



BANK MUAMALAT MALAYSIA BERHAD
Company No. 196501000376 (6175-W)
(Incorporated in Malaysia)

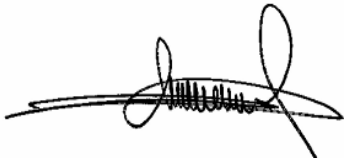
BASEL II PILLAR 3 DISCLOSURES
31 DECEMBER 2025

Bank Muamalat Malaysia Berhad
Basel II Pillar 3 Disclosure

Statement by President & Chief Executive Officer

In the name of Allah, The Most Beneficent, The Most Merciful

In accordance with the requirement of BNM's Policy Document on Capital Adequacy Framework for Islamic Banks ('CAFIB') – Disclosure Requirement ('Pillar 3'), and on behalf of the Board and management of Bank Muamalat Malaysia Berhad, I am pleased to provide an attestation on the Pillar 3 disclosures of the Group and the Bank for year ended 31 December 2025.

A handwritten signature in black ink, consisting of a series of loops and a long horizontal stroke, positioned above the name and title of the signatory.

Datuk Khairul Kamarudin
President & Chief Executive Officer

Bank Muamalat Malaysia Berhad
Basel II Pillar 3 Disclosure

Pillar 3 Disclosure Content

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Bank Muamalat Malaysia Berhad
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BASEL II

PILLAR 3 DISCLOSURE

Abbreviations

ALCO	Asset-Liability Management Committee
ALM	Asset and Liability Management
BCM	Business Continuity Management
BCP	Business Continuity Plan
BIA	Business Impact Analysis
BOD	Board of Director
BNM	Bank Negara Malaysia
BRCC	Board Risk & Compliance Committee
BU	Business Unit
CAFIB	Capital Adequacy Framework for Islamic Banks
CBs	Corporate Bonds
CC	Credit Committee
CCR	Counterparty Credit Risk
CEO	Chief Executive Officer
CPs	Commercial Papers
CR	Credit Risk
CRP	Credit Risk Policy
CRM	Credit Risk Mitigation
CSRD	Credit Supervision and Recovery Department
EAR	Earning At Risk
ECAI	External Credit Assessment Institutions
ERMC	Executive Risk Management Committee
EVE	Economic Value Perspective
FDI	Foreign Direct Investments
GCRP	Guidelines to Credit Risk Policies
IC	Investment Committee
ICAAP	Internal Capital Adequacy Assessment Process
IFIs	Islamic Financial Institutions
IFSB	Islamic Financial Services Board
IPRS	Islamic Profit Rate Swap
IRB Approach	Internal Ratings Based Approach
MFRS 9	Malaysian Financial Reporting Standards
MARC	Malaysian Rating Corporation Berhad
MDB	Multilateral Development Bank
MISB	Muamalat Invest Sdn Bhd
MR	Market Risk
OR	Operational Risk
ORM	Operational Risk Management
ORMC	Operational Risk Management Committee
PDS	Private Debt Securities
PSEs	Non- Federal Government Public Sector Entities
RA	Risk Assessment
R&I	Rating and Investment Information, Inc
RAM	RAM Rating Services Berhad
RORBB	Rate of Return Risk in Banking Book

Bank Muamalat Malaysia Berhad
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Abbreviations (cont'd.)

RMD	Risk Management Department
RWA	Risk Weighted Assets
RWCAF	Risk Weighted Capital Adequacy Framework
TBPS	Trading Book Policy Statement
S&P	Standard and Poor's
SC	Shariah Committee
SNCI	Shariah Non-Compliance Income
SRP	Shariah Review Program
SU	Support Unit
VaR	Value at Risk

Basel II - Pillar 3 Disclosure

Overview

The Pillar 3 Disclosure is a regulatory requirement aimed at enhancing market transparency and discipline. It is prepared in accordance to the Bank Negara Malaysia's ("BNM's") guidelines "Capital Adequacy Framework for Islamic Banks ("CAFIB") - Disclosure Requirements ("Pillar 3")" and contains qualitative and quantitative information on Bank Muamalat Malaysia Berhad's ("BMMB") risk exposures and capital adequacy levels as well as on its capital and risk management practices.

In assessing its capital position, BMMB applies the prescribed Standardised Approach to measure its credit and market risk exposures and the Basic Indicator Approach for operational risk, as outlined under the BNM's CAFIB guidelines.

This Pillar 3 disclosure is published for the financial year ended 31 December 2025 and should be read in conjunction with BMMB's audited financial statement for the year ended 31 December 2025.

Basel II - Pillar 3 Disclosure

1.0 Scope of Application

The Pillar 3 Disclosure is prepared on a consolidated basis and comprises information on BMMB and its subsidiaries (hereinafter referred as “the Group and the Bank”). Information on subsidiaries is available in Note 11 to the financial statements.

The basis of consolidation for financial accounting purposes is described in Notes 2.2 to the financial statements, and differs from that used for regulatory capital purposes. The investment in subsidiary companies is deducted from regulatory capital at entity level and consolidated at group level.

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

There were no capital deficiencies in any of the subsidiary companies of the Group as at the financial year end.

All information in the ensuing paragraphs is based on the Group’s position. Certain information on capital adequacy relating to the Group and the Bank is presented on a voluntary basis to provide additional information to users. The capital-related information of the Group and the Bank, which is presented on a global basis, includes its offshore banking activities in Labuan as determined under the CAFIB.

This document discloses the Group's and the Bank's quantitative disclosures in accordance with the disclosure requirements as outlined in the CAFIB – Disclosure Requirements (“Pillar 3”) issued by BNM.

These disclosures have been reviewed and verified by internal auditors and approved by the Board and Directors of the Group.

Scope of disclosure

The detailed scope of published disclosure is subject to the following classification of information:

- Insignificant, i.e. its exclusion or distortion cannot influence the assessment or decision of a person using such information to make economic decisions, or influence such an assessment or decision,
- Reserved, i.e. its public distribution might adversely influence the position of the Group and the Bank on the market according to regulations on competition and consumer protection,
- Subject to law-protected confidentiality, such information is not published. In case of not publishing reserved information or the one which is subject to law-protected confidentiality, the Group and the Bank disclose information which is less detailed.

Basel II - Pillar 3 Disclosure

2.0 Capital Management

BMMB's capital management framework was designed to protect the interests of its key stakeholders and maximize shareholder value through optimum use of its capital resources. The primary capital management objective is to ensure efficient capital utilization while in pursuit of strategic and business objectives. It is also aimed at ensuring sufficient level of capital is maintained at all times to support the business growth targets while keeping it in line with the Bank's risk appetite as well as asregulatory requirements.

To determine the appropriate level and composition of capital to be held, the Bank uses the risk and capital adequacy assessment approaches as outlined under the Internal Capital Adequacy Assessment Process ("ICAAP"). The capital levels are assessed based on the Bank's strategic and business targets, taking into account current and forecasted economic and market conditions as well as the regulatory capital standards.

The Bank prepares its strategic, business and capital plans on an annual basis. Guided by the Board-approved risk appetite statement, the plans cover a minimum of three-year planning horizon and these are subjected to a stress test covering several possible stressed scenarios. Based on the ICAAP and stress test analysis, internal capital targets are set for key capital ratios to facilitate capital management and monitoring.

Arising from the strategic planning and capital assessment process, an annual capital plan is drawn up to ensure that sufficient capital is held to meet business growth targets as well as to maintain adequate buffer under foreseeable adverse economic scenarios. The capital plan also addresses any capital issuance requirements, optimal capital instrument composition and maturity profile, and capital contingency planning.

2.1 Internal Capital Adequacy Assessment Process ("ICAAP")

BMMB's approach towards assessing the adequacy of its internal capital levels in relation to its risk profile is addressed in the Internal Capital Adequacy Assessment Process ("ICAAP"). This is in line with BNM's requirement as stipulated under the guideline, "Capital Adequacy Framework for Islamic Banks ("CAFIB") - Internal Capital Adequacy Assessment Process ("Pillar 2")".

The ICAAP covers an assessment of all risk exposures, particularly on those deemed as material risks, and the effectiveness of related risk controls and mitigations. The risk and capital assessment also looks at the adequacy of capital in relation to other discretionary and non-discretionary risk and where required, additional capital and buffers are allocated for risk exposures that are deemed inadequately covered under the Pillar 1 capital.

The ICAAP further addresses the current and future capital levels to be considered or maintained to ensure its adequacy to support the Bank's business operations on a going-concern basis. In terms of its capital mix, the Bank's capital consists primarily of Tier 1 capital and common equity, which enhances the Bank's ability to absorb potential losses under unforeseeable circumstances.

Basel II - Pillar 3 Disclosure

2.1 Internal Capital Adequacy Assessment Process (“ICAAP”) (cont'd)

Stress Test

Stress testing is an important tool used in assessing and determining appropriateness of capital levels to ensure its ability to absorb stress events in order to protect the depositors and other stakeholders.

Stress testing is performed to identify early warning signs and potential risk events that may adversely impact the Bank’s risk profile. Stress testing is also used to determine the level of capital buffers that are considered adequate to ensure that the Bank does not breach the minimum regulatory ratios under stress scenarios and to formulate appropriate management actions.

The Bank employs two stress test approaches, namely sensitivity and scenario analyses. The stress testing supports management and decision making in the following areas:

- i. Assessment of the Bank’s material risk profile under stress events and estimate the potential impact and implications to the Bank;
- ii. Assessment of capital adequacy in relation to the Bank’s risk profile, which is integral to the ICAAP;
- iii. Facilitate capital and liquidity contingency planning across a range of stressed conditions and aiding in the development and formulation of appropriate strategies for maintaining required level of capital and management of identified risks; and
- iv. Embedded as an integral part of the strategic planning and management process.

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

Table 1: Capital adequacy ratios

	Group		Bank	
	2025	2024	2025	2024
Core Capital ratio	12.273%	11.040%	12.180%	10.958%
Tier 1 Capital ratio	13.694%	12.414%	13.599%	12.334%
Risk-weighted capital ratio	18.134%	16.743%	18.033%	16.665%

The following table represents the Group’s and Bank’s capital position as at 31 December 2025. Details on capital instruments, including share capital and reserves are found in Notes 25 and 27 of the financial statements.

**Basel II -
Pillar 3 Disclosure**

2.1 Internal Capital Adequacy Assessment Process (“ICAAP”) (cont'd)

Table 2: Capital structure

	Group		Bank	
	2025	2024	2025	2024
	RM'000	RM'000	RM'000	RM'000
Tier-1 capital				
Share capital	1,195,000	1,195,000	1,195,000	1,195,000
Retained profits	2,026,644	1,818,444	2,021,415	1,808,257
Other Reserves				
Regulatory reserve	122,492	145,404	122,492	145,404
Unrealised losses on fair value through other comprehensive income (“FVOCI”) financial instruments	(15,183)	(11,637)	(15,183)	(11,637)
Foreign exchange translation reserve	8,093	2,973	8,093	2,974
Regulatory Adjustment				
Less: Regulatory reserve	(122,492)	(145,404)	(122,492)	(145,404)
Less: Investment property gain	(12,393)	(10,493)	(12,393)	(10,493)
Less: Deferred tax assets	(41,407)	(51,615)	(41,426)	(51,454)
Less: Investment in subsidiaries	-	-	(13,159)	(13,159)
Less: Cumulative gains of financing measured at FVTPL	(11,140)	(12,655)	(11,140)	(12,655)
Less: Intangible Asset (net of deferred tax liabilities)	(126,484)	(119,023)	(126,162)	(118,973)
Total Common Equity Tier- I Capital	3,023,130	2,810,994	3,005,045	2,787,860
Additional Tier-1 Capital				
Perpetual Sukuk	350,000	350,000	350,000	350,000
Total Tier-I Capital	3,373,130	3,160,994	3,355,045	3,137,860
Tier- 2 capital				
Subordinated sukuk	800,000	800,000	800,000	800,000
Collective assessment allowance for non-impaired financing and regulatory reserve	287,997	297,473	288,477	297,333
Add: Investment property gain	5,577	4,722	5,577	4,722
Total Tier-II Capital	1,093,574	1,102,195	1,094,054	1,102,055
Total Capital Base	4,466,704	4,263,189	4,449,099	4,239,915

The capital adequacy ratios of the Bank are computed in accordance with BNM's Capital Adequacy Framework for Islamic Banks (Capital Components) and Capital Adequacy Framework for Islamic Banks (Risk Weighted Assets) issued on 14 June 2024 and 18 December 2023, respectively. The Group and Bank have adopted the Standardised Approach for credit risk and market risk, and the Basic Indicator Approach for operational risk. The minimum regulatory capital adequacy requirement for Islamic Bank Common Equity Tier I capital, Tier I capital, and Total Capital are 4.5%, 6.0% and 8.0% of total RWA, respectively, for the current period (December 2024: 4.5%, 6.0% and 8.0% of total RWA).

Basel II - Pillar 3 Disclosure

2.1 Internal Capital Adequacy Assessment Process (“ICAAP”) (cont'd)

The following tables present the minimum regulatory capital requirement to support the Group's and the Bank's risk-weighted assets:

Table 3: Minimum capital requirement and risk-weighted assets

	31 December 2025		31 December 2024	
	Risk Weighted Assets RM'000	Minimum Capital Requirement at 8% RM'000	Risk Weighted Assets RM'000	Minimum Capital Requirement at 8% RM'000
Group				
Credit Risk	24,153,813	1,932,305	23,914,985	1,913,199
Less: Credit risk absorbed by profit-sharing investment account ("PSIA")	1,114,082	-	117,142	-
Market Risk	83,806	6,704	105,498	8,440
Operational Risk	1,508,404	120,672	1,559,286	124,743
Total	24,631,941	2,059,681	25,462,627	2,046,382
	31 December 2025		31 December 2024	
	Risk Weighted Assets RM'000	Minimum Capital Requirement at 8% RM'000	Risk Weighted Assets RM'000	Minimum Capital Requirement at 8% RM'000
Bank				
Credit Risk	24,192,227	1,935,378	23,903,796	1,912,304
Less: Credit risk absorbed by profit-sharing investment account ("PSIA")	1,114,082	-	117,142	-
Market Risk	83,806	6,704	105,498	8,440
Operational Risk	1,509,588	120,767	1,549,255	123,940
Total	24,671,539	2,062,849	25,441,407	2,044,684

The Group and the Bank do 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 the BNM's RWCAF.

2.1 Internal Capital Adequacy Assessment Process (“ICAAP”) (cont'd)

Risk-weighted and capital requirements for credit risk, market risk and operational risk are as follows:

Table 4: Minimum capital requirement and risk-weighted assets by exposures

Group	Gross Exposures RM'000	*Net Exposures RM'000	Risk Weighted Assets RM'000	Minimum Capital Requirement
				at 8% RM'000
31 December 2025				
(i) Credit Risk (Standardised Approach)				
(a) On Balance Sheet Exposures				
Sovereign/Central Banks	7,132,557	7,132,557	-	-
Public Sector Entities	1,004,845	1,004,845	44,868	3,589
Banks, Development Financial Institution & MDBs	1,490,524	1,490,524	298,105	23,848
Takaful Cos, Securities Firms & Fund Managers	170,653	170,653	117,781	9,423
Corporates	9,350,082	9,350,082	5,244,212	419,537
Regulator Retail	14,033,115	14,033,115	11,304,384	904,351
Residential Real Estate	11,663,963	11,663,963	4,908,654	392,692
Higher Risk Assets	6,096	6,096	9,138	731
Other Assets	436,238	436,238	272,269	21,781
Defaulted Exposures	330,231	330,231	209,357	16,749
	45,618,304	45,618,304	22,408,768	1,792,701
(b) Off-Balance Sheet Exposures**				
Credit-related off-balance sheet exposure	2,237,664	2,237,664	1,717,040	137,363
Islamic derivative financial instruments	37,100	37,100	28,005	2,240
	2,274,764	2,274,764	1,745,045	139,603
Total Credit Exposures	47,893,068	47,893,068	24,153,813	1,932,304
(c) Credit Risk Absorb by PSIA	1,212,983	1,212,983	1,114,082	-
(ii) Market Risk (Standardised Approach)				
	Long Position	Short Position	Risk Weighted Assets	Capital Requirement
Benchmark Rate Risk	695,007	(881,159)	67,238	5,379
Foreign Currency Risk	13,367	(16,568)	16,568	1,325
			83,806	6,704
(iii) Operational Risk (Basic Indicators Approach)			1,508,404	120,673
(iv) Total RWA and Capital Requirements			24,631,941	2,059,681

* After netting and credit risk mitigation

** Credit Risk of off balance sheet items

2.1 Internal Capital Adequacy Assessment Process (“ICAAP”) (cont'd)

Risk-weighted and capital requirements for credit risk, market risk and operational risk are as follows: (cont'd)

Table 4: Minimum capital requirement and risk-weighted assets by exposures (cont'd)

Group	Gross	*Net	Risk	Minimum
	Exposures	Exposures	Weighted	Capital
31 December 2024	RM'000	RM'000	Assets	Requirement
			RM'000	at 8%
				RM'000
(i) Credit Risk (Standardised Approach)				
(a) On Balance Sheet Exposures				
Sovereign/Central Banks	5,434,138	5,434,138	-	-
Public Sector Entities	1,131,027	1,131,027	48,802	3,904
Banks, Development Financial Institution & MDBs	1,700,787	1,700,787	340,157	27,213
Takaful Cos, Securities Firms & Fund Managers	177,691	177,691	148,647	11,892
Corporates	11,128,047	11,128,047	6,135,340	490,827
Regulator Retail	12,735,194	12,735,194	10,573,870	845,910
Residential Real Estate	10,669,536	10,669,536	4,784,787	382,783
Higher Risk Assets	45,714	45,714	68,558	5,485
Other Assets	366,681	366,681	241,189	19,295
Defaulted Exposures	242,989	242,989	156,300	12,504
	43,631,804	43,631,804	22,497,650	1,799,813
(b) Off-Balance Sheet Exposures**				
Credit-related off-balance sheet exposure	1,899,211	1,899,211	1,380,985	110,479
Islamic derivative financial instruments	45,625	45,625	36,350	2,908
	1,944,836	1,944,836	1,417,335	113,387
Total Credit Exposures	45,576,640	45,576,640	23,914,985	1,913,200
(c) Credit Risk Absorb by PSIA	245,707	245,707	117,142	-
(ii) Market Risk (Standardised Approach)				
Benchmark Rate Risk	642,407	(1,031,569)	85,467	6,837
Foreign Currency Risk	13,893	(20,031)	20,031	1,602
			105,498	8,439
(iii) Operational Risk (Basic Indicators Approach)			1,559,286	124,743
(iv) Total RWA and Capital Requirements			25,462,627	2,046,382

* After netting and credit risk mitigation

** Credit Risk of off balance sheet items

2.1 Internal Capital Adequacy Assessment Process (“ICAAP”) (cont'd)

Risk-weighted and capital requirements for credit risk, market risk and operational risk are as follows: (cont'd)

Table 4: Minimum capital requirement and risk-weighted assets by exposures (cont'd)

Bank	Gross Exposures RM'000	*Net Exposures RM'000	Risk Weighted Assets RM'000	Minimum Capital Requirement at 8% RM'000
31 December 2025				
(i) Credit Risk (Standardised Approach)				
(a) On Balance Sheet Exposures				
Sovereign/Central Banks	7,132,557	7,132,557	-	-
Public Sector Entities	1,004,845	1,004,845	44,868	3,589
Banks, Development Financial Institution & MDBs	1,490,524	1,490,524	298,105	23,848
Takaful Cos, Securities Firms & Fund Managers	170,653	170,653	117,781	9,423
Corporates	9,388,497	9,388,497	5,242,316	419,385
Regulator Retail	14,033,115	14,033,115	11,304,384	904,351
Residential Real Estate	11,663,963	11,663,963	4,908,654	392,692
Higher Risk Assets	6,096	6,096	9,138	731
Other Assets	436,237	436,237	312,579	25,006
Defaulted Exposures	330,231	330,231	209,357	16,749
	45,656,718	45,656,718	22,447,182	1,795,774
(b) Off-Balance Sheet Exposures**				
Credit-related off-balance sheet exposure	2,237,664	2,237,664	1,717,040	137,363
Islamic derivative financial instruments	37,100	37,100	28,005	2,240
	2,274,764	2,274,764	1,745,045	139,603
Total Credit Exposures	47,931,482	47,931,482	24,192,227	1,935,377
(c) Credit Risk Absorb by PSIA				
	1,212,983	1,212,983	1,114,082	-
(ii) Market Risk (Standardised Approach)				
Benchmark Rate Risk	695,007	(881,159)	67,238	5,379
Foreign Currency Risk	13,367	(16,568)	16,568	1,325
			83,806	6,704
(iii) Operational Risk (Basic Indicators Approach)			1,509,588	120,768
(iv) Total RWA and Capital Requirements			24,671,539	2,062,849

* After netting and credit risk mitigation

** Credit Risk of off balance sheet items

2.1 Internal Capital Adequacy Assessment Process (“ICAAP”) (cont'd)

Risk-weighted and capital requirements for credit risk, market risk and operational risk are as follows: (cont'd)

Table 4: Minimum capital requirement and risk-weighted assets by exposures (cont'd)

Bank	Gross Exposures RM'000	*Net Exposures RM'000	Risk Weighted Assets RM'000	Minimum Capital Requirement at 8% RM'000
31 December 2024				
(i) Credit Risk (Standardised Approach)				
(a) On Balance Sheet Exposures				
Sovereign/Central Banks	5,434,138	5,434,138	-	-
Public Sector Entities	1,131,027	1,131,027	48,802	3,904
Banks, Development Financial Institution & MDBs	1,700,787	1,700,787	340,157	27,213
Takaful Cos, Securities Firms & Fund Managers	177,691	177,691	148,647	11,892
Corporates	11,119,396	11,119,396	6,125,046	490,004
Regulator Retail	12,735,194	12,735,194	10,573,870	845,910
Residential Real Estate	10,669,536	10,669,536	4,784,787	382,783
Higher Risk Assets	45,714	45,714	68,558	5,485
Other Assets	366,681	366,681	240,294	19,224
Defaulted Exposures	242,989	242,989	156,300	12,504
	43,623,153	43,623,153	22,486,461	1,798,919
(b) Off-Balance Sheet Exposures**				
Credit-related off-balance sheet exposure	1,899,211	1,899,211	1,380,985	110,479
Islamic derivative financial instruments	45,625	45,625	36,350	2,908
	1,944,836	1,944,836	1,417,335	113,387
Total Credit Exposures	45,567,989	45,567,989	23,903,796	1,912,306
(c) Credit Risk Absorb by PSIA				
	245,707	245,707	117,142	-
(ii) Market Risk (Standardised Approach)				
Benchmark Rate Risk	642,407	(1,031,569)	85,467	6,837
Foreign Currency Risk	13,893	(20,031)	20,031	1,602
			105,498	8,439
			1,549,255	123,939
(iii) Operational Risk (Basic Indicators Approach)			25,441,407	2,044,684
(iv) Total RWA and Capital Requirements				
* After netting and credit risk mitigation				
** Credit Risk of off balance sheet items				
** Credit Risk of off balance sheet items				

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3.0 Risk Management

Overview

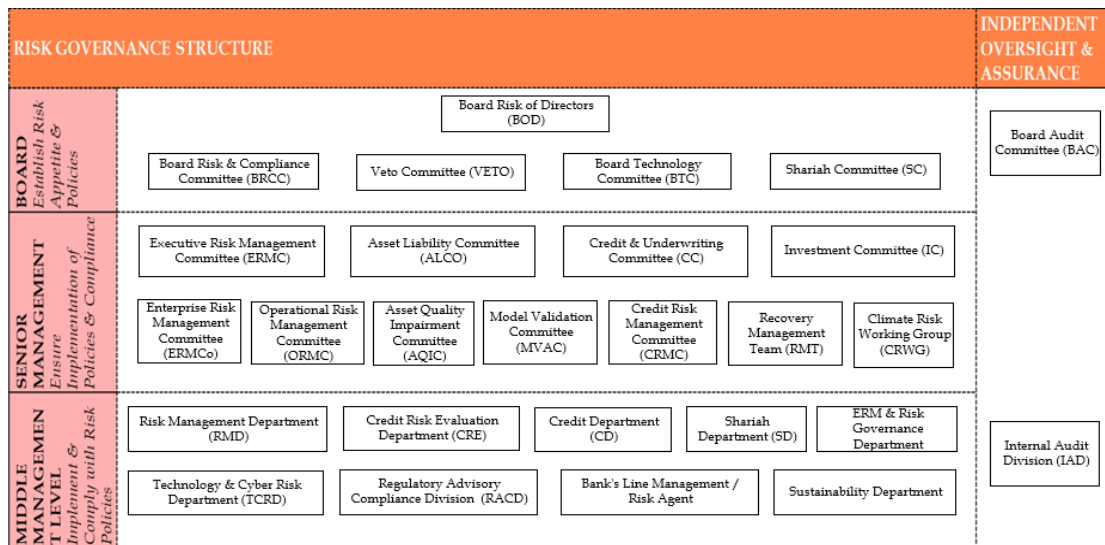
Risk is inherent in every aspect of our business activity and to manage this effectively, BMMB has undertaken an integrated risk management approach to ensure that a broad spectrum of risk types are considered and addressed. The Bank's risk management framework and structure are built on formal governance processes that outline responsibilities for risk management activities, as well as the governance and oversight of these activities.

An integral part of this approach is the systematic process of risk identification and measurement. Appropriate risk management strategies are then developed in line with the Bank's business plans and objectives, which include the ongoing monitoring and control of the identified risk exposures. The management and control over the principal risk areas of credit, market, asset and liability management, operational and Shariah are integrated to optimize and secure the Bank's strategic and competitive advantage.

Risk Governance

The Board of Directors holds the ultimate responsibility for the overall risk governance and oversight. This includes determining the appropriate risk strategies, setting the Bank's risk appetite and ensuring that the risks are monitored and controlled effectively. The Board oversees the risk management of the Bank through a clearly defined governance structure, which include board and management level committees with distinct roles and responsibilities.

Table 5: Risk Governance Structure



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3.0 Risk Management (cont'd)

Risk Governance (cont'd)

The Board's primary oversight role is to understand the risks undertaken by the Bank and ensure that these risks are properly managed. While the Board is ultimately responsible for the Bank's management of risks, it has entrusted the Board Risk & Compliance Committee ("BRCC") to carry out specific risk management and compliance oversight functions on its behalf.

BRCC, which is chaired by an independent director of the Board, is a board-level committee that oversees the overall management of risks and compliances and deliberates on risk and compliance related issues and resolutions. The BRCC, acting on behalf of the Board, also ensures that the appropriate processes, resources, policies and guidelines are in place to manage the Bank's risks and compliances.

In addition, the Board is also supported by the Shariah Committee ("SC"), which was set up as an independent external body to decide on Shariah issues and to simultaneously assist towards risk mitigation and compliance with the Shariah principles.

The execution of the board-approved risk strategies and policies is the responsibility of the Bank's management and these functions are also exercised under a committee structure. Heading the management-level risk committees is the Executive Risk Management Committee ("ERMC"), which is chaired by the Chief Executive Officer ("CEO"). The ERMC focuses on the overall business strategies and the Bank's day-to-day operations in respect of risk management.

Other management-level risk committees are set up to oversee specific risk areas and its related control functions as described below:

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3.0 Risk Management (cont'd)

Table 6: Risk Committees & Functions

Committee	Objective
Asset & Liability Committee ("ALCO")	To ensure that all strategies conform to the Bank's risk appetite and levels of exposure as determined by the BRCC. These include areas of capital management, funding and liquidity management and market risk.
Credit & Underwriting Committee ("CC")	To manage the direction of the Bank's business exposures. These include authority to decide on new and/or additional exposures and review the direction of existing exposure.
Investment Committee ("IC")	To manage the Bank's investments and decide on new and/or additional investment in securities and/or other Treasury investment-related activities.
Enterprise Risk Management Committee ("ERMCo")	To manage threats / risk and strategic opportunities that arise from both internal and external factors and have an impact on the Bank's strategic objectives/goals.
Operational Risk Management Committee ("ORMC")	To ensure effective implementation of Operational Risk Management Framework.
Asset Quality Impairment Committee ("AQIC")	To deliberate the conduct of Corporate, Commercial and SME account and to assess the account's financial health, adequacy of provision and accuracy of accounts classification (Early Care, High Risk or Impaired). The outcome will be presented to "CC" for approval.
Model Validation Committee ("MVAC")	To challenge the model development and model validation in compliance with credit risk models, whether internally or externally developed and validated. The outcome of MVAC will be presented to ERMCo and BRCC for approval.
Credit Risk Management Committee ("CRMC")	To ensure financing activities are in line with the Bank's credit risk appetite and policies and to deliberate on the effectiveness of the credit risk mitigation.
Recovery Management Team (RMT)	To manage the implementation, communication and strategy selection accordance with the approved BMMB's Recovery Plan Document.
Climate Risk Working Group (CRWG)	To ensure the compliance with climate risk obligations, driving climate risk-related strategies, and managing climate risk to strengthen the Bank's resilience.

To carry out the day-to-day risk management functions, a dedicated Risk Management Department ("RMD") and Technology and Cyber Risk Department ("TCRD") that are independent of profit and volume target, exists to support the above committees.

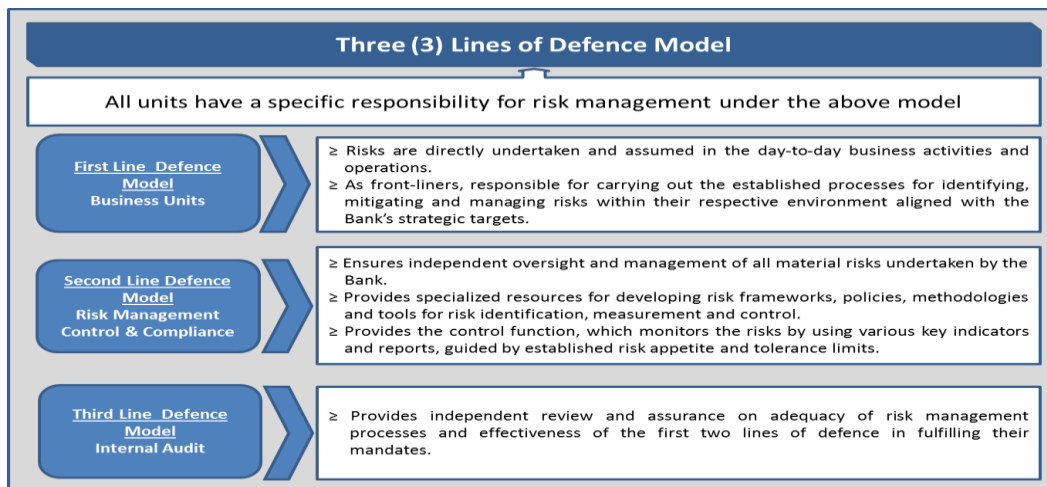
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3.0 Risk Management (cont'd)

The Bank’s risk governance structure is based on the principle that each line of business is responsible for managing the risk inherent in their undertaken business activities. The line managers are therefore responsible for the identification, measurement and management of risks within their respective areas of responsibility.

The risk governance framework is implemented under a “distributed function” approach where risk is being managed based on the three lines of defense model. The components and their respective roles are as described below:

Table 7: Risk Management Model



Risk Appetite

Central to the Bank’s risk management framework is the risk appetite. The risk appetite is defined as the level of risk that the Bank is willing to accept in fulfilling its business objectives. The Board, BRCC and senior management is responsible for determining the Bank’s risk appetite and risk management strategy. The risk appetite is reviewed by the Board on an annual basis, in alignment with the annual strategic and business planning process.

The risk appetite framework is embedded within the Bank’s key decision-making processes and supports the implementation of its strategy. It sets out the principles and policies that guide the Bank’s behavior and decision-making for all risk taking activities towards achieving an optimal balance between risk and return. It also provides a clear reference point to monitor risk taking, to trigger appropriate action as the boundaries are approached or breached, and to minimize the likelihood of ‘surprises’ when adverse risk events occur.

As outlined in the risk appetite framework, a set of risk appetite statements has been developed to define the related risk capacity, appetite, tolerance and limits/targets of the Bank. The risk appetite statements, together with the risk tolerance limits and thresholds, are formulated to cover several key strategic and business risk levels or metrics such as capital ratios, liquidity, earnings volatility, asset portfolio composition and asset quality. The risk appetite, which is expressed in quantitative and qualitative forms, also incorporates the Bank’s key performance indicators and states its stance towards reputational and Shariah non-compliance.

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4.0 Credit Risk (General Disclosure)

Credit risk is defined as the potential financial loss caused by a retail customer or a wholesale business failing to meet their obligations to the Bank as they become due. This covers all credit exposures, including guarantees and irrevocable undrawn facilities.

Risk arising from changes in credit quality is a central feature of the Bank's business, where uncertainty over the recoverability of financing and other amounts due from counterparties are inherent across most of the Bank's activities.

Adverse changes in the credit quality of a customer/counterparty or a general deterioration in the economic condition could affect the value of the Bank's assets and its overall financial performance. To a lesser degree, the Bank is also exposed to other forms of credit risk, such as settlement and pre-settlement risks, arising mainly from activities involving foreign exchange, investment securities, equities, commodities and derivatives transactions.

The BRCC and ERMC are the key board and management-level oversight committees responsible for the overall credit risk management. Their responsibilities include approving and reviewing risk strategies and policies, resolving any policy-related issues, and monitoring of the Bank's asset portfolios and risk profile.

Credit risk is managed under an established framework of policies, processes and procedures, forming part of the overall risk governance framework. The risk management processes include assessing, measuring, mitigating and managing credit risk within the Bank's risk appetite.

Key components of the framework are the Credit Risk Policy ("CRP") and Guidelines to Credit Risk Policies ("GCRP"), which outline credit-related policies and procedures for managing credit risk. These cover risk policies, controls and prudential limits; risk rating methodologies and application; financing underwriting standards and pricing; delegated credit approving authority; credit review and management of distressed assets; and rehabilitation, restructuring and provisioning for impaired financing. The policies are periodically reviewed and updated to ensure its effectiveness and continued relevance.

An important element of credit risk management involves the allocation of the Bank's financing exposures into risk rating categories. This approach provides for sufficient level of granularity and detail to facilitate identification, monitoring and management of the overall credit risk profile on a regular basis. These rating categories are also linked credit pricing and defined in relation to profit spread.

Credit approvals are performed under a formal delegated approval structure comprising a hierarchy of approving authorities with clearly defined scope and limits. The Credit Committee ("CC") is the main management-level committee involved in approving of credit proposals (for amounts exceeding that of the lower individual authority limits) and the monitoring and management of distressed financing assets.

The Bank conducts regular review of its credit exposures based on portfolio segments and concentrations to ensure these exposures remain within the Board-approved risk appetite and risk tolerance levels. These review and analysis reports also provide the basis for ongoing risk management strategy and policy formulation.

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4.0 Credit Risk (General Disclosure) (cont'd)

Credit Risk Exposures and Credit Risk Concentration

Table 8: Credit risk exposures and credit risk concentration by sector analysis

Group	Government and statutory bodies	Finance, takaful and business services	Agriculture, manufacturing, wholesale, retail and restaurant	Construction and real estate	Transport, storage and communication	Household	Others	Total
31 December 2025	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
On balance sheet exposures								
Cash and short-term funds	-	2,588,998	-	-	-	-	-	2,588,998
Deposits and placements with licensed financial institutions	-	501,361	-	-	-	-	-	501,361
Financial investments at FVTPL	50,576	-	-	-	-	-	21,597	72,173
Financial investments at FVOCI	5,341,769	1,037,403	56,674	150,399	406,190	-	915,460	7,907,895
Islamic derivative financial assets	-	7,753	5,784	-	-	-	12	13,549
Financing of customers	953,594	2,209,125	2,358,106	1,930,385	476,536	25,312,003	531,067	33,770,816
Statutory deposits with Bank Negara Malaysia	365,000	-	-	-	-	-	-	365,000
Other financial assets *	-	-	-	-	-	-	26,849	26,849
	6,710,939	6,344,640	2,420,564	2,080,784	882,726	25,312,003	1,494,985	45,246,641
Commitments and contingencies								
Contingent liabilities	1	175,574	376,588	730,189	54,914	3,737	507,310	1,848,313
Commitments	102,382	383,567	445,661	404,258	74,238	299,504	549,056	2,258,666
Other Miscellaneous Commitment and Ccontingencies	648	7,521	43,817	29,282	1,117	478,309	1,184	561,878
Islamic derivative financial liabilities	812,199	525,538	233,648	17	-	-	-	1,571,402
	915,230	1,092,200	1,099,714	1,163,746	130,269	781,550	1,057,550	6,240,259
Total credit exposures	7,626,169	7,436,840	3,520,278	3,244,530	1,012,995	26,093,553	2,552,535	51,486,900

* These balances exclude balances which are not within the scope of MFRS 9, *Financial Instruments*.

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4.0 Credit Risk (General Disclosure) (cont'd)

Credit Risk Exposures and Credit Risk Concentration (cont'd)

Table 8: Credit risk exposures and credit risk concentration by sector analysis (cont'd)

Group	Government and statutory bodies RM'000	Finance, takaful and business services RM'000	Agriculture, manufacturing, wholesale, retail and restaurant RM'000	Construction and real estate RM'000	Transport, storage and communication RM'000	Household RM'000	Others RM'000	Total RM'000
31 December 2024								
On balance sheet exposures								
Cash and short-term funds	-	2,116,600	-	-	-	-	-	2,116,600
Deposits and placements with licensed financial institutions	-	502,166	-	-	-	-	-	502,166
Financial investments at FVTPL	-	-	-	-	-	-	14,888	14,888
Financial investments at FVOCI	4,100,765	1,169,956	50,452	210,034	640,027	-	1,398,737	7,569,971
Islamic derivative financial assets	7,957	4,825	1,714	-	-	-	-	14,496
Financing of customers	936,362	2,533,867	2,167,419	1,935,806	356,390	23,748,359	671,146	32,349,349
Statutory deposits with Bank Negara Malaysia	680,000	-	-	-	-	-	-	680,000
Other financial assets *	-	-	-	-	-	-	26,649	26,649
	5,725,084	6,327,414	2,219,585	2,145,840	996,417	23,748,359	2,111,420	43,274,119
Commitments and contingencies								
Contingent liabilities	-	141,582	243,003	509,471	69,215	2,597	797,511	1,763,379
Commitments	-	270,702	456,369	369,219	67,268	623,353	344,688	2,131,599
Other Miscellaneous Commitment and Ccontingencies	-	401	32,862	20,465	1,127	294,867	-	349,722
Islamic derivative financial liabilities	894,550	780,300	175,758	-	-	-	-	1,850,608
	894,550	1,192,985	907,992	899,155	137,610	920,817	1,142,199	6,095,308
Total credit exposures	6,619,634	7,520,399	3,127,577	3,044,995	1,134,027	24,669,176	3,253,619	49,369,427

* These balances exclude balances which are not within the scope of MFRS 9, *Financial Instruments*.

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4.0 Credit Risk (General Disclosure) (cont'd)

Credit Risk Exposures and Credit Risk Concentration (cont'd)

Table 8: Credit risk exposures and credit risk concentration by sector analysis (cont'd)

Bank	Government and statutory bodies	Finance, takaful and business services	Agriculture, manufacturing, wholesale, retail and restaurant	Construction and real estate	Transport, storage and communication	Household	Others	Total
31 December 2025	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
On balance sheet exposures								
Cash and short-term funds	-	2,588,998	-	-	-	-	-	2,588,998
Deposits and placements with licensed financial institutions	-	501,361	-	-	-	-	-	501,361
Financial investments at FVTPL	50,576	-	-	-	-	-	19,701	70,277
Financial investments at FVOCI	5,341,769	1,037,403	56,674	150,399	406,190	-	915,460	7,907,895
Islamic derivative financial assets	-	7,753	5,784	-	-	-	12	13,549
Financing of customers	953,594	2,209,125	2,358,106	1,930,385	476,536	25,312,003	531,067	33,770,816
Statutory deposits with Bank Negara Malaysia	365,000	-	-	-	-	-	-	365,000
Other financial assets *	-	-	-	-	-	-	67,293	67,293
	6,710,939	6,344,640	2,420,564	2,080,784	882,726	25,312,003	1,533,533	45,285,189
Commitments and contingencies								
Contingent liabilities	1	175,574	376,588	730,189	54,914	3,737	507,310	1,848,313
Commitments	102,382	383,567	445,661	404,258	74,238	299,504	549,056	2,258,666
Other Miscellaneous Commitment and Ccontingencies	648	7,521	43,817	29,282	1,117	478,309	1,184	561,878
Islamic derivative financial liabilities	812,199	525,538	233,648	17	-	-	-	1,571,402
	915,230	1,092,200	1,099,714	1,163,746	130,269	781,550	1,057,550	6,240,259
Total credit exposures	7,626,169	7,436,840	3,520,278	3,244,530	1,012,995	26,093,553	2,591,083	51,525,448

* These balances exclude balances which are not within the scope of MFRS 9, *Financial Instruments*.

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4.0 Credit Risk (General Disclosure) (cont'd)

Credit Risk Exposures and Credit Risk Concentration (cont'd)

Table 8: Credit risk exposures and credit risk concentration by sector analysis (cont'd)

Bank	Government and statutory bodies RM'000	Finance, takaful and business services RM'000	Agriculture, manufacturing, wholesale, retail and restaurant RM'000	Construction and real estate RM'000	Transport, storage and communication RM'000	Household RM'000	Others RM'000	Total RM'000
31 December 2024								
On balance sheet exposures								
Cash and short-term funds	-	2,116,600	-	-	-	-	-	2,116,600
Deposits and placements with licensed financial institutions	-	502,166	-	-	-	-	-	502,166
Financial investments at FVTPL	-	-	-	-	-	-	12,209	12,209
Financial investments at FVOCI	4,100,765	1,169,956	50,452	210,034	640,027	-	1,398,737	7,569,971
Islamic derivative financial assets	7,957	4,825	1,714	-	-	-	-	14,496
Financing of customers	936,362	2,533,867	2,167,419	1,935,806	356,390	23,748,359	666,070	32,344,273
Statutory deposits with Bank								
Negara Malaysia	680,000	-	-	-	-	-	-	680,000
Other financial assets *	-	-	-	-	-	-	26,167	26,167
	5,725,084	6,327,414	2,219,585	2,145,840	996,417	23,748,359	2,103,183	43,265,882
Commitments and contingencies								
Contingent liabilities	-	141,582	243,003	509,471	69,215	2,597	797,511	1,763,379
Commitments	-	270,702	456,369	369,219	67,268	623,353	344,688	2,131,599
Other Miscellaneous Commitment and Ccontingencies	-	401	32,862	20,465	1,127	294,867	-	349,722
Islamic derivative financial liabilities	894,550	780,300	175,758	-	-	-	-	1,850,608
	894,550	1,192,985	907,992	899,155	137,610	920,817	1,142,199	6,095,308
Total credit exposures	6,619,634	7,520,399	3,127,577	3,044,995	1,134,027	24,669,176	3,245,382	49,361,190

* These balances exclude balances which are not within the scope of MFRS 9, *Financial Instruments*.

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4.0 Credit Risk (General Disclosure) (cont'd)

Credit Risk Exposures and Credit Risk Concentration (cont'd)

Table 9: Credit risk exposures and credit risk concentration by geographical analysis

The analysis of credit concentration risk of financial assets and commitments and contingencies of the Group and the Bank categorised by geographical distribution (based on the geographical location where the credit risk resides) are as follows:

	Group		Bank	
	Domestic RM'000	Labuan RM'000	Domestic RM'000	Labuan RM'000
31 December 2025				
On Balance Sheet				
Exposures				
Cash and short-term funds	2,588,446	552	2,588,446	552
Deposits and placements with licensed financial institutions	501,361	-	501,361	-
Financial investments at FVTPL	72,173	-	70,277	-
Financial investments at FVOCI	7,897,700	10,195	7,897,700	10,195
Islamic derivative financial assets	13,549	-	13,549	-
Financing of customers	33,770,816	-	33,770,816	-
Statutory deposits with Bank Negara Malaysia	365,000	-	365,000	-
Other financial assets *	26,846	3	67,290	3
	45,235,891	10,750	45,274,439	10,750
Commitments and contingencies				
Contingent liabilities	1,848,313	-	1,848,313	-
Commitments	2,258,666	-	2,258,666	-
Other Miscellaneous Commitment and Contingencies	561,878	-	561,878	-
Islamic derivative financial liabilities	1,571,402	-	1,571,402	-
	6,240,259	-	6,240,259	-
Total credit exposures	51,476,150	10,750	51,514,698	10,750

* These balances exclude balances which are not within the scope of MFRS 9, *Financial Instruments*.

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4.0 Credit Risk (General Disclosure) (cont'd)

Credit Risk Exposures and Credit Risk Concentration (cont'd)

Table 9: Credit risk exposures and credit risk concentration by geographical analysis (cont'd)

The analysis of credit concentration risk of financial assets and commitments and contingencies of the Group and the Bank categorised by geographical distribution (based on the geographical location where the credit risk resides) are as follows:

	Group		Bank	
	Domestic RM'000	Labuan RM'000	Domestic RM'000	Labuan RM'000
31 December 2024				
On Balance Sheet				
Exposures				
Cash and short-term funds	2,069,181	47,419	2,069,181	47,419
Deposits and placements with licensed financial institutions	502,166	-	502,166	-
Financial investments at FVTPL	14,888	-	12,209	-
Financial investments at FVOCI	7,494,785	75,186	7,494,785	75,186
Islamic derivative financial assets	14,496	-	14,496	-
Financing of customers	32,349,349	-	32,344,273	-
Statutory deposits with Bank Negara Malaysia	680,000	-	680,000	-
Other financial assets *	26,646	3	26,164	3
	<u>43,151,511</u>	<u>122,608</u>	<u>43,143,274</u>	<u>122,608</u>
Commitments and contingencies				
Contingent liabilities	1,763,379	-	1,763,379	-
Commitments	2,131,599	-	2,131,599	-
Other Miscellaneous Commitment and Contingencies	349,722	-	349,722	-
Islamic derivative financial liabilities	1,850,608	-	1,850,608	-
	<u>6,095,308</u>	<u>-</u>	<u>6,095,308</u>	<u>-</u>
Total credit exposures	<u>49,246,819</u>	<u>122,608</u>	<u>49,238,582</u>	<u>122,608</u>

* These balances exclude balances which are not within the scope of MFRS 9, *Financial Instruments*.

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4.0 Credit Risk (General Disclosure) (cont'd)

Credit Risk Exposures of Financial Assets by Maturity Distribution

Table 10: Credit risk exposures of financial assets by remaining contractual maturity

Group	Up to 6 months	> 6 - 12 months	> 1 - 5 years	Over 5 years	Total
31 December 2025	RM'000	RM'000	RM'000	RM'000	RM'000
On-Balance Sheet Exposures					
Cash and short-term funds	2,588,998	-	-	-	2,588,998
Deposits and placements with licensed financial institutions	501,361	-	-	-	501,361
Financial investments at FVTPL	50,576	-	21,597	-	72,173
Financial investments at FVOCI	550,491	998,500	5,608,386	750,518	7,907,895
Islamic derivative financial assets	13,188	361	-	-	13,549
Financing of customers	1,949,243	2,457,654	5,328,275	24,035,644	33,770,816
Statutory deposits with Bank Negara Malaysia	-	-	-	365,000	365,000
Other financial assets *	26,849	(1)	-	-	26,848
Total On-Balance Sheet Exposures	5,680,706	3,456,514	10,958,258	25,151,162	45,246,640
Group	Up to 6 months	> 6 - 12 months	> 1 - 5 years	Over 5 years	Total
31 December 2024	RM'000	RM'000	RM'000	RM'000	RM'000
On-Balance Sheet Exposures					
Cash and short-term funds	2,116,600	-	-	-	2,116,600
Deposits and placements with licensed financial institutions	502,166	-	-	-	502,166
Financial investments at FVTPL	-	14,888	-	-	14,888
Financial investments at FVOCI	388,118	582,061	6,599,792	-	7,569,971
Islamic derivative financial assets	9,464	5,032	-	-	14,496
Financing of customers	1,633,105	2,782,243	27,934,001	-	32,349,349
Statutory deposits with Bank Negara Malaysia	-	-	-	680,000	680,000
Other financial assets *	55	26,594	-	-	26,649
Total On-Balance Sheet Exposures	4,649,508	3,410,818	34,533,793	680,000	43,274,119

* These balances exclude balances which are not within the scope of MFRS 9, *Financial Instruments*.

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4.0 Credit Risk (General Disclosure) (cont'd)

Credit Risk Exposures of Financial Assets by Maturity Distribution (cont'd)

Table 10: Credit Risk Exposures of financial assets by remaining contractual maturity (cont'd)

Bank	Up to 6	> 6 - 12	> 1 - 5	Over 5	Total
31 December 2025	months	months	years	years	RM'000
	RM'000	RM'000	RM'000	RM'000	RM'000
On-Balance Sheet Exposures					
Cash and short-term funds	2,588,998	-	-	-	2,588,998
Deposits and placements with licensed financial institutions	501,361	-	-	-	501,361
Financial investments at FVTPL	50,576	-	19,701	-	70,277
Financial investments at FVOCI	550,491	998,500	5,608,386	750,517	7,907,894
Islamic derivative financial assets	13,188	361	-	-	13,549
Financing of customers	1,949,243	2,457,654	5,328,275	24,035,644	33,770,816
Statutory deposits with Bank Negara Malaysia	-	-	-	365,000	365,000
Other financial assets *	67,793	-	-	-	67,793
Total On-Balance Sheet Exposures	5,721,650	3,456,515	10,956,362	25,151,161	45,285,688
Bank	Up to 6	> 6 - 12	> 1 - 5	Over 5	Total
31 December 2024	months	months	years	years	RM'000
	RM'000	RM'000	RM'000	RM'000	RM'000
On-Balance Sheet Exposures					
Cash and short-term funds	2,116,600	-	-	-	2,116,600
Deposits and placements with licensed financial institutions	502,166	-	-	-	502,166
Financial investments at FVTPL	-	12,209	-	-	12,209
Financial investments at FVOCI	388,118	582,061	6,599,792	-	7,569,971
Islamic derivative financial assets	9,464	5,032	-	-	14,496
Financing of customers	1,633,105	2,782,243	27,928,925	-	32,344,273
Statutory deposits with Bank Negara Malaysia	-	-	-	680,000	680,000
Other financial assets *	-	26,167	-	-	26,167
Total On-Balance Sheet Exposures	4,649,453	3,407,712	34,528,717	680,000	43,265,882

* These balances exclude balances which are not within the scope of MFRS 9, *Financial Instruments*.

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4.0 Credit Risk (General Disclosure) (cont'd)

Credit Risk Management Approach

Credit risk is inherent in all credit-related activities such as in the granting of financing facilities and participation in treasury and investment banking activities.

Credit risk exposures are controlled and managed at every stage of the credit process through various methods and techniques. At the point of origination, the credit exposure is assessed using well-defined financing criteria, which include the identifying of a clear and adequate source of payment or income generation from the customer, structuring of an effective financing package and incorporation of appropriate risk mitigants.

The Bank's credit-origination and granting activities are segregated by business lines based on customer types/business segments. Specifically, these are Business Banking for corporate, commercial and retail SME customers, Consumer Banking for retail/individual customers and Investment Banking for syndications and capital market instruments. These departments are responsible for marketing, developing and managing the Bank's financing and investment assets as well as ensuring the quality and timely delivery of products and services.

The Bank has an established structure to facilitate the credit approval process defining the appropriate level of approving authority and limits. These authorities and limits are duly sanctioned by the Board and subject to periodic reviews to assess its effectiveness as well as compliance. To enhance risk identification, the financing proposals from origination departments are subjected to independent credit reviews and risk assessments by the relevant credit risk evaluation units before submission to the approving authority for decision.

Credit portfolios are managed and monitored against stipulated portfolio exposure limits to avoid credit concentration and excessive build-up of exposures preserving portfolios' quality through timely and appropriate corrective actions.

The Credit Risk report is produced and deliberated at the management and board level committees on a monthly basis to monitor overall exposures and limits. Risk Profiling Analysis on selected asset portfolios is conducted on a regular basis to assess the asset quality for potential deterioration or concentration build-up and emerging weaknesses or threats arising from internal and external factors.

Stress Test on credit exposures is used as a tool to identify possible events or future changes in the financial and economic conditions that could have an unfavorable impact on the Bank's exposures. It is also assess the Bank's ability to withstand such changes in relation to capital and earnings capacity to absorb significant losses.

The monitoring and recovery of delinquent and problematic financing accounts are undertaken by Credit Recovery Department (CRD). Within the CRD, the Business Collection & Recovery Unit has been tasked to monitor and undertake pre-emptive measures on business financing with early warning signs to prevent further deterioration and/or initiate rehabilitation actions such as rescheduling and restructuring of the affected accounts.

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4.0 Credit Risk (General Disclosure) (cont'd)

Credit Risk Management Approach (cont'd.)

Classification and loss provisioning of the Bank's impaired financing and investment assets is performed upon determination of impairment evidence and by categorization into individual and collective assessment. The process and approach is defined in the GCRP and other related policies and SOPs as prescribed under the MFRS 9 and BNM guidelines.

The Bank implemented credit risk rating approaches for its business and consumer financing portfolios i.e. application and behavioral scorecards. The credit scorecards developed using statistical and heuristic-based methodologies and applied to assess the customers' risk levels and serve as a tool to assist in the Bank's credit decision making process. The credit risk ratings are also used in portfolio monitoring and limit setting and in building a more robust estimation of credit losses as required by regulatory standards.

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4.0 Credit Risk (General Disclosure) (cont'd)

Credit Quality Financing of Customers

Table 11: Credit quality of financing of customers

The credit quality for financing of customers is managed by the Group and the Bank using the internal credit ratings. The table below shows the credit quality for financing of customers exposed to credit risk, based on the Group's and the Bank's internal credit ratings.

Financing of customers are analysed as follows:

Group	Neither past due nor impaired		Past due	Impaired	Total
	Good	Satisfactory	but not	financing	
31 December 2025	RM'000	RM'000	impaired	RM'000	RM'000
Term financing					
- Home financing	11,176,975	780,073	573,571	215,222	12,745,841
- Personal financing	7,253,993	375,942	228,141	131,473	7,989,549
- Hire purchase receivables	3,055,198	48,732	47,680	7,131	3,158,741
- Syndicated financing	442,048	-	-	-	442,048
- Other term financing	3,695,993	102,666	56,020	96,036	3,950,715
Other financing	5,636,870	127,875	26,587	37,429	5,828,761
	31,261,077	1,435,288	931,999	487,291	34,115,655
Less:					
-Stage 1 - 12 Months ECL	(104,395)	(3,494)	-	-	(107,889)
-Stage 2 - Lifetime ECL not credit impaired	-	(63,233)	(19,059)	-	(82,292)
-Stage 3 - Lifetime ECL credit impaired	-	-	-	(154,658)	(154,658)
Total net financing	31,156,682	1,368,561	912,940	332,633	33,770,816

**Basel II -
Pillar 3 Disclosure**

4.0 Credit Risk (General Disclosure) (cont'd)

Credit Quality Financing of Customers (cont'd)

Table 11: Credit quality of financing of customers (cont'd)

Financing of customers are analysed as follows:

Group	Neither past due nor impaired		Past due	Impaired	Total
	Good	Satisfactory	but not	financing	
31 December 2024	RM'000	RM'000	impaired	RM'000	RM'000
Term financing					
- Home financing	10,894,099	521,719	447,825	140,562	12,004,205
- Personal financing	7,885,358	243,561	198,342	81,971	8,409,232
- Hire purchase receivables	2,200,669	22,898	23,490	6,143	2,253,200
- Syndicated financing	482,076	-	-	-	482,076
- Other term financing	4,097,458	109,705	42,331	74,327	4,323,821
Other financing	4,944,827	117,431	31,653	38,176	5,132,087
	30,504,487	1,015,314	743,641	341,179	32,604,621
Less:					
-Stage 1 - 12 Months ECL	(117,596)	(2,248)	-	-	(119,844)
-Stage 2 - Lifetime ECL not credit impaired	-	(19,811)	(17,428)	-	(37,239)
-Stage 3 - Lifetime ECL credit impaired	-	-	-	(98,189)	(98,189)
Total net financing	30,386,891	993,255	726,213	242,990	32,349,349

**Basel II -
Pillar 3 Disclosure**

4.0 Credit Risk (General Disclosure) (cont'd)

Credit Quality Financing of Customers (cont'd)

Table 11: Credit quality of financing of customers (cont'd)

The credit quality for financing of customers is managed by the Group and the Bank using the internal credit ratings. The table below shows the credit quality for financing of customers exposed to credit risk, based on the Group's and the Bank's internal credit ratings.

Financing of customers are analysed as follows:

Bank	Neither past due nor impaired		Past due but not	Impaired	Total
31 December 2025	Good	Satisfactory	impaired	financing	RM'000
	RM'000	RM'000	RM'000	RM'000	RM'000
Term financing					
- Home financing	11,176,975	780,073	573,571	215,222	12,745,841
- Personal financing	7,253,993	375,942	228,141	131,473	7,989,549
- Hire purchase receivables	3,055,198	48,732	47,680	7,131	3,158,741
- Syndicated financing	442,048	-	-	-	442,048
- Other term financing	3,695,993	102,666	56,020	96,036	3,950,715
Other financing	5,636,870	127,875	26,587	37,429	5,828,761
	31,261,077	1,435,288	931,999	487,291	34,115,655
Less:					
-Stage 1 - 12 Months ECL	(104,395)	(3,494)	-	-	(107,889)
-Stage 2 - Lifetime ECL not credit impaired	-	(63,233)	(19,059)	-	(82,292)
-Stage 3 - Lifetime ECL credit impaired	-	-	-	(154,658)	(154,658)
Total net financing	31,156,682	1,368,561	912,940	332,633	33,770,816

**Basel II -
Pillar 3 Disclosure**

4.0 Credit Risk (General Disclosure) (cont'd)

Credit Quality Financing of Customers (cont'd)

Table 11: Credit quality of financing of customers (cont'd)

Financing of customers are analysed as follows:

Bank	Neither past due nor impaired		Past due	Impaired	Total
	Good	Satisfactory	but not	financing	
31 December 2024	RM'000	RM'000	impaird	RM'000	RM'000
Term financing					
- Home financing	10,894,099	521,719	447,825	140,562	12,004,205
- Personal financing	7,885,358	243,561	198,342	81,971	8,409,232
- Hire purchase receivables	2,200,669	22,898	23,490	6,143	2,253,200
- Syndicated financing	482,076	-	-	-	482,076
- Other term financing	4,092,382	109,705	42,331	74,327	4,318,745
Other financing	4,944,827	117,431	31,653	38,176	5,132,087
	30,499,411	1,015,314	743,641	341,179	32,599,545
Less:					
-Stage 1 - 12 Months ECL	(117,596)	(2,248)	-	-	(119,844)
-Stage 2 - Lifetime ECL not credit impaired	-	(19,811)	(17,428)	-	(37,239)
-Stage 3 - Lifetime ECL credit impaired	-	-	-	(98,189)	(98,189)
Total net financing	30,381,815	993,255	726,213	242,990	32,344,273

4.0 Credit Risk (General Disclosure) (cont'd)

Credit Quality Financing of Customers (cont'd)

Financing of customers are analysed as follows: (cont'd.)

(i) Neither past due nor impaired

Gross financing and advances which are neither past due nor impaired:

- "Good Grade" refers to financing and advances which are neither past due nor impaired in the last six months and have never undergone any rescheduling or restructuring exercise previously.
- "Satisfactory Grade" refers to financing and advances which may have been past due or impaired during the last six months or have undergone a rescheduling or restructuring exercise previously.

(ii) Past due but not impaired

Past due but not impaired financing of customers refers to where the customer has failed to make a principal or profit payment after the contractual due date for more than one day but less than three (3) months.

Aging analysis of past due but not impaired is as follows:

Table 12: Past due but not impaired

Group and Bank	1 - 2	>2 - 3	Total
31 December 2025	months	months	RM'000
	RM'000	RM'000	RM'000
Term financing			
- Home financing	572,509	1,062	573,571
- Personal financing	222,655	5,486	228,141
- Hire purchase receivables	47,483	197	47,680
- Other term financing	45,685	10,335	56,020
Other financing	19,337	7,250	26,587
Total	907,669	24,330	931,999

4.0 Credit Risk (General Disclosure) (cont'd)

Credit Quality Financing of Customers (cont'd)

Financing of customers are analysed as follows: (cont'd.)

(ii) Past due but not impaired (cont'd)

Table 12: Past due but not impaired (cont'd)

Group and Bank 31 December 2024	1 - 2 months RM'000	>2 - 3 months RM'000	Total RM'000
Term financing			
- Home financing	447,041	784	447,825
- Personal financing	194,662	3,680	198,342
- Hire purchase receivables	23,355	135	23,490
- Other term financing	41,645	686	42,331
Other financing	30,144	1,509	31,653
Total	736,847	6,794	743,641

The following tables present an analysis of the past due but not impaired financing by economic purpose.

Group and Bank	31 December 2025 RM'000	31 December 2024 RM'000
Purchase of transport vehicles	47,680	23,490
Purchase of landed properties of which:		
– residential	547,890	425,010
– non-residential	15,326	15,572
Personal use	258,714	219,701
Construction	282	965
Working capital	56,867	53,407
Other purpose	5,240	5,496
	931,999	743,641

The following table presents an analysis of the past due but not impaired financing by geographical area:

Group and Bank	31 December 2025 RM'000	31 December 2024 RM'000
Domestic	931,999	743,641

4.0 Credit Risk (General Disclosure) (cont'd)

Credit Quality Financing of Customers (cont'd)

(iii) Impaired financing

A financing of customer is considered past due when any payment (whether principal and/or profit) due under the contractual terms are received late or missed.

Financing and advances are classified as credit-impaired when they fulfil any of the following criteria:

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

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

The financial effects of the adoption of MFRS 9 in relation to other areas on the Group's and the Bank's financial statements are disclosed in Note 2.4.

4.0 Credit Risk (General Disclosure) (cont'd)

Credit Quality Financing of Customers (cont'd)

Impaired financing (cont'd)

Table 13: Impaired financing by economic purpose

The following tables present an analysis of the impaired financing by economic purpose.

Group	31 December 2025						
	Individual Assessment Impaired Financing RM'000	Individual Assessment Allowance, at 1 January RM'000	Net Charge for the Year RM'000	Amounts Written Off/Other Movements RM'000	Individual Assessment Allowance at 31 December RM'000	Collective Assessment Allowance at 31 December RM'000	Total Impairment Allowances for Financing RM'000
Purchase of securities	29	-	-	-	-	2,926	2,926
Purchase of transport vehicles	6,620	54	2,917	2,971	-	10,047	10,047
Purchase of landed properties of which:							
– residential	204,461	8,492	2,119	-	10,611	65,464	76,075
– non-residential	15,058	1,387	513	-	1,900	1,278	3,178
Purchase of fixed assets (excluding landed properties)	511	-	-	-	-	6,156	6,156
Personal use	147,510	1,195	727	-	1,922	188,357	190,279
Construction	-	-	-	-	-	1,224	1,224
Working capital	107,853	14,119	22,522	4,183	32,458	18,145	50,603
Other purpose	5,249	-	159	-	159	4,192	4,351
	487,291	25,247	28,957	7,154	47,050	297,789	344,839

4.0 Credit Risk (General Disclosure) (cont'd)

Credit Quality Financing of Customers (cont'd)

Impaired financing (cont'd)

Table 13: Impaired financing by economic purpose (cont'd)

The following tables present an analysis of the impaired financing by economic purpose.

Group	31 December 2024						
	Individual Assessment Impaired Financing RM'000	Individual Assessment Allowance, at 1 January RM'000	Net Charge for the Year RM'000	Amounts Written Off/Other Movements RM'000	Individual Assessment Allowance at 31 December RM'000	Collective Assessment Allowance at 31 December RM'000	Total Impairment Allowances for Financing RM'000
Purchase of securities	3	-	-	-	-	86	86
Purchase of transport vehicles	6,143	3	51	-	54	5,713	5,767
Purchase of landed properties of which:							
– residential	132,837	10,140	5,674	7,322	8,492	57,770	66,262
– non-residential	12,593	1,705	4,411	4,729	1,387	1,230	2,617
Purchase of fixed assets (excluding landed properties)	-	-	-	-	-	8,587	8,587
Personal use	95,109	1,595	(400)	-	1,195	125,436	126,631
Construction	-	-	-	-	-	2,510	2,510
Working capital	93,030	6,267	146,694	138,842	14,119	24,506	38,625
Other purpose	1,464	351	(352)	-	-	4,187	4,187
	341,179	20,061	156,078	150,892	25,247	230,025	255,272

4.0 Credit Risk (General Disclosure) (cont'd)

Credit Quality Financing of Customers (cont'd)

Impaired financing (cont'd)

Table 13: Impaired financing by economic purpose (cont'd)

The following tables present an analysis of the impaired financing by economic purpose.

	31 December 2025						
	Impaired Financing RM'000	Individual Assessment Allowance, at 1 January RM'000	Net Charge for the Year RM'000	Amounts Written Off/Other Movements RM'000	Individual Assessment Allowance at 31 December RM'000	Collective Assessment 31 December RM'000	Total Impairment Allowances for Financing RM'000
Bank							
Purchase of securities	29	-	-	-	-	2,926	2,926
Purchase of transport vehicles	6,620	54	2,917	2,971	-	10,047	10,047
Purchase of landed properties of which:							
– residential	204,461	8,492	2,119	-	10,611	65,464	76,075
– non-residential	15,058	1,387	513	-	1,900	1,278	3,178
Purchase of fixed assets (excluding landed properties)	511	-	-	-	-	6,156	6,156
Personal use	147,510	1,195	727	-	1,922	188,357	190,279
Construction	-	-	-	-	-	1,224	1,224
Working capital	107,853	14,119	22,522	4,183	32,458	18,145	50,603
Other purpose	5,249	-	159	-	159	4,192	4,351
	487,291	25,247	28,957	7,154	47,050	297,789	344,839

4.0 Credit Risk (General Disclosure) (cont'd)

Credit Quality Financing of Customers (cont'd)

Impaired financing (cont'd)

Table 13: Impaired financing by economic purpose (cont'd)

The following tables present an analysis of the impaired financing by economic purpose.

	31 December 2024						
	Impaired Financing RM'000	Individual Assessment Allowance, at 1 January RM'000	Net Charge for the Year RM'000	Amounts Written Off/Other Movements RM'000	Individual Assessment Allowance at 31 December RM'000	Collective Assessment 31 December RM'000	Total Impairment Allowances for Financing RM'000
Bank							
Purchase of securities	3	-	-	-	-	86	86
Purchase of transport vehicles	6,143	3	58	7	54	5,713	5,767
Purchase of landed properties of which:							
– residential	132,837	10,140	5,674	7,322	8,492	57,770	66,262
– non-residential	12,593	1,705	4,411	4,729	1,387	1,230	2,617
Purchase of fixed assets (excluding landed properties)	-	-	-	-	-	8,587	8,587
Personal use	95,109	1,595	(400)	-	1,195	125,436	126,631
Construction	-	-	-	-	-	2,510	2,510
Working capital	93,030	6,267	74,043	66,191	14,119	24,506	38,625
Other purpose	1,464	351	(352)	-	-	4,187	4,187
	341,179	20,061	83,434	78,249	25,247	230,025	255,272

4.0 Credit Risk (General Disclosure) (cont'd)

Credit Quality Financing of Customers (cont'd)

Table 14: Impaired financing by geographical distribution

The following tables present an analysis of the impaired financing by geographical distribution.

		31 December 2025					
Group	Impaired Financing RM'000	Individual Assessment Allowance at 1 January RM'000	Net Charge for the Year RM'000	Amounts Written Off/Other Movements RM'000	Individual Assessment Allowance at 31 December RM'000	Collective Assessment Allowance at 31 December RM'000	Total Impairment Allowances for Financing RM'000
Domestic	487,291	25,247	28,957	7,154	47,050	297,789	344,839

		31 December 2024					
Group	Impaired Financing RM'000	Individual Assessment Allowance at 1 January RM'000	Net Charge for the Year RM'000	Amounts Written Off/Other Movements RM'000	Individual Assessment Allowance at 31 December RM'000	Collective Assessment Allowance at 31 December RM'000	Total Impairment Allowances for Financing RM'000
Domestic	341,179	20,061	156,078	150,892	25,247	230,025	255,272

4.0 Credit Risk (General Disclosure) (cont'd)

Credit Quality Financing of Customers (cont'd)

Table 14: Impaired financing by geographical distribution (cont'd)

The following tables present an analysis of the impaired financing by geographical distribution.

		31 December 2025						
		Impaired Financing RM'000	Individual Assessment Allowance at 1 January RM'000	Net Charge for the Year RM'000	Amounts Written Off/Other Movements RM'000	Individual Assessment Allowance at 31 December RM'000	Collective Assessment Allowance at 31 December RM'000	Total Impairment Allowances for Financing RM'000
Bank								
Domestic		487,291	25,247	28,957	7,154	47,050	297,789	344,839

		31 December 2024						
		Impaired Financing RM'000	Individual Assessment Allowance at 1 January RM'000	Net Charge for the Year RM'000	Amounts Written Off/Other Movements RM'000	Individual Assessment Allowance at 31 December RM'000	Collective Assessment Allowance at 31 December RM'000	Total Impairment Allowances for Financing RM'000
Bank								
Domestic		341,179	20,061	83,434	78,249	25,247	230,025	255,272

4.0 Credit Risk (General Disclosure) (cont'd)

Credit Quality Financing of Customers (cont'd)

(iv) Impaired financing (cont'd)

Collateral and other credit enhancements

The amount and type of collateral required depends on an assessment of credit risk of the counterparty. Guidelines are implemented regarding the acceptability of types and collateral and valuation parameters.

The main types of collateral obtained by the Group and the Bank are as follows:

- For home financing - mortgages over residential properties;
- For syndicated financing - charges over the properties being financed;
- For vehicle financing - charges over the vehicles financed;
- For share margin financing - pledges over securities from listed exchange;
- For other financing - charges over business assets such as premises, inventories, trade receivables or deposits.

The financial effect of collateral (quantification of the extent to which collateral and other credit enhancements mitigate credit risk) held for financing of customer for the Group and the Bank are at **51.08** as at 31 December 2025 (The Group and the Bank are at 51.24% and 51.25% respectively as at 31 December 2024). The financial effect of collateral held for other financial assets is not significant.

As at 31 December 2025, the fair value of collateral that the Group and the Bank hold relating to financing of customers individually determined to be impaired amounts to RM76,965,000 as compared against 31 December 2024 total amount of RM83,639,000. The collateral consists of cash, securities, letters of guarantee, and properties.

The following table presents credit exposure from home financing that are credit impaired by ranges of financing-to-value ("FTV"). FTV is calculated as the ratio of the gross amount of the financing to the value of the collateral.

	Group and Bank	
	2025	2024
	RM'000	RM'000
FTV Ratio		
Less than 51%	16,287	18,289
51-70%	13,986	11,502
More than 70%	184,949	110,770
Total	215,222	140,561

(v) Repossessed Collateral

It is the Group's and the Bank's policy to dispose of repossessed collateral in an orderly manner. The proceeds are used to reduce or pay the outstanding balance of financing and securities. Collateral's repossessed by the Bank are subject to disposal as soon as practicable. Foreclosed properties are recognised in other assets on the statement of financial position. The Group and the Bank do not occupy repossessed properties for its own business use.

5.0 Credit Risk (Disclosures for Portfolio under the Standardised Approach)

The Group and the Bank use the external rating agencies such as MARC, RAM, Moody's, Standard & Poors, Fitch and R&I for rating of commercial papers (CPs) and corporate bonds (CBs) or participation of syndication or underwriting of PDS issuance.

Each ECAI is used based on the types of exposures as described per Capital Adequacy Framework for Islamic Banks (CAFIB). The Group's and the Bank's credit exposures that are presently not mapped to the ECAI ratings are depicted below as unrated. Rating for financing exposure based on the obligor rating and treasury exposure based on issue rating of the exposure.

Table 15: Rating distribution on credit exposures

Group

31 December 2025

Exposure Class	Rating by Approved ECAIS										Grand Total RM'000
	AAA RM'000	AA+ RM'000	AA RM'000	AA- RM'000	A RM'000	BBB RM'000	BB+ TO BB- RM'000	P1/MARC1 RM'000	Unrated RM'000	Others RM'000	
On and Off Balance-Sheet Exposures											
Credit Exposures - Standardised Approach											
Sovereigns/Central Banks	7,409,809	-	-	-	-	-	-	-	-	-	7,409,809
Public Sector Entities	-	-	32,136	-	-	-	-	-	1,039,075	-	1,071,211
Banks, Development Financial Institutions & MDBs	804,065	-	370,922	-	134,014	-	-	-	192,892	-	1,501,893
Takaful Cos, Securities Firms & Fund Managers	-	-	-	-	-	-	-	-	170,653	-	170,653
Corporates	978,677	226,595	55,303	15,947	101,184	-	-	-	9,581,978	-	10,959,684
Regulatory Retail	-	-	-	-	-	-	-	-	14,509,977	-	14,509,977
Residential Mortgages	-	-	-	-	-	-	-	-	11,825,117	-	11,825,117
Higher Risk Assets	-	-	-	-	-	-	-	-	8,486	-	8,486
Other Assets	-	-	-	-	-	-	-	-	436,238	-	436,238
Total	9,192,551	226,595	458,361	15,947	235,198	-	-	-	37,764,416	-	47,893,068

Group

31 December 2024

Exposure Class	Rating by Approved ECAIS										Grand Total RM'000
	AAA RM'000	AA+ RM'000	AA RM'000	AA- RM'000	A RM'000	BBB RM'000	BB+ TO BB- RM'000	P1/MARC1 RM'000	Unrated RM'000	Others RM'000	
On and Off Balance-Sheet Exposures											
Credit Exposures - Standardised Approach											
Sovereigns/Central Banks	5,613,639	-	-	-	-	-	-	-	-	-	5,613,639
Public Sector Entities	-	-	35,093	-	-	-	-	-	1,168,235	-	1,203,328
Banks, Development Financial Institutions & MDBs	539,704	100,194	489,773	50,026	100,008	-	-	-	432,675	-	1,712,380
Takaful Cos, Securities Firms & Fund Managers	-	-	-	-	-	-	-	-	177,691	-	177,691
Corporates	1,171,519	224,762	25,205	15,708	100,330	-	-	-	10,883,192	-	12,420,716
Regulatory Retail	-	-	-	-	-	-	-	-	13,257,537	-	13,257,537
Residential Mortgages	-	-	-	-	-	-	-	-	10,776,892	-	10,776,892
Higher Risk Assets	-	-	-	-	-	-	-	-	47,776	-	47,776
Other Assets	-	-	-	-	-	-	-	-	366,681	-	366,681
Total	7,324,862	324,956	550,071	65,734	200,338	-	-	-	37,110,679	-	45,576,640

5.0 Credit Risk (Disclosures for Portfolio under the Standardised Approach) (cont'd)

Table 15: Rating distribution on credit exposures (cont'd)

Bank

31 December 2025

Exposure Class	Rating by Approved ECAIS										Grand Total RM'000
	AAA RM'000	AA+ RM'000	AA RM'000	AA- RM'000	A RM'000	BBB RM'000	BB+ TO BB- RM'000	P1/MARC1 RM'000	Unrated RM'000	Others RM'000	
On and Off Balance-Sheet Exposures											
Credit Exposures - Standardised Approach											
Sovereigns/Central Banks	7,409,809	-	-	-	-	-	-	-	-	-	7,409,809
Public Sector Entities	-	-	32,136	-	-	-	-	-	1,039,075	-	1,071,211
Banks, Development Financial Institutions & MDBs	804,065	-	370,922	-	134,014	-	-	-	192,892	-	1,501,893
Takaful Cos, Securities Firms & Fund Managers	-	-	-	-	-	-	-	-	170,653	-	170,653
Corporates	978,677	226,595	55,303	15,947	101,184	-	-	-	9,620,391	-	10,998,097
Regulatory Retail	-	-	-	-	-	-	-	-	14,509,977	-	14,509,977
Residential Mortgages	-	-	-	-	-	-	-	-	11,825,117	-	11,825,117
Higher Risk Assets	-	-	-	-	-	-	-	-	8,488	-	8,488
Other Assets	-	-	-	-	-	-	-	-	436,237	-	436,237
Total	9,192,551	226,595	458,361	15,947	235,198	-	-	-	37,802,830	-	47,931,482

Bank

31 December 2024

Exposure Class	Rating by Approved ECAIS										Grand Total RM'000
	AAA RM'000	AA+ RM'000	AA RM'000	AA- RM'000	A RM'000	BBB RM'000	BB+ TO BB- RM'000	P1/MARC1 RM'000	Unrated RM'000	Others RM'000	
On and Off Balance-Sheet Exposures											
Credit Exposures - Standardised Approach											
Sovereigns/Central Banks	5,613,639	-	-	-	-	-	-	-	-	-	5,613,639
Public Sector Entities	-	-	35,093	-	-	-	-	-	1,168,235	-	1,203,328
Banks, Development Financial Institutions & MDBs	539,704	100,194	489,773	50,026	100,008	-	-	-	432,675	-	1,712,380
Takaful Cos, Securities Firms & Fund Managers	-	-	-	-	-	-	-	-	177,691	-	177,691
Corporates	1,171,519	224,762	25,205	15,708	100,330	-	-	-	10,874,539	-	12,412,063
Regulatory Retail	-	-	-	-	-	-	-	-	13,257,537	-	13,257,537
Residential Mortgages	-	-	-	-	-	-	-	-	10,776,892	-	10,776,892
Higher Risk Assets	-	-	-	-	-	-	-	-	47,778	-	47,778
Other Assets	-	-	-	-	-	-	-	-	366,681	-	366,681
Total	7,324,862	324,956	550,071	65,734	200,338	-	-	-	37,102,028	-	45,567,989

5.0 Credit Risk (Disclosures for Portfolio under the Standardised Approach) (cont'd)

Table 15: Rating distribution on credit exposures (cont'd)

Exposure Class	Ratings of Corporate by Approved ECAs					
	Moody's S&P Fitch RAM MARC RII Inc RM'000	Aaa to Aa3 AAA to AA- AAA to AA- AAA to AA3 AAA to AA- AAA to AA-	A1 to A3 A+ to A- A+ to A- A to A3 A+ to A- A+ to A-	Baa1 to Ba3 BBB+ to BB- BBB+ to BB- BBB1 to BB3 BBB+ to BB- 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

**On and Off Balance-Sheet Exposures
Credit Exposures (Using Corporate Risk Weights)**

**Group and Bank
31 December 2025**

Public Sector Entities (applicable for entities risk weighted based on their external ratings as corporates)	32,136	-	-	-	1,039,075
Takaful Companies, Securities Firms & Fund Managers	-	-	-	-	-
Corporates	1,276,521	101,184	-	-	9,620,392
Total	1,308,657	101,184	-	-	10,659,467

**Group and Bank
31 December 2024**

Public Sector Entities (applicable for entities risk weighted based on their external ratings as corporates)	35,093	-	-	-	1,168,235
Takaful Companies, Securities Firms & Fund Managers	-	-	-	-	-
Corporates	1,437,194	100,330	-	-	10,874,540
Total	1,472,287	100,330	-	-	12,042,775

5.0 Credit Risk (Disclosures for Portfolio under the Standardised Approach) (cont'd)

Table 15: Rating distribution on credit exposures (cont'd)

Exposure Class	Short term Ratings of Banking Institutions and Corporate by Approved ECAs					
	Moody's	P-1	P-2	P-3	Others	Unrated
	S&P	A-1	A-2	A-3	Others	Unrated
	Fitch	F1+,F1	2	3	B to D	Unrated
	RAM	P-1	P-2	P-3	NP	Unrated
	MARC	MARC-1	MARC-2	MARC-3-	MARC-4	Unrated
	RII Inc	a-1+,a-1	a-2	a-3	b,c	Unrated
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
On and Off Balance-Sheet Exposures						
Group and Bank						
31 December 2025						
Banks, MDBs and FDIs		-	-	-	-	-
Credit Exposures (using Corporate Risk Weights)						
Corporates		-	-	-	-	-
Total		-	-	-	-	-
Group and Bank						
31 December 2024						
Banks, MDBs and FDIs		-	-	-	-	-
Credit Exposures (using Corporate Risk Weights)						
Corporates		-	-	-	-	-
Total		-	-	-	-	-

5.0 Credit Risk (Disclosures for Portfolio under the Standardised Approach) (cont'd)

Table 15: Rating distribution on credit exposures (cont'd)

Group and Bank
31 December 2025

Exposure Class	Ratings of Sovereigns and Central Banks by Approved ECAs						
	Moody's	Aaa to Aa3	A1 to A3	Baa1 to Baa3	Ba1 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
	RII Inc	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to C	Unrated
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
On and Off Balance-Sheet Exposures							
Sovereigns and Central Banks	7,409,809	-	-	-	-	-	-
Total	7,409,809	-	-	-	-	-	-

Group and Bank
31 December 2024

Exposure Class	Ratings of Sovereigns and Central Banks by Approved ECAs						
	Moody's	Aaa to Aa3	A1 to A3	Baa1 to Baa3	Ba1 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
	RII Inc	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to C	Unrated
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
On and Off Balance-Sheet Exposures							
Sovereigns and Central Banks	5,613,639	-	-	-	-	-	-
Total	5,613,639	-	-	-	-	-	-

5.0 Credit Risk (Disclosures for Portfolio under the Standardised Approach) (cont'd)

Table 15: Rating distribution on credit exposures (cont'd)

Exposure Class	Ratings of Banking Institutions by Approved ECAIs						
	Moody's S&P Fitch RAM MARC RII Inc	Aaa to Aa3 AAA to AA- AAA to AA- AAA to AA3 AAA to AA- AAA to AA-	A1 to A3 A+ to A- A+ to A- A1 to A3 A+ to A- A+ to A-	Baa1 to Baa3 BBB+ to BBB- BBB+ to BBB- BBB1 to BBB3 BBB+ to BBB- BBB+ to BBB-	Ba1 to B3 BB+ to B- BB+ to B- BB1 to B3 BB+ to B- BB+ to B-	Caa1 to C CCC+ to D CCC+ to D C1 to D C+ to D CCC+ to C	Unrated Unrated Unrated Unrated Unrated Unrated
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
On and Off Balance-Sheet Exposures							
Group and Bank							
31 December 2025							
Banks, MDBs and FDIs		1,174,987	134,014	-	-	-	192,892
Total		1,174,987	134,014	-	-	-	192,892
Group and Bank							
31 December 2024							
Banks, MDBs and FDIs		1,179,698	100,008	-	-	-	432,675
Total		1,179,698	100,008	-	-	-	432,675

5.0 Credit Risk (Disclosures for Portfolio under the Standardised Approach) (cont'd)

Credit risk disclosure by risk weights (including deducted exposures) are as follows:

Table 16: Credit risk disclosure by risk weights

31 December 2025

Group	Exposures after Netting and Credit Risk Mitigation										Total Exposures after	Total Risk
	Sovereign & Central Banks RM'000	Public Sector Entities RM'000	Banks, MDBs and FDIs RM'000	Corporate RM'000	Regulatory Retail RM'000	Real Estate RM'000	Fund Managers Exposures RM'000	Equity Exposures RM'000	Higher Risk Assets RM'000	Other Assets RM'000	Netting and Credit Risk Mitigation RM'000	Weighted Assets RM'000
Risk-Weights												
0%	7,409,809	780,503	-	2,647,876	938,956	3,343,629	-	-	3	123,657	15,244,433	-
20%	-	290,709	1,501,893	1,862,184	1,104,148	39,435	66,089	-	-	-	4,864,458	972,890
35%	-	-	-	-	-	3,930,557	-	-	-	-	3,930,557	1,375,695
50%	-	-	-	100,417	33,143	1,579,662	-	-	-	-	1,713,222	856,611
75%	-	-	-	-	4,371,821	503,312	-	-	-	-	4,875,133	3,656,350
100%	-	-	-	6,389,517	8,016,389	2,428,522	104,564	-	-	272,269	17,211,261	17,211,261
150%	-	-	-	-	45,521	-	-	-	8,483	-	54,004	81,006
Total	7,409,809	1,071,212	1,501,893	10,999,994	14,509,978	11,825,117	170,653	-	8,486	395,926	47,893,068	24,153,813

5.0 Credit Risk (Disclosures for Portfolio under the Standardised Approach) (cont'd)

Credit risk disclosure by risk weights (including deducted exposures) are as follows: (cont'd)

Table 16: Credit risk disclosure by risk weights (cont'd)

31 December 2024

Group	Exposures after Netting and Credit Risk Mitigation										Total Exposures after Netting and Credit Risk Mitigation	Total Risk Weighted Assets
	Sovereign & Central Banks RM'000	Public Sector Entities RM'000	Banks, MDBs and FDIs RM'000	Corporate RM'000	Regulatory Retail RM'000	Residential Real Estate RM'000	Fund Managers Exposures RM'000	Equity Exposures RM'000	Higher Risk Assets RM'000	Other Assets RM'000	RM'000	RM'000
Risk-Weights												
0%	5,613,639	887,019	-	3,762,084	1,106,878	2,540,008	-	-	9	126,386	14,036,022	-
20%	-	316,310	1,712,381	1,539,841	747,335	64,316	36,305	-	-	-	4,416,488	883,297
35%	-	-	-	-	-	3,919,976	-	-	-	-	3,919,976	1,371,991
50%	-	-	-	100,330	23,627	1,351,652	-	-	-	-	1,475,609	737,804
75%	-	-	-	-	2,903,135	500,630	-	-	-	-	3,403,765	2,552,824
100%	-	-	-	7,012,489	8,440,829	2,400,311	141,387	-	-	241,189	18,236,205	18,236,207
150%	-	-	-	5,076	35,733	-	-	-	47,766	-	88,575	132,862
Total	5,613,639	1,203,329	1,712,381	12,419,820	13,257,537	10,776,893	177,692	-	47,775	367,575	45,576,640	23,914,985

5.0 Credit Risk (Disclosures for Portfolio under the Standardised Approach) (cont'd)

Credit risk disclosure by risk weights (including deducted exposures) are as follows: (cont'd)

Table 16: Credit risk disclosure by risk weights (cont'd)

31 December 2025

	Exposures after Netting and Credit Risk Mitigation										Total Exposures after Netting and Credit Risk Mitigation	Total Risk Weighted Assets
	Sovereign & Central Banks	Public Sector Entities	Banks, MDBs and FDIs	Corporate	Regulatory Retail	Residential Real Estate	Fund Managers Exposures	Equity Exposures	Higher Risk Assets	Other Assets	RM'000	RM'000
Risk-Weights												
0%	7,409,809	780,503	-	2,647,876	938,956	3,343,629	-	-	3	123,657	15,244,433	-
20%	-	290,709	1,501,893	1,862,184	1,104,148	39,435	66,089	-	-	-	4,864,458	972,891
35%	-	-	-	-	-	3,930,557	-	-	-	-	3,930,557	1,375,695
50%	-	-	-	100,417	33,143	1,579,662	-	-	-	-	1,713,222	856,611
75%	-	-	-	-	4,371,821	503,312	-	-	-	-	4,875,133	3,656,350
100%	-	-	-	6,387,621	8,016,389	2,428,522	104,564	-	-	312,579	17,249,675	17,249,674
150%	-	-	-	-	45,521	-	-	-	8,483	-	54,004	81,006
Total	7,409,809	1,071,212	1,501,893	10,998,098	14,509,978	11,825,117	170,653	-	8,486	436,236	47,931,482	24,192,227

5.0 Credit Risk (Disclosures for Portfolio under the Standardised Approach) (cont'd)

Credit risk disclosure by risk weights (including deducted exposures) are as follows: (cont'd)

Table 16: Credit risk disclosure by risk weights (cont'd)

31 December 2024

	Exposures after Netting and Credit Risk Mitigation										Total Exposures after Netting and Credit Risk Mitigation RM'000	Total Risk Weighted Assets RM'000
	Sovereign & Central Banks RM'000	Public Sector Entities RM'000	Banks, MDBs and FDIs RM'000	Corporate RM'000	Regulatory Retail RM'000	Residential Real Estate RM'000	Fund Managers Exposures RM'000	Equity Exposures RM'000	Higher Risk Assets RM'000	Other Assets RM'000		
Risk-Weights												
0%	5,613,639	887,019	-	3,762,084	1,106,878	2,540,008	-	-	9	126,384	14,036,021	-
20%	-	316,310	1,712,381	1,539,841	747,335	64,316	36,305	-	-	-	4,416,488	883,298
35%	-	-	-	-	-	3,919,976	-	-	-	-	3,919,976	1,371,991
50%	-	-	-	100,330	23,627	1,351,652	-	-	-	-	1,475,609	737,804
75%	-	-	-	-	2,903,135	500,630	-	-	-	-	3,403,765	2,552,824
100%	-	-	-	7,009,810	8,440,829	2,400,311	141,387	-	-	240,294	18,232,631	18,232,631
150%	-	-	-	-	35,733	-	-	-	47,766	-	83,499	125,248
Total	5,613,639	1,203,329	1,712,381	12,412,065	13,257,537	10,776,893	177,692	-	47,775	366,678	45,567,989	23,903,796

6.0 Credit Risk Mitigation ("CRM") Disclosures under the Standardised Approach

Upon assessment of a customer's credit standing and payment capacity and identification of the proposed financing's source of payment, the Bank may provide a financing facility on a secured, partially secured or unsecured basis. In mitigating its credit exposure, the Group and the Bank may employ Credit Risk Mitigants in the form of collaterals and other supports. Examples of these CRMs include charges over residential and commercial properties being financed; pledge over shares and marketable securities, ownership claims over vehicles being financed, and supports in the form of debentures, assignments and guarantees.

The Bank utilise specific techniques to identify eligible collaterals and securities and ascertain their value, and subsequently, implement adequate monitoring process to ensure continued coverage and enforceability.

Credit documentation, administration and disbursement are carried out under clear guidelines and procedures to ensure protection and enforceability of collaterals and other credit risk mitigants. Valuation updates of collaterals are concurrently done during the periodic review of the financing facilities to reflect current market value and ensure adequacy and continued coverage.

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

Table 17: Credit risk mitigation on credit exposures

Group	Total Exposures Covered by		
	Gross Exposures	Eligible Financial Collateral	*Net Exposures
31 December 2025	RM'000	RM'000	RM'000
Credit Risk			
(a) On Balance sheet exposures			
Sovereign/Central banks	7,132,557	-	7,132,557
Public sector entities	1,004,845	-	1,004,845
Banks, Development Financial Institution & MDBs	1,490,524	-	1,490,524
Takaful Cos, Securities Firms & Fund Managers	170,653	-	170,653
Corporates	9,350,083	-	9,350,083
Regulatory retail	14,033,115	-	14,033,115
Residential real estate	11,663,963	-	11,663,963
Higher risk assets	6,096	-	6,096
Other assets	436,238	-	436,238
Defaulted exposure	330,230	-	330,230
	45,618,304	-	45,618,304
(b) Off-Balance Sheet Exposures			
Credit-related off-balance sheet exposure	2,237,664	-	2,237,664
Islamic derivative financial instruments	37,100	-	37,100
	2,274,764	-	2,274,764
Total Credit Exposures	47,893,068	-	47,893,068

Note:

* After netting and credit risk mitigation

6.0 Credit Risk Mitigation ("CRM") Disclosures under the Standardised Approach (cont'd)

Table 17: Credit risk mitigation on credit exposures (cont'd)

Group	Gross Exposures	Total Exposures Covered by Eligible Financial Collateral	*Net Exposures
31 December 2024	RM'000	RM'000	RM'000
Credit Risk			
(a) On Balance sheet exposures			
Sovereign/Central banks	5,434,138	-	5,434,138
Public sector entities	1,131,027	-	1,131,027
Banks, Development Financial Institution & MDBs	1,700,787	-	1,700,787
Takaful Cos, Securities Firms & Fund Managers	177,691	-	177,691
Corporates	11,128,047	-	11,128,047
Regulatory retail	12,735,194	-	12,735,194
Residential real estate	10,669,536	-	10,669,536
Higher risk assets	45,714	-	45,714
Other assets	366,681	-	366,681
Defaulted exposure	242,989	-	242,989
	43,631,804	-	43,631,804
(b) Off-Balance Sheet Exposures			
Credit-related off-balance sheet exposure	1,899,211	-	1,899,211
Islamic derivative financial instruments	45,625	-	45,625
	1,944,836	-	1,944,836
Total Credit Exposures	45,576,640	-	45,576,640

Note:

* After netting and credit risk mitigation

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6.0 Credit Risk Mitigation ("CRM") Disclosures under the Standardised Approach (cont'd)

Table 17: Credit risk mitigation on credit exposures (cont'd)

Bank	Total Exposures Covered by Eligible		
	Gross Exposures RM'000	Financial Collateral RM'000	*Net Exposures RM'000
31 December 2025			
Credit Risk			
(a) On Balance Sheet Exposures			
Sovereign/Central Banks	7,132,557	-	7,132,557
Public Sector Entities	1,004,845	-	1,004,845
Banks, Development Financial Institution & MDBs	170,653	-	170,653
Takaful Cos, Securities Firms & Fund Managers	1,490,524	-	1,490,524
Corporates	9,388,496	-	9,388,496
Regulatory Retail	14,033,115	-	14,033,115
Residential Real Estate	11,663,963	-	11,663,963
Higher Risk Assets	6,096	-	6,096
Other Assets	436,237	-	436,237
Defaulted Exposures	330,231	-	330,231
	45,656,717	-	45,656,717
(b) Off-Balance Sheet Exposures			
Credit-related Off-Balance Sheet Exposure	2,237,664	-	2,237,664
Islamic derivative financial instruments	37,101	-	37,101
	2,274,765	-	2,274,765
Total Credit Exposures	47,931,482	-	47,931,482

Note:

* After netting and credit risk mitigation

6.0 Credit Risk Mitigation ("CRM") Disclosures under the Standardised Approach (cont'd)

Table 17: Credit risk mitigation on credit exposures (cont'd)

Bank	Total Exposures Covered by Eligible		
	Gross Exposures RM'000	Financial Collateral RM'000	*Net Exposures RM'000
31 December 2024			
Credit Risk			
(a) On Balance Sheet Exposures			
Sovereign/Central Banks	5,434,138	-	5,434,138
Public Sector Entities	1,131,027	-	1,131,027
Banks, Development Financial Institution & MDBs	177,691	-	177,691
Takaful Cos, Securities Firