

Deutsche Bank (Malaysia) Berhad

(Company No. 199401026871 (312552-W))

(Incorporated in Malaysia)

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Basel II Pillar 3 Report

31 December 2025

Deutsche Bank (Malaysia) Berhad

(Company No. 199401026871 (312552-W))

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Introduction

Bank Negara Malaysia (“BNM”) announced a two-phase approach for implementing the standards recommended by the Bank for International Settlement set out in “International Convergence of Capital Measurement and Capital Standards: A Revised Framework” (Basel II) in Malaysia.

In the first phase, banking institutions are required to adopt the Standardised Approach for credit risk by the end of 2008. In the second phase, qualified banking institutions are allowed to migrate directly to the Internal Rating-Based approach (“IRB Approach”) in January 2010. Banks on the Standardised Approach are not mandated to migrate to the IRB Approach.

Deutsche Bank (Malaysia) Berhad (“the Bank”) operates under the BNM’s Risk Weighted Capital Adequacy Framework (Basel II – Risk Weighted Assets) (“RWCAF”) and Capital Adequacy Framework (Capital Components). The computation of the risk weighted assets is consistent with Pillar 1 requirements set out by the Basel Committee on Banking Supervision (“BCBS”) and the Islamic Financial Services Board (“IFSB”) in their respective documents – “International Convergence of Capital Measurement and Capital Standards: A Revised Framework” issued in June 2006 and the “Capital Adequacy Standard” issued in December 2005. BNM had proposed some customisations to the BCBS specification in an effort to avoid under estimation of risk within the industry as well as to ensure suitability of the framework in the local environment.

The capital adequacy ratios of the Bank are computed in accordance with BNM’s Capital Adequacy Framework (Capital Components) and (Basel II – Risk-weighted Assets) reissued on 14 June 2024 and 18 December 2023, respectively. The Bank has adopted the Standardised Approach for Credit Risk and Market Risk, and the Basic Indicator Approach for Operational Risk. The minimum regulatory capital adequacy ratios before including capital conservation buffer and countercyclical capital buffer (“CCyB”) are 4.5% for CET1 Capital Ratio, 6.0% for Tier 1 Capital Ratio and 8.0% for Total Capital Ratio.

The CCyB which is in a range of between 0% and 2.5% is not a requirement for exposure in Malaysia yet but may be applied by regulators in the future.

The information provided herein has been reviewed and verified by competent independent internal parties and certified by the Bank’s Chief Executive Officer. The information is not audited as there is no requirement for external auditing of these disclosures under the BNM’s RWCAF. The Pillar 3 Disclosure will be published in the Bank’s website, www.db.com/malaysia.

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1 Scope of Application

Deutsche Bank (Malaysia) Berhad and its subsidiaries (“DBMB Group”) are incorporated and domiciled in Malaysia. DBMB Group is principally engaged in all aspect of banking and related financial services which includes Islamic Banking Window (“IBW”) business.

The principles of consolidation used for regulatory capital purpose are not identical to those used for DBMB Group’s financial statements, which are prepared in accordance with the Malaysian Financial Reporting Standards (“MFRS”), International Financial Reporting Standards and the Companies Act, 2016 in Malaysia. The subsidiary companies of the Bank, which are incorporated in Malaysia, are consolidated with the financial statements of the Bank. The accounting policy for consolidation is provided in Note 2(a) to the Financial Statements.

2 Capital Adequacy

2.1 Deutsche Bank (Malaysia) Berhad’s Approach

The Bank manages risk and capital through a framework of principles, organisational structures, as well as measurement and monitoring processes that are closely aligned with the activities of the Bank’s divisions.

The Deutsche Bank Group (“DB Group”) Treasury function manages the Bank’s capital at group level and locally in each region. The allocation of financial resources, in general, and capital, in particular, favors business portfolios with the highest positive impact on the Bank’s profitability and shareholder value.

Regional capital plans covering the capital needs of DB Group’s branches and subsidiaries are prepared on an annual basis and presented to the DB Group Investment Committee (“GIC”). At a country level, capital is maintained on the basis of the local regulator’s requirements. It is overseen by the local Asset and Liability Committee (“ALCO”). Its mandate is to manage capital, funding, and liquidity risk.

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2 Capital Adequacy (continued)**2.2 Risk Weighted Assets and Capital Requirements**

Risk weighted assets and capital requirements for the Bank

	2025		2024	
	Risk Weighted Assets	Min Capital Requirement at 8%	Risk Weighted Assets	Min Capital Requirement at 8%
	RM'000	RM'000	RM'000	RM'000
Group and Bank				
Credit Risk	4,211,345	336,908	4,708,991	376,719
Market Risk	2,450,382	196,030	2,329,060	186,325
Operational Risk	2,048,241	163,859	841,326	67,306
Total	8,709,968	696,797	7,879,377	630,350
Islamic Banking Window				
Credit Risk	-	-	-	-
Market Risk	-	-	-	-
Operational Risk	7,546	604	8,104	648
Total	7,546	604	8,104	648

Risk weighted capital ratio and CET1/Tier 1 capital ratio for the Bank

	2025		2024	
	Total Capital Ratio	CET1 / Tier 1 Capital Ratio	Total Capital Ratio	CET1 / Tier 1 Capital Ratio
Group and Bank	21.649%	21.116%	23.639%	23.024%
Islamic Banking Window	488.616%	488.616%	453.480%	453.480%

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2 Capital Adequacy (continued)

2.2 Risk Weighted Assets and Capital Requirements (continued)

Risk weighted assets and capital requirements for credit risk

Risk type Group and Bank	31.12.2025			
	Gross Exposures RM'000	Net Exposures RM'000	Risk-Weighted Assets RM'000	Minimum Capital Requirement at 8% * RM'000
<i>On-Balance Sheet Exposures</i>				
Sovereigns/Central Banks #	4,051,149	3,764,105	-	-
Public Sector Entities	-	-	-	-
Banks, Development Financial Institutions ("DFIs") and Multilateral Development Banks ("MDBs")	1,244,226	1,244,226	358,511	28,682
Insurance Companies, Securities Firms and Fund Managers	-	-	-	-
Corporates	1,509,623	1,509,623	1,508,891	120,711
Regulatory Retail	-	-	-	-
Residential Mortgages	645	645	226	18
Higher Risk Assets	-	-	-	-
Other Assets	125,849	125,849	124,960	9,997
Equity Exposure	15,113	15,113	15,343	1,227
Defaulted Exposures	878	878	752	60
<i>Total On-Balance Sheet Exposures</i>	<i>6,947,483</i>	<i>6,660,439</i>	<i>2,008,683</i>	<i>160,695</i>
<i>Off-Balance Sheet Exposures</i>				
OTC Derivatives	2,183,669	1,572,803	736,910	58,953
Credit Derivatives	-	-	-	-
Direct Credit Substitutes	-	-	-	-
Transaction related contingent Items	368,363	368,363	341,102	27,288
Short Term Self Liquidating trade related contingencies	2,172	2,172	1,148	92
Other commitments, such as formal standby facilities and credit lines	1,137,947	1,137,947	1,123,502	89,880
Defaulted Exposures	-	-	-	-
<i>Total for Off-Balance Sheet Exposures</i>	<i>3,692,151</i>	<i>3,081,285</i>	<i>2,202,662</i>	<i>176,213</i>
<i>Total On and Off- Balance Sheet Exposures</i>	<i>10,639,634</i>	<i>9,741,724</i>	<i>4,211,345</i>	<i>336,908</i>

* The minimum regulatory capital requirement before including capital conservation buffer and countercyclical capital buffer.

Under Risk Weighted Capital Adequacy Framework (RWCAF), exposures to the Federal Government of Malaysia, Bank Negara Malaysia, overseas federal governments and central banks of their respective jurisdictions are accorded a preferential sovereign risk weight of 0%.

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2 Capital Adequacy (continued)

2.2 Risk Weighted Assets and Capital Requirements (continued)

Risk weighted assets and capital requirements for credit risk (continued)

Risk type Group and Bank	31.12.2024			
	Gross Exposures RM'000	Net Exposures RM'000	Risk-Weighted Assets RM'000	Minimum Capital Requirement at 8% * RM'000
<i>On-Balance Sheet Exposures</i>				
Sovereigns/Central Banks #	4,299,709	4,188,259	-	-
Public Sector Entities	-	-	-	-
Banks, Development Financial Institutions ("DFIs") and Multilateral Development Banks ("MDBs")	1,289,712	1,289,712	523,843	41,907
Insurance Companies, Securities Firms and Fund Managers	-	-	-	-
Corporates	1,622,177	1,622,177	1,551,928	124,154
Regulatory Retail	-	-	-	-
Residential Mortgages	1,068	1,068	374	30
Higher Risk Assets	-	-	-	-
Other Assets	177,055	177,055	175,975	14,078
Equity Exposure	16,125	16,125	16,355	1,308
Defaulted Exposures	900	900	744	60
<i>Total On-Balance Sheet Exposures</i>	<i>7,406,746</i>	<i>7,295,296</i>	<i>2,269,219</i>	<i>181,537</i>
<i>Off-Balance Sheet Exposures</i>				
OTC Derivatives	2,277,764	1,839,887	879,933	70,395
Credit Derivatives	-	-	-	-
Direct Credit Substitutes	-	-	-	-
Transaction related contingent Items	412,298	412,298	349,843	27,988
Short Term Self Liquidating trade related contingencies	4,647	4,647	4,093	327
Other commitments, such as formal standby facilities and credit lines	1,205,903	1,205,903	1,205,903	96,472
Defaulted Exposures	-	-	-	-
<i>Total for Off-Balance Sheet Exposures</i>	<i>3,900,612</i>	<i>3,462,735</i>	<i>2,439,772</i>	<i>195,182</i>
<i>Total On and Off- Balance Sheet Exposures</i>	<i>11,307,358</i>	<i>10,758,031</i>	<i>4,708,991</i>	<i>376,719</i>

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2 Capital Adequacy (continued)

2.2 Risk Weighted Assets and Capital Requirements (continued)

Risk weighted assets and capital requirements for market risk

Risk type	31.12.2025			
	Gross Exposures	Net Exposures	Risk-Weighted Assets	Minimum Capital Requirement at 8% *
	RM'000	RM'000	RM'000	RM'000
Group and Bank				
Market Risk (Standardised approach)	Long Position	Short Position		
Interest Rate Risk	155,838,626	153,016,240	1,414,627	113,170
Foreign Currency Risk	64,449	826,193	826,193	66,095
Options	20,710	-	209,562	16,765
	155,923,785	153,842,433	2,450,382	196,030

Risk type	31.12.2024			
	Gross Exposures	Net Exposures	Risk-Weighted Assets	Minimum Capital Requirement at 8% *
	RM'000	RM'000	RM'000	RM'000
Group and Bank				
Market Risk (Standardised approach)	Long Position	Short Position		
Interest Rate Risk	171,830,913	169,834,372	1,431,460	114,517
Foreign Currency Risk	433,095	860,894	860,900	68,872
Options	18,227	-	36,700	2,936
	172,282,235	170,695,266	2,329,060	186,325

For interest rate risk, the gross exposures represent the sum of notional and mark-to-market value.

For foreign currency risk, the gross exposures represent net open position.

For options, the gross exposures represent net market value of option portfolio.

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2 Capital Adequacy (continued)**2.2 Risk Weighted Assets and Capital Requirements (continued)**

Risk weighted assets and capital requirements for operational risk

Risk type	31.12.2025		31.12.2024	
	Risk-Weighted Assets	Minimum Capital Requirement at 8% *	Risk-Weighted Assets	Minimum Capital Requirement at 8% *
Group and Bank	RM'000	RM'000	RM'000	RM'000
Operational Risk (Standardised approach)	2,048,241	163,859	841,326	67,306

Risk weighted assets and capital requirements arising from Large Exposure Risk

Risk type	31.12.2025 / 31.12.2024			
	Gross Exposures	Net Exposures	Risk-Weighted Assets	Minimum Capital Requirement at 8% *
Group and Bank	RM'000	RM'000	RM'000	RM'000
Large Exposures Risk Requirements	-	-	-	-

The Bank does not have any capital requirement for Large Exposure Risk as there is no amount in excess of the lowest threshold arising from equity holdings as specified in BNM's RWCAF.

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2 Capital Adequacy (continued)

2.3 Capital Structure

2.3.1 Main Features of Capital Instruments

The Bank's total regulatory capital is made up of Tier 1 and Tier 2 capital and the sum of Tier 1 and Tier 2 capital is also referred to as Total Capital.

Tier 1 capital consists primarily of ordinary paid-up share capital and retained earnings less deferred tax assets.

Share capital is the issued and fully paid share capital and there is no obligation to pay dividend to the shareholders. However, as per DB Group internal policy, all distributable profits according to local generally accepted accounting principles ("GAAP") of a subsidiaries that have not been previously approved for retention under a capital request, must be remitted as a dividend to the parent company and up the legal entity chain to the ultimate parent to support DB Group's dividend capacity.

Tier 2 capital consists of expected credit losses and regulatory reserve.

Deferred tax assets are excluded from the computation of the Bank's capital base.

2.3.2 Components of Capital

Components of Tier 1 and Tier 2 capital:

	Group and Bank	
	31.12.2025 RM'000	31.12.2024 RM'000
Tier 1 capital		
Paid-up share capital	531,362	531,362
Fair value reserves	26,941	14,249
Retained profits	1,295,677	1,283,864
Less: Deferred tax assets	-	(7,486)
Less: Cumulative gains of FVOCI	(14,818)	(7,837)
Total Common Equity Tier 1 / Tier 1 Capital	1,839,162	1,814,152
Tier 2 Capital		
Expected credit losses	1,423	3,416
Regulatory Reserve	45,000	45,000
Total Capital	1,885,585	1,862,568
Common equity tier 1 / Tier 1 Capital Ratio	21.116%	23.024%
Total capital ratio	21.649%	23.639%

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3 Risk Management

3.1 Risk and Capital Management

Risk Management Framework and Principles

DB Group's risk management framework and processes are integral to risk management at the Bank.

Deutsche Bank's business model inherently involves taking risks. Risks can be financial and operational and include on and off-balance sheet risks. The risk management framework aligns the bank's planned and actual risk taking with its risk appetite as expressed by the Management Board, while being in line with the Group's available capital and liquidity.

Deutsche Bank's risk management framework consists of various components, which include the established internal control mechanisms. Principles and standards are set for each component:

- Organisational structures must follow the Three Lines of Defense (3LoD) model with a clear definition of roles and responsibilities for all risk types:
 - The 1st Line of Defense (1st LoD) refers to those roles in the Bank whose activities generate risks, whether financial or operational, and who own and are accountable for these risks. The 1st LoD manages these risks within the defined risk appetite, establishes an appropriate risk governance and risk culture, and adheres to the risk type frameworks defined by the 2nd Line of Defense (2nd LoD)
 - The 2nd LoD refers to the roles in the Bank who define the risk management framework for a specific risk type. The 2nd LoD independently assesses and challenges the implementation of the risk type framework and adherence to the risk appetite, and acts as an advisor to the 1st LoD on how to identify, assess and manage risks
 - The 3rd Line of Defense (3rd LoD) is Group Audit, which is accountable for providing independent and objective assurance on the adequacy of the design, operating effectiveness and efficiency of the risk management system and systems of internal control
- Every employee must act as a risk manager consistent with the bank's risk appetite, risk management standards and values
- The Management Board approved risk appetite must be cascaded and adhered to across all dimensions of the Group, with appropriate consequences in the event of a breach
- Risks must be identified and assessed
- Risks must be actively managed including via appropriate risk mitigation and effective internal control systems
- Risks must be measured and reported using accurate, complete and timely data using approved models
- Regular stress tests must be performed against adverse scenarios and appropriate crisis response planning must be established

The bank's Code of Conduct is designed to ensure ethical conduct, in accordance with Deutsche Bank's policies and procedures as well as the laws and regulations that apply to the Group worldwide.

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3 Risk Management (continued)

3.1 Risk and Capital Management (continued)

Risk Governance

The Bank's operations are regulated and supervised by BNM. Such regulation focuses on licensing, capital adequacy, liquidity, risk concentration, conduct of business as well as organisational and reporting requirements. The European Central Bank in connection with the relevant authorities of European Union ("EU") members which joined the Single Supervisory Mechanism via the Joint Supervisory Team act in cooperation as DB Group primary supervisors to monitor the DB Group's compliance with the German Banking Act and other applicable laws and regulations as well as the Capital Requirements Regulation ("CRR") / Capital Requirements Directive ("CRD") 4 framework and respective implementations into German law.

Several layers of management provide cohesive risk governance.

- The local Management Board is informed regularly on the risk situation, risk management and risk controlling, as well as on the Bank's reputation and material litigation cases.
- The local Management Board is responsible for managing the Bank in accordance with the law, the Articles of Association as well as its Constitution and Terms of Reference.
- The local Management Board is responsible for establishing a proper business organisation, which includes appropriate and effective risk management as well as compliance with legal requirements and internal guidelines, along with taking the necessary measures to ensure that adequate internal guidelines are developed and implemented.

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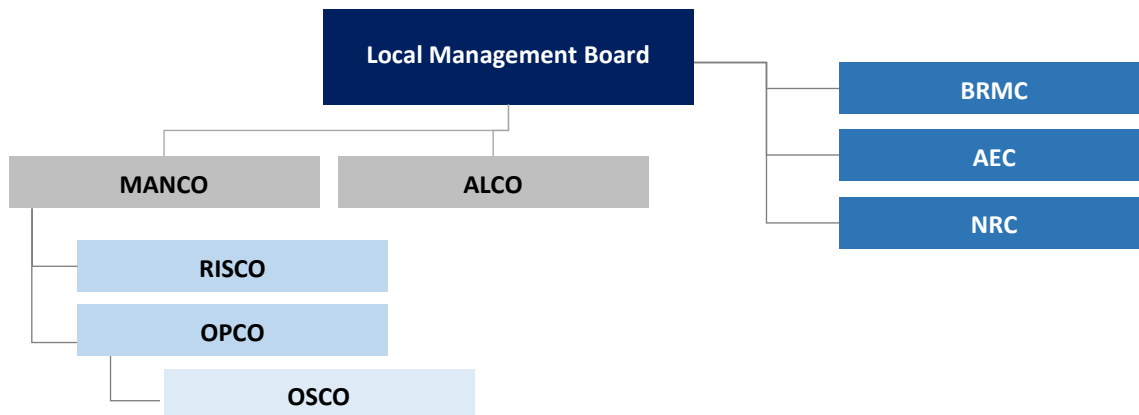
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3 Risk Management (continued)

3.1 Risk and Capital Management (continued)

Risk Governance (continued)

The following governance is central to the management of risk at the Bank:



BRMC = Board Risk Management Committee

AEC = Audit and Examination Committee

NRC = Nominating and Remuneration Committee

MANCO = Malaysia Management Country Oversight Meeting

RISCO = Risk Country Oversight Forum

ALCO = Asset and Liability Committee

OPCO = Operating Country Oversight Meeting

OSCO = Outsourcing Country Oversight Meeting

Risk Culture

The Group promotes a strong risk culture where every employee must fully understand and take a holistic view of the risks which could result from their actions, understand the consequences and manage them appropriately against the risk appetite of the bank. The bank expects employees to exhibit behaviors that support a strong risk culture in line with the bank's Code of Conduct. To promote this, Deutsche Bank's policies require that risks taken (including against risk appetite) must be taken into account during the bank's performance assessment and compensation processes. This expectation continues to be reinforced through communications campaigns and mandatory training courses for all DB employees. In addition, Management Board members and senior management frequently communicate the importance of a strong risk culture to support a consistent tone from the top.

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3 Risk Management (continued)

3.1 Risk and Capital Management (continued)

Risk and Capital Management Organisation

The Management Board established the Group Risk Committee as the central forum for review and decision on material risk and capital-related topics. The Group Risk Committee has various duties and dedicated authority, including approval of new or changed material risk and capital models and review of the inventory of risks, high-level risk portfolios, risk exposure developments, and internal and regulatory Group-wide stress testing results. In addition, the Group Risk Committee reviews and recommends items for Management Board approval, such as key risk management principles, the Group risk appetite statement, the Group recovery plan and the contingency funding plan, over-arching risk appetite parameters, and recovery and escalation indicators. The Group Risk Committee also supports the Management Board during Group-wide risk and capital planning processes.

The Group Risk Committee has delegated some of its duties to sub-committees as follows:

- The Operational Risk Committee oversees, governs and coordinates the management of operational risks in Deutsche Bank Group and establishes a cross-risk and holistic perspective of the key operational risks of the Group, including conduct and financial crime risk; it is tasked to define the operational risk appetite tolerance framework, to monitor and control the effectiveness of the operational risk operating model (including interdependencies between business divisions and control functions), and to monitor the development of emerging operational risks relevant for the Group
- The Group Reputational Risk Committee is responsible for the oversight, governance and coordination of reputational risk management and provides for a look-back and a lessons learnt process; matters are referred to the Group Reputational Risk Committee in exceptional circumstances – this may be the case if a matter is declined by the Regional Reputational Risk Committee and appealed by the business division, or if the Regional Reputational Risk Committee cannot reach a two-thirds majority decision; it provides guidance on Group-wide reputational risk matters, including communication of sensitive topics, to the appropriate levels of Deutsche Bank Group; the Regional Reputational Risk Committees which are sub-committees of the Group Reputational Risk Committee, are responsible for the oversight, governance and coordination of the management of reputational risk in the respective regions on behalf of the Management Board
- The Enterprise Risk Committee has been established with a mandate to focus on enterprise-wide risk trends, events and cross-risk portfolios, bringing together risk experts from various risk disciplines; as part of its mandate, the Enterprise Risk Committee approves the enterprise risk inventory, certain country and industry threshold increases, and scenario design outlines for more severe group-wide stress tests as well as reverse stress tests; it reviews group-wide stress test results in accordance with risk appetite, reviews the risk outlook, emerging risks and topics with enterprise-wide risk implications; it oversees the climate and environmental risk framework
- The Product Governance Committee has the mandate to ensure that there is appropriate oversight, governance and coordination of Product Governance in the Group by establishing a cross-risk and holistic perspective of key financial and operational risks associated with products and transactions throughout the lifecycle

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3 Risk Management (continued)

3.1 Risk and Capital Management (continued)

Risk and Capital Management Organisation (continued)

The Group Asset & Liability Committee has been established by the Management Board. Its mandate is to optimise the sourcing and deployment of the bank's balance sheet and financial resources within the overarching risk appetite set by the Management Board.

Deutsche Bank's Chief Risk Officer, who is a member of the Management Board, has Group-wide, supra-divisional responsibility for establishing a risk management framework with appropriate identification, measurement, monitoring, mitigation and reporting of liquidity, credit, market, enterprise, model and operational risks (including operational and reputational risks). However, frameworks for certain risks are established by other functions as per the business allocation plan.

The Chief Risk Officer has direct management responsibility for the Chief Risk Office function. Risk management and control duties in the Chief Risk Office function are generally assigned to specialised risk management units focusing on the management of specific risk types, risks within a specific business or risks in a specific region.

These specialised risk management units generally handle the following core tasks:

- Foster consistency with the risk appetite set by the Management Board and applied to business divisions and their business units
- Determine and implement risk and capital management policies, procedures and methodologies that are appropriate to the businesses within each division
- Establish and approve risk limits
- Conduct periodic portfolio reviews to keep the portfolio of risks within acceptable parameters
- Develop and implement risk and capital management infrastructures and systems that are appropriate for each division.

Chief Risk Officers for each business division as well as each region challenge and influence the divisional and regional strategies, risk awareness and ownership as well as their adherence to risk appetite.

DB Group's Finance and Group Audit departments support the Risk function where they operate independently of both the group divisions and of the Risk function.

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3 Risk Management (continued)

3.2 Risk Appetite Framework

The Group's risk appetite is set at least annually in the Group Risk Appetite Statement ("RAS"), signed off by the MB. Through qualitative statements and quantitative metrics, the DB Group RAS states the aggregate level of risk that DB Group is able and willing to assume in pursuit of its strategic objectives. The strategic plan is tested against risk appetite for resilience under stress during the annual planning cycle.

Risk appetite applies across all divisions and material risk-taking business units of DB Group globally, is communicated to the appropriate level of granularity and is monitored on both an actual and stress basis (where appropriate). To drive adherence, breaches against risk appetite are linked to potential consequences at DB Group, divisional, sub-divisional and / or individual level.

Risk capacity is defined as the maximum level of risk the Bank can assume before breaching regulatory capital requirements and liquidity needs and our obligations to stakeholders.

Risk appetite is an integral element in the business planning processes via the Bank's risk strategy and plan, to promote the appropriate alignment of risk, capital and performance targets, while at the same time considering risk capacity and appetite constraints from both financial and operational risks. Compliance of the plan is also tested under stressed market conditions. Top-down risk appetite serves as the limit for risk-taking for the bottom-up planning from the business functions.

The Bank's Risk Appetite Statement (RAS) represents the overall written articulation of the aggregate level and types of risk that the Bank is able and willing to assume in order to meet its strategic objectives in conjunction with DB Group. It includes qualitative statements and quantitative measures relative to earnings stability, capital adequacy, liquidity and other risk metrics. The statement is applied to guide key risk management decisions. The key components include the following:

Strategic objectives: Documented in the Bank's Business and Risk Strategy ("BRS"), they are linked to the strategic, capital planning process, the strategic objectives, risk environment and the material risks which form a basis of the Risk Appetite Statement.

Qualitative statements: Clearly articulated statements should set the overall tone for the Bank's approach to risk taking, including the motivations for taking on or avoiding certain types of risks, products, country / regional exposures, or other categories.

Risk Appetite and risk capacity: Risk Appetite represents the aggregate level and types of risk it is willing to assume relative to its risk capacity to achieve its strategic objectives. Risk capacity reflects the maximum level of risk it is able to assume given its current resources before breaching the prevailing normative / economic capital and liquidity requirements and expectations of key stakeholders.

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3 Risk Management (continued)

3.2 Risk Appetite Framework (continued)

Risk Limits and Thresholds: The Bank's aggregate Risk Appetite is allocated across a range of key quantitative measures, and their associated Limits and Thresholds, to provide a comprehensive view of the metrics used to monitor its risk profile, or the point in time assessment of risk exposures.

In the event that the desired risk appetite is breached under either normal or stress scenarios, an escalation is made to MANCO which has to review and decide if further escalations to DB Group/ the Board and / or mitigating actions are required to bring risk profile back to the desired risk appetite range.

The risk appetite framework is approved by the local Management Board. Amendments to the risk appetite framework at the Bank must be approved by the local Management Board.

3.3 Risk Management Tools

DB Group uses a comprehensive range of quantitative methodologies for assessing and managing risks. As a matter of policy, DB Group continually assesses the appropriateness and the reliability of its quantitative tools and metrics in light of DB Group's changing risk environment. Some of these tools are common to a number of risk categories, while others are tailored to the particular features of specific risk categories. The advanced internal tools and metrics that DB Group currently uses to measure, manage and report its risk are detailed in the following sub-sections.

3.3.1 Economic Capital

Economic capital measures the amount of capital DB Group needs to absorb from very severe unexpected losses arising from the DB Group's exposures, except for those which cannot be adequately limited by capital e.g. liquidity risk. "Very severe" in this context means that economic capital is set at a level to cover with a probability of 99.9% the aggregated unexpected losses within one year. The economic capital model landscape covers all material risks, i.e. quantifies credit, market, operational and strategic risk. DB Group continuously reviews and enhances its economic capital model as appropriate. It uses economic capital to show an aggregated view of its risk position from individual business lines up to its consolidated group level. In addition, DB Group considers economic capital, in particular for credit risk, when DB Group measures the risk-adjusted profitability of its client relationships.

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3 Risk Management (continued)

3.3 Risk Management Tools (continued)

3.3.2 Expected Loss

DB Group uses expected loss as a measure of the credit and operational risk. Expected loss is a measurement of the loss the DB Group can expect within a one-year period from these risks as of the respective reporting date, based on historical loss experience. When calculating expected loss for credit risk, DB Group takes into account credit risk ratings, collateral, maturities and statistical averaging procedures to reflect the risk characteristics of different types of exposures and facilities. All parameter assumptions are based on statistical averages of up to seven years based on DB Group's internal default and loss history as well as external benchmarks. DB Group uses expected loss as a tool of the risk management process and as part of DB Group's management reporting systems. DB Group also considers the applicable results of the expected loss calculations as a component of its collectively assessed allowance for credit losses included in its financial statements. For operational risk DB Group determines the expected loss from statistical averages of internal loss history, recent risk trends as well as forward looking expert estimates.

3.3.3 Value at Risk

DB Group uses the value-at-risk approach to derive quantitative measures for trading book market risks under normal market conditions. DB Group's value-at-risk figures play a role in both internal and external (regulatory) reporting. For a given portfolio, value-at-risk measures the potential future loss (in terms of market value) that, under normal market conditions, will not be exceeded with a defined confidence level in a defined period. The value-at-risk for a total portfolio represents a measure of diversified market risk (aggregated using pre-determined correlations) in that portfolio.

3.3.4 Stress Testing

The Bank performs the stress test on pillar 1 capital as required and specified by BNM.

The Bank's Stress Tests are reported in the Risk and Capital Profile ("RCP") report as well as in the separate semiannual stress test submissions to BNM and regularly discussed by the MANCO and ALCO. The MANCO ensures that stress testing framework and scenarios used reflect all relevant material risks as well as local regulatory requirements. The local Management Board is informed about the stress testing framework and results regularly. It also assesses the viability of the Bank's capital planning based on the stress test results.

The MANCO is responsible to initiate and properly document remedial measures and mitigating actions (including explanations that justify the credibility and feasibility of those actions) based on the stress test results under consideration of the risk appetite, if deemed appropriate or necessary.

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3 Risk Management (continued)

3.3 Risk Management Tools (continued)

3.3.4 Stress Testing (continued)

The Bank subjects all risk types covered under its Economic Capital (“EC”) concept (Pillar 2 risks), as well as liquidity risk, to regular stress tests. At DB Group level, the Stress Testing Council is responsible for approving scenario definitions and stress results.

Credit risk stress testing

Credit risk stress tests of economic capital and also local regulatory capital demand are based on Group Credit Risk Stress Test (“GCST”) methodology (Global Downturn or another macroeconomic stress scenario). The results are provided on a quarterly basis.

The Bank applies several rating migration matrices (based on Global Downturn scenario and macroeconomic stress scenarios), depending on the type of borrower, as provided by DB Group to stress test its Credit Risk Weighted Asset (“RWA”). The rating migration matrices are an output from the GCST which is the macroeconomic downturn applied on the Bank’s credit portfolio using the internal EC model to calculate rating downgrade impact. By applying regulatory risk weights to the exposure of the derived portfolio, stressed RWA are calculated.

Liquidity risk stress testing

The Bank is fully integrated into DB Group’s Liquidity Risk Management Framework, and as such performs local liquidity stress tests on a regular basis. The local stress test framework is derived from DB Group’s global stress testing framework. Local stress test results are computed based on the standards described in the Group Liquidity Stress Testing Methodology. Stress parameters are adjusted to cover local market and product specifications when required and are discussed at the relevant governance forum and subject to the model validation process carried out by an independent risk function, i.e. Liquidity Risk Management (“LRM”). Liquidity Stress Test results are measured against the pre-defined risk thresholds and monitored by LRM on a daily basis, discussed regularly in the local ALCO, and brought to the attention of the MANCO and the local Management Board.

Market risk stress testing

Stress testing is a key market risk management technique, which evaluates the potential effects of extreme market events and movements on individual risk factors. It is one of the core quantitative tools used to assess the market risk of the Bank’s positions. Stress testing is complementary to statistical model approaches such as Value at Risk (“VaR”). Market & Valuation Risk Management (“MVRM”) performs several types of stress tests to capture a variety of risks: individual business-level stress tests, MVRM portfolio stress testing (e.g. Portfolio Stress Testing (“PST”), Event Risk Scenario (“ERS”), and Group-wide stress testing.

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3 Risk Management (continued)

3.3 Risk Management Tools (continued)

3.3.4 Stress Testing (continued)

Operational risk stress testing

The Operational Risk Group-wide Stress Testing (OR GWST) model is embedded in the general GWST framework, and as such Operational Risk stress tests are performed on a regular basis. The operational risk stress test framework is derived from DB's global stress testing framework, but adjusted to cover local market peculiarities.

Group Operational Risk Management translates the Group operational risk stress impact into the Bank operational risk factors for EC and Regulatory Capital ("RC") respectively. The assuming an increased OR loss profile for the stress period and triggered by the stress scenario and subsequently translated into a P&L and capital impact via adjustment to AMA model inputs and parameters. This approach translates defined stress scenarios into stress impact on legal entity level.

3.4 Risk Reporting and Measurement Systems

DB Group has centralised risk data warehouses and systems supporting regulatory reporting and external disclosures, as well as internal management reporting for credit, market, operational and liquidity risk. DB Group's risk infrastructure incorporates the relevant legal entities and business divisions and provides the basis for reporting on risk positions, capital adequacy and limit, threshold, or target utilisation to the relevant functions on a regular and ad-hoc basis. Established units within DB Group Finance and Risk assume responsibility for measurement, analysis and reporting of risk while ensuring sufficient quality and integrity of risk related data.

The main reports on risk and capital management that are used to provide the central governance bodies with information relating to DB Group risk exposures are the following:

- DB Group's RCP which is presented quarterly to the DB Group Management Board. It comprises an overview of the current risk, capital and liquidity situation of the DB Group incorporating information on regulatory capital and economic capital adequacy.
- Stress tests are performed semi-annually and reported to the DB Group Management Board. These are supplemented, as required, by ad-hoc stress tests.

Local RCP reports are also prepared on a quarterly basis and presented to the local Management Board.

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3 Risk Management (continued)

3.5 Capital Management

The Bank's capital management is fully integrated with DB Group's capital management. DB Group's Treasury function manages the DB Group's capital at group level and locally in each region. Treasury implements the DB Group's capital strategy, which itself is developed by the DB Group Capital and Risk Committee and approved by the DB Group Management Board. DB Group is committed to maintain its sound capitalisation. Overall capital demand and supply are constantly monitored and adjusted, if necessary, to meet the need for capital from various perspectives. The Bank's strategic plan, announced on 29 October 2015, includes key financial targets and their glide path until 2020.

The allocation of capital, determination of the DB Group's funding plan and other resource issues are presented to and approved by the DB Group Capital and Risk Committee.

DB Group conducts an annual planning process to determine the DB Group's future strategic direction, decide on key initiatives and allocate resources to the businesses. DB Group's plan comprises profit and loss, capital supply and capital demand, other resources, such as headcount, and business-specific key performance indicators. Based upon a range of economic scenarios, the business areas discuss their strategic development with the required risk management functions in order to align their revenue potential with DB Group's risk appetite / resources. The approved planned risk-weighted assets and capital deduction items form the basis for quarterly capital demand limits by business area. The risk and performance plans feed into DB Group's Treasury capital and liquidity planning. Depending on the development of risk-weighted assets and capital deduction items, DB Group's Treasury regularly updates contingency measures in light of DB Group's Tier 1 capital ratio target.

Regional capital plans covering the capital needs of the DB Group's branches and subsidiaries are prepared on an annual basis and presented to the DB Group Investment Committee. Local ALCO attend to the needs of legal and regulatory capital requirements under the stewardship of regional Treasury teams. Furthermore, ALCO safeguard compliance with requirements such as restrictions on dividends allocable for remittance to DB Group or on the ability of DB Group's subsidiaries to make loans or advances to the parent bank. In developing, implementing and testing the DB Group's capital and liquidity, the DB Group takes such legal and regulatory requirements into account.

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4 Credit Risk

Credit risk arises from all transactions where actual, contingent or potential claims against any counterparty, borrower or obligor (which refer to collectively as “counterparties”) exist, including those claims that the Bank plans to distribute.

Credit Risk contains five material categories in DB Group’s Risk Taxonomy:

- **Default / Migration Risk** is the risk that a counterparty defaults on its payment obligations or experiences material credit quality deterioration increasing the likelihood of a default.
- **Country Risk** is the risk that otherwise solvent and willing counterparties are unable to meet their obligations due to direct sovereign intervention or policies. Country Risk shall mean the risk that the Bank may suffer a loss due to possible deterioration of economic conditions, political and social upheaval, nationalisation and expropriation of assets, government repudiation of external indebtedness, exchange controls or currency depreciation or devaluation in any given country.
- **Transactional / Settlement Risk (Exposure Risk)** is the risk that arises from any existing contingent or potential future positive exposure.
- **Mitigation Risk** is the risk of higher losses due to risk mitigation measures not performing as anticipated.
- **Concentration Risk** is the risk of an adverse development in a specific single counterparty, country, industry or product leading to a disproportionate deterioration in the risk profile of DB Group’s credit exposures to that counterparty, country, industry or product.

The Bank manages credit risk on the basis of policies and guidelines set by Group Credit Risk Management (“CRM”), an independent risk management function organised in alignment with the divisions of the Bank.

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4 Credit Risk (continued)

The Bank's CRM is based on the following principles:

- Credit risk is only accepted for adopted clients, after proper due diligence involving the business as 1st LoD, for explicitly approved businesses, products and locations, if a rating has been assigned in line with agreed and approved processes, and if plans for an orderly termination of the risk positions have been considered.
- Collateral or other risk mitigating instruments which can be an alternative source of repayment do not substitute for high quality underwriting standards and a thorough assessment of the debt service ability of the counterparty has to be performed during the credit process.
- DB Group has a conservative approach to outright cash risk and longer tenor exposures and strives to adequately secure, guarantee and / or hedge this risk. Exceptions are lower risk short-term transactions and facilities supporting specific trade finance requests as well as low risk businesses where the margin allows for adequate loss coverage.
- New business initiatives, products and changes to existing products have to be assessed within DB Group's New Product Approval ("NPA") framework.
- CRM maintains a comprehensive framework of Policies and Procedures that implement these Principles by providing additional specifications and guidance and by describing the various processes in detail. All documents have an owner, are regularly, at least annually, reviewed and are available from the DB Policy Portal.

In this context, DB Group's aims:

- to avoid large directional credit risk on a counterparty and portfolio level by applying stringent underwriting standards combined with an active hedging and distribution model and collateralisation of the hold portfolio where feasible.
- to secure the derivative portfolio through adequate collateral agreements and may additionally hedge concentration risks to further mitigate credit risks from underlying market movements.
- to ensure a diversified and marketable credit portfolio to prevent undue concentrations and to minimise earnings volatility and long-tail risks, effectively protecting the Bank's capital in all market conditions.

CRM is organised globally and carries out risk identification, assessment, management, monitoring and reporting of credit risks. The CRM department is independent from business. Accordingly, the Bank adopts the credit policies of DB Group and the Head of Risk is responsible for ensuring that local procedures are compliant with DB Group principles.

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4 Credit Risk (continued)

4.1 Credit Risk Measurement

To determine the risk weighted assets for regulatory capital requirement purposes, the Bank measures credit risk using the standardised approach in line with BNM regulations. The standardised approach measures credit risk either pursuant to fixed risk weights, which are predefined by the regulator, or through the application of external ratings. In order to calculate the regulatory capital requirements under the standardised approach, the Bank uses eligible external ratings from Standard & Poor's Rating Services, Moody's Investors Service, Fitch Ratings, Rating and Investment Information, Inc., RAM Rating Services Berhad, and Malaysian Rating Corporation Berhad.

For Pillar 2 capital, the Bank adopts the credit risk economic capital concept from DB Group which measures the amount of capital needed to absorb very severe, unexpected losses arising from exposures over the period of one year. Further information on the DB Group credit risk EC quantification can be found in the DB Group's annual Pillar 3 report under section "Credit Risk Economic Capital Model".

4.2 Impairment of Financial Assets

MFRS 9 impairment model applies to all debt instruments that are measured at amortised cost or fair value through other comprehensive income, and to off-balance sheet credit exposures such as loan commitments and financial guarantees (hereafter collectively referred to as "Financial Assets").

Under MFRS 9, when determining whether the credit risk (i.e., risk of default) of a Financial Asset has increased significantly since initial recognition, the Bank considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes quantitative and qualitative information based on historical experience, credit risk assessment and forward-looking information (including macro-economic factors). The assessment of significant credit deterioration is key in determining when to move from measuring an allowance based on 12-month expected credit losses ("ECL") to one that is based on lifetime ECLs.

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4 Credit Risk (continued)

4.2 Impairment of Financial Assets (continued)

MFRS 9 introduces a three-stage approach to impairment for Financial Assets at the date of origination or purchase. This approach is summarised as follows:

- Stage 1: The Bank recognises a loss allowance at an amount equal to 12-month ECL. This represents the portion of lifetime ECL from default events that are expected within 12 months of the reporting date, assuming that credit risk has not increased significantly after initial recognition.
- Stage 2: The Bank recognises a loss allowance at an amount equal to lifetime ECL for those Financial Assets which are considered to have experienced a significant increase in credit risk since initial recognition. This requires the computation of ECL based on lifetime probability of default (“LTPD”) that represents the probability of default occurring over the remaining lifetime of the Financial Asset. Allowance for credit losses are higher in this stage because of an increase in credit risk and the impact of a longer time horizon being considered compared to 12 months in Stage 1.
- Stage 3: The Bank recognises a loss allowance at an amount equal to lifetime ECL, reflecting a Probability of Default (“PD”) of 100 %, via the recoverable cash flows for the asset, for those Financial Assets that are credit-impaired. The Bank’s definition of default is aligned with the regulatory definition.

4.3 Credit-impaired Financial Assets

The determination of whether a Financial Asset is credit-impaired focusses exclusively on default risk, without taking into consideration the effects of credit risk mitigants such as collateral or guarantees. Specifically, a Financial Asset is credit-impaired and in Stage 3 when:

- The Bank considers the obligor is unlikely to pay its credit obligations to the Bank. Determination may include forbearance actions, where a concession has been granted to the borrower or economic or legal reasons that are qualitative indicators of credit impairment; or
- Contractual payments of either principal or interest by the obligor are past due by more than 90 days.

For Financial Assets considered to be credit-impaired, the ECL allowance covers the amount of loss the Bank is expected to suffer. Forecasts of future economic conditions when calculating ECLs are considered. The lifetime expected losses are estimated based on the probability-weighted present value of the difference between 1) the contractual cash flows that are due to the Bank under the contract; and 2) the cash flows that the Bank expects to receive.

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4 Credit Risk (continued)

4.4 Geographic distribution of credit exposures, broken down in significant areas by major types of gross credit exposures

Credit Exposure Group and Bank	31.12.2025						
	America RM'000	Europe RM'000	India RM'000	Malaysia RM'000	Singapore RM'000	Others RM'000	Total RM'000
Sovereigns/Central Banks	-	-	-	4,051,149	-	-	4,051,149
Public Sector Entities	-	-	-	116,254	-	-	116,254
Banks, DFIs & MDBs	106,114	633,860	12,239	1,746,149	467,712	106,173	3,072,247
Insurance Companies, Securities Firms and Fund Managers	-	-	-	42,389	-	-	42,389
Corporates	-	9,801	-	3,203,472	1,837	-	3,215,110
Regulatory Retails	-	-	-	-	-	-	-
Residential Mortgages	-	-	-	645	-	-	645
Other Assets	-	-	-	125,849	-	-	125,849
Equity Exposure	-	-	-	15,113	-	-	15,113
Defaulted Exposures	-	-	-	878	-	-	878
Grand Total	106,114	643,661	12,239	9,301,898	469,549	106,173	10,639,634

Credit Exposure Group and Bank	31.12.2024						
	America RM'000	Europe RM'000	India RM'000	Malaysia RM'000	Singapore RM'000	Others RM'000	Total RM'000
Sovereigns/Central Banks	-	-	-	4,341,932	-	-	4,341,932
Public Sector Entities	-	-	-	164,637	-	-	164,637
Banks, DFIs & MDBs	103,296	319,511	13,051	2,464,783	167,601	39,072	3,107,314
Insurance Companies, Securities Firms and Fund Managers	-	-	-	31,081	-	-	31,081
Corporates	-	4,844	-	3,405,970	56,432	-	3,467,246
Regulatory Retails	-	-	-	-	-	-	-
Residential Mortgages	-	-	-	1,068	-	-	1,068
Other Assets	-	-	-	177,055	-	-	177,055
Equity Exposure	-	-	-	16,125	-	-	16,125
Defaulted Exposures	-	-	-	900	-	-	900
Grand Total	103,296	324,355	13,051	10,603,551	224,033	39,072	11,307,358

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4 Credit Risk (continued)

4.5 Distribution of exposures by sector, broken down by major types of gross credit exposures (continued)

Credit Exposure	31.12.2025											Total	
	Construction	Education, Health & Others	Electricity, Gas & Water Supply	Finance, Insurance, Real Estate & Business Activities	Household	Manufacturing	Mining & Quarrying	Others	Primary Agriculture	Transport, Storage & Communication	Wholesale & Retail Trade & Restaurants & Hotels		
Group and Bank	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
Sovereigns/Central Banks	-	-	-	4,051,149	-	-	-	-	-	-	-	-	4,051,149
Public Sector Entities	-	-	-	116,254	-	-	-	-	-	-	-	-	116,254
Banks, DFIs & MDBs	-	-	-	3,072,247	-	-	-	-	-	-	-	-	3,072,247
Insurance Companies, Securities Firms and Fund Managers	-	-	-	42,389	-	-	-	-	-	-	-	-	42,389
Corporates	110,788	-	21,609	819,687	-	1,047,319	52,116	207,472	103,694	221,783	630,642	-	3,215,110
Regulatory Retail	-	-	-	-	-	-	-	-	-	-	-	-	-
Residential Mortgages	-	-	-	-	645	-	-	-	-	-	-	-	645
Other Assets	-	-	-	125,849	-	-	-	-	-	-	-	-	125,849
Equity Exposure	-	-	-	15,113	-	-	-	-	-	-	-	-	15,113
Defaulted Exposures	-	-	-	-	878	-	-	-	-	-	-	-	878
Grand Total	110,788	-	21,609	8,242,688	1,523	1,047,319	52,116	207,472	103,694	221,783	630,642	-	10,639,634

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4 Credit Risk (continued)

4.5 Distribution of exposures by sector, broken down by major types of gross credit exposures (continued)

Credit Exposure	31.12.2024											Total	
	Construction	Education, Health & Others	Electricity, Gas & Water Supply	Finance, Insurance, Real Estate & Business Activities	Household	Manufacturing	Mining & Quarrying	Others	Primary Agriculture	Transport, Storage & Communication	Wholesale & Retail Trade & Restaurants & Hotels		
Group and Bank	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
Sovereigns/Central Banks	-	-	-	4,341,932	-	-	-	-	-	-	-	-	4,341,932
Public Sector Entities	-	-	-	164,637	-	-	-	-	-	-	-	-	164,637
Banks, DFIs & MDBs	-	-	-	3,107,314	-	-	-	-	-	-	-	-	3,107,314
Insurance Companies, Securities Firms and Fund Managers	-	-	-	31,081	-	-	-	-	-	-	-	-	31,081
Corporates	135,477	-	42,734	859,177	-	1,048,975	26,940	320,777	42,535	252,137	738,494	-	3,467,246
Regulatory Retail	-	-	-	-	-	-	-	-	-	-	-	-	-
Residential Mortgages	-	-	-	-	1,068	-	-	-	-	-	-	-	1,068
Other Assets	-	-	-	177,055	-	-	-	-	-	-	-	-	177,055
Equity Exposure	-	-	-	16,125	-	-	-	-	-	-	-	-	16,125
Defaulted Exposures	-	-	-	-	900	-	-	-	-	-	-	-	900
Grand Total	135,477	-	42,734	8,697,321	1,968	1,048,975	26,940	320,777	42,535	252,137	738,494	-	11,307,358

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4 Credit Risk (continued)

4.6 Residual contractual maturity breakdown by major types of gross credit exposures

Credit Exposure Group and Bank	31.12.2025			Total RM'000
	Maturity			
	Up to 1year RM'000	1-5 year RM'000	> 5 years RM'000	
Sovereigns/Central Banks	4,051,149	-	-	4,051,149
Public Sector Entities	115,454	800	-	116,254
Banks, DFIs & MDBs	2,214,105	713,550	144,592	3,072,247
Insurance Cos, Securities Firms & Fund Managers	37,111	5,278	-	42,389
Corporates	2,438,013	744,127	32,970	3,215,110
Regulatory Retail	-	-	-	-
Residential Mortgages	33	373	239	645
Other Assets	125,849	-	-	125,849
Equity Exposure	15,113	-	-	15,113
Defaulted Exposures	410	282	186	878
Grand Total	8,997,237	1,464,410	177,987	10,639,634

Credit Exposure Group and Bank	31.12.2024			Total RM'000
	Maturity			
	Up to 1year RM'000	1-5 year RM'000	> 5 years RM'000	
Sovereigns/Central Banks	4,341,932	-	-	4,341,932
Public Sector Entities	164,637	-	-	164,637
Banks, DFIs & MDBs	2,171,210	720,740	215,364	3,107,314
Insurance Cos, Securities Firms & Fund Managers	30,317	764	-	31,081
Corporates	2,934,746	532,500	-	3,467,246
Regulatory Retail	-	-	-	-
Residential Mortgages	27	694	347	1,068
Other Assets	177,055	-	-	177,055
Equity Exposure	16,125	-	-	16,125
Defaulted Exposures	282	405	213	900
Grand Total	9,836,331	1,255,103	215,924	11,307,358

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4 Credit Risk (continued)**4.7 Credit-impaired Loans**

Stage 3 Lifetime ECL credit-impaired loans, advances and financing analysed by economic purpose which are wholly incurred in Malaysia are as follows:

	Group and Bank	
	31.12.2025	31.12.2024
	RM'000	RM'000
Household (Malaysia)	1,351	1,576

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4 Credit Risk (continued)**4.8 Reconciliation of Loans Impairment Provisions**

Movements in loss allowance which reflect the Expected Credit Loss (“ECL”) model on impairment are as follows:

Group and Bank	2025				2024			
	12-month ECL RM'000	Lifetime ECL not credit-impaired RM'000	Lifetime ECL credit-impaired RM'000	Total RM'000	12-month ECL RM'000	Lifetime ECL not credit-impaired RM'000	Lifetime ECL credit-impaired RM'000	Total RM'000
Loans, advances and financing at amortised cost*								
Balance at 1 January	1,018	1,542	733	3,293	1,822	192	1,194	3,208
Transfer to 12-month ECL	43	(21)	(22)	-	103	(25)	(78)	-
Transfer to lifetime ECL not credit-impaired	(2)	2	-	-	(2)	2	-	-
Transfer to lifetime ECL credit-impaired	(24)	-	24	-	(74)	-	74	-
Net remeasurement of loss allowance	(65)	3	(227)	(289)	(378)	(3)	(457)	(838)
New financial assets originated or purchased	181	421	-	602	254	1,535	-	1,789
Financial assets that have been derecognised	(443)	(1,513)	-	(1,956)	(707)	(159)	-	(866)
Balance at 31 December	708	434	508	1,650	1,018	1,542	733	3,293

* The loss allowance in this table includes ECL on loan commitments and financial guarantees of RM1,509,000 (2024: RM1,086,000) as at the reporting date.

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4 Credit Risk (continued)

4.9 Standardised Approach to Credit Risk

Under the standardised approach for credit risk, the determination of capital requirements is based on an approach that links predefined risk weights by BNM to predefined asset class to which the credit exposure is assigned across sovereigns, central banks, public sector entities, banks, corporates, residential mortgages, regulatory retail portfolios, non-performing loans, high risk exposures and other assets. These credit exposures are risk-weighted based on recognised external credit ratings.

For Sovereigns, Corporates and Banking Institutions, external ratings are used to assign risk weights. These external ratings must come from BNM approved rating agencies, known as External Credit Assessment Institutions (“ECAI”); namely

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

The Bank uses ratings from these agencies as part of its day-to-day business. External ratings for the counterparty are determined as soon as a relationship is established and these ratings are tracked and kept updated. Assessments provided by approved ECAI are mapped to credit quality steps as prescribed by BNM. Where a counterparty or exposure is rated by more than one ECAI, the second highest rating is used to determine the risk weight.

The following is a summary of the rules governing the assignment of risk weights under the Standardised Approach. Each exposure must be assigned to one of the five credit quality rating categories defined in the table below. For counterparty exposure class of Banking Institutions, those with original maturity of below three months and denominated in RM are all risk-weighted at 20% regardless of credit rating.

Sovereigns and Central Banks

Rating Category	Standard & Poor’s Rating Services (S&P)	Moody’s Investors Service (Moody’s)	Fitch Ratings (Fitch)	Rating and Investment Information, Inc. (R&I)	Risk weight
1	AAA to AA-	Aaa to Aa3	AAA to AA-	AAA to AA-	0%
2	A+ to A-	A1 to A3	A+ to A-	A+ to A-	20%
3	BBB+ to BBB-	Baa1 to Baa3	BBB+ to BBB-	BBB+ to BBB-	50%
4	BB+ to B-	Ba1 to B3	BB+ to B-	BB+ to B-	100%
5	CCC+ to D	Caa1 to C	CCC+ to D	CCC+ to C	150%
Unrated					100%

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4 Credit Risk (continued)

4.9 Standardised Approach to Credit Risk (continued)

Corporates

Rating Category	S&P	Moody's	Fitch	R&I	RAM Rating Services Berhad (RAM)	Malaysian Rating Corporation Berhad (MARC)	Risk weight
1	AAA to AA-	Aaa to Aa3	AAA to AA-	AAA to AA-	AAA to AA3	AAA to AA-	20%
2	A+ to A-	A1 to A3	A+ to A-	A+ to A-	A1 to A3	A+ to A-	50%
3	BBB+ to BB-	Baa1 to Ba3	BBB+ to BB-	BBB+ to BB-	BBB1 to BB3	BBB+ to BB-	100%
4	B+ to D	B1 to C	B+ to D	B+ to D	B1 to D	B+ to D	150%
Unrated							100%

Banking Institution

Rating Category	S&P	Moody's	Fitch	R&I	RAM	MARC	Risk weight	Risk weight (original maturity of 6 months or less)	Risk weight (original maturity of 3 months or less)
1	AAA to AA-	Aaa to Aa3	AAA to AA-	AAA to AA-	AAA to AA3	AAA to AA-	20%	20%	20%
2	A+ to A-	A1 to A3	A+ to A-	A+ to A-	A1 to A3	A+ to A-	50%	20%	
3	BBB+ to BBB-	Baa1 to Baa3	BBB+ to BBB-	BBB+ to BBB-	BBB1 to BBB3	BBB+ to BBB-	50%	20%	
4	BB+ to B-	Ba1 to B3	BB+ to B-	BB+ to B-	BB1 to B3	BB+ to B-	100%	50%	
5	CCC+ to D	Caa1 to C	CCC+ to D	CCC+ to C	C1 to D	C+ to D	150%	150%	
Unrated							50%	20%	

Rated and Unrated Counterparties

		31.12.2025						
		Ratings of Sovereigns and Central Banks by Approved ECAIs						
Credit exposure	Moody's	Aaa to Aa3	A1 to A3	Baa1 to Baa3	B1 to B3	Caa1 to C	Unrated	
	S&P	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to D	Unrated	
	Fitch	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to D	Unrated	
	R&I	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to C	Unrated	
Group and Bank		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
<u>On and Off Balance-Sheet Exposures</u>								
Sovereigns/Central Banks			-	4,051,149	-	-	-	
Total		4,051,149	-	4,051,149	-	-	-	

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4 Credit Risk (continued)

4.9 Standardised Approach to Credit Risk (continued)

Rated and Unrated Counterparties (continued)

	31.12.2025						
	Ratings of Banking Institutions by Approved ECAIs						
	Moodys	Aaa to Aa3	A1 to A3	Baa1 to Baa3	B1 to B3	Caa1 to C	Unrated
Credit exposure	S&P	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to D	Unrated
	Fitch	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to D	Unrated
	R&I	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to C	Unrated
	RAM	AAA to AA3	A1 to A3	BBB1 to BBB3	BB1 to B3	C1 to D	Unrated
	MARC	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	C+ to D	Unrated
Group and Bank	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<u>On and Off Balance-Sheet Exposures</u>							
Banks, Development Financial Institutions & MDBs		844,036	2,047,681	13,819	3,972	-	162,739
Total	3,072,247	844,036	2,047,681	13,819	3,972	-	162,739

	31.12.2025					
	Ratings Others by Approved ECAIs					
	Moodys	Aaa to Aa3	A1 to A3	Baa1 to Ba3	B1 to C	Unrated
Credit exposure	S&P	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D	Unrated
	Fitch	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D	Unrated
	R&I	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D	Unrated
	RAM	AAA to AA3	A to A3	BBB1 to BB3	B to D	Unrated
	MARC	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D	Unrated
Group and Bank	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<u>On and Off Balance-Sheet Exposures</u>						
<u>Credit Exposures (using Corporate Risk Weights)</u>						
Public Sector Entities		-	-	-	-	116,254
Insurance Cos, Securities Firms & Fund Managers		-	91	-	-	42,298
Corporates		8,915	660	89,843	-	3,115,692
Regulatory Retail		-	-	-	-	-
Residential Mortgages		-	-	-	-	645
Other Assets		-	-	-	-	125,849
Equity Exposure		4,351	10,739	-	-	23
Defaulted Exposure		-	-	-	-	878
Total	3,516,238	13,266	11,490	89,843	-	3,401,639

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4 Credit Risk (continued)

4.9 Standardised Approach to Credit Risk (continued)

Rated and Unrated Counterparties (continued)

	31.12.2024						
	Ratings of Sovereigns and Central Banks by Approved ECAIs						
	Moodys	Aaa to Aa3	A1 to A3	Baa1 to Baa3	B1 to B3	Caa1 to C	Unrated
Credit exposure	S&P	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to D	Unrated
	Fitch	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to D	Unrated
	R&I	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to C	Unrated
Group and Bank	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<u>On and Off Balance-Sheet Exposures</u>							
Sovereigns/Central Banks		-	4,341,932	-	-	-	-
Total	4,341,932	-	4,341,932	-	-	-	-

	31.12.2024						
	Ratings of Banking Institutions by Approved ECAIs						
	Moodys	Aaa to Aa3	A1 to A3	Baa1 to Baa3	B1 to B3	Caa1 to C	Unrated
Credit exposure	S&P	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to D	Unrated
	Fitch	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to D	Unrated
	R&I	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to C	Unrated
	RAM	AAA to AA3	A1 to A3	BBB1 to BBB3	BB1 to B3	C1 to D	Unrated
	MARC	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	C+ to D	Unrated
Group and Bank	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<u>On and Off Balance-Sheet Exposures</u>							
Banks, Development Financial Institutions & MDBs		837,381	1,519,701	417,080	2,119	-	331,033
Total	3,107,314	837,381	1,519,701	417,080	2,119	-	331,033

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4 Credit Risk (continued)

4.9 Standardised Approach to Credit Risk (continued)

Rated and Unrated Counterparties (continued)

Credit exposure	31.12.2024					
	Ratings Others by Approved ECAIs					
	Moody's S&P Fitch R&I RAM MARC Group and Bank	Aaa to Aa3 AAA to AA- AAA to AA- AAA to AA- AAA to AA3 AAA to AA-	A1 to A3 A+ to A- A+ to A- A+ to A- A to A3 A+ to A-	Baa1 to Ba3 BBB+ to BB- BBB+ to BB- BBB+ to BB- BBB1 to BB3 BBB+ to BB-	B1 to C B+ to D B+ to D B+ to D B to D B+ to D	Unrated Unrated Unrated Unrated Unrated Unrated
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
On and Off Balance-Sheet Exposures Credit Exposures (using Corporate Risk Weights)						
Public Sector Entities		-	-	-	-	164,637
Insurance Cos, Securities Firms & Fund Managers		-	91	-	-	30,990
Corporates		96,644	1,790	55,112	-	3,313,700
Regulatory Retail		-	-	-	-	-
Residential Mortgages		-	-	-	-	1,068
Other Assets		-	-	-	-	177,055
Equity Exposure		4,351	11,751	-	-	23
Defaulted Exposure		-	-	-	-	900
Total	3,858,112	100,995	13,632	55,112	-	3,688,373

The Bank has opted for the comprehensive approach for credit risk mitigation which takes into account the scaling factor when applying the standard haircut.

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4 Credit Risk (continued)

4.9 Standardised Approach to Credit Risk (continued)

The following table shows the DBMB Group's exposure values in the standardised approach by risk weight. The information is shown after credit risk mitigation obtained in the form of eligible financial collateral, guarantees and credit derivatives.

Risk Weights under the Standardised Approach

Risk Weights	31.12.2025												Total Exposures after Netting and Credit Risk Mitigation	Total Risk Weighted Assets
	Exposures after Netting & Credit Risk Mitigation													
	Sovereigns and Central Banks	Public Sector Entities	Banks, DFIs and MDBs	Insurance Companies, Securities Firms and Fund Managers	Corporates	Regulatory Retail	Residential Mortgages	Higher Risk Assets	Other Assets	Specialised Financing / Investment	Securitisation	Equity Exposures		
Group and Bank	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
0%	3,764,105	-	-	-	-	-	-	889	-	-	-	-	3,764,994	-
20%	-	116,254	1,439,426	-	18,916	-	-	-	-	-	-	-	1,574,596	314,919
35%	-	-	-	-	-	-	645	-	-	-	-	-	645	226
50%	-	-	1,010,035	90	660	-	252	-	-	-	-	-	1,011,037	505,518
75%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
100%	-	-	11,920	42,299	3,195,534	-	626	-	124,960	-	-	15,093	3,390,432	3,390,432
1250%	-	-	-	-	-	-	-	-	-	-	-	20	20	250
Total Exposures	3,764,105	116,254	2,461,381	42,389	3,215,110	-	1,523	-	125,849	-	-	15,113	9,741,724	4,211,345
Risk-Weighted Assets by Exposures	-	23,251	804,822	42,344	3,199,647	-	978	-	124,960	-	-	15,343	4,211,345	
Average Risk Weight	0.0%	20.0%	32.7%	99.9%	99.5%	0.0%	64.2%	0.0%	99.3%	0.0%	0.0%	101.5%	43.2%	
Deduction from Capital Base	-	-	-	-	-	-	-	-	-	-	-	-	-	-

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4 Credit Risk (continued)

4.9 Standardised Approach to Credit Risk (continued)

Risk Weights under the Standardised Approach (continued)

Risk Weights	31.12.2024													Total Exposures after Netting and Credit Risk Mitigation	Total Risk Weighted Assets
	Exposures after Netting & Credit Risk Mitigation														
	Sovereigns and Central Banks	Public Sector Entities	Banks, DFIs and MDBs	Insurance Companies, Securities Firms and Fund Managers	Corporates	Regulatory Retail	Residential Mortgages	Higher Risk Assets	Other Assets	Specialised Financing / Investment	Securitisation	Equity Exposures			
Group and Bank	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
0%	4,230,482	-	-	-	-	-	-	-	1,082	-	-	-	4,231,564	-	
20%	-	164,637	935,170	-	87,810	-	-	-	-	-	-	-	1,187,617	237,523	
35%	-	-	-	-	-	-	1,068	-	-	-	-	-	1,068	374	
50%	-	-	1,732,864	-	660	-	311	-	-	-	-	-	1,733,835	866,917	
75%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
100%	-	-	1,403	31,081	3,378,776	-	589	-	175,973	-	-	16,105	3,603,927	3,603,927	
1250%	-	-	-	-	-	-	-	-	-	-	-	20	20	250	
Total Exposures	4,230,482	164,637	2,669,437	31,081	3,467,246	-	1,968	-	177,055	-	-	16,125	10,758,031	4,708,991	
Risk-Weighted Assets by Exposures	-	32,927	1,054,869	31,081	3,396,668	-	1,118	-	175,973	-	-	16,355	4,708,991		
Average Risk Weight	0.0%	20.0%	39.5%	100.0%	98.0%	0.0%	56.8%	0.0%	99.4%	0.0%	0.0%	101.4%	43.8%		
Deduction from Capital Base	-	-	-	-	-	-	-	-	-	-	-	-	-	-	

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4 Credit Risk (continued)

4.10 Credit Risk Mitigation under Standardised Approach

Credit Risk Mitigation Techniques

In addition to determining counterparty credit quality and the risk appetite, the Bank also uses various credit risk mitigation techniques to optimise credit exposure and reduce potential credit losses. Credit risk mitigants are applied in the following forms:

- Comprehensive and enforceable credit documentation with adequate terms and conditions (including covenants where deemed adequate).
- Collateral in its various forms. Key principles for collateral management include assigning realistic collateral valuations, risk and regulatory capital reduction effectiveness and cost efficiency.
- Risk transfers shifting the probability of default risk of an obligor to a third party including hedging executed by Strategic Corporate Lending (“SCL”). Other de-risking tools such as securitisations etc. may also be employed.
- Netting and collateral arrangements which reduce the credit exposure from derivatives as well as repo- and repo-style transactions.

Collateral Held as Security

The Bank regularly agrees on collateral to be received from or to be provided to customers in contracts that are subject to credit risk. Collateral is security in the form of an asset or third-party obligation that serves to mitigate the inherent risk of credit loss in an exposure, by either substituting the borrower default risk or improving recoveries in the event of a default. While collateral can be an alternative source of repayment, it does not replace the necessity of high quality underwriting standards and a thorough assessment of the debt service ability of the counterparty.

The Bank segregates collateral received into the following two types:

- Financial and other collateral, which enables the Bank to recover all or part of the outstanding exposure by liquidating the collateral asset provided, in cases where the borrower is unable or unwilling to fulfill its primary obligations. Cash collateral, securities (equity, bonds), and collateral assignments of other claims or inventory, equipment (i.e., plant, machinery) and real estate typically fall into this category.
- Guarantee collateral, which complements the borrower’s ability to fulfill its obligation under the legal contract and as such is provided by third parties. Letters of credit, insurance contracts, export credit insurance, guarantees, credit derivatives and risk participations typically fall into this category.

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4 Credit Risk (continued)

4.10 Credit Risk Mitigation under Standardised Approach (continued)

Collateral Held as Security (continued)

Our processes seek to ensure that the collateral the Bank accepts for risk mitigation purposes is of high quality. This includes seeking to have in place legally effective and enforceable documentation for realisable and measurable collateral assets which are evaluated regularly by dedicated teams. The assessment of the suitability of collateral for a specific transaction is part of the credit decision and must be undertaken in a conservative way, including collateral haircuts that are applied. The Bank has collateral type specific haircuts in place which are regularly reviewed and approved. In this regard, the Bank strives to avoid “wrong-way” risk characteristics where the borrower’s counterparty risk is positively correlated with the risk of deterioration in the collateral value. For guarantee collateral, the process for the analysis of the guarantor’s creditworthiness is aligned to the credit assessment process for borrowers.

Risk Transfers

Risk transfers to third parties form a key part of the Bank’s overall risk management process and are executed in various forms, including outright sales, single name and portfolio hedging, and securitisations. Risk transfers are conducted by the respective business units.

Netting and Collateral Arrangements for Derivatives and Securities Financing Transactions

Netting is applicable to over-the-counter (“OTC”) derivative transactions. Netting is also applied to securities financing transactions as far as documentation, structure and nature of the risk mitigation allows netting with the underlying credit risk.

In order to reduce the credit risk resulting from OTC derivative transactions, where central counterparty clearing is not available, the Bank regularly seeks the execution of standard master agreements (such as master agreements for derivatives published by the International Swaps and Derivatives Association, Inc. (“ISDA”) with our counterparts. A master agreement allows for the close-out netting of rights and obligations arising under derivative transactions that have been entered into under such a master agreement upon the counterparty’s default, resulting in a single net claim owed by or to the counterparty. For parts of the derivatives business (i.e. foreign exchange transactions) the Bank also enter into master agreements under which payment netting applies in respect to transactions covered by such master agreements, reducing the settlement risk. In the risk measurement and risk assessment processes, the Bank applies close-out netting only to the extent that legal validity and enforceability of the master agreement in all relevant jurisdictions are satisfied.

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4 Credit Risk (continued)

4.10 Credit Risk Mitigation under Standardised Approach (continued)

Netting and Collateral Arrangements for Derivatives and Securities Financing Transactions (continued)

Also, the Bank enters into credit support annexes (“CSA”) to master agreements in order to further reduce derivatives-related credit risk. These annexes generally provide risk mitigation through periodic, usually daily margining of the covered exposure. The CSAs also provide for the right to terminate the related derivative transactions upon the counterparty’s failure to honor a margin call. As with netting, when the Bank believes the annex is enforceable, this is reflected in the exposure measurement.

Certain CSAs to master agreements provide for rating dependent triggers, where additional collateral must be pledged if a party’s rating is downgraded. The Bank also enters into master agreements that provide for an additional termination event upon a party’s rating downgrade. These downgrading provisions in CSAs and master agreements usually apply to both parties but may also apply to the Bank only. The Bank analyses and monitors potential contingent payment obligations resulting from a rating downgrade in the stress testing approach for liquidity risk on an ongoing basis.

Concentrations within Credit Risk Mitigation

Concentrations within credit risk mitigations taken may occur if a number of guarantors and credit derivative providers with similar economic characteristics are engaged in comparable activities with changes in economic or industry conditions affecting their ability to meet contractual obligations. The Bank uses a range of quantitative tools and metrics to monitor credit risk mitigating activities. These also include monitoring of potential concentrations within collateral types.

Guarantees and credit derivative contracts are primarily entered into with banks and insurance companies. The majority of these exposures carry a rating within the investment grade band.

Table below shows gross credit exposures by Basel II portfolio (Corporate, Sovereign and Bank) under the Standardised approach and the amount of risk exposure which is mitigated by BNM’s defined eligible collateral, guarantees or credit derivatives.

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4 Credit Risk (continued)

4.10 Credit Risk Mitigation under Standardised Approach (continued)

Credit Risk Mitigation

Exposure Class	31.12.2025			
	Exposures before CRM	Exposures Covered by Guarantees/Credit Derivatives	Exposures Covered by Eligible Financial Collateral	Exposures Covered by Other Eligible Collateral
Group and Bank	RM'000	RM'000	RM'000	RM'000
Credit Risk				
<i>On-Balance Sheet Exposures</i>				
Sovereigns/Central Banks	4,051,149	-	287,044	-
Public Sector Entities	-	-	-	-
Banks, Development Financial Institutions and Multilateral Development Banks	1,244,226	-	-	-
Insurance Companies, Securities Firms and Fund Managers	-	-	-	-
Corporates	1,509,623	829,091	-	-
Regulatory Retail	-	-	-	-
Residential Mortgages	645	-	-	-
Higher Risk Assets	-	-	-	-
Other Assets	125,849	-	-	-
Equity Exposure	15,113	-	-	-
Defaulted Exposures	878	-	-	-
Total On-Balance Sheet Exposures	6,947,483	829,091	287,044	-
<i>Off-Balance Sheet Exposures</i>				
OTC Derivatives	2,183,669	-	610,866	-
Credit Derivatives	-	-	-	-
Direct Credit Substitutes	-	-	-	-
Transaction related contingent Items	368,363	-	-	-
Short Term Self Liquidating trade related contingencies	2,172	-	-	-
Other commitments, such as formal standby facilities and credit lines	1,137,947	-	-	-
Defaulted Exposures	-	-	-	-
Total for Off-Balance Sheet Exposures	3,692,151	-	610,866	-
Total On and Off-Balance Sheet Exposures	10,639,634	829,091	897,910	-

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4 Credit Risk (continued)

4.10 Credit Risk Mitigation under Standardised Approach (continued)

Credit Risk Mitigation (continued)

Exposure Class	31.12.2024			
	Exposures before CRM	Exposures Covered by Guarantees/Credit Derivatives	Exposures Covered by Eligible Financial Collateral	Exposures Covered by Other Eligible Collateral
Group and Bank	RM'000	RM'000	RM'000	RM'000
Credit Risk				
<i>On-Balance Sheet Exposures</i>				
Sovereigns/Central Banks	4,299,709	-	111,450	-
Public Sector Entities	-	-	-	-
Banks, Development Financial Institutions and Multilateral Development Banks	1,289,712	-	-	-
Insurance Companies, Securities Firms and Fund Managers	-	-	-	-
Corporates	1,622,177	660,971	-	-
Regulatory Retail	-	-	-	-
Residential Mortgages	1,068	-	-	-
Higher Risk Assets	-	-	-	-
Other Assets	177,055	-	-	-
Equity Exposure	16,125	-	-	-
Defaulted Exposures	900	-	-	-
<i>Total On-Balance Sheet Exposures</i>	7,406,746	660,971	111,450	-
<i>Off-Balance Sheet Exposures</i>				
OTC Derivatives	2,277,764	-	437,877	-
Credit Derivatives	-	-	-	-
Direct Credit Substitutes	-	-	-	-
Transaction related contingent Items	412,298	-	-	-
Short Term Self Liquidating trade related contingencies	4,647	-	-	-
Other commitments, such as formal standby facilities and credit lines	1,205,903	-	-	-
Defaulted Exposures	-	-	-	-
<i>Total for Off-Balance Sheet Exposures</i>	3,900,612	-	437,877	-
<i>Total On and Off-Balance Sheet Exposures</i>	11,307,358	660,971	549,327	-

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4 Credit Risk (continued)

4.11 Off-Balance Sheet Exposures and Counterparty Credit Risk (“CCR”)

Credit Exposure

The Bank defines its credit exposure as all transactions where losses might occur due to the fact that counterparties may not fulfill their contractual payment obligations. Counterparty credit exposure arises from the Bank’s traditional non-trading lending activities which include elements such as loans and contingent liabilities. Counterparty credit exposure also arises via the Bank’s direct trading activity with clients in certain instruments which include OTC derivatives, FX forwards and Forward Rate Agreements. A default risk also arises from the Bank’s positions in traded credit products such as bonds. The Bank calculates the gross amount of the exposure without taking into account any collateral, other credit enhancement or credit risk mitigating transactions. The Bank shows details about several of its main credit exposure categories, namely loans, irrevocable lending commitments, contingent liabilities, OTC derivatives, tradable assets and repo style transactions following the MFRS-principles for consolidation.

