

# Leading Asia



BASEL II  
PILLAR 3 DISCLOSURE



*Together with you*



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# Overview

The Pillar 3 Disclosure for the financial year ended 31 December 2020 for Malayan Banking Berhad (“Maybank” or the “Bank”) and its subsidiaries (“Maybank Group” or the “Group”) is in accordance with Bank Negara Malaysia’s (“BNM”) Risk-Weighted Capital Adequacy Framework (“RWCAF”) – Disclosure Requirements (“Pillar 3”) and Capital Adequacy Framework for Islamic Banks (“CAFIB”) – Disclosures Requirements (“Pillar 3”), which are the equivalent of that issued by the Basel Committee on Banking Supervision (“BCBS”) entitled International Convergence of Capital Measurement and Capital Standards (commonly referred to as Basel II).

The Group adopts the following approaches in determining the capital requirements of Pillar 1 in accordance with BNM’s Guidelines on Capital Adequacy Framework (Basel II – Risk Weighted Assets) and CAFIB (Basel II – Risk Weighted Assets):

- Credit Risk – Foundation Internal Ratings-Based (“FIRB”) Approach and supervisory slotting criteria to calculate credit risk-weighted assets (“RWA”) for major non-retail portfolios, and the Advanced Internal Ratings-Based (“AIRB”) Approach for major retail portfolios. Other credit portfolios, especially those in the Bank’s subsidiaries and some overseas units, are on the Standardised Approach and will migrate to the Internal Ratings-Based (“IRB”) approaches progressively.
- Market Risk – Standardised Approach (“SA”).
- Operational Risk – Basic Indicator Approach (“BIA”).

## MEDIUM AND LOCATION OF DISCLOSURE

The Pillar 3 Disclosure will be made available under the Investor Relations section of the Group’s website at [www.maybank.com](http://www.maybank.com) and as a separate report in the annual and half-yearly financial reports, after the notes to the Financial Statements.

## BASIS OF DISCLOSURE

This Pillar 3 Disclosure is prepared in accordance with BNM’s Pillar 3 Guidelines and the Group’s internal policy on Pillar 3 Disclosures, and is to be read in conjunction with the Group’s and Bank’s Financial Statements for the financial year ended 31 December 2020. Whilst this document discloses the Group’s assets both in terms of exposures and capital requirements, the information disclosed herein may not be directly comparable with the information in the Financial Statements 2020 published by the Group.

These disclosures have been reviewed and verified by an independent internal party and approved by the Risk Management Committee (“RMC”), as delegated by the Board of Directors (“Board”) of the Group.

## COMPARATIVE INFORMATION

This is the tenth full Pillar 3 Disclosure since the Group adopted the Basel II IRB Approach in July 2010. The corresponding Pillar 3 Disclosure in the preceding reporting period would be as at 31 December 2019.

# Scope of Application

The Pillar 3 Disclosure is prepared on a consolidated basis and comprises information of the Group, the Bank and Maybank Islamic Berhad (“Maybank Islamic”), a wholly-owned subsidiary of the Group which provides Islamic banking financial services in Malaysia and Dubai.

For regulatory reporting purposes, Maybank establishes two main levels of reporting namely at Maybank Group level, covering Maybank and its subsidiaries excluding the investments in insurance entities and associates; and at Maybank level, covering Maybank Head Office and overseas branches.

Information on subsidiaries and associates of the Group is available in the notes to the Financial Statements. The basis of consolidation for financial reporting is disclosed in the notes to the Financial Statements, which differs from that used for regulatory capital reporting purposes.

During the financial year, the Group did not experience any restrictions or other major impediments on the transfer of funds or regulatory capital within the Group.

# Capital Management

Effective capital management is fundamental to the sustainability of the Group. The Group proactively manages its capital to meet the expectations of key stakeholders such as regulators, shareholders, investors, rating agencies and analysts whilst ensuring that the returns on capital commensurate with risks undertaken by respective business units. The objectives are to:

- Maintain capital ratios at levels sufficiently above the regulatory minimum;
- Support the Group's strong credit ratings from local and international rating agencies;
- Deploy capital efficiently to businesses and optimise returns on capital;
- Remain flexible to capitalise on future opportunities; and
- Build and invest in businesses, even in a stressed environment.

## Group Capital Management Framework

The Group formulates the Maybank Group Capital Management Framework ("Framework") to ensure capital management and planning are integrated and aligned across the Group.

The Framework, which is approved by the Board, incorporates governance, identification, assessment, monitoring and escalation policies and procedures to ensure that capital is managed effectively and optimised across the group.

The Framework also contains guidance for implementation of Risk Adjusted Performance Measurement ("RAPM") to allocate capital optimally across the Group and measure the returns from the capital. The RAPM tool is implemented to promote optimal capital levels for business sectors, subsidiaries and overseas branches to minimise cost of capital and create value to the Group as a whole.

Overall responsibility for the management of capital rests with the Board whilst Group Executive Committee ("EXCO") is responsible for capital management policies on an ongoing basis.

## Annual Group Capital and Funding Plan

The Annual Group Capital and Funding Plan ("Plan") aims to ensure the Group (inclusive of subsidiaries and overseas branches) has sufficient capital and optimal capital mix to support business plans and strategic objectives during the financial year.

The Plan is updated annually and is approved by the Board. It is comprehensively drawn up to cover at least a three-year horizon and takes into account, amongst others, the Group's strategic objectives and business plans, regulatory capital requirements, views from key stakeholders, peers benchmarking, new developments on capital guidelines and regulations both locally and overseas, available supply of capital and capital raising options, performance of business sectors based on RAPM approach, risks under Pillar 2 Internal Capital Adequacy Assessment Process ("ICAAP") as well as stress test results. Key issues pertaining to the capital position will be identified for discussion at the Board level and appropriate solutions are recommended for implementation.

Internal capital targets ("ICTs") are set for the Group, subsidiaries and overseas branches based on their respective risk profiles and regulatory requirements at the jurisdictions in which they are based. The ICTs are reviewed annually to ensure adequate capital buffers to support their risk profiles and business growth.

## Group Capital Contingency Plan

The Group Capital Contingency Plan is embedded within the Maybank Group Capital Management Framework that is approved by the Board. The plan provides a comprehensive approach to the management and restoration of capital across the Group in the unlikely event of a capital crisis by:

- Establishing policies, procedures and governance for capital contingency planning;
- Providing early warning signals and establishing monitoring and escalation process; and
- Establishing strategies and action plans to ensure that capital is managed promptly.

The capital adequacy ratios of the Group (including subsidiaries and overseas branches) are monitored actively by Senior Management and the relevant committees on a monthly basis. Appropriate trigger points and early warning indicators are established based on the capital adequacy ratios governed under BNM guidelines and other local regulators (where relevant) in order to facilitate monitoring and escalation, reporting, decision-making and action planning. The trigger points formalise the basis of escalation to the appropriate departments and committees and also provide clear action plans to ensure that capital is restored back to healthy levels in the event of a capital crisis.

## Capital Structure

The Group places strong emphasis on the quality of its capital and, accordingly, holds a significant amount of its capital in the form of common equity which is permanent and has the highest loss absorption capability on a going concern basis.

The common equity capital of the Group comprises of ordinary share capital, reserves and retained profits. There were no new shares issued under the Dividend Reinvestment Plan ("DRP") during the financial year.

The DRP scheme was first announced by the Bank on 25 March 2010 to allow shareholders to reinvest their cash dividends into new ordinary shares in the Group. Based on the DRPs since its first implementation, the average reinvestment rates has been about 85%.

In addition to common equity, the Group also maintains other types of capital instruments such as Additional Tier 1 capital instruments and Tier 2 subordinated notes in order to optimise and diversify capital mix as well as lower cost of capital.

Table 1 and 2 depict a summary of the Additional Tier 1 capital instruments and Tier 2 subordinated notes issued by the Bank, which are qualified in the capital computation in accordance with BNM's Capital Adequacy Framework (Capital Components) and Capital Adequacy Framework for Islamic Banks (Capital Components) issued on 9 December 2020. For further details of these capital instruments, please refer to Notes 32 and 33 of the Financial Statements.

**Table 1: Additional Tier 1 Capital Instruments**

Description	Issue Date	First Call Date (callable at the option of the Issuer)	Maturity Date	As at 31.12.2020 RM' Million
RM1.24 billion 4.08% Basel III-compliant Additional Tier 1 Sukuk Mudharabah Perpetual Non-Call 5	25 September 2019	25 September 2024	Perpetual	1,250
RM1.56 billion 4.13% Basel III-compliant Additional Tier 1 Sukuk Mudharabah Perpetual Non-Call 7	25 September 2019	25 September 2026	Perpetual	1,577

**Table 2: Tier 2 Capital Instruments**

Description	Issue Date	First Call Date (callable at the option of the Issuer)	Maturity Date	As at 31.12.2020 RM' Million
RM2.3 billion 2.90% Basel III-compliant Subordinated Sukuk Murabahah due in 2030 (10 Non-Call 5)	9 October 2020	9 October 2025	9 October 2030	2,300
RM0.7 billion 3.10% Basel III-compliant Subordinated Sukuk Murabahah (10 Non-Call 7)	9 October 2020	8 October 2027	8 October 2032	700
RM2.0 billion 4.63% Basel III-compliant Subordinated Sukuk Murabahah (10 Non-Call 5)	31 January 2019	31 January 2024	31 January 2029	2,000
RM1.7 billion 4.71% Basel III-compliant Subordinated Sukuk Murabahah (12 Non-Call 7)	31 January 2019	31 January 2026	31 January 2031	1,700
USD500 million 3.905% Basel III-compliant Subordinated Notes (10.5 non-call 5.5)	29 April 2016	29 October 2021	29 October 2026	2,008

## Minimum Regulatory Capital Requirement

**Table 3: Minimum Regulatory Capital Requirement [Applicable from 2020 to 2022]**

From 1 January Minimum CAR	2020 %	2021 %	2022 %
CET1 (a)	4.500	4.500	4.500
CCB (b)	2.500	2.500	2.500
HLA (c)	-	1.000	1.000
CET1 including CCB and HLA (a)+(b)+(c)	7.000	8.000	8.000
Tier 1 Capital Ratio	8.500	9.500	9.500
Total Capital Ratio	10.500	11.500	11.500

In addition to the Capital Conservation Buffer (“CCB”) of 2.5% and the Countercyclical Capital Buffer (“CCyB”) ranging between 0% – 2.5% of total RWA, BNM had on 5 February 2020 announced that Maybank will be one of the banks categorised as a Domestic Systemically Important Banks (“D-SIB”). Maybank is categorised under the Bucket 2 of the Higher Loss Absorbency (“HLA”) requirements. The HLA requirement will come into effect on 31 January 2021. With regards to CCyB, BNM will communicate its decision on the CCyB rate by up to 12 months before the date from which the rate applies.

## Capital Management

### CAPITAL ADEQUACY RATIO

Table 4 and 5 depicts the Capital Adequacy Ratios and Capital Adequacy Structure for the Group, the Bank and Maybank Islamic respectively.

**Table 4: Capital Adequacy Ratios for Maybank Group, Maybank and Maybank Islamic**

Capital Adequacy Ratios	As at 31 December 2020			As at 31 December 2019		
	Group	Maybank	Maybank Islamic	Group	Maybank	Maybank Islamic*
CET1 Capital Ratio	15.313%	15.581%	13.773%	15.729%	15.314%	14.101%
Tier 1 Capital Ratio	16.026%	16.343%	15.030%	16.486%	16.120%	15.508%
Total Capital Ratio <sup>1</sup>	18.683%	18.639%	18.063%	19.387%	19.387%	18.845%

\* Ratios exclude adjustment of RM218,525,000, net of tax in relation to accumulated prepaid profit distributable to depositors for Prosperous Now Account-i ("PNA-i") deposits which was recognised as a prior year adjustment during the financial year ended 31 December 2020 at Maybank Islamic entity level, whereas the Group recognised it as current year expenses.

**Table 5: Capital Adequacy Structure for Maybank Group, Maybank and Maybank Islamic**

As at 31.12.2020	Group RM'000	Maybank RM'000	Maybank Islamic* RM'000
Total Capital	75,398,785	44,041,414	14,372,665
Credit RWA	326,778,410	188,805,720	83,430,785
Credit RWA absorbed by the parent and Investment Account Holders ("IAH") <sup>2</sup>			(13,537,755)
Market RWA	33,242,608	25,137,353	1,177,963
Operational RWA	43,557,083	22,345,775	8,499,254
Total RWA	403,578,101	236,288,848	79,570,247
As at 31.12.2019			
Total Capital*	73,750,005	43,322,675	13,393,448
Credit RWA	310,269,454	178,843,605	72,552,853
Credit RWA absorbed by the parent and Investment Account Holders ("IAH") <sup>2</sup>			(10,472,880)
Market RWA	27,288,688	21,513,467	963,780
Operational RWA*	42,853,735	23,106,901	8,029,045
Total RWA*	380,411,877	223,463,973	71,072,798

\* For Maybank Islamic, amount excludes adjustment of RM218,525,000, net of tax in relation to accumulated prepaid profit distributable to depositors for Prosperous Now Account-i ("PNA-i") deposits which was recognised as a prior year adjustment during the financial year ended 31 December 2020 at Maybank Islamic entity level, whereas the Group recognised it as current year expenses.

Notes:

1. Before proposed final dividend for FYE 2020 and FYE 2019 respectively.
2. In accordance to BNM's Investment Account policy, credit risk weighted assets funded by investment accounts shall be excluded from the calculation of capital adequacy ratio of the Islamic Financial Institution ("IFI").

The Total Capital Ratio of the Group as at 31 December 2020 stood at 18.683%, which is a slight reduction from the previous financial year of 19.387%. At entity level, the Bank's Total Capital Ratio remained strong at 18.639% and Maybank Islamic registered a healthy ratio of 18.063%.

The Group is poised to maintain healthy capital ratios above the minimum regulatory capital requirement under BNM's Capital Adequacy Framework (Capital Components), a testament of the Group's resilience and strength in meeting its obligations. With the continued active capital management across the Group, CET1 capital ratio will maintain comfortably well ahead of the minimum level of 8% (inclusive of capital conservation buffer) as required by 2021.

Table 6 discloses Capital Adequacy under IRB Approach for the Group, the Bank and Maybank Islamic respectively.

Table 7 to 9 disclose the risk weighted assets and minimum regulatory capital requirement for credit risk under the IRB Approach for the Group, the Bank and Maybank Islamic, respectively. These tables tabulate the total RWA under the various exposure classes under the IRB approach and apply the minimum capital requirement at 8% as set by BNM to ascertain the minimum capital required for each of the portfolio assessed.

Please refer to Note 61 in the Financial Statements for detailed discussion on the Capital Adequacy Ratios.

**Table 6: Disclosure on Capital Adequacy under IRB Approach**

As at 31.12.2020	Group RM'000	Maybank RM'000	Maybank Islamic RM'000
<b>CET1 Capital</b>			
Share Capital	48,280,355	48,280,355	7,929,444
Retained profits <sup>1</sup>	22,447,018	16,811,402	2,756,457
Other reserves <sup>1</sup>	5,473,660	6,201,908	1,234,078
Qualifying non-controlling interests	115,096	-	-
CET1 capital before regulatory adjustments	76,316,129	71,293,665	11,919,979
Less: Regulatory adjustments applied on CET1 Capital	(14,517,207)	(34,477,624)	(960,375)
Deferred tax assets	(722,391)	-	-
Goodwill	(5,536,309)	(81,015)	-
Other intangibles	(955,439)	(306,645)	-
Gains on financial instruments classified as 'fair value through other comprehensive income'	(1,922,600)	(1,279,711)	(365,901)
Regulatory reserve	(2,115,455)	(1,495,500)	(594,474)
Investment in ordinary shares of unconsolidated financial and insurance/takaful entities <sup>2</sup>	(3,265,013)	(31,314,753)	-
<b>Total CET1 capital</b>	<b>61,798,922</b>	<b>36,816,041</b>	<b>10,959,604</b>
<b>Additional Tier 1 Capital</b>			
Capital securities	2,800,000	2,800,000	1,000,000
Qualifying CET1 and additional Tier 1 capital instruments held by third parties	78,005	-	-
Less: Investment in ordinary shares of unconsolidated financial and insurance/takaful entities <sup>2</sup>	-	(1,000,000)	-
<b>Total Tier 1 Capital</b>	<b>64,676,927</b>	<b>38,616,041</b>	<b>11,959,604</b>
<b>Tier 2 Capital</b>			
Subordinated obligations	8,707,823	8,707,823	2,000,000
Qualifying CET1, additional Tier 1 and Tier 2 capital instruments held by third parties	41,209	-	-
General provision <sup>3</sup>	332,053	69,408	11,523
Surplus of total eligible provision over total expected loss	1,640,773	989,825	401,538
Less: Investment in ordinary shares of unconsolidated financial and insurance/takaful entities <sup>2</sup>	-	(4,341,683)	-
<b>Total Tier 2 Capital</b>	<b>10,721,858</b>	<b>5,425,373</b>	<b>2,413,061</b>
<b>Total Capital</b>	<b>75,398,785</b>	<b>44,041,414</b>	<b>14,372,665</b>

<sup>1</sup> For the Group, the amount excludes retained profits and other reserves from insurance and takaful business. For the Bank, the amount includes retained profits and other reserves of Maybank International (L) Ltd.

<sup>2</sup> For the Bank, the regulatory adjustment includes cost of investment in subsidiaries and associates, except for: (i) Myfin Berhad of RM18,994,000 as its business, assets and liabilities have been transferred to the Bank; (ii) Maybank International (L) Ltd. of RM10,289,000 and (iii) Maybank Agro Fund Sdn. Bhd. of RM57,000, as its assets are included in the Bank's RWA. For the Group, the regulatory adjustment includes carrying amount of associates and investment in insurance and takaful entities.

<sup>3</sup> Refers to loss allowance measured at an amount equal to 12-month and lifetime expected credit losses and regulatory reserve, to the extent they are ascribed to non-credit impaired exposures, determined under Standardised Approach for credit risk.

The capital adequacy ratios of the Group are derived from consolidated balances of the Bank and its subsidiaries, excluding the investments in insurance and takaful entities and associates.

## Capital Management

**Table 6: Disclosure on Capital Adequacy under IRB Approach (cont'd.)**

As at 31.12.2019	Group RM'000	Maybank RM'000	Maybank Islamic RM'000
<b>CET1 Capital</b>			
Share Capital	48,280,355	48,280,355	7,197,398
Retained profits <sup>1</sup>	20,606,011	15,231,992	2,676,002
Other reserves <sup>1</sup>	5,189,258	5,820,765	1,181,830
Qualifying non-controlling interests	134,080	-	-
CET1 capital before regulatory adjustments	74,209,704	69,333,112	11,055,230
Less: Regulatory adjustments applied on CET1 Capital	(14,374,667)	(35,110,987)	(1,033,520)
Deferred tax assets	(678,978)	-	-
Goodwill	(5,709,503)	(81,015)	-
Other intangibles	(952,424)	(280,120)	-
Gains on financial instruments classified as 'fair value through other comprehensive income'	(1,186,797)	(884,294)	(187,023)
Regulatory reserve	(2,771,806)	(1,894,921)	(846,497)
Investment in ordinary shares of unconsolidated financial and insurance/takaful entities <sup>2</sup>	(3,075,159)	(31,970,637)	-
<b>Total CET1 capital</b>	59,835,037	34,222,125	10,021,710
<b>Additional Tier 1 Capital</b>			
Capital securities	2,800,000	2,800,000	1,000,000
Qualifying CET1 and additional Tier 1 capital instruments held by third parties	79,175	-	-
Less: Investment in ordinary shares of unconsolidated financial and insurance/takaful entities <sup>2</sup>	-	(1,000,000)	-
<b>Total Tier 1 capital</b>	62,714,212	36,022,125	11,021,710
<b>Tier 2 Capital</b>			
Subordinated obligations	9,045,420	9,045,420	2,000,000
Qualifying CET1, additional Tier 1 and Tier 2 capital instruments held by third parties	41,287	-	-
General provision <sup>3</sup>	399,044	97,242	17,675
Surplus of total eligible provision over total expected loss	1,550,042	959,033	354,063
Less: Investment in ordinary shares of unconsolidated financial and insurance/takaful entities <sup>2</sup>	-	(2,801,145)	-
<b>Total Tier 2 capital</b>	11,035,793	7,300,550	2,371,738
<b>Total Capital</b>	73,750,005	43,322,675	13,393,448

**Notes:**

- 1 For the Group, the amount excludes retained profits and other reserves from insurance and takaful businesses. For the Bank, the amount includes retained profits and other reserves of Maybank International (L) Ltd. For Maybank Islamic, the amount of retained profits excludes the adjustment of RM218,525,000, net of tax in relation to accumulated prepaid profit distributable to depositors for Prosperous Now Account-i ("PNA-i") deposits which was recognised as a prior year adjustment during the financial year ended 31 December 2020 at Maybank Islamic entity level, whereas the Group recognised it as current year expenses.
- 2 For the Bank, the regulatory adjustment includes cost of investment in subsidiaries and associates, except for: (i) Myfin Berhad of RM18,994,000 as its business, assets and liabilities have been transferred to the Bank; (ii) Maybank International (L) Ltd. of RM10,289,000 and (iii) Maybank Agro Fund Sdn. Bhd. of RM57,000, as its assets are included in the Bank's RWA. For the Group, the regulatory adjustment includes carrying amount of associates and investment in insurance and takaful entities.
- 3 Refers to loss allowance measured at an amount equal to 12-month and lifetime expected credit losses and regulatory reserve, to the extent they are ascribed to non-credit impaired exposures, determined under Standardised Approach for credit risk.

The capital adequacy ratios of the Group are derived from consolidated balances of the Bank and its subsidiaries, excluding the investments in insurance and takaful entities and associates.



Table 7: Disclosure on Capital Adequacy under IRB Approach for Maybank Group

Item	Exposure Class As at 31.12.2020	Gross Exposures/ EAD before CRM RM'000	Net Exposures/ EAD after CRM RM'000	Risk- Weighted Assets RM'000	Minimum Capital Requirement at 8% RM'000
<b>1.0</b>	<b>Credit Risk</b>				
<b>1.1</b>	<b>Exempted Exposures (Standardised Approach)</b>				
	<u>On-Balance Sheet Exposures</u>				
	Sovereigns/Central Banks	146,186,501	146,186,501	6,555,108	524,409
	Public Sector Entities	4,364,797	4,364,267	1,050,265	84,021
	Banks, Development Financial Institutions & MDBs	2,668,146	2,668,146	425,418	34,033
	Insurance Cos, Securities Firms & Fund Managers	466,307	466,307	466,307	37,305
	Corporates	20,923,703	15,755,610	14,820,532	1,185,643
	Regulatory Retail	22,743,556	21,229,923	16,265,590	1,301,247
	Residential Mortgages	2,618,565	2,616,057	1,185,106	94,808
	Higher Risk Assets	56,661	56,661	84,991	6,799
	Other Assets	14,033,243	14,031,913	6,659,794	532,784
	Securitisation Exposures	20,073	20,073	4,015	321
	Equity Exposures	349,407	349,407	433,675	34,694
	Defaulted Exposures	1,474,887	1,470,486	2,092,101	167,368
	<b>Total On-Balance Sheet Exposures</b>	<b>215,905,846</b>	<b>209,215,351</b>	<b>50,042,902</b>	<b>4,003,432</b>
	<u>Off-Balance Sheet Exposures</u>				
	OTC Derivatives	3,435,412	3,358,254	765,001	61,200
	Off-balance sheet exposures other than OTC derivatives or credit derivatives	3,210,111	2,904,928	2,494,213	199,537
	Defaulted Exposures	14,132	14,132	14,155	1,132
	<b>Total Off-Balance Sheet Exposures</b>	<b>6,659,655</b>	<b>6,277,314</b>	<b>3,273,369</b>	<b>261,869</b>
	<b>Total On and Off-Balance Sheet Exposures</b>	<b>222,565,501</b>	<b>215,492,665</b>	<b>53,316,271</b>	<b>4,265,301</b>
<b>1.2</b>	<b>Exposures under the IRB Approach</b>				
	<u>On-Balance Sheet Exposures</u>				
	Public Sector Entities	23,509,967	23,509,967	1,141,301	91,304
	Banks, Development Financial Institutions & MDBs	19,971,049	19,971,049	4,694,650	375,572
	Corporate Exposures	220,894,074	220,894,074	155,374,588	12,429,967
	a) Corporates (excluding Specialised Lending and firm-size adjustment)	163,271,883	163,271,883	114,121,651	9,129,732
	b) Corporates (with firm-size adjustment)	53,212,457	53,212,457	37,389,481	2,991,158
	c) Specialised Lending (Own PD Approach)				
	– Project Finance	3,757,833	3,757,833	3,603,146	288,252
	d) Specialised Lending (Slotting Approach)				
	– Project Finance	651,901	651,901	260,310	20,825
	Retail Exposures	238,237,823	238,237,823	49,693,855	3,975,508
	a) Residential Mortgages	98,655,601	98,655,601	18,226,842	1,458,147
	b) Qualifying Revolving Retail Exposures	9,010,213	9,010,213	3,446,469	275,718
	c) Hire Purchase Exposures	56,009,215	56,009,215	12,968,466	1,037,477
	d) Other Retail Exposures	74,562,794	74,562,794	15,052,078	1,204,166
	Defaulted Exposures	9,946,020	9,946,020	1,499,713	119,977
	<b>Total On-Balance Sheet Exposures</b>	<b>512,558,933</b>	<b>512,558,933</b>	<b>212,404,107</b>	<b>16,992,328</b>
	<u>Off-Balance Sheet Exposures</u>				
	OTC Derivatives	12,359,022	12,359,022	4,733,075	378,646
	Off-balance sheet exposures other than OTC derivatives or credit derivatives	83,941,061	83,941,061	40,805,094	3,264,407
	Defaulted Exposures	206,150	206,150	40,875	3,270
	<b>Total Off-Balance Sheet Exposures</b>	<b>96,506,233</b>	<b>96,506,233</b>	<b>45,579,044</b>	<b>3,646,323</b>
	<b>Total On and Off-Balance Sheet Exposures</b>	<b>609,065,166</b>	<b>609,065,166</b>	<b>257,983,150</b>	<b>20,638,651</b>
	<b>Total IRB Approach after Scaling Factor of 1.06</b>	<b>-</b>	<b>-</b>	<b>273,462,139</b>	<b>21,876,970</b>
	<b>Total (Exposures under Standardised Approach &amp; IRB Approach)</b>	<b>831,630,667</b>	<b>824,557,831</b>	<b>326,778,410</b>	<b>26,142,271</b>
<b>2.0</b>	<b>Market Risk</b>				
	Interest Rate Risk			11,277,552	902,204
	Foreign Currency Risk			7,616,407	609,313
	Equity Risk			1,454,723	116,378
	Commodity Risk			-	-
	Option Risk			12,893,926	1,031,514
<b>3.0</b>	<b>Operational Risk</b>			43,557,083	3,484,567
<b>4.0</b>	<b>Total RWA and Capital Requirements</b>			<b>403,578,101</b>	<b>32,286,247</b>

## Capital Management

Table 7: Disclosure on Capital Adequacy under IRB Approach for Maybank Group (cont'd.)

Item	Exposure Class As at 31.12.2019	Gross Exposures/ EAD before CRM RM'000	Net Exposures/ EAD after CRM RM'000	Risk- Weighted Assets RM'000	Minimum Capital Requirement at 8% RM'000
<b>1.0</b>	<b>Credit Risk</b>				
<b>1.1</b>	<b>Exempted Exposures (Standardised Approach)</b>				
	<u>On-Balance Sheet Exposures</u>				
	Sovereigns/Central Banks	146,809,026	146,305,916	6,653,043	532,243
	Public Sector Entities	10,747,033	11,247,668	885,955	70,876
	Banks, Development Financial Institutions & MDBs	1,902,985	692,707	439,285	35,143
	Insurance Cos, Securities Firms & Fund Managers	501,456	1,711,734	501,456	40,116
	Corporates	20,031,285	15,014,675	13,015,829	1,041,266
	Regulatory Retail	24,542,407	23,209,256	17,639,274	1,411,142
	Residential Mortgages	2,677,640	2,782,013	1,149,301	91,944
	Higher Risk Assets	67,729	17,739	101,594	8,128
	Other Assets	13,501,269	13,547,272	6,540,049	523,204
	Securitisation Exposures	50,587	50,587	10,117	809
	Equity Exposures	260,557	260,557	336,765	26,941
	Defaulted Exposures	1,607,734	1,603,827	1,485,347	118,828
	<b>Total On-Balance Sheet Exposures</b>	<b>222,699,708</b>	<b>216,443,951</b>	<b>48,758,015</b>	<b>3,900,640</b>
	<u>Off-Balance-Sheet Exposures</u>				
	OTC Derivatives	2,303,427	2,301,783	549,731	43,979
	Off-balance sheet exposures other than OTC derivatives or credit derivatives	3,032,123	2,815,485	2,509,642	200,771
	Defaulted Exposures	146,175	146,175	111,680	8,934
	<b>Total Off-Balance Sheet Exposures</b>	<b>5,481,725</b>	<b>5,263,443</b>	<b>3,171,053</b>	<b>253,684</b>
	<b>Total On and Off-Balance Sheet Exposures</b>	<b>228,181,433</b>	<b>221,707,394</b>	<b>51,929,068</b>	<b>4,154,324</b>
<b>1.2</b>	<b>Exposures under the IRB Approach</b>				
	<u>On-Balance Sheet Exposures</u>				
	Public Sector Entities	14,203,714	14,203,714	873,423	69,874
	Banks, Development Financial Institutions & MDBs	25,477,488	25,477,488	6,691,333	535,307
	Corporate Exposures	232,463,288	232,463,288	152,747,605	12,219,809
	a) Corporates (excluding Specialised Lending and firm-size adjustment)	176,795,337	176,795,337	114,846,748	9,187,740
	b) Corporates (with firm-size adjustment)	50,836,328	50,836,328	33,333,022	2,666,642
	c) Specialised Lending (Own PD Approach)				
	– Project Finance	3,437,178	3,437,178	3,540,500	283,240
	d) Specialised Lending (Slotting Approach)				
	– Project Finance	1,394,445	1,394,445	1,027,335	82,187
	Retail Exposures	224,727,260	224,727,260	43,781,004	3,502,480
	a) Residential Mortgages	95,799,561	95,799,561	15,665,552	1,253,244
	b) Qualifying Revolving Retail Exposures	10,021,219	10,021,219	3,505,292	280,423
	c) Hire Purchase Exposures	52,450,265	52,450,265	11,398,363	911,869
	d) Other Retail Exposures	66,456,215	66,456,215	13,211,797	1,056,944
	Defaulted Exposures	14,033,726	14,033,726	2,302,100	184,168
	<b>Total On-Balance Sheet Exposures</b>	<b>510,905,476</b>	<b>510,905,476</b>	<b>206,395,465</b>	<b>16,511,638</b>
	<u>Off-Balance Sheet Exposures</u>				
	OTC Derivatives	9,429,924	9,429,925	4,019,567	321,565
	Off balance sheet exposures other than OTC derivatives or credit derivatives	72,651,418	72,651,418	33,283,576	2,662,686
	Defaulted Exposures	152,660	152,660	18,736	1,499
	<b>Total Off-Balance Sheet Exposures</b>	<b>82,234,002</b>	<b>82,234,003</b>	<b>37,321,879</b>	<b>2,985,750</b>
	<b>Total On and Off-Balance Sheet Exposures</b>	<b>593,139,478</b>	<b>593,139,479</b>	<b>243,717,344</b>	<b>19,497,389</b>
	<b>Total IRB Approach after Scaling Factor of 1.06</b>			<b>258,340,386</b>	<b>20,667,231</b>
	<b>Total (Exposures under Standardised Approach &amp; IRB Approach)</b>	<b>821,320,911</b>	<b>814,846,873</b>	<b>310,269,454</b>	<b>24,821,555</b>
<b>2.0</b>	<b>Market Risk</b>				
	Interest Rate Risk			10,630,762	850,461
	Foreign Currency Risk			4,964,572	397,166
	Equity Risk			1,411,319	112,906
	Commodity Risk			–	–
	Option Risk			10,282,035	822,563
<b>3.0</b>	<b>Operational Risk</b>			42,853,735	3,428,299
<b>4.0</b>	<b>Total RWA and Capital Requirements</b>			<b>380,411,877</b>	<b>30,432,950</b>

Total RWA for the Group increased for FY2020 and was predominantly arising from Credit Risk Weighted Asset (CRWA). The increase was mainly due to rating migration of customers.

**Table 8: Disclosure on Capital Adequacy under IRB Approach for Maybank**

Item	Exposure Class As at 31.12.2020	Gross Exposures/ EAD before CRM RM'000	Net Exposures/ EAD after CRM RM'000	Risk- Weighted Assets RM'000	Minimum Capital Requirement at 8% RM'000
<b>1.0</b>	<b>Credit Risk</b>				
<b>1.1</b>	<b>Exempted Exposures (Standardised Approach)</b>				
	<u>On-Balance Sheet Exposures</u>				
	Sovereigns/Central Banks	84,389,147	84,389,147	3,149,542	251,963
	Public Sector Entities	3,472,112	3,472,112	823,935	65,915
	Banks, Development Financial Institutions & MDBs	957,672	957,672	80,576	6,446
	Insurance Cos, Securities Firms & Fund Managers	13,885	13,885	13,885	1,111
	Corporates	12,718,103	11,261,425	10,757,117	860,569
	Regulatory Retail	1,838,689	1,563,959	1,209,248	96,740
	Residential Mortgages	1,198,586	1,196,871	454,153	36,332
	Higher Risk Assets	-	-	-	-
	Other Assets	8,429,194	8,429,194	3,336,159	266,893
	Securitisation Exposures	20,073	20,073	4,015	321
	Equity Exposures	343,060	343,060	425,306	34,024
	Defaulted Exposures	877,363	873,649	1,255,842	100,467
	<b>Total On-Balance Sheet Exposures</b>	<b>114,257,884</b>	<b>112,521,047</b>	<b>21,509,778</b>	<b>1,720,781</b>
	<u>Off-Balance Sheet Exposures</u>				
	OTC Derivatives	3,155,492	3,155,180	560,765	44,861
	Off-balance sheet exposures other than OTC derivatives or credit derivatives	2,223,565	2,048,109	1,750,267	140,021
	Defaulted Exposures	14,060	14,060	14,060	1,125
	<b>Total Off-Balance Sheet Exposures</b>	<b>5,393,117</b>	<b>5,217,349</b>	<b>2,325,092</b>	<b>186,007</b>
	<b>Total On and Off-Balance Sheet Exposures</b>	<b>119,651,001</b>	<b>117,738,396</b>	<b>23,834,870</b>	<b>1,906,788</b>
<b>1.2</b>	<b>Exposures under the IRB Approach</b>				
	<u>On-Balance Sheet Exposures</u>				
	Public Sector Entities	18,547,766	18,547,766	1,134,622	90,770
	Banks, Development Financial Institutions & MDBs	36,575,801	36,575,801	9,547,124	763,770
	Corporate Exposures	149,076,828	149,076,828	99,309,345	7,944,748
	a) Corporates (excluding Specialised Lending and firm-size adjustment)	115,579,390	115,579,390	75,513,234	6,041,059
	b) Corporates (with firm-size adjustment)	29,974,191	29,974,191	20,729,709	1,658,377
	c) Specialised Lending (Own PD Approach)				
	- Project Finance	2,891,431	2,891,431	2,817,825	225,426
	d) Specialised Lending (Slotting Approach)				
	- Project Finance	631,816	631,816	248,577	19,886
	Retail Exposures	69,267,171	69,267,171	13,934,077	1,114,725
	a) Residential Mortgages	31,317,620	31,317,620	5,448,291	435,863
	b) Qualifying Revolving Retail Exposures	5,156,688	5,156,688	1,724,640	137,971
	c) Hire Purchase Exposures	7,427,098	7,427,098	1,820,705	145,656
	d) Other Retail Exposures	25,365,765	25,365,765	4,940,441	395,235
	Defaulted Exposures	6,203,517	6,203,517	397,527	31,802
	<b>Total On-Balance Sheet Exposures</b>	<b>279,671,083</b>	<b>279,671,083</b>	<b>124,322,695</b>	<b>9,945,815</b>
	<u>Off-Balance Sheet Exposures</u>				
	OTC Derivatives	12,254,566	12,254,566	4,379,007	350,321
	Off-balance sheet exposures other than OTC derivatives or credit derivatives	53,342,158	53,342,158	26,924,428	2,153,954
	Defaulted Exposures	164,887	164,887	6,746	540
	<b>Total Off-Balance Sheet Exposures</b>	<b>65,761,611</b>	<b>65,761,611</b>	<b>31,310,181</b>	<b>2,504,815</b>
	<b>Total On and Off-Balance Sheet Exposures</b>	<b>345,432,694</b>	<b>345,432,694</b>	<b>155,632,876</b>	<b>12,450,630</b>
	<b>Total IRB Approach after Scaling Factor of 1.06</b>	<b>-</b>	<b>-</b>	<b>164,970,850</b>	<b>13,197,668</b>
	<b>Total (Exposures under Standardised Approach &amp; IRB Approach)</b>	<b>465,083,695</b>	<b>463,171,090</b>	<b>188,805,720</b>	<b>15,104,456</b>
<b>2.0</b>	<b>Market Risk</b>				
	Interest Rate Risk			10,305,505	824,440
	Foreign Currency Risk			2,372,167	189,773
	Equity Risk			93,530	7,482
	Commodity Risk			-	-
	Option Risk			12,366,151	989,292
<b>3.0</b>	<b>Operational Risk</b>			22,345,775	1,787,662
<b>4.0</b>	<b>Total RWA and Capital Requirements</b>			<b>236,288,848</b>	<b>18,903,105</b>

## Capital Management

Table 8: Disclosure on Capital Adequacy under IRB Approach for Maybank (cont'd.)

