the controls and processes relating to model development, model validation and on-going model monitoring.

Internal models are developed, or co-developed with external consultants, by a dedicated internal modeling team functionally separate from risk origination. All new models and subsequent material changes to the models are subject to independent validation prior to implementation, and thereafter re-validated annually, by an internal validation team or external consultants who are independent from model ownership, development, monitoring and use. All models used for regulatory purposes are approved by the Board.

Internal Audit also reviews the adequacy and effectiveness of model-related governance, risk management and internal control processes and provides value-added assurance to assist the Board in the discharge of its oversight responsibilities.

The model development, validation and governance process is depicted in the diagram below:

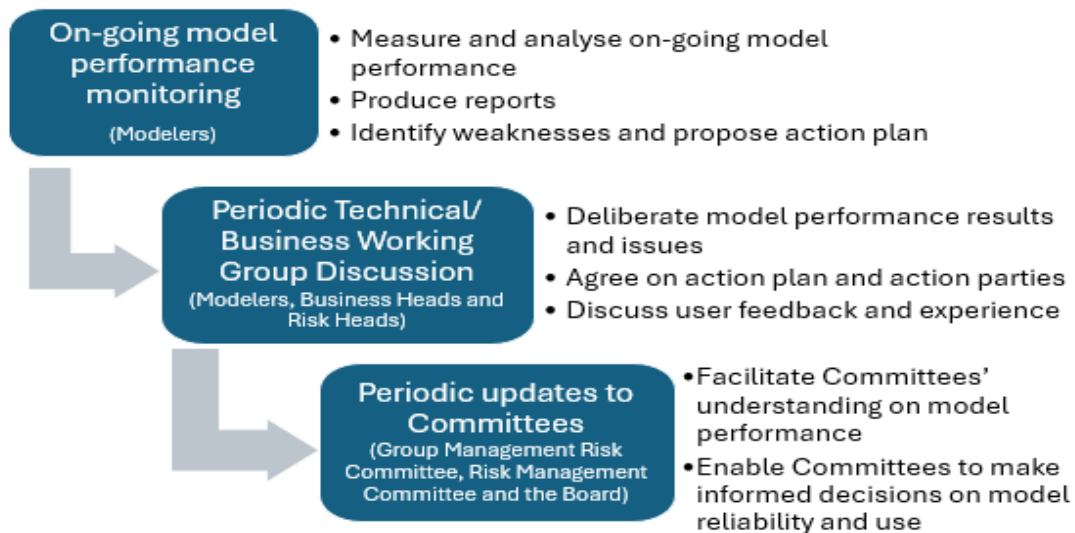


Subsequent to model implementation, the performance of the models is monitored regularly by the modeling team; deliberated at the Technical Working Group; and reported to Group Management Risk Committee, Risk Management Committee and the Board for oversight.

## 5.2 Credit Risk Exposure under the IRB Approach (Cont'd.)

### Model Risk Management (Cont'd.)

The on-going model performance reporting process is depicted in the diagram below:



All Credit Models are being monitored quarterly basis and presented to:

- 1) Technical/Business Working Group which comprises representatives from both risk and business; and
- 2) GMRC, RMC and the Board.

The scope of monitoring covers various quantitative tests on model discrimination, calibration and stability; highlights model weaknesses and ensure prompt action is taken by responsible parties.

### Independent Model Validation

All models used for regulatory RWA computations are subjected to validation by an independent party not involved in model ownership, development, monitoring and use to ascertain whether the models are fit-for-purpose and meeting regulatory and/or internal policy requirements.

The scope of validation covers:

- a. Model Validation
  - Quantitative Tests- Discrimination, Calibration, Stability
  - Data
  - Methodology
  - Governance
  - Documentation

## 5.2 Credit Risk Exposure under the IRB Approach (Cont'd.)

### Independent Model Validation (Cont'd.)

The scope of validation covers: (Cont'd.)

- b. System Validation
  - Input to Output Accuracy
  - System and Data Governance
  - User Acceptance Test
  - Functional Specifications

All models used for regulatory RWA computations are validated annually, and the model validation results are reported to GMRC, RMC and the Board.

### Use of Internal Models

The internal risk ratings are used not only for regulatory capital purposes, but also in various management of credit risk within the Bank.

The basic credit risk measurement metrics of PD, LGD and EAD are transformed into measures of EL, capital consumption (RWA capital), and together with profitability to determine ROCE. These are used in the following applications within the Bank:

#### 1) Credit underwriting approval

All customers are required to be rated at credit origination/annual review or rating refreshed to facilitate credit analysis and decision.

Credit approval matrix for a financing application is determined based on EL and quantum of exposure. Retail cutoff score for credit acceptance takes EL into consideration.

#### 2) Risk Governance

Risk grade/EL are used in risk appetite setting, such as setting of limits to manage credit concentration risk and setting of portfolio risk controls.

#### 3) Capital management

ROCE is used in influencing lending growth/direction and capital allocation.

#### 4) Policy

Internal ratings are consistently applied and used in the basis for credit risk policy/guidelines.

## 5.2 Credit Risk Exposure under the IRB Approach (Cont'd.)

### Use of Internal Models (Cont'd.)

The basic credit risk measurement metrics of PD, LGD and EAD are transformed into measures of EL, capital consumption (RWA capital), and together with profitability to determine ROCE. These are used in the following applications within the Bank: (Cont'd.)

#### 5) Reporting

Regular reporting relating to credit such as distribution of credit/sectorial exposures, rating migration, estimation of relevant parameters per grade and relating to profitability areas.

#### 6) Pricing

EL are used/considered in financing pricing. Setting minimum hurdle rate for retail portfolio and ROCE for individual wholesale customer pricing.

#### 7) Provisions and account management

The base PD, LGD and EAD are used for ECL provisioning estimates with modification to meet accounting standard.

Retail behavioural scores and PD segmentation model are used for account management and collection strategy.

### 5.2.1 RETAIL PORTFOLIO

#### Retail PD models

Each account is assigned to a risk pool, of similar risk characteristics or drivers. The PD estimation is developed using historical data spanning a minimum 5 years, with each pool (or PD segment) calibrated to long run average which cover at least one business cycle.

#### Retail LGD models

All of the Retail LGD models are built using data spanning a minimum 5 years. For Basel II purposes, LGD is estimated to reflect downturn conditions. Similar to PD segmentation model, homogenous risk profile accounts will be segmented into the same LGD pool.

#### Retail EAD models

For on-balance sheet exposures (e.g. term financing or mortgage financing), EAD is equal to the current outstanding of the facility. For off-balance sheet exposures, (e.g. undrawn amount for revolving and non-revolving facility), EAD consist of current outstanding and the expected utilisation of committed (Cash Conversion Factor ("Cash CF") (where applicable)) and undrawn amount (Credit Conversion Factor ("CCF")) at the time of default. All EAD models are built using data spanning a minimum 5 years. For Basel II purposes, EAD is estimated to reflect downturn conditions. Similar to PD segmentation model, homogenous risk profile accounts will be segmented into the same EAD pool.

Cash CF refers to how much of an off-balance sheet exposure will actually be called upon and become an on-balance sheet item.

**5.2 Credit Risk Exposure under the IRB Approach (Cont'd.)**

**Table 5.2.1a: Exposures under the IRB Approach by Risk Grade or PD Band**

The disclosure on Exposure by PD Band (IRB Approach) for Retail of the Bank is as follows:

2026					
PD Range %	Exposures post CRM RM'000	Exposure Weighted Average LGD %	Exposure Weighted Average Risk Weight %	Undrawn Commitments RM'000	RWA RM'000
<b>Retail Exposures:</b>					
<b>Residential Mortgages</b>					
0.0001 - 0.0737	-	-	-	-	-
0.0738 - 0.5942	8,683,198	17.68	13.18	3,822	1,144,008
0.5943 - 1.0159	1,947,882	16.85	21.01	947	409,153
1.0160 - 2.2722	876,218	17.56	36.74	342	321,941
2.2723 - 4.1028	696,988	17.53	49.24	76	343,208
4.1029 - 8.2931	4,642	17.63	64.18	-	2,980
8.2932 - 99.9999	1,623,990	17.83	76.88	388	1,248,557
Default or 100	380,823	17.70	51.57	2	196,375
<b>Total Residential Mortgages</b>	<b>14,213,741</b>			<b>5,577</b>	<b>3,666,222</b>
<b>Qualifying Revolving Retail Exposures</b>					
0.0001 - 0.0737	-	-	-	-	-
0.0738 - 0.5942	505,987	87.78	14.59	471,777	73,821
0.5943 - 1.0159	651,651	85.77	29.61	579,814	192,976
1.0160 - 2.2722	294,390	83.71	49.82	155,985	146,672
2.2723 - 4.1028	246,919	84.22	80.59	87,553	198,996
4.1029 - 8.2931	136,133	79.89	111.13	30,021	151,286
8.2932 - 99.9999	90,325	67.12	159.26	15,488	143,855
Default or 100	5,926	64.05	203.20	602	12,042
<b>Total Qualifying Revolving Retail Exposures</b>	<b>1,931,331</b>			<b>1,341,240</b>	<b>919,648</b>
<b>Hire Purchase Exposures</b>					
0.0001 - 0.0737	-	-	-	-	-
0.0738 - 0.5942	3,151,624	36.00	22.14	-	697,800
0.5943 - 1.0159	67,721	38.59	35.93	-	24,332
1.0160 - 2.2722	771,900	36.88	41.59	-	321,030
2.2723 - 4.1028	350,737	36.22	51.22	-	179,637
4.1029 - 8.2931	196,777	36.20	54.64	-	107,516
8.2932 - 99.9999	266,061	36.51	77.69	-	206,690
Default or 100	24,767	36.78	127.74	-	31,637
<b>Total Hire Purchase Exposures</b>	<b>4,829,587</b>			<b>-</b>	<b>1,568,642</b>
<b>Other Retail Exposures</b>					
0.0001 - 0.0737	-	-	-	-	-
0.0738 - 0.5942	1,159,836	20.16	13.72	297,721	159,174
0.5943 - 1.0159	420,324	23.12	22.09	70,228	92,839
1.0160 - 2.2722	149,710	28.18	36.85	24,459	55,167
2.2723 - 4.1028	146,809	26.06	36.53	18,649	53,625
4.1029 - 8.2931	119,978	32.51	44.12	-	52,934
8.2932 - 99.9999	228,635	23.56	44.51	28,070	101,762
Default or 100	91,769	24.28	62.96	397	57,778
<b>Total Other Retail Exposures</b>	<b>2,317,061</b>			<b>439,524</b>	<b>573,279</b>
<b>Total Retail Exposures</b>	<b>23,291,720</b>			<b>1,786,341</b>	<b>6,727,791</b>

**Table 5.2.1a: Exposures under the IRB Approach by Risk Grade or PD Band (Cont'd.)**

The disclosure on Exposure by PD Band (IRB Approach) for Retail of the Bank is as follows: (Cont'd.)

2025 PD Range %	Exposures post CRM RM'000	Exposure Weighted Average LGD %	Exposure Weighted Average Risk Weight %	Undrawn Commitments RM'000	RWA RM'000
<b>Retail Exposures:</b>					
<b>Residential Mortgages</b>					
0.0001 - 0.0737	-	-	-	-	-
0.0738 - 0.5942	8,425,690	18.04	13.41	4,161	1,129,625
0.5943 - 1.0159	1,878,508	17.19	21.43	891	402,640
1.0160 - 2.2722	916,442	17.87	37.37	559	342,476
2.2723 - 4.1028	609,231	18.06	50.70	250	308,888
4.1029 - 8.2931	4,565	17.94	64.29	-	2,935
8.2932 - 99.9999	1,493,571	18.13	79.31	403	1,184,475
Default or 100	331,318	17.97	43.26	4	143,324
<b>Total Residential Mortgages</b>	<b>13,659,325</b>			<b>6,268</b>	<b>3,514,363</b>
<b>Qualifying Revolving Retail Exposures</b>					
0.0001 - 0.0737	-	-	-	-	-
0.0738 - 0.5942	402,134	86.97	14.28	369,847	57,417
0.5943 - 1.0159	559,018	84.95	29.55	493,299	165,173
1.0160 - 2.2722	247,140	82.47	49.69	122,524	122,812
2.2723 - 4.1028	221,435	83.31	79.91	74,464	176,946
4.1029 - 8.2931	131,123	78.44	108.82	28,831	142,694
8.2932 - 99.9999	90,461	66.60	159.23	13,710	144,045
Default or 100	7,313	66.29	351.07	2,243	25,674
<b>Total Qualifying Revolving Retail Exposures</b>	<b>1,658,624</b>			<b>1,104,918</b>	<b>834,761</b>
<b>Hire Purchase Exposures</b>					
0.0001 - 0.0737	-	-	-	-	-
0.0738 - 0.5942	3,248,685	35.60	21.88	-	710,750
0.5943 - 1.0159	34,596	35.40	32.79	-	11,342
1.0160 - 2.2722	690,498	36.13	40.22	-	277,701
2.2723 - 4.1028	246,808	36.05	51.35	-	126,738
4.1029 - 8.2931	196,241	35.98	54.36	-	106,676
8.2932 - 99.9999	252,313	36.42	77.46	-	195,443
Default or 100	17,790	36.98	151.10	-	26,880
<b>Total Hire Purchase Exposures</b>	<b>4,686,931</b>			<b>-</b>	<b>1,455,530</b>
<b>Other Retail Exposures</b>					
0.0001 - 0.0737	-	-	-	-	-
0.0738 - 0.5942	1,337,398	20.27	13.74	341,972	183,754
0.5943 - 1.0159	408,333	22.44	21.66	57,818	88,448
1.0160 - 2.2722	148,800	24.98	32.78	26,924	48,780
2.2723 - 4.1028	148,459	26.16	36.65	20,471	54,403
4.1029 - 8.2931	164,772	32.48	43.43	27	71,564
8.2932 - 99.9999	218,825	22.66	41.36	24,350	90,502
Default or 100	88,536	24.70	104.53	603	92,550
<b>Total Other Retail Exposures</b>	<b>2,515,123</b>			<b>472,165</b>	<b>630,001</b>
<b>Total Retail Exposures</b>	<b>22,520,003</b>			<b>1,583,351</b>	<b>6,434,655</b>

**Table 5.2.1b: Exposures under the IRB Approach by Expected Loss Range Band**

The disclosure on Exposure by Expected Loss Range Band (IRB Approach) for Retail of the Bank is as follows:

2026					
Expected Loss Range %	Exposures post CRM RM'000	Exposure Weighted Average LGD %	Exposure Weighted Average Risk Weight %	Undrawn Commitments RM'000	RWA RM'000
<b>Retail Exposures:</b>					
<b>Residential Mortgages</b>					
0.0001 - 0.0737	1,971,012	14.79	9.93	363	195,811
0.0738 - 0.5942	9,717,463	18.03	18.03	4,748	1,751,877
0.5943 - 1.0159	517,023	18.61	52.25	76	270,140
1.0160 - 2.2722	301,402	15.32	74.46	26	224,413
2.2723 - 4.1028	393,765	19.56	95.68	227	376,752
4.1029 - 8.2931	266,498	15.38	84.33	-	224,733
8.2932 - 99.9999	665,755	19.00	64.01	135	426,121
Default or 100	380,823	17.70	51.57	2	196,375
<b>Total Residential Mortgages</b>	<b>14,213,741</b>			<b>5,577</b>	<b>3,666,222</b>
<b>Qualifying Revolving Retail Exposures</b>					
0.0001 - 0.0737	41	33.19	3.46	41	1
0.0738 - 0.5942	595,150	84.00	15.41	537,016	91,729
0.5943 - 1.0159	586,690	87.87	30.94	533,230	181,508
1.0160 - 2.2722	293,293	83.77	51.58	149,616	151,268
2.2723 - 4.1028	260,999	83.63	83.05	87,173	216,750
4.1029 - 8.2931	128,242	81.81	123.86	23,973	158,841
8.2932 - 99.9999	60,990	69.69	176.27	9,589	107,509
Default or 100	5,926	64.05	203.20	602	12,042
<b>Total Qualifying Revolving Retail Exposures</b>	<b>1,931,331</b>			<b>1,341,240</b>	<b>919,648</b>
<b>Hire Purchase Exposures</b>					
0.0001 - 0.0737	-	-	-	-	-
0.0738 - 0.5942	3,748,561	36.00	24.59	-	921,693
0.5943 - 1.0159	318,024	36.68	47.75	-	151,858
1.0160 - 2.2722	404,673	37.56	53.71	-	217,352
2.2723 - 4.1028	67,778	37.50	58.38	-	39,569
4.1029 - 8.2931	126,927	36.23	70.93	-	90,029
8.2932 - 99.9999	138,857	36.77	83.90	-	116,504
Default or 100	24,767	36.78	127.74	-	31,637
<b>Total Hire Purchase Exposures</b>	<b>4,829,587</b>			<b>-</b>	<b>1,568,642</b>
<b>Other Retail Exposures</b>					
0.0001 - 0.0737	178,094	14.45	9.25	3,771	16,474
0.0738 - 0.5942	1,511,430	21.44	17.27	388,392	261,099
0.5943 - 1.0159	147,168	29.97	40.11	18,671	59,026
1.0160 - 2.2722	188,223	32.44	45.13	1,677	84,942
2.2723 - 4.1028	67,526	26.18	45.05	12,840	30,418
4.1029 - 8.2931	35,360	22.97	50.70	898	17,926
8.2932 - 99.9999	97,491	24.21	46.79	12,878	45,616
Default or 100	91,769	24.28	62.96	397	57,778
<b>Total Other Retail Exposures</b>	<b>2,317,061</b>			<b>439,524</b>	<b>573,279</b>
<b>Total Retail Exposures</b>	<b>23,291,720</b>			<b>1,786,341</b>	<b>6,727,791</b>

**Table 5.2.1b: Exposures under the IRB Approach by Expected Loss Range Band (Cont'd.)**

The disclosure on Exposure by Expected Loss Range Band (IRB Approach) for Retail of the Bank is as follows: (Cont'd.)

2025					
Expected Loss Range %	Exposures post CRM RM'000	Exposure Weighted Average LGD %	Exposure Weighted Average Risk Weight %	Undrawn Commitments RM'000	RWA RM'000
<b>Retail Exposures:</b>					
<b>Residential Mortgages</b>					
0.0001 - 0.0737	1,583,017	14.82	9.92	414	157,021
0.0738 - 0.5942	9,769,211	18.33	18.12	5,202	1,770,280
0.5943 - 1.0159	478,199	18.93	53.10	246	253,941
1.0160 - 2.2722	242,318	15.35	74.47	13	180,453
2.2723 - 4.1028	414,881	19.68	95.98	117	398,186
4.1029 - 8.2931	190,335	15.49	85.09	54	161,958
8.2932 - 99.9999	650,046	19.12	69.10	218	449,200
Default or 100	331,318	17.97	43.26	4	143,324
<b>Total Residential Mortgages</b>	<b>13,659,325</b>			<b>6,268</b>	<b>3,514,363</b>
<b>Qualifying Revolving Retail Exposures</b>					
0.0001 - 0.0737	7	33.19	3.46	6	- *
0.0738 - 0.5942	487,179	82.42	15.22	430,979	74,146
0.5943 - 1.0159	496,278	87.35	31.04	448,493	154,055
1.0160 - 2.2722	248,909	82.32	51.57	118,810	128,362
2.2723 - 4.1028	237,213	82.72	82.79	74,571	196,398
4.1029 - 8.2931	121,692	80.77	123.04	21,893	149,725
8.2932 - 99.9999	60,033	69.17	177.24	7,923	106,401
Default or 100	7,313	66.29	351.07	2,243	25,674
<b>Total Qualifying Revolving Retail Exposures</b>	<b>1,658,624</b>			<b>1,104,918</b>	<b>834,761</b>
<b>Hire Purchase Exposures</b>					
0.0001 - 0.0737	-	-	-	-	-
0.0738 - 0.5942	3,785,174	35.64	24.05	-	910,276
0.5943 - 1.0159	209,577	36.35	47.37	-	99,276
1.0160 - 2.2722	352,781	36.15	52.30	-	184,514
2.2723 - 4.1028	69,722	36.06	56.48	-	39,380
4.1029 - 8.2931	121,998	36.16	70.91	-	86,503
8.2932 - 99.9999	129,889	36.68	83.69	-	108,701
Default or 100	17,790	36.98	151.10	-	26,880
<b>Total Hire Purchase Exposures</b>	<b>4,686,931</b>			<b>-</b>	<b>1,455,530</b>
<b>Other Retail Exposures</b>					
0.0001 - 0.0737	162,775	14.55	9.28	4,549	15,105
0.0738 - 0.5942	1,706,431	21.20	16.85	422,291	287,483
0.5943 - 1.0159	134,627	26.95	36.69	19,747	49,399
1.0160 - 2.2722	222,653	31.70	43.19	367	96,154
2.2723 - 4.1028	85,792	25.76	44.08	13,859	37,818
4.1029 - 8.2931	26,714	23.96	50.06	948	13,373
8.2932 - 99.9999	87,595	23.96	43.52	9,801	38,119
Default or 100	88,536	24.70	104.53	603	92,550
<b>Total Other Retail Exposures</b>	<b>2,515,123</b>			<b>472,165</b>	<b>630,001</b>
<b>Total Retail Exposures</b>	<b>22,520,003</b>			<b>1,583,351</b>	<b>6,434,655</b>

\* Denotes an amount less than RM500.

## 5.2 Credit Risk Exposure under the IRB Approach (Cont'd.)

### 5.2.2 NON-RETAIL PD MODEL

PDs for wholesale customers are generated by wholesale models differentiated by turnover size, specialised lending segments, contracting business and real estate activities. The methods used to develop models for risk quantification are summarised as follows:

- I. Statistical method – Built and tested with data statistically;
- II. Hybrid method – Built judgmentally and tested with limited data;
- III. Expert method – Built on expert judgement; or
- IV. Slotting method – Slot credit based on supervisory slotting criteria.

A hybrid rating model of point in time and through the cycle is generally adopted in wholesale rating models. The models allow expert judgment by credit evaluation officers to be reflected as the final rating for consideration of some model inputs not captured by the models. The internal risk grades are calibrated to the long run average default rates with upward adjustments made to the downturn period of year 2008 and 2009 years to reflect 2000/2001 recession such that the PD increases exponentially at each higher risk grades. For models such as income-producing real estate, project finance and object finance (i.e. specialised lending models) which are difficult to model due to low default portfolio, these segments are developed using the supervisory slotting criteria. Similar default definition as per Basel II requirement is adopted across all non-retail exposures.

The rating is determined at customer level and translated into PD based on the calibration parameters that mapped to AmBank Masterscale. For regulatory RWA computation, a minimum floor PD of 0.03% is applied for conservativeness.

Corporate customer risk grade can be mapped to external agency ratings. Table below depicts AmBank Masterscale and mapping of internal risk grades of corporate customers with Rating Agency of Malaysia (“RAM”) rating grades. The external agency ratings recognise transaction structure and collateral, whereas internal rating reflects that in combination of PD (Risk Grade) and LGD, where PD (Risk Grade) is strictly customer default while transaction mitigation and collateral is reflected in LGD.

Category	Risk Grade	PD Range	RAM Equivalent
Exceptionally	1 to 6	0.0001% - 0.0737%	AAA
Very Strong	7 to 12	0.0738% - 0.5942%	AA1-A3
Strong	13 to 14	0.5943% - 1.0159%	BBB1 to BBB2
Satisfactory	15 to 16	1.0160% - 2.2722%	BBB3 to BB2
Moderate	17 to 18	2.2723% - 4.1028%	BB3
Marginal	19 to 20	4.1029% - 8.2931%	B1 to B3
Substandard	21 to 24	8.2932% - 99.9999%	C1 to C3

Securitisation and Equity Exposures (Banking Book) are disclosed under the Standardised Approach under Section 7 and Section 10 respectively.

**5.2.2 Non-Retail PD Model (Cont'd.)**

**Table 5.2.2a: Exposures under the IRB Approach by Risk Grade or PD Band**

The disclosure on Exposure by PD Band (IRB Approach) for Non-Retail of the Bank is as follows:

2026 PD Range %	Exposures post CRM RM'000	Exposure Weighted Average LGD %	Exposure Weighted Average Risk Weight %	Undrawn Commitments RM'000	RWA RM'000
<b>Non-Retail Exposures:</b>					
<b>Corporate (excluding Specialised Lending and firm-size adjustment)</b>					
0.0001 - 0.0737	73,567	43.56	15.74	-	11,581
0.0738 - 0.5942	7,241,898	41.87	47.00	648,245	3,403,574
0.5943 - 1.0159	5,691,801	42.95	80.54	389,672	4,584,168
1.0160 - 2.2722	1,978,448	40.11	91.24	498,979	1,805,056
2.2723 - 4.1028	1,269,496	37.15	108.32	54,179	1,375,107
4.1029 - 8.2931	481,507	38.44	129.11	1,967	621,662
8.2932 - 99.9999	192,329	40.87	202.10	2,196	388,698
Default or 100	201,118	42.47	-	-	-
Total Corporate (excluding Specialised Lending and firm-size adjustment)	17,130,164			1,595,238	12,189,846
<b>Corporate (with firm-size adjustment)</b>					
0.0001 - 0.0737	-	-	-	-	-
0.0738 - 0.5942	1,597,012	36.11	35.95	260,297	574,133
0.5943 - 1.0159	1,519,114	36.14	55.09	164,010	836,881
1.0160 - 2.2722	2,826,340	37.08	74.47	268,978	2,104,780
2.2723 - 4.1028	1,119,080	34.72	79.88	80,417	893,951
4.1029 - 8.2931	412,982	34.00	86.64	30,852	357,798
8.2932 - 99.9999	146,178	36.48	139.32	4,002	203,648
Default or 100	224,756	42.57	-	-	-
Total Corporate (with firm-size adjustment)	7,845,462			808,556	4,971,191
<b>Total Non-Retail Exposures (excluding Specialised Lending (Slotting Approach))</b>	24,975,626			2,403,794	17,161,037

**Table 5.2.2a: Exposures under the IRB Approach by Risk Grade or PD Band (Cont'd.)**

The disclosure on Exposure by PD Band (IRB Approach) for Non-Retail of the Bank is as follows: (Cont'd.)

2025 PD Range %	Exposures post CRM RM'000	Exposure Weighted Average LGD %	Exposure Weighted Average Risk Weight %	Undrawn Commitments RM'000	RWA RM'000
<b>Non-Retail Exposures:</b>					
<b>Corporate (excluding Specialised Lending and firm-size adjustment)</b>					
0.0001 - 0.0737	1,248,576	44.99	15.05	252,344	187,909
0.0738 - 0.5942	8,362,957	41.79	47.47	911,642	3,969,477
0.5943 - 1.0159	3,697,237	41.44	78.84	323,010	2,915,008
1.0160 - 2.2722	1,682,995	36.04	83.54	229,077	1,405,898
2.2723 - 4.1028	512,752	41.02	115.89	112,257	594,215
4.1029 - 8.2931	540,464	38.82	140.08	6,619	757,070
8.2932 - 99.9999	607,610	41.99	208.42	33,950	1,266,359
Default or 100	833,131	44.19	-	-	-
Total Corporate (excluding Specialised Lending and firm-size adjustment)	17,485,722			1,868,899	11,095,936
<b>Corporate (with firm-size adjustment)</b>					
0.0001 - 0.0737	1,551	45.00	15.45	-	240
0.0738 - 0.5942	1,738,612	38.36	39.59	210,303	688,350
0.5943 - 1.0159	879,314	32.94	49.97	137,812	439,359
1.0160 - 2.2722	2,100,758	36.70	70.05	226,304	1,471,526
2.2723 - 4.1028	1,151,486	37.53	85.91	60,990	989,214
4.1029 - 8.2931	426,087	34.09	85.68	36,281	365,055
8.2932 - 99.9999	321,452	37.71	141.23	10,440	453,987
Default or 100	87,735	41.55	-	-	-
Total Corporate (with firm-size adjustment)	6,706,995			682,130	4,407,731
<b>Total Non-Retail Exposures (excluding Specialised Lending (Slotting Approach))</b>	24,192,717			2,551,029	15,503,667

**Table 5.2.2b Specialised Lending Exposures under Supervisory Slotting Criteria**

Specialised Lending Exposures under Supervisory Slotting Criteria of the Bank is as follows:

2026						
Supervisory Categories/ Risk-Weights	Strong RM'000	Good RM'000	Satisfactory RM'000	Weak RM'000	Default RM'000	Total RM'000
<b>Specialised Lending Exposures (Slotting Approach)</b>						
Project Finance	37,500	587,975	343,500	-	-	968,975
Object Finance	18,703	-	37,034	-	-	55,737
Income Producing Real Estate	138,382	1,719,532	715,720	83,211	13,132	2,669,977
	194,585	2,307,507	1,096,254	83,211	13,132	3,694,689
<b>Risk-Weighted Assets</b>	<b>97,993</b>	<b>1,652,052</b>	<b>1,260,692</b>	<b>208,028</b>	<b>-</b>	<b>3,218,765</b>

2026						
Supervisory Categories/ Risk-Weights	Strong RM'000	Good RM'000	Satisfactory RM'000	Weak RM'000	Default RM'000	Total RM'000
<b>Specialised Lending Exposures (Slotting Approach)</b>						
High Volatility Commercial Real Estate	-	225,325	23,085	-	-	248,410
<b>Risk-Weighted Assets</b>	<b>-</b>	<b>270,390</b>	<b>32,319</b>	<b>-</b>	<b>-</b>	<b>302,709</b>

**Table 5.2.2b Specialised Lending Exposures under Supervisory Slotting Criteria (Cont'd.)**

Specialised Lending Exposures under Supervisory Slotting Criteria of the Bank is as follows: (Cont'd.)

2025						
Supervisory Categories/ Risk-Weights	Strong RM'000	Good RM'000	Satisfactory RM'000	Weak RM'000	Default RM'000	Total RM'000
<b>Specialised Lending Exposures (Slotting Approach)</b>						
Project Finance	69,284	1,261,612	119,908	-	-	1,450,804
Object Finance	24,930	-	5,143	-	-	30,073
Income Producing Real Estate	322,258	1,257,586	358,295	26,095	17,973	1,982,207
	416,472	2,519,198	483,346	26,095	17,973	3,463,084
<b>Risk-Weighted Assets</b>	<b>210,086</b>	<b>1,781,921</b>	<b>555,848</b>	<b>65,238</b>	<b>-</b>	<b>2,613,093</b>

2025						
Supervisory Categories/ Risk-Weights	Strong RM'000	Good RM'000	Satisfactory RM'000	Weak RM'000	Default RM'000	Total RM'000
<b>Specialised Lending Exposures (Slotting Approach)</b>						
High Volatility Commercial Real Estate	-	140,766	71,051	-	-	211,817
<b>Risk-Weighted Assets</b>	<b>-</b>	<b>168,919</b>	<b>99,472</b>	<b>-</b>	<b>-</b>	<b>268,391</b>

### **5.3 Credit Risk Mitigation**

#### **COLLATERAL AND OTHER CREDIT ENHANCEMENT**

##### **Collateral taken by the Bank**

Collateral is generally taken as security for credit exposures as a secondary source of repayment in case the counterparty cannot meet its contractual payment obligations from cash flow generation. The collateral accepted for credit risk mitigation comprises financial collateral, real estate, other physical asset and guarantees.

The Bank can only accept Shariah-approved assets as permissible collateral. Notwithstanding, for specific products, a collateral that becomes non-Shariah compliant during the tenure of financing may continue to be maintained as collateral.

The Credit Risk Mitigation Policy is the internally recognised collateral framework for AMMB Group. Any collateral that does not conform to the requirements outlined in that policy may be considered by the relevant approval authority to be accepted and approved as an exception. For capital relief purposes, FIRB requirements set out in BNM's Capital Adequacy Framework are to be met, failing which no capital relief is to be accorded.

##### **Processes for Collateral Management**

The concept of legal enforceability and certainty are central to collateral management. In order to achieve legal enforceability and certainty, the Bank has standard collateral instruments, and where applicable, security interests are registered.

##### **Guarantee Support**

Guarantee support for financing proposals is an integral component in transaction structuring for the Bank. For Non-Retail portfolio, where a counterparty's corporate guarantor guarantees 100% of the credit facility, the credit risk rating of the counterparty is able to be substituted, subject to fulfilling certain stipulated conditions. Otherwise, if the stipulated conditions are met but the guarantee is less than 100%, the weighted-average method is able to be employed.

Under the FIRB Approach for non-retail, the Bank adopts the PD substitution approach whereby the exposure guaranteed by an eligible guarantor will substitute the PD of the counterparty in the computation of capital if the guarantor is internally rated and associated with a PD equivalent to BBB- or better. For retail exposures, guarantor is being considered as part of PD assessment.

### **5.3 Credit Risk Mitigation (Cont'd.)**

#### **COLLATERAL AND OTHER CREDIT ENHANCEMENT (CONT'D.)**

##### **Use of Credit Derivatives and Netting for Risk Mitigation**

Currently, the Bank does not use credit derivatives and netting for risk mitigation.

##### **Transaction Structuring to Mitigate Credit Risk**

Besides tangible security and guarantee support described above, credit risk mitigation techniques are used in structuring transactions. These include duration limits managing the tenure of the financing, amortisation schedules and financing covenants. These assist in managing credit risk and providing early warning signals, to enable pre-emptive actions to protect the quality or recoverability of financing assets.

##### **Concentrations of Credit Risk Mitigation**

The Bank carefully monitors collateral concentrations via portfolio management reporting and amendments as necessary to its Risk Appetite Framework.

**Table 5.3.1a: Credit Risk Mitigation**

The total exposures and eligible guarantees and collateral of the Bank under the Standardised Approach are as follows:

<b>2026</b>			
<b>Exposures</b>	<b>Exposures before CRM RM'000</b>	<b>Exposures covered by guarantees RM'000</b>	<b>Exposures covered by eligible financial collateral RM'000</b>
<b>Credit Risk</b>			
<b>Exposure under Standardised Approach:</b>			
<b>On-balance sheet exposures</b>			
Sovereigns/Central banks	6,767,316	-	-
PSEs	92	-	-
Banks, DFIs and MDBs	1,903,807	-	-
Insurance companies, Securities firms and Fund managers	260	-	-
Corporates	7,279,268	5,792	15,376
Regulatory retail	4,142,338	9,502	2,325,897
Residential mortgages	57,756	-	-
Higher risk assets	37,469	-	-
Other assets	161,937	-	-
Equity exposures	12,452	-	-
Defaulted exposures	6,942	-	-
<b>Total on-balance sheet exposures</b>	<b>20,369,637</b>	<b>15,294</b>	<b>2,341,273</b>
<b>Off-balance sheet exposures</b>			
OTC derivatives	28,716	-	-
Off balance sheet exposures other than OTC derivatives or credit derivatives	467,583	5,526	54,407
<b>Total off-balance sheet exposures</b>	<b>496,299</b>	<b>5,526</b>	<b>54,407</b>
<b>Total on and off-balance sheet exposures</b>	<b>20,865,936</b>	<b>20,820</b>	<b>2,395,680</b>

<b>2025</b>			
<b>Exposures</b>	<b>Exposures before CRM RM'000</b>	<b>Exposures covered by guarantees RM'000</b>	<b>Exposures covered by eligible financial collateral RM'000</b>
<b>Credit Risk</b>			
<b>Exposure under Standardised Approach:</b>			
<b>On-balance sheet exposures</b>			
Sovereigns/Central banks	6,252,353	-	-
PSEs	557	-	-
Banks, DFIs and MDBs	1,653,210	-	-
Corporates	5,301,613	1,455	20,381
Regulatory retail	4,163,073	-	2,201,473
Residential mortgages	60,657	-	-
Higher risk assets	29,234	-	-
Other assets	192,790	-	-
Equity exposures	9,715	-	-
Defaulted exposures	2,528	-	40
<b>Total on-balance sheet exposures</b>	<b>17,665,730</b>	<b>1,455</b>	<b>2,221,894</b>
<b>Off-balance sheet exposures</b>			
OTC derivatives	35,788	-	-
Off balance sheet exposures other than OTC derivatives or credit derivatives	236,763	173	68,424
Defaulted exposures	26	-	-
<b>Total off-balance sheet exposures</b>	<b>272,577</b>	<b>173</b>	<b>68,424</b>
<b>Total on and off-balance sheet exposures</b>	<b>17,938,307</b>	<b>1,628</b>	<b>2,290,318</b>

**Table 5.3.1b: Credit Risk Mitigation (Cont'd.)**

The total exposures and eligible guarantees and collateral of the Bank under IRB Approach are as follows: (Cont'd.)

2026 Exposures	Exposures before CRM RM'000	Exposures covered by guarantees RM'000	Exposures covered by eligible financial collateral RM'000	Exposures covered by other eligible collateral RM'000
<b>Credit risk</b>				
<b><u>Exposure under IRB Approach:</u></b>				
<b>On-balance sheet exposures</b>				
<b>Corporates</b>	<b>23,710,085</b>	<b>338,200</b>	<b>437,223</b>	<b>4,951,938</b>
(a) Corporate (excluding Specialised Lending and firm-size adjustment)	14,076,669	54,798	247,813	2,501,073
(b) Corporate (with firm-size adjustment)	6,037,251	283,402	189,410	2,450,865
(c) Specialised Lending (Slotting Approach)	<b>3,596,165</b>	-	-	-
- Project Finance	866,831	-	-	-
- Object Finance	55,085	-	-	-
- Income Producing Real Estate	2,451,435	-	-	-
- High Volatility Commercial Real Estate	222,814	-	-	-
<b>Retail Exposures</b>	<b>20,935,703</b>	<b>23,010</b>	-	-
(a) Residential Mortgages	13,827,343	-	-	-
(b) Qualifying Revolving Retail Exposures	584,766	-	-	-
(c) Hire Purchase Exposures	4,804,821	-	-	-
(d) Other Retail Exposures	1,718,773	23,010	-	-
Defaulted Exposures	939,475	-	1,561	190,768
<b>Total on-balance sheet exposures</b>	<b>45,585,263</b>	<b>361,210</b>	<b>438,784</b>	<b>5,142,706</b>
<b>Off-balance sheet exposures</b>				
OTC derivatives	5,519	-	-	-
Off-balance sheet exposures other than OTC derivatives or credit derivatives	6,616,846	92,486	1,360,460	506,726
Defaulted exposures	2,817	-	64	-
<b>Total off-balance sheet exposures</b>	<b>6,625,182</b>	<b>92,486</b>	<b>1,360,524</b>	<b>506,726</b>
<b>Total on and off-balance sheet exposures</b>	<b>52,210,445</b>	<b>453,696</b>	<b>1,799,308</b>	<b>5,649,432</b>

**Table 5.3.1b: Credit Risk Mitigation (Cont'd.)**

The total exposures and eligible guarantees and collateral of the Bank under IRB Approach are as follows: (Cont'd.)

2025				
Exposures	Exposures before CRM RM'000	Exposures covered by guarantees RM'000	Exposures covered by eligible financial collateral RM'000	Exposures covered by other eligible collateral RM'000
<b>Credit risk</b>				
<b><u>Exposure under IRB Approach:</u></b>				
<b>On-balance sheet exposures</b>				
<b>Corporates</b>	<b>21,859,320</b>	<b>352,977</b>	<b>503,947</b>	<b>4,363,009</b>
(a) Corporate (excluding Specialised Lending and firm-size adjustment)	13,496,560	86,576	328,810	2,546,120
(b) Corporate (with firm-size adjustment)	5,317,150	266,401	175,137	1,816,889
(c) Specialised Lending (Slotting Approach)	<b>3,045,610</b>	-	-	-
- Project Finance	1,003,908	-	-	-
- Object Finance	29,419	-	-	-
- Income Producing Real Estate	1,818,405	-	-	-
- High Volatility Commercial Real Estate	193,878	-	-	-
<b>Retail Exposures</b>	<b>20,432,304</b>	<b>37,458</b>	-	-
(a) Residential Mortgages	13,321,743	-	-	-
(b) Qualifying Revolving Retail Exposures	548,636	-	-	-
(c) Hire Purchase Exposures	4,669,141	-	-	-
(d) Other Retail Exposures	1,892,784	37,458	-	-
Defaulted Exposures	1,373,516	-	4,041	137,647
<b>Total on-balance sheet exposures</b>	<b>43,665,140</b>	<b>390,435</b>	<b>507,988</b>	<b>4,500,656</b>
<b>Off-balance sheet exposures</b>				
OTC derivatives	7,695	-	-	-
Off-balance sheet exposures other than OTC derivatives or credit derivatives	6,704,507	58,115	1,239,756	480,045
Defaulted exposures	10,279	-	2,048	-
<b>Total off-balance sheet exposures</b>	<b>6,722,481</b>	<b>58,115</b>	<b>1,241,804</b>	<b>480,045</b>
<b>Total on and off-balance sheet exposures</b>	<b>50,387,621</b>	<b>448,550</b>	<b>1,749,792</b>	<b>4,980,701</b>

#### 5.4 Credit Risk Exposure under the Standardised Approach

AMMB Group uses external ratings for credit exposures to assign risk-weights under the Standardised Approach where relevant. The ratings from the following external credit assessment institutions (ECAIs) are used:

- Moody's Investors Service ("Moody's")
- Fitch Rating ("Fitch")
- RAM Rating Services Berhad ("RAM")
- Malaysian Rating Corporation Berhad ("MARC")

**Table 5.4.1: Credit exposures by risk weights under the Standardised Approach**

The breakdown of credit risk exposures by risk weights of the Bank is as follows:

**2026**

Risk Weights	Exposures after Netting and Credit Risk Mitigation											
	Sovereigns and Central Banks	Public Sector Entities	Banks, DFIs and MDBs	Insurance Companies, Securities Firms and Fund Managers	Corporates	Regulatory Retail	Residential Mortgages	Higher Risk Assets	Other Assets	Equity Exposures	Total Exposures after Netting and Credit Risk Mitigation	Total Risk Weighted Assets
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
0%	6,767,316	-	-	-	5,800,698	9,856	-	-	82,309	-	12,660,179	-
20%	-	10,601	1,906,307	-	1,183,254	1,736	-	-	-	-	3,101,898	620,380
35%	-	-	-	-	-	-	42,910	-	-	-	42,910	15,019
50%	-	-	19,608	-	-	6,919	23,902	-	-	-	50,429	25,215
75%	-	-	-	-	-	906,409	-	-	-	-	906,409	679,806
100%	-	-	-	260	614,337	964,267	-	-	79,628	12,452	1,670,944	1,670,944
150%	-	-	-	-	-	17	-	37,469	-	-	37,486	56,229
<b>Total</b>	<b>6,767,316</b>	<b>10,601</b>	<b>1,925,915</b>	<b>260</b>	<b>7,598,289</b>	<b>1,889,204</b>	<b>66,812</b>	<b>37,469</b>	<b>161,937</b>	<b>12,452</b>	<b>18,470,255</b>	<b>3,067,593</b>

**Table 5.4.1: Credit exposures by risk weights under the Standardised Approach (Cont'd.)**

The breakdown of credit risk exposures by risk weights of the Bank is as follows: (Cont'd.)

**2025**

Risk Weights	Exposures after Netting and Credit Risk Mitigation											
	Sovereigns and Central Banks	Public Sector Entities	Banks, DFIs and MDBs	Insurance Companies, Securities Firms and Fund Managers	Corporates	Regulatory Retail	Residential Mortgages	Higher Risk Assets	Other Assets	Equity Exposures	Total Exposures after Netting and Credit Risk Mitigation	Total Risk Weighted Assets
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
0%	6,252,353	-	40,268	-	3,890,132	-	-	-	82,309	-	10,265,062	-
20%	-	24,341	1,620,941	-	818,357	-	-	-	-	-	2,463,639	492,728
35%	-	-	-	-	-	-	44,131	-	-	-	44,131	15,446
50%	-	-	12,008	-	-	2,216	26,330	-	-	-	40,554	20,277
75%	-	-	-	-	-	953,997	-	-	-	-	953,997	715,498
100%	-	-	-	-	652,392	1,078,489	-	-	110,481	9,715	1,851,077	1,851,077
150%	-	-	-	-	-	295	-	29,234	-	-	29,529	44,293
<b>Total</b>	<b>6,252,353</b>	<b>24,341</b>	<b>1,673,217</b>	<b>-</b>	<b>5,360,881</b>	<b>2,034,997</b>	<b>70,461</b>	<b>29,234</b>	<b>192,790</b>	<b>9,715</b>	<b>15,647,989</b>	<b>3,139,319</b>

**Table 5.4.2: Rated Exposures according to Ratings by ECAIs**

2026

Exposure Class	Ratings of Corporate by Approved ECAIs		
	Moody's Fitch RAM MARC Total	Aaa to Aa3 AAA to AA- AAA to AA3 AAA to AA- RM'000	Unrated Unrated Unrated Unrated RM'000
<b>On and Off-Balance Sheet Exposures</b>			
<b>Credit Exposures (using Corporate Risk Weights)</b>			
Public Sector Entities (applicable for entities risk weighted based on their external ratings as corporates)	10,601	-	10,601
Insurance Companies, Securities Firms and Fund managers	260	-	260
Corporates	7,657,866	1,183,254	6,474,612
<b>Total</b>	<b>7,668,727</b>	<b>1,183,254</b>	<b>6,485,473</b>

2025

Exposure Class	Ratings of Corporate by Approved ECAIs		
	Moody's Fitch RAM MARC Total	Aaa to Aa3 AAA to AA- AAA to AA3 AAA to AA- RM'000	Unrated Unrated Unrated Unrated RM'000
<b>On and Off-Balance Sheet Exposures</b>			
<b>Credit Exposures (using Corporate Risk Weights)</b>			
Public Sector Entities (applicable for entities risk weighted based on their external ratings as corporates)	24,345	-	24,345
Corporates	5,437,670	818,357	4,619,313
<b>Total</b>	<b>5,462,015</b>	<b>818,357</b>	<b>4,643,658</b>

**Table 5.4.2 Rated Exposures according to Ratings by ECAs (Cont'd.)**

**2026**

Exposure Class	Ratings of Sovereigns and Central Banks by Approved ECAs	
	Moody's Fitch	Baa1 to Baa3 BBB+ to BBB-
	Total	
	RM'000	RM'000
<b>On and Off-Balance Sheet Exposures</b>		
Sovereigns and Central Banks	6,767,316	6,767,316
<b>Total</b>	<b>6,767,316</b>	<b>6,767,316</b>

**2025**

Exposure Class	Ratings of Sovereigns and Central Banks by Approved ECAs	
	Moody's Fitch	Baa1 to Baa3 BBB+ to BBB-
	Total	
	RM'000	RM'000
<b>On and Off-Balance Sheet Exposures</b>		
Sovereigns and Central Banks	6,252,353	6,252,353
<b>Total</b>	<b>6,252,353</b>	<b>6,252,353</b>

Table 5.4.2: Rated Exposures according to Ratings by ECAIs (Cont'd.)

2026

Exposure Class	Ratings of Banking Institutions by Approved ECAIs			
	Moody's Fitch RAM MARC Total	Aaa to Aa3 AAA to AA- AAA to AA3 AAA to AA-	A1 to A3 A+ to A- A to A3 A+ to A-	Unrated Unrated Unrated Unrated
	RM'000	RM'000	RM'000	RM'000
<b>On and Off-Balance Sheet Exposures</b>				
Banks, DFIs and MDBs	1,925,915	1,021,029	885,520	19,366
<b>Total</b>	<b>1,925,915</b>	<b>1,021,029</b>	<b>885,520</b>	<b>19,366</b>

2025

Exposure Class	Ratings of Banking Institutions by Approved ECAIs			
	Moody's Fitch RAM MARC Total	Aaa to Aa3 AAA to AA- AAA to AA3 AAA to AA-	A1 to A3 A+ to A- A to A3 A+ to A-	Unrated Unrated Unrated Unrated
	RM'000	RM'000	RM'000	RM'000
<b>On and Off-Balance Sheet Exposures</b>				
Banks, DFIs and MDBs	1,673,217	493,345	1,134,710	45,162
<b>Total</b>	<b>1,673,217</b>	<b>493,345</b>	<b>1,134,710</b>	<b>45,162</b>

## **6.0 Off Balance Sheet Exposures and Counterparty Credit Risk**

### **6.1 Off Balance Sheet exposures**

The Bank's off balance sheet exposures consist of 3 main categories as follows:

- Credit-related exposures, e.g. direct credit substitute, guarantees given on behalf of customers, certain transaction-related contingent items, obligation under underwriting agreement, short-term self-liquidating trade-related contingencies, irrevocable commitment to extend credit and unutilised credit card line.
- Derivative financial instruments, e.g. forward exchange contracts (forward exchange contracts and cross currency swaps), profit rate related contracts (profit rate swaps), equity related contracts (option and futures) and commodity related contract (option).
- Other treasury-related exposures, e.g. forward purchase commitment.

Off balance sheet exposure is mitigated by setting of credit limit for the respective counterparty and exposure limit for industry sectors which are governed under the GRAF.

### **6.2 Counterparty Credit Risk**

Market-related credit risk is present in market instruments (derivatives and forward contracts), and comprises counterparty risk (default at the end of contract) and pre-settlement risk (default at any time during the life of contract). Market-related credit risk requires a different method in calculating the pre-settlement risk because actual and potential market movements impact the Bank's exposure. The market-related credit risk covered by this treatment for transactions entered by the Bank include profit rates, foreign exchange and equities.

For each individual contract, the pre-settlement risk exposure is normally calculated based on the sum of the marked-to-market ("MTM") value of the exposure, plus the notional principal multiplied by the potential credit risk exposure ("PCRE") factor; if the sum of each individual contract is negative, the pre-settlement risk exposure for this contract is deemed to be zero.

## 6.2 Counterparty Credit Risk (Cont'd.)

***Pre-settlement risk exposure = MTM + PCRE factor (or known as add-on factor) x Notional Principal***

- The MTM is essentially the current replacement cost of the contract, and can be positive or negative. Where it is positive, that is in the money, the Bank has credit exposure against the counterparty; if it is negative, that is out of the money, the negative value will be used.
- The PCRE factors recognise that prices change over the remaining period to maturity, and that risk increases with time. The PCRE factors are mandated for regulatory capital purposes.
- Variation to the above generic methodology is allowed for specific product.

Maximum pay out method is used for back-to-back and structured products where the underlying instrument structures are dynamic, that is not confined to a standardised underlying instrument. Where the maximum payout is known, it is taken as the pre-settlement risk amount. However, in situations where the maximum payout is not observable, a Monte Carlo simulation method is used.

Exposure to the counterparty is governed by the counterparty credit limit under the GRAF.

Other than credit limit setting and related duration setting of such limits, the Bank's primary tool to mitigate counterparty credit risk is by taking collateral.

For derivative exposures, collateral is generally managed via standard market documentation which governs the amount of collateral required and the re-margining frequency between counterparties, including the impact on collateral requirements should either the Bank or the counterparty's credit risk rating be upgraded or downgraded.

## 6.0 Off Balance Sheet Exposures and Counterparty Credit Risk

Table 6.1: Off-Balance Sheet Exposures

The off-balance sheet exposures and counterparty credit risk of the Bank are as follows:

2026

Description	Principal Amount RM'000	Positive Fair Value of		Risk Weighted Assets RM'000
		Derivative Contracts RM'000	Credit Equivalent Amount RM'000	
Direct credit substitutes	77,675		77,675	53,469
Transaction related contingent items	1,885,706		942,853	583,068
Short term self liquidating trade related contingencies	106,045		21,787	16,825
Forward asset purchases	10,126		1,400	280
Foreign exchange related contracts	302,131	4,908	4,415	4,566
One year or less	302,131	4,908	4,415	4,566
OTC Derivative transactions and credit derivative contracts subject to valid bilateral netting agreements	1,595,317	17,502	29,820	12,256
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	597,940		502,273	144,721
Other commitments, such as formal standby facilities and credit lines, with an original maturity of up to one year	6,419,932		4,195,760	1,826,566
Any commitments that are unconditionally cancelled at any time by the bank without prior notice or that effectively provide for automatic cancellation due to deterioration in a customer's creditworthiness	1,297,604		1,486	283
Unutilised credit card lines	1,859,216		1,344,012	440,052
<b>Total</b>	<b>14,151,692</b>	<b>22,410</b>	<b>7,121,481</b>	<b>3,082,086</b>

2025

Description	Principal Amount RM'000	Positive Fair Value of		Risk Weighted Assets RM'000
		Derivative Contracts RM'000	Credit Equivalent Amount RM'000	
Direct credit substitutes	145,994		145,994	67,755
Transaction related contingent items	1,644,120		822,060	475,499
Short term self liquidating trade related contingencies	52,545		10,810	8,290
Forward asset purchases	173,308		6,500	2,100
Foreign exchange related contracts	200,656	1,118	2,619	2,370
One year or less	200,656	1,118	2,619	2,370
OTC Derivative transactions and credit derivative contracts subject to valid bilateral netting agreements	2,132,319	17,840	40,864	15,213
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	635,225		542,128	138,955
Other commitments, such as formal standby facilities and credit lines, with an original maturity of up to one year	6,143,759		4,316,566	1,993,506
Unutilised credit card lines	1,601,577		1,107,517	380,614
<b>Total</b>	<b>12,729,503</b>	<b>18,958</b>	<b>6,995,058</b>	<b>3,084,302</b>

## 6.4 Credit Derivatives Counterparty Credit Risk ("CCR")

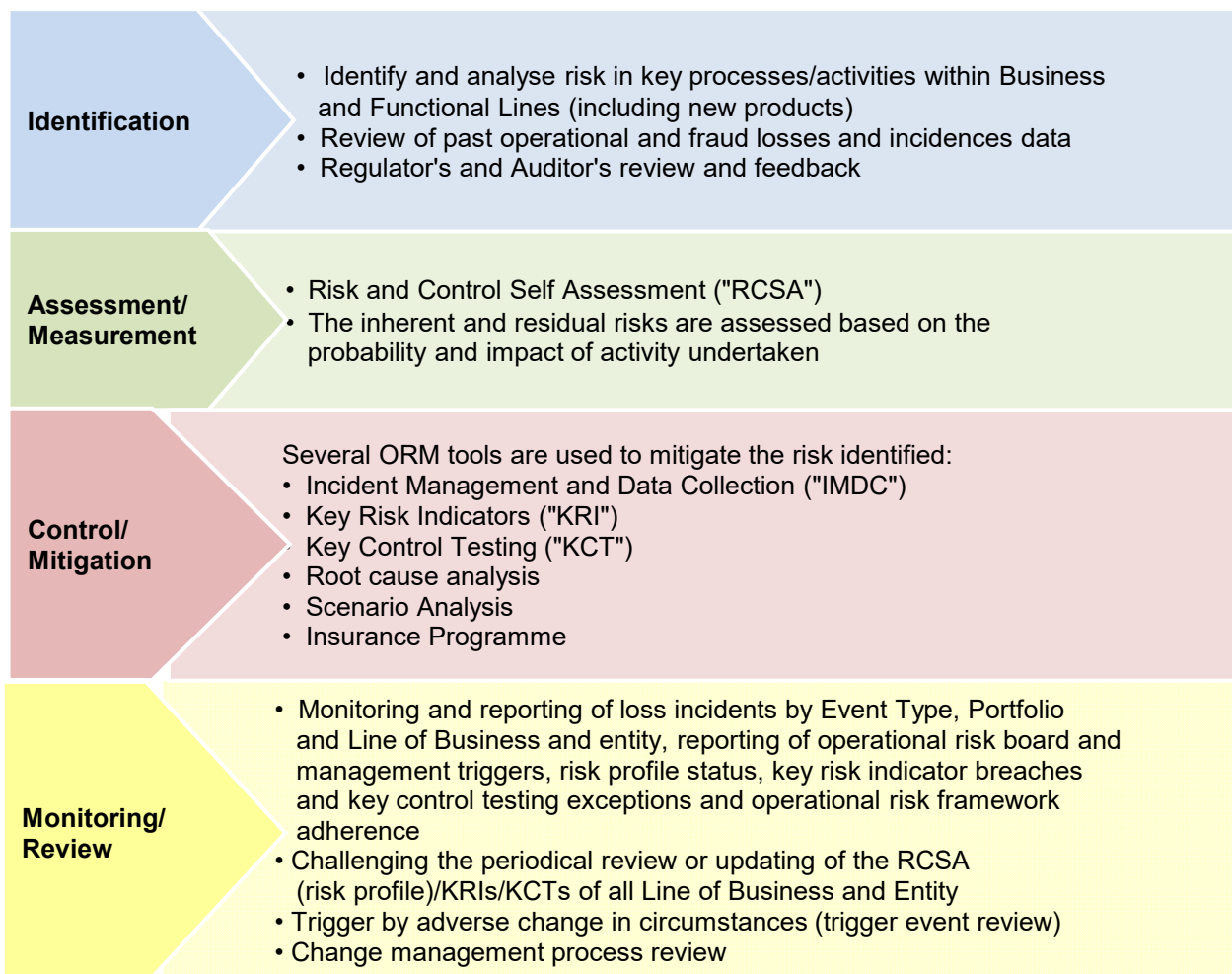
The Bank did not have any counterparty credit risk exposure as at 31 March 2026 and 31 March 2025.

## 7.0 Securitisation

The Bank did not have any securitisation exposure in its trading book and banking book nor did it undertake any securitisation activities during the financial years ended 31 March 2026 and 31 March 2025.

## 8.0 Enterprise Fraud and Operational Risk Management ("EFORM")

The Operational Risk Management ("ORM") process is depicted in the table below:



Operational risk is defined as the risk of loss resulting from inadequate or failed internal processes, people and systems or from external incidents which includes, but is not limited to legal risk, outsourcing risk, technology (including cyber) risk, fraud risk and Shariah compliance risk (Please refer to Chapter 12 for discussion on Shariah Governance Structure). It excludes strategic, systemic and reputational risk.

Operational Risk Appetite ("ORA") is set as part of overall GRAF, which sets the acceptable tolerance levels of operational risk that the Bank is willing to accept, taking into consideration of the relevant financial and non-financial risk or return attributes in order to support the achievement of the Bank's strategic plan and business objectives. The ORA statements and measurements are classified based on operational loss event types, which are grouped into five (5) categories as below and monitored via IMDC, KRI and KCT:

## 8.0 Enterprise Fraud and Operational Risk Management ("EFORM") (Cont'd.)

- Fraud (internal and external);
- Employment Practices and Workplace Safety;
- Client, Products and Business Practices;
- Business Disruption, System Failures and Damage to Physical Assets; and
- Execution, Delivery and Process Management.

The strategy for managing operational and fraud risk in the Bank is anchored on the three (3) lines of defence concept which are as follows:

- The First Line of Defence ("FLOD") is responsible for the management of operational and fraud risk in order that accountability and ownership to be as close as possible to the activity that creates the risk and ensuring that effective actions are taken to manage them. Enhanced FLOD provides a business specific focus on the implementation of operational and fraud risk management activities and supports more effective day-to-day monitoring of operational and fraud risks.
- In the second line of defence, EFORM is responsible for exercising governance over operational and fraud risk through the management of the operational risk and enterprise fraud risk framework, policy development and communication, quality assurance of internal controls, operational and fraud risk measurement, validation of FLOD effectiveness, operational risk, fraud and scam training and reporting of operational risk triggers, breaches, KCT exceptions, operational loss incidents to GMRC, RMC and the Board.
- Group Internal Audit Department ("GIAD") acts as the third and final line of defence by providing independent assurance on the internal control effectiveness through periodic audit programme.

EFORM maintains close working relationships with all Business and Functional Lines, continually assisting in the identification of operational and fraud risks inherent in their respective business activities, assessing the impact and significance of these risks and ensuring that satisfactory risk mitigation measures and controls are in place. Various tools and methods are employed to identify, measure, control and monitor/report operational and fraud risk issues within the Bank. The ORM process contains the following ORM tools:

- The IMDC module provides a common platform for reporting operational and fraud risk incident that falls within one of the seven Event Types as stated in Basel II. IMDC also serves as a centralised database of operational and fraud risk incidents to model the potential exposure to future operational and fraud risks in future and estimate the amount of economic capital charge.

## 8.0 Enterprise Fraud and Operational Risk Management ("EFORM") (Cont'd.)

- The RCSA is a process of continual identification, assessment of risks and controls effectiveness. By using structured questionnaires to assess and measure key risk and its corresponding controls effectiveness, RCSA provides risk profiling across AMMB Group.
- The KRI module provides early warning of increasing risk and/or control failures by monitoring the changes of the underlying risk measurements.
- The KCT is the test steps or assessment performed periodically to assure that the key controls are in place and they are operating as intended or effective in managing the operational and fraud risks.
- Root cause analysis is conducted by the Enterprise Fraud and Operational Risk Relationship Managers within EFORM to prevent recurrence of operational and fraud risk incidents.
- Scenario analysis is a forward-looking assessment tool to assess the severity impact on the Bank's profitability and capital adequacy should the plausible and worse case scenarios materialise.

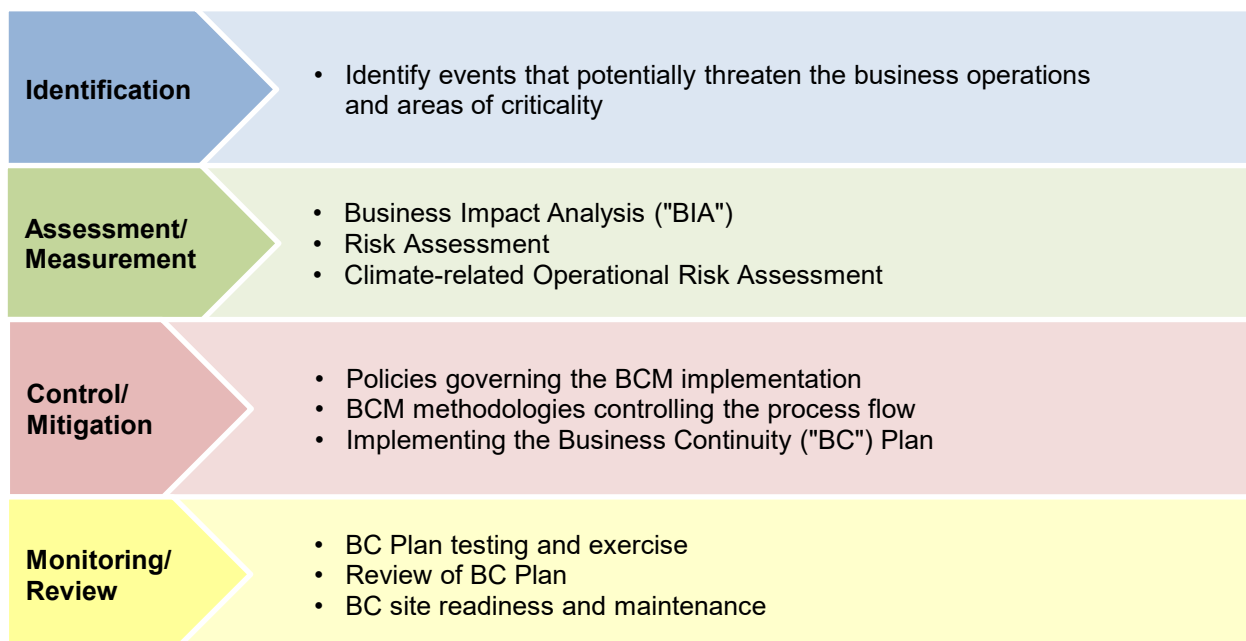
The GMRC, RMC and Board are the main reporting and escalation committees for operational risk matters including outsourcing risk, information technology (including cyber) risk, shariah risk, legal risk, fraud risk and business continuity management.

In an increasingly digital and interconnected financial landscape, the Bank recognises that fraud risk is a persistent and evolving threat. This risk encompasses the potential for financial loss, reputational damage, and regulatory sanction resulting from deceptive acts by external parties or internal personnel. Our strategy to combat fraud is built on a multi-layered framework of prevention, detection, and response. We invest in technological solutions to monitor transactions in real-time, identify anomalous patterns to detect and prevent fraudulent activity.

Furthermore, we maintain a robust system of internal controls and conduct employee training to foster a strong culture of security awareness and ethical conduct. We continuously enhance our authentication protocols and customer education initiatives to protect our customers' assets and data. While the sophistication and volume of fraud attempts continue to rise, the Bank's dedicated Fraud Risk Management team works continuously to anticipate emerging threats. We collaborate closely with industry partners and law enforcement to strengthen the entire financial ecosystem's resilience. Although it is not possible to eliminate all fraud risk, we are committed to managing it within acceptable levels to safeguard the interests of our shareholders, customers, and the Bank.

## 8.1 Business Continuity Management ("BCM")

The BCM process is depicted in the table below:



The BCM function is an integral part of EFORM. It places the importance of maintaining a BCM framework and policies to identify events that could potentially threaten the AMMB Group's operations and the identification of critical functions through BIA exercise for the development of recovery strategy. BCM builds the resilience and recovery capability to safeguard the interest of the AMMB Group's stakeholders by protecting our brand and reputation.

The BCM process complements the effort of the recovery team units to ensure that the Bank has the required critical capabilities and resources, such as IT system disaster recovery, alternate workspace arrangements and effective communication during interruptions.

AMMB Group is continuously reviewing the level of business operations resiliency to enhance the BCM capability throughout all critical departments and branches across the region. Training is an integral part of the process to heighten BCM awareness and inculcate a business resiliency culture.

AMMB Group integrates climate-related operational risk into its BCM programs and activities to ensure the continuity of its Critical Business Functions ("CBF") and Third Party Service Providers ("TPSP") in the face of climate related events. The integration shall include an objective risk assessment from credible external parties that evaluates the climate-related risk vulnerabilities of CBFs and TPSPs.

## 8.2 Technology and Cyber Risk Management

Technology risk is defined as the potential for financial loss, operational disruption, or reputational damage caused by failures in an organization's IT infrastructure, software, systems, or data. It encompasses cyber risks (often considered a subset of technology risk, though they are frequently used interchangeably), system downtime, and hardware failures. It arises from both internal factors and external threats.

The scope addresses the various cyber and technology domains as listed (not limited to) below. This should include consideration on the bank's eco system, risk appetite, strategy transformation and the usage of emerging technology i.e. Artificial Intelligence ("AI") & Machine Learning ("ML").

Similar to Operation Risk Management, the Technology and Cyber Risk Management process comprises the 4 phases encompassing the technology(ies), mechanisms, tools, policies, procedures, controls and processes, including management oversight, to continuously identify, assess, monitor, report and mitigate / control technology risks, which include (but not limited to) IT risk, information security risk and cyber security risk.

Technology and cyber security risks remain a persistent threat for the financial industry. The constantly evolving nature of the regulatory, digital landscape and sophistication of cyber threats and attack vectors calls for increased vigilance, readiness and ability to respond to upcoming threats. The resilience of the AMMB Group's IT infrastructure and cyber security capabilities are of paramount importance, especially with regards to safeguarding customers' information.

AMMB Group continues to monitor its cyber resilience posture to enhance its cyber security controls framework, execute internal assessment reviews, build defense mechanisms and uplift governance processes alongside AMMB Group's cyber risk management strategy - to identify threats in a timely manner, and build or enhance the right defences to mitigate risks. Creating a security mindset for employees and customers via its Cyber Security awareness programs also remains a priority.

The Group Technology Risk team acts as a second line of defence to monitor alongside the first line of defence to ensure that risks and controls are properly managed. The Group's technology risk management capabilities include oversight over infrastructure security risk, data leakage risk, application security risk and third party security risk, governance and process robustness.

Group Technology Risk works closely with all Business and Functional Lines to identify technology and cyber risks inherent in the respective business activities, impact assessment and ensuring remedial actions are in place to mitigate risks accordingly. Various tools and methods are employed (similar to Operation Risk tools) to support the execution of these assessments. Progressive tracking and advisory are performed in parallel to execute an effective security program to combine maturity-based and risk-based programs towards proactive cyber security.

### **8.3 Legal Risk**

In all jurisdictions that AMMB Group conducts its business, there could be potential legal risks arising from breaches of applicable laws, unenforceability of contracts, lawsuits, adverse judgement, failure to respond to changes in regulatory requirements and failure to protect assets (including intellectual properties) owned by the AMMB Group which may lead to incurrence of losses, disruption or otherwise impact on the AMMB Group's financials or reputation.

Legal risk is overseen by GMRC/Group Management Committee ("GMC"), upon advice by internal legal counsel and, where necessary, in consultation with external legal counsel to ensure that such risks are appropriately managed.

### **8.4 Regulatory Compliance Risk**

AMMB Group adopts a zero tolerance approach to regulatory breaches including bribery, corruption and Shariah non-compliance.

AMMB Group is committed to upholding high integrity and ethical standards by complying to the Code of Conduct and the applicable laws and regulations to safeguards the organisation and support sound and ethical business operations.

AMMB Group has in place a comprehensive Regulatory Compliance Risk Management Framework to promote the safety and soundness of AMMB Group by minimising financial, reputational and operational risks arising from regulatory non-compliance.

The compliance framework defines clear roles and responsibilities for compliance with regulatory guidelines and requirements and outlines the accountability of business and support units in managing compliance risks within their respective areas. The responsible parties are accountable for the management of compliance risks associated with the AMMB Group's processes and increasing awareness on the role of every employee to be compliant and safeguard the AMMB Group's reputation against any potential legal violations and/or regulatory non-compliance.

The Group Chief Compliance Officer provides independent oversight and has a direct reporting line to the Board Risk Management Committee ("RMC"). A structured governance and escalation process is in place to ensure timely identification, escalation, and reporting of compliance risks, with regular compliance updates submitted through monthly compliance reports to the RMC and the Board.

The Senior Management team is responsible for communicating the compliance framework to all employees across the organisation and ensuring the appropriate corrective actions are taken in response to any identified non-compliance. To support effective oversight, the Group Management Governance and Compliance Committee ("GMGCC"), comprising Senior Management representatives from Group Compliance, Group Risk, Group Internal Audit and Business Units, meets regularly to discuss and deliberate on regulatory updates, assess compliance issues, and address areas of non-compliance.

## 8.4 Regulatory Compliance Risk (Cont'd.)

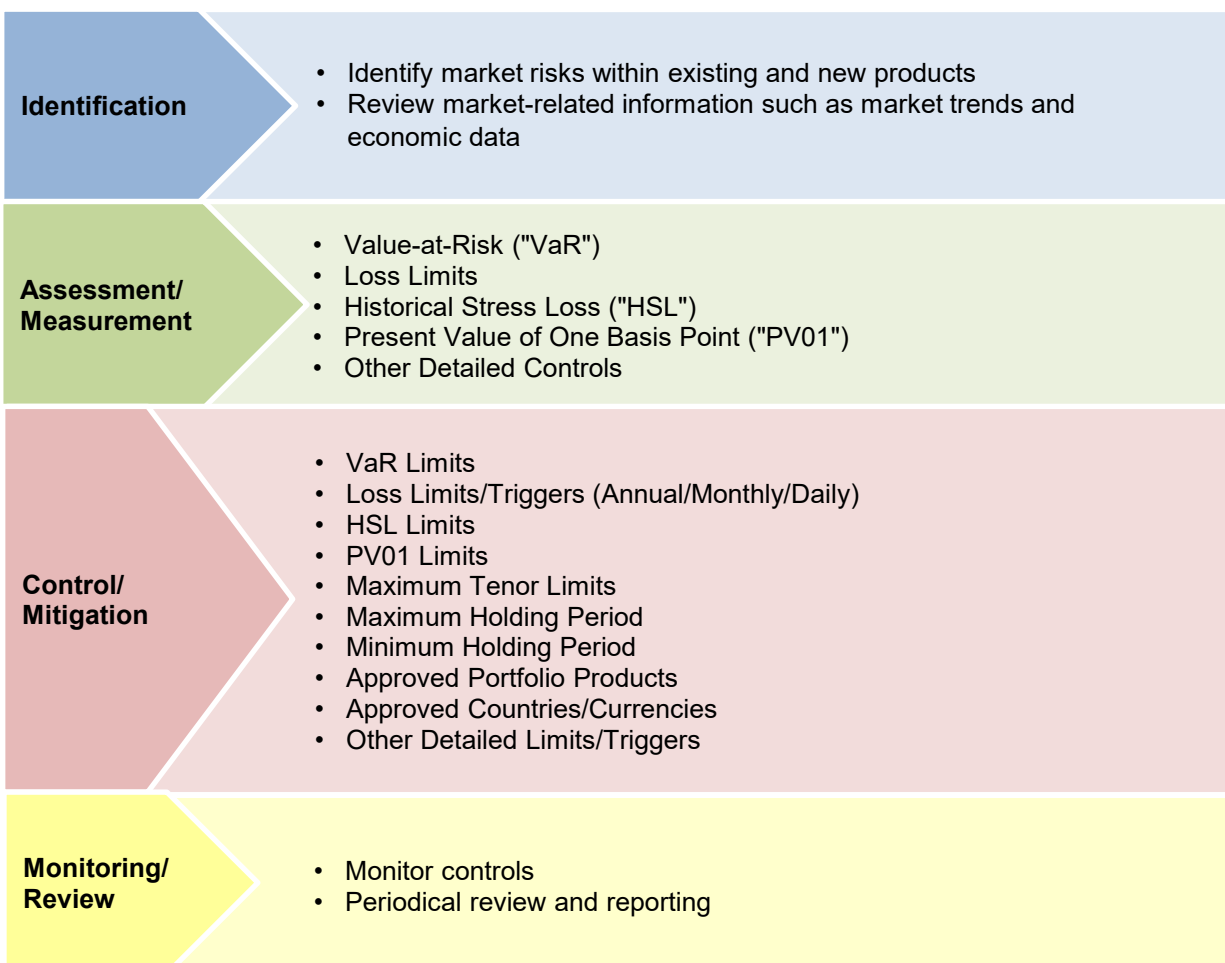
AMMB Group continues to strengthen its compliance culture, supported by strong leadership commitment to high ethical standards and integrity. The Group remains vigilant to emerging regulatory risks, enhances its due-diligence and governance processes, and proactively responds to heightened regulatory scrutiny and supervisory expectations. The Board and Senior Management lead by example in fostering a robust compliance culture, ensuring that integrity and ethical conduct are embedded across the organisation.

## 9.0 Market Risk Management

Market risk is the risk of losses due to adverse changes in the level or volatility of market rates or prices, such as profit rates, credit spreads, equity prices and foreign exchange rates. The Bank differentiates between two categories of market risk: Traded Market Risk ("TMR") and Non-Traded Market Risk ("NTMR"). Assessment, control and monitoring of these risks are the responsibilities of Investment Banking and Markets Risk ("IBMR").

### 9.1 Traded Market Risk ("TMR")

The TMR management process is depicted in the table below.



## 9.1 Traded Market Risk ("TMR")(Cont'd.)

TMR arises from transactions in which the Bank acts as principal with clients or the market. It involves taking positions in fixed income, equity, foreign exchange, commodities and/or derivatives. The objectives of TMR management are to understand, accurately measure and work with Business Units to ensure exposures are managed within the Board and GMRC approved limit structures and risk appetite. This is done via robust TMR measurement, limit setting, limit monitoring and collaboration and agreement with Business Units.

VaR, Loss Limits, HSL and other detailed management controls are used to measure, monitor and control TMR exposures. VaR is a quantitative measure which the Bank applies recent historical market conditions to estimate potential losses in market value, at a certain confidence level and over a specified time horizon (i.e. holding period). Loss Limits serve to alert management on the need to take relevant and appropriate action once they are triggered.

To complement VaR, HSL is used as a measure of the potential impact on portfolio values due to more extreme, albeit plausible, market movements. In addition, HSL is used to gauge and ensure that the Bank is able to absorb extreme, unanticipated market movements.

Apart from VaR, Loss Limits and HSL, additional sensitivity controls (e.g. PV01 Limits) and indicators are used to monitor changes in portfolio value due to changes in risk factors under different market conditions.

IBMR independently monitors risk exposures against limits on a daily basis. Portfolio market risk positions are independently monitored and reported by IBMR to GMRC, RMC and the Board. Furthermore, policies and procedures are in place to ensure prompt action is taken in the event of non-adherence to limits. Business Units exposed to TMR are required to maintain risk exposures within approved risk limits and to provide an explanation for any non-adherence event to Senior Management.

The Bank adopts the Standardised Approach for market risk capital charge computation. The capital charge serves as a buffer against losses from potential adverse market movements.

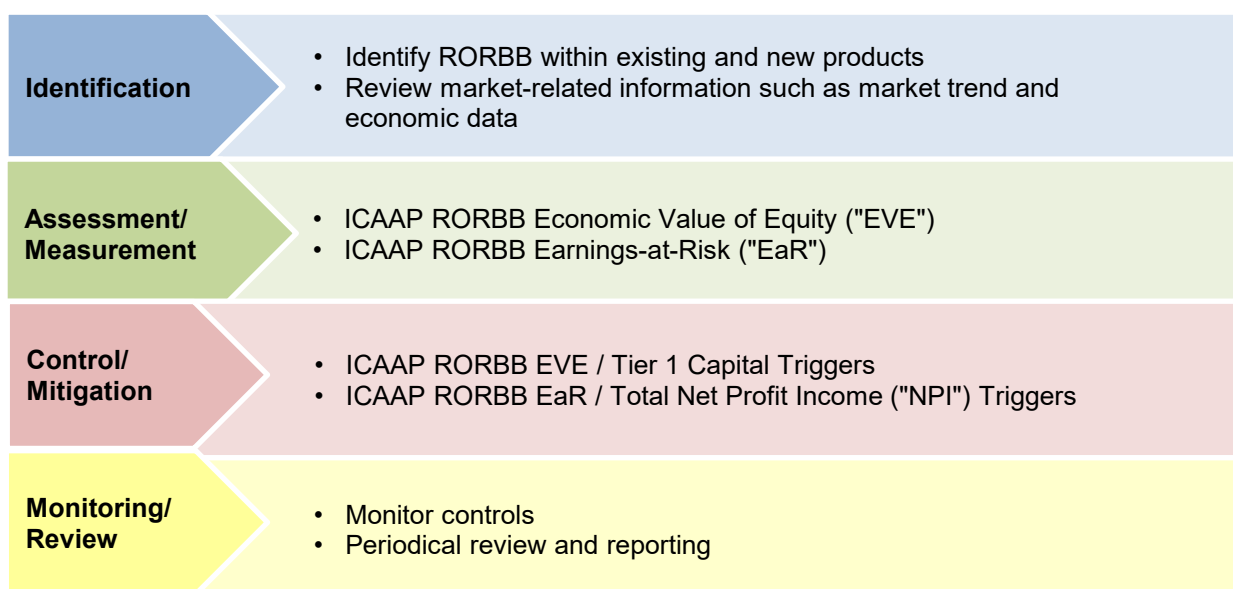
IBMR is committed to on-going improvements in market risk processes and systems, and allocates substantial resources to this endeavour.

## 9.2 Non-Traded Market Risk ("NTMR")

NTMR refers to rate of return risk in the banking book including those arising from balance sheet management activities as covered under the risk appetite.

### Rate of Return Risk in Banking Book ("RORBB")

The RORBB risk management process is depicted in the table below:



RORBB arises from changes in market profit rates that impact core net profit income, future cash flows or fair values of financial instruments. This risk arises from mismatches between repricing dates of assets and liabilities, changes in yield curves, volatilities in profit margins and implied volatilities on profit rate options. The provision of retail and wholesale banking products and services (primarily financing and deposit-taking activities) creates profit rate sensitive positions in the Bank's statement of financial position.

The principal objectives of balance sheet risk management are to manage profit income sensitivity while maintaining acceptable levels of RORBB and funding risk, and to manage the economic value of the Bank's capital.

The Board's oversight of RORBB is supported by the GALCO and GMRC. The Board and GMRC are responsible for the alignment of Bank-wide risk appetite. GALCO reviews strategies to ensure a comfortable level of RORBB is maintained, taking into consideration the Bank's business strategies and is responsible for overseeing the Bank's gapping positions, asset growth and liability mix against the profit rate outlook. The Bank has successfully engaged long-term funding and written profit rate swaps to manage RORBB and maintained an acceptable gapping profile as a result. In accordance with the Bank's policy, RORBB positions are monitored on a monthly basis and hedging strategies are employed to ensure risk exposures are maintained within Board and Management-approved triggers.

## **9.2 Non-Traded Market Risk ("NTMR") (Cont'd.)**

### **Rate of Return Risk in Banking Book ("RORBB") (Cont'd.)**

The Bank measures the RORBB exposures using EVE and EaR, which are quantitative measures to assess the impact of change in value of future cash flows or fair values of financial instruments and net profit income due to movement in market profit rates. The Bank complements EVE and EaR by stress testing RORBB exposures to highlight potential risk that may arise from extreme market events that are rare but plausible.

Key assumptions in the gap and sensitivity analysis relate to the behaviour of profit rates and spreads, changes in financing and advances and deposit product balances due to behavioural characteristics under different profit rate environments. Material assumptions include the repricing characteristics and the stability of indeterminate or non-maturity deposits and financing and advances.

The rate scenarios may include rapid ramping of profit rates, gradual ramping of profit rates, and narrowing or widening of spreads. Usually each analysis incorporates what Management deems the most appropriate assumptions about customer behaviour in a profit rate scenario. However, in certain cases, assumptions are deliberately changed to test the Bank's exposure to a specified event.

The Bank's strategy seeks to optimise exposure to RORBB within Board and Management-approved triggers. This is achieved through the ability to reposition the profit rate exposure of the statement of financial position using various product and funding strategies, supported by profit rate hedging activities using profit rate swaps and other derivatives. These approaches are governed by the Bank's policies in the areas of product and liquidity management as well as the Trading Book and Banking Book Policy, hedging policies and Non-Traded Profit Rate Risk Framework.

RORBB exposures are monitored by IBMR and positions reported to the GALCO, GMRC, RMC and Board.

## 9.2 Non-Traded Market Risk (Cont'd.)

### Rate of Return Risk in Banking Book ("RORBB") (Cont'd.)

**Table 9.3: Rate of Return Risk in Banking Book ("RORBB")**

The following table demonstrates the sensitivity of the Bank's profit before zakat and taxation and equity to a reasonable possible change in rate of return with all other variables remaining constant.

2026	Rate of Return + 100 bps RM'000	Rate of Return - 100 bps RM'000
Impact on profit before zakat and taxation	74,297	(74,297)
Impact on equity	(488,297)	538,614

2025	Rate of Return + 100 bps RM'000	Rate of Return - 100 bps RM'000
Impact on profit before zakat and taxation	65,231	(65,231)
Impact on equity	(531,807)	588,177

## 10.0 Equities (Banking Book Positions)

Equity risk is the potential loss that may be incurred on equity investments in the banking book. The Bank's equity exposures in the banking book are equity investments that are taken for strategic and other objectives. Where an equity investment is undertaken for a strategic purpose, such investment will be made only after extensive analysis and due diligence. Equity investments undertaken for other business objectives are principally in conjunction with initiatives or measures promoted by the relevant regulatory authorities or trade bodies in which the Bank will jointly with other financial institutions invest in such entities to attain various objectives, such as socio-economic development, promoting the further development of the financial market, the provision of facilities to improve customer service, and support for human capital development for the betterment of the Malaysian banking industry. The Board's approvals are required prior to committing to all forms of equity investment under this category and, where relevant, the necessary regulatory approval or notification will be obtained or met.

## 10.1 Valuation for and accounting of equity investments in the banking book

Measurement of equity securities - management has elected at initial recognition to irrevocably designate certain equity investment not held for trading at financial assets at fair value through profit or loss ("FVTPL") and FVOCI. When this election is used, fair value gains and losses for equity investment at FVTPL are recognised in profit or loss and equity investment at FVOCI are recognised in other comprehensive income.

**Table 10.1: Equity investments and capital requirement**

An analysis of equity investments by appropriate equity groupings and risk weighted assets of the Bank are as follows:

	2026 RM'000	2025 RM'000
<b>Non traded equity investments</b>		
Value of quoted (publicly traded) equities	12,452	9,715
Value of unquoted (privately held) equities	37,469	29,234
<b>Total</b>	<b>49,921</b>	<b>38,949</b>
<b>Net unrealised gain/(losses)</b>		
Total unrealised gains/(losses)	8,359	(8,331)
<b>Total</b>	<b>8,359</b>	<b>(8,331)</b>
<b>Risk weighted assets</b>		
Equity investments subject to a 100% risk weight	12,452	9,715
Equity investments subject to a 150% risk weight	56,204	43,852
<b>Total</b>	<b>68,656</b>	<b>53,567</b>
<b>Total minimum capital requirement (8%)</b>	<b>5,492</b>	<b>4,285</b>

## 11.0 Liquidity Risk and Funding Management

Liquidity risk is the risk that the organisation either does not have sufficient financial resources available to meet all its obligations and commitments as they fall due, or can only access these financial resources at an unreasonable cost. Liquidity risk exposure arises mainly from the deposit taking and financing activities and market disruption, and to a lesser extent, significant drawdown of funds from previously contracted financing and purchase commitments. Funding management is the ongoing ability to raise sufficient funds to finance actual and proposed business activities at a reasonable cost. Improper funding risk management may lead to liquidity problem. On the other hand, insufficient liquidity risk management may also give rise to funding risk.

The liquidity risk management process is depicted in the table below:

<b>Identification</b>	<ul style="list-style-type: none"> <li>• Identify liquidity risk within existing and new business activities</li> <li>• Review market-related information such as market trend and economic data</li> <li>• Keep abreast with regulatory requirements</li> </ul>
<b>Assessment/ Measurement</b>	<ul style="list-style-type: none"> <li>• Liquidity Coverage Ratio ("LCR")</li> <li>• Net Stable Funding Ratio ("NSFR")</li> <li>• Depositor Concentration Ratios</li> <li>• Other Detailed Controls</li> </ul>
<b>Control/ Mitigation</b>	<ul style="list-style-type: none"> <li>• LCR Limits/Triggers</li> <li>• NSFR Limits/Triggers</li> <li>• Depositor Concentration Ratios</li> <li>• Other Detailed Triggers/Targets</li> </ul>
<b>Monitoring/ Review</b>	<ul style="list-style-type: none"> <li>• Monitor controls</li> <li>• Periodical review and reporting</li> </ul>

The liquidity risk management of the Bank is aligned to the Liquidity Risk policy document, LCR policy document and NSFR policy document issued by BNM. The primary objective of the Bank's liquidity risk management is to ensure the availability of sufficient funds at a reasonable cost to honour all financial commitments when they fall due. This objective is partly managed through maintenance of a portfolio of high-quality liquid assets to protect against adverse funding conditions and support day-to-day operations. The secondary objective is to ensure an optimal funding structure and to balance the key liquidity risk management objectives, which includes diversification of funding sources, customer base and maturity period.

The Board provides the liquidity risk management oversight including setting and reviewing the liquidity risk appetite while GALCO is the core management committee established by the Board to oversee the overall liquidity management of the Bank.

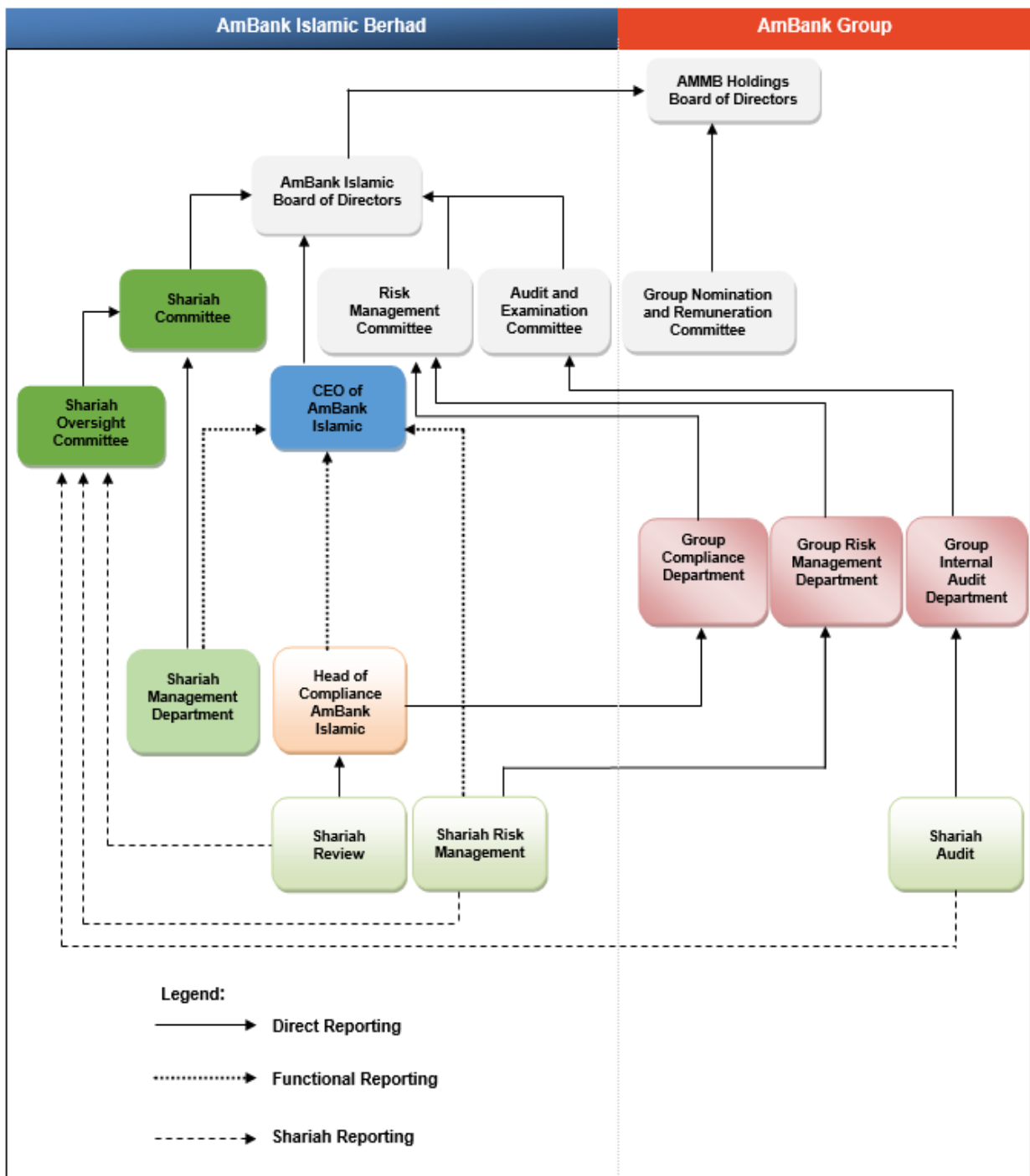
## **11.0 Liquidity Risk and Funding Management (Cont'd.)**

The Bank has put in place a Contingency Funding Plan which is established by Capital and Balance Sheet Management ("CBSM") to identify early warning signals of possible liquidity problem. The Contingency Funding Plan also sets out the detailed responsibilities among the relevant departments in the event of actual liquidity crises occurring to ensure orderly execution of procedures to restore the liquidity position and confidence in the organisation.

Various liquidity measurements have been put in place to support the broader strategic objectives of the Bank and amongst others include the BNM LCR, BNM NSFR and other Liquidity Ratios such as Depositors Concentration Ratio. IBMR is responsible for developing and monitoring the controls and limits while the Group Treasury and Markets ("GTM") and CBSM are responsible to ensure the controls and limits are within the thresholds.

Stress testing is undertaken to assess and plan for the impact for various scenarios which may put the Bank's liquidity at risk. The Bank further stresses the importance of the stable funding sources to finance lending and financing to customers. They are monitored using the financing to funds ratio, which compares financing and advances to customers as a percentage of the Bank's total funds.

## 12.0 Shariah Governance Structure



The Bank has established its Shariah governance structure in accordance with the requirements of the Islamic Financial Services Act 2013 ("IFSA") and BNM's Policy Document on Shariah Governance ("SGPD"). This is to ensure that the operations and business activities of the Bank comply with Shariah principles and requirements.

Apart from the Shariah Management Department, Shariah Risk Management and Shariah Review functions which reside in the Bank, the Bank's Shariah governance structure leverages on the Group Internal Audit Department for the Shariah Audit function.

## **12.0 Shariah Governance Structure (Cont'd.)**

### **Board of Directors**

The Board is responsible for the overall oversight on the Shariah governance and Shariah compliance, including the appointment, remuneration, performance evaluation and reappointment of the Shariah Committee members. The Board performs its oversight role through various committees such as the Audit and Examination Committee, Risk Management Committee and the Shariah Committee.

### **Audit and Examination Committee ("AEC")**

The AEC is a Board committee responsible for assisting the Board in ensuring that the Bank's operations are Shariah compliant through the independent assurance from the Shariah audit function. The reports from the Shariah Review Section are also presented to the AEC for information.

### **Risk Management Committee ("RMC")**

The RMC is a Board committee responsible for assisting the Board in ensuring that risk management (including Shariah risk management) controls and processes are in place.

### **Group Nomination and Remuneration Committee ("GNRC")**

The GNRC is established as a committee of the AMMB to provide assistance to the AMMB Group in the following areas:

- Review and assess the appointment/reappointment and remuneration of Directors, Shariah Committee members and Senior Management for recommendation to the Board.
- Oversee the establishment of a formal and transparent procedure for the performance evaluation of Directors, Shariah Committee members and Senior Management.
- Advise the Board on the optimal size and mix of skills of the Board and Board Committee.

### **Shariah Committee**

The Shariah Committee is responsible on matters related to Shariah. This includes advising the Board and Senior Management on Shariah matters as well as endorsing products and services, Shariah policies and the relevant documentation in relation to the Bank's business and operations. In addition to endorsing the zakat computation mechanism and the proposed recipients for zakat distribution, the Shariah Committee provides advice and guidance on the management of the zakat fund, charity and other social programmes or activities.

## **12.0 Shariah Governance Structure (Cont'd.)**

### **Shariah Oversight Committee**

The Shariah Oversight Committee, which is a sub-committee to the Shariah Committee, performs an oversight function via the Shariah Control Functions (i.e. Shariah Review, Shariah Risk Management, and Shariah Audit). The Shariah Oversight Committee provides guidance and advice on matters pertaining to Shariah non-compliant ("SNC") incidents as well as treatment of any SNC income.

### **Senior Management**

The Chief Executive Officer ("CEO") and senior officers of the Bank and AMMB Group are responsible to make reference to the Shariah Committee and/or Shariah Oversight Committee on Shariah matters of the Bank and to take the necessary measures for implementation. The Senior Management is also responsible in establishing the infrastructure and adequate resources to support the Shariah governance structure. This includes putting in place adequate systems and controls in order to ensure compliance with Shariah and to mitigate Shariah non-compliance risk.

### **Shariah Management**

The Shariah Management Department is accountable to the Shariah Committee with functional reporting to the CEO, and is responsible for providing operational support for the effective functioning of the Shariah Committee including day-to-day Shariah advisory, conducting Shariah research, formulating Shariah policies and acting as the Secretariat to the Shariah Committee and the Shariah Oversight Committee.

### **Shariah Risk Management**

The Shariah Risk Management Department is accountable to the Group Risk Management Department and the CEO of the Bank, and has Shariah reporting to the Shariah Oversight Committee. Shariah Risk Management Department is the designated second-line of defense that shall be responsible of managing Shariah risk within AmBank Group with the exception for Shariah risk of AmIslamic Funds Management Sdn Bhd. The Department systematically identifies, measures, monitors and reports Shariah non-compliance risks to mitigate any possible non-compliance incidents.

## **12.0 Shariah Governance Structure (Cont'd.)**

### **Shariah Review**

The Shariah Review Section is accountable to the Head of Compliance of the Bank with functional reporting to the CEO of the Bank, with Shariah reporting to the Shariah Oversight Committee. Shariah Review refers to a function that conducts regular assessment on the compliance of the operations, business, affairs and activities of the Bank which are predominantly transactional in nature, with Shariah requirements.

The Shariah Review Section also acts as the Shariah Non-Compliance Officer ("SNCO") of the Bank. The SNCO is responsible to assess and decide whether the reported Shariah related incidents shall be classified as Potential SNC, and also in preparing the SNC report for deliberation by the Shariah Oversight Committee in determining whether the Shariah related incident is an SNC or otherwise.

### **Shariah Audit**

The Shariah Audit Section is accountable to the Audit and Examination Committee in relation to Shariah-related matters and reports to the Shariah Oversight Committee. The Shariah Audit Section is a dedicated team within the Group Internal Audit Department, and is responsible to conduct independent assessment on the quality and effectiveness of the Bank's internal control, risk management systems, governance processes as well as the overall compliance of the Bank's operations, business, affairs and activities with Shariah requirements. The scope of Shariah audit includes but not limited to activities undertaken by departments and functions that relate to Islamic products and services.

## **12.1 Shariah Non-Compliant ("SNC") Income**

For the financial year ended 31 March 2026, there were no SNC incidents.

For the financial year ended 31 March 2025, there was one SNC event declared with estimated SNC income of RM75,537.

### 13.0 Investment Account

The Bank offers two types of Investment Account ("IA") namely, Restricted Investment Account ("RA") which refers to a type of IA where the Investment Account Holder ("IAH") provides a specific investment to the Bank and Unrestricted Investment Account ("UA") which refers to a type of IA where the customer provides the Bank with mandate to make the ultimate investment decision without specifying any particular restriction or condition. Both RA and UA are based on the Shariah concept of Mudarabah.

Mudarabah means a profit sharing contract between the IAH as the fund provider and the Bank as the fund manager in which the IAH provides capital to be managed by the Bank. Any profit generated from the capital is shared between the IAH and the Bank in accordance with a mutually agreed Profit-Sharing Ratio ("PSR"), whilst financial losses (if any) are solely borne by the IAH provided that such losses are not due to the Bank's misconduct, negligence or breach of specified terms. The IA is not covered by PIDM.

As part of the measures to further support the growth in financing or assets of the Bank, the Bank is allowed to recognise the placement of Investment accounts for the purpose of:

- Computation of Single Customer Exposure Limit ("SCEL"), where the RA placement maintained by the Bank shall be captured via look-through approach whereby the exposure to the counterparty in relation to the underlying asset invested by the Bank. The exposure shall be aggregated with all other exposure to such counterparty which in this case AmBank.
- Credit and market risk weighted assets funded by RA and UA are allowed to be excluded from the Bank's calculation of Risk Weighted Capital Ratio ("RWCR"). Hence, allowing the Bank to enhance its financing capacity.

The IA is structured based on application of Shariah contracts terms which do not create an obligation for the Bank to repay in full the money accepted from the IAH. The structure and term of the IA provide sufficient legal enforceability to effect the loss bearing or loss transfer arrangement to IAH in accordance with Shariah.

Although the risk will be borne by the investor, the Bank will ensure the assets portfolio tagged to the investment accounts are being monitored diligently by specific team set up by the Bank. For RA, the selection of financing assets among others will take into considerations the Risk Grade ("RG"), arrears position, tenor of the facility and also collateral value. The return will also be determined based on the investment account holders' risk appetite. For UA, the Bank will invest in low risk investment portfolios which comprise of pool of stable Shariah-compliant financing-i.

### **13.0 Investment Account (Cont'd.)**

#### **13.1 Restricted Investment Account (“RA”)**

The RA is an arrangement between the Bank and AmBank (act as IAH) to finance a specific business venture whereby AmBank solely provides capital and the business ventures are managed solely by the Bank as the fund manager. AmBank records its exposure in the arrangement as "Investment Account", whereas the Bank records its exposure as "financing and advances".

The RA exposes AmBank to the risks and rewards of the financing, and accordingly, AmBank accounts for all impairment allowances and risk weighted assets arising from the RA arrangement.

The RA placement will be limited to a cap agreed and approved by the management and Board of Directors of both the Bank and AmBank. In addition, the identified assets funded by RA shall be based on the criteria that has been agreed and approved by the relevant committees of the Bank and AmBank.

The Bank conducts regular review of the disclosure policies to ensure reliable, relevant and timely information to the Bank to facilitate the evaluation of RA performance and the risks associated with the assets portfolio.

The contract or Aqad encompassed terms and conditions including but not limited to the followings:

- i. The description of the shariah concept used the RA arrangement
- ii. Placement amount
- iii. Tenor in months or days (whichever applicable)
- iv. Profit Sharing Ratio (“PSR”) for Mudarabah
- v. Description of Assets/Investments matched with the funding

In managing the liquidity risk for RA, the redemption conditions imposed on AmBank would significantly mitigate the liquidity risk exposure of the Bank.

### 13.0 Investment Account (Cont'd.)

#### 13.2 Mudarabah Term Investment Account ("MTIA-i")

The Bank has widened the scope of business beyond credit intermediation by acting as an investment intermediation role via the introduction of UA product.

The investment mandate, strategy and parameters for UA are in accordance with the governance set up by the Bank to ensure effective and efficient oversight on business activities and operations of UA in safeguarding the IAH's interest.

The Bank had established proper governance to facilitate effective monitoring and control of the overall management and conduct of the investment account. A dedicated unit was established to ensure management, development and implementation of operational policies that govern the conduct of IA are observed. On a periodic basis, a Fund Performance Report shall be made available on the Bank's website, disclosing the performance of the underlying asset, which in turn facilitates the IAH in making their investment decision.

MTIA-i fund is invested in investment asset with competitive pricing and good asset quality. The investment asset subscribes to the Bank's internal credit controls as regulated by BNM. Investment asset allocated is Shariah compliant retail mortgage portfolio of the Bank. The Bank manages the investment return in a manner consistent with IAH investment objective and the related governing rules and regulations.

Valuation methodology employed is in accordance with sound industry practice and consistent with the MFRS Accounting Standards. The Bank monitored the performance of the investment asset on monthly basis. The net return/loss on the MTIA-i are published on the Bank's website.

#### MTIA-i Performance

As at 31 March 2026, balance of MTIA-i stood at RM2,046.2 million (31 March 2025: RM1.1 million). The performance of the MTIA-i is as presented in the table below :

2026	%
Return on Assets ("ROA")	5.00
Average Net Distributable Income Attributable to the IAH	3.62
Average Profit Sharing Ratio to the IAH	72.50

2025	%
Return on Assets ("ROA")	4.99
Average Net Distributable Income Attributable to the IAH	2.43
Average Profit Sharing Ratio to the IAH	48.72