Credit Exposure from Derivatives

Exchange-traded derivative transactions (e.g. futures and options) are regularly settled through a central counterparty, the rules and regulations of which provide for daily margining of all current and future credit risk positions emerging out of such transactions.

The credit risk arising from all financial derivatives is managed as part of the overall lending limits to banks and customers. Also, the Bank enters into CSA master agreements in order to further reduce the Bank’s derivatives-related credit risk. These CSA generally provide risk mitigation through periodic (usually daily) margining of the covered exposure. The CSA also provides for the right to terminate the related derivative transactions upon the counterparty’s failure to honor a margin call. As with netting, when the Bank believes the CSA is enforceable, the Bank reflects this in its exposure measurement.

Exposure value calculation

In respect of exposure value calculation for regulatory capital purposes, OTC traded products are calculated according to the CCR mark to market method. This is calculated as a sum of the current replacement cost and the potential future credit exposure. The current replacement cost is the MYR equivalent amount owed by the counterparty to the Bank for various financial derivative transactions. The potential future credit exposure is an add-on based on a percentage of the notional principal of each transaction. Such percentages are prescribed by BNM in the Basel II - RWCAF guidelines and vary according to the underlying asset class and tenor of each trade.

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4 Credit Risk (continued)

4.11 Off-Balance Sheet Exposures and Counterparty Credit Risk (“CCR”) (continued)

Credit Risk Limit Setting and Monitoring Credit Limits

Credit limits set forth the maximum credit exposures the Bank is willing to assume over specified periods. They relate to products, conditions of the exposure and other factors. Credit limits are established by the DB Group CRM function via the execution of assigned credit authorities. Credit authority reflects the mandate to approve new credit limits as well as increases or the extension of existing credit limits. Credit authority is generally assigned to individuals as personal credit authority according to the individual’s professional qualification and experience.

Ongoing active monitoring and management of credit risk positions is an integral part of the Bank’s credit risk management activities. Monitoring tasks are primarily performed by the divisional risk units in close cooperation with the Bank’s portfolio management function.

Credit counterparties are allocated to credit officers. The individual credit officers have the relevant expertise and experience to manage the credit risks associated with these counterparties and their associated credit related transactions. It is the responsibility of each credit officer to undertake ongoing credit monitoring for their allocated portfolio of counterparties. The Bank also has procedures in place intended to identify at an early stage credit exposures for which there may be an increased risk of loss. In instances where the Bank has identified counterparties where problems might arise, the respective exposure is generally placed on a watchlist. The Bank aims to identify counterparties that, on the basis of the application of the Bank’s risk management tools, demonstrate the likelihood of problems well in advance in order to effectively manage the credit exposure and maximise the recovery. The objective of this early warning system is to address potential problems while adequate options for action are still available. This early risk detection is a tenet of the Bank’s credit culture and is intended to ensure that greater attention is paid to such exposures.

Credit Ratings Downgrade

The Bank has no collateral arrangements under CSA which contains rating triggers as at the reporting date.

Credit Derivatives

The Bank has no credit derivatives transactions for its own credit portfolio except for its intermediation activities.

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4 Credit Risk (continued)

4.11 Off-Balance Sheet Exposures and Counterparty Credit Risk (“CCR”) (continued)

Off-Balance Sheet and Counterparty Credit Risk

Group and Bank	31.12.2025			
	Principal Amount RM'000	Positive Fair Value of Derivative Contracts RM'000	Credit Equivalent Amount RM'000	Risk Weighted Assets RM'000
Contingent liabilities				
Direct Credit Substitutes	-		-	-
Transaction related contingent Items	736,726		368,363	341,102
Short Term Self Liquidating trade related contingencies	10,858		2,172	1,148
Commitments				
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	745,002	-	372,501	372,456
Other commitments, such as formal standby facilities and credit lines, with an original maturity of up to one year	3,827,231	-	765,446	751,046
Derivative financial instruments				
Foreign exchange related contracts				
One year or less	17,430,948	105,739	388,318	270,906
Over one year to five years	501,346	6,099	33,678	33,678
Over five years	246,900	3,952	28,641	28,641
Interest/Profit rate related contracts				
One year or less	195,000	436	713	713
Over one year to five years	148,663	593	2,879	1,874
Over five years	-	-	-	-
OTC Derivative transactions and credit derivative contracts subject to valid bilateral netting agreements	136,141,455	951,186	1,729,440	401,098
Total	159,984,129	1,068,005	3,692,151	2,202,662

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4 Credit Risk (continued)

4.11 Off-Balance Sheet Exposures and Counterparty Credit Risk (“CCR”) (continued)

Off-Balance Sheet and Counterparty Credit Risk (Continued)

Group and Bank	31.12.2024			
	Principal Amount RM'000	Positive Fair Value of Derivative Contracts RM'000	Credit Equivalent Amount RM'000	Risk Weighted Assets RM'000
Contingent liabilities				
Direct Credit Substitutes	-		-	-
Transaction related contingent Items	824,595		412,298	349,843
Short Term Self Liquidating trade related contingencies	23,233		4,647	4,093
Commitments				
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	735,750	-	367,875	367,875
Other commitments, such as formal standby facilities and credit lines, with an original maturity of up to one year	4,190,141	-	838,028	838,028
Derivative financial instruments				
Foreign exchange related contracts				
One year or less	20,924,041	219,939	558,033	365,211
Over one year to five years	583,219	4,731	38,544	38,544
Over five years	-	-	-	-
Interest/Profit rate related contracts				
One year or less	60,000	55	190	190
Over one year to five years	323,663	749	5,472	4,976
Over five years	-	-	-	-
OTC Derivative transactions and credit derivative contracts subject to valid bilateral netting agreements	157,629,909	1,037,350	1,675,525	471,012
Total	185,294,551	1,262,824	3,900,612	2,439,772

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5 Market Risk

Market risk arises from the uncertainty concerning changes in market prices and rates (including interest rates, equity prices, foreign exchange rates and commodity prices), the correlations among them and their levels of volatility.

The primary objective of DB Group MVRM is to ensure that the DB Group's business units optimise the risk-reward relationship and do not expose it to unacceptable losses. To achieve this objective, DB Group MVRM works closely together with risk takers (the business units) and other control and support groups.

5.1 Market & Valuation Risk Management Framework

The DB Group's primary instrument to manage trading market risk is the limit setting process. The DB Group's MB, supported by DB Group MVRM, which is part of the DB Group's independent risk function, sets Group-wide value-at-risk, stress loss, and economic capital limits for market risk. DB Group MVRM sub-allocates this overall limit to the group divisions and individual business areas based on anticipated business plans and risk appetite. Within the individual business areas, the DB Group business heads may establish business limits by sub-allocating the DB Group MVRM limit down to individual portfolios or geographical regions. VaR limits (or thresholds, as the case may be) for the Bank are endorsed by the BRMC and the Bank's Board of Directors ("BOD").

In the Bank, the majority of the interest rate risk arising from non-trading asset and liability positions is transferred through internal hedges to Treasury division. Market risk in Treasury is managed through VaR for which a limit is in place.

5.2 Quantitative Risk Management Tools

Value-At-Risk ("VaR")

VaR is a quantitative measure of the potential loss (in value) of trading positions due to market movements that will not be exceeded in a defined period of time and with a defined confidence level.

The DB Group's value-at-risk for the trading businesses is based on its own internal value-at-risk model, which is calculated using a 99% confidence level and a holding period of one day. This means the DB Group estimates that there is a 1 in 100 chance that a mark-to-market loss from the DB Group's trading positions will be at least as large as the reported value-at-risk.

DB Group uses historical market data to estimate value-at-risk, with an equally weighted 261 trading day history. The calculation employs Historical Simulation technique which uses historically implied correlation: historical returns between risk factors are used directly during this 261 trading day period.

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5 Market Risk (continued)

5.2 Quantitative Risk Management Tools (continued)

Value-At-Risk (“VaR”) (continued)

DB Group’s value-at-risk model is designed to take into account the following risk factors: interest rates, credit spreads, equity prices, foreign exchange rates and commodity prices, as well as their implied volatilities and common basis risk. The model incorporates both linear and, especially for derivatives, non-linear effects of the risk factors on the portfolio value.

The value-at-risk measure enables the DB Group to apply a constant and uniform measure across all of DB Group’s trading businesses and products. It allows a comparison of risk in different businesses, and also provides a means of aggregating and netting positions within a portfolio to reflect correlations and offsets between different asset classes. Furthermore, it facilitates comparisons for the DB Group’s market risk both over time and against the daily trading results.

The DB Group continuously analyses potential weaknesses of the DB Group’s VaR model using statistical techniques such as back-testing, in addition to risk management experience and expert opinion. Back-testing provides an analysis of the predictive power of the value-at-risk calculations based on actual experience. The DB Group compares the hypothetical daily profits and losses under the buy-and-hold assumption with the estimates from the DB Group’s value-at-risk model.

The value-at-risk measures are used by the Bank for internal control purposes. The regulatory capital computation for market risk is based on the Standardised Approach prescribed by BNM.

Market Risk Stress Testing

Stress testing is a key risk management technique, which evaluates the potential effects of extreme market events and movements on individual risk factors. It is one of the core quantitative tools used to assess the market risk of DB Group’s positions and complements VaR and EC. MVRM at DB Group performs several types of stress testing to capture a variety of risks: Portfolio stress testing, Individual Business-Level stress tests, Event Risk Scenario, and also contributes to Group wide stress testing.

Portfolio Stress Testing measures the profit and loss impact of potential market events based on scenarios and different severities, which are either historical or hypothetical and defined at macro level. For individual business-level stress tests, Market Risk Managers identify relevant risk factors and develop stress scenarios relating either to macro-economic or business specific developments. Business-level stress test capture idiosyncratic and basis risks.

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5 Market Risk (continued)

5.2 Quantitative Risk Management Tools (continued)

Market Risk Stress Testing (continued)

Event Risk Scenario stress test measures the profit and loss impact of historically observed events or hypothetical situation on trading positions for specific emerging market countries and regions. The bank's trading book exposure to an individual country is stressed under a single scenario, which replicates market movements across that country in times of significant market crisis and reduced liquidity.

5.3 Standardised Approach to Market Risk Capital Charge

Under the standardised approach for market risk defined by BNM, the market risk capital charge is divided into interest / profit rate risk, equity risk, foreign exchange risk and commodities risk charges. The capital charges for interest / profit rate and equity are applied to the current market value of the interest / profit rate and equity related financial instruments or positions in the trading book. The capital charge for foreign exchange risk and commodities risk however are applied to all foreign currency and commodities positions. Some of the foreign exchange commodity positions will be reported and hence evaluated at market value, while some may be reported and evaluated at book value.

The Standardised market risk approach is based on a building block approach where standardised supervisory capital charge is applied separately to each risk category. Interest / profit rate sensitive instruments are normally affected by general risk charges in market interest / profit rate, known as general risk and charges in factors related to a specific issuer, in particular issuer's credit quality, which would affect the instrument, known as specific risk.

Interest / profit rate risk

The capital requirements for general risk are designed to capture the risk of loss arising from changes in market interest / profit rate. Positions are allocated across a maturity ladder template of time bands and the capital charge is then calculated as the sum of four components:

- The net short or long weighted position across the entire time bands;
- The smaller proportion of the matched positions in each time band to capture basis risk;
- The larger proportion of the matched positions across different time bands to capture yield curve risk; and
- A net charge or positions in options, where appropriate.

Foreign exchange risk

Under the standardised approach, single currency position and the risk inherent in a banking institution's mix of net long and short positions in different currencies need to be measured, and capital charge of 8% of the higher total net long or total net short foreign currency position will be applied.

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5 Market Risk (continued)

5.4 Risk Weighted Assets and Capital Requirements for Market Risk

Risk weighted assets and capital requirements for market risk

	31.12.2025	31.12.2024
Minimum Capital Requirement at 8%	Standardised Approach RM'000	Standardised Approach RM'000
Group and Bank		
Interest Rate Risk	113,170	114,517
Equity Position Risk	-	-
Foreign Exchange Risk	69,096	68,872
Commodity Risk	-	-
Options	16,765	2,936
Total Risk Weighted Assets for Market Risk	2,450,382	2,329,060

6 Operational Risk

Operational risk management framework

Deutsche Bank applies the European Banking Authority's Single Rulebook definition of operational risk: "Operational risk means the risk of losses stemming from inadequate or failed internal processes, people and systems or from external events. Operational risk includes legal risks, but excludes business and reputational risk and is embedded in all banking products and activities".

Deutsche Bank's operational risk appetite sets out the amount of operational risk it is willing to accept as a consequence of doing business. The Bank takes on operational risks consciously, both strategically as well as in day-to-day business. While the Bank may have no appetite for certain types of operational risk events (such as violations of laws or regulations and misconduct), in other cases a certain amount of operational risk must be accepted if the Bank is to achieve its business objectives. In case a residual risk is assessed to be outside risk appetite, risk reducing actions must be undertaken, including remediating the risks, insuring risks or ceasing business.

The Operational Risk Management Framework ("ORMF") is a set of interrelated tools and processes that are used to identify, assess, monitor and mitigate the Bank's operational risks. Its components have been designed to operate together to provide a comprehensive risk-based approach to managing the Bank's most material operational risks. Operational Risk Management Framework components include DB Group's approach to setting and adhering to operational risk appetite, the operational risk type and control taxonomies, the policies and procedures for operational risk management processes including the respective tools, and the Bank's operational risk capital model.

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6 Operational Risk (continued)

Operational risk type framework

Operational risk is a risk type on the Group's Risk Type Taxonomy. The Operational Risk Management Framework is a set of interrelated tools and processes that are used to identify, assess, measure, monitor and mitigate Deutsche Bank Group's operational risks according to regulatory and industry established definition of operational risk. It applies to the operational sub-risk types on a more granular level and enables the bank to aggregate and monitor its operational risk profile. These operational sub-risk types are controlled by various infrastructure functions and include the following:

- The Compliance department performs an independent 2nd line control function that protects the bank's license to operate by promoting and enforcing compliance with the law and driving a culture of compliance and ethical conduct in the bank; The Compliance department assists, reviews and challenges the business divisions and works with other infrastructure functions and regulators to establish and maintain a risk-based approach to the management of the bank's compliance risks in accordance with the bank's risk appetite and to help the bank detect, mitigate and prevent breaches of laws, rules and regulations as well as internal policies; The Compliance department performs the following principal activities: regulatory engagement and management in collaboration with Regulatory and Exam Management Group, identification and assessment of new and changed laws, rules and regulations; acting as trusted advisor through independent review and challenge; performing second line controls; the identification, assessment, mitigation, monitoring and reporting on compliance risk; the results of these assessments and controls are regularly reported to the Management Board and Supervisory Board.
- Financial crime risks are managed by the Anti-Financial Crime ("AFC"), an independent Infrastructure second line function. AFC maintains a dedicated program which is based on regulatory and supervisory requirements with defined roles and responsibilities for the identification and management of financial crime risks resulting from money laundering, terrorism financing, compliance with sanctions and embargoes, the facilitation of tax evasion as well as other criminal activities including fraud, bribery and corruption and other crimes. AFC updates its strategy for financial crime prevention via regular development of internal policies processes and controls, institution-specific risk assessment and staff training.

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6 Operational Risk (continued)

Operational risk type framework (continued)

- Group Governance defines, implements, and monitors the governance framework for Deutsche Bank globally in support of the bank’s overall strategy, ensuring that governance structures are lean, transparent, and sustainable. The unit develops and safeguards efficient corporate governance structures suitable to support effective individual and joint decision-making that avoids and manages (structural and organisational) conflicts; establishes, maintains and controls for an appropriate and transparent policy taxonomy, landscape and tooling. The independency of Group Governance is ensured through:
 - a direct reporting line into the Management Board and not into any business division
 - a ring-fenced incentive system and compensation where performance evaluation is tied principally to risk management and not to business revenues.

Legal is a fully independent infrastructure function, mandated to provide legal advice both to the Management Board as well as to the business divisions and infrastructure functions and to manage the Bank’s litigation and contentious regulatory matters. Legal has a monopoly for giving legal advice, retaining and controlling outside counsel. Legal’s independence is supported by its reporting line to the Management Board and a compensation framework that focuses on risk management.

- Deutsche Bank’s New Product Approval and Systematic Product Review processes form a control framework designed to manage the risks associated with new products and services and their lifecycle management. these processes are overseen by the New Business office and Product & Structured Transaction Lifecycle, within the Operational Risk Management function. Existing products and services are reviewed in one- to three year cycles designed to assess whether they remain fit for purpose and consistent with their respective target markets’ characteristics and objectives. Each product or service must be sponsored by a business Managing Director who bears ultimate accountability for it. Breaches of the New Product Approval requirements are in scope of the bank’s Red Flag consequence management process.
- ORM function include the Risk Type Head role for a number of Operational Risk types; its mandate includes second line oversight of controls over transaction processing activities, as well as infrastructure risks to prevent technology or process disruption, maintain the confidentiality, integrity and availability of data, records and information security, and ensure business divisions and infrastructure functions have robust plans in place to recover important business processes and functions in the event of disruption including technical or building outage, or the effects of cyber-attack or natural disaster as well as any physical security or safety risk; ORM Risk Type Head also manages the risks arising from the bank’s internal and external vendor engagements via the provision of a comprehensive third party risk management framework.

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6 Operational Risk (continued)

Organisational & governance structure

While the day-to-day management of operational risk is the primary responsibility of business divisions and infrastructure functions, where these risks are generated, Operational Risk Management (ORM) oversees the Group-wide management of operational risks, identifies and reports risk concentrations, and promotes a consistent application of the ORMF across the Bank. ORM is part of the Group's Risk function, the Chief Risk Office, which is headed by the Chief Risk Officer.

The Chief Risk Officer appoints the Head of ORM who is accountable for the design, oversight and maintenance of an effective, efficient and regulatory compliant Operational Risk Management Framework, including the operational risk capital calculation. The Head of ORM monitors and challenges the ORMF's Group wide implementation and monitors overall risk levels against the Bank's operational risk appetite.

The Operational Risk Committee ("ORC"), is responsible for the oversight, governance and coordination of the management of operational risk in DB Group, by establishing a cross-risk and holistic perspective of the key operational risks of DB Group. Its decision-making and policy related authorities include the review, advice and management of all operational risk issues that may impact the risk profile of business divisions and infrastructure functions. Several sub-fora with attendees from both the 1st LoD and 2nd LoD support the ORC to effectively fulfil its mandate. In addition to the DB Group level ORC, business divisions have established 1st LoD operational risk fora for the oversight and management of operational risks on various levels of the organisation.

The governance of operational risks follows DB Group's Three Lines of Defence ("3LoD") approach. The ORMF establishes the operational risk governance standards including the core 1st LoD and 2nd LoD roles and their responsibilities, to ensure effective operational risk management and appropriate independent challenge:

Operational risk requirements for the 1st LoD: Risk owners as the 1st LoD have full accountability for their operational risks and manage these against a defined risk appetite.

Risk owners are those roles in the bank whose activities generate - or who are exposed to - operational risks. As heads of business divisions and infrastructure functions, they must determine the appropriate organisational structure to identify their operational risk profile, actively manage these risks within their organisation, take business decisions on the mitigation or acceptance of operational risks to ensure they remain within risk appetite, and establish and maintain 1st LoD controls.

Operational risk requirements for the 2nd LoD: Risk Type Heads act as the 2nd LoD control functions for all sub-risk types under the overarching risk type "Operational Risk".

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6 Operational Risk (continued)

Organisational & governance structure (continued)

Risk Type Heads establish the framework and define Group level risk appetite statements for the specific operational risk type they oversee. Risk Type Controllers define the minimum risk management requirements and control objectives and independently monitor and challenge risk owners' implementation of these requirements in their day-to-day processes, as well as their risk-taking and risk management activities. Risk Type Heads provide independent operational risk oversight and monitor the risk type's profile against the defined risk appetite. As risk type experts, Risk Type Heads define the risk type and its taxonomy and support and facilitate the implementation of the risk type framework in the 1st LoD. To maintain their independence, Risk Type Heads roles are located only in infrastructure functions.

Operational risk requirements for ORM as the Risk Type Heads for the overarching risk type "Operational Risk": As the Risk Type Head/ risk control function for operational risk, ORM establishes and maintain the overarching ORMF and determines the appropriate level of capital to underpin the Group's and Bank's operational risk.

- As the 2nd LoD risk control function, ORM defines the Bank's approach to operational risk appetite and monitors its adherence, and consequences in case of operational risks outside the defined risk appetite. ORM provides the oversight of breach remediation plans to return the Bank's operational risk into its defined risk appetite, where required. It also establishes and regularly reports the Bank's operational risk profile including operational risks which are outside of the defined risk appetite.
- As the subject matter expert for operational risk, ORM provides independent risk views to facilitate forward-looking management of operational risks, actively engages with risk owners (1st LoD) and facilitates the implementation of risk management requirements across the Bank.
- ORM is accountable for the design, implementation and maintenance of the approach to determine the adequate level of capital required for operational risk, for recommendation to the Management Board; This includes the calculation and allocation of operational risk capital demand and expected loss.

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6 Operational Risk (continued)

Managing operational risk

To manage the broad range of sub-risk types underlying Operational Risk, the Operational Risk Management Framework provides a set of tools and processes that apply to all operational risk types across the bank. These enable the bank to determine its operational risk profile in relation to risk appetite for operational risk, to systematically identify operational risk themes and concentrations, and to define risk mitigating measures and priorities.

In 2025, the bank further strengthened the Operational Risk Management Framework by introducing cross-risk types as part of the Operational Risk Type Taxonomy to better reflect the bank's OR Risk Profile, operationalizing control assessment, testing and certification in the new strategic tool used for the OR controls inventory and shifting the Risk & Control Self-Assessment to a more data led approach.

Loss data collection: Data on internal and relevant external operational risk events is independently validated in a timely manner. Material operational risk events trigger clearly defined lessons learned and read-across analyses, which are performed in the 1st LoD in close collaboration between business partners, risk control and other infrastructure functions. Lessons learned reviews analyse the reasons for significant operational risk events, identify their root causes, and document appropriate remediation actions to reduce the likelihood of their reoccurrence. Read across reviews take the conclusions of the lessons learned process and seek to analyse whether similar risks and control weaknesses identified in a lessons learned review exist in other areas of the bank, even if they have not yet resulted in problems or losses. This allows preventative actions to be undertaken. In 2025, the internal event database functionalities (e. g., the controls to event mapping and the automatic triggering of Read Across) were enhanced. Furthermore, the review of External Events was refined to analyse whether similar susceptibility could materialize in the bank.

Scenario analysis: The operational risk profile is complemented and further substantiated by incorporating exploratory scenario analysis into day-to-day risk management activities. Scenario analysis is used as a risk identification and management tool that enables Risk Owners and Risk Type Heads to explore potential exposure to risk as the basis for identifying potential gaps in the banks existing operational risk profile. Scenario storylines build on internal losses, emerging risk reviews, top risks and risk concentrations, and findings, as well as the review of external peer operational risk loss events. Information from actual and potential future loss events are systematically utilized to identify thematic susceptibilities and actively seek to reduce the likelihood of similar incidents, for example through deep dive analyses or risk profile reviews. In 2025, the Structured Scenarios Approach was incorporated into the Scenario Analysis process as one of the quantifications methods that can be used for loss estimation. Furthermore, the Scenario Analysis capture was transitioned to a strategic tool the Event Management Application to ensure better data quality and governance on performed Scenarios.

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6 Operational Risk (continued)

Managing operational risk (continued)

Risk & Control Self-Assessment: The risk and control self-assessment process comprises of a series of bottom-up assessments of the risks generated by business divisions and infrastructure functions, the effectiveness of the controls in place to manage them, and the remediation actions required to bring the risks within the risk appetite. The Risk & Control Self-Assessment is performed at a global business level and as such covers all jurisdictions. It is designed to assist Senior Management to determine whether operational risks are being managed and controlled adequately via a dynamic assessment approach which covers all applicable Risk Types from the Group's Operational Risk Type Taxonomy ("ORTT"). The Risk & Control Self-Assessment puts a greater emphasis on assessing and mitigating risks that are outside of appetite and risks that drive unethical and inappropriate market conduct within the bank. In 2025, the Risk & Control Self-Assessment granularity was further enhanced to provide specific risk insights and ensuring a more accurate risk profile for comparison against the defined risk appetite.

Top risks: The Top Risk Reporting Process was decommissioned and replaced by the Risk Appetite process which manages and monitors the remediation identification and progress of relevant operational risks.

Risk appetite: Operational risk appetite reflects the amount of operational risk the bank is willing to accept to pursue of its strategy. The operational risk appetite framework provides a common approach to define the level of risk appetite across the firm, and monitor exposure against this appetite. The operational risk profile is regularly monitored against the bank's defined risk appetite, to alert the organization on impending problems in a timely fashion. In 2025, the previously introduced concepts of residual risk zones and operating conditions including monitoring processes were implemented and further enhancements to the design were performed. Furthermore, the granularity of the Risk Appetite setting was refined.

Transformation Risk Assessment: To appropriately identify and manage risks from material change initiatives within the bank, a Transformation Risk Assessment (TRA) is in place, to assess the impact of transformation on the Bank's risk profile. This process is applicable to all key deliverables including regulatory initiatives, technology migrations, risk mitigation projects, strategy changes, organizational changes and real estate moves within the Bank, as well as joint ventures and strategic investments

Cross-risk processes (CRP) capture and aggregate the assessments of various RTHs. Further risk type specific assessments are performed by the RTHs e.g., Legal, Compliance and AFC.

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6 Operational Risk (continued)

Managing operational risk (continued)

Findings and issue management: The findings and issue management process facilitates mitigating the risks associated with known control weaknesses and deficiencies and enables management to make risk-based decisions over the need for further remediation or risk acceptance. Outputs from the findings management process must be able to demonstrate to internal and external stakeholders that the bank is actively identifying its control weaknesses and is taking steps to manage associated risks within acceptable levels of risk appetite. In 2025, formal requirements were further strengthened to ensure the identification of the correct Finding Owners, the provision of regular Management reporting, and the timely remediation of Action Plans.

Framework Adherence: ORM, as the owner of the Operational Risk Management Framework (ORMF) perform regular, independent monitoring and testing activities to independently check adherence against requirements:

- Annually, assess 1LoD and 2LoD Risk Type Head (RTH) implementation and adherence to the requirements of the ORMF
- Adverse outcomes of Adherence result in consequences being applied
- Adherence results also aim to proactively identify both design and implementation improvements (Framework, Tooling, etc.)

In 2025, annual Framework Adherence results were incorporated in the ORM Composite KPI and made mandatory for all divisions, creating a direct variable compensation impact via the Balanced Scorecard (BSC). Quarterly US RCSA Adherence reviews were also introduced.

Deutsche Bank measures risk-weighted assets to determine the regulatory capital demand for operational risk using the “Standardized Measurement Approach” laid out in the European Capital Requirements Regulation (CRR3) introduced in 2025.

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6 Operational Risk (continued)

Managing operational risk (continued)

In addition to regulatory capital demand, Deutsche Bank continues to determine its internal economic capital demand for operational risk using the Advanced Measurement Approach (AMA) methodology. The AMA capital calculation is based on a loss distribution approach. Gross losses from historical internal and external loss data (Operational Riskdata eXchange Association consortium data) are used to estimate the risk profile (i.e., a loss frequency and a loss severity distribution). The loss distribution approach model includes conservatism by recognizing losses on events that arise over multiple years as single events in the historical loss profile.

Within the AMA model, the frequency and severity distributions are combined in a Monte Carlo simulation to generate potential losses over a one-year time horizon. Correlation and diversification benefits are applied to the net losses to arrive at a net loss distribution at Group level, covering expected and unexpected losses. The resulting economic capital demand is then allocated to each of the business divisions considering qualitative adjustments after deducting expected loss.

The economic capital requirement for operational risk is derived from the 99.9% percentile and calculated for a time horizon of one year.

The economic capital demand calculation is performed on a quarterly basis.

ORM establishes and maintains the approach for capital demand quantification and ensures that appropriate development, validation and change governance processes are in place, whereby the validation is performed by an independent validation function and in line with the Group's model risk management process.

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7 Liquidity Risk

The objective of the Liquidity Risk management is to ensure that DB Group can fulfill its payment obligations at all times for both expected and unexpected current and future cash flows and collateral needs at reasonable cost, without affecting daily operations of DB Group. All relevant and significant drivers of liquidity risk, on balance sheet as well as off-balance sheet, must be taken into account. Prices of all asset and liability types need to reflect their liquidity risk characteristics and DB Group's cost of funding.

At the country level, Treasury is responsible for overall liquidity management of the Bank, including its compliance with all applicable liquidity limits and thresholds. Day-to-day funding and cash management of the Bank is undertaken by Treasury Pool function, acting within the risk parameters set by LRM function and endorsed by the local ALCO. Liquidity risk is monitored through local liquidity regulations issued by BNM, such as the LCR, Net Stable Funding Ratio ("NSFR"), Leverage Ratio ("LR"), and an array of internal liquidity risk limits and thresholds such as daily stressed net liquidity positions, customer concentration ratio, funding matrix, etc. Ongoing liquidity risk profiles and other related topics are discussed as a regular item at the Bank ALCO meeting, as stated in the ALCO Terms of Reference ("ToR"). At the ALCO meeting, the Bank's liquidity position, the limit utilisation, changes in exposure and liquidity policy compliance is presented to the committee.

The Bank has implemented a comprehensive toolbox that ensures the prudent liquidity risk management such as stress testing and funding matrix. The liquidity stress testing reflects market-wide and bank specific shocks as well as a combination of both by relevant assets and liabilities classes to ensure the risk taken by the Bank is in line with the approved risk appetite within the 8-week stressed time horizon. The funding matrix addresses the long-term liquidity and funding risk profile of the Bank, identifies the excess or shortfall of assets over liabilities in each time bucket. The funding matrix ensures all term assets are term funded therefore reducing stress on the short term liquidity positions.

At a country level, BNM has implemented LCR and NSFR effective from June 2015 and July 2020 respectively.

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8 Business (Strategic) Risk Management

Strategic risk is the risk of a shortfall in planned earnings (excluding other material risks) due to incorrect business plans, ineffective plan execution and/or inability to effectively respond to material plan deviations. Strategic risk arises from the exposure of the bank to the macroeconomic environment, changes in the competitive landscape, and regulatory and technological developments. Additionally, it could occur due to errors in strategic positioning, the bank's failure to execute its planned strategy and/or a failure to effectively address underperformance versus plan targets. Hence, strategic risk excludes the impact on net earnings arising from Credit, Market and Operational Risk, which are managed under separate risk management frameworks.

The 'Strategic Risk Management Policy' of DB Group describes DB's expectations with regard to strategic risk management. It sets out the key principles to be followed, the framework through which strategic risk is managed and articulates the key roles and responsibilities, escalation procedures and governance.

Strategic risk is closely linked to DB Group's strategy, expressed both qualitatively and quantitatively, and is managed and assessed against the set of overall strategic objectives, metrics, and financials in the plan. Underperformance relative to plan has a negative impact on the bank's financial results as well as, potentially, on its credibility and reputation with stakeholders including shareholders and regulators. As such, roles and responsibilities are defined across 1LoD/2LoD to effectively manage strategic risk.

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9 Reputational Risk Management

Reputational risk is defined as the risk of possible damage to DB Group's brand and reputation, and the associated risk to earnings, capital or liquidity arising from any association, action or inaction which could be perceived by stakeholders to be inappropriate, unethical or inconsistent with the Bank's values.

The Bank has a Reputational Risk Framework in place, which covers active decision-making, before the event on those matters which are not covered by other controls, processes, frameworks and risk types and in doing so, aims to prevent damage to DB Group's reputation wherever possible. The Reputational Risk Framework provides consistent standards for the identification, assessment and management of reputational risk issues. Reputational damage or impacts which may arise as a result of an operational failure, lack of due diligence, weak controls / frameworks / processes, legal / regulatory breaches are not covered by the Reputational Risk Framework but instead are addressed separately via the associated risk type framework.

The Reputational Risk Framework is applicable across all Business Divisions and Regions.

While every employee has a responsibility to protect our reputation, the primary responsibility for the identification, assessment, management, monitoring and, if necessary, referring or reporting of reputational risk matters lies with DB Group's Business Divisions as the primary risk owners. Global reputational risk Policies and Procedures are applicable across all Business Divisions, which also have established processes through which matters, which are deemed to be a moderate reputational risk or greater are assessed, via the Unit Reputational Risk Assessment Process ("Unit RRAP").

The Unit RRAP is required to refer any material reputational risk matters to the respective Regional Reputational Risk Committee ("RRRC"). The Reputational Risk Framework also sets out a number of matters which are considered inherently higher risk from a reputational risk perspective and are therefore mandatory referrals to the RRRCs. In exceptional circumstances, matters are referred to the Group Reputational Risk Committee. This may be the case if a matter is declined by the Regional Reputational Risk Committee and appealed by the business division, or if the Regional Reputational Risk Committee cannot reach a two-thirds majority decision.

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10 Equity Investments in the Banking Book

Equity investments which are neither consolidated for regulatory purposes nor deducted from the Bank's own funds are held as equity positions in the regulatory banking book. In the Bank's consolidated statement of financial position, these equity investments are classified as "Equity investments at fair value through other comprehensive income".

Table below details the equity exposures in banking book:

Group and Bank	31.12.2025		31.12.2024	
	Gross exposures	Risk Weighted assets	Gross exposures	Risk Weighted assets
Privately Held For socio-economic purpose	15,093	15,093	16,105	16,105

11 Interest Rate Risk in the Banking Book

In the Bank, the majority of the interest rate risk arising from non-trading asset and liability positions is transferred through internal match funded transactions and modelled deposits transaction to the Treasury Pool division. This internally transferred interest rate risk in Treasury Pool is managed on the basis of Value-at-Risk and PV01 with limits.

Tables below show the impact of a (200 basis points) parallel shift to the change in Interest Rate Risk / Rate of Return in the Banking Book to earnings.

Group and Bank	31.12.2025		31.12.2024	
	±200bps		±200bps	
Type of Currency	Increase/ (Decline) in earnings at risk RM'000	Increase/ (Decline) in economic value RM'000	Increase/ (Decline) in earnings at risk RM'000	Increase/ (Decline) in economic value RM'000
MYR	13,531	(86,303)	30,166	(52,686)
USD	(1,963)	17,753	(4,459)	20,664
SGD	(452)	1,670	(385)	1,404
Others	(16,012)	10,230	(6,246)	11,190
	(4,896)	(56,650)	19,076	(19,428)

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12 Islamic Banking Operations

BNM had given its approval on 22 August 2007 for the Bank to conduct Islamic banking business under Section 124 of the Banking and Financial Institutions Act 1989.

12.1 Shariah Governance

The Bank conducts Islamic Banking through its Islamic Banking Window (“IBW”) which commenced business on 20 April 2009.

The Shariah Committee was established under BNM’s “Guidelines on the Governance of Shariah Committee for the Islamic Financial Institutions” (BNM/GPS1) to advise the Board of Directors on Shariah matters in its Islamic business operations and to provide technical assistance in ensuring the Islamic banking products and services offered by the Bank and the relevant documentation are in compliance with Shariah principles. The committee currently comprises Dr Uzaimah binti Ibrahim, En Ahmad Firdaus bin Kadir and Puan Zarinah binti Mohd Yusoff.

12.2 Restricted Profit Sharing Investment Accounts (“RPSIA”)

These deposits are used to fund specific financing and follow the principle of Mudharabah which state that profits will be shared with the Bank as Mudharib and losses shall be borne solely by depositors.

In accordance with BNM’s guidelines on the Recognition and Measurement of Profit Sharing Investment Account (“PSIA”) as Risk Absorbent, the credit and market risks on the assets funded by the PSIA are excluded from the risk weighted capital ratio (“RWCR”) calculation.

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12 Islamic Banking Operations (continued)**12.3 Islamic Banking Window - Capital Adequacy**

The capital adequacy ratios of the Islamic banking business of the DBMB Group are computed in accordance with the Capital Adequacy Framework for Islamic Banks ("CAFIB"). The DBMB Group's Islamic banking business has adopted the Standardised Approach for Credit Risk and Market Risk, and the Basic Indicator Approach for Operational Risk.

Risk weighted assets and capital requirement

	31.12.2025		31.12.2024	
	Risk Weighted Assets	Min Capital Requirement at 8%	Risk Weighted Assets	Min Capital Requirement at 8%
Islamic Banking Window	RM'000	RM'000	RM'000	RM'000
Credit Risk	-	-	-	-
Market Risk	-	-	-	-
Operational Risk	8,104	648	8,104	648
Total	8,104	648	8,104	648

Risk weighted capital ratio and Tier 1 capital

Islamic Banking Window	31.12.2025 RM'000	31.12.2024 RM'000
Tier 1 capital		
Paid-up share capital	25,000	25,000
Retained profits	11,871	11,750
Less: Deferred tax assets	-	-
Total Tier 1 Capital	36,871	36,750
Tier 2 Capital	-	-
Total Capital	36,871	36,750
Common equity tier 1 / Tier 1 Capital Ratio	488.616%	453.480%
Risk-Weighted Capital Ratio	488.616%	453.480%

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12 Islamic Banking Operations (continued)

12.4 Islamic Banking Window - Risk Weighted Assets and Capital Requirements for Credit Risk

Islamic Banking Window - Risk Weighted Assets and Capital Requirements for Credit Risk

Risk type	31.12.2025					
	Gross Exposures	Net Exposures	Risk-Weighted Assets	Risk-Weighted Assets Absorbed by PSIA	Total Risk-Weighted Assets after effects of PSIA	Minimum Capital Requirement at 8% *
Credit Risk	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<i>On-Balance Sheet Exposures</i>						
Sovereigns/Central Banks	190,826	190,826	-	-	-	-
Public Sector Entities	-	-	-	-	-	-
Banks, Development Financial Institutions and Multilateral Development Banks	-	-	-	-	-	-
Insurance Companies, Securities Firms and Fund Managers	-	-	-	-	-	-
Corporates	-	-	-	-	-	-
Regulatory Retail	-	-	-	-	-	-
Residential Mortgages	-	-	-	-	-	-
Higher Risk Assets	-	-	-	-	-	-
Other Assets	-	-	-	-	-	-
Equity Exposure	-	-	-	-	-	-
Defaulted Exposures	-	-	-	-	-	-
<i>Total On-Balance Sheet Exposures</i>	<i>190,826</i>	<i>190,826</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>
<i>Off-Balance Sheet Exposures</i>						
OTC Derivatives	-	-	-	-	-	-
Credit Derivatives	-	-	-	-	-	-
Defaulted Exposures	-	-	-	-	-	-
<i>Total for Off-Balance Sheet Exposures</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>
<i>Total On and Off- Balance Sheet Exposures</i>	<i>190,826</i>	<i>190,826</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>

* The minimum regulatory capital requirement before including capital conservation buffer and countercyclical capital buffer.

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12 Islamic Banking Operations (continued)

12.4 Islamic Banking Window - Risk Weighted Assets and Capital Requirements for Credit Risk (continued)

Islamic Banking Window - Risk Weighted Assets and Capital Requirements for Credit Risk (continued)

Risk type	31.12.2024					
	Gross Exposures	Net Exposures	Risk-Weighted Assets	Risk-Weighted Assets Absorbed by PSIA	Total Risk-Weighted Assets after effects of PSIA	Minimum Capital Requirement at 8% *
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Credit Risk						
<i>On-Balance Sheet Exposures</i>						
Sovereigns/Central Banks	344,658	344,658	-	-	-	-
Public Sector Entities	-	-	-	-	-	-
Banks, Development Financial Institutions and Multilateral Development Banks	-	-	-	-	-	-
Insurance Companies, Securities Firms and Fund Managers	-	-	-	-	-	-
Corporates	-	-	-	-	-	-
Regulatory Retail	-	-	-	-	-	-
Residential Mortgages	-	-	-	-	-	-
Higher Risk Assets	-	-	-	-	-	-
Other Assets	-	-	-	-	-	-
Equity Exposure	-	-	-	-	-	-
Defaulted Exposures	-	-	-	-	-	-
<i>Total On-Balance Sheet Exposures</i>	344,658	344,658	-	-	-	-
<i>Off-Balance Sheet Exposures</i>						
OTC Derivatives	-	-	-	-	-	-
Credit Derivatives	-	-	-	-	-	-
Defaulted Exposures	-	-	-	-	-	-
<i>Total for Off-Balance Sheet Exposures</i>	-	-	-	-	-	-
<i>Total On and Off- Balance Sheet Exposures</i>	344,658	344,658	-	-	-	-

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12 Islamic Banking Operations (continued)

12.4 Islamic Banking Window - Risk Weighted Assets and Capital Requirements for Credit Risk (continued)

Islamic Banking Window - Risk Weights Under the Standardised Approach

Risk Weights	31.12.2025													Total Exposures after Netting and Credit Risk Mitigation RM'000	Total Risk Weighted Assets RM'000
	Exposures after Netting & Credit Risk Mitigation														
	Sovereigns and Central Banks RM'000	Public Sector Entities RM'000	Banks, DFIs and MDBs RM'000	Insurance Companies, Securities Firms and Fund Managers RM'000	Corporates RM'000	Regulatory Retail RM'000	Residential Mortgages RM'000	Higher Risk Assets RM'000	Other Assets RM'000	Specialised Financing / Investment RM'000	Securitisation RM'000	Equity Exposures RM'000			
0%	190,826	-	-	-	-	-	-	-	-	-	-	-	-	190,826	-
20%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
35%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
50%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
75%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
100%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
150%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Exposures	190,826	-	-	-	-	-	-	-	-	-	-	-	-	190,826	-
Risk-Weighted Assets by Exposures	0%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Average Risk Weight	-	-	-	-	-	-	-	-	-	-	-	-	-	0.0%	-
Deduction from Capital Base	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

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12 Islamic Banking Operations (continued)

12.4 Islamic Banking Window - Risk Weighted Assets and Capital Requirements for Credit Risk (continued)

Islamic Banking Window - Risk Weights Under the Standardised Approach (continued)

Risk Weights	31.12.2024													Total Exposures after Netting and Credit Risk Mitigation RM'000	Total Risk Weighted Assets RM'000
	Exposures after Netting & Credit Risk Mitigation														
	Sovereigns and Central Banks RM'000	Public Sector Entities RM'000	Banks, DFIs and MDBs RM'000	Insurance Companies, Securities Firms and Fund Managers RM'000	Corporates RM'000	Regulatory Retail RM'000	Residential Mortgages RM'000	Higher Risk Assets RM'000	Other Assets RM'000	Specialised Financing / Investment RM'000	Securitisation RM'000	Equity Exposures RM'000			
0%	344,658	-	-	-	-	-	-	-	-	-	-	-	344,658	-	
20%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
35%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
50%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
75%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
100%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
150%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Total Exposures	344,658	-	-	-	-	-	-	-	-	-	-	-	344,658	-	
Risk-Weighted Assets by Exposures	0%	-	-	-	-	-	-	-	-	-	-	-	-	-	
Average Risk Weight	-	-	-	-	-	-	-	-	-	-	-	-	0.0%	-	
Deduction from Capital Base	-	-	-	-	-	-	-	-	-	-	-	-	-	-	