Item	Exposure Class As at 31.12.2019	Gross Exposures/ EAD before CRM RM'000	Net Exposures/ EAD after CRM RM'000	Risk- Weighted Assets RM'000	Minimum Capital Requirement at 8% RM'000
<b>1.0</b>	<b>Credit Risk</b>				
<b>1.1</b>	<b>Exempted Exposures (Standardised Approach)</b>				
	<u>On-Balance Sheet Exposures</u>				
	Sovereigns/Central Banks	79,146,128	79,146,128	3,022,189	241,775
	Public Sector Entities	9,830,601	9,829,261	722,669	57,814
	Banks, Development Financial Institutions & MDBs	654,872	654,872	14,334	1,147
	Insurance Cos, Securities Firms & Fund Managers	126,923	126,923	126,923	10,154
	Corporates	9,000,306	7,175,662	6,697,610	535,809
	Regulatory Retail	2,379,807	2,029,933	1,646,240	131,699
	Residential Mortgages	1,309,668	1,307,845	494,659	39,573
	Higher Risk Assets	-	-	-	-
	Other Assets	8,052,752	8,052,752	3,208,021	256,642
	Securitisation Exposures	50,587	50,587	10,117	809
	Equity Exposures	257,896	257,896	333,088	26,647
	Defaulted Exposures	959,324	957,419	583,399	46,672
	<b>Total On-Balance Sheet Exposures</b>	<b>111,768,864</b>	<b>109,589,278</b>	<b>16,859,249</b>	<b>1,348,741</b>
	<u>Off-Balance-Sheet Exposures</u>				
	OTC Derivatives	2,051,936	2,051,936	333,708	26,697
	Off-balance sheet exposures other than OTC derivatives or credit derivatives	1,887,165	1,705,362	1,700,508	136,041
	Defaulted Exposures	145,963	145,963	111,387	8,911
	<b>Total Off-Balance Sheet Exposures</b>	<b>4,085,064</b>	<b>3,903,261</b>	<b>2,145,603</b>	<b>171,649</b>
	<b>Total On and Off-Balance Sheet Exposures</b>	<b>115,853,928</b>	<b>113,492,539</b>	<b>19,004,852</b>	<b>1,520,390</b>
<b>1.2</b>	<b>Exposures under the IRB Approach</b>				
	<u>On-Balance Sheet Exposures</u>				
	Public Sector Entities	6,095,629	6,095,629	865,580	69,246
	Banks, Development Financial Institutions & MDBs	45,851,307	45,851,307	10,206,878	816,550
	Corporate Exposures	159,995,289	159,995,289	99,858,125	7,988,649
	a) Corporates (excluding Specialised Lending and firm-size adjustment)	126,380,168	126,380,168	76,986,236	6,158,899
	b) Corporates (with firm-size adjustment)	29,525,342	29,525,342	18,985,866	1,518,869
	c) Specialised Lending (Own PD Approach)				
	– Project Finance	2,715,593	2,715,593	2,873,006	229,840
	d) Specialised Lending (Slotting Approach)				
	– Project Finance	1,374,186	1,374,186	1,013,017	81,041
	Retail Exposures	67,615,894	67,615,894	13,877,422	1,110,195
	a) Residential Mortgages	29,450,500	29,450,500	5,349,182	427,935
	b) Qualifying Revolving Retail Exposures	5,851,649	5,851,649	1,643,632	131,491
	c) Hire Purchase Exposures	8,250,123	8,250,123	1,828,924	146,314
	d) Other Retail Exposures	24,063,622	24,063,622	5,055,684	404,455
	Defaulted Exposures	6,954,352	6,954,352	485,490	38,839
	<b>Total On-Balance Sheet Exposures</b>	<b>286,512,471</b>	<b>286,512,471</b>	<b>125,293,495</b>	<b>10,023,479</b>
	<u>Off-Balance Sheet Exposures</u>				
	OTC Derivatives	9,111,857	9,111,857	3,658,180	292,654
	Off balance sheet exposures other than OTC derivatives or credit derivatives	46,196,998	46,196,998	21,835,561	1,746,845
	Defaulted Exposures	128,276	128,276	4,040	323
	<b>Total Off-Balance Sheet Exposures</b>	<b>55,437,131</b>	<b>55,437,131</b>	<b>25,497,781</b>	<b>2,039,822</b>
	<b>Total On and Off-Balance Sheet Exposures</b>	<b>341,949,602</b>	<b>341,949,602</b>	<b>150,791,276</b>	<b>12,063,301</b>
	<b>Total IRB Approach after Scaling Factor of 1.06</b>	<b>-</b>	<b>-</b>	<b>159,838,753</b>	<b>12,787,099</b>
	<b>Total (Exposures under Standardised Approach &amp; IRB Approach)</b>	<b>457,803,530</b>	<b>455,442,141</b>	<b>178,843,605</b>	<b>14,307,489</b>
<b>2.0</b>	<b>Market Risk</b>				
	Interest Rate Risk			9,862,878	789,030
	Foreign Currency Risk			1,508,539	120,683
	Commodity Risk			-	-
	Option Risk			10,142,050	811,364
<b>3.0</b>	<b>Operational Risk</b>			23,106,901	1,848,552
<b>4.0</b>	<b>Total RWA and Capital Requirements</b>			<b>223,463,973</b>	<b>17,877,118</b>

**Table 9: Disclosure on Capital Adequacy under IRB Approach for Maybank Islamic**

Item	Exposure Class As at 31.12.2020	Gross Exposures/ EAD before CRM RM'000	Net Exposures/ EAD after CRM RM'000	Risk- Weighted Assets RM'000	Risk- Weighted Assets Absorbed by PSIA RM'000	Total Risk- Weighted Assets after effects of PSIA RM'000	Minimum Capital Requirement at 8% RM'000
<b>1.0</b>	<b>Credit Risk</b>						
<b>1.1</b>	<b>Exempted Exposures (Standardised Approach)</b>						
	<u>On-Balance Sheet Exposures</u>						
	Sovereigns/Central Banks	27,256,122	27,256,122	8,215	-	8,215	657
	Public Sector Entities	132,009	131,479	74,195	-	74,195	5,936
	Banks, Development Financial Institutions & MDBs	-	-	-	-	-	-
	Insurance Cos, Securities Firms & Fund Managers	97	97	97	-	97	8
	Corporates	1,475,534	1,267,504	836,734	-	836,734	66,939
	Regulatory Retail	1,983,682	1,289,537	1,182,420	-	1,182,420	94,594
	Residential Mortgages	624,101	623,307	226,496	-	226,496	18,120
	Higher Risk Assets	36	36	54	-	54	4
	Other Assets	1,625,770	1,625,770	425,639	-	425,639	34,051
	Equity Exposure	1,250	1,250	1,875	-	1,875	150
	Defaulted Exposures	37,964	37,834	33,898	-	33,898	2,711
	<b>Total On-Balance Sheet Exposures</b>	<b>33,136,565</b>	<b>32,232,936</b>	<b>2,789,623</b>	<b>-</b>	<b>2,789,623</b>	<b>223,170</b>
	<u>Off-Balance Sheet Exposures</u>						
	OTC Derivatives	68,992	68,993	68,993	-	68,993	5,519
	Off-balance sheet exposures other than OTC derivatives or credit derivatives	132,541	111,465	111,465	-	111,465	8,917
	<b>Total Off-Balance Sheet Exposures</b>	<b>201,533</b>	<b>180,458</b>	<b>180,458</b>	<b>-</b>	<b>180,458</b>	<b>14,436</b>
	<b>Total On and Off-Balance Sheet Exposures</b>	<b>33,338,098</b>	<b>32,413,394</b>	<b>2,970,081</b>	<b>-</b>	<b>2,970,081</b>	<b>237,606</b>
<b>1.2</b>	<b>Exposures under the IRB Approach</b>						
	<u>On-Balance Sheet Exposures</u>						
	Public Sector Entities	19,233,688	19,233,688	1,092,538	(1,085,858)	6,680	87,403
	Banks, Development Financial Institutions & MDBs	2,258,467	2,258,467	329,932	-	329,932	26,395
	Corporate Exposures	56,309,812	56,309,812	35,581,018	(7,625,423)	27,955,595	2,846,481
	a) Corporates (excluding Specialised Lending and firm-size adjustment)	41,177,625	41,177,625	25,194,680	(7,569,983)	17,624,697	2,015,574
	b) Corporates (with firm-size adjustment)	14,186,761	14,186,761	9,550,069	(16,226)	9,533,843	764,005
	c) Specialised Lending (Own PD Approach)						
	- Project Finance	925,342	925,342	824,536	(39,214)	785,322	65,963
	d) Specialised Lending (Slotting Approach)						
	- Project Finance	20,084	20,084	11,733		11,733	939
	Retail Exposures	141,289,810	141,289,810	26,994,847	(2,300,915)	24,693,932	2,159,588
	a) Residential Mortgages	45,112,848	45,112,848	8,238,594	(786,754)	7,451,840	659,088
	b) Qualifying Revolving Retail Exposures	2,261,406	2,261,406	674,152		674,152	53,932
	c) Hire Purchase Exposures	39,390,049	39,390,049	8,935,527	(275,158)	8,660,369	714,842
	d) Other Retail Exposures	54,525,507	54,525,507	9,146,574	(1,239,003)	7,907,571	731,726
	Defaulted Exposures	2,593,415	2,593,415	547,934		547,934	43,835
	<b>Total On-Balance Sheet Exposures</b>	<b>221,685,192</b>	<b>221,685,192</b>	<b>64,546,269</b>	<b>(11,012,196)</b>	<b>53,534,073</b>	<b>5,163,702</b>
	<u>Off-Balance Sheet Exposures</u>						
	OTC Derivatives	608,460	608,460	394,545	-	394,545	31,564
	Off-balance sheet exposures other than OTC derivatives or credit derivatives	23,285,234	23,285,234	10,957,198	(1,759,270)	9,197,928	876,576
	Defaulted Exposures	17,768	17,768	8,314	-	8,314	665
	<b>Total Off-Balance Sheet Exposures</b>	<b>23,911,462</b>	<b>23,911,462</b>	<b>11,360,057</b>	<b>-</b>	<b>9,600,787</b>	<b>908,805</b>
	<b>Total On and Off-Balance Sheet Exposures</b>	<b>245,596,654</b>	<b>245,596,654</b>	<b>75,906,326</b>	<b>(12,771,466)</b>	<b>63,134,859</b>	<b>6,072,507</b>
	<b>Total IRB Approach after Scaling Factor of 1.06</b>			<b>80,460,704</b>	<b>(13,537,754)</b>	<b>66,922,949</b>	<b>6,436,857</b>
	<b>Total (Exposures under Standardised Approach &amp; IRB Approach)</b>	<b>278,934,752</b>	<b>278,010,048</b>	<b>83,430,785</b>	<b>(13,537,754)</b>	<b>69,893,030</b>	<b>6,674,463</b>
<b>2.0</b>	<b>Market Risk</b>						
	Benchmark Rate Risk			604,449	-	604,449	48,356
	Equity Risk			-	-	-	-
	Foreign Exchange Risk			573,514	-	573,514	45,881
	Option Risk			-	-	-	-
<b>3.0</b>	<b>Operational Risk</b>			8,499,254	-	8,499,254	679,940
<b>4.0</b>	<b>Total RWA and Capital Requirements</b>			<b>93,108,002</b>	<b>(13,537,754)</b>	<b>79,570,247</b>	<b>7,448,640</b>

## Capital Management

**Table 9: Disclosure on Capital Adequacy under IRB Approach for Maybank Islamic (cont'd.)**

Item	Exposure Class As at 31.12.2019	Gross Exposures/ EAD before CRM RM'000	Net Exposures/ EAD after CRM RM'000	Risk- Weighted Assets RM'000	Risk- Weighted Assets Absorbed by PSIA RM'000	Total Risk- Weighted Assets after effects of PSIA RM'000	Minimum Capital Requirement at 8% RM'000
<b>1.0</b>	<b>Credit Risk</b>						
<b>1.1</b>	<b>Exempted Exposures (Standardised Approach)</b>						
	<u>On-Balance Sheet Exposures</u>						
	Sovereigns/Central Banks	36,704,311	36,704,311	8,373	-	8,373	670
	Public Sector Entities	4,042,264	4,041,130	83,689	-	83,689	6,695
	Banks, Development Financial Institutions & MDBs	-	-	-	-	-	-
	Insurance Cos, Securities Firms & Fund Managers	113	113	113	-	113	9
	Corporates	1,465,927	1,221,612	1,046,544	-	1,046,544	83,724
	Regulatory Retail	2,105,646	1,508,239	1,368,554	-	1,368,554	109,484
	Residential Mortgages	689,462	688,658	247,653	-	247,653	19,812
	Higher Risk Assets	36	36	54	-	54	4
	Other Assets	687,808	687,808	156,455	-	156,455	12,516
	Equity Exposure	1,250	1,250	1,875	-	1,875	150
	Defaulted Exposures	35,179	33,178	26,801	-	26,801	2,144
	<b>Total On-Balance Sheet Exposures</b>	<b>45,731,996</b>	<b>44,886,335</b>	<b>2,940,111</b>	<b>-</b>	<b>2,940,111</b>	<b>235,208</b>
	<u>Off-Balance Sheet Exposures</u>						
	OTC Derivatives	320	320	320	-	320	26
	Off-balance sheet exposures other than OTC derivatives or credit derivatives	173,059	151,043	129,108	-	129,108	10,328
	<b>Total Off-Balance Sheet Exposures</b>	<b>173,379</b>	<b>151,363</b>	<b>129,428</b>	<b>-</b>	<b>129,428</b>	<b>10,354</b>
	<b>Total On and Off-Balance Sheet Exposures</b>	<b>45,905,375</b>	<b>45,037,698</b>	<b>3,069,539</b>	<b>-</b>	<b>3,069,539</b>	<b>245,562</b>
<b>1.2</b>	<b>Exposures under the IRB Approach</b>						
	<u>On-Balance Sheet Exposures</u>						
	Public Sector Entities	11,302,594	11,302,594	746,024	(738,182)	7,843	59,682
	Banks, Development Financial Institutions & MDBs	8,311,367	8,311,367	1,113,633	-	1,113,633	89,091
	Corporate Exposures	53,769,247	53,769,247	29,392,764	(5,777,373)	23,615,391	2,351,421
	a) Corporates (excluding Specialised Lending and firm-size adjustment)	40,556,809	40,556,809	20,829,036	(5,699,469)	15,129,567	1,666,323
	b) Corporates (with firm-size adjustment)	12,330,947	12,330,947	7,812,092	(8,080)	7,804,012	624,967
	c) Specialised Lending (Own PD Approach)						
	- Project Finance	721,585	721,585	667,495	-	667,495	53,400
	d) Specialised Lending (Slotting Approach)						
	- Project Finance	159,906	159,906	84,141	(69,824)	14,317	6,731
	Retail Exposures	126,823,450	126,823,450	26,155,014	(3,257,854)	22,897,160	2,092,401
	a) Residential Mortgages	40,471,157	40,471,157	8,035,889	(1,031,073)	7,004,816	642,871
	b) Qualifying Revolving Retail Exposures	2,267,294	2,267,294	574,610	-	574,610	45,969
	c) Hire Purchase Exposures	37,588,196	34,608,017	7,862,689	(699,846)	7,162,843	629,015
	d) Other Retail Exposures	46,496,803	49,476,982	9,681,826	(1,526,935)	8,154,891	774,546
	Defaulted Exposures	3,029,092	3,029,092	639,693	-	639,693	51,175
	<b>Total On-Balance Sheet Exposures</b>	<b>203,235,750</b>	<b>203,235,750</b>	<b>58,047,128</b>	<b>(9,773,409)</b>	<b>48,273,720</b>	<b>4,643,770</b>
	<u>Off-Balance Sheet Exposures</u>						
	OTC Derivatives	667,557	667,557	375,734	-	375,734	30,059
	Off-balance sheet exposures other than OTC derivatives or credit derivatives	16,247,436	16,247,436	7,122,995	(106,667)	7,016,328	569,840
	Defaulted Exposures	11,635	11,635	4,439	-	4,439	355
	<b>Total Off-Balance Sheet Exposures</b>	<b>16,926,628</b>	<b>16,926,628</b>	<b>7,503,168</b>	<b>(106,667)</b>	<b>7,396,501</b>	<b>600,254</b>
	<b>Total On and Off-Balance Sheet Exposures</b>	<b>220,162,378</b>	<b>220,162,378</b>	<b>65,550,296</b>	<b>(9,880,076)</b>	<b>55,670,221</b>	<b>5,244,024</b>
	<b>Total IRB Approach after Scaling Factor of 1.06</b>			<b>69,483,314</b>	<b>(10,472,881)</b>	<b>59,010,434</b>	<b>5,558,665</b>
	<b>Total (Exposures under Standardised Approach &amp; IRB Approach)</b>	<b>266,067,753</b>	<b>265,200,076</b>	<b>72,552,853</b>	<b>(10,472,880)</b>	<b>62,079,973</b>	<b>5,804,227</b>
<b>2.0</b>	<b>Market Risk</b>						
	Benchmark Rate Risk			242,235	-	242,235	19,379
	Equity Risk			-	-	-	-
	Foreign Exchange Risk			720,836	-	720,836	57,667
	Option Risk			709	-	709	57
<b>3.0</b>	<b>Operational Risk<sup>1</sup></b>			8,029,045	-	8,029,045	642,324
<b>4.0</b>	<b>Total RWA and Capital Requirements<sup>1</sup></b>			<b>81,545,678</b>	<b>(10,472,880)</b>	<b>71,072,798</b>	<b>6,523,654</b>

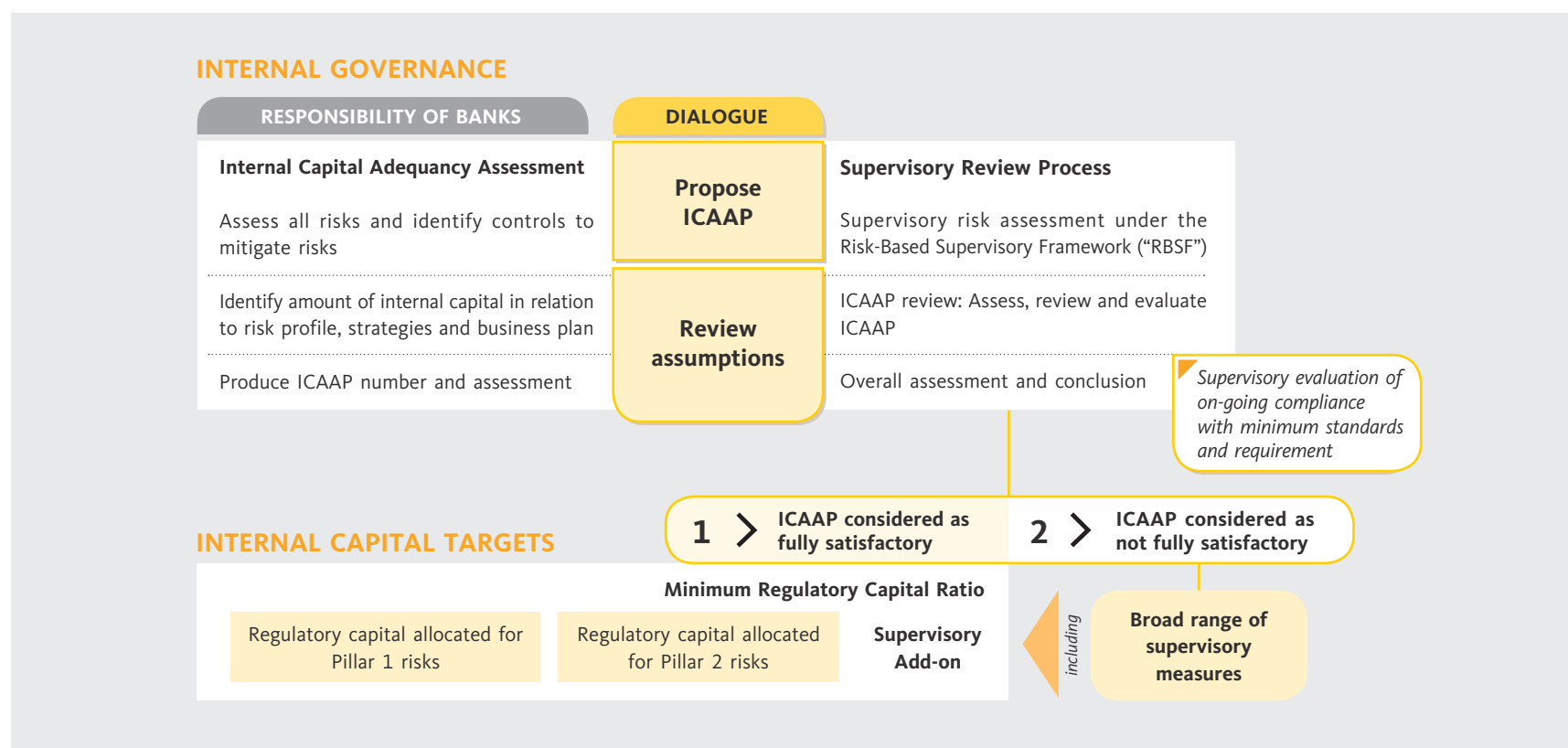
<sup>1</sup> For Maybank Islamic, the amount excludes the adjustment of RM218,525,000, net of tax in relation to accumulated prepaid profit distributable to depositors for Prosperous Now Account-i ("PNA-i") deposits which was recognised as a prior year adjustment during the financial year ended 31 December 2020 at Maybank Islamic entity level, whereas the Group recognised it as current year expenses.

## INTERNAL CAPITAL ADEQUACY ASSESSMENT PROCESS (“ICAAP”)

The Group’s overall capital adequacy in relation to its risk profile is assessed through a process articulated in the Maybank Group ICAAP Policy (“ICAAP Policy”). The ICAAP Policy is designed to ensure that adequate levels of capital, including capital buffers, are held to support the Group’s current and projected demand for capital under existing and stressed conditions. Regular ICAAP reports are submitted to the Group Executive Risk Committee (“GERC”) on quarterly basis and Risk Management Committee (“RMC”) on half-yearly basis for comprehensive review of all material risks faced by the Group and assessment of the adequacy of capital to support them. The ICAAP closely integrates the risk and capital planning and management processes.

Since March 2013, the Group has prepared a Board-approved ICAAP document to fulfil the requirements under the BNM Pillar 2 guideline, which came into effect on 31 March 2013. The document includes an overview of ICAAP, current and projected financial and capital position, ICAAP governance, risk assessment models and processes, risk appetite and capital management, stress testing and capital planning and the use of ICAAP. Annually, the Group submits an update of the material changes made to the document to BNM.

**Diagram 1: ICAAP and Supervisory Review Process**



Supplementing the ICAAP reports is the Group Capital and Funding Plan, which is updated on an annual basis, where the internal capital targets are set and reviewed, among others as part of a sound capital management.

## Capital Management

### Comprehensive Risk Assessment under ICAAP Policy

Under the Group's ICAAP methodology, the following risk types are identified and measured:

- Risks captured under Pillar 1 (credit risk, market risk and operational risk);
- Risks not fully captured under Pillar 1 (e.g. model risk);
- Risks not specifically addressed under Pillar 1 (e.g. interest rate risk/rate of return risk (both banking and trading book), liquidity risk, business and strategic risk, reputational risk, credit concentration risk, Information Technology ("IT") risk, cyber risk, regulatory risk, country risk, compliance risk, capital risk, profitability risk, Shariah non-compliance risk, information risk, conduct risk, workforce risk and data quality risk amongst others); and
- External factors, including changes in economic environment (i.e emerging risk, regulations and accounting rules).

A key process emplaced within the Group provides for the identification of material risks that may arise through the introduction of new products and services. Material risks are defined as "risks which would materially impact the financial performance (profitability), capital adequacy, asset quality and/or reputation of the Group should the risk occur".

In the ICAAP Policy, the Material Risk Assessment Process ("MRAP") is designed to identify key risks from the Group's Risk Universe. Annually, a group-wide risk landscape survey is carried out as part of a robust risk management approach to identify and prioritise the key risks based on potential impact of the risks on earnings and capital faced by the Group. The survey results provide a synthesis of perceptions of current and future market outlook, based on perspectives of the key stakeholders across retail, commercial, investment banking and insurance operations across the Group's major entities. In addition, the outcomes of the survey assist in identifying the major risk scenarios over the near future.

Risks deemed "material" are reported to the Group Executive Risk Committee ("ERC") and RMC via the ICAAP report. For each material risk identified, the Group will ensure appropriate risk mitigation is in place to address these key risks, which include regular risk monitoring through Group Chief Risk Officer ("GCRO") Letter reporting, stress testing, risk mitigation, capital planning and crisis management strategies.

### Assessment of Pillar 1 and Pillar 2 Risks

In line with industry best practices, the Group quantifies its risks using methodologies that have been reasonably tested and determined to be fit-for-purpose.

Where risks may not be easily quantified due to the lack of commonly accepted risk measurement techniques, expert judgement is used to determine the size and materiality of risk. The Group has also incorporated forward-looking element to strengthen the Pillar 2 scorecard assessment. The Group's ICAAP would then focus on the qualitative controls in managing such material non-quantifiable risks. These qualitative measures include the following:

- Adequate governance process;
- Adequate systems, procedures and internal controls;
- Effective risk mitigation strategies; and
- Regular monitoring and reporting.

### Regular and Robust Stress Testing

The Group's stress testing programme is embedded within the risk and capital management process of the Group and is a key function of capital and business planning processes. The programme serves as a forward-looking risk and capital management tool to understand the risk profile under exceptional but plausible and worst case scenarios. Such scenarios may arise mainly from economic, political and environmental factors.

Under Maybank Group Stress Testing ("GST") Policy, the potential unfavourable effects of stressed scenarios on the Group's profitability, asset quality, RWA, capital adequacy, liquidity and ability to comply with the risk appetites set, are considered.

Specifically, the stress test programme is designed to:

- Highlight the dynamics of stress events and their potential implications on the Group's trading and banking book exposures, liquidity positions and likely reputational impacts;
- Proactively identify key strategies to mitigate the effects of stress events;
- Produce stress results as inputs into the Group Capital and Funding Plan in determining capital adequacy and capital targets;
- Produce scenario analysis for the Group's recovery planning to evaluate overall recovery capacity, identify preferred recovery strategies and ultimately link to risk appetite setting; and
- Provide insights on risk return profile by entity and by line of business under stress.

There are several types of stress tests conducted across the Group:

- Group-wide stress tests – Using a common scenario approved by RMC of which the results are submitted to BNM. It also includes periodic industry-wide stress tests organised by BNM where the scenarios are specified by the Central Bank.
- Localised stress tests – Limited scope stress tests undertaken at portfolio, branch/sector or entity levels based on scenarios relevant to specific localities.
- Ad-hoc stress tests – Stress tests conducted in response to emerging risk events.
- Reverse stress tests – Identification of a range of adverse scenarios which could threaten the viability of Maybank.
- Rapid exposure drills – Assessment of direct impact or potential contagion effect including upside and downside risks.
- Scenario analysis for Maybank Group Recovery Plan – Requirements according to BNM's Recovery Planning.

Stress test themes reviewed by the Stress Test Working Group in the past include COVID-19 Pandemic, US-China trade war, Eurozone financial crisis, tightening of monetary policies, global economic turmoil, impact on liquidity risk due to cyber attack, digital disruption, impact of external geopolitical events on ASEAN and Asia, impact of weakening Malaysian ringgit and higher bond yields, Post-Brexit risk on ASEAN economies, the Perfect Storm: Impact of low oil price, weak currencies and slower Chinese GDP growth on ASEAN economies, Federal Reserve rate hike, idiosyncratic event's implication to the Group, oil price decline, intensified capital outflows from emerging markets including ASEAN, rising inflation and interest rate hikes in ASEAN, impact of Federal Reserve Quantitative Easing tapering, sovereign rating downgrades, slowing Chinese economy, a repeat of Asian Financial Crisis, US dollar depreciation, pandemic flu, asset price collapse, a global double-dip recession scenario, Japan disasters, crude oil price hike, the Eurozone and US debt crises, amongst others.

The Stress Test Working Group, which comprises of business, countries and risk management teams, tables the stress test reports to the Senior Management and Board committees and discusses the results with the regulators on a regular basis.



# Risk Management

Risk management is an integral part of the Group's culture and is embedded within its business, operations and decision-making processes. As the Group has been facilitating customers to navigate through the pandemic, Group Risk remains committed to being a proactive assurance partner to ensure portfolio sustainability by enhancing operational resilience with risk-informed solutions. In response to COVID-19, the Maybank Group Pandemic Preparation Framework was enhanced to ensure the continuity of business operations, staff safety and safety of our customer and communities. Measures include the implementation of relevant Standard Operating Procedures ("SOP") and activation of Business Continuity Plans. In addition, moratorium or asset quality assessment tools to review and monitor accounts under the moratorium and to identify potential asset quality issues are put in place. This enabled early identification of vulnerable borrowers, activating prompt engagement to manage any potential impact post-moratorium and to identify borrowers who qualify for Repayment Assistance.

## RISK MANAGEMENT FRAMEWORK

Risk management has evolved into an important driver for strategic decisions in support of business strategies while balancing the appropriate level of risk taken to the desired level of rewards. As risk management is a core discipline of the Group, it is underpinned by a set of building blocks which serves as the foundation in driving strong risk management culture, practices and processes:

Building Blocks	Description
1 Risk Culture	Risk culture is a vital component in strengthening risk governance and forms a fundamental principle of strong risk management.
2 Risk Coverage	The Group must determine its business strategy; its goals and objectives, and assesses the risk implied in that strategy before it can articulate its risk appetite.
3 Risk Appetite	The risk appetite defines the level of risk that the Group is willing to assume within its risk capacity.
4 Risk Response	Selection of the appropriate risk response is imperative to align the risks with Group's risk tolerance and risk appetite.
5 Governance & Risk Oversight	There is a clear, effective and robust governance structure with well-defined, transparent and consistent lines of responsibility.
6 Risk Management Practices & Processes	Robust risk management processes are in place to actively identify, measure, control, monitor and report risks inherent in all products and activities undertaken by the Group.
7 Stress Test	Stress testing should be used to identify and quantify possible events or future changes in the financial and economic condition that could have unfavourable effects on the Group's exposure.
8 Resources & System Infrastructure	Ensure sufficient resources, infrastructure and techniques are established to enable effective risk management.

## RISK APPETITE

The Group's risk appetite is an integral component of the Group's robust risk management framework and is driven by both top-down Board leadership and bottom-up involvement of management at all levels. Our risk appetite enables the Board and Senior Management to communicate, understand and assess the types and levels of risk that the Group is willing to accept in pursuit of its business and strategic goals while taking into consideration the constraints under a stressed environment.

The risk appetite is integrated into the strategic planning process, and remains dynamic and responsive to the changing internal and external drivers such as market conditions, stakeholders' expectations and internal capabilities. In addition, the budgeting process is aligned to the risk appetite in ensuring that projected revenues arising from business transactions are consistent with the risk profile established. Our risk appetite also provides a consistent structure in understanding risk and is embedded in day-to-day business activities and decisions throughout the Group.

Guided by these principles, our risk appetite is articulated through a set of Risk Appetite Statements for all material risks across the Group to ultimately balance the strategic objectives of the Group.

## RISK GOVERNANCE AND OVERSIGHT

The governance model adopted in the Group provides a formalised, transparent and effective governance structure that promotes active involvement from the Board and Senior Management in the risk management process to ensure a uniform view of risk across the Group.

Our governance model places accountability and ownership in ensuring an appropriate level of independence and segregation of duties between the three lines of defence. The management of risk broadly takes place at different hierarchical levels and is emphasised through various levels of committees, business lines, control and reporting functions.

The chart illustrating the risk governance structure of the Group can be found in the Group Risk write-up under the Corporate Book.

## INDEPENDENT GROUP RISK FUNCTION

In 2020, we have continued to focus on value creation and supporting the Group in meeting its strategic and business objectives. Group Risk provides oversight of risk management on an enterprise-wide level through the establishment of the Group's risk strategies, frameworks and policies, with independent assessment and monitoring of all risks challenges.

The key pillars of Group Risk functions are as below:

- Provides close support and oversight within key businesses and countries in managing day-to-day risk;
- Drives and manages specific risk areas on an enterprise-wide level for a holistic risk view within the Group; and
- Supports sustainable and quality asset growth with optimal returns.

In the continuous pursuit to drive effectiveness, the Risk Centres of Excellence ("COEs") was created, building on specialisation of risk professionals, providing value-added risk insights to support business decision-making. The identified COEs set consistent standards in relation to risk policies, risk reporting, risk modelling and specialise in the management of specific risk areas within the Group.

# Credit Risk

Credit risk is the risk that a counterparty fails to meet its obligations in accordance with the agreed terms of a credit facility. The exposures to credit risk are unilateral and only the lending bank faces the risk of loss.

## REGULATORY CAPITAL REQUIREMENT

Amongst the various risk types the Group engages in, credit risk continues to attract the largest regulatory capital requirement.

## MANAGEMENT OF CREDIT RISK

The Group manages its credit risk using a two-pronged approach to ensure they remain within the boundaries of Group's risk appetite statement.

- Managing the Credit Risk; and
- Managing the Credit Portfolio.

Corporate and institutional credit risks are assessed by business units, where each customer is assigned a credit rating based on the assessment of relevant qualitative and quantitative factors including the customer's financial position, future cash flows, types of facilities and securities offered. These credits are then evaluated and approved by a party independent of the originator.

All corporate, institutional and retail credits are subject to regular periodic credit classification and impairment assessment to determine appropriate early intervention on top of reviews conducted at least once a year with updated information on the customer's financial position, market position, industry and economic conditions, and conduct of account. Corrective actions are taken when the accounts show signs of credit deterioration.

Retail credit exposures are managed on a programme basis guided by Product Development Assessment (PDA) as underwriting standard. Credit programmes are assessed jointly between credit risk and business units. Reviews on the credit programmes are conducted at least once a year to assess the performances of the portfolios. During COVID-19 pandemic, the Bank have initiated several initiatives i.e implementation of Repayment Assistance ("RA") and Targeted Repayment Assistance ("TRA") to assist customers and SMEs. The Bank also participated in the Government Special Relief Funds and packages in order to support affected customers and industries.

Group-wide hierarchy of credit approving authorities and committee structures are in place to ensure appropriate underwriting standards are enforced consistently throughout the Group.

### Management of Concentration Risk

Concentration risk can materialise from excessive exposures to a single counterparty and persons connected to it, a particular instrument or a particular market segment/sector. In managing large exposures and to avoid undue concentration of credit risk in its loans and financing portfolio, the Group has emplaced, amongst others, limits and related lending guidelines for:

- Countries;
- Business segments;
- Economic sectors;
- Single counterparty group;
- Banks and Non-Bank Financial Institutions;
- Collaterals; and
- Connected parties.

Reviews of the said limits and related lending guidelines are undertaken on a periodic basis, whereupon any emerging concentration risks are addressed accordingly. Any exception to the limits and lending guidelines would be subjected to approvals from higher credit authorities.

### Asset Quality Management

The Group has dedicated teams to effectively manage vulnerable corporate, institutional and consumer credits. Special attention is given to these vulnerable credits where more frequent and intensive reviews are performed in order to prevent further deterioration or, where necessary, accelerate for remedial actions. Asset Quality Committees provide guidance and oversight in ensuring these are complied with. With the pandemic, the Bank has stepped up effort to proactively monitor and manage affected credits via several measures including but not limited to moratoriums and extended repayment assistance. A special committee was also set up to oversee and facilitate implementation of the aforementioned measures.

The Group's credit approving process encompasses pre-approval, approval and post-approval evaluation. Group Risk is responsible for developing, enhancing and communicating effective and consistent credit risk management policies, tools and methodologies across the Group to ensure appropriate standards are in place to identify, measure, control, monitor and report such risks.

In view that the authority limits are directly related to the risk levels of the borrower and the transaction, a Risk-Based Authority Limit structure is implemented based on the Expected Loss principle and internally-developed Credit Risk Rating System.

Tables 10 to 12 present the geographic analysis and distribution of credit exposures under both the Standardised Approach and IRB Approach for the Group, the Bank and Maybank Islamic, respectively.

Tables 13 to 15 present the disclosure on credit risk exposures by various industries for the Group, the Bank and Maybank Islamic, respectively.

Tables 16 to 18 present the credit risk exposures by maturity periods of one year or less, one to five years and over five years for the Group, the Bank and Maybank Islamic, respectively.

Table 10: Disclosure on Credit Risk Exposure – Geographical Analysis for Maybank Group

Exposure Class	Malaysia RM'000	Singapore RM'000	Indonesia RM'000	Other Overseas Units RM'000	Total RM'000
<b>As at 31.12.2020</b>					
<b>Exempted Exposures (Standardised Approach)</b>					
Sovereigns/Central Banks	74,178,489	52,747,970	9,083,694	13,061,908	149,072,061
Public Sector Entities	969,480	3,346,829	–	52,221	4,368,530
Banks, Development Financial Institutions & MDBs	2,521,208	125,411	–	21,527	2,668,146
Insurance Cos, Securities Firms & Fund Managers	382,476	452,930	–	20,154	855,560
Corporates	5,893,209	7,710,781	3,314,422	7,450,575	24,368,987
Regulatory Retail	3,733,315	9,837,470	4,305,461	5,996,276	23,872,522
Residential Mortgages	1,536,957	17,655	68,898	1,041,339	2,664,848
Higher Risk Assets	54,997	1,693	–	–	56,691
Other Assets	7,598,515	2,541,992	2,739,882	1,388,287	14,268,676
Securitisation Exposures	20,073	–	–	–	20,073
Equity Exposures	343,311	2,018	4,078	–	349,407
<b>Total Standardised Approach</b>	<b>97,232,030</b>	<b>76,784,749</b>	<b>19,516,435</b>	<b>29,032,287</b>	<b>222,565,501</b>
<b>Exposures under the IRB Approach</b>					
Public Sector Entities	26,519,536	–	–	–	26,519,536
Banks, Development Financial Institutions & MDBs	12,542,956	6,022,613	2,231,931	11,214,769	32,012,269
Corporate Exposures	159,550,196	67,110,063	18,133,604	39,166,337	283,960,200
a) Corporates (excluding Specialised Lending and firm-size adjustment)	111,695,737	48,564,127	18,133,604	38,009,086	216,402,554
b) Corporates (with firm-size adjustment)	42,644,058	18,545,936	–	821,222	62,011,216
c) Specialised Lending (Own PD Approach)					
– Project Finance	4,515,599	–	–	336,029	4,851,628
d) Specialised Lending (Slotting Approach)					
– Project Finance	694,802	–	–	–	694,802
Retail Exposures	206,923,623	51,041,933	8,607,605	–	266,573,161
a) Residential Mortgages	72,694,847	24,590,549	2,347,953	–	99,633,349
b) Qualifying Revolving Retail Exposures	14,103,713	5,365,328	1,009,719	–	20,478,760
c) Hire Purchase Exposures	45,841,871	6,964,268	3,435,347	–	56,241,486
d) Other Retail Exposures	74,283,192	14,121,788	1,814,586	–	90,219,566
<b>Total IRB Approach</b>	<b>405,536,311</b>	<b>124,174,609</b>	<b>28,973,140</b>	<b>50,381,106</b>	<b>609,065,166</b>
<b>Total Standardised and IRB Approaches</b>	<b>502,768,341</b>	<b>200,959,358</b>	<b>48,489,575</b>	<b>79,413,393</b>	<b>831,630,667</b>

## Credit Risk

Table 10: Disclosure on Credit Risk Exposure – Geographical Analysis for Maybank Group (cont'd.)

Exposure Class	Malaysia RM'000	Singapore RM'000	Indonesia RM'000	Other Overseas Units RM'000	Total RM'000
<b>As at 31.12.2019</b>					
<b>Exempted Exposures (Standardised Approach)</b>					
Sovereigns/Central Banks	86,243,082	38,818,758	8,151,428	15,377,897	148,591,165
Public Sector Entities	7,690,309	3,084,697	–	–	10,775,006
Banks, Development Financial Institutions & MDBs	1,799,665	96,365	–	6,955	1,902,985
Insurance Cos, Securities Firms & Fund Managers	166,189	374,420	–	–	540,609
Corporates	5,652,972	6,681,171	3,971,693	7,443,773	23,749,609
Regulatory Retail	4,434,649	8,381,172	6,678,939	6,358,579	25,853,339
Residential Mortgages	1,723,015	17,064	134,447	844,363	2,718,889
Higher Risk Assets	53,278	3,052	10,182	1,242	67,754
Other Assets	7,454,013	2,109,626	2,928,788	1,178,506	13,670,933
Securitisation Exposures	50,587	–	–	–	50,587
Equity Exposures	258,156	2,020	381	–	260,557
<b>Total Standardised Approach</b>	<b>115,525,915</b>	<b>59,568,345</b>	<b>21,875,858</b>	<b>31,211,315</b>	<b>228,181,433</b>
<b>Exposures under the IRB Approach</b>					
Public Sector Entities	14,337,835	–	–	–	14,337,835
Banks, Development Financial Institutions & MDBs	15,939,501	4,992,795	3,407,305	12,013,462	36,353,063
Corporate Exposures	159,136,372	73,881,820	19,429,324	38,674,758	291,122,274
a) Corporates (excluding Specialised Lending and firm-size adjustment)	112,635,904	54,442,455	19,429,324	37,999,670	224,507,353
b) Corporates (with firm-size adjustment)	41,135,550	19,439,365	–	–	60,574,915
c) Specialised Lending (Own PD Approach)					
– Project Finance	4,140,125	–	–	–	4,140,125
d) Specialised Lending (Slotting Approach)					
– Project Finance	1,224,793	–	–	675,088	1,899,881
Retail Exposures	191,432,837	49,944,856	9,948,613	–	251,326,306
a) Residential Mortgages	65,366,088	26,995,005	4,523,109	–	96,884,202
b) Qualifying Revolving Retail Exposures	12,533,815	5,906,128	1,235,318	–	19,675,261
c) Hire Purchase Exposures	43,036,257	7,366,526	4,190,186	–	54,592,969
d) Other Retail Exposures	70,496,677	9,677,197	–	–	80,173,874
<b>Total IRB Approach</b>	<b>380,846,545</b>	<b>128,819,471</b>	<b>32,785,242</b>	<b>50,688,220</b>	<b>593,139,478</b>
<b>Total Standardised and IRB Approaches</b>	<b>496,372,460</b>	<b>188,387,816</b>	<b>54,661,100</b>	<b>81,899,535</b>	<b>821,320,911</b>

Table 11: Disclosure on Credit Risk Exposure – Geographical Analysis for Maybank

Exposure Class	Malaysia RM'000	Singapore RM'000	Other Overseas Units RM'000	Total RM'000
<b>As at 31.12.2020</b>				
<b>Exempted Exposures (Standardised Approach)</b>				
Sovereigns/Central Banks	46,087,180	31,358,051	9,823,390	87,268,621
Public Sector Entities	835,381	2,586,153	52,221	3,473,755
Banks, Development Financial Institutions & MDBs	832,264	125,408	–	957,672
Insurance Cos, Securities Firms & Fund Managers	375,044	–	20,154	395,198
Corporates	4,189,249	7,048,703	4,277,550	15,515,502
Regulatory Retail	1,601,358	–	338,403	1,939,761
Residential Mortgages	900,685	–	316,057	1,216,742
Higher Risk Assets	30	–	–	30
Other Assets	7,749,298	362,410	408,879	8,520,587
Securitisation Exposures	20,073	–	–	20,073
<b>Equity Exposures</b>	<b>341,042</b>	<b>2,018</b>	<b>–</b>	<b>343,060</b>
<b>Total Standardised Approach</b>	<b>62,931,604</b>	<b>41,482,743</b>	<b>15,236,654</b>	<b>119,651,001</b>
<b>Exposures under the IRB Approach</b>				
Public Sector Entities	21,047,591	–	–	21,047,591
Banks, Development Financial Institutions & MDBs	34,273,621	5,705,811	9,945,216	49,924,648
Corporate Exposures	105,845,842	51,467,894	36,448,139	193,761,875
a) Corporates (excluding Specialised Lending and firm-size adjustment)	76,294,792	42,771,462	35,290,888	154,357,142
b) Corporates (with firm-size adjustment)	26,142,447	8,696,432	821,222	35,660,101
c) Specialised Lending (Own PD Approach)				
– Project Finance	2,762,415	–	336,029	3,098,444
d) Specialised Lending (Slotting Approach)				
– Project Finance	646,188	–	–	646,188
Retail Exposures	80,698,580	–	–	80,698,580
a) Residential Mortgages	31,600,139	–	–	31,600,139
b) Qualifying Revolving Retail Exposures	10,456,841	–	–	10,456,841
c) Hire Purchase Exposures	7,479,678	–	–	7,479,678
d) Other Retail Exposures	31,161,922	–	–	31,161,922
<b>Total IRB Approach</b>	<b>241,865,634</b>	<b>57,173,705</b>	<b>46,393,355</b>	<b>345,432,694</b>
<b>Total Standardised and IRB Approaches</b>	<b>304,797,238</b>	<b>98,656,448</b>	<b>61,630,009</b>	<b>465,083,695</b>

## Credit Risk

Table 11: Disclosure on Credit Risk Exposure – Geographical Analysis for Maybank (cont'd.)

Exposure Class	Malaysia RM'000	Singapore RM'000	Other Overseas Units RM'000	Total RM'000
<b>As at 31.12.2019</b>				
<b>Exempted Exposures (Standardised Approach)</b>				
Sovereigns/Central Banks	49,035,558	19,475,405	12,365,060	80,876,023
Public Sector Entities	7,145,763	2,686,712	–	9,832,475
Banks, Development Financial Institutions & MDBs	558,620	96,252	–	654,872
Insurance Cos, Securities Firms & Fund Managers	160,984	–	–	160,984
Corporates	3,933,378	3,931,629	4,245,524	12,110,531
Regulatory Retail	2,071,224	–	416,771	2,487,995
Residential Mortgages	1,019,751	–	304,004	1,323,755
Higher Risk Assets	24	–	–	24
Other Assets	7,321,198	543,850	233,739	8,098,787
Securitisation Exposures	50,587	–	–	50,587
Equity Exposures	255,875	2,020	–	257,895
<b>Total Standardised Approach</b>	<b>71,552,962</b>	<b>26,735,868</b>	<b>17,565,098</b>	<b>115,853,928</b>
<b>Exposures under the IRB Approach</b>				
Public Sector Entities	6,169,767	–	–	6,169,767
Banks, Development Financial Institutions & MDBs	41,715,999	4,787,508	10,726,685	57,230,192
Corporate Exposures	108,203,052	57,750,192	35,261,842	201,215,086
a) Corporates (excluding Specialised Lending and firm-size adjustment)	78,116,264	48,081,775	34,586,754	160,784,793
b) Corporates (with firm-size adjustment)	26,085,618	9,668,417	–	35,754,035
c) Specialised Lending (Own PD Approach)				
– Project Finance	2,841,058	–	–	2,841,058
d) Specialised Lending (Slotting Approach)				
– Project Finance	1,160,112	–	675,088	1,835,200
Retail Exposures	77,334,557	–	–	77,334,557
a) Residential Mortgages	29,747,476	–	–	29,747,476
b) Qualifying Revolving Retail Exposures	9,415,941	–	–	9,415,941
c) Hire Purchase Exposures	8,293,216	–	–	8,293,216
d) Other Retail Exposures	29,877,924	–	–	29,877,924
<b>Total IRB Approach</b>	<b>233,423,375</b>	<b>62,537,700</b>	<b>45,988,527</b>	<b>341,949,602</b>
<b>Total Standardised and IRB Approaches</b>	<b>304,976,337</b>	<b>89,273,568</b>	<b>63,553,625</b>	<b>457,803,530</b>

Table 12: Disclosure on Credit Risk Exposure – Geographical Analysis for Maybank Islamic

Exposure Class	As at 31.12.2020 Total RM'000	As at 31.12.2019 Total RM'000
<b>Exposures under Standardised Approach</b>		
Sovereigns/Central Banks	27,256,122	36,704,311
Public Sector Entities	134,099	4,068,364
Banks, Development Financial Institutions & MDBs	-	-
Insurance Cos, Securities Firms & Fund Managers	7,434	5,205
Corporates	1,679,278	1,603,560
Regulatory Retail	1,997,751	2,131,513
Residential Mortgages	636,271	703,264
Higher Risk Assets	36	36
Other Assets	1,625,857	687,872
Equity Exposure	1,250	1,250
<b>Total Standardised Approach</b>	<b>33,338,098</b>	<b>45,905,375</b>
<b>Exposures under IRB Approach</b>		
Public Sector Entities	22,174,896	11,362,577
Banks, Development Financial Institutions & MDBs	2,549,985	8,649,864
Corporate Exposures	71,850,297	66,776,401
a) Corporates (excluding Specialised Lending and firm-size adjustment)	53,297,651	50,178,870
b) Corporates (with firm-size adjustment)	16,691,908	15,094,136
c) Specialised Lending (Own PD Approach)		
– Project Finance	1,812,124	1,299,067
d) Specialised Lending (Slotting Approach)		
– Project Finance	48,614	204,328
Retail Exposures	149,021,476	133,373,536
a) Residential Mortgages	45,450,789	40,838,405
b) Qualifying Revolving Retail Exposures	3,646,873	3,117,874
c) Hire Purchase Exposures	39,554,233	34,743,041
d) Other Retail Exposures	60,369,581	54,674,216
<b>Total IRB Approach</b>	<b>245,596,654</b>	<b>220,162,378</b>
<b>Total Standardised and IRB Approaches</b>	<b>278,934,752</b>	<b>266,067,753</b>

## Credit Risk

**Table 13: Disclosure on Credit Risk Exposure – Industry Analysis for Maybank Group**

Exposure Class	Industry Analysis												Total RM'000
	Agriculture RM'000	Mining & Quarrying RM'000	Manufacturing RM'000	Construction RM'000	Electricity, Gas & Water Supply RM'000	Wholesale, Retail Trade, Restaurants & Hotels RM'000	Finance, Insurance, Real Estate & Business RM'000	Transport, Storage & Communication RM'000	Education, Health & Others RM'000	Household RM'000	Others RM'000		
<b>As at 31.12.2020</b>													
<b>Exempted Exposures (Standardised Approach)</b>													
Sovereigns/Central Banks	21	-	-	-	36,881	751	62,025,214	62	-	-	87,009,131	149,072,061	
Public Sector Entities	116,213	-	50	88	-	12	3,163,449	20	513	-	1,088,185	4,368,529	
Banks, Development Financial Institutions & MDBs	-	-	-	-	-	-	2,184,823	-	-	-	483,323	2,668,146	
Insurance Cos, Securities Firms & Fund Managers	72	-	-	61	-	-	855,394	-	-	-	33	855,561	
Corporates	114,911	1,082,812	340,015	438,323	4,712,499	1,538,794	3,884,806	452,447	78,652	7,907,211	3,818,516	24,368,987	
Regulatory Retail	-	-	-	-	-	-	522,977	-	-	23,349,545	-	23,872,522	
Residential Mortgages	-	-	-	-	-	-	-	-	-	2,664,848	-	2,664,848	
Higher Risk Assets	-	-	-	-	-	-	56,625	-	-	-	66	56,691	
Other Assets	-	-	6	-	-	-	1,137,183	-	-	130,740	13,000,747	14,268,676	
Securitisation Exposures	-	-	-	-	-	-	20,073	-	-	-	-	20,073	
Equity Exposures	-	-	-	130	17,367	2,018	1,019	-	-	-	328,873	349,407	
<b>Total Standardised Approach</b>	<b>231,217</b>	<b>1,082,812</b>	<b>340,071</b>	<b>438,602</b>	<b>4,766,747</b>	<b>1,541,575</b>	<b>73,851,563</b>	<b>452,529</b>	<b>79,165</b>	<b>34,052,344</b>	<b>105,728,874</b>	<b>222,565,501</b>	
<b>Exposures under the IRB Approach</b>													
Public Sector Entities	5,408,308	-	14	775,437	-	1,575	20,200,053	901	7,210	-	126,038	26,519,536	
Banks, Development Financial Institutions & MDBs	-	-	-	-	-	-	31,593,519	-	-	-	418,750	32,012,269	
Corporate Exposures	10,576,730	7,572,191	40,155,326	41,596,542	8,520,767	40,441,132	94,550,829	18,688,863	3,070,269	22,631	13,913,291	283,960,200	
a) Corporates (excluding Specialised Lending and firm-size adjustment)	9,149,463	6,962,715	32,872,180	28,417,798	7,572,943	25,980,417	76,279,493	16,452,914	1,871,136	22,043	10,821,452	216,402,554	
b) Corporates (with firm-size adjustment)	1,427,268	609,477	7,283,146	12,840,242	591,523	14,460,716	18,271,336	2,235,949	1,199,133	588	3,091,840	62,011,216	
c) Specialised Lending (Own PD Approach)	-	-	-	-	-	-	-	-	-	-	-	-	
- Project Finance	-	420,008	1,453,010	1,205,178	1,241,808	-	-	468,156	-	-	63,468	4,851,628	
d) Specialised Lending (Slotting Approach)	-	-	-	-	-	-	-	-	-	-	-	-	
- Project Finance	-	-	-	338,502	356,300	-	-	-	-	-	-	694,802	
Retail Exposures	-	-	-	-	-	-	-	-	-	266,573,161	-	266,573,161	
a) Residential Mortgages	-	-	-	-	-	-	-	-	-	99,633,349	-	99,633,349	
b) Qualifying Revolving Retail Exposures	-	-	-	-	-	-	-	-	-	20,478,760	-	20,478,760	
c) Hire Purchase Exposures	-	-	-	-	-	-	-	-	-	56,241,486	-	56,241,486	
d) Other Retail Exposures	-	-	-	-	-	-	-	-	-	90,219,566	-	90,219,566	
<b>Total IRB Approach</b>	<b>15,985,038</b>	<b>7,572,191</b>	<b>40,155,340</b>	<b>42,371,979</b>	<b>8,520,767</b>	<b>40,442,707</b>	<b>146,344,401</b>	<b>18,689,764</b>	<b>3,077,479</b>	<b>266,595,792</b>	<b>14,458,079</b>	<b>609,065,166</b>	
<b>Total Standardised and IRB Approaches</b>	<b>16,216,255</b>	<b>8,655,003</b>	<b>40,495,411</b>	<b>42,810,581</b>	<b>13,287,514</b>	<b>41,984,282</b>	<b>220,195,964</b>	<b>19,142,293</b>	<b>3,156,644</b>	<b>300,648,136</b>	<b>120,186,953</b>	<b>831,630,667</b>	



Table 13: Disclosure on Credit Risk Exposure – Industry Analysis for Maybank Group (cont'd.)

Exposure Class	Agriculture RM'000	Mining & Quarrying RM'000	Manufacturing RM'000	Construction RM'000	Electricity, Gas & Water Supply RM'000	Wholesale, Retail Trade, Restaurants & Hotels RM'000	Finance, Insurance, Real Estate & Business RM'000	Transport, Storage & Communication RM'000	Education, Health & Others RM'000	Household RM'000	Others RM'000	Total RM'000
<b>As at 31.12.2019</b>												
<b>Exempted Exposures (Standardised Approach)</b>												
Sovereigns/Central Banks	304,433	-	-	-	35,359	298	69,725,436	61	-	8,151,428	70,374,150	148,591,165
Public Sector Entities	369	78	-	1,175,541	-	44,064	8,686,197	-	628	-	868,129	10,775,006
Banks, Development Financial Institutions & MDBs	-	-	-	-	-	-	1,759,495	-	-	-	143,490	1,902,985
Insurance Cos, Securities Firms & Fund Managers	79	-	-	73	-	-	540,416	-	-	-	41	540,609
Corporates	45,147	1,556,875	186,178	164,854	4,048,039	776,179	4,213,246	140,046	79,407	3,976,134	8,563,504	23,749,609
Regulatory Retail	-	-	-	-	-	-	-	-	-	25,853,339	-	25,853,339
Residential Mortgages	-	-	-	-	-	-	-	-	-	2,718,889	-	2,718,889
Higher Risk Assets	-	-	-	-	-	-	54,283	-	-	13,409	62	67,754
Other Assets	-	-	-	-	-	-	1,049,768	708	-	1,176,217	11,444,240	13,670,933
Securitisation Exposures	-	-	-	-	-	-	50,587	-	-	-	-	50,587
Equity Exposures	-	-	-	-	17,949	2,020	57	-	-	381	240,150	260,557
<b>Total Standardised Approach</b>	<b>350,028</b>	<b>1,556,953</b>	<b>186,178</b>	<b>1,340,468</b>	<b>4,101,347</b>	<b>822,561</b>	<b>86,079,485</b>	<b>140,815</b>	<b>80,035</b>	<b>41,889,797</b>	<b>91,633,766</b>	<b>228,181,433</b>
<b>Exposures under the IRB Approach</b>												
Public Sector Entities	2,449,158	-	59	-	-	1,689	11,624,741	865	8,135	-	253,187	14,337,834
Banks, Development Financial Institutions & MDBs	-	-	-	-	-	-	32,831,234	-	-	3,407,305	114,524	36,353,063
Corporate Exposures	9,513,197	6,859,987	34,989,897	34,106,607	7,014,009	40,447,009	102,731,669	18,503,557	5,417,641	19,572,801	11,965,898	291,122,272
a) Corporates (excluding Specialised Lending and firm-size adjustment)	7,927,292	5,736,637	26,757,581	22,114,509	4,466,618	26,889,532	83,048,130	15,030,727	4,434,657	19,467,271	8,634,396	224,507,350
b) Corporates (with firm-size adjustment)	1,584,956	265,554	6,603,447	10,464,903	764,978	13,557,477	19,683,539	3,391,034	982,984	105,530	3,170,513	60,574,915
c) Specialised Lending (Own PD Approach)	-	-	-	-	-	-	-	-	-	-	-	-
- Project Finance	-	482,866	1,628,869	1,100,105	767,296	-	-	-	-	-	160,989	4,140,125
d) Specialised Lending (Slotting Approach)	-	-	-	-	-	-	-	-	-	-	-	-
- Project Finance	949	374,930	-	427,090	1,015,117	-	-	81,796	-	-	-	1,899,882
Retail Exposures	-	-	-	-	-	-	-	-	-	251,326,306	-	251,326,306
a) Residential Mortgages	-	-	-	-	-	-	-	-	-	96,884,202	-	96,884,202
b) Qualifying Revolving Retail Exposures	-	-	-	-	-	-	-	-	-	19,675,261	-	19,675,261
c) Hire Purchase Exposures	-	-	-	-	-	-	-	-	-	54,592,969	-	54,592,969
d) Other Retail Exposures	-	-	-	-	-	-	-	-	-	80,173,874	-	80,173,874
<b>Total IRB Approach</b>	<b>11,962,355</b>	<b>6,859,987</b>	<b>34,989,956</b>	<b>34,106,607</b>	<b>7,014,009</b>	<b>40,448,698</b>	<b>147,187,644</b>	<b>18,504,422</b>	<b>5,425,776</b>	<b>274,306,412</b>	<b>12,333,610</b>	<b>593,139,478</b>
<b>Total Standardised and IRB Approaches</b>	<b>12,312,383</b>	<b>8,416,940</b>	<b>35,176,134</b>	<b>35,447,075</b>	<b>11,115,356</b>	<b>41,271,259</b>	<b>233,267,129</b>	<b>18,645,237</b>	<b>5,505,811</b>	<b>316,196,209</b>	<b>103,967,376</b>	<b>821,320,911</b>

## Credit Risk

**Table 14: Disclosure on Credit Risk Exposure – Industry Analysis for Maybank**

Exposure Class	Industry Analysis												Total RM'000
	Agriculture RM'000	Mining & Quarrying RM'000	Manufacturing RM'000	Construction RM'000	Electricity, Gas & Water Supply RM'000	Wholesale, Retail Trade, Restaurants & Hotels RM'000	Finance, Insurance, Real Estate & Business RM'000	Transport, Storage & Communication RM'000	Education, Health & Others RM'000	Household RM'000	Others RM'000		
<b>As at 31.12.2020</b>													
<b>Exempted Exposures (Standardised Approach)</b>													
Sovereigns/Central Banks	21	-	-	-	36,881	751	28,570,894	62	-	-	58,660,012	87,268,621	
Public Sector Entities	116,190	-	-	88	-	-	2,402,773	20	-	-	954,683	3,473,754	
Banks, Development Financial Institutions & MDBs	-	-	-	-	-	-	474,349	-	-	-	483,323	957,672	
Insurance Cos, Securities Firms & Fund Managers	72	-	-	-	-	-	395,124	-	-	-	1	395,197	
Corporates	28,523	811,571	63,751	137,010	4,491,628	452,959	3,567,819	330,976	6,961	2,611,529	3,012,777	15,515,504	
Regulatory Retail	-	-	-	-	-	-	-	-	-	1,939,761	-	1,939,761	
Residential Mortgages	-	-	-	-	-	-	-	-	-	1,216,742	-	1,216,742	
Higher Risk Assets	-	-	-	-	-	-	-	-	-	-	30	30	
Other Assets	-	-	-	-	-	-	577,725	-	-	312	7,942,550	8,520,587	
Securitisation Exposures	-	-	-	-	-	-	20,073	-	-	-	-	20,073	
Equity Exposures	-	-	-	130	17,367	2,018	-	-	-	-	323,545	343,060	
<b>Total Standardised Approach</b>	<b>144,806</b>	<b>811,571</b>	<b>63,751</b>	<b>137,228</b>	<b>4,545,876</b>	<b>455,728</b>	<b>36,008,757</b>	<b>331,058</b>	<b>6,961</b>	<b>5,768,344</b>	<b>71,376,921</b>	<b>119,651,001</b>	
<b>Exposures under the IRB Approach</b>													
Public Sector Entities	5,163,611	-	14	600,040	-	1,575	15,156,441	831	-	-	125,079	21,047,591	
Banks, Development Financial Institutions & MDBs	-	-	-	-	-	-	49,505,898	-	-	-	418,750	49,924,648	
Corporate Exposures	4,857,279	4,901,531	24,861,530	27,054,799	5,094,167	26,281,941	75,597,012	12,472,139	2,039,815	853	10,600,807	193,761,875	
a) Corporates (excluding Specialised Lending and firm-size adjustment)	4,166,415	4,173,073	19,450,731	18,861,511	4,171,026	17,625,888	63,781,682	11,037,854	1,488,271	754	9,599,935	154,357,141	
b) Corporates (with firm-size adjustment)	690,864	308,450	3,957,789	7,496,998	279,441	8,656,053	11,815,330	966,129	551,544	99	937,404	35,660,101	
c) Specialised Lending (Own PD Approach)	-	-	-	-	-	-	-	-	-	-	-	-	
- Project Finance	-	420,008	1,453,010	370,821	322,981	-	-	468,156	-	-	63,468	3,098,445	
d) Specialised Lending (Slotting Approach)	-	-	-	-	-	-	-	-	-	-	-	-	
- Project Finance	-	-	-	325,469	320,719	-	-	-	-	-	-	646,188	
Retail Exposures	-	-	-	-	-	-	-	-	-	80,698,580	-	80,698,580	
a) Residential Mortgages	-	-	-	-	-	-	-	-	-	31,600,139	-	31,600,139	
b) Qualifying Revolving Retail Exposures	-	-	-	-	-	-	-	-	-	10,456,841	-	10,456,841	
c) Hire Purchase Exposures	-	-	-	-	-	-	-	-	-	7,479,678	-	7,479,678	
d) Other Retail Exposures	-	-	-	-	-	-	-	-	-	31,161,922	-	31,161,922	
<b>Total IRB Approach</b>	<b>10,020,890</b>	<b>4,901,531</b>	<b>24,861,544</b>	<b>27,654,839</b>	<b>5,094,167</b>	<b>26,283,516</b>	<b>140,259,351</b>	<b>12,472,970</b>	<b>2,039,815</b>	<b>80,699,433</b>	<b>11,144,636</b>	<b>345,432,694</b>	
<b>Total Standardised and IRB Approaches</b>	<b>10,165,696</b>	<b>5,713,102</b>	<b>24,925,295</b>	<b>27,792,067</b>	<b>9,640,043</b>	<b>26,739,244</b>	<b>176,268,108</b>	<b>12,804,028</b>	<b>2,046,776</b>	<b>86,467,777</b>	<b>82,521,557</b>	<b>465,083,695</b>	

Table 14: Disclosure on Credit Risk Exposure – Industry Analysis for Maybank (cont'd.)

Exposure Class	Agriculture RM'000	Mining & Quarrying RM'000	Manufacturing RM'000	Construction RM'000	Electricity, Gas & Water Supply RM'000	Wholesale, Retail Trade, Restaurants & Hotels RM'000	Finance, Insurance, Real Estate & Business RM'000	Transport, Storage & Communication RM'000	Education, Health & Others RM'000	Household RM'000	Others RM'000	Total RM'000
<b>As at 31.12.2019</b>												
<b>Exempted Exposures (Standardised Approach)</b>												
Sovereigns/Central Banks	304,433	-	-	-	35,359	298	30,158,365	61	-	-	50,377,507	80,876,023
Public Sector Entities	236	-	-	1,000,333	-	-	8,096,581	-	-	-	735,325	9,832,475
Banks, Development Financial Institutions & MDBs	-	-	-	-	-	-	511,382	-	-	-	143,490	654,872
Insurance Cos, Securities Firms & Fund Managers	79	-	-	-	-	-	160,904	-	-	-	1	160,984
Corporates	33,541	1,553,106	52,807	74,209	4,000,270	377,823	3,405,496	67,836	8,964	4,060	2,532,419	12,110,531
Regulatory Retail	-	-	-	-	-	-	-	-	-	2,487,995	-	2,487,995
Residential Mortgages	-	-	-	-	-	-	-	-	-	1,323,755	-	1,323,755
Higher Risk Assets	-	-	-	-	-	-	-	-	-	-	24	24
Other Assets	-	-	-	-	-	-	280,251	-	-	-	7,818,536	8,098,787
Securitisation Exposures	-	-	-	-	-	-	50,587	-	-	-	-	50,587
Equity Exposures	-	-	-	-	17,949	2,020	57	-	-	-	237,869	257,895
<b>Total Standardised Approach</b>	<b>338,289</b>	<b>1,553,106</b>	<b>52,807</b>	<b>1,074,542</b>	<b>4,053,578</b>	<b>380,141</b>	<b>42,663,623</b>	<b>67,897</b>	<b>8,964</b>	<b>3,815,810</b>	<b>61,845,171</b>	<b>115,853,928</b>
<b>Exposures under the IRB Approach</b>												
Public Sector Entities	2,392,912	-	59	-	-	1,689	3,521,061	831	69	-	253,146	6,169,767
Banks, Development Financial Institutions & MDBs	-	-	-	-	-	-	57,115,668	-	-	-	114,524	57,230,192
Corporate Exposures	5,351,662	4,421,651	25,009,764	20,856,836	5,428,022	29,019,106	85,860,502	14,363,785	4,163,551	140,123	6,600,084	201,215,086
a) Corporates (excluding Specialised Lending and firm-size adjustment)	4,481,838	3,384,146	19,574,704	13,815,016	3,776,530	20,947,398	72,804,880	12,914,514	3,786,819	37,673	5,261,275	160,784,793
b) Corporates (with firm-size adjustment)	868,875	179,709	3,806,191	6,288,773	423,519	8,071,708	13,055,622	1,367,476	376,732	102,450	1,212,980	35,754,035
c) Specialised Lending (Own PD Approach)	-	-	-	-	-	-	-	-	-	-	-	-
- Project Finance	-	482,866	1,628,869	339,152	264,342	-	-	-	-	-	125,829	2,841,058
d) Specialised Lending (Slotting Approach)	-	-	-	-	-	-	-	-	-	-	-	-
- Project Finance	949	374,930	-	413,895	963,631	-	-	81,795	-	-	-	1,835,200
Retail Exposures	-	-	-	-	-	-	-	-	-	77,334,557	-	77,334,557
a) Residential Mortgages	-	-	-	-	-	-	-	-	-	29,747,476	-	29,747,476
b) Qualifying Revolving Retail Exposures	-	-	-	-	-	-	-	-	-	9,415,941	-	9,415,941
c) Hire Purchase Exposures	-	-	-	-	-	-	-	-	-	8,293,216	-	8,293,216
d) Other Retail Exposures	-	-	-	-	-	-	-	-	-	29,877,924	-	29,877,924
<b>Total IRB Approach</b>	<b>7,744,574</b>	<b>4,421,651</b>	<b>25,009,823</b>	<b>20,856,836</b>	<b>5,428,022</b>	<b>29,020,795</b>	<b>146,497,231</b>	<b>14,364,616</b>	<b>4,163,620</b>	<b>77,474,680</b>	<b>6,967,754</b>	<b>341,949,602</b>
<b>Total Standardised and IRB Approaches</b>	<b>8,082,863</b>	<b>5,974,757</b>	<b>25,062,630</b>	<b>21,931,378</b>	<b>9,481,600</b>	<b>29,400,936</b>	<b>189,160,854</b>	<b>14,432,513</b>	<b>4,172,584</b>	<b>81,290,490</b>	<b>68,812,925</b>	<b>457,803,530</b>

## Credit Risk

**Table 15: Disclosure on Credit Risk Exposure – Industry Analysis for Maybank Islamic**

Exposure Class	Agriculture RM'000	Mining & Quarrying RM'000	Manufacturing RM'000	Construction RM'000	Electricity, Gas & Water Supply RM'000	Wholesale, Retail Trade, Restaurants & Hotels RM'000	Finance, Insurance, Real Estate & Business RM'000	Transport, Storage & Communication RM'000	Education, Health & Others RM'000	Household RM'000	Others RM'000	Total RM'000
<b>As at 31.12.2020</b>												
<b>Exempted Exposures (Standardised Approach)</b>												
Sovereigns/Central Banks	-	-	-	-	-	-	9,748,407	-	-	-	17,507,715	27,256,122
Public Sector Entities	22	50	-	-	-	12	-	513	-	-	133,502	134,099
Banks, Development Financial Institutions & MDBs	-	-	-	-	-	-	-	-	-	-	-	-
Insurance Cos, Securities Firms & Fund Managers	-	-	-	61	-	-	7,340	-	-	-	33	7,434
Corporates	15,702	1,412	39,089	62,967	180,316	230,606	470,125	34,838	15,047	1,442	627,734	1,679,278
Regulatory Retail	-	-	-	-	-	-	-	-	1,997,751	-	-	1,997,751
Residential Mortgages	-	-	-	-	-	-	-	-	636,271	-	-	636,271
Higher Risk Assets	-	-	-	-	-	-	-	-	36	-	-	36
Other Assets	-	-	-	-	-	-	747,915	-	-	-	877,942	1,625,857
Equity Exposure	-	-	-	-	-	-	-	-	-	-	1,250	1,250
<b>Total Standardised Approach</b>	<b>15,724</b>	<b>1,462</b>	<b>39,089</b>	<b>63,028</b>	<b>180,316</b>	<b>230,618</b>	<b>10,973,787</b>	<b>34,838</b>	<b>15,560</b>	<b>2,635,500</b>	<b>19,148,176</b>	<b>33,338,098</b>
<b>Exposures under IRB Approach</b>												
Public Sector Entities	5,383,248	-	-	775,397	-	-	16,008,012	70	7,210	-	959	22,174,896
Banks, Development Financial Institutions & MDBs	-	-	-	-	-	-	2,549,984	-	-	-	1	2,549,985
Insurance Cos, Securities Firms & Fund Managers	-	-	-	-	-	-	-	-	-	-	-	-
Corporate Exposures	6,470,374	2,854,104	10,971,495	15,286,367	3,602,781	5,829,912	17,086,983	7,205,803	893,598	461	1,648,419	71,850,297
a) Corporates (excluding Specialised Lending and firm-size adjustment)	5,746,590	2,553,077	8,800,780	10,345,745	2,327,436	3,142,852	13,129,812	6,457,310	332,274	259	461,516	53,297,651
b) Corporates (with firm-size adjustment)	723,784	301,027	2,170,715	4,093,232	261,997	2,687,060	3,957,171	748,493	561,324	202	1,186,903	16,691,908
c) Specialised Lending (Own PD Approach)	-	-	-	-	-	-	-	-	-	-	-	-
- Project Finance	-	-	-	834,357	977,767	-	-	-	-	-	-	1,812,124
d) Specialised Lending (Slotting Approach)	-	-	-	-	-	-	-	-	-	-	-	-
- Project Finance	-	-	-	13,033	35,581	-	-	-	-	-	-	48,614
Retail Exposures	-	-	-	-	-	-	-	-	-	149,021,476	-	149,021,476
a) Residential Mortgages	-	-	-	-	-	-	-	-	-	45,450,789	-	45,450,789
b) Qualifying Revolving Retail Exposures	-	-	-	-	-	-	-	-	-	3,646,873	-	3,646,873
c) Hire Purchase Exposures	-	-	-	-	-	-	-	-	-	39,554,233	-	39,554,233
d) Other Retail Exposures	-	-	-	-	-	-	-	-	-	60,369,581	-	60,369,581
<b>Total IRB Approach</b>	<b>11,853,622</b>	<b>2,854,104</b>	<b>10,971,495</b>	<b>16,061,764</b>	<b>3,602,781</b>	<b>5,829,912</b>	<b>35,644,979</b>	<b>7,205,873</b>	<b>900,808</b>	<b>149,021,937</b>	<b>1,649,379</b>	<b>245,596,654</b>
<b>Total Standardised and IRB Approaches</b>	<b>11,869,346</b>	<b>2,855,566</b>	<b>11,010,584</b>	<b>16,124,792</b>	<b>3,783,097</b>	<b>6,060,530</b>	<b>46,618,766</b>	<b>7,240,711</b>	<b>916,368</b>	<b>151,657,437</b>	<b>20,797,555</b>	<b>278,934,752</b>

Table 15: Disclosure on Credit Risk Exposure – Industry Analysis for Maybank Islamic (cont'd.)

Exposure Class	Agriculture RM'000	Mining & Quarrying RM'000	Manufacturing RM'000	Construction RM'000	Electricity, Gas & Water Supply RM'000	Wholesale, Retail Trade, Restaurants & Hotels RM'000	Finance, Insurance, Real Estate & Business RM'000	Transport, Storage & Communication RM'000	Education, Health & Others RM'000	Household RM'000	Others RM'000	Total RM'000
<b>As at 31.12.2019</b>												
<b>Exempted Exposures (Standardised Approach)</b>												
Sovereigns/Central Banks	-	-	-	-	-	-	23,453,744	-	-	-	13,250,567	36,704,311
Public Sector Entities	132	78	-	1,175,208	-	44,064	2,715,449	-	628	-	132,805	4,068,364
Banks, Development Financial Institutions & MDBs	-	-	-	-	-	-	-	-	-	-	-	-
Insurance Cos, Securities Firms & Fund Managers	-	-	-	73	-	-	5,092	-	-	-	40	5,205
Corporates	11,605	3,768	77,679	43,347	6,075	266,356	226,156	36,126	30,620	380	901,448	1,603,560
Regulatory Retail	-	-	-	-	-	-	-	-	-	2,131,513	-	2,131,513
Residential Mortgages	-	-	-	-	-	-	-	-	-	703,264	-	703,264
Higher Risk Assets	-	-	-	-	-	-	-	-	-	-	36	36
Other Assets	-	-	-	-	-	-	-	-	-	-	687,872	687,872
Equity Exposure	-	-	-	-	-	-	-	-	-	-	1,250	1,250
<b>Total Standardised Approach</b>	<b>11,737</b>	<b>3,846</b>	<b>77,679</b>	<b>1,218,628</b>	<b>6,075</b>	<b>310,420</b>	<b>26,400,441</b>	<b>36,126</b>	<b>31,248</b>	<b>2,835,157</b>	<b>14,974,018</b>	<b>45,905,375</b>
<b>Exposures under IRB Approach</b>												
Public Sector Entities	2,238,817	-	-	-	-	-	9,115,619	34	8,066	-	41	11,362,577
Banks, Development Financial Institutions & MDBs	-	-	-	-	-	-	8,649,864	-	-	-	-	8,649,864
Corporate Exposures	5,836,010	2,659,081	8,825,109	14,767,003	1,296,435	6,818,505	16,068,507	5,710,623	1,116,127	274	3,678,727	66,776,401
a) Corporates (excluding Specialised Lending and firm-size adjustment)	5,128,044	2,596,863	7,083,596	10,949,517	314,346	4,397,736	11,784,744	4,674,499	615,865	274	2,633,386	50,178,870
b) Corporates (with firm-size adjustment)	707,966	62,218	1,741,513	3,043,339	288,002	2,420,769	4,283,763	1,036,124	500,262	-	1,010,180	15,094,136
c) Specialised Lending (Own PD Approach)	-	-	-	-	-	-	-	-	-	-	-	-
- Project Finance	-	-	-	760,952	502,954	-	-	-	-	-	35,161	1,299,067
d) Specialised Lending (Slotting Approach)	-	-	-	-	-	-	-	-	-	-	-	-
- Project Finance	-	-	-	13,195	191,133	-	-	-	-	-	-	204,328
Retail Exposures	-	-	-	-	-	-	-	-	-	133,373,536	-	133,373,536
a) Residential Mortgages	-	-	-	-	-	-	-	-	-	40,838,405	-	40,838,405
b) Qualifying Revolving Retail Exposures	-	-	-	-	-	-	-	-	-	3,117,874	-	3,117,874
c) Hire Purchase Exposures	-	-	-	-	-	-	-	-	-	34,743,041	-	34,743,041
d) Other Retail Exposures	-	-	-	-	-	-	-	-	-	54,674,216	-	54,674,216
<b>Total IRB Approach</b>	<b>8,074,827</b>	<b>2,659,081</b>	<b>8,825,109</b>	<b>14,767,003</b>	<b>1,296,435</b>	<b>6,818,505</b>	<b>33,833,990</b>	<b>5,710,657</b>	<b>1,124,193</b>	<b>133,373,810</b>	<b>3,678,768</b>	<b>220,162,378</b>
<b>Total Standardised and IRB Approaches</b>	<b>8,086,564</b>	<b>2,662,927</b>	<b>8,902,788</b>	<b>15,985,631</b>	<b>1,302,510</b>	<b>7,128,925</b>	<b>60,234,431</b>	<b>5,746,783</b>	<b>1,155,441</b>	<b>136,208,967</b>	<b>18,652,786</b>	<b>266,067,753</b>

## Credit Risk

Table 16: Disclosure on Credit Risk Exposure – Maturity Analysis for Maybank Group

Exposure Class	One year or less RM'000	One to five years RM'000	Over five years RM'000	Total RM'000
<b>As at 31.12.2020</b>				
<b>Exempted Exposures (Standardised Approach)</b>				
Sovereigns/Central Banks	60,774,693	30,520,837	57,776,531	149,072,061
Public Sector Entities	461,434	2,247,873	1,659,222	4,368,529
Banks, Development Financial Institutions & MDBs	1,756,121	709,680	202,345	2,668,146
Insurance Cos, Securities Firms & Fund Managers	397,474	458,009	78	855,561
Corporates	8,599,195	5,651,542	10,118,250	24,368,987
Regulatory Retail	5,706,283	7,606,780	10,559,459	23,872,522
Residential Mortgages	906,790	98,631	1,659,427	2,664,848
Higher Risk Assets	50,044	6,581	66	56,691
Other Assets	1,814,417	3,735,666	8,718,593	14,268,676
Securitisation Exposures	–	20,073	–	20,073
Equity Exposures	348,331	1,019	57	349,407
<b>Total Standardised Approach</b>	<b>80,814,782</b>	<b>51,056,691</b>	<b>90,694,028</b>	<b>222,565,501</b>
<b>Exposures under the IRB Approach</b>				
Public Sector Entities	5,154,860	1,781,960	19,582,716	26,519,536
Banks, Development Financial Institutions & MDBs	21,846,847	7,148,042	3,017,380	32,012,269
Corporate Exposures	116,477,829	96,762,542	70,719,829	283,960,200
a) Corporates (excluding Specialised Lending and firm-size adjustment)	92,843,693	78,895,219	44,663,641	216,402,554
b) Corporates (with firm-size adjustment)	23,147,154	16,958,519	21,905,543	62,011,216
c) Specialised Lending (Own PD Approach)				
– Project Finance	364,099	658,363	3,829,166	4,851,628
d) Specialised Lending (Slotting Approach)				
– Project Finance	122,883	250,441	321,479	694,802
Retail Exposures	13,786,116	40,637,273	212,149,772	266,573,161
a) Residential Mortgages	389,647	1,747,436	97,496,266	99,633,349
b) Qualifying Revolving Retail Exposures	8,917,198	11,174,739	386,823	20,478,760
c) Hire Purchase Exposures	898,946	20,729,959	34,612,581	56,241,486
d) Other Retail Exposures	3,580,325	6,985,139	79,654,102	90,219,566
<b>Total IRB Approach</b>	<b>157,265,652</b>	<b>146,329,817</b>	<b>305,469,697</b>	<b>609,065,166</b>
<b>Total Standardised and IRB Approaches</b>	<b>238,080,434</b>	<b>197,386,508</b>	<b>396,163,725</b>	<b>831,630,667</b>

Table 16: Disclosure on Credit Risk Exposure – Maturity Analysis for Maybank Group (cont'd.)

Exposure Class	One year or less RM'000	One to five years RM'000	Over five years RM'000	Total RM'000
<b>As at 31.12.2019</b>				
<b>Exempted Exposures (Standardised Approach)</b>				
Sovereigns/Central Banks	65,763,010	29,309,785	53,518,370	148,591,165
Public Sector Entities	1,104,911	3,909,119	5,760,976	10,775,006
Banks, Development Financial Institutions & MDBs	1,210,278	529,688	163,019	1,902,985
Insurance Cos, Securities Firms & Fund Managers	38,873	379,085	122,651	540,609
Corporates	10,019,030	5,508,852	8,221,727	23,749,609
Regulatory Retail	6,218,448	10,394,597	9,240,294	25,853,339
Residential Mortgages	1,008,172	133,229	1,577,488	2,718,889
Higher Risk Assets	49,990	17,703	61	67,754
Other Assets	828,857	3,071,923	9,770,153	13,670,933
Securitisation Exposures	30,512	20,075	–	50,587
Equity Exposures	259,145	1,412	–	260,557
<b>Total Standardised Approach</b>	<b>86,531,226</b>	<b>53,275,468</b>	<b>88,374,739</b>	<b>228,181,433</b>
<b>Exposures under the IRB Approach</b>				
Public Sector Entities	1,182,328	876,057	12,279,450	14,337,835
Banks, Development Financial Institutions & MDBs	25,311,712	8,575,733	2,465,618	36,353,063
Corporate Exposures	114,926,411	108,568,169	67,627,694	291,122,274
a) Corporates (excluding Specialised Lending and firm-size adjustment)	91,497,929	91,197,094	41,812,330	224,507,353
b) Corporates (with firm-size adjustment)	23,066,278	16,388,734	21,119,903	60,574,915
c) Specialised Lending (Own PD Approach)				
– Project Finance	206,183	633,950	3,299,992	4,140,125
d) Specialised Lending (Slotting Approach)				
– Project Finance	156,021	348,391	1,395,469	1,899,881
Retail Exposures	16,851,711	40,689,003	193,785,592	251,326,306
a) Residential Mortgages	373,474	3,582,664	92,928,064	96,884,202
b) Qualifying Revolving Retail Exposures	10,589,232	8,766,824	319,205	19,675,261
c) Hire Purchase Exposures	1,097,914	22,005,896	31,489,159	54,592,969
d) Other Retail Exposures	4,791,091	6,333,619	69,049,164	80,173,874
<b>Total IRB Approach</b>	<b>158,272,162</b>	<b>158,708,962</b>	<b>276,158,354</b>	<b>593,139,478</b>
<b>Total Standardised and IRB Approaches</b>	<b>244,803,388</b>	<b>211,984,430</b>	<b>364,533,093</b>	<b>821,320,911</b>

## Credit Risk

Table 17: Disclosure on Credit Risk Exposure – Maturity Analysis for Maybank

Exposure Class	One year or less RM'000	One to five years RM'000	Over five years RM'000	Total RM'000
<b>As at 31.12.2020</b>				
<b>Exempted Exposures (Standardised Approach)</b>				
Sovereigns/Central Banks	30,509,537	15,293,894	41,465,191	87,268,622
Public Sector Entities	458,501	1,853,800	1,161,454	3,473,755
Banks, Development Financial Institutions & MDBs	41,167	714,159	202,345	957,671
Insurance Cos, Securities Firms & Fund Managers	390,997	4,125	76	395,198
Corporates	7,884,863	2,922,272	4,708,368	15,515,503
Regulatory Retail	1,213,975	205,886	519,899	1,939,760
Residential Mortgages	762,108	15,985	438,649	1,216,742
Higher Risk Assets	-	-	30	30
Other Assets	671,760	129,945	7,718,882	8,520,587
Securitisation Exposures	-	20,073	-	20,073
Equity Exposures	343,003	-	57	343,060
<b>Total Standardised Approach</b>	<b>42,275,911</b>	<b>21,160,139</b>	<b>56,214,951</b>	<b>119,651,001</b>
<b>Exposures under the IRB Approach</b>				
Public Sector Entities	4,645,185	269,222	16,133,184	21,047,591
Banks, Development Financial Institutions & MDBs	35,910,878	9,379,752	4,634,018	49,924,648
Corporate Exposures	76,609,853	72,916,508	44,235,513	193,761,874
a) Corporates (excluding Specialised Lending and firm-size adjustment)	62,105,955	61,759,947	30,491,237	154,357,139
b) Corporates (with firm-size adjustment)	14,395,988	10,293,370	10,970,744	35,660,102
c) Specialised Lending (Own PD Approach)				
– Project Finance	22,659	613,022	2,462,764	3,098,445
d) Specialised Lending (Slotting Approach)				
– Project Finance	85,251	250,169	310,768	646,188
Retail Exposures	3,805,264	15,375,824	61,517,493	80,698,581
a) Residential Mortgages	335,806	619,402	30,644,931	31,600,139
b) Qualifying Revolving Retail Exposures	1,802,093	8,358,664	296,084	10,456,841
c) Hire Purchase Exposures	158,618	2,915,942	4,405,118	7,479,678
d) Other Retail Exposures	1,508,747	3,481,816	26,171,360	31,161,923
<b>Total IRB Approach</b>	<b>120,971,180</b>	<b>97,941,306</b>	<b>126,520,208</b>	<b>345,432,694</b>
<b>Total Standardised and IRB Approaches</b>	<b>163,247,091</b>	<b>119,101,445</b>	<b>182,735,159</b>	<b>465,083,695</b>



Table 17: Disclosure on Credit Risk Exposure – Maturity Analysis for Maybank (cont'd.)

Exposure Class	One year or less RM'000	One to five years RM'000	Over five years RM'000	Total RM'000
<b>As at 31.12.2019</b>				
<b>Exempted Exposures (Standardised Approach)</b>				
Sovereigns/Central Banks	25,160,796	19,151,224	36,564,003	80,876,023
Public Sector Entities	1,101,345	3,189,189	5,541,941	9,832,475
Banks, Development Financial Institutions & MDBs	–	491,853	163,019	654,872
Insurance Cos, Securities Firms & Fund Managers	35,227	3,106	122,651	160,984
Corporates	5,242,990	4,023,260	2,844,281	12,110,531
Regulatory Retail	1,447,741	299,413	740,841	2,487,995
Residential Mortgages	847,180	17,714	458,861	1,323,755
Higher Risk Assets	–	–	24	24
Other Assets	231,531	253,531	7,613,725	8,098,787
Securitisation Exposures	30,512	20,075	–	50,587
Equity Exposures	257,895	–	–	257,895
<b>Total Standardised Approach</b>	<b>34,355,217</b>	<b>27,449,365</b>	<b>54,049,346</b>	<b>115,853,928</b>
<b>Exposures under the IRB Approach</b>				
Public Sector Entities	1,122,564	820,236	4,226,967	6,169,767
Banks, Development Financial Institutions & MDBs	43,067,643	11,447,105	2,715,444	57,230,192
Corporate Exposures	72,571,758	86,883,665	41,759,663	201,215,086
a) Corporates (excluding Specialised Lending and firm-size adjustment)	58,747,149	74,399,361	27,638,283	160,784,793
b) Corporates (with firm-size adjustment)	13,593,082	11,517,740	10,643,213	35,754,035
c) Specialised Lending (Own PD Approach)				
– Project Finance	129,015	618,553	2,093,490	2,841,058
d) Specialised Lending (Slotting Approach)				
– Project Finance	102,512	348,011	1,384,677	1,835,200
Retail Exposures	5,357,420	13,518,588	58,458,549	77,334,557
a) Residential Mortgages	323,336	575,761	28,848,379	29,747,476
b) Qualifying Revolving Retail Exposures	2,941,185	6,251,392	223,364	9,415,941
c) Hire Purchase Exposures	154,619	3,109,968	5,028,629	8,293,216
d) Other Retail Exposures	1,938,280	3,581,467	24,358,177	29,877,924
<b>Total IRB Approach</b>	<b>122,119,385</b>	<b>112,669,594</b>	<b>107,160,623</b>	<b>341,949,602</b>
<b>Total Standardised and IRB Approaches</b>	<b>156,474,602</b>	<b>140,118,959</b>	<b>161,209,969</b>	<b>457,803,530</b>

## Credit Risk

**Table 18: Disclosure on Credit Risk Exposure – Maturity Analysis for Maybank Islamic**

Exposure Class	One year or less RM'000	One to five years RM'000	Over five years RM'000	Total RM'000
<b>As at 31.12.2020</b>				
<b>Exempted Exposures (Standardised Approach)</b>				
Sovereigns/Central Banks	9,933,839	7,463,379	9,858,904	27,256,122
Public Sector Entities	2,934	89,457	41,708	134,099
Banks, Development Financial Institutions & MDBs	–	–	–	–
Insurance Cos, Securities Firms & Fund Managers	5,873	1,558	3	7,434
Corporates	353,105	819,756	506,417	1,679,278
Regulatory Retail	403,057	250,418	1,344,276	1,997,751
Residential Mortgage	112,691	21,747	501,833	636,271
Higher Risk Assets	–	–	36	36
Other Assets	743,383	4,618	877,856	1,625,857
Equity Exposure	1,250	–	–	1,250
<b>Total Standardised Approach</b>	<b>11,556,132</b>	<b>8,650,933</b>	<b>13,131,033</b>	<b>33,338,098</b>
<b>Exposures under the IRB Approach</b>				
Public Sector Entities	4,999,186	1,512,739	15,662,971	22,174,896
Banks, Development Financial Institutions & MDBs	2,340,455	119,360	90,170	2,549,985
Corporate Exposures	35,694,878	15,667,555	20,487,864	71,850,297
a) Corporates (excluding Specialised Lending and firm-size adjustment)	28,511,703	12,534,296	12,251,652	53,297,651
b) Corporates (with firm-size adjustment)	6,804,102	3,028,705	6,859,101	16,691,908
c) Specialised Lending (Own PD Approach)				
– Project Finance	341,441	104,282	1,366,401	1,812,124
d) Specialised Lending (Slotting Approach)				
– Project Finance	37,632	272	10,710	48,614
Retail Exposures	3,660,747	16,093,039	129,267,690	149,021,476
a) Residential Mortgages	29,200	422,933	44,998,656	45,450,789
b) Qualifying Revolving Retail Exposures	1,493,562	2,089,986	63,325	3,646,873
c) Hire Purchase Exposures	173,110	10,597,987	28,783,136	39,554,233
d) Other Retail Exposures	1,964,875	2,982,133	55,422,573	60,369,581
<b>Total IRB Approach</b>	<b>46,695,266</b>	<b>33,392,693</b>	<b>165,508,695</b>	<b>245,596,654</b>
<b>Total Standardised and IRB Approaches</b>	<b>58,251,398</b>	<b>42,043,626</b>	<b>178,639,728</b>	<b>278,934,752</b>

Table 18: Disclosure on Credit Risk Exposure – Maturity Analysis for Maybank Islamic (cont'd.)

Exposure Class	One year or less RM'000	One to five years RM'000	Over five years RM'000	Total RM'000
<b>As at 31.12.2019</b>				
<b>Exempted Exposures (Standardised Approach)</b>				
Sovereigns/Central Banks	21,384,501	3,962,122	11,357,688	36,704,311
Public Sector Entities	1,003,565	446,668	2,618,131	4,068,364
Banks, Development Financial Institutions & MDBs	–	–	–	–
Insurance Cos, Securities Firms & Fund Managers	3,646	1,559	–	5,205
Corporates	490,188	429,442	683,930	1,603,560
Regulatory Retail	397,557	162,232	1,571,724	2,131,513
Residential Mortgage	108,199	37,928	557,137	703,264
Higher Risk Assets	–	–	36	36
Other Assets	41	131	687,700	687,872
Equity Exposure	1,250	–	–	1,250
<b>Total Standardised Approach</b>	<b>23,388,947</b>	<b>5,040,082</b>	<b>17,476,346</b>	<b>45,905,375</b>
<b>Exposures under the IRB Approach</b>				
Public Sector Entities	909,764	55,821	10,396,992	11,362,577
Banks, Development Financial Institutions & MDBs	8,417,408	160,460	71,996	8,649,864
Corporate Exposures	32,816,548	16,128,289	17,831,564	66,776,401
a) Corporates (excluding Specialised Lending and firm-size adjustment)	25,998,868	13,898,488	10,281,514	50,178,870
b) Corporates (with firm-size adjustment)	6,687,002	2,214,024	6,193,110	15,094,136
c) Specialised Lending (Own PD Approach)				
– Project Finance	77,169	15,396	1,206,502	1,299,067
d) Specialised Lending (Slotting Approach)				
– Project Finance	53,509	381	150,438	204,328
Retail Exposures	4,475,800	15,839,379	113,058,357	133,373,536
a) Residential Mortgages	19,615	365,826	40,452,964	40,838,405
b) Qualifying Revolving Retail Exposures	1,453,486	1,611,102	53,286	3,117,874
c) Hire Purchase Exposures	271,161	11,174,817	23,297,063	34,743,041
d) Other Retail Exposures	2,731,538	2,687,634	49,255,044	54,674,216
<b>Total IRB Approach</b>	<b>46,619,520</b>	<b>32,183,949</b>	<b>141,358,909</b>	<b>220,162,378</b>
<b>Total Standardised and IRB Approaches</b>	<b>70,008,467</b>	<b>37,224,031</b>	<b>158,835,255</b>	<b>266,067,753</b>

## Credit Risk

### CREDIT IMPAIRMENT POLICY AND CLASSIFICATION AND IMPAIRMENT PROVISIONS FOR LOANS, ADVANCES AND FINANCING

The Group has outlined the definition of days past due (“DPD”) in its Group Credit Classification and Impairment Policy. DPD or months-in-arrears (“MIA”) refers to exposures with repayments which are due, principal or interest, under contractual terms, that are:

- Received after the contractual due date; or
- Repayments received are partial, not made in full.

The determination of DPD or MIA excludes any moratorium period granted due to natural disasters.

The Group assess at each reporting date whether there is any objective evidence that a financial asset, including security or a group of securities (other than financial assets at Fair Value through Profit & Loss [“FVTPL”]) is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one (1) or more events that have occurred after the initial recognition of the asset (an incurred loss event) and that loss event(s) have an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the borrower or a group of borrowers experiencing significant financial difficulty, the probability that they will enter bankruptcy or other reorganisation, default or delinquency in interest/profit or principal payments or where observable data indicates that there is a measurable decrease in the estimated future cash flows, such as changes in economic conditions that correlate with defaults.

#### Impairment Process – Individual Assessment

The Group assess if objective evidence of impairment exists for loans, advances and financing which are deemed to be individually significant.

If there is objective evidence that an impairment loss has incurred, the amount of loss is measured as the difference between the carrying amount of the loans, advances and financing and the present value of the estimated future cash flows discounted at the original effective interest rate of the loans, advances and financing. The carrying amount of the loans, advances and financing is reduced through the use of an impairment allowance account and the amount of the impairment loss is recognised in the income statements.

#### Impairment Process – Collective Assessment

Loans, advances and financing which are not individually significant and that have been individually assessed with no evidence of impairment loss are grouped together for collective impairment assessment. These loans, advances and financing are grouped within similar credit risk characteristics for collective assessment, whereby data from the loans, advances and financing portfolio (such as credit quality, levels of arrears, credit utilisation, loan to collateral ratios, etc.) and concentrations of risks (such as the performance of different individual groups) are taken into consideration.

Future cash flows in a group of loans, advances and financing that are collectively evaluated for impairment are estimated based on the historical loss experience of the Group and of the Bank. Historical loss experience is adjusted on the basis of current observable data to reflect the effects of current conditions that do not affect the period of which the historical loss experience is based and to remove the effects of conditions in the historical period that do not currently exist.

Estimates of changes in future cash flows for a group of assets should reflect and be directionally consistent with changes in related observable data from period to period. The methodology and assumptions used for estimating future cash flows are reviewed regularly by the Group to reduce any differences between loss estimates and actual loss experience.

Further details on the Group’s accounting policies and accounting estimates on impairment assessment for loans, advances and financing can be found in Note 2.3 to Note 2.5 and Note 3.4 of the Financial Statements. The disclosures on reconciliation of impairment/allowance can be found in Note 12 for loans, Note 11 for Financial Investments at Amortised Cost, Note 11(3) for Financial Investment at Fair Value through Other Comprehensive Income (“FVOCI”), etc. of the Financial Statements. This credit impairment policy is applicable to the Group.

Table 19 (a) to 19 (f) provide details on impaired loans, advances and financing for the Group, the Bank and Maybank Islamic, respectively.

Table 19 (a): Impaired and Past Due Loans, Advances and Financing and Allowances - Industry Analysis for Maybank Group

	Impaired Loans, Advances and Financing RM'000	Past Due Loan RM'000	Specific Provision RM'000	General Provision RM'000	Specific Provision Charges/ Write Back RM'000	Specific Provision Write-Offs RM'000
<b>As at 31.12.2020</b>						
Agriculture	1,041,294	301,647	721,937	174,162	353,888	(20,405)
Mining & quarrying	22,881	83,488	16,698	350,343	(6,373)	(34)
Manufacturing	1,014,959	366,480	660,544	491,714	605,367	(577,849)
Construction	1,154,667	234,866	541,040	607,570	(133,380)	(414,275)
Electricity, gas & water supply	1,092,459	4,978	241,298	811,253	485,905	(1,072,653)
Wholesale, retail trade, restaurants & hotels	2,131,104	883,620	1,488,107	617,849	384,374	(203,229)
Finance, insurance, real estate & business	1,088,878	801,728	580,180	947,116	(55,797)	(576,933)
Transport, storage & communication	1,855,326	158,502	1,360,850	281,607	365,989	(230,101)
Education, health & others	44,712	70,934	13,462	514,336	74,628	(7,622)
Household	2,046,328	8,907,892	525,828	1,327,487	183,034	(361,684)
Others	181,881	20,574	58,835	72,066	21,576	(20,519)
<b>Total</b>	<b>11,674,489</b>	<b>11,834,709</b>	<b>6,208,777</b>	<b>6,195,502</b>	<b>2,279,212</b>	<b>(3,485,303)</b>
<b>As at 31.12.2019</b>						
Agriculture	993,570	568,731	387,447	93,992	327,065	(10,965)
Mining & quarrying	306,259	192,189	130,543	56,133	(167,086)	(1,258)
Manufacturing	1,382,171	823,336	970,779	355,391	653,069	(251,950)
Construction	1,522,192	390,097	730,879	266,934	27,658	(18,257)
Electricity, gas & water supply	1,949,352	236,938	1,106,566	298,035	622,725	(2,134)
Wholesale, retail trade, restaurants & hotels	1,629,388	1,142,050	1,011,133	503,655	39,379	(333,555)
Finance, insurance, real estate & business	1,492,995	869,118	822,380	600,204	25,957	(465,145)
Transport, storage & communication	2,417,227	6,100,267	1,434,166	218,010	325,628	(31,118)
Education, health & others	333,200	367,876	100,337	110,449	(6,861)	(5,373)
Household	1,802,405	4,836,234	477,802	1,009,858	214,970	(425,067)
Others	29,177	212,205	12,788	16,667	317,808	(372,267)
<b>Total</b>	<b>13,857,936</b>	<b>15,739,041</b>	<b>7,184,821</b>	<b>3,529,328</b>	<b>2,380,312</b>	<b>(1,917,090)</b>

## Credit Risk

Table 19 (b): Impaired and Past Due Loans, Advances and Financing and Allowances – Industry Analysis for Maybank

	Impaired Loans, Advances and Financing RM'000	Past Due Loans RM'000	Specific Provision RM'000	General Provision RM'000	Specific Provision Charges/ Write Back RM'000	Specific Provision Write-Offs RM'000
<b>As at 31.12.2020</b>						
Agriculture	54,268	8,051	336,848	71,268	176,944	(18,703)
Mining & quarrying	17,429	8,723	14,773	308,109	64,855	(34)
Manufacturing	420,691	34,503	285,529	277,900	443,132	(288,565)
Construction	900,862	102,061	419,753	208,897	(131,548)	(349,497)
Electricity, gas & water supply	967,060	630	169,882	785,000	445,974	(1,051,241)
Wholesale, retail trade, restaurants & hotels	1,234,102	151,208	1,068,065	266,420	148,412	(58,028)
Finance, insurance, real estate & business	1,338,247	182,512	490,231	565,103	(305,882)	(346,926)
Transport, storage & communication	1,498,174	30,392	1,153,958	57,878	282,367	(116,453)
Education, health & others	13,379	16,501	5,393	458,531	44,396	(2,113)
Household	674,093	2,474,872	171,626	414,886	16,603	(79,941)
Others	1,992	26	29	307	5,226	–
<b>Total</b>	<b>7,120,297</b>	<b>3,009,479</b>	<b>4,116,087</b>	<b>3,414,299</b>	<b>1,190,479</b>	<b>(2,311,501)</b>
<b>As at 31.12.2019</b>						
Agriculture	454,897	11,546	178,761	31,044	147,977	(416)
Mining & quarrying	24,831	3,088	16,503	22,430	(108,651)	(2)
Manufacturing	602,607	55,246	464,024	207,186	298,833	(11,466)
Construction	1,164,060	224,279	594,281	144,570	38,830	(7,733)
Electricity, gas & water supply	1,865,115	112,600	1,072,721	211,923	542,042	–
Wholesale, retail trade, restaurants & hotels	904,674	447,021	747,882	277,775	(26,251)	(250,930)
Finance, insurance, real estate & business	1,167,094	292,873	682,555	238,889	(16,038)	(263,499)
Transport, storage & communication	1,774,905	97,228	1,074,046	165,397	339,647	(7,385)
Education, health & others	250,042	17,540	76,175	32,623	(8,846)	(414)
Household	614,921	3,209,347	178,356	294,313	76,206	(140,531)
Others	2,046	168	1,025	1,293	109,261	(166,569)
<b>Total</b>	<b>8,825,195</b>	<b>4,470,936</b>	<b>5,086,334</b>	<b>1,627,443</b>	<b>1,393,010</b>	<b>(848,945)</b>

Table 19 (c): Impaired and Past Due Loans, Advances and Financing and Allowances – Industry Analysis for Maybank Islamic

	Impaired Loans, Advances and Financing RM'000	Past Due Loans RM'000	<sup>2</sup> Specific Provision RM'000	<sup>1</sup> General Provision RM'000	Specific Provision Charges/ Write Back RM'000	Specific Provision Write-Offs RM'000
<b>As at 31.12.2020</b>						
Agriculture	869,673	9,241	394,236	25,890	204,680	(1,418)
Mining & quarrying	1,944	25,755	783	9,624	(113,088)	-
Manufacturing	104,342	62,032	38,936	83,798	8,821	(34,383)
Construction	93,180	84,391	29,720	282,507	(25,165)	(49,593)
Electricity, gas & water supply	123,733	45	70,826	14,761	63,645	(21,307)
Wholesale, retail trade, restaurants & hotels	150,467	187,596	45,662	126,654	29,981	(42,615)
Finance, insurance, real estate & business	296,994	163,940	46,248	127,542	22,758	(12,786)
Transport, storage & communication	85,314	54,995	41,815	151,328	(127,508)	(59,341)
Education, health & others	11,245	22,096	3,056	28,044	(4,067)	(3,131)
Household	715,512	5,438,046	174,477	400,869	75,798	(77,395)
Others	2	76	-	499,780	15,058	(15,074)
<b>Total</b>	<b>2,452,406</b>	<b>6,048,213</b>	<b>845,759</b>	<b>1,750,797</b>	<b>150,913</b>	<b>(317,043)</b>
<b>As at 31.12.2019</b>						
Agriculture	872,318	344,602	328,543	(100,515)	318,592	(876)
Mining & quarrying	281,135	26,753	113,870	(66,925)	(16,718)	(125)
Manufacturing	139,489	5,776	64,498	55,366	16,913	(4,202)
Construction	281,542	110,669	104,478	79,025	(30,510)	(2,182)
Electricity, gas & water supply	53,891	82,740	28,487	52,366	17,270	(362)
Wholesale, retail trade, restaurants & hotels	182,210	1,431	58,296	102,030	(7,157)	(8,950)
Finance, insurance, real estate & business	316,797	182,577	139,638	29,981	101,694	(2,929)
Transport, storage & communication	372,598	5,920,846	228,664	15,410	(108,635)	(13,753)
Education, health & others	29,452	19,606	10,254	23,090	5,869	(302)
Household	585,830	73,398	176,075	465,829	54,208	(120,701)
Others	1	198,064	16	9	205,187	(205,325)
<b>Total</b>	<b>3,115,264</b>	<b>6,966,463</b>	<b>1,252,818</b>	<b>655,665</b>	<b>556,713</b>	<b>(359,705)</b>

## Notes:

<sup>1</sup> General provision refers to loss allowance measured at an amount equal to 12-month and lifetime not credit impaired expected credit losses as defined under the Malaysian Financial Reporting Standards 9 (these provisions are commonly known as Stage 1 and Stage 2 provisions)

<sup>2</sup> Specific provisions refer to loss allowance measured at an amount equal to lifetime expected credit losses for credit-impaired exposures as defined under the Malaysian Financial Reporting Standards 9. These provisions are commonly known as Stage 3 provisions.

## Credit Risk

Table 19 (d): Impaired and Past Due Loans, Advances and Financing and Allowances – Geographical Analysis for Maybank Group

Maybank Global	Impaired Loans, Advances and Financing RM'000	Past Due Loans RM'000	<sup>2</sup> Specific Provision RM'000	<sup>1</sup> General Provision RM'000	Specific Provision Charges/Write Back RM'000	Specific Provision Write-Offs RM'000
<b>As at 31.12.2020</b>						
Malaysia	5,063,668	9,050,769	2,423,064	3,482,214	686,906	(1,076,765)
Singapore	3,834,761	463,325	2,376,785	1,616,671	787,456	(1,313,306)
Indonesia	1,577,686	2,034,048	713,153	320,562	605,886	(629,237)
Others Overseas Unit	1,198,373	286,566	695,775	776,055	198,964	(465,995)
<b>Total</b>	<b>11,674,489</b>	<b>11,834,709</b>	<b>6,208,777</b>	<b>6,195,502</b>	<b>2,279,212</b>	<b>(3,485,303)</b>
<b>As at 31.12.2019</b>						
Malaysia	6,242,161	11,013,791	2,790,279	1,914,938	386,964	(791,031)
Singapore	4,802,502	1,644,644	2,906,663	683,924	1,169,418	(583,561)
Indonesia	1,678,934	2,885,346	736,505	541,057	479,462	(408,282)
Others Overseas Unit	1,134,339	195,260	751,373	389,408	344,470	(134,216)
<b>Total</b>	<b>13,857,936</b>	<b>15,739,041</b>	<b>7,184,821</b>	<b>3,529,327</b>	<b>2,380,314</b>	<b>(1,917,090)</b>

Table 19 (e): Impaired and Past Due Loans, Advances and Financing and Allowances – Geographical Analysis for Maybank

Maybank Global	Impaired Loans, Advances and Financing RM'000	Past Due Loans RM'000	<sup>2</sup> Specific Provision RM'000	<sup>1</sup> General Provision RM'000	Specific Provision Charges/Write Back RM'000	Specific Provision Write-Offs RM'000
<b>As at 31.12.2020</b>						
Malaysia	3,191,059	3,001,910	1,579,341	1,730,875	535,954	(759,675)
Singapore	3,258,461	1,878	2,100,446	1,111,499	541,999	(1,165,702)
Others Overseas Unit	670,777	5,691	436,300	571,925	112,526	(386,123)
<b>Total</b>	<b>7,120,297</b>	<b>3,009,479</b>	<b>4,116,087</b>	<b>3,414,299</b>	<b>1,190,479</b>	<b>(2,311,501)</b>
<b>As at 31.12.2019</b>						
Malaysia	3,713,462	4,047,317	1,770,681	946,981	72,017	(431,325)
Singapore	4,246,554	410,860	2,728,311	406,759	1,007,402	(337,007)
Others Overseas Unit	865,179	12,758	587,336	273,703	313,591	(80,613)
<b>Total</b>	<b>8,825,195</b>	<b>4,470,935</b>	<b>5,086,334</b>	<b>1,627,443</b>	<b>1,393,010</b>	<b>(848,945)</b>



Table 19 (f): Impaired and Past Due Loans, Advances and Financing and Allowances – Geographical Analysis for Maybank Islamic

	Impaired Loans, Advances and Financing RM'000	Past Due Loans RM'000	<sup>2</sup> Specific Provision RM'000	<sup>1</sup> General Provision RM'000	Specific Provision Charges/ Write Back RM'000	Specific Provision Write-Offs RM'000
<b>Maybank Islamic</b>						
<b>As at 31.12.2020</b>						
Malaysia	1,863,931	6,048,213	845,759	1,750,797	150,913	(317,043)
<b>Total</b>	<b>1,863,931</b>	<b>6,048,213</b>	<b>845,759</b>	<b>1,750,797</b>	<b>150,913</b>	<b>(317,043)</b>
<b>As at 31.12.2019</b>						
Malaysia	3,115,264	6,966,463	1,252,818	655,665	556,713	(359,705)
<b>Total</b>	<b>3,115,264</b>	<b>6,966,463</b>	<b>1,252,818</b>	<b>655,665</b>	<b>556,713</b>	<b>(359,705)</b>

Notes:

<sup>1</sup> General provision refers to loss allowance measured at an amount equal to 12-month and lifetime not credit impaired expected credit losses as defined under the Malaysian Financial Reporting Standards 9 (these provisions are commonly known as Stage 1 and Stage 2 provisions)

<sup>2</sup> Specific provisions refer to loss allowance measured at an amount equal to lifetime expected credit losses for credit-impaired exposures as defined under the Malaysian Financial Reporting Standards 9. These provisions are commonly known as Stage 3 provisions.

## BASEL II REQUIREMENTS

The Group has obtained BNM's approval to use internal credit models for evaluating the majority of its credit risk exposures. For the RWA computation of Corporate and Bank portfolios, the Group adopts the FIRB Approach, which relies on its own internal PD estimates and applies supervisory estimates of LGD and EAD, while the Retail and Retail Small-Medium Enterprises ("RSME") portfolios adopt the AIRB Approach relying on internal estimates of PD, LGD, and EAD.

In line with Basel II requirements for capital adequacy purposes, the parameters are calibrated to a full economic cycle experience to reflect the long-run, cycle-neutral estimations:

- **Probability of Default ("PD")**

PD represents the probability of a borrower defaulting within the next 12 months. The first level estimation is based on portfolio's Observed Default Rate of the recent years' data. The average long-run default experience covering crisis periods including the major Asian crisis in 1997 is reflected through Central Tendency calibration for the Basel estimated PD.

- **Loss Given Default ("LGD")**

LGD measures the economic loss the Group would incur in the event of a borrower defaulting. Among others, it takes into account post default pathways, cure probability, direct and indirect costs associated with the workout, recoveries from borrower and collateral liquidation.

For Basel II purpose, LGD is calibrated to loss experiences during period of economic crisis whereby for most portfolios, the estimated loss during crisis years is expected to be higher than that during normal economic period. The crisis period LGD, known as Downturn LGD, is used as an input for RWA calculation.

- **Exposure at Default ("EAD")**

EAD is linked to facility risk, namely the expected gross exposure of a facility should a borrower defaults. The "race-to-default" is captured by Credit Conversion Factor ("CCF"), which should reflect the expected increase in exposure amount due to additional drawdown by a borrower facing financial difficulties leading to default.

Internal experience during crisis period is being taken into consideration for EAD estimations and where there is a material difference in EAD during downturn period as compared to normal period, downturn EAD would be used in RWA computation.

## Credit Risk

### Application of Internal Ratings

Since the development and implementation of the Group's internal rating models, internal ratings are used in the following areas:

- **Credit Approval**

The level of approval for a loan application is determined based on the internal rating of the borrower and the quantum of exposure being requested.

- **Policy**

Policy is formulated to fast track loan application processing for low risk borrowers. Additionally for the Review Policy, borrowers with higher risk grades are subjected to additional semi-annual reviews to ensure close monitoring and tracking of these borrowers.

- **Reporting**

Regular reporting on the risk rating portfolio distribution and sectoral outlook versus borrower risk profile within sector are being produced and monitored by the Group.

- **Capital Management**

The Group has emplaced risk-based capital management, ICAAP programme and uses regulatory capital charge for decision-making and budgeting process.

- **Risk Governance**

Internal ratings are used for various risk governance activities such as the setting of group exposure limits under the Maybank Group Sectoral ("MGS") Policy, threshold limit for Credit Review Committee ("CRC") review, sectoral limit policy, sampling methodology for credit review and policy breach.

- **Pricing Decision**

Internal ratings are being used as a basis for pricing credit facilities.

### NON-RETAIL PORTFOLIO

Non-retail exposures comprise of Corporate, Commercial, Small Business, Real Estate, Non-Bank Financial Institutions ("NBFIs") and Special Purpose Vehicles whereas for bank exposures, they include Commercial, Investment, Savings and Co-operative Banks apart from the Development Financial Institutions ("DFIs") portfolios.

The general approach adopted by the Group can be categorised into the following three categories:

- **Default History Based ("Good-Bad" analysis)**

This approach is adopted when the Group has sufficient default data. Under this approach, statistical method is employed to determine the likelihood of default on existing exposures. Scorecards under the Group's Credit Risk Rating System ("CRRS") models were developed using this approach.

- **Shadow Rating Approach**

This approach is usually applied when there are few or no default data available or also known as "low default portfolio" category. The objective of this methodology is to replicate the risk ranking applied by the external rating agencies. The Group's Bank Risk Rating Scorecards ("BRRS") were developed using this approach.

- **Experts Judgement Approach**

The default experience for some exposures, for example Holding Companies and Specialised Lending are insufficient for the Group to perform the required analyses to develop a robust statistical model. Hence, another approach known as experts' judgement approach is opted to develop the scorecard. Under this approach, the qualitative, quantitative and factor weights are determined by the Group's credit experts.

**Credit Risk Models and Tools**

*Credit Risk Rating System (“CRRS”)*

The Borrower Risk Rating (“BRR”), which is a component of CRRS, is a borrower-specific rating element that provides an estimate on the likelihood of the borrower going into default over the next twelve months. The BRR estimates the borrower risk and is independent of the type/nature of facilities and collaterals offered.

For reference, each grade can be mapped to ratings by external agencies such as Standard & Poor’s (“S&P”), as illustrated in Table 20 below that contains mapping of internal rating grades of corporate borrowers with S&P’s and Rating Agency of Malaysia’s (“RAM”) rating grades.

**Table 20: Rating Grades**

Risk Category	Rating Grade	S&P Equivalent	RAM Equivalent
Very Low	1-5	AAA to BBB+	AAA to AA1
Low	6-10	BBB+ to BB+	AA1 to A3
Medium	11-15	BB+ to B+	A3 to BB1
High	16-21	B+ to C	BB1 to C

*International Risk Rating Scorecard (“IRRS”)*

IRRS is used to rate Corporate and Commercial borrowers of the Group’s branches and subsidiaries, incorporated outside Malaysia, Singapore and Indonesia.

*Bank Risk Rating Scorecard (“BRRS”)*

The Group has developed BRRS to risk grade the bank counterparties. As the Group’s bank portfolio fall under low default portfolio category, the shadow-bond rating technique is used in developing the scorecards.

A different masterscale known as Global Masterscale is used to map the PD generated from BRRS to the scale. There are altogether 17 performing grades in the BRRS Masterscale with Grade 1 being the best performing grade and Grade 17 being the worst performing grade. For defaulted borrowers, the applicable grade is Grade 18. The BRRS Global Masterscale and its mapping to S&P’s and RAM’s ratings are shown in Table 21 below:

**Table 21: BRRS Global Masterscale**

Rating Grade	S&P Equivalent	RAM Equivalent
1-4	AAA to AA-	AAA
5-8	A+ to BBB+	AAA to AA
9-12	BBB to BB	AA to BBB
13-17	BB- to CCC	BBB to C

Tables 22 to 24 show the exposures by PD bands for Non-Retail Portfolios of the Group, the Bank and Maybank Islamic, respectively.

## Credit Risk

Table 22: Disclosure on Exposure by PD Band (IRB Approach) for Non-Retail for Maybank Group

PD Range (%)	EAD Post CRM RM'000	Exposure Weighted Average LGD (%)	Exposure Weighted Average Risk Weight (%)	Undrawn Commitments RM'000	RWA RM'000
<b>As at 31.12.2020</b>					
<b>Non-Retail Exposures</b>					
<b>Bank</b>					
0.0000 - 0.0470	4,914,524	43.47	8.11	–	398,755
0.0470 - 0.1460	21,887,362	42.29	18.75	833,502	4,104,764
0.1460 - 0.9280	4,259,924	42.41	48.87	17,528	2,081,675
0.9280 - 100	950,459	45.00	126.57	–	1,202,994
100	–	–	–	–	–
<b>Total for Bank Exposures</b>	<b>32,012,269</b>	<b>–</b>	<b>–</b>	<b>851,030</b>	<b>7,788,188</b>
<b>Public Sector Entities</b>					
0.0000 - 0.1200	14,501,265	45.00	0.02	506,080	2,330
0.1200 - 0.6440	5,337,031	34.73	55.01	3,327,250	2,935,838
0.6440 - 3.4650	6,412,056	45.00	1.38	112,415	88,785
3.4650 - 100	269,184	44.99	0.81	149	2,181
100	–	–	–	–	–
<b>Total for Public Sector Entities</b>	<b>26,519,536</b>	<b>–</b>	<b>–</b>	<b>3,945,894</b>	<b>3,029,134</b>
<b>Corporate (excluding Specialised Lending and firm-size adjustment)</b>					
0.0000 - 0.1200	33,299,839	43.35	21.86	16,221,639	7,278,843
0.1200 - 0.6440	89,210,441	43.42	53.36	29,426,262	47,599,304
0.6440 - 3.4650	69,677,126	42.57	92.35	22,461,416	64,344,864
3.4650 - 100	16,851,138	40.40	145.81	3,007,423	24,570,826
100	7,364,010	43.93	–	345,761	–
<b>Total for Corporate (excluding Specialised Lending and firm-size adjustment)</b>	<b>216,402,554</b>	<b>–</b>	<b>–</b>	<b>71,462,501</b>	<b>143,793,837</b>
<b>Corporate (with firm-size adjustment)</b>					
0.0000 - 0.1200	1,525,288	40.11	21.32	988,217	325,179
0.1200 - 0.6440	22,699,894	39.39	45.57	7,140,692	10,343,763
0.6440 - 3.4650	29,726,489	38.22	75.57	8,983,000	22,464,950
3.4650 - 100	7,500,972	37.10	117.75	2,234,645	8,832,029
100	558,573	41.72	0.00	113,589	539
<b>Total for Corporate (with firm-size adjustment)</b>	<b>62,011,216</b>	<b>–</b>	<b>–</b>	<b>19,460,143</b>	<b>41,966,460</b>
<b>Specialised Lending (Own PD Approach)</b>					
0.0000 - 0.1200	–	–	–	–	–
0.1200 - 0.6440	2,734,561	45.00	82.58	8,906	2,258,196
0.6440 - 3.4650	1,748,115	44.91	109.41	446,650	1,912,582
3.4650 - 100	368,952	45.00	156.40	–	577,035
100	–	–	–	–	–
<b>Total for Specialised Lending (Own PD Approach)</b>	<b>4,851,628</b>	<b>–</b>	<b>–</b>	<b>455,556</b>	<b>4,747,813</b>
<b>Total Non-Retail Exposures</b>	<b>341,797,203</b>	<b>–</b>	<b>–</b>	<b>96,175,124</b>	<b>201,325,432</b>

Table 22: Disclosure on Exposure by PD Band (IRB Approach) for Non-Retail for Maybank Group (cont'd.)

PD Range (%)	EAD Post CRM RM'000	Exposure Weighted Average LGD (%)	Exposure Weighted Average Risk Weight (%)	Undrawn Commitments RM'000	RWA RM'000
<b>As at 31.12.2019</b>					
<b>Non-Retail Exposures</b>					
<b>Bank</b>					
0.0000 - 0.0470	5,658,982	44.83	10.15	–	574,240
0.0470 - 0.1460	21,544,298	44.80	15.66	386,462	3,374,603
0.1460 - 0.9280	7,663,827	44.81	47.70	115	3,655,698
0.9280 - 100	1,485,956	45.00	109.27	–	1,623,636
100	–	–	–	–	–
<b>Total for Bank Exposures</b>	<b>36,353,063</b>			<b>386,577</b>	<b>9,228,177</b>
<b>Public Sector Entities</b>					
0.0000 - 0.1200	11,528,139	45.00	0.00	5,821	375
0.1200 - 0.6440	2,505,305	23.15	36.53	94,426	915,263
0.6440 - 3.4650	38,368	1.01	83.47	61,237	32,024
3.4650 - 100	266,024	44.98	0.61	143	1,634
100	–	–	–	–	–
<b>Total for Public Sector Entities</b>	<b>14,337,836</b>			<b>161,627</b>	<b>949,296</b>
<b>Corporate (excluding Specialised Lending and firm-size adjustment)</b>					
0.0000 - 0.1200	33,677,540	43.72	19.49	16,601,425	6,565,335
0.1200 - 0.6440	103,235,982	42.49	54.90	30,239,876	56,679,499
0.6440 - 3.4650	68,218,846	41.86	88.11	17,509,273	60,107,392
3.4650 - 100	10,302,195	41.88	141.96	3,051,776	14,624,797
100	9,072,791	43.37	9.95	446,960	902,402
<b>Total for Corporate (excluding Specialised Lending and firm-size adjustment)</b>	<b>224,507,354</b>			<b>67,849,310</b>	<b>138,879,425</b>
<b>Corporate (with firm-size adjustment)</b>					
0.0000 - 0.1200	2,239,214	40.22	19.74	1,641,037	442,022
0.1200 - 0.6440	24,417,223	37.86	45.64	8,581,021	11,143,057
0.6440 - 3.4650	26,766,508	37.91	71.30	8,496,429	19,084,081
3.4650 - 100	6,228,978	37.27	117.22	1,980,522	7,301,386
100	922,991	43.59	–	101,855	–
<b>Total for Corporate (with firm-size adjustment)</b>	<b>60,574,914</b>			<b>20,800,864</b>	<b>37,970,546</b>
<b>Specialised Lending (Own PD Approach)</b>					
0.0000 - 0.1200	–	–	–	–	–
0.1200 - 0.6440	2,358,316	40.02	88.54	2,881	2,087,999
0.6440 - 3.4650	1,247,549	12.77	118.29	103,117	1,475,725
3.4650 - 100	534,261	45.00	151.65	1,828	810,220
100	–	–	–	–	–
<b>Total for Specialised Lending (Own PD Approach)</b>	<b>4,140,126</b>			<b>107,826</b>	<b>4,373,944</b>
<b>Total Non-Retail Exposures</b>	<b>339,913,293</b>			<b>89,306,204</b>	<b>191,401,388</b>

## Credit Risk

Table 22(a): Specialised Lending Exposures under the Supervisory Slotting Criteria

Malayan Group							31.12.2020	
Supervisory Categories/Risk-Weights (RM'000)	Strong	Good	Satisfactory	Weak	Default	Total		
<b>Specialised Lending Exposures</b>								
Project Finance	223,503	62,753	-	-	-	286,256		
Object Finance	-	-	-	-	-	-		
Commodities Finance	-	-	-	-	-	-		
Income Producing Real Estate	-	-	-	-	-	-		
<b>Risk-Weighted Assets</b>	<b>223,503</b>	<b>62,753</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>286,256</b>		
								31.12.2019
<b>Specialised Lending Exposures</b>								
Project Finance	410,684	838,803	180,842	611	-	1,430,940		
Object Finance	-	-	-	-	-	-		
Commodities Finance	-	-	-	-	-	-		
Income Producing Real Estate	-	-	-	-	-	-		
<b>Risk-Weighted Assets</b>	<b>410,684</b>	<b>838,803</b>	<b>180,842</b>	<b>611</b>	<b>-</b>	<b>1,430,940</b>		

Table 23: Disclosure on Exposure by PD Band (IRB Approach) for Non-Retail for Maybank

PD Range (%)	EAD Post CRM RM'000	Exposure Weighted Average LGD (%)	Exposure Weighted Average Risk Weight (%)	Undrawn Commitments RM'000	RWA RM'000
<b>As at 31.12.2020</b>					
<b>Non-Retail Exposures</b>					
<b>Bank</b>					
0.0000 – 0.0470	3,958,421	42.96	0.09	–	340,782
0.0470 – 0.1460	40,888,664	44.12	0.22	734,221	9,137,903
0.1460 – 0.9280	4,042,874	43.76	0.53	2,262	2,125,231
0.9280 – 100	1,034,689	45.00	1.31	861	1,359,169
100	–	–	–	–	–
<b>Total for Bank Exposures</b>	<b>49,924,648</b>	<b>–</b>	<b>–</b>	<b>737,344</b>	<b>12,963,085</b>
<b>Public Sector Entities</b>					
0.0000 – 0.1200	11,094,399	44.99	0.00	2,080	2,330
0.1200 – 0.6440	5,293,361	34.65	0.55	3,270,414	2,917,582
0.6440 – 3.4650	4,634,663	45.00	0.00	2,415	834
3.4650 – 100	25,168	44.94	0.02	149	606
100	–	–	–	–	–
<b>Total for Public Sector Entities</b>	<b>21,047,591</b>	<b>–</b>	<b>–</b>	<b>3,275,058</b>	<b>2,921,352</b>
<b>Corporate (excluding Specialised Lending and firm-size adjustment)</b>					
0.0000 – 0.1200	26,524,897	43.22	0.22	12,679,389	5,792,857
0.1200 – 0.6440	66,676,694	43.27	0.54	23,632,937	35,982,060
0.6440 – 3.4650	46,808,852	42.66	0.89	15,233,757	41,616,776
3.4650 – 100	9,004,774	40.81	1.51	1,539,140	13,631,243
100	5,341,924	44.03	–	261,733	–
<b>Total for Corporate (excluding Specialised Lending and firm-size adjustment)</b>	<b>154,357,141</b>	<b>–</b>	<b>–</b>	<b>53,346,956</b>	<b>97,022,936</b>
<b>Corporate (with firm-size adjustment)</b>					
0.0000 – 0.1200	927,760	41.05	0.21	660,393	196,518
0.1200 – 0.6440	13,159,993	39.24	0.43	3,620,372	5,673,448
0.6440 – 3.4650	16,659,597	38.20	0.75	4,431,163	12,467,196
3.4650 – 100	4,585,552	36.45	1.15	1,493,707	5,291,802
100	327,199	41.96	0.00	21,402	539
<b>Total for Corporate (with firm-size adjustment)</b>	<b>35,660,101</b>	<b>–</b>	<b>–</b>	<b>10,227,037</b>	<b>23,629,503</b>
<b>Specialised Lending (Own PD Approach)</b>					
0.0000 – 0.1200	–	–	–	–	–
0.1200 – 0.6440	2,384,312	45.00	0.85	4,476	2,016,538
0.6440 – 3.4650	345,181	44.56	1.04	17,730	360,668
3.4650 – 99.9999	368,952	45.00	1.56	–	577,035
100	–	–	–	–	–
<b>Total for Specialised Lending (Own PD Approach)</b>	<b>3,098,445</b>	<b>–</b>	<b>–</b>	<b>22,206</b>	<b>2,954,241</b>
<b>Total Non-Retail Exposures</b>	<b>264,087,926</b>	<b>–</b>	<b>–</b>	<b>67,608,601</b>	<b>139,491,117</b>

## Credit Risk

Table 23: Disclosure on Exposure by PD Band (IRB Approach) for Non-Retail for Maybank (cont'd.)

PD Range (%)	EAD Post CRM RM'000	Exposure Weighted Average LGD (%)	Exposure Weighted Average Risk Weight (%)	Undrawn Commitments RM'000	RWA RM'000
<b>As at 31.12.2019</b>					
<b>Non-Retail Exposures</b>					
<b>Bank</b>					
0.0000 – 0.0470	2,452,133	44.83	20.26	–	496,906
0.0470 – 0.1460	42,376,229	44.80	20.69	55,207	8,767,244
0.1460 – 0.9280	10,876,907	44.81	25.93	115	2,820,791
0.9280 – 100	1,514,483	45.00	103.09	–	1,561,298
100	10,440	–	–	–	–
<b>Total for Bank Exposures</b>	<b>57,230,192</b>			<b>55,322</b>	<b>13,646,239</b>
<b>Public Sector Entities</b>					
0.0000 – 0.1200	3,483,681	45.00	0.01	1,821	374
0.1200 – 0.6440	2,474,833	22.97	36.37	44,634	900,200
0.6440 – 3.4650	834	44.84	94.24	1,237	786
3.4650 – 100	210,419	45.00	0.22	143	454
100	–	–	–	–	–
<b>Total for Public Sector Entities</b>	<b>6,169,767</b>			<b>47,835</b>	<b>901,814</b>
<b>Corporate (excluding Specialised Lending and firm-size adjustment)</b>					
0.0000 – 0.1200	26,228,171	43.56	20.76	14,986,130	5,445,223
0.1200 – 0.6440	77,734,110	42.46	55.30	24,340,282	42,983,260
0.6440 – 3.4650	46,148,788	41.87	83.51	14,238,270	38,538,973
3.4650 – 100	4,628,638	42.08	150.58	2,144,683	6,969,909
100	6,045,086	43.37	–	312,163	–
<b>Total for Corporate (excluding Specialised Lending and firm-size adjustment)</b>	<b>160,784,793</b>			<b>56,021,528</b>	<b>93,937,365</b>
<b>Corporate (with firm-size adjustment)</b>					
0.0000 – 0.1200	1,285,088	40.14	19.53	1,193,629	251,027
0.1200 – 0.6440	15,537,184	37.96	45.52	5,115,862	7,072,912
0.6440 – 3.4650	14,681,341	37.93	68.71	3,891,751	10,087,539
3.4650 – 100	3,881,737	37.46	118.28	1,400,601	4,591,321
100	368,685	43.59	–	9,512	–
<b>Total for Corporate (with firm-size adjustment)</b>	<b>35,754,035</b>			<b>11,611,355</b>	<b>22,002,799</b>
<b>Specialised Lending (Own PD Approach)</b>					
0.0000 – 0.1200	–	–	–	–	–
0.1200 – 0.6440	2,056,667	45.00	91.96	2,881	1,891,373
0.6440 – 3.4650	250,131	45.00	118.90	15,350	297,407
3.4650 – 99.9999	534,260	45.00	151.65	1,828	810,220
100	–	–	–	–	–
<b>Total for Specialised Lending (Own PD Approach)</b>	<b>2,841,058</b>			<b>20,059</b>	<b>2,999,000</b>
<b>Total Non-Retail Exposures</b>	<b>262,779,845</b>			<b>67,756,099</b>	<b>133,487,217</b>



Table 23(a): Specialised Lending Exposures under the Supervisory Slotting Criteria

Maybank							31.12.2020
Supervisory Categories/Risk-Weights (RM'000)	Strong	Good	Satisfactory	Weak	Default	Total	
<b>Specialised Lending Exposures</b>							
Project Finance	218,148	37,805	-	-	-	255,953	
Object Finance	-	-	-	-	-	-	
Commodities Finance	-	-	-	-	-	-	
Income Producing Real Estate	-	-	-	-	-	-	
<b>Risk-Weighted Assets</b>	<b>218,148</b>	<b>37,805</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>255,953</b>	
							31.12.2019
<b>Specialised Lending Exposures</b>							
Project Finance	402,703	806,334	178,157	611	-	1,387,805	
Object Finance	-	-	-	-	-	-	
Commodities Finance	-	-	-	-	-	-	
Income Producing Real Estate	-	-	-	-	-	-	
<b>Risk-Weighted Assets</b>	<b>402,703</b>	<b>806,334</b>	<b>178,157</b>	<b>611</b>	<b>-</b>	<b>1,387,805</b>	

## Credit Risk

Table 24: Disclosure on Exposure by PD Band (IRB Approach) for Non-Retail for Maybank Islamic

PD Range (%)	EAD Post CRM RM'000	Exposure Weighted Average LGD (%)	Exposure Weighted Average Risk Weight (%)	Undrawn Commitments RM'000	RWA RM'000
<b>As at 31.12.2020</b>					
<b>Non-Retail Exposures</b>					
<b>Bank</b>					
0.0000 – 0.0470	–	–	–	–	–
0.0470 – 0.1460	2,334,427	45.00	17.69	100,000	413,062
0.1460 – 0.9280	215,557	2.20	1.61	15,000	3,480
0.9280 – 100	1	45.00	212.05	4	3
100	–	–	–	–	–
<b>Total for Bank Exposures</b>	<b>2,549,985</b>			<b>115,004</b>	<b>416,545</b>
<b>Public Sector Entities</b>					
0.0000 – 0.1200	11,847,456	45.00	–	504,000	–
0.1200 – 0.6440	5,182,220	34.43	55.25	3,298,788	2,863,385
0.6440 – 3.4650	4,901,204	45.00	1.79	110,000	87,951
3.4650 – 100	244,016	45.00	0.65	–	1,575
100	–	–	–	–	–
<b>Total for Public Sector Entities</b>	<b>22,174,896</b>			<b>3,912,788</b>	<b>2,952,911</b>
<b>Corporate (excluding Specialised Lending and firm-size adjustment)</b>					
0.0000 – 0.1200	12,679,650	44.49	18.40	4,104,290	2,332,882
0.1200 – 0.6440	21,451,530	43.91	50.66	4,086,028	10,867,763
0.6440 – 3.4650	12,866,040	43.28	84.60	2,270,281	10,885,267
3.4650 – 100	4,932,983	43.52	145.04	393,571	7,154,918
100	1,367,448	44.00	–	5,634	–
<b>Total for Corporate (excluding Specialised Lending and firm-size adjustment)</b>	<b>53,297,651</b>			<b>10,859,804</b>	<b>31,240,830</b>
<b>Corporate (with firm-size adjustment)</b>					
0.0000 – 0.1200	537,993	38.15	21.20	174,457	114,051
0.1200 – 0.6440	6,099,510	39.37	46.34	1,497,593	2,826,485
0.6440 – 3.4650	8,032,692	36.82	71.61	2,015,037	5,752,038
3.4650 – 100	1,881,253	37.19	113.37	301,498	2,132,869
100	140,460	41.97	–	745	–
<b>Total for Corporate (with firm-size adjustment)</b>	<b>16,691,908</b>			<b>3,989,330</b>	<b>10,825,443</b>
<b>Specialised Lending (Own PD Approach)</b>					
0.0000 – 0.1200	–	–	–	–	–
0.1200 – 0.6440	409,190	45.00	68.64	4,430	280,873
0.6440 – 3.4650	1,402,934	45.00	110.62	428,920	1,551,913
3.4650 – 100	–	–	–	–	–
100	–	–	–	–	–
<b>Total for Specialised Lending (Own PD Approach)</b>	<b>1,812,124</b>			<b>433,350</b>	<b>1,832,786</b>
<b>Total Non-Retail Exposures</b>	<b>96,526,564</b>			<b>19,310,276</b>	<b>47,268,515</b>

Table 24: Disclosure on Exposure by PD Band (IRB Approach) for Non-Retail for Maybank Islamic (cont'd.)

PD Range (%)	EAD Post CRM RM'000	Exposure Weighted Average LGD (%)	Exposure Weighted Average Risk Weight (%)	Undrawn Commitments RM'000	RWA RM'000
<b>As at 31.12.2019</b>					
<b>Non-Retail Exposures</b>					
<b>Bank</b>					
0.0000 – 0.0470	-	-	-	-	-
0.0470 – 0.1460	7,342,780	45.00	12.00	331,255	884,682
0.1460 – 0.9280	1,266,358	45.00	25.00	-	312,415
0.9280 – 100	40,726	45.00	118	-	48,178
100	-	-	-	-	-
<b>Total for Bank Exposures</b>	<b>8,649,864</b>			<b>331,255</b>	<b>1,245,275</b>
<b>Public Sector Entities</b>					
0.0000 – 0.1200	9,056,397	45.00	-	4,000	1
0.1200 – 0.6440	2,213,043	20.36	34.04	49,792	753,245
0.6440 – 3.4650	37,534	44.96	83.23	60,000	31,239
3.4650 – 100	55,603	45.00	2.12	-	1,179
100	-	-	-	-	-
<b>Total for Public Sector Entities</b>	<b>11,362,577</b>			<b>113,792</b>	<b>785,664</b>
<b>Corporate (excluding Specialised Lending and firm-size adjustment)</b>					
0.0000 – 0.1200	10,889,640	44.51	18.91	1,366,583	2,058,862
0.1200 – 0.6440	23,480,230	43.27	49.92	4,675,426	11,721,414
0.6440 – 3.4650	12,664,574	43.09	77.86	1,573,030	9,860,785
3.4650 – 100	1,440,386	32.14	113.60	97,112	1,636,340
100	1,704,040	-	-	2,834	-
<b>Total for Corporate (excluding Specialised Lending and firm-size adjustment)</b>	<b>50,178,870</b>			<b>7,714,985</b>	<b>25,277,401</b>
<b>Corporate (with firm-size adjustment)</b>					
0.0000 – 0.1200	841,958	37.81	19.65	327,407	165,451
0.1200 – 0.6440	5,522,783	39.00	43.56	1,368,177	2,405,962
0.6440 – 3.4650	6,954,260	37.77	69.97	1,450,394	4,865,652
3.4650 – 100	1,342,324	35.95	112.23	230,814	1,506,484
100	432,811	43.55	-	622	-
<b>Total for Corporate (with firm-size adjustment)</b>	<b>15,094,136</b>			<b>3,377,414</b>	<b>8,943,549</b>
<b>Specialised Lending (Own PD Approach)</b>					
0.0000 – 0.1200	-	-	-	-	-
0.1200 – 0.6440	301,649	45.00	65.18	-	196,626
0.6440 – 3.4650	997,418	45.00	118.14	87,767	1,178,319
3.4650 – 100	-	-	-	-	-
100	-	-	-	-	-
<b>Total for Specialised Lending (Own PD Approach)</b>	<b>1,299,067</b>			<b>87,767</b>	<b>1,374,945</b>
<b>Total Non-Retail Exposures</b>	<b>86,584,514</b>			<b>11,625,213</b>	<b>37,626,834</b>

## Credit Risk

Table 24(a): Specialised Lending Exposures under the Supervisory Slotting Criteria

Maybank Islamic Berhad							31.12.2020
Supervisory Categories/Risk-Weights (RM'000)	Strong	Good	Satisfactory	Weak	Default	Total	
<b>Specialised Lending Exposures</b>							
Project Finance	5,355	24,949	-	-	-	30,304	
Object Finance	-	-	-	-	-	-	
Commodities Finance	-	-	-	-	-	-	
Income Producing Real Estate	-	-	-	-	-	-	
<b>Risk-Weighted Assets</b>	<b>5,355</b>	<b>24,949</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>30,304</b>	
<b>Maybank Islamic Berhad</b>							<b>31.12.2019</b>
<b>Specialised Lending Exposures</b>							
Project Finance	77,804	32,469	2,685	-	-	112,958	
Object Finance	-	-	-	-	-	-	
Commodities Finance	-	-	-	-	-	-	
Income Producing Real Estate	-	-	-	-	-	-	
<b>Risk-Weighted Assets</b>	<b>77,804</b>	<b>32,469</b>	<b>2,685</b>	<b>-</b>	<b>-</b>	<b>112,958</b>	

### RETAIL PORTFOLIO

The Group's retail portfolios are under the AIRB Approach. This approach calls for a more extensive reliance on the Bank's own internal experience (based on historical data) by estimating all three main components of RWA calculation namely PD, EAD and LGD which are based on its own historical data.

Separate PD, EAD and LGD statistical models are developed at the respective retail portfolio level, with each model covering borrowers with fundamentally similar risk profiles in a portfolio. The estimates derived from such models are used as input for RWA calculations.

#### AIRB Coverage for Retail Portfolios

Currently the following material retail portfolios are under Retail IRB:

Basel II Retail Sub-Portfolio Category	Maybank Retail Portfolios
Residential Mortgage	<ul style="list-style-type: none"> <li>Housing Loan (Malaysia, Singapore and Indonesia)</li> <li>Other Property Based Loan (Malaysia)</li> <li>Staff Housing Loan (Malaysia)</li> <li>Equity Term Loan (Singapore)</li> </ul>
Qualifying Revolving Retail Exposure ("QRRE")	<ul style="list-style-type: none"> <li>Credit Card (Malaysia, Singapore and Indonesia)</li> </ul>
Other Retail	<ul style="list-style-type: none"> <li>Auto Loan (Malaysia, Singapore and Indonesia)</li> <li>Unit Trust Loan (Malaysia)</li> <li>Commercial Property Loan (Malaysia)</li> </ul>

#### RSME Portfolio

Legal entities that carry a maximum exposure of RM5 million and are eligible for treatment as 'retail' exposure, are rated under the RSME scorecard. Similar to retail portfolios, separate PD, EAD and LGD statistical models are developed at the portfolio level; each model covering borrowers with fundamentally similar risk profiles in a portfolio.

#### Retail and RSME Masterscale

A retail and RSME masterscale with mapping to PD is used to promote a common risk language across the Group's retail portfolios as shown in the table below:

Table 25: Retail and RSME Masterscale

Rating Grade	PD range
R1 to R2	0.25% to 0.44%
R3 to R5	0.79% to 2.50%
R6 to R8	4.45% to 14.06%
R9 to R11	25% to 79.06%

#### Risk Measurement for Retail Portfolio

Application and behaviour scorecards are part of Basel II Retail IRB models and are used to estimate the probability that a customer will fail to make full and timely repayment of credit obligations. Business decisions and strategies are then built around the scores.

##### *Application Scorecard*

With application scorecards, at the point of time when an applicant applies for the credit facility, each applicant is assigned a score that corresponds to the probability of future repayment. Scores are designed to rank-order the riskiness of the applicants, whereby higher score represents lower risk.

Application scorecards benefit both risk management and business acquisition process through:

- Consistency in credit risk assessment;
- Improved turnaround time;
- Better management control of the portfolios; and
- Improved revenue and profit through the identification and acceptance of additional business.

Currently, application scorecards are deployed for all major retail portfolios in Malaysia, Singapore and Indonesia.

##### *Behaviour Scorecard*

The Credit Card product is subject to variable utilisation and payment patterns; a customer is able to utilise any portion of the granted limit and pay any amount of the outstanding balance. Due to the volatile nature of the product, a more robust risk measurement tool is required to manage the portfolio.

Behavioural Scorecards are therefore developed for Credit Card portfolios in Malaysia, Singapore and Indonesia. Behaviour score measures the borrower's riskiness based on transaction information and behavioural pattern of customer's utilisation and payment of the credit card. The scores are generated on a monthly basis and amongst others, are being used for the following purposes:

- Collection Strategies;
- Limit Management; and
- Transaction Authorisation.

With the use of Behaviour score, the Credit Card portfolio is able to be closely managed to reduce defaulters, increase collection and ultimately increase profitability.

Tables 26 to 28 show the exposures by "PD bands" for Retail Portfolios of the Group, the Bank and Maybank Islamic, respectively. A summary of the PD distribution of these exposures are also provided.

## Credit Risk

Table 26: Disclosure on Exposures by PD band (IRB Approach) for Retail for Maybank Group

PD Range (%)	EAD Post CRM RM'000	Exposure Weighted Average LGD (%)	Exposure Weighted Average Risk Weight (%)	Undrawn Commitments RM'000	RWA RM'000
<b>As at 31.12.2020</b>					
<b>Retail Exposures</b>					
<b>Residential Mortgages</b>					
0.0000 – 0.5900	53,810,001	18.83	12.95	95,955	6,967,528
0.5900 – 3.3330	40,826,823	17.20	19.52	354,154	7,967,923
3.3330 – 18.7500	3,045,458	18.44	73.29	13,537	2,231,969
18.7500 – 100	1,200,922	16.64	93.59	1,295	1,123,915
100	750,145	32.54	96.51	1,369	723,972
<b>Total for Residential Mortgages Exposures</b>	<b>99,633,349</b>			<b>466,310</b>	<b>19,015,307</b>
<b>Qualifying Revolving Retail Exposures</b>					
0.0000 – 0.5900	8,912,093	65.25	10.76	13,389,860	959,217
0.5900 – 3.3330	9,084,128	66.15	31.20	9,224,803	2,834,403
3.3330 – 18.7500	2,108,010	66.86	98.52	828,051	2,076,901
18.7500 – 100	260,576	63.33	168.76	131,766	439,757
100	113,953	68.10	88.70	7,040	101,080
<b>Total for Qualifying Revolving Retail Exposures</b>	<b>20,478,760</b>			<b>23,581,520</b>	<b>6,411,358</b>
<b>Hire Purchase Exposures</b>					
0.0000 – 0.5900	47,132,669	40.10	16.22	–	7,646,226
0.5900 – 3.3330	5,478,597	41.98	45.76	–	2,507,186
3.3330 – 18.7500	2,596,935	42.98	74.87	–	1,944,397
18.7500 – 100	776,950	43.89	111.84	–	868,931
100	256,335	65.51	112.92	–	289,444
<b>Total Hire Purchase Exposures</b>	<b>56,241,486</b>			<b>–</b>	<b>13,256,184</b>
<b>Other Retail Exposures</b>					
0.0000 – 0.5900	38,866,617	21.09	13.48	9,757,214	5,239,975
0.5900 – 3.3330	42,943,485	19.93	22.34	5,360,045	9,593,601
3.3330 – 18.7500	5,573,118	14.02	26.78	673,304	1,492,449
18.7500 – 100	1,869,380	19.46	50.93	176,980	952,045
100	966,966	29.08	42.46	24,735	410,544
<b>Total Other Retail Exposures</b>	<b>90,219,566</b>			<b>15,992,278</b>	<b>17,688,614</b>
<b>Total Retail Exposures</b>	<b>266,573,161</b>			<b>40,040,108</b>	<b>56,371,463</b>

Table 26: Disclosure on Exposures by PD band (IRB Approach) for Retail for Maybank Group (cont'd.)

PD Range (%)	EAD Post CRM RM'000	Exposure Weighted Average LGD (%)	Exposure Weighted Average Risk Weight (%)	Undrawn Commitments RM'000	RWA RM'000
<b>As at 31.12.2019</b>					
<b>Retail Exposures</b>					
<b>Residential Mortgages</b>					
0.0000 – 0.5900	54,522,485	14.35	8.75	101,104	4,770,017
0.5900 – 3.3330	36,178,634	15.14	21.39	107,075	7,737,584
3.3330 – 18.7500	4,408,850	15.88	56.63	31,321	2,496,909
18.7500 – 100	977,000	13.95	75.37	969	736,330
100	797,233	27.47	83.98	1,460	669,516
<b>Total for Residential Mortgages Exposures</b>	<b>96,884,202</b>			<b>241,929</b>	<b>16,410,356</b>
<b>Qualifying Revolving Retail Exposures</b>					
0.0000 – 0.5900	9,483,841	67.27	10.71	5,646,825	1,016,189
0.5900 – 3.3330	8,033,509	61.49	31.84	2,929,055	2,558,188
3.3330 – 18.7500	1,685,183	54.02	109.40	440,609	1,843,590
18.7500 – 100	361,487	49.22	182.51	53,136	659,736
100	111,242	58.30	91.24	7,917	101,496
<b>Total for Qualifying Revolving Retail Exposures</b>	<b>19,675,262</b>			<b>9,077,542</b>	<b>6,179,199</b>
<b>Hire Purchase Exposures</b>					
0.0000 – 0.5900	42,564,003	45.75	16.89	–	7,188,705
0.5900 – 3.3330	5,130,973	43.68	44.83	–	2,300,235
3.3330 – 18.7500	1,481,839	42.49	62.03	–	919,205
18.7500 – 100	304,853	42.20	103.58	–	315,775
100	2,131,122	49.34	53.28	–	1,135,559
<b>Total Hire Purchase Exposures</b>	<b>51,612,790</b>			<b>–</b>	<b>11,859,479</b>
<b>Other Retail Exposures</b>					
0.0000 – 0.5900	18,896,745	19.77	12.02	2,246,509	2,271,556
0.5900 – 3.3330	41,659,112	19.56	21.97	8,855,755	9,151,318
3.3330 – 18.7500	19,950,113	11.18	19.27	730,293	3,843,600
18.7500 – 100	1,862,784	18.20	44.31	46,654	825,365
100	785,299	31.25	43.82	11,638	344,145
<b>Total Other Retail Exposures</b>	<b>83,154,053</b>			<b>11,890,849</b>	<b>16,435,984</b>
<b>Total Retail Exposures</b>	<b>251,326,307</b>			<b>21,210,320</b>	<b>50,885,018</b>

## Credit Risk

Table 27: Disclosure on Exposures by PD band (IRB Approach) for Retail for Maybank

PD Range (%)	EAD Post CRM RM'000	Exposure Weighted Average LGD (%)	Exposure Weighted Average Risk Weight (%)	Undrawn Commitments RM'000	RWA RM'000
<b>As at 31.12.2020</b>					
<b>Retail Exposures</b>					
<b>Residential Mortgages</b>					
0.0000 – 0.5900	14,183,835	16.02	11.91	22,602	1,689,878
0.5900 – 3.3330	15,729,263	15.76	17.48	266,731	2,749,390
3.3330 – 18.7500	949,345	15.65	66.44	1,807	630,776
18.7500 – 100	488,995	14.07	78.69	244	384,813
100	248,701	34.18	63.96	973	159,081
<b>Total for Residential Mortgages Exposures</b>	<b>31,600,139</b>			<b>292,357</b>	<b>5,613,938</b>
<b>Qualifying Revolving Retail Exposures</b>					
0.0000 – 0.5900	5,127,798	57.11	8.63	7,835,758	442,391
0.5900 – 3.3330	4,142,012	55.48	26.27	3,686,239	1,088,271
3.3330 – 18.7500	1,035,675	57.59	83.38	187,938	863,582
18.7500 – 100	115,752	53.61	147.42	63,727	170,640
100	35,605	52.28	89.15	276	31,743
<b>Total for Qualifying Revolving Retail Exposures</b>	<b>10,456,842</b>			<b>11,773,938</b>	<b>2,596,627</b>
<b>Hire Purchase Exposures</b>					
0.0000 – 0.5900	6,264,548	38.54	17.20	–	1,077,409
0.5900 – 3.3330	580,216	41.10	45.21	–	262,344
3.3330 – 18.7500	434,978	41.93	73.75	–	320,806
18.7500 – 100	147,355	42.47	108.68	–	160,146
100	52,580	64.81	114.20	–	60,045
<b>Total Hire Purchase Exposures</b>	<b>7,479,677</b>			<b>–</b>	<b>1,880,750</b>
<b>Other Retail Exposures</b>					
0.0000 – 0.5900	13,459,096	19.54	12.46	4,102,674	1,677,572
0.5900 – 3.3330	14,849,355	21.79	20.99	1,672,787	3,116,903
3.3330 – 18.7500	1,796,553	16.28	25.40	186,166	456,304
18.7500 – 100	693,266	23.91	56.30	41,332	390,309
100	363,652	34.22	42.18	11,218	153,405
<b>Total Other Retail Exposures</b>	<b>31,161,922</b>			<b>6,014,177</b>	<b>5,794,493</b>
<b>Total Retail Exposures</b>	<b>80,698,580</b>			<b>18,080,472</b>	<b>15,885,808</b>



Table 27: Disclosure on Exposures by PD band (IRB Approach) for Retail for Maybank (cont'd.)

PD Range (%)	EAD Post CRM RM'000	Exposure Weighted Average LGD (%)	Exposure Weighted Average Risk Weight (%)	Undrawn Commitments RM'000	RWA RM'000
<b>As at 31.12.2019</b>					
<b>Retail Exposures</b>					
<b>Residential Mortgages</b>					
0.0000 – 0.5900	12,969,805	14.85	8.71	33,607	1,129,818
0.5900 – 3.3330	14,504,152	14.84	20.96	14,208	3,039,613
3.3330 – 18.7500	1,591,596	14.97	54.43	10,018	866,248
18.7500 – 100	443,030	12.91	73.42	252	325,260
100	238,893	32.41	76.97	952	183,876
<b>Total for Residential Mortgages Exposures</b>	<b>29,747,476</b>			<b>59,037</b>	<b>5,544,815</b>
<b>Qualifying Revolving Retail Exposures</b>					
0.0000 – 0.5900	5,212,177	60.20	8.21	2,651,707	428,109
0.5900 – 3.3330	3,338,066	56.82	26.97	728,879	900,289
3.3330 – 18.7500	614,973	59.96	84.80	99,097	521,506
18.7500 – 100	203,795	58.19	169.02	37,682	344,447
100	46,930	52.80	96.79	–	45,421
<b>Total for Qualifying Revolving Retail Exposures</b>	<b>9,415,941</b>			<b>3,517,365</b>	<b>2,239,772</b>
<b>Hire Purchase Exposures</b>					
0.0000 – 0.5900	7,103,847	44.40	17.24	–	1,224,684
0.5900 – 3.3330	814,242	42.84	45.69	–	372,012
3.3330 – 18.7500	274,509	41.47	62.82	–	172,460
18.7500 – 100	57,526	40.50	103.90	–	59,768
100	43,092	82.10	217.50	–	93,726
<b>Total Hire Purchase Exposures</b>	<b>8,293,216</b>			<b>–</b>	<b>1,922,650</b>
<b>Other Retail Exposures</b>					
0.0000 – 0.5900	6,344,084	21.18	12.90	491,722	818,317
0.5900 – 3.3330	17,837,523	19.63	21.65	4,627,414	3,861,433
3.3330 – 18.7500	4,694,074	14.74	22.29	325,065	1,046,261
18.7500 – 100	653,732	20.46	48.41	21,282	316,494
100	348,511	34.89	47.78	5,654	166,511
<b>Total Other Retail Exposures</b>	<b>29,877,924</b>			<b>5,471,137</b>	<b>6,209,016</b>
<b>Total Retail Exposures</b>	<b>77,334,557</b>			<b>9,047,539</b>	<b>15,916,253</b>

## Credit Risk

Table 28: Disclosure on Exposures by PD band (IRB Approach) for Retail for Maybank Islamic

PD Range (%)	EAD Post CRM RM'000	Exposure Weighted Average LGD (%)	Exposure Weighted Average Risk Weight (%)	Undrawn Commitments RM'000	RWA RM'000
<b>As at 31.12.2020</b>					
<b>Retail Exposures</b>					
<b>Residential Mortgages</b>					
0.0000 – 0.5900	21,363,053	17.09	12.70	26,488	2,714,104
0.5900 – 3.3330	21,956,010	16.82	18.59	48,691	4,081,329
3.3330 – 18.7500	1,426,555	18.09	74.71	9,490	1,065,811
18.7500 – 100	448,579	15.88	88.81	1,051	398,381
100	256,592	38.98	70.45	396	180,761
<b>Total for Residential Mortgages Exposures</b>	<b>45,450,789</b>			<b>86,116</b>	<b>8,440,386</b>
<b>Qualifying Revolving Retail Exposures</b>					
0.0000 – 0.5900	1,343,887	50.94	7.92	2,209,626	106,414
0.5900 – 3.3330	1,780,238	48.51	24.05	1,736,239	428,144
3.3330 – 18.7500	436,324	55.31	74.67	101,800	325,809
18.7500 – 100	58,996	43.44	117.03	16,605	69,041
100	27,428	46.22	26.18	9	7,179
<b>Total for Qualifying Revolving Retail Exposures</b>	<b>3,646,873</b>			<b>4,064,279</b>	<b>936,587</b>
<b>Hire Purchase Exposures</b>					
0.0000 – 0.5900	33,727,108	40.95	15.92	–	5,370,459
0.5900 – 3.3330	3,121,077	42.35	46.11	–	1,439,110
3.3330 – 18.7500	1,980,786	43.06	75.56	–	1,496,662
18.7500 – 100	561,078	43.83	112.16	–	629,296
100	164,184	67.24	118.62	–	194,763
<b>Total Hire Purchase Exposures</b>	<b>39,554,233</b>			<b>–</b>	<b>9,130,290</b>
<b>Other Retail Exposures</b>					
0.0000 – 0.5900	17,662,291	21.47	13.77	3,765,375	2,431,610
0.5900 – 3.3330	33,406,545	17.10	17.05	1,754,062	5,696,935
3.3330 – 18.7500	6,903,326	11.16	17.23	353,223	1,189,531
18.7500 – 100	1,742,348	15.79	34.93	134,351	608,623
100	655,071	25.48	26.49	13,073	173,544
<b>Total Other Retail Exposures</b>	<b>60,369,071</b>			<b>6,020,084</b>	<b>10,100,243</b>
<b>Total Retail Exposures</b>	<b>149,021,476</b>			<b>10,170,479</b>	<b>28,607,506</b>

Table 28: Disclosure on Exposures by PD band (IRB Approach) for Retail for Maybank Islamic (cont'd.)

PD Range (%)	EAD Post CRM RM'000	Exposure Weighted Average LGD (%)	Exposure Weighted Average Risk Weight (%)	Undrawn Commitments RM'000	RWA RM'000
<b>As at 31.12.2019</b>					
<b>Retail Exposures</b>					
<b>Residential Mortgages</b>					
0.0000 – 0.5900	18,060,943	15.48	9.58	46,652	1,730,865
0.5900 – 3.3330	19,830,276	15.75	22.91	57,803	4,542,243
3.3330 – 18.7500	2,259,680	17.52	62.64	20,534	1,415,426
18.7500 – 100	446,070	14.85	84.80	823	378,281
100	241,436	37.22	76.54	583	184,803
<b>Total for Residential Mortgages Exposures</b>	<b>40,838,405</b>			<b>126,395</b>	<b>8,251,618</b>
<b>Qualifying Revolving Retail Exposures</b>					
0.0000 – 0.5900	1,326,137	54.51	7.52	556,577	99,680
0.5900 – 3.3330	1,456,178	48.61	21.94	219,201	319,444
3.3330 – 18.7500	232,025	54.95	75.28	39,109	174,666
18.7500 – 100	74,248	50.39	143.12	6,408	106,266
100	29,286	46.97	45.24	–	13,248
<b>Total for Qualifying Revolving Retail Exposures</b>	<b>3,117,874</b>			<b>821,295</b>	<b>713,304</b>
<b>Hire Purchase Exposures</b>					
0.0000 – 0.5900	29,748,954	45.75	17.89	–	5,323,207
0.5900 – 3.3330	3,400,513	42.62	45.23	–	1,537,940
3.3330 – 18.7500	1,208,151	40.68	61.62	–	744,455
18.7500 – 100	250,399	39.97	102.67	–	257,086
100	135,024	82.68	219.33	–	296,144
<b>Total Hire Purchase Exposures</b>	<b>34,743,041</b>			<b>–</b>	<b>8,158,832</b>
<b>Other Retail Exposures</b>					
0.0000 – 0.5900	7,434,404	23.22	14.46	422,274	1,075,037
0.5900 – 3.3330	26,526,487	19.27	21.53	3,891,854	5,711,739
3.3330 – 18.7500	18,700,663	11.19	16.90	353,378	3,160,022
18.7500 – 100	1,514,533	16.52	38.96	31,545	590,015
100	498,129	29.47	30.10	7,344	149,937
<b>Total Other Retail Exposures</b>	<b>54,674,216</b>			<b>4,706,395</b>	<b>10,686,750</b>
<b>Total Retail Exposures</b>	<b>133,373,536</b>			<b>5,654,085</b>	<b>27,810,504</b>

## Credit Risk

### INDEPENDENT MODEL VALIDATION

The use of models will give rise to model risk, which is defined as the risk of a model not performing the tasks or able to capture the risks it was designed to. Any model not performing in line with expectations may potentially result in financial loss, incorrect business decisions, misstatement of external financial disclosures, or damage to the reputation.

To manage this risk, Model Risk Management (MRM) framework was introduced in 2019 to provide an overall governance as well as clear roles and responsibilities throughout a model lifetime in order to manage models used throughout Maybank Group. In line with the Group's digitalisation target, new models are being introduced to support business analytics and decision making. These models require proper governance, oversight and monitoring to ensure they remain fit-for-use for the purpose they are designed for. As part of the MRM, model validation is performed to assess whether the model is performing according to expectations. The model validation function at the Group is distinct from the model development function and model users, with the objective to provide the required independence in performing the function. In line with regulatory requirements, all credit IRB models used for capital calculation and finance models for MFRS 9 are subject to independent validation by the Model Validation team. Additionally, as part of best practices, other significant models such as market risk models used for valuation and pricing are also subject to validation. Approval and oversight of model validation are governed by the technical committee and the relevant risk committees. The technical committee known as Model Validation and Acceptance Committee ("MVAC") meets regularly and its membership is drawn from Risk and Business stakeholders.

#### Scope and Frequency of Model Validation

In general, validation techniques include both quantitative and qualitative analysis to test the appropriateness and robustness of the models used. Validation of the models covers activities that evaluate and examine the rating system and the estimation process and methods for deriving the risk components. For instance, the risk components for credit risk models are known as PD, LGD and EAD. The process involves validating whether the risk models are capable of discriminating ('discriminatory or rank ordering power') and are giving consistent and predictive estimates ('calibration') of the relevant risk parameters.

Model validation is conducted at two stages:

- Pre-implementation model validation which is conducted prior to launch of the model; and
- Post-implementation validation which is performed at least on an annual basis for models used for IRB capital calculation. For other types of models which are deemed less risky and not subject to regulatory requirements, post-implementation validation may be performed on a less frequent basis.

In addition to annual review, frequent monitoring are performed by the model owners to ensure that the models are performing as expected, and that the assumptions used in model development remain appropriate.

As part of overall governance, validation processes are also subject to regular independent review by Internal Audit.

### CREDIT RISK MITIGATION

The Group takes a holistic approach when granting credit facilities and credit assessment is based on the repayment capacity of the borrower, rather than placing the credit risk mitigation as a primary source of repayment. As a fundamental credit principle, the Group generally does not grant facilities solely on the basis of collaterals provided. Credit facilities are granted based on the credit standing of the borrower, source of repayment and debt servicing ability.

Depending on a customer's credit standing and the type of product, facilities may be provided on an unsecured basis. Nevertheless, collateral is taken whenever possible to mitigate the credit risk assumed. The Group's general policy is to promote the use of credit risk mitigation, justified by commercial prudence and good practice as well as capital efficiency. The value of collateral taken is also monitored periodically. The frequency of valuation depends on the type, liquidity and volatility of the collateral value. The main types of acceptable collaterals for the Group include cash, marketable securities, real estate and equipment. For IRB purposes, personal guarantees are not recognised as an eligible credit risk protection.

Corporate guarantees are often obtained when the borrower's credit worthiness is not sufficient to accommodate an extension of credit. To recognise the effects of guarantees under the FIRB approach, the Group adopts the Probability of Default substitution approach whereby exposures guaranteed by an eligible guarantor will utilise the PD of the guarantor in the computation of its capital requirement.

As a general rule-of-thumb, the following eligibility criteria must be met before the collateral can be accepted for IRB purposes:

- **Legal Certainty**

The documentation must be legally binding and enforceable in all relevant jurisdictions.

- **Material Positive Correlation**

The value of the collateral must not be significantly affected by the deterioration of the borrower's credit worthiness.

- **Third-party Custodian**

The collateral that is held by a third-party custodian must be segregated from the custodian's own assets.

Tables 29 to 31 show the credit risk mitigation analysis under the Standardised Approach for the Group, the Bank and Maybank Islamic, respectively, whilst Tables 32 to 34 show the credit risk mitigation analysis under the IRB Approach.

Table 29: Disclosure on Credit Risk Mitigation Analysis (Standardised Approach) for Maybank Group

Exposure Class	Exposures before CRM RM'000	Exposures Covered by Guarantees/ Credit Derivatives RM'000	Exposures Covered by Eligible Financial Collateral RM'000	Exposures Covered by Other Eligible Collateral RM'000
<b>As at 31.12.2020</b>				
<u>On-Balance Sheet Exposures</u>				
Sovereigns/Central Banks	146,186,501	-	-	-
Public Sector Entities	4,364,797	-	530	-
Banks, Development Financial Institutions & MDBs	2,668,146	-	-	-
Insurance Cos, Securities Firms & Fund Managers	466,307	-	-	-
Corporates	20,923,703	468,046	5,170,119	-
Regulatory Retail	22,743,556	-	1,521,170	-
Residential Mortgages	2,618,565	-	2,509	-
Higher Risk Assets	56,661	-	-	-
Other Assets	14,033,243	-	1,330	-
Securitisation Exposures	20,073	-	-	-
Equity Exposures	349,407	-	-	-
Defaulted Exposures	1,474,887	-	4,399	-
<b>Total On-Balance Sheet Exposures</b>	<b>215,905,846</b>	<b>468,046</b>	<b>6,700,057</b>	<b>-</b>
<u>Off-Balance Sheet Exposures</u>				
OTC Derivatives	3,435,412	-	77,159	-
Off-balance sheet exposures other than OTC derivatives or credit derivatives	3,210,111	-	295,619	-
Defaulted Exposures	14,132	-	-	-
<b>Total Off-Balance Sheet Exposures</b>	<b>6,659,655</b>	<b>-</b>	<b>372,778</b>	<b>-</b>
<b>Total On and Off-Balance Sheet Exposures</b>	<b>222,565,501</b>	<b>468,046</b>	<b>7,072,835</b>	<b>-</b>
<b>As at 31.12.2019</b>				
<u>On-Balance Sheet Exposures</u>				
Sovereigns/Central Banks	146,809,026	-	-	-
Public Sector Entities	10,747,033	6,947,146	2,474	-
Banks, Development Financial Institutions & MDBs	1,902,985	-	-	-
Insurance Cos, Securities Firms & Fund Managers	501,456	-	-	-
Corporates	20,031,285	446,972	6,623,944	29,682
Regulatory Retail	24,542,407	-	1,608,290	-
Residential Mortgages	2,677,640	-	2,627	125,394
Higher Risk Assets	67,729	-	-	-
Other Assets	13,501,269	-	3,987	-
Securitisation Exposures	50,587	-	-	-
Equity Exposures	260,557	-	-	-
Defaulted Exposures	1,607,734	-	3,907	16,585
<b>Total On-Balance Sheet Exposures</b>	<b>222,699,708</b>	<b>7,394,118</b>	<b>8,245,229</b>	<b>171,661</b>
<u>Off-Balance Sheet Exposures</u>				
OTC Derivatives	2,303,427	-	1,644	-
Off-balance sheet exposures other than OTC derivatives or credit derivatives	3,032,123	1,301	212,628	305
Defaulted Exposures	146,175	-	-	-
<b>Total Off-Balance Sheet Exposures</b>	<b>5,481,725</b>	<b>1,301</b>	<b>214,272</b>	<b>305</b>
<b>Total On and Off-Balance Sheet Exposures</b>	<b>228,181,433</b>	<b>7,395,419</b>	<b>8,459,501</b>	<b>171,966</b>

## Credit Risk

**Table 30: Disclosure on Credit Risk Mitigation Analysis (Standardised Approach) for Maybank**

Exposure Class	Exposures before CRM RM'000	Exposures Covered by Guarantees/ Credit Derivatives RM'000	Exposures Covered by Eligible Financial Collateral RM'000	Exposures Covered by Other Eligible Collateral RM'000
<b>As at 31.12.2020</b>				
<u>On-Balance Sheet Exposures</u>				
Sovereigns/Central Banks	84,389,147	-	-	-
Public Sector Entities	3,472,112	-	-	-
Banks, Development Financial Institutions & MDBs	957,672	-	-	-
Insurance Cos, Securities Firms & Fund Managers	13,885	-	-	-
Corporates	12,718,103	37,276	1,458,472	-
Regulatory Retail	1,838,689	-	274,732	-
Residential Mortgages	1,198,586	-	1,715	-
Higher Risk Assets	-	-	-	-
Other Assets	8,429,194	-	-	-
Securitisation Exposures	20,073	-	-	-
Equity Exposures	343,060	-	-	-
Defaulted Exposures	877,363	-	3,714	-
<b>Total On-Balance Sheet Exposures</b>	<b>114,257,884</b>	<b>37,276</b>	<b>1,738,633</b>	<b>-</b>
<u>Off-Balance Sheet Exposures</u>				
OTC Derivatives	3,155,492	-	312	-
Off-balance sheet exposures other than OTC derivatives or credit derivatives	2,223,565	-	173,660	-
Defaulted Exposures	14,060	-	-	-
<b>Total Off-Balance Sheet Exposures</b>	<b>5,393,117</b>	<b>-</b>	<b>173,972</b>	<b>-</b>
<b>Total On and Off-Balance Sheet Exposures</b>	<b>119,651,001</b>	<b>37,276</b>	<b>1,912,605</b>	<b>-</b>
<b>As at 31.12.2019</b>				
<u>On-Balance Sheet Exposures</u>				
Sovereigns/Central Banks	79,146,128	-	-	-
Public Sector Entities	9,830,601	6,604,309	1,340	-
Banks, Development Financial Institutions & MDBs	654,872	-	-	-
Insurance Cos, Securities Firms & Fund Managers	126,923	-	-	-
Corporates	9,000,306	269,849	1,211,497	-
Regulatory Retail	2,379,807	-	352,931	-
Residential Mortgages	1,309,668	-	1,824	-
Higher Risk Assets	-	-	-	-
Other Assets	8,052,752	-	-	-
Securitisation Exposures	50,587	-	-	-
Equity Exposures	257,896	-	-	-
Defaulted Exposures	959,324	-	1,906	-
<b>Total On-Balance Sheet Exposures</b>	<b>111,768,864</b>	<b>6,874,158</b>	<b>1,569,498</b>	<b>-</b>
<u>Off-Balance Sheet Exposures</u>				
OTC Derivatives	2,051,936	-	-	-
Off-balance sheet exposures other than OTC derivatives or credit derivatives	1,887,165	375	177,793	-
Defaulted Exposures	145,963	-	-	-
<b>Total Off-Balance Sheet Exposures</b>	<b>4,085,064</b>	<b>375</b>	<b>177,793</b>	<b>-</b>
<b>Total On and Off-Balance Sheet Exposures</b>	<b>115,853,928</b>	<b>6,874,533</b>	<b>1,747,291</b>	<b>-</b>

Table 31: Disclosure on Credit Risk Mitigation Analysis (Standardised Approach) for Maybank Islamic

Exposure Class	Exposures before CRM RM'000	Exposures Covered by Guarantees/ Credit Derivatives RM'000	Exposures Covered by Eligible Financial Collateral RM'000	Exposures Covered by Other Eligible Collateral RM'000
<b>As at 31.12.2020</b>				
<u>On-Balance Sheet Exposures</u>				
Sovereigns/Central Banks	27,256,122	-	-	-
Public Sector Entities	132,009	-	530	-
Banks, Development Financial Institutions & MDBs	-	-	-	-
Insurance Cos, Securities Firms & Fund Managers	97	-	-	-
Corporates	1,475,534	430,770	208,031	-
Regulatory Retail	1,983,682	-	694,145	-
Residential Mortgages	624,101	-	793	-
Higher Risk Assets	36	-	-	-
Other Assets	1,625,770	-	-	-
Equity Exposure	1,250	-	-	-
Defaulted Exposures	37,964	-	130	-
<b>Total On-Balance Sheet Exposures</b>	<b>33,136,565</b>	<b>430,770</b>	<b>903,629</b>	<b>-</b>
<u>Off-Balance Sheet Exposures</u>				
OTC Derivatives	68,992	-	-	-
Off- balance sheet exposures other than OTC derivatives or credit derivatives	132,541	-	21,075	-
<b>Total Off-Balance Sheet Exposures</b>	<b>201,533</b>	<b>-</b>	<b>21,075</b>	<b>-</b>
<b>Total On and Off-Balance Sheet Exposures</b>	<b>33,338,098</b>	<b>430,770</b>	<b>924,704</b>	<b>-</b>
<b>As at 31.12.2019</b>				
<u>On-Balance Sheet Exposures</u>				
Sovereigns/Central Banks	36,704,311	-	-	-
Public Sector Entities	4,042,264	3,866,656	1,134	-
Banks, Development Financial Institutions & MDBs	-	-	-	-
Insurance Cos, Securities Firms & Fund Managers	113	-	-	-
Corporates	1,465,927	177,138	244,315	-
Regulatory Retail	2,105,646	-	597,407	-
Residential Mortgages	689,462	-	803	-
Higher Risk Assets	36	-	-	-
Other Assets	687,808	-	-	-
Equity Exposure	1,250	-	-	-
Defaulted Exposures	35,179	-	2,001	-
<b>Total On-Balance Sheet Exposures</b>	<b>45,731,996</b>	<b>4,043,794</b>	<b>845,660</b>	<b>-</b>
<u>Off-Balance Sheet Exposures</u>				
OTC Derivatives	320	-	-	-
Off- balance sheet exposures other than OTC derivatives or credit derivatives	173,059	926	22,016	-
<b>Total Off-Balance Sheet Exposures</b>	<b>173,379</b>	<b>926</b>	<b>22,016</b>	<b>-</b>
<b>Total On and Off-Balance Sheet Exposures</b>	<b>45,905,375</b>	<b>4,044,720</b>	<b>867,676</b>	<b>-</b>

## Credit Risk

**Table 32: Disclosure on Credit Risk Mitigation Analysis (IRB Approach) for Maybank Group**

Exposure Class	Exposures before CRM RM'000	Exposures Covered by Guarantees/ Credit Derivatives RM'000	Exposures Covered by Eligible Financial Collateral RM'000	Exposures Covered by Other Eligible Collateral RM'000
<b>As at 31.12.2020</b>				
<u>On-Balance Sheet Exposures</u>				
Public Sector Entities	23,509,967	20,676,586	1,217,400	–
Banks, Development Financial Institutions & MDBs	19,971,049	30,413	200,000	–
Corporate Exposures	220,894,074	17,276,931	3,932,420	47,002,229
a) Corporates (excluding Specialised Lending and firm-size adjustment)	163,271,883	16,394,125	2,059,190	21,981,695
b) Corporates (with firm-size adjustment)	53,212,457	823,156	1,873,230	25,005,177
c) Specialised Lending (Own PD Approach)				
– Project Finance	3,757,833	59,650	–	15,357
d) Specialised Lending (Slotting Approach)				
– Project Finance	651,901	–	–	–
Retail Exposures	238,237,823	–	–	–
a) Residential Mortgages	98,655,601	–	–	–
b) Qualifying Revolving Retail Exposures	9,010,213	–	–	–
c) Hire Purchase Exposures	56,009,215	–	–	–
d) Other Retail Exposures	74,562,794	–	–	–
Defaulted Exposures	9,946,020	–	12,668	879,206
<b>Total On-Balance Sheet Exposures</b>	<b>512,558,933</b>	<b>37,983,930</b>	<b>5,362,488</b>	<b>47,881,435</b>
<u>Off-Balance Sheet Exposures</u>				
OTC Derivatives	12,359,022	997,302	1,006,091	3,924,740
Off-balance sheet exposures other than OTC derivatives or credit derivatives	83,941,061	–	2,974,110	25,826
Defaulted Exposures	206,150	–	5,225	11,576
<b>Total Off-Balance Sheet Exposures</b>	<b>96,506,233</b>	<b>997,302</b>	<b>3,985,426</b>	<b>3,962,142</b>
<b>Total On and Off-Balance Sheet Exposures</b>	<b>609,065,166</b>	<b>38,981,232</b>	<b>9,347,914</b>	<b>51,843,577</b>



Table 32: Disclosure on Credit Risk Mitigation Analysis (IRB Approach) for Maybank Group (cont'd.)

Exposure Class	Exposures before CRM RM'000	Exposures Covered by Guarantees/ Credit Derivatives RM'000	Exposures Covered by Eligible Financial Collateral RM'000	Exposures Covered by Other Eligible Collateral RM'000
<b>As at 31.12.2019</b>				
<u>On-Balance Sheet Exposures</u>				
Public Sector Entities	14,203,714	11,791,639	1,211,679	-
Banks, Development Financial Institutions & MDBs	25,477,488	30,412	133,963	-
Corporate Exposures	232,463,288	18,568,548	3,838,499	54,223,662
a) Corporates (excluding Specialised Lending and firm-size adjustment)	176,795,337	17,881,576	1,920,130	28,924,812
b) Corporates (with firm-size adjustment)	50,836,328	675,740	1,918,369	25,298,850
c) Specialised Lending (Own PD Approach)				
- Project Finance	3,437,178	11,232	-	-
d) Specialised Lending (Slotting Approach)				
- Project Finance	1,394,445	-	-	-
Retail Exposures	224,727,260	-	64	-
a) Residential Mortgages	95,799,561	-	-	-
b) Qualifying Revolving Retail Exposures	10,021,219	-	64	-
c) Hire Purchase Exposures	52,450,265	-	-	-
d) Other Retail Exposures	66,456,215	-	-	-
Defaulted Exposures	14,033,726	-	61,575	1,071,942
<b>Total On-Balance Sheet Exposures</b>	<b>510,905,476</b>	<b>30,390,599</b>	<b>5,245,780</b>	<b>55,295,604</b>
<u>Off-Balance Sheet Exposures</u>				
OTC Derivatives	9,429,924	-	161,900	-
Off-balance sheet exposures other than OTC derivatives or credit derivatives	72,651,418	624,733	2,144,770	2,983,412
Defaulted Exposures	152,660	-	4,526	2,036
<b>Total Off-Balance Sheet Exposures</b>	<b>82,234,002</b>	<b>624,733</b>	<b>2,311,196</b>	<b>2,985,448</b>
<b>Total On and Off-Balance Sheet Exposures</b>	<b>593,139,478</b>	<b>31,015,332</b>	<b>7,556,976</b>	<b>58,281,052</b>

## Credit Risk

**Table 33: Disclosure on Credit Risk Mitigation Analysis (IRB Approach) for Maybank**

Exposure Class	Exposures before CRM RM'000	Exposures Covered by Guarantees/ Credit Derivatives RM'000	Exposures Covered by Eligible Financial Collateral RM'000	Exposures Covered by Other Eligible Collateral RM'000
<b>As at 31.12.2020</b>				
<u>On-Balance Sheet Exposures</u>				
Public Sector Entities	18,547,766	15,723,332	1,217,400	–
Banks, Development Financial Institutions & MDBs	36,575,801	10,128	–	–
Corporate Exposures	149,077,025	13,762,113	1,786,472	31,000,239
a) Corporates (excluding Specialised Lending and firm-size adjustment)	115,579,587	13,178,397	712,457	16,620,530
b) Corporates (with firm-size adjustment)	29,974,191	531,483	1,074,015	14,364,352
c) Specialised Lending (Own PD Approach)				
– Project Finance	2,891,431	52,233	–	15,357
d) Specialised Lending (Slotting Approach)				
– Project Finance	631,816	–	–	–
Retail Exposures	69,267,171	–	–	–
a) Residential Mortgages	31,317,620	–	–	–
b) Qualifying Revolving Retail Exposures	5,156,688	–	–	–
c) Hire Purchase Exposures	7,427,098	–	–	–
d) Other Retail Exposures	25,365,765	–	–	–
Defaulted Exposures	6,203,517	–	7,229	560,203
<b>Total On-Balance Sheet Exposures</b>	<b>279,671,280</b>	<b>29,495,573</b>	<b>3,011,101</b>	<b>31,560,442</b>
<u>Off-Balance Sheet Exposures</u>				
OTC Derivatives	12,254,567	–	1,097,620	–
Off-balance sheet exposures other than OTC derivatives or credit derivatives	53,342,158	556,793	2,258,219	3,306,080
Defaulted Exposures	164,690	–	3,127	11,124
<b>Total Off-Balance Sheet Exposures</b>	<b>65,761,415</b>	<b>556,793</b>	<b>3,358,966</b>	<b>3,317,204</b>
<b>Total On and Off-Balance Sheet Exposures</b>	<b>345,432,695</b>	<b>30,052,366</b>	<b>6,370,067</b>	<b>34,877,646</b>

Table 33: Disclosure on Credit Risk Mitigation Analysis (IRB Approach) for Maybank (cont'd.)

Exposure Class	Exposures before CRM RM'000	Exposures Covered by Guarantees/ Credit Derivatives RM'000	Exposures Covered by Eligible Financial Collateral RM'000	Exposures Covered by Other Eligible Collateral RM'000
<b>As at 31.12.2019</b>				
<u>On-Balance Sheet Exposures</u>				
Public Sector Entities	6,095,629	3,692,130	1,211,679	-
Banks, Development Financial Institutions & MDBs	45,851,307	10,127	-	-
Corporate Exposures	159,995,289	13,876,073	2,645,860	36,323,006
a) Corporates (excluding Specialised Lending and firm-size adjustment)	126,380,168	13,404,430	1,405,995	21,777,427
b) Corporates (with firm-size adjustment)	29,525,342	471,643	1,239,865	14,545,579
c) Specialised Lending (Own PD Approach				
- Project Finance	2,715,593	-	-	-
d) Specialised Lending (Slotting Approach)				
- Project Finance	1,374,186	-	-	-
Retail Exposures	67,615,894	-	-	-
a) Residential Mortgages	29,450,500	-	-	-
b) Qualifying Revolving Retail Exposures	5,851,649	-	-	-
c) Hire Purchase Exposures	8,250,123	-	-	-
d) Other Retail Exposures	24,063,622	-	-	-
Defaulted Exposures	6,954,352	-	58,613	745,568
<b>Total On-Balance Sheet Exposures</b>	<b>286,512,471</b>	<b>17,578,330</b>	<b>3,916,152</b>	<b>37,068,574</b>
<u>Off-Balance Sheet Exposures</u>				
OTC Derivatives	9,111,857	-	204,990	-
Off-balance sheet exposures other than OTC derivatives or credit derivatives	46,196,998	166,922	1,545,124	2,312,063
Defaulted Exposures	128,276	-	2,165	1,368
<b>Total Off-Balance Sheet Exposures</b>	<b>55,437,131</b>	<b>166,922</b>	<b>1,752,279</b>	<b>2,313,431</b>
<b>Total On and Off-Balance Sheet Exposures</b>	<b>341,949,602</b>	<b>17,745,252</b>	<b>5,668,431</b>	<b>39,382,005</b>

## Credit Risk

Table 34: Disclosure on Credit Risk Mitigation Analysis (IRB Approach) for Maybank Islamic

Exposure Class	Exposures before CRM RM'000	Exposures Covered by Guarantees/ Credit Derivatives RM'000	Exposures Covered by Eligible Financial Collateral RM'000	Exposures Covered by Other Eligible Collateral RM'000
<b>As at 31.12.2020</b>				
<u>On-Balance Sheet Exposures</u>				
Public Sector Entities	19,233,688	16,517,654	1,217,400	–
Banks, Development Financial Institutions & MDBs	2,258,467	20,285	200,000	–
Corporate Exposures	56,309,813	8,147,455	832,864	11,080,946
a) Corporates (excluding Specialised Lending and firm-size adjustment)	41,177,625	7,848,365	232,269	3,822,950
b) Corporates (with firm-size adjustment)	14,186,761	291,673	600,595	7,257,996
c) Specialised Lending (Own PD Approach)				
– Project Finance	925,342	7,417	–	–
d) Specialised Lending (Slotting Approach)				
– Project Finance	20,085	–	–	–
Retail Exposures	141,289,810	–	–	–
a) Residential Mortgages	45,112,848	–	–	–
b) Qualifying Revolving Retail Exposures	2,261,406	–	–	–
c) Hire Purchase Exposures	39,390,049	–	–	–
d) Other Retail Exposures	54,525,507	–	–	–
Defaulted Exposures	2,593,415	–	1,942	184,381
<b>Total On-Balance Sheet Exposures</b>	<b>221,685,193</b>	<b>24,685,394</b>	<b>2,252,206</b>	<b>11,265,327</b>
<u>Off-Balance Sheet Exposures</u>				
OTC Derivatives	608,460	–	–	–
Off-balance sheet exposures other than OTC derivatives or credit derivatives	23,285,234	852,967	539,883	542,539
Defaulted Exposures	17,768	–	2,098	452
<b>Total Off-Balance Sheet Exposures</b>	<b>23,911,462</b>	<b>852,967</b>	<b>541,981</b>	<b>542,991</b>
<b>Total On and Off-Balance Sheet Exposures</b>	<b>245,596,655</b>	<b>25,538,361</b>	<b>2,794,187</b>	<b>11,808,318</b>

Table 34: Disclosure on Credit Risk Mitigation Analysis (IRB Approach) for Maybank Islamic (cont'd.)

Exposure Class	Exposures before CRM RM'000	Exposures Covered by Guarantees/ Credit Derivatives RM'000	Exposures Covered by Eligible Financial Collateral RM'000	Exposures Covered by Other Eligible Collateral RM'000
<b>As at 31.12.2019</b>				
<u>On-Balance Sheet Exposures</u>				
Public Sector Entities	11,302,594	9,111,448	1,211,679	-
Banks, Development Financial Institutions & MDBs	8,311,367	20,285	-	-
Corporate Exposures	53,769,247	6,949,727	896,593	10,891,685
a) Corporates (excluding Specialised Lending and firm-size adjustment)	40,556,809	6,757,454	457,935	4,194,320
b) Corporates (with firm-size adjustment)	12,330,947	181,041	438,658	6,697,365
c) Specialised Lending (Own PD Approach)				
- Project Finance	721,585	11,232	-	-
d) Specialised Lending (Slotting Approach)				
- Project Finance	159,906	-	-	-
Retail Exposures	126,823,450	-	-	-
a) Residential Mortgages	40,471,157	-	-	-
b) Qualifying Revolving Retail Exposures	2,267,294	-	-	-
c) Hire Purchase Exposures	37,588,196	-	-	-
d) Other Retail Exposures	46,496,803	-	-	-
Defaulted Exposures	3,029,092	-	2,176	400,654
<b>Total On-Balance Sheet Exposures</b>	<b>203,235,750</b>	<b>16,081,460</b>	<b>2,110,448</b>	<b>11,292,339</b>
<u>Off-Balance Sheet Exposures</u>				
OTC Derivatives	667,557	-	-	-
Off- balance sheet exposures other than OTC derivatives or credit derivatives	16,247,436	453,101	490,729	560,084
Defaulted Exposures	11,635	-	-	-
<b>Total Off-Balance Sheet Exposures</b>	<b>16,926,628</b>	<b>453,101</b>	<b>490,729</b>	<b>560,084</b>
<b>Total On and Off-Balance Sheet Exposures</b>	<b>220,162,378</b>	<b>16,534,561</b>	<b>2,601,177</b>	<b>11,852,423</b>

## Credit Risk

### SECURITISATION EXPOSURES

The Group does not actively engage in securitisation activities which are driven by strategic considerations including credit risk transfer. As such, the Group currently does not originate any securitisation, nor does it provide facilities and services for securitisation. Instead, the Group is involved in the investment of securities which include the purchase of securitised bonds in the secondary markets. These are primarily legacy exposures that are being held in the banking book. Similar to non-securitised assets, these securitisation exposures are governed by and managed in accordance to credit risk and market risk policies. The valuation of our investment in securitisation exposures mainly focuses on quotations from external parties.

Table 35 shows the securitisation exposures under the Standardised Approach for the Group and the Bank.

**Table 35: Disclosure on Securitisation under the Standardised Approach for Maybank Group and Maybank**

Type of Securitisation Exposures	Exposure after CRM RM'000	Risk-Weights of Securitisation exposures 20%	RWA RM'000
<b>As at 31.12.2020</b>			
<b>Originated by Third Party</b>			
On Balance Sheet Exposure	20,073	20,073	4,015
<b>TOTAL (TRADITIONAL SECURITISATION)</b>	<b>20,073</b>	<b>20,073</b>	<b>4,015</b>
<b>As at 31.12.2019</b>			
<b>Originated by Third Party</b>			
On Balance Sheet Exposure	50,587	50,587	10,117
<b>TOTAL (TRADITIONAL SECURITISATION)</b>	<b>50,587</b>	<b>50,587</b>	<b>10,117</b>

### CREDIT EXPOSURES SUBJECT TO STANDARDISED APPROACH

The Standardised Approach is applied to portfolios that are classified as permanently exempted from the IRB Approach, and those portfolios that are currently in transition to the IRB Approach.

The Standardised Approach measures credit risk pursuant to fixed risk-weights and is the least sophisticated of the capital calculation methodologies. The risk-weights applied under Standardised Approach are prescribed by BNM and is based on the asset class to which the exposure is assigned. For exposures subject to Standardised Approach, approved External Credit Assessment Institutions ("ECAI") ratings and the prescribed risk-weights based on asset classes are used in the computation of regulatory capital.

The ECAI used by the Group include Fitch Ratings, Moody's Investor Services, S&P, RAM, Malaysia Rating Corporation ("MARC") and Rating & Investment Inc. Assessments provided by approved ECAs are mapped to credit quality grades prescribed by the regulator.

Table 36 shows the risk-weights applicable for Banking Institutions and Corporates under the Standardised Approach.

**Table 36: Risk-Weights under Standardised Approach**

Rating Category	S&P	Moody's	Fitch	RAM	MARC	Rating & Investment Inc.
1	AAA to AA-	Aaa to Aa3	AAA to AA-	AAA to AA3	AAA to AA-	AAA to AA-
2	A+ to A-	A1 to A3	A+ to A-	A+ to A3	A+ to A-	A+ to A-
3	BBB+ to BB-	Baa1 to Ba3	BBB+ to BB-	BBB1 to BB3	BBB+ to BB-	BBB+ to BB-
4	B+ and below	B1 to below	B+ and below	B1 and below	B+ and below	B+ and below
5				Unrated		

Table 37 shows the risk-weights applicable for Banking Institutions and Corporates under the Standardised Approach for Short-term ratings.

**Table 37: Risk-Weights under Standardised Approach for Short-Term Ratings**

Rating Category	S&P	Moody's	Fitch	RAM	MARC	Rating & Investment Inc.
1	A-1	P-1	F1+, F1	P-1	MARC-1	a-1+, a-1
2	A-2	P-2	F2	P-2	MARC-2	a-2
3	A-3	P-3	F3	P-3	MARC-3	a-3
4	Others	Others	B to D	NP	MARC-4	b, c
5				Unrated		

Tables 38 to 40 show the disclosure on risk-weights under Standardised Approach for the Group, the Bank and Maybank Islamic, respectively. Tables 41 to 43 further show the rated exposures by ECAIs for the Group, the Bank and Maybank Islamic, respectively.

**Table 38: Disclosure on Credit Risk – Disclosure on Risk-Weights under the Standardised Approach for Maybank Group**

Risk-Weights	Exposures after Netting and Credit Risk Mitigation											Total Exposures after Netting & Credit Risk Mitigation* RM'000	Total Risk Weighted Assets* RM'000	
	Sovereigns & Central Banks RM'000	PSEs RM'000	Banks, MDBs & FDIs RM'000	Insurance Cos, Securities Firms & Fund Managers RM'000	Corporates RM'000	Regulatory Retail RM'000	Residential Mortgages RM'000	Higher Risk Assets RM'000	Other Assets RM'000	Securitisation RM'000	Equity RM'000			
<b>As at 31.12.2020</b>														
0%	134,748,160	-	768,859	-	467,344	-	-	-	6,312,870	-	-	-	142,297,233	-
20%	5,197,302	4,060,336	1,747,419	-	420,554	-	-	-	1,330,209	-	-	-	12,755,820	2,551,164
35%	-	-	-	-	-	-	1,856,053	-	-	-	-	-	1,856,053	649,619
50%	7,637,813	131,466	151,868	-	300,272	22,756	197,618	-	-	-	-	-	8,441,793	4,220,896
75%	-	-	-	-	-	20,310,657	554,389	-	-	-	-	-	20,865,046	15,648,784
100%	1,056,715	176,029	-	855,561	16,974,789	1,451,266	53,855	-	6,537,271	-	180,870	-	27,286,356	27,286,357
150%	431,933	-	-	-	805,137	497,732	425	56,691	9,836	-	168,536	-	1,970,290	2,955,437
<b>Total</b>	<b>149,071,923</b>	<b>4,367,831</b>	<b>2,668,146</b>	<b>855,561</b>	<b>18,968,096</b>	<b>22,282,411</b>	<b>2,662,340</b>	<b>56,691</b>	<b>14,190,186</b>	<b>20,073</b>	<b>349,406</b>	<b>215,472,591*</b>	<b>53,312,257*</b>	
<b>As at 31.12.2019</b>														
0%	134,599,734	6,947,146	779,752	-	1,791,935	314,192	-	-	6,619,107	-	-	-	151,051,866	-
20%	5,586,076	3,663,493	407,776	-	309,141	-	-	-	424,480	-	-	-	10,390,966	2,078,196
35%	-	-	-	-	-	-	2,046,827	-	-	-	-	-	2,046,827	716,389
50%	5,684,733	-	715,458	-	1,040,999	30,616	212,252	-	-	-	-	-	7,684,058	3,842,028
75%	-	-	-	-	-	21,983,167	413,363	-	-	-	-	-	22,396,530	16,797,398
100%	2,720,485	161,573	-	540,609	15,439,251	1,657,202	43,819	-	6,618,737	-	-	-	27,289,816	27,289,816
150%	-	-	-	-	47,501	526,169	-	67,754	2,911	-	-	-	796,752	1,195,125
<b>Total</b>	<b>148,591,028</b>	<b>10,772,212</b>	<b>1,902,986</b>	<b>540,609</b>	<b>18,628,827</b>	<b>24,511,346</b>	<b>2,716,261</b>	<b>67,754</b>	<b>13,665,235</b>	<b>50,587</b>	<b>260,557</b>	<b>221,656,815*</b>	<b>51,918,952*</b>	

\* Total Exposures after netting & credit risk mitigation and risk-weighted assets do not include securitisation.

**Table 39: Disclosure on Credit Risk – Disclosure on Risk-Weights under the Standardised Approach for Maybank**

Risk-Weights	Exposures after Netting and Credit Risk Mitigation											Total Exposures after Netting & Credit Risk Mitigation* RM'000	Total Risk Weighted Assets* RM'000	
	Sovereigns & Central Banks RM'000	PSEs RM'000	Banks, MDBs & FDIs RM'000	Insurance Cos, Securities Firms & Fund Managers RM'000	Corporates RM'000	Regulatory Retail RM'000	Residential Mortgages RM'000	Higher Risk Assets RM'000	Other Assets RM'000	Securitisation RM'000	Equity RM'000			
<b>As at 31.12.2020</b>														
0%	78,835,948	-	554,791	-	36,573	-	-	-	4,639,277	-	-	-	84,066,589	-
20%	5,108,224	3,228,055	402,881	-	420,554	-	-	-	567,197	-	-	-	9,726,911	1,945,382
35%	-	-	-	-	-	-	1,046,461	-	-	-	-	-	1,046,461	366,261
50%	2,815,100	131,466	-	-	296,324	611	137,112	-	-	-	-	-	3,380,613	1,690,306
75%	-	-	-	-	-	1,422,368	6,382	-	-	-	-	-	1,428,750	1,071,562
100%	77,279	114,175	-	395,197	12,387,660	200,559	25,073	-	3,313,801	-	178,568	-	16,692,312	16,692,313
150%	431,933	-	-	-	773,942	6,290	-	30	-	-	164,491	-	1,376,686	2,065,031
<b>Total</b>	<b>87,268,484</b>	<b>3,473,696</b>	<b>957,672</b>	<b>395,197</b>	<b>13,915,053</b>	<b>1,629,828</b>	<b>1,215,028</b>	<b>30</b>	<b>8,520,275</b>	<b>20,073</b>	<b>343,059</b>	<b>117,718,322*</b>	<b>23,830,855</b>	
<b>As at 31.12.2019</b>														
0%	72,434,977	6,604,309	583,204	-	264,177	-	-	-	4,505,267	-	-	-	84,391,934	-
20%	5,544,212	3,128,027	71,668	-	218,011	-	-	-	424,330	-	-	-	9,386,248	1,877,249
35%	-	-	-	-	-	-	1,149,496	-	-	-	-	-	1,149,496	402,324
50%	1,949,496	-	-	-	819,016	826	142,304	-	-	-	-	-	2,911,642	1,455,822
75%	-	-	-	-	-	1,699,795	7,502	-	-	-	-	-	1,707,297	1,280,472
100%	947,200	98,580	-	160,984	8,831,582	390,663	22,630	-	3,169,120	-	107,507	-	13,728,266	13,728,266
150%	-	-	-	-	5,250	11,406	-	24	-	-	150,388	-	167,068	250,602
<b>Total</b>	<b>80,875,885</b>	<b>9,830,916</b>	<b>654,872</b>	<b>160,984</b>	<b>10,138,036</b>	<b>2,102,690</b>	<b>1,321,932</b>	<b>24</b>	<b>8,098,717</b>	<b>50,587</b>	<b>257,895</b>	<b>113,441,951*</b>	<b>18,994,735*</b>	

\* Total exposures after netting & credit risk mitigation and risk-weighted assets do not include securitisation.

## Credit Risk

**Table 40: Disclosure on Credit Risk-Disclosure on Risk-Weights under the Standardised Approach for Maybank Islamic**

Risk-Weights	Exposures after Netting and Credit Risk Mitigation									Total Exposures after Netting & Credit Risk Mitigation* RM'000	Total Risk Weighted Assets* RM'000
	Sovereigns & Central Banks RM'000	PSEs RM'000	Insurance Cos, Securities Firms & Fund Managers RM'000	Corporates RM'000	Regulatory Retail RM'000	Residential Mortgages RM'000	Higher Risk Assets RM'000	Other Assets RM'000	Equity RM'000		
<b>As at 31.12.2020</b>											
0%	27,215,045		-	430,770	-	-	-	605,473	-	28,251,288	-
20%	41,077	71,605	-	-	-	-	-	743,321	-	856,003	171,201
35%	-	-	-	-	-	588,281	-	-	-	588,281	205,898
50%	-	-	-	-	-	36,947	-	-	-	36,947	18,474
75%	-	-	-	-	428,469	2,030	-	-	-	430,499	322,874
100%	-	61,854	7,434	1,020,504	872,781	8,220	-	277,062	-	2,247,855	2,247,854
150%	-	-	-	1,231	2	-	36	-	1,250	2,519	3,779
<b>Total</b>	<b>27,256,122</b>	<b>133,459</b>	<b>7,434</b>	<b>1,452,505</b>	<b>1,301,252</b>	<b>635,478</b>	<b>36</b>	<b>1,625,856</b>	<b>1,250</b>	<b>32,413,392</b>	<b>2,970,080</b>
<b>As at 31.12.2019</b>											
0%	36,662,446	3,866,656	-	167,538	-	-	-	531,353	-	41,227,993	-
20%	41,865	137,481	-	10,511	-	-	-	-	-	189,857	37,971
35%	-	-	-	-	-	651,805	-	-	-	651,805	228,132
50%	-	-	-	-	-	48,261	-	-	-	48,261	24,131
75%	-	-	-	-	566,163	412	-	-	-	566,575	424,931
100%	-	62,992	5,205	1,161,046	963,128	1,982	-	156,519	-	2,350,872	2,350,872
150%	-	-	-	11	1,038	-	36	-	1,250	2,335	3,502
<b>Total</b>	<b>36,704,311</b>	<b>4,067,129</b>	<b>5,205</b>	<b>1,339,106</b>	<b>1,530,329</b>	<b>702,460</b>	<b>36</b>	<b>687,872</b>	<b>1,250</b>	<b>45,037,698</b>	<b>3,069,539</b>

**Table 41: Disclosure on Rated Exposures according to Ratings by ECAs by Maybank Group**

Exposure Class	Rating Categories					Total RM'000
	1 RM'000	2 RM'000	3 RM'000	4 RM'000	5 RM'000	
<b>As at 31.12.2020</b>						
<b>On and Off Balance-Sheet Exposures</b>						
Rated Exposures						
A) <u>Ratings of Corporate:</u>						
Public Sector Entities	-	4,060,336	131,466	176,029	176,029	4,543,860
Insurance Cos, Securities Firms & Fund Managers	-	-	-	855,561	-	855,561
Corporates	467,344	420,554	300,272	16,974,789	805,137	18,968,096
B) <u>Ratings of Sovereigns and Central Banks:</u>	-	-	-	-	-	-
Sovereigns and Central Banks	134,748,160	5,197,302	7,637,813	1,056,715	431,933	149,071,923
C) <u>Ratings of Banking Institutions:</u>	-	-	-	-	-	-
Banks, MDBs and FDIs	768,859	1,747,419	151,868	-	-	-
<b>Total Exposures</b>	<b>135,984,363</b>	<b>11,425,611</b>	<b>8,221,419</b>	<b>19,063,094</b>	<b>1,413,099</b>	<b>173,439,440</b>
<b>As at 31.12.2019</b>						
<b>On and Off-Balance Sheet Exposures</b>						
Rated Exposures						
A) <u>Ratings of Corporate:</u>						
Public Sector Entities	6,947,146	3,663,493	-	-	161,573	10,772,212
Insurance Cos, Securities Firms & Fund Managers	-	-	-	-	540,609	540,609
Corporates	1,791,934	309,141	1,040,999	47,501	15,439,251	18,628,826
B) <u>Ratings of Sovereigns and Central Banks:</u>						
Sovereigns and Central Banks	134,599,733	5,586,076	5,684,733	-	2,720,485	148,591,027
C) <u>Ratings of Banking Institutions:</u>						
Banks, MDBs and FDIs	-	-	-	-	-	-
<b>Total Exposures</b>	<b>143,338,813</b>	<b>9,558,710</b>	<b>6,725,732</b>	<b>47,501</b>	<b>18,861,918</b>	<b>178,532,674</b>



Table 42: Disclosure on Rated Exposures according to Ratings by ECAIs by Maybank

Exposure Class	Rating Categories					Total RM'000
	1 RM'000	2 RM'000	3 RM'000	4 RM'000	5 RM'000	
<b>As at 31.12.2020</b>						
<b>On and Off Balance-Sheet Exposures</b>						
Rated Exposures						
A) <u>Ratings of Corporate:</u>						
Public Sector Entities	-	3,228,055	131,466	-	114,175	3,473,695
Insurance Cos, Securities Firms & Fund Managers	-	-	-	-	395,197	395,197
Corporates	36,573	420,554	296,324	773,942	12,387,660	13,915,054
B) <u>Ratings of Sovereigns and Central Banks:</u>						
Sovereigns and Central Banks	78,835,948	5,108,224	2,815,100	-	77,279	86,836,550
C) <u>Ratings of Banking Institutions:</u>						
Banks, MDBs and FDIs	554,791	402,881	-	-	-	957,672
<b>Total Exposures</b>	<b>79,427,312</b>	<b>9,159,714</b>	<b>3,242,890</b>	<b>773,942</b>	<b>12,974,311</b>	<b>105,578,168</b>
<b>As at 31.12.2019</b>						
<b>On and Off-Balance Sheet Exposures</b>						
Rated Exposures						
A) <u>Ratings of Corporate:</u>						
Public Sector Entities	6,604,309	3,128,027	-	-	98,581	9,830,917
Insurance Cos, Securities Firms & Fund Managers	-	-	-	-	160,984	160,984
Corporates	264,177	218,011	819,016	5,250	8,831,582	10,138,036
B) <u>Ratings of Sovereigns and Central Banks:</u>						
Sovereigns and Central Banks	72,434,977	5,544,212	1,949,496	-	947,200	80,875,885
C) <u>Ratings of Banking Institutions:</u>						
Banks, MDBs and FDIs	583,204	71,668	-	-	-	654,872
<b>Total Exposures</b>	<b>79,886,667</b>	<b>8,961,918</b>	<b>2,768,512</b>	<b>5,250</b>	<b>10,038,347</b>	<b>101,660,694</b>

Table 43: Disclosure on Rated Exposures according to Ratings by ECAIs by Maybank Islamic

Exposure Class	Rating Categories					Total RM'000
	1 RM'000	2 RM'000	3 RM'000	4 RM'000	5 RM'000	
<b>As at 31.12.2020</b>						
<b>On and Off Balance-Sheet Exposures</b>						
Rated Exposures						
A) <u>Ratings of Corporate:</u>						
Public Sector Entities	-	71,605	-	-	61,854	133,459
Insurance Cos, Securities Firms & Fund Managers	-	-	-	-	7,434	7,434
Corporates	430,770	-	-	1,231	1,020,504	1,452,505
B) <u>Ratings of Sovereigns and Central Banks:</u>						
Sovereigns and Central Banks	27,215,045	41,077	-	-	-	27,256,122
<b>Total Exposures</b>	<b>27,645,815</b>	<b>112,682</b>	<b>-</b>	<b>1,231</b>	<b>1,089,792</b>	<b>28,849,520</b>
<b>As at 31.12.2019</b>						
<b>On and Off-Balance Sheet Exposures</b>						
Rated Exposures						
A) <u>Ratings of Corporate:</u>						
Public Sector Entities	3,866,656	137,481	-	-	62,992	4,067,129
Insurance Cos, Securities Firms & Fund Managers	-	-	-	-	5,205	5,205
Corporates	167,538	10,511	-	11	1,161,046	1,339,106
B) <u>Ratings of Sovereigns and Central Banks:</u>						
Sovereigns and Central Banks	36,662,446	41,865	-	-	-	36,704,311
<b>Total Exposures</b>	<b>40,696,640</b>	<b>189,857</b>	<b>-</b>	<b>11</b>	<b>1,229,243</b>	<b>42,115,751</b>

## Credit Risk

### COUNTERPARTY CREDIT RISK

Counterparty credit risk is the risk arising from the possibility that a counterparty may default on current and future payments as required by contract for treasury-related activities.

Counterparty credit risk originates from the Group's lending business, investment and treasury activities that impact the Group's trading and banking books through dealings in foreign exchange, money market instruments, fixed income securities, commodities, equities and over-the-counter ("OTC") derivatives. The primary distinguishing feature of counterparty credit risk compared to other forms of credit risk is that the future value of the underlying contract is uncertain, and may be either positive or negative depending on the value of all future cash flows.

#### Limits

Counterparty credit risk exposures are managed via counterparty limits either on a single counterparty basis or counterparty group basis that adheres to BNM's Single Counterparty Exposure Limits ("SCEL"). The Group actively monitors and manages its exposures to ensure that exposures to a single counterparty or a group of connected counterparties are within prudent limits at all times. Counterparty credit risk exposures may be materially affected by market risk events. The Group has in place dedicated teams to promptly identify, review, and prescribe appropriate actions to the respective risk committees.

#### Credit Risk Exposure Treatment

For on-balance sheet exposures, the Group employs risk treatments in accordance with BNM and Basel II guidelines. For off-balance sheet exposures, the Group measures credit risk using Credit Risk Equivalent via the Current Exposure Method. This method calculates the Group's credit risk exposure after considering both the mark-to-market exposures and the appropriate add-on factors for potential future exposures. The add-on factors employed are in accordance with BNM's guidelines and Basel II requirements.

#### Counterparty Credit Risk Mitigation

The Group typically engages with entities of strong credit quality and utilises a comprehensive approach of limit setting by trade, counterparty and portfolio levels to diversify exposures across different counterparties. As a secondary recourse, the Group adopts credit risk mitigation methods using collateral netting with counterparties, where appropriate.

Counterparty credit risk exposures in swaps and derivatives are mitigated via master netting arrangements i.e. the International Swaps and Derivatives Association ("ISDA") Master Agreement which provides for settlement netting with counterparties, where possible.

A master agreement governs all transactions between two parties and enables the netting of outstanding obligations upon termination of outstanding transactions should an event of default or other predetermined events occur.

In certain cases, the Group may request for further mitigation by entering into a Credit Support Annex ("CSA") agreement with approved ISDA counterparties. This provides collateral margining in order to mitigate counterparty credit risk exposures.

Tables 44 to 46 show the off-balance sheet and counterparty credit risk exposures for the Group, the Bank and Maybank Islamic, respectively.

Table 44: Disclosure on Off-Balance Sheet and Counterparty Credit Risk Exposure for Maybank Group

Nature of Item	Principal/ Notional Amount RM'000	Credit Equivalent Amount RM'000	RWA RM'000
<b>As at 31.12.2020</b>			
Direct credit substitutes	9,412,841	9,408,679	6,667,779
Transaction related contingent items	13,650,720	6,901,117	4,717,191
Short-term self-liquidating trade-related contingencies	3,563,263	715,672	419,682
Forward asset purchases, forward deposits, partly paid shares and securities which represent commitments with certain drawdowns	-	-	-
Lending of banks' securities or the posting of securities as collateral by banks, including instances where these arise out of repo-style transactions (i.e. repurchase/reverse repurchase and securities lending/borrowing transactions), and commitment to buy-back Islamic securities under Sell and Buy-Back	11,582,593	986,226	371,132
Foreign exchange related contracts	249,913,576	7,636,505	1,865,770
- One year or less	239,306,373	6,498,844	1,033,962
- Over one year to five years	7,636,223	779,457	565,712
- Over five years	2,970,980	358,204	266,096
Interest/profit rate related contracts	18,696,319	1,544,654	1,254,134
- One year or less	2,528,495	27,858	19,632
- Over one year to five years	12,258,452	630,491	516,702
- Over five years	3,909,372	886,305	717,800
Equity related contracts	660,561	96,463	34,850
- One year or less	660,561	96,463	34,850
- Over one year to five years	-	-	-
- Over five years	-	-	-
Commodity contracts	710,360	126,783	69,233
- One year or less	676,074	114,634	57,263
- Over one year to five years	34,286	12,149	11,970
- Over five years	-	-	-
OTC derivative transactions and credit derivative contracts subject to valid bilateral netting agreements	389,340,330	6,460,968	2,272,155
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	71,093,480	55,482,054	26,617,515
Other commitments, such as formal standby facilities and credit lines, with an original maturity of up to one year	3,839,207	2,202,630	1,513,309
Any commitments that are unconditionally cancellable at any time by the bank without prior notice or that effectively provide for automatic cancellation due to deterioration in a borrower's creditworthiness	100,207,981	11,508,652	2,977,125
Unutilised credit card lines (for portfolios under the Standardised Approach subject to 20% CCF)	477,450	95,486	72,535
<b>Total</b>	<b>873,148,681</b>	<b>103,165,889</b>	<b>48,852,410</b>

## Credit Risk

**Table 44: Disclosure on Off-Balance Sheet and Counterparty Credit Risk Exposure for Maybank Group (cont'd.)**

Nature of Item	Principal/ Notional Amount RM'000	Credit Equivalent Amount RM'000	RWA RM'000
<b>As at 31.12.2019</b>			
Direct credit substitutes	10,691,335	10,549,467	6,180,568
Transaction related contingent items	16,024,545	8,010,772	4,956,866
Short-term self-liquidating trade-related contingencies	3,074,919	614,984	378,984
Forward asset purchases, forward deposits, partly paid shares and securities which represent commitments with certain drawdowns	–	–	–
Lending of banks' securities or the posting of securities as collateral by banks, including instances where these arise out of repo-style transactions (i.e. repurchase/reverse repurchase and securities lending/borrowing transactions), and commitment to buy-back Islamic securities under Sell and Buy-Back	12,364,759	836,389	88,766
Foreign exchange related contracts	220,533,232	4,536,946	934,696
– One year or less	211,013,767	3,647,259	437,596
– Over one year to five years	6,099,490	467,122	271,438
– Over five years	3,419,975	422,565	225,662
Interest/profit rate related contracts	36,787,196	1,996,915	1,526,133
– One year or less	11,988,529	242,968	68,726
– Over one year to five years	19,157,608	857,478	706,004
– Over five years	5,641,059	896,469	751,403
Equity related contracts	511,952	79,199	39,772
– One year or less	511,952	79,199	39,772
– Over one year to five years	–	–	–
– Over five years	–	–	–
Commodity contracts	1,540,718	196,189	150,077
– One year or less	1,031,640	119,537	81,211
– Over one year to five years	509,078	76,652	68,866
– Over five years	–	–	–
OTC derivative transactions and credit derivative contracts subject to valid bilateral netting agreements	381,072,911	5,054,096	2,010,027
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	55,549,028	43,431,330	19,424,913
Other commitments, such as formal standby facilities and credit lines, with an original maturity of up to one year	4,865,397	3,249,728	2,768,581
Any commitments that are unconditionally cancellable at any time by the bank without prior notice or that effectively provide for automatic cancellation due to deterioration in a borrower's creditworthiness	107,034,892	9,218,775	2,355,638
Unutilised credit card lines (for portfolios under the Standardised approach subject to 20% CCF)	500,428	100,082	77,178
<b>Total</b>	<b>850,551,312</b>	<b>87,874,872</b>	<b>40,892,199</b>

Table 45: Disclosure on Off-Balance Sheet and Counterparty Credit Risk Exposure for Maybank

Nature of Item	Principal/ Notional Amount RM'000	Credit Equivalent Amount RM'000	RWA RM'000
<b>As at 31.12.2020</b>			
Direct credit substitutes	6,045,291	6,041,129	3,990,003
Transaction related contingent items	10,826,902	5,475,238	3,806,228
Short-term self-liquidating trade-related contingencies	2,383,895	478,043	223,572
Forward asset purchases, forward deposits, partly paid shares and securities which represent commitments with certain drawdowns	-	-	-
Lending of banks' securities or the posting of securities as collateral by banks, including instances where these arise out of repo-style transactions (i.e. repurchase/reverse repurchase and securities lending/borrowing transactions), and commitment to buy-back Islamic securities under Sell and Buy-Back	38,000,000	1,855,264	545,148
Foreign exchange related contracts	239,552,025	7,080,746	1,412,959
- One year or less	230,712,843	6,221,330	881,412
- Over one year to five years	6,963,799	631,202	397,292
- Over five years	1,875,383	228,214	134,255
Interest/profit rate related contracts	14,537,507	1,361,656	1,081,101
- One year or less	2,048,124	27,174	19,117
- Over one year to five years	8,593,860	448,925	344,838
- Over five years	3,895,523	885,557	717,146
Equity related contracts	70,590	5,348	-
- One year or less	70,590	5,348	-
- Over one year to five years	-	-	-
- Over five years	-	-	-
Commodity contracts	710,360	126,783	69,233
- One year or less	676,074	114,634	57,263
- Over one year to five years	34,286	12,149	11,970
- Over five years	-	-	-
OTC derivative transactions and credit derivative contracts subject to valid bilateral netting agreements	412,047,830	6,886,490	2,357,158
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	46,260,629	34,888,721	18,252,090
Other commitments, such as formal standby facilities and credit lines, with an original maturity of up to one year	2,981,086	1,631,117	1,010,753
Any commitments that are unconditionally cancellable at any time by the bank without prior notice or that effectively provide for automatic cancellation due to deterioration in a borrower's creditworthiness	48,281,908	5,318,584	882,304
Unutilised credit card lines (for portfolios under the Standardised approach subject to 20% CCF)	28,045	5,609	4,726
<b>Total</b>	<b>821,726,068</b>	<b>71,154,728</b>	<b>33,635,275</b>

## Credit Risk

Table 45: Disclosure on Off-Balance Sheet and Counterparty Credit Risk Exposure for Maybank (cont'd.)

Nature of Item	Principal/ Notional Amount RM'000	Credit Equivalent Amount RM'000	RWA RM'000
<b>As at 31.12.2019</b>			
Direct credit substitutes	7,937,660	7,795,307	4,096,596
Transaction related contingent items	12,200,130	6,099,774	3,644,076
Short-term self-liquidating trade-related contingencies	2,076,397	415,279	231,897
Forward asset purchases, forward deposits, partly paid shares and securities which represent commitments with certain drawdowns	–	–	–
Lending of banks' securities or the posting of securities as collateral by banks, including instances where these arise out of repo-style transactions (i.e. repurchase/reverse repurchase and securities lending/borrowing transactions), and commitment to buy-back Islamic securities under Sell and Buy-Back	28,107,831	1,206,450	158,688
Foreign exchange related contracts	216,553,078	4,333,161	761,453
– One year or less	207,961,304	3,545,616	338,161
– Over one year to five years	6,602,248	530,532	288,894
– Over five years	1,989,526	257,013	134,398
Interest/profit rate related contracts	19,658,905	1,315,809	1,023,803
– One year or less	1,237,347	16,807	1,846
– Over one year to five years	12,829,138	404,965	272,986
– Over five years	5,592,420	894,037	748,971
Commodity contracts	1,540,718	196,189	150,077
– One year or less	1,031,640	119,537	81,211
– Over one year to five years	509,078	76,652	68,866
– Over five years	–	–	–
OTC derivative transactions and credit derivative contracts subject to valid bilateral netting agreements	400,736,020	5,318,634	2,056,555
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	34,946,006	26,990,403	13,104,508
Other commitments, such as formal standby facilities and credit lines, with an original maturity of up to one year	3,190,356	2,291,777	1,849,217
Any commitments that are unconditionally cancellable at any time by the bank without prior notice or that effectively provide for automatic cancellation due to deterioration in a borrower's creditworthiness	46,736,718	3,551,315	564,526
Unutilised credit card lines (for portfolios under the Standardised approach subject to 20% CCF)	40,483	8,097	7,073
<b>Total</b>	<b>773,724,302</b>	<b>59,522,195</b>	<b>27,648,469</b>

Table 46: Disclosure on Off-Balance Sheet and Counterparty Credit Risk Exposure for Maybank Islamic

Nature of Item	Principal/ Notional Amount RM'000	Credit Equivalent Amount RM'000	RWA RM'000
<b>As at 31.12.2020</b>			
Direct credit substitutes	2,786,746	2,786,746	2,258,338
Transaction related contingent items	2,464,332	1,246,136	778,165
Short-term self-liquidating trade-related contingencies	162,041	34,164	15,170
Foreign exchange related contracts	3,909,622	265,052	267,134
– One year or less	1,051,975	23,177	23,196
– Over one year to five years	1,762,050	111,886	112,097
– Over five years	1,095,597	129,989	131,841
Interest/profit rate related contracts	922,827	81,942	90,733
– One year or less	–	–	–
– Over one year to five years	922,827	81,942	90,733
– Over five years	–	–	–
OTC derivative transactions and credit derivative contracts subject to valid bilateral netting agreements	28,336,051	330,457	105,670
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	22,305,468	17,979,661	7,763,819
Other commitments, such as formal standby facilities and credit lines, with an original maturity of up to one year	–	–	–
Any commitments that are unconditionally cancellable at any time by the bank without prior notice or that effectively provide for automatic cancellation due to deterioration in a borrower's creditworthiness	6,708,714	1,388,834	261,485
Unutilised credit card lines (for portfolios under the Standardised Approach subject to 20% CCF)	–	–	–
<b>Total</b>	<b>67,595,801</b>	<b>24,112,992</b>	<b>11,540,514</b>
<b>As at 31.12.2019</b>			
Direct credit substitutes	1,842,448	1,842,448	1,409,369
Transaction related contingent items	3,338,053	1,669,027	1,166,710
Short-term self-liquidating trade-related contingencies	252,361	50,472	21,087
Foreign exchange related contracts	5,185,583	365,646	207,522
– One year or less	3,739,084	218,387	131,094
– Over one year to five years	543,363	44,984	22,946
– Over five years	903,136	102,275	53,482
Interest/profit rate related contracts	1,045,950	68,357	96,007
– One year or less	50,000	127	53
– Over one year to five years	995,950	68,230	95,954
– Over five years	–	–	–
OTC derivative transactions and credit derivative contracts subject to valid bilateral netting agreements	19,118,242	233,874	75,961
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	14,489,181	11,998,105	4,523,694
Other commitments, such as formal standby facilities and credit lines, with an original maturity of up to one year	–	–	–
Any commitments that are unconditionally cancellable at any time by the bank without prior notice or that effectively provide for automatic cancellation due to deterioration in a borrower's creditworthiness	5,047,906	872,079	135,683
Unutilised credit card lines (for portfolios under the Standardised Approach subject to 20% CCF)	–	–	–
<b>Total</b>	<b>50,319,724</b>	<b>17,100,008</b>	<b>7,636,033</b>

## COUNTRY RISK

Country risk is the risk arising from changes in various political, financial or economic factors that may adversely cause a borrower or counterparty to default on their obligations.

Limits for countries are set based on the country's credit rating, as well as strategic business considerations.

# Market Risk

Market risk is defined as the risk of loss or adverse impact on earnings or capital arising from fluctuations of market rates or prices such as interest rates/profit rates, foreign exchange rates, commodity prices and equity prices.

The Group manages market risk of its trading and non-trading/banking activities by using a variety of measurement techniques and controls.

## TRADED MARKET RISK

Traded market risk arises mainly from proprietary trading, flow trading and market-making activities. These activities may create positions held with trading intent to express a market view, to benefit from short-term price movements or to lock in arbitrage profits.

The trading book portfolio is governed by trading book policies and procedures as well as trading limits. For management of the Group's traded market risk, the policy requires limits to be set to monitor the risk measures outlined below:

- i. Value-at-Risk ("VaR"): The Group employs a VaR model to measure the trading book's potential loss arising from market movements over a specified period of time within a given probability of occurrence. The Group is approved to utilise a VaR model based on the historical simulation method at a 99.2% confidence level using a 1-day holding period. The VaR model is backtested regularly to evaluate its performance and accuracy. In addition, the Group computes a Stressed VaR based on a 1-day holding period to measure the VaR of the trading book arising from market movements over a pre-determined stress period.
- ii. Risk sensitivity: For the trading portfolio's risk sensitivity to interest rate movements, it is measured using the present value exposure to one basis point ("PV01"). Risk sensitivity to foreign exchange rate movements is measured using foreign exchange net open position ("FX NOP"). Non-linear risk sensitivity to market prices is measured using option risk sensitivities such as interest rate vega and gamma and foreign exchange vega and gamma. Sensitivity to credit spreads is measured by Jump-to-Default ("JTD") and credit spread sensitivity to one basis point ("CS01"). JTD measures the immediate impact to the value of the portfolio during a credit event (e.g. issuer default) while CS01 measures the change in value of the portfolio when the credit spread changes by one basis point.

Dealers are expected to adhere to the trading limits set at all times and are strictly prohibited from transacting in any non-permissible instruments/activities as stipulated in the approved policies. In the event that trading risks are required to be brought to management's attention, there is a robust escalation process to inform designated authorities to ensure that prompt action is taken for any non-adherence to the trading policies and limits. Monthly reports are presented to Senior Management/committee for information and further deliberation.

## NON-TRADED MARKET RISK

Non-traded market risk is primarily inherent risks arising from banking book activities. The major risk classes are interest rate risk/rate of return risk in the banking book and foreign exchange risk.

### Interest Rate Risk/Rate of Return Risk in the Banking Book ("IRR/RoRBB")

IRR/RoRBB is defined as risk of loss in earnings or economic value on banking book exposures arising from movements in interest rates. Sources of IRR/RoRBB include repricing, basis, yield curve and option risk.

Accepting IRR/RoRBB is a normal part of banking and can be an important source of profitability and shareholder value. However, excesses of this risk can be detrimental to the Group's earnings, capital, liquidity and solvency.

Banking book policies and limits are established to measure and manage non-traded market risk. Repricing gap analysis remains as one of the building blocks for IRR/RoRBB assessment for the Group. Earnings-at-Risk ("EaR") and Economic Value-at-Risk ("EVAR") are derived to gauge the maximum tolerance level of the adverse impact of market interest rate movements towards earnings and capital.

Through Group Asset & Liability Management Committee ("ALCO") supervision, the lines of businesses are insulated from IRR/RoRBB through fund transfer pricing whereby non-traded market and liquidity risks are centralised at the corporate treasury unit for active risk management and balance sheet optimisation. The corporate treasury unit reviews the risk exposures regularly and recommends strategies to mitigate any unwarranted risk exposures in accordance with the approved policies.

Certain portfolios such as products with non-deterministic characteristics are subjected to periodic statistical modelling to understand the customer/product's behavioural patterns in relation to changing rates and business cycles. Regular risk assessment and stress testing are applied to ensure that the portfolios can withstand the risk tolerance and adverse rate scenarios.

Tables 47 (a) and (b) show the impact of a change in IRR/RoRBB to earnings and capital for Maybank Group, Maybank and Maybank Islamic, respectively.



Table 47 (a): Interest Rate Risk/Rate of Return Risk in the Banking Book for the Maybank Group, Maybank and Maybank Islamic (Impact on Earnings)

	As at 31.12.2020			As at 31.12.2019		
	Group ±200bps RM'000	Bank ±200bps RM'000	Maybank Islamic ±200bps RM'000	Group ±200bps RM'000	Bank ±200bps RM'000	Maybank Islamic ±200bps RM'000
Impact on Earnings of which,	<b>1,047,819</b>	<b>649,461</b>	<b>695,569</b>	843,012	329,751	625,499
MYR	<b>1,829,037</b>	<b>1,063,881</b>	<b>768,271</b>	1,908,786	1,153,484	760,434
USD	<b>(705,279)</b>	<b>(618,911)</b>	<b>(69,979)</b>	(1,343,890)	(894,658)	(119,662)
SGD	<b>43,294</b>	<b>173,310</b>	-	390,053	(50,194)	-
IDR	<b>(51,498)</b>	<b>20,176</b>	-	29,425	24,317	-
OTHERS*	<b>(67,735)</b>	<b>11,004</b>	<b>(2,723)</b>	(141,362)	96,802	(15,273)

Table 47 (b): Interest Rate Risk/Rate of Return Risk in the Banking Book for Maybank Group, Maybank and Maybank Islamic (Impact on Capital)

	As at 31.12.2020			As at 31.12.2019		
	Group ±200bps RM'000	Bank ±200bps RM'000	Maybank Islamic ±200bps RM'000	Group ±200bps RM'000	Bank ±200bps RM'000	Maybank Islamic ±200bps RM'000
Impact on Capital of which,	<b>(2,264,810)</b>	<b>(2,832,545)</b>	<b>299,965</b>	(2,984,902)	(3,291,435)	(42,204)
MYR	<b>(3,307,772)</b>	<b>(3,330,401)</b>	<b>28,698</b>	(3,587,377)	(3,531,519)	(52,353)
USD	<b>1,006,457</b>	<b>671,732</b>	<b>268,803</b>	405,353	409,216	7,411
SGD	<b>369,213</b>	<b>(56,058)</b>	-	456,388	(28,391)	-
IDR	<b>(295,592)</b>	<b>(38,410)</b>	-	(86,738)	(20,989)	-
OTHERS*	<b>(37,116)</b>	<b>(79,408)</b>	<b>2,464</b>	(172,528)	(119,752)	2,738

## Notes:

1. All figures are in absolute amount except the total impact is in net aggregate amount (result from after netting off currency/position at different geographical location).
2. \*Inclusive of GBP, HKD, BND, VND, CNY, EUR, PHP and other currencies.
3. 5 Nov 2018: Establishment of Maybank Singapore Limited ("MSL").

**Foreign Exchange Risk ("FX") in the Banking Book**

FX risk is the risk of loss in value arising from exchange rate movements.

FX risk exposures can be attributed to structural and non-structural positions. Structural FX positions are primarily net investments in overseas branches and subsidiaries whereas other FX positions are non-structural in nature. Generally, structural FX positions need not be hedged as these investments are by definition "perpetual" and revaluation losses will not materialise if they are not sold. The residual or unhedged FX positions are managed in accordance with the approved policies and limits.

Foreign currency assets in the banking book may be match-funded by the same currency to minimise FX NOP. In addition, the Group implements qualitative controls such as listing of permissible on/offshore currencies and hedging requirements for managing FX risk.

FX risk is primarily assessed from both earnings and capital perspectives. Group ALCO plays an active role in ensuring FX risk is managed within the stipulated limits.

## Market Risk

### CAPITAL TREATMENT FOR MARKET RISK

The Group adopts the Standardised Approach to compute the minimum capital requirement for market risk as per BNM's Guidelines on Capital Adequacy Framework (Basel II – Risk-Weighted Assets) and CAFIB (Basel II – Risk-Weighted Assets).

Interest rate/profit rate, foreign exchange and options are the primary risk factors in the Group's trading activities, whilst commodity and equity are generally attributed to investment banking activities.

### LIQUIDITY RISK

Liquidity risk is defined as the risk of an adverse impact to the Group's financial condition or overall safety and soundness arising from the inability (or perceived inability) or unexpected higher cost to meet obligations.

It is also known as consequential risk, triggered by underlying problems which can be endogenous e.g. credit risk deterioration, rating downgrade, operational risk events or exogenous (e.g. market disruption, default in the banking payment system and deterioration of sovereign risk).

Balance sheet risk measures structurally maintain a diverse and stable funding base while achieving an optimal portfolio. These measures drive the desired targets for loans to deposits ratio, sources of funds through borrowing, wholesale borrowing and swaps markets in order to support the growing asset base regionally. Through these measures, the Group shapes its assets and liabilities profile to achieve its desired balance sheet state.

The net cash flow mismatch along different time horizons, also known as liquidity gap analysis, provides Senior Management with a clear picture of the imminent funding needs in the near term as well as the structural balance sheet for the medium term and long term tenors. The sources of fund providers are reviewed to maintain a wide diversification by currency, provider, product and term, thus minimising excessive funding concentration.

The Group runs liquidity stress scenarios to assess the vulnerability of cash flows under stressed market situations. The Group continuously reviews the pool of unencumbered High Quality Liquid Assets ("HQLA") to determine the funding capacity to withstand stressed situations.

In line with BNM requirements on Liquidity Coverage Ratio ("LCR") and Net Stable Funding ratio ("NSFR"), the Group ensures the LCR and NSFR remain above the specified regulatory minimum requirements at both entity and consolidated levels.

LCR is a short-term resilience assessment to measure the adequacy of HQLA to withstand an acute liquidity stress scenario over a 30-day horizon. HQLA are liquid assets that can be easily and immediately converted into cash at little or no loss of value.

NSFR promotes long-term structural funding of the Balance Sheet and strengthens the long term resilience of the liquidity risk profile. It ensures that the Group maintains sufficient stable funds to support its asset growth over a 1-year horizon.

### EQUITY RISK IN THE BANKING BOOK

Equity price risk is the risk arising from movements in the price of equities, equity indices and equity baskets.

The objective of equity exposure is to determine the nature and extent of the Group's exposure to investment risk arising from equity positions and instruments held in its banking book.

Holding of equity investments comprises of quoted shares which are traded actively in the stock exchange ("Publicly Traded") and unquoted shares which are non-traded in the stock exchange ("Privately Held").

The Group holds investments in equity securities with the purpose of gaining strategic advantage as well as capital appreciation on the sale thereof.

Equity instruments are normally measured at Fair Value Through Profit & Loss ("FVTPL"). However, for non-traded equity instruments, with an irrevocable option at inception, the Group and the Bank measure the changes through Fair Value Through Other Comprehensive Income ("FVOCI") (without recycling to profit or loss upon derecognition).

The valuation methodology for equity instruments are using fair value approach whereby for quoted shares based on market price from stock exchange and unquoted shares from net tangible assets. The valuation for unquoted shares is made reference to the net tangible assets based on latest audited financial statements.

Tables 48 and 49 show the equity exposures for banking book positions for the Group and the Bank respectively.

Table 48: Equities Disclosures for Banking Book Positions for Maybank Group

Equity Type	As at 31.12.2020		As at 31.12.2019	
	EAD RM'000	RWA RM'000	EAD RM'000	RWA RM'000
Publicly traded	335,532	419,469	260,557	336,765
Privately held	57,432	86,148	67,754	101,630
Total Net Unrealised (Losses)		RM'000 (972,368)		RM'000 (718,583)
Cumulative realised gains arising from sales and liquidations in the reporting period		1,565,025		1,082,285

Table 49: Equities Disclosures for Banking Book Positions for Maybank

Equity Type	As at 31.12.2020		As at 31.12.2019	
	EAD RM'000	RWA RM'000	EAD RM'000	RWA RM'000
Publicly traded	343,060	425,306	257,895	333,089
Privately held	30	45	24	37
Total Net Unrealised (Losses)		RM'000 (1,035,200)		RM'000 (788,291)
Cumulative realised gains arising from sales and liquidations in the reporting period		1,565,024		1,089,009

# Non-Financial Risk

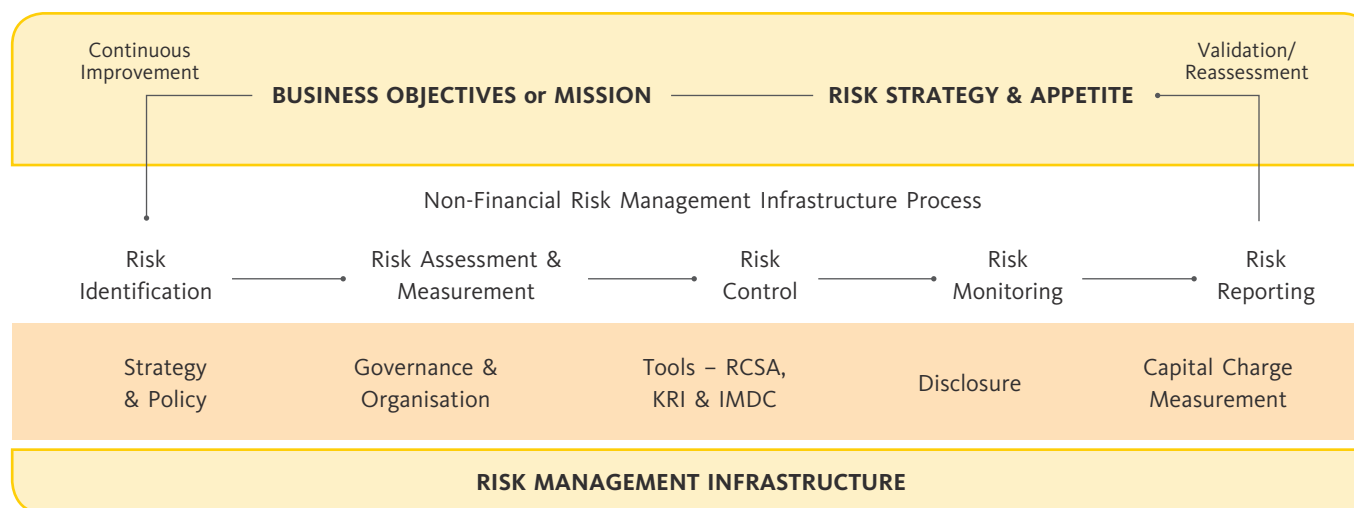
Over the years, new or emerging risks from the evolving risk landscape, the ever changing banking technological environment and heightened regulatory requirement have evolved and broadened Maybank Group’s management of operational risk to encompass a wider range of emerging non-financial risks (‘NFR’). This is evident with the increased focus on NFR which is being dealt with by sub-risk types such as conduct, compliance, money laundering, information technology, cyber threats/attacks, third-party risk management, change management, model risk management, operational resiliency and social and environmental concerns. These sub-risk types are gaining strong momentum from various conduct and compliance related incidents.

## MANAGEMENT OF NON-FINANCIAL RISK

The management of non-financial risk is anchored on an established risk strategy that provides the overall principles and objectives, with defined risk appetite reflecting the Group’s acceptable tolerance level for non-financial risk. A sound risk governance model premised on the three lines of defence and a robust risk culture are vital in driving the management of non-financial risk in the Group. Further information on the risk governance model and risk culture can be found in the Group Risk write-up under the Corporate Book.

To further strengthen the management of non-financial risk, risk methodologies and tools are deployed and integrated into processes to support businesses from point of discovery of an incident until its resolution. The risk methodologies and tools complement each other for an effective process to identify, assess and measure, control, monitor and report non-financial risk exposures on a timely basis, in minimising the financial loss and reputational risk towards the Group. An integrated risk management system for non-financial risk forms the foundation to enable the implementation of the methodologies and tools.

**Diagram 2: Management of Non-Financial Risk**



### Risk Identification, Assessment and Measurement

- **Incident Management & Data Collection (“IMDC”)**

IMDC provides a structured and systematic platform for the management and reporting of non-financial risk incidents. The collection of consistent and standardised information on non-financial risk incidents in a centralised database enables a comprehensive analysis of operational lapses, focuses on operational ‘hotspots’ and minimises the risk impact of future operational losses.

- **Risk and Control Self-Assessment (“RCSA”)**

RCSA is a process of continual assessment of non-financial risk inherent in the operations of the Group and the effectiveness of corresponding controls in place to mitigate the risk. It is a risk profiling tool which gives due emphasis to the review of business processes for the identification of control gaps and development of appropriate action plans to address these gaps.

RCSA is integral in supporting businesses to manage changes in the business and operational environment of the Group, in which a rigorous process of identification and assessment of risk and controls with appropriate mitigation and action plans is built into the governance of the changes, for example product approval for new/enhanced products/services which comprised of interconnected risks arising from the introduction of new products, implementation of IT projects and other changes to the operating environment of the Group (e.g. outsourcing, restructuring or enhancement to business processes).

- **Key Risk Indicator (“KRI”)**

KRI provides a structured process to measure and monitor critical non-financial risk exposures by way of establishing indicators that serves as early warning signals to increasing risk at the Group, Business and Operating levels. KRI enables close monitoring of non-financial risk to be within the tolerable level before the risk translates into operational losses.

### Risk Control and Mitigation

The objective of non-financial risk controls and mitigation is to minimise or mitigate non-financial risk exposure to an acceptable level, as defined by the Group’s risk appetite.

The key control and mitigation tools deployed in the Group are as follows:

- **Outsourcing**

Outsourcing minimises non-financial risk exposure by enabling the Group to focus on its core business with a view to enhance operational efficiency. An external party is engaged to perform an activity on behalf of the Group whilst the Group still maintains ownership and ultimate responsibility of the activity outsourced including meeting technology risk standards.

- **Anti-Fraud Management**

The Group has in place robust and comprehensive tools and programs aligned to the established vision, principles and strategies in ensuring that the risks arising from fraud are managed in a decisive, timely and systematic manner. Therefore, the risk can be mitigated to the lowest level possible and future occurrences can be deterred. Clear roles and responsibilities are outlined at every level of the organisation in promoting high standards of integrity in every employee.

- **Business Continuity Management (“BCM”)**

BCM serves as a tool for a comprehensive and integrated approach in building organisational resilience in the event of disruptions, with the capability for an effective response in safeguarding the interests of its key stakeholders, reputation, brand and value-creating activities.

The BCM approach in the Group is premised upon the following key focus:

- To implement mitigating measures to minimise the impact of disruption (i.e. disaster/crisis/emergency) to business and critical operations; and
- To resume business and critical operations of the Group in a timely manner in the event of a disruption.

In the event of a disruption, the main priority for the Group is always the safety of people, followed by stabilisation of the disruptive incident and escalation to the appropriate stakeholder for response with the aim of minimising the potential impact of the disruption. The BCM approach encapsulates key components as further outlined in the diagram below, which includes identification of potential threats to the Group, assessment of the level of impact to the people and business operations should those threats be realised, and implementation of appropriate strategies to ensure people safety and business recovery against downtime. In response to COVID-19, the Maybank Group Pandemic Preparation Framework was enhanced to ensure the continuity of business operations, staff safety and safety of our customer and communities. Measures include the implementation of relevant Standard Operating Procedures (“SOP”) and activation of Business Continuity Plans.

**Diagram 3: BCM Approach**



The Group continuously reviews business operations’ resilience through regular testing (planned and without prior notification), in ensuring the established BCM process and infrastructure have the required capability and resources to withstand and recover from during disruptions. Regular Crisis Simulation Exercise (“CSE”) and Business Continuity Plan (“BCP”) “Live Run” Activations are carried out for each critical business functions in the Group, in addition to simultaneous CSEs across the Group. Regular testing and exercises, validate amongst others on the preparedness of staff, the readiness of alternate worksites, reliability of IT system disaster recovery and effectiveness of communication, escalation and recovery procedures between all locations.

- **Other Non-Financial Risk – Information Technology (“IT”) Risk**

The Group continues to focus on potential cyber threats, infrastructure resilience as well as data loss/theft and disruption that could impact delivery channels, business services, communications and the Group’s digital agenda as a whole. This was especially pertinent as the volume and frequency of digital transactions surged due to the pandemic. Detailed analysis of the IT infrastructure and systems, as well as global trends in cyber risks, enable the IT Security team to identify potential threats and security breaches to ensure our systems remain resilient as the volume of online transaction increases. The cyber risk management policy and methodology have been enhanced and aligned with international standards, such as the Cybersecurity Framework and Risk Management Framework by the National Institute of Standards and Technology, to take into account of the emerging threats.

### **Risk Monitoring and Reporting**

Supporting the implementation of the methodologies and tools are clearly defined processes to facilitate timely escalation and reporting of non-financial risk exposures experienced by businesses and operations to designated stakeholders (i.e. Management and relevant risk committees) in the Group for effective oversight on non-financial risk exposure. This includes continuous review, monitoring and reporting and analyses of non-financial risk incidents and its trend, risk ‘hotspots’, RCSA risk profile, risk exposure level via KRIs and the performance of outsourced service providers.

### **CAPITAL TREATMENT FOR OPERATIONAL RISK**

The Group adopts the Basic Indicator Approach (“BIA”) to compute the minimum capital requirement for operational risk as per BNM’s Guidelines on Capital Adequacy Framework (Basel II – Risk-Weighted Assets) and CAFIB (Basel II – Risk-Weighted Assets). Tables 7 through 9 disclose separately the RWA and capital requirements for Operational Risk for the Group, the Bank and Maybank Islamic, respectively.

# Shariah Governance

Shariah principles are the foundation for the practice of Islamic finance through the observance of the tenets, conditions and principles prescribed by Shariah as resolved by the Shariah Advisory Council (“SAC”) of Bank Negara Malaysia (“BNM”) and Securities Commission Malaysia or the relevant regulators in the jurisdiction where the business is operating in, and the appointed Shariah Committee (“SC”) within Maybank Group. Comprehensive Shariah compliance infrastructure will ensure stakeholders’ confidence in Islamic financial institutions’ business activities and operations.

In accordance with BNM requirements, the Group established a comprehensive and sound Shariah Governance Framework to ensure effective and efficient oversight by the Board, Shariah Committee, Management and Business Units on business activities and operations of Islamic products and services carried out by the Group’s Islamic banking businesses.

Underpinning the governance framework is the detailed policies and procedures that include the required steps to ensure that each transaction executed by the Group complies with Shariah requirements.

## IMPLEMENTATION OF THE SHARIAH GOVERNANCE FRAMEWORK (“SGF”)

The implementation of sound and robust Shariah governance framework is reflected by effective and responsible Board and Management, independent SC that is both competent and accountable, supported by strong internal Shariah Control Functions to provide effective and efficient oversight. The end-to-end Shariah compliant governance mechanism are executed through three (3) lines of defence that cater for both pre-execution and post-execution.

The first line of defence is supported by the Business and Support Units who are responsible to manage day-to-day Shariah risks inherent in their business, activities and risk exposure; and the Shariah Secretariat function who provides day-to-day Shariah advice to relevant parties based on SC and SAC resolutions, and perform in-depth research and studies on Shariah matters and disseminate SC decisions and advices to relevant parties.

The second line of defence comprises of the Shariah Risk function to systematically identify, measure, monitor and control Shariah non-Compliance risks to mitigate any possible non-compliance events; and the Shariah Review function who conducts regular assessment on the compliance of the business operations and activities with Shariah requirements.

The third line of defence is the Shariah Audit function who provides independent and periodic assessment to improve the degree of compliance in ensuring a sound and effective internal control system for Shariah compliance.

## RECTIFICATION PROCESS OF SHARIAH NON-COMPLIANT INCOME

Shariah non-compliance is the failure in fulfilling the required Shariah requirements and tenets as determined by the Shariah Advisory Council of BNM, Securities Commission Malaysia or the relevant host country regulators and the appointed Shariah Committee within the Group. The control structure for handling and reporting of Shariah non-compliance incidents has been emplaced in the Group. As at 31 December 2020, Maybank Islamic reported three (3) Shariah Non-Compliance incidents with profit totalling RM39,277.15 being purified. The amount has been fully channelled to charity in 2020.

# Investment Account (“IA”)

The Islamic Financial Services Act 2013 (“IFSA”) distinguishes investment account from Islamic deposits, where an investment account is defined by the application of Shariah contracts with a non-principal guarantee feature for the purpose of investment.

Mudarabah is a contract between a customer as the capital provider (rabbul mal) and the Bank as an entrepreneur (mudarib) under which the customer provides capital to be invested in a Mudarabah venture that is managed by the Bank. Any profit generated from the venture is distributed between the customer and the Bank according to a mutually agreed Profit Sharing Ratio (“PSR”) whilst financial losses are borne by the customer provided such losses are not due to the Bank’s misconduct (ta’addi), negligence (taqsir) or breach of specific terms (mukhalafah al-shurut).

The Mudarabah venture managed by the Bank in this instance refers to monies placed by the customers through various Mudarabah products offered by the Bank which are subsequently invested into a blended portfolio of the Bank’s assets.

Maybank Islamic offers two (2) types of Investment Account (“IA”) namely, Restricted Profit Sharing Investment Account (“RA”) which refers to an IA where the customer provides a specific investment mandate to the Bank and Unrestricted Investment Account (“UA”) which refers to an IA where the customer provides the Bank with the mandate to make the ultimate investment decision without specifying any particular restriction or condition. The IA is not protected by the Perbadanan Insurans Deposit Malaysia (“PIDM”).

## Maybank Islamic’s Unrestricted Mudarabah Investment Account (“UA”)

In line with the transition requirements by BNM, Maybank Islamic had undergone a reclassification exercise effective 16 July 2015 whereby eligible Mudarabah-based deposit accounts were reclassified to IA for customers who chose to do so.

The investment objective of IA places emphasis on capital preservation and stable returns with the risk profile varying from low risk to low-to-medium risk depending on the fund it is invested in.

Notwithstanding the above, customers are made aware, through the respective fund’s Product Disclosure Sheet, of the various risk factors associated with IA which include (but not limited to):

- Risk of capital reduction – Any investment carries the risk of reduction in the value of purchasing power. Hence, Maybank Islamic will only invest the fund in diversified assets with low risk attributes and apply sound investment management standards.
- Market Risk – Invested assets are subject to fluctuations in market rates, which may impact the overall income performance of the fund. This risk shall be managed by Maybank Islamic in accordance with its overall hedging strategy.
- Liquidity Risk – Such risk occurs when withdrawals/redemption exceed total investments. The risk shall be managed by Maybank Islamic in accordance with its overall liquidity management strategy.
- Credit Risk – This risk may arise when substantial amount of assets for the fund goes into default. This shall be managed by Maybank Islamic by prudent selection of diversified asset portfolios and close monitoring of the performance of the selected assets.

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

The roles and responsibilities of the respective committees are as below:

- Broad oversight, accountability and responsibility of Maybank Islamic Board, Group Shariah Committee and Board Committee;
- Oversight, guidance and observance by the Executive Committee;
- Accountability of the Senior Management in ensuring management, development and implementation of operational policies that govern the conduct of the IA; and
- Establishment of functions for the IA unit.

## UA Performance

The gross exposure of the financing funded by UA as at 31 December 2020 was RM23,840,796,133. The related impairment provisions is not included in the financial statements of Maybank Islamic. The performance of UA is as described in the table below:

As at 31 December 2020	%
Return on Assets (ROA)	4.08%
Average Net Distributable Income	4.50%
Average Net Distributable Income Attributable to the IAH	1.64%
Average Profit Sharing Ratio to the IAH	36.53%
	<b>RM’000</b>
Impaired assets funded by UA	87,919
ECL Stage 1 provisions funded by UA	43,653
ECL Stage 2 provisions funded by UA	36,268
ECL Stage 3 provisions funded by UA	16,775

Notes:

1 Return on Assets refers to total gross income/average amount of assets funded by UA.

2 Average Net Distributable Income refers to total average net distributable income/average amount of assets funded by UA.

# Forward-Looking Statements

This document could or may contain certain forward-looking statements that are based on current expectations or beliefs, as well as assumptions or anticipations of future events. These forward-looking statements can be identified by the fact that they do not relate only to historical or current facts. Forward-looking statements often use words such as anticipate, target, expect, estimate, plan, goal, believe, will, may, would, could, potentially, intend or other words of similar expressions. Undue reliance should not be placed solely on any of such statements because, by their very nature, they are subject to known and unknown risks and uncertainties and can be affected by other factors that could cause actual results, and the Group's plans and objectives, to differ materially from those expressed or implied in the forward-looking statements.

Forward-looking statements speak only as of the date they are made, and it should not be assumed that they have been revised or updated in light of changes in the global, political, economic, business, competitive, market and regulatory forces, future exchange and interest rates, changes in tax rates and future business combinations and dispositions.

The Group undertakes no obligation to revise or update any forward-looking statements contained in this document, regardless of whether those statements are affected as a result of new information, future events or otherwise.



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