The Bank of Nova Scotia Berhad

(Company No. 199401022356 (308035 U))
(Incorporated in Malaysia)
and its subsidiaries

Basel II Pillar 3 Disclosures
30 April 2021

CHIEF EXECUTIVE OFFICER'S ATTESTATION

I, Sivadas Menon hereby state that, in my opinion, the Pillar 3 Disclosure have been prepared in accordance with the requirements of Bank Negara Malaysia's Guidelines on Risk-Weighted Capital Adequacy Framework (Basel II) - Disclosure Requirements (Pillar 3), and are accurate and complete.

SIVADAS MENON
Chief Executive Officer

THE BANK OF NOVA SCOTIA BERHAD
(Company No. 199401022356 (308035 U))
(Incorporated in Malaysia)
AND ITS SUBSIDIARIES

Pillar 3 disclosures

Overview

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

(a) Pillar 1 stipulates the methodologies and parameters that must be applied to calculate minimum capital requirements.

(b) Pillar 2 introduces the requirement for internal assessment of capital adequacy in relation to strategies, risk appetite, and actual risk profile.

(c) Pillar 3 enhances public disclosure (both quantitative and qualitative) of specific details of risks being assumed, and how capital and risk are being managed under the Basel II framework.

The Bank of Nova Scotia Berhad ("the Bank") has adopted the Standardised Approach for Credit Risk and Market Risk, and the Basic Indicator Approach for Operational Risk. Under the Standardised Approach, standard risk weights are used to assess the capital requirements for exposure to credit risk and market risk while the capital required for operational risk under the Basic Indicator Approach is computed based on a fixed percentage over the Bank's average gross income for a fixed number of quarterly periods.

This Pillar 3 disclosure is designed to comply with BNM's Guidelines on RWCAF (Basel II) - Disclosure Requirements (Pillar 3), and should be read in conjunction with the financial statements.

The Basel II Pillar 3 Disclosure information provided herein has been reviewed and verified by the Risk Management Department and approved by the Chief Executive Officer. The information is not audited as there is no requirement for external auditing.

Scope of Application

The Bank is a public limited liability company, incorporated and domiciled in Malaysia. The Bank is principally engaged in banking and related financial services, and does not offer Islamic financial services nor is involved in Islamic banking operations. Information of its subsidiaries are disclosed in Note 11 to the audited financial statements for the year ended 31 October 2020. The Bank and its subsidiaries are herein referred to as "the Group" in this document.

For regulatory purpose, the investment in subsidiaries has been deducted from the Bank's regulatory capital. As the subsidiaries asset size is immaterial relative to the Bank's assets, the Bank's capital ratios and disclosures are deemed to be representative of the Group's consolidated capital ratios and disclosures.

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

There were no capital deficiencies in any of the subsidiaries as at the financial period end.

Capital Adequacy/Capital Management

The Group's capital management and dividend policy is to maintain adequate capital to support its continuing operations, its future expectations for business growth and to withstand market or economic shocks and/or counterparty failures as may potentially occur in a period of economic stress. The policy aims at ensuring that the Group is adequately capitalised for both regulatory and economic purposes on a forward-looking basis.

The Group is commmitted to avoid any possibility of breaching the regulatory minimum capital requirements and to maintain a solid capital base to support risk associated with its businesses.

Approach for assessing the adequacy of internal capital levels

The approach is to identify material risks in the business and to assess the adequacy of the Bank's capital required based upon Pillar 1 & 2 requirements, plus add-ons for relevant and material non-Pillar 1 & 2 risks; as well as actual results of the preceding financial year. The Bank mitigates risks through policy and procedural controls, segregation of duties, insurance, continuous monitoring and reporting of risk to faciliate effective management oversight. Having determined the level of capital required, stress test scenarios were applied to assess the adequacy of future capital capacity.

Capital Adequacy Ratios

The total capital and capital adequacy ratios of the Group are computed in acordance with BNM's Capital Adequacy Framework (Capital Components and Basel II Risk Weighted Assets) Guidelines.

The Group is required to hold and maintain, at all times, the following minimum capital adequacy ratios:

	Capital Ratio
Common Equity Tier 1 ("CET 1")	4.5%
Tier 1	6.0%
Total	8.0%

From 1 January 2016, the Group is also required to hold and maintain capital buffers as specified by BNM in the form of Common Equity Tier 1 ("CET 1") Capital, above the minimum capital adequacy levels. The capital buffers comprise of the following:

(i) a Countercyclical Capital Buffer ("CCyB"), determined as the weighted average of the prevailing CCyB rates applied in the jurisdiction in which a financial institution has credit exposures; and

(ii) a Capital Conservation Buffer ("CCB") of 2.5%. The CCB of 2.5% has been fully phased in from 1 January 2019.

On 25 March 2020, BNM announced several regulatory relief measures to support banking institutions in provision of assistance to individuals and corporations to manage the impact of the novel conoravirus ("COVID-19") global pandemic. Consequently, the Group is allowed to drawdown on the CCB of 2.5% to support economic activities, and to gradually rebuild the buffer, after 31 December 2020, to the minimum requirement by 30 September 2021.

Capital adequacy ratios maintained by the Group are as follow:

	Group	
	30 April 2021 RM'000	**31 October 2020 RM'000**
CET 1 Capital Ratio	138.034%	133.980%
Tier 1 Capital Ratio	138.034%	133.980%
Total Capital Ratio	138.343%	134.203%

(Company No. 199401022356 (308035 U))

Risk weighted assets and capital requirements

Item	Group 30 April 2021 Exposure Class	Gross Exposures / EAD before CRM RM'000		Net Exposures / EAD after CRM RM'000	Risk Weighted Assets RM'000	Minimum Capital Requirements at 8% RM'000
1	Credit risk					
	On-balance sheet exposures:					
	Sovereigns/central banks	606,368		606,368	-	-
	Banks, development financial institutions ("DFI") and multilateral development banks ("MDBs")	289,912		289,912	59,334	4,747
	Corporates	474,335		474,335	474,335	37,947
	Residential mortgages	74,633		74,633	38,996	3,120
	Other assets	24,733		24,733	24,317	1,945
	Defaulted exposures	27,090		27,090	16,073	1,286
	Total on-balance sheet exposures	1,497,071		1,497,071	613,055	49,045
	Off-balance sheet exposures:					
	Credit-related off-balance sheet exposures	3,318		3,318	1,756	140
	OTC derivatives	16,638		14,831	11,129	890
	Total off-balance sheet exposures	19,956		18,149	12,885	1,030
	Total on and off-balance sheet exposures	1,517,027		1,515,220	625,940	50,075
2	Large exposures risk requirement	-		-	-	-
3	Market risk	Long Position	Short Position			
	Foreign currency risk	1,627	(620)		1,627	130
	Interest rate risk				7,850	628
4	Operational risk (Basic Indicator Approach)				111,247	8,900
5	Total RWA and capital requirements				746,664	59,733

(Company No. 199401022356 (308035 U))

Risk weighted assets and capital requirements (contd.)

Item	Group 31 October 2020 Exposure Class	Gross Exposures / EAD before CRM RM'000		Net Exposures / EAD after CRM RM'000	Risk Weighted Assets RM'000	Minimum Capital Requirements at 8% RM'000
1	Credit risk					
	On-balance sheet exposures:					
	Sovereigns/central banks	682,694		682,694	-	-
	Banks, development financial institutions ("DFI") and multilateral development banks ("MDBs")	218,473		218,473	45,385	3,631
	Corporates	482,688		482,688	482,687	38,615
	Residential mortgages	82,636		82,636	44,059	3,525
	Other assets	25,777		25,777	25,119	2,010
	Defaulted exposures	33,436		33,436	19,880	1,590
	Total on-balance sheet exposures	1,525,704		1,525,704	617,130	49,371
	Off-balance sheet exposures:					
	Credit-related off-balance sheet exposures	8,633		8,633	6,988	559
	OTC derivatives	24,961		24,961	18,793	1,503
	Total off-balance sheet exposures	33,594		33,594	25,781	2,062
	Total on and off-balance sheet exposures	1,559,298		1,559,298	642,911	51,433
2	Large exposures risk requirement	-		-	-	-
3	Market risk	Long Position	Short Position			
	Foreign currency risk	3,962	-		3,962	317
	Interest rate risk				4,742	379
4	Operational risk (Basic Indicator Approach)				119,939	9,595
5	Total RWA and capital requirements				771,554	61,724

Capital Structure

For regulatory purposes, the Group's regulatory capital is divided into two tiers as follows:

(i) Tier 1 capital, which includes paid-up share capital, audited retained earnings and reserves, less applicable regulatory adjustments.

(ii) Tier 2 capital, which includes regulatory reserves and loss allowances ascribed to non-credit impaired exposures, less investment in subsidiaries.

The breakdown of capital structure components are disclosed in Note 30 to the unaudited interim financial statements for the period ended 30 April 2021.

Risk Management

The primary goals of risk management are to ensure that the outcomes of risk-taking activities are predictable and consistent with the Group's strategies and risk appetite, and there is an appropriate balance between risk and reward in order to maximise shareholder returns.

The Group has exposure to the following risks from financial instruments:
- credit risk
- liquidity risk
- market risk
- operational risk

The Group's risk management policies have been disclosed in Note 34 to the audited financial statements for the year ended 31 October 2020.

(a) Credit Risk

Refer to Note 34(a) to the audited financial statements for the year ended 31 October 2020 for disclosures on credit risk and definitions of past due and impaired loans. The approaches for the determination of impairment are detailed in Note 2(c)(v) to the audited financial statements for the year ended 31 October 2020.

(Company No. 199401022356 (308035 U))

(a) Credit Risk (contd.)

(i) Geographical distribution of credit risk exposures

Group 30 April 2021	**Malaysia RM'000**	**Others RM'000**	**Total RM'000**
Sovereigns/central banks	606,368	-	606,368
Banks, development financial institutions ("DFI") and multilateral development banks ("MDBs")	292,227	7,700	299,927
Corporates	503,217	-	503,217
Residential mortgages	72,570	10,212	82,782
Other assets	24,733	-	24,733
Total credit risk exposures	1,499,115	17,912	1,517,027

Group 31 October 2020	**Malaysia RM'000**	**Others RM'000**	**Total RM'000**
Sovereigns/central banks	682,694	-	682,694
Banks, development financial institutions ("DFI") and multilateral development banks ("MDBs")	219,667	11,583	231,250
Corporates	522,147	-	522,147
Residential mortgages	81,048	16,382	97,430
Other assets	25,777	-	25,777
Total credit risk exposures	1,531,333	27,965	1,559,298

(Company No. 199401022356 (308035 U))

(a) Credit Risk (contd.)

(ii) Distribution of credit risk exposure by sector

Group
30 April 2021

	Agriculture RM'000	Manufacturing RM'000	Electricity, gas and water supply RM'000	Construction RM'000	Wholesale & retail trade restaurants & hotels RM'000	Transport, storage and communication RM'000	Finance, insurance and business services RM'000	Education, health and others RM'000	Household RM'000	Others RM'000	Total RM'000
Sovereigns/central banks	-	-	-	-	-	-	-	-	-	606,368	606,368
Banks, development financial institutions ("DFI") and multilateral development banks ("MDBs")	-	-	-	-	-	-	299,927	-	-	-	299,927
Corporates	2,769	256,608	-	50,000	170	-	168,670	25,000	-	-	503,217
Residential mortgages	-	-	-	-	-	-	-	-	82,782	-	82,782
Other assets	-	-	-	-	-	-	-	-	-	24,733	24,733
Total credit risk exposures	2,769	256,608	-	50,000	170	-	468,597	25,000	82,782	631,101	1,517,027

Group
31 October 2020

	Agriculture RM'000	Manufacturing RM'000	Electricity, gas and water supply RM'000	Construction RM'000	Wholesale & retail trade restaurants & hotels RM'000	Transport, storage and communication RM'000	Finance, insurance and business services RM'000	Education, health and others RM'000	Household RM'000	Others RM'000	Total RM'000
Sovereigns/central banks	-	-	-	-	-	-	-	-	-	682,694	682,694
Banks, development financial institutions ("DFI") and multilateral development banks ("MDBs")	-	-	-	-	-	-	231,250	-	-	-	231,250
Corporates	2,548	277,249	-	50,000	170	-	167,180	25,000	-	-	522,147
Residential mortgages	-	-	-	-	-	-	-	-	97,430	-	97,430
Other assets	-	-	-	-	-	-	-	-	-	25,777	25,777
Total credit risk exposures	2,548	277,249	-	50,000	170	-	398,430	25,000	97,430	708,471	1,559,298

(Company No. 199401022356 (308035 U))

(a) Credit Risk (contd.)

(iii) Residual contractual maturity breakdown by major type of credit risk exposures

Group **30 April 2021**	**Up to** **6 months** **RM'000**	**> 6 months** **to 1 year** **RM'000**	**Over** **1 year** **RM'000**	**Total** **RM'000**
Sovereigns/central banks	442,900	61,020	102,448	606,368
Banks, development financial institutions ("DFI") and multilateral development banks ("MDBs")	299,237	455	235	299,927
Corporates	502,437	780	-	503,217
Residential mortgages	2,276	802	79,704	82,782
Other assets	24,733	-	-	24,733
Total credit risk exposures	1,271,583	63,057	182,387	1,517,027

Group **31 October 2020**	**Up to** **6 months** **RM'000**	**> 6 months** **to 1 year** **RM'000**	**Over** **1 year** **RM'000**	**Total** **RM'000**
Sovereigns/central banks	420,559	100,683	161,452	682,694
Banks, development financial institutions ("DFI") and multilateral development banks ("MDBs")	230,137	877	236	231,250
Corporates	521,074	1,073	-	522,147
Residential mortgages	2,208	1,005	94,217	97,430
Other assets	25,777	-	-	25,777
Total credit risk exposures	1,199,755	103,638	255,905	1,559,298

(Company No. 199401022356 (308035 U))

(a) Credit Risk (contd.)

(iv) Geographical distribution of Expected Credit Losses ("ECL") allowance for loans and advances

Group

	12 months & Lifetime non-credit impaired ECL as at 30 April 2021 RM'000	Lifetime credit impaired ECL as at 1 November 2020 RM'000	Net lifetime credit impaired ECL made for the period RM'000	Amount written off/ other movements RM'000	Lifetime credit impaired ECL as at 30 April 2021 RM'000
Malaysia	2,067	86,214	6,829	(760)	92,283
Others	261	11,741	6,047	-	17,788
	2,328	97,955	12,876	(760)	110,071

Group

	12 months & Lifetime non-credit impaired ECL as at 31 October 2020 RM'000	Lifetime credit impaired ECL as at 1 November 2019 RM'000	Net lifetime credit impaired ECL made for the year RM'000	Amount written off/ other movements RM'000	Lifetime credit impaired ECL as at 31 October 2020 RM'000
Malaysia	1,641	77,404	25,760	(16,950)	86,214
Others	86	9,411	2,369	(39)	11,741
	1,727	86,815	28,129	(16,989)	97,955

(v) Geographical distribution of impaired and past due loans

	Group			
	30 April 2021		31 October 2020	
	Loans and advances past due but not impaired RM'000	Impaired loans and advances RM'000	Loans and advances past due but not impaired RM'000	Impaired loans and advances RM'000
Malaysia	21,581	118,429	18,348	113,852
Others	2,362	18,731	461	17,533
	23,943	137,160	18,809	131,385

(Company No. 199401022356 (308035 U))

(a) Credit Risk (contd.)

(vi) Impaired and past due loans by sector

Group 30 April 2021	**Loans and advances past due but not impaired RM'000**	**Impaired loans and advances RM'000**
Agriculture	-	-
Manufacturing	-	99,844
Construction	-	-
Wholesale & retail trade and restaurants & hotels	-	-
Transport, storage and communication	-	-
Finance, insurance and business services	-	-
Education, health and others	-	-
Household	23,943	37,316
Others	-	-
	23,943	137,160

Group 31 October 2020	**Loans and advances past due but not impaired RM'000**	**Impaired loans and advances RM'000**
Agriculture	-	-
Manufacturing	-	95,786
Construction	-	-
Wholesale & retail trade and restaurants & hotels	-	-
Transport, storage and communication	-	-
Finance, insurance and business services	-	-
Education, health and others	-	-
Household	18,809	35,599
Others	-	-
	18,809	131,385

(Company No. 199401022356 (308035 U))

(a) Credit Risk (contd.)

(vii) Reconciliation of changes to ECL allowances for loans and advances

ECL allowances

	12 months ECL (Stage 1) RM'000	Lifetime not Credit Impaired ECL (Stage 2) RM'000	Lifetime Credit Impaired ECL (Stage 3) RM'000	Total RM'000
30 April 2021				
Group				
At 1 November 2020	315	1,412	97,955	99,682
Transfer between stages				
Changes due to change in credit risk:				
- Transfer to Stage 1	1,747	(1,396)	(351)	-
- Transfer to Stage 2	(39)	45	(6)	-
- Transfer to Stage 3	(1)	(398)	399	-
	1,707	(1,749)	42	-
Loans derecognised during the period (other than write-offs)	(12)	(31)	(113)	(156)
New loans originated	-	-	-	-
Changes due to change in credit risk	(1,270)	1,956	12,947	13,633
ECL allowance (written back)/made	(1,282)	1,925	12,834	13,477
Amount written off	-	-	-	-
Other adjustment:				
- Unwinding of discount	-	-	(760)	(760)
At 30 April 2021	740	1,588	110,071	112,399

(Company No. 199401022356 (308035 U))

(a) Credit Risk (contd.)

(vii) Reconciliation of changes to ECL allowances for loans and advances (contd.)

ECL allowances

	12 months ECL (Stage 1) RM'000	**Lifetime not Credit Impaired ECL (Stage 2) RM'000**	**Lifetime Credit Impaired ECL (Stage 3) RM'000**	**Total RM'000**
31 October 2020				
Group				
At 1 November 2019	427	1,134	86,815	88,376
Transfer between stages				
Changes due to change in credit risk:				
- Transfer to Stage 1	1,910	(1,563)	(347)	-
- Transfer to Stage 2	(37)	47	(10)	-
- Transfer to Stage 3	-	(404)	404	-
	1,873	(1,920)	47	-
Loans derecognised during the period (other than write-offs)	(226)	(67)	(497)	(790)
New loans originated	11	-	-	11
Changes due to change in credit risk	(1,770)	2,265	28,579	29,074
ECL allowance (written back)/made	(1,985)	2,198	28,082	28,295
Amount written off	-	-	(14,845)	(14,845)
Other adjustment:				
- Unwinding of discount	-	-	(2,144)	(2,144)
At 31 October 2020	315	1,412	97,955	99,682

(Company No. 199401022356 (308035 U))

(a) Credit Risk (contd.)

(viii) Expected credit loss on loans and advances by sector

Group

	12 months & Lifetime non-credit impaired ECL as at 30 April 2021 RM'000	Lifetime credit impaired ECL as at 1 November 2020 RM'000	Net lifetime credit impaired ECL made for the period RM'000	Amount written off/ other movements RM'000	Lifetime credit impaired ECL as at 30 April 2021 RM'000
Agriculture	-	-	-	-	-
Manufacturing	526	77,121	4,518	(760)	80,879
Construction	4	-	-	-	-
Transport, storage and communication	-	-	-	-	-
Finance, insurance and business services	31	-	-	-	-
Education, health and others	3	-	-	-	-
Household	1,764	20,834	8,358	-	29,192
	2,328	97,955	12,876	(760)	110,071

Group

	12 months & Lifetime non-credit impaired ECL as at 31 October 2020 RM'000	Lifetime credit impaired ECL as at 1 November 2019 RM'000	Net lifetime credit impaired ECL made for the year RM'000	Amount written off/ other movements RM'000	Lifetime credit impaired ECL as at 31 October 2020 RM'000
Agriculture	-	-	-	-	-
Manufacturing	46	64,265	25,062	(12,207)	77,120
Construction	9	-	-	-	-
Transport, storage and communication	-	-	-	-	-
Finance, insurance and business services	51	-	-	-	-
Education, health and others	1	-	-	-	-
Household	1,620	22,550	3,067	(4,782)	20,835
	1,727	86,815	28,129	(16,989)	97,955

(a) Credit Risk (contd.)

(ix) Use of External Ratings

The following are the rating agencies or Eligible Credit Assessment Institutions ("ECAI") ratings to determine risk-weighted assets, used by the Group and are in accordance with BNM's Capital Adequacy Framework:

(a) Standard & Poor's ("S&P")
(b) Moody's Investors Services ("Moody's")
(c) Fitch Ratings ("Fitch")
(d) Rating Agency Malaysia Berhad ("RAM")
(e) Malaysian Rating Corporation Berhad ("MARC")

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

(a) Sovereigns and central banks
(b) Banking institutions
(c) Corporates

In cases where counterparty is rated by more than one ECAI, all available external ratings of the counterparty are captured and the following rules observed :

(a) Where 2 recognised external ratings are available, the lower rating is to be applied; or

(b) Where 3 or more recognised external ratings are available, the lower of the highest 2 ratings will be used for the capital adequacy calculation purposes.

Under the Standardised Approach, the Group assigns the appropriate risk weight for issue specific rating and non issue specific rating exposures as stipulated in BNM's Capital Adequacy Framework.

(Company No. 199401022356 (308035 U))

(a) Credit Risk (contd.)

(ix) Use of External Ratings (contd.)

Credit exposures by risk weights under the Standardised Approach

Group 30 April 2021 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	**Banks, MDBs and FDIs RM'000**	**Corporates RM'000**	**Residential Mortgages RM'000**	**Other Assets RM'000**		
0%	606,368	-	-	-	416	606,784	-
20%	-	289,274	-	-	-	289,274	57,855
35%	-	-	-	39,696	-	39,696	13,893
50%	-	8,846	18,966	22,608	-	50,420	25,210
75%	-	-	-	629	-	629	472
100%	-	-	484,251	19,663	24,317	528,231	528,231
150%	-	-	-	186	-	186	279
Total Exposures	606,368	298,120	503,217	82,782	24,733	1,515,220	625,940
Risk-Weighted Assets by Exposures	-	62,278	493,734	45,611	24,317	625,940	
Average Risk Weight	0.0%	20.9%	98.1%	55.1%	98.3%	41.3%	
Deduction from Capital Base	-	-	-	-	-	-	

(Company No. 199401022356 (308035 U))

(a) Credit Risk (contd.)

(ix) Use of External Ratings (contd.)

Credit exposures by risk weights under the Standardised Approach (contd.)

Group 31 October 2020 Risk Weights	Exposures after Netting and Credit Risk Mitigation Sovereigns & Central Banks RM'000	Banks, MDBs and FDIs RM'000	Corporates RM'000	Residential Mortgages RM'000	Other Assets RM'000	Total Exposures after Netting & Credit Risk Mitigation RM'000	Total Risk Weighted Assets RM'000
0%	682,694	-	-	-	658	683,352	-
20%	-	217,583	-	-	-	217,583	43,516
35%	-	-	-	41,856	-	41,856	14,650
50%	-	13,667	18,666	31,128	-	63,461	31,730
75%	-	-	-	946	-	946	710
100%	-	-	503,481	23,088	25,119	551,688	551,687
150%	-	-	-	412	-	412	618
Total Exposures	682,694	231,250	522,147	97,430	25,777	1,559,298	642,911
Risk-Weighted Assets by Exposures	-	50,350	512,814	54,628	25,119	642,911	
Average Risk Weight	0.0%	21.8%	98.2%	56.1%	97.4%	41.2%	
Deduction from Capital Base	-	-	-	-	-	-	

(Company No. 199401022356 (308035 U))

(a) Credit Risk (contd.)

(ix) Use of External Ratings (contd.)

Rated and unrated exposures according to ratings by ECAIs

Group
30 April 2021

Exposure Class	**Ratings of Corporate by Approved ECAIs**							
	Moodys	Aaa to Aa3	A1 to A3	Baa1 to Ba3	B1 to C			
	S&P	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D			
	Fitch	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D			
	RAM	AAA to AA3	A1 to A3	BBB1 to BB3	B to D			
	MARC	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D		Unrated	Total
On and Off-Balance Sheet Exposures								
Corporates		-	-	-	-		503,217	503,217
Total (i)		-	-	-	-		503,217	503,217

Exposure Class	**Ratings of Sovereigns and Central Banks by Approved ECAIs**							
	Moodys	Aaa to Aa3	A1 to A3	Baa1 to Ba3	B1 to C			
	S&P	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D			
	Fitch	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D		Unrated	Total
On and Off-Balance Sheet Exposures								
Sovereign and Central Banks		-	606,368	-	-		-	606,368
Total (ii)		-	606,368	-	-		-	606,368

Exposure Class	**Ratings of Banking Institutions by Approved ECAIs**							
	Moodys	Aaa to Aa3	A1 to A3	Baa1 to Baa3	Ba1 to B3	Caa1 to C		
	S&P	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to D		
	Fitch	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to D		
	RAM	AAA to AA3	A1 to A3	BBB1 to BBB3	BB1 to B3	C1 to D		
	MARC	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	C+ to D	Unrated	Total
On and Off-Balance Sheet Exposures								
Banks, MDBs and FDIs		124,669	173,280	1,741	-	-	237	299,927
Total (iii)		124,669	173,280	1,741	-	-	237	299,927
Total Exposure (i)+(ii)+(iii)		124,669	779,648	1,741	-	-	503,454	1,409,512
Residential Mortgages		-	-	-	-	-	82,782	82,782
Other Assets		-	-	-	-	-	24,733	24,733
Total Unrated Exposure		-	-	-	-	-	107,515	107,515
Total		**124,669**	**779,648**	1,741	-	-	**610,969**	**1,517,027**

(Company No. 199401022356 (308035 U))

(a) Credit Risk (contd.)

(ix) Use of External Ratings (contd.)

Rated and unrated exposures according to ratings by ECAIs (contd.)

Group
31 October 2020

Exposure Class	**Ratings of Corporate by Approved ECAIs**							
	Moodys	Aaa to Aa3	A1 to A3	Baa1 to Ba3	B1 to C			
	S&P	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D			
	Fitch	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D			
	RAM	AAA to AA3	A1 to A3	BBB1 to BB3	B to D			
	MARC	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D		Unrated	Total
On and Off-Balance Sheet Exposures								
Corporates		-	-	-	-		522,147	522,147
Total (i)		-	-	-	-		522,147	522,147

Exposure Class	**Ratings of Sovereigns and Central Banks by Approved ECAIs**							
	Moodys	Aaa to Aa3	A1 to A3	Baa1 to Ba3	B1 to C			
	S&P	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D			
	Fitch	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D		Unrated	Total
On and Off-Balance Sheet Exposures								
Sovereign and Central Banks		-	682,694	-	-		-	682,694
Total (ii)		-	682,694	-	-		-	682,694

Exposure Class	**Ratings of Banking Institutions by Approved ECAIs**							
	Moodys	Aaa to Aa3	A1 to A3	Baa1 to Baa3	Ba1 to B3	Caa1 to C		
	S&P	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to D		
	Fitch	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to D		
	RAM	AAA to AA3	A1 to A3	BBB1 to BBB3	BB1 to B3	C1 to D		
	MARC	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	C+ to D	Unrated	Total
On and Off-Balance Sheet Exposures								
Banks, MDBs and FDIs		1,280	224,089	5,866	-	-	15	231,250
Total (iii)		1,280	224,089	5,866	-	-	15	231,250
Total Exposure (i)+(ii)+(iii)		1,280	906,783	5,866	-	-	522,162	1,436,091
Residential Mortgages		-	-	-	-	-	97,430	97,430
Other Assets		-	-	-	-	-	25,777	25,777
Total Unrated Exposure		-	-	-	-	-	123,207	123,207
Total		**1,280**	**906,783**	5,866	-	-	**645,369**	**1,559,298**

(a) Credit Risk (contd.)

(x) Credit Risk Mitigation

The Group actively pursues opportunities to mitigate credit risk and reduce capital costs, in a sound and prudent manner, subject to internal controls and in accordance with both legal and regulatory requirements. Credit risk mitigation is achieved through techniques including bilateral close out netting, re-couponing clauses, portfolio hedging, and collateralization. These techniques are implemented through the negotiation of standard trading agreements.

Treasury back office is responsible for daily monitoring of mark-to-market values of applicable positions against the collateral call thresholds negotiated with each counterparty. When the values exceed such thresholds, they are responsible for making collateral calls. They are also responsible for escalating any fails and/or collateral valuation disputes to senior management (i.e. where collateral has not been received as anticipated and/or the the Group is required to post more collateral than calculated internally). Any decision to post excess collateral or receive less collateral or to invoke a dispute resolution procedure can be made by senior management.

The principal collateral types employed by the Group are as follows:

i) Cash and cash equivalents;

ii) Marketable securities;

iii) Mortgages over residential and non-residential properties;

iv) Charges over business assets such as premises, stocks and debtors;

v) Corporate and personal guarantees

The securing of collateral to minimize credit-related losses introduces various other material risks that need to be monitored and controlled. The Group actively manages and monitors these material risks as part of its collateral management program. Specifically, the Group’s collateral management program comprises all systems, methods, processes, controls, data collection, and information technology systems that are used in the taking, management, valuation, maintenance and realization of collateral held for credit risk mitigation purposes. Individual business lines are responsible for ensuring that their processes to manage material collateral management risks are effective on an ongoing basis.

There is no material concentration on credit risk mitigation held.

(Company No. 199401022356 (308035 U))

(a) Credit Risk (contd.)

(x) Credit Risk Mitigation (contd.)

Exposures before and with credit risk mitigation

Group 30 April 2021	**Exposures before CRM RM'000**	**Exposures covered by guarantees or credit derivatives RM'000**	**Exposures covered by eligible financial collateral RM'000**	**Exposures covered by other eligible collateral RM'000**
On-balance sheet exposures				
Sovereigns/central banks	606,368	-	-	-
Banks, development financial institutions ("DFI") and multilateral development banks ("MDBs")	289,912	-	-	-
Corporates	474,335	-	-	-
Residential mortgages	74,633	-	-	-
Other assets	24,733	-	-	-
Defaulted exposures	27,090	-	-	-
Total on-balance sheet exposures	1,497,071	-	-	-
Off-balance sheet exposures				
Credit-related off-balance sheet exposures	3,318	-	-	-
OTC derivatives	16,638	-	1,807	-
Total off-balance sheet exposures	19,956	-	1,807	-
Total credit risk exposures	1,517,027	-	1,807	-

Group 31 October 2020	**Exposures before CRM RM'000**	**Exposures covered by guarantees or credit derivatives RM'000**	**Exposures covered by eligible financial collateral RM'000**	**Exposures covered by other eligible collateral RM'000**
On-balance sheet exposures				
Sovereigns/central banks	682,694	-	-	-
Banks, development financial institutions ("DFI") and multilateral development banks ("MDBs")	218,473	-	-	-
Corporates	482,688	-	-	-
Residential mortgages	82,636	-	-	-
Other assets	25,777	-	-	-
Defaulted exposures	33,436	-	-	-
Total on-balance sheet exposures	1,525,704	-	-	-
Off-balance sheet exposures				
Credit-related off-balance sheet exposures	8,633	-	-	-
OTC derivatives	24,961	-	-	-
Total off-balance sheet exposures	33,594	-	-	-
Total credit risk exposures	1,559,298	-	-	-

(b) Off-Balance Sheet Exposures and Counterparty Credit Risk

The Group's risk exposures are adequately assessed, properly approved and actively managed in a consistent manner across all business lines including off-balance sheet exposures and counterparty credit risk.

(i) Off-Balance Sheet Exposures

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

- Financial guarantees and standby letters of credit, which represent undertakings that the Group will make payments in the event that a customer cannot meet its obligations to third parties. These exposures carry the same credit risk as loans although they are contingent in nature.

- Documentary and commercial letters of credit, which are undertakings by the Group on behalf of the customer. These exposures are usually collateralised by the underlying shipment of goods to which they relate.

- Commitments to extend credit including unutilised or undrawn portions of credit facilities

- Principal/notional amount of derivative financial instruments

The management of off-balance sheet exposures is in accordance to the credit risk management policies approach as set out in Note 34(a) to the financial statements for the year ended 31 October 2020.

(ii) Counterparty Credit Risk

Counterparty credit risk ("CCR") is the risk that the Group's counterparty in a foreign exchange and/or interest rate contract defaults prior to maturity date of the contract and that the Group at the time has a claim on the counterparty. Derivative financial instruments are entered into by the Group primarily for hedging purposes.

The Group applies The International Swaps and Derivatives Association ("ISDA") Master Agreement which allows for the close-out netting across all outstanding transactions covered by an agreement if either party defaults or another pre-agreed termination event occurs. Where possible, the Group settles its Over-the-Counter ("OTC") derivatives via the Delivery-versus-Payment settlement method to further reduce settlement risk.

(Company No. 199401022356 (308035 U))

(b) Off-Balance Sheet Exposures and Counterparty Credit Risk (contd.)

(ii) Counterparty Credit Risk (contd.)

The Group may apply credit rating downgrade clauses in ISDA Master Agreement which may include the termination of transactions by the non-affected party, or assignment by the affected party, if its credit rating falls below a specified level.

Principal amounts, gross positive fair values of contracts, credit equivalent amounts and risk weighted assets of derivative contracts and off-balance sheet items are disclosed in Note 32 to the interim financial statements for the period ended 30 April 2021.

(c) Liquidity Risk

The Group's liquidity risk management policies and approach are set out in Note 34(b) to the financial statements for the year ended 31 October 2020.

(d) Market Risk

The Group's market risk management policies and approach are set out in Note 34(c) to the financial statements for the year ended 31 October 2020.

The Group adopts the Standardised Approach in calculating market risk risk weighted assets. The market risk capital requirements is as follow:

	Group	
	30 April 2021 RM'000	**31 October 2020 RM'000**
Capital requirement under standardised approach for		
Foreign exchange risk	130	317
Interest rate risk	628	379
Total risk weighted assets equivalent for market risk	9,477	8,704

(e) Operational Risk

The Group's operational risk management policies and approach are set out in Note 34(d) to the financial statements for the year ended 31 October 2020.

(Company No. 199401022356 (308035 U))

(f) Equity Exposures in the Banking Book

Group
30 April 2021

Equity Type	Gross Credit Exposure RM'000	Risk Weighted Assets RM'000
Privately Held		
For socio-economic purposes	2,546	2,546

Group
31 October 2020

Equity Type	Gross Credit Exposure RM'000	Risk Weighted Assets RM'000
Privately Held		
For socio-economic purposes	2,564	2,564

The privately held equity investments are unquoted and are stated at fair value.

Gains and Losses on Equity Exposures in the Banking Book

	Group	
	30 April 2021 RM'000	31 October 2020 RM'000
Realised gains recognised in the income statement	43	-
Unrealised gains recognised in the income statement	-	226
Unrealised losses recognised in revaluation reserve	-	-

(g) Interest Rate Risk/Rate of Return Risk in the Banking Book

Interest Rate Risk in the banking book is a non-pillar 1 risk and considers the impact of interest rate fluctuatios on yields and earnings and is created when cash flows from principal and interest on assets and liabilities are not perfectly matched.

In addition, changes in interest rate can have adverse impact both on earnings and its economic value. This has given rise to two separate, but complementary perspectives for assessing interest rate risk exposure in the banking book :

i. Earnings Perspective (Annual Income Limit) - where analysis focuses on the impact of changes in interest rates on reported earnings. Variations in earnings is an important focal point for interest rate analysis because reduced earnings or outright losses may affect the financial stability of an institution by undermining its capital adequacy and by reducing market confidence; and

ii. Economic Value Perspective (Economic Value Limit) - where the analysis focuses on how variations in market interest rates affect the economic value of the Group's assets, liabilities and off-balance sheet positions. The economic value of the Group can be viewed as the present value of the Group's expected cash flows on liabilities, plus the expected net cash flows on off-balance sheet positions. Since the economic value perspective considers the potential impact of interest rate changes on the present value of all future cash flows, it provides a more comprehensive view of the potential long term effects of changes in interest rates than what is offered by the earnings perspective.

(Company No. 199401022356 (308035 U))

(g) Interest Rate Risk/Rate of Return Risk in the Banking Book (contd.)

The Group simulates and reports to the Asset and Liability Committee ("ALCO") the impact of movements in yield curves on the annual income and economic value of the balance sheet.

The tables below represent the maximum before tax impact of a +/- 100 basis point parallel shift in the yield curves on the net present value of the Group's assets and liabilities.

Group
30 April 2021

Impact to	Annual Income			Economic Value		
	USD	MYR	Total	USD	MYR	Total
Parallel Shift	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
100 bp increase	(373)	8,756	8,383	(433)	(4,178)	(4,611)
100 bp decrease	373	(8,756)	(8,383)	438	4,313	4,751

Group
31 October 2020

Impact to	Annual Income			Economic Value		
	USD	MYR	Total	USD	MYR	Total
Parallel Shift	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
100 bp increase	(591)	8,322	7,731	(531)	(3,950)	(4,481)
100 bp decrease	-	(8,322)	(8,322)	118	4,052	4,170

Based on a 100 bps parallel rise in yield curves on Malaysian Ringgit and US Dollar, Annual Income is expected to increase by RM 8.38 million (Oct-20: increase by RM 7.73 million), while the Economic Value is expected to decrease by RM 4.61 million (Oct-20: decrease by RM 4.48 million).

The corresponding impact from a 100 bps parallel decrease is an estimated reduction of RM 8.38 million, (Oct-20: reduction RM8.32 million), while the Economic Value is expected to increase by RM 4.75 million (Oct-20: increase by RM 4.17 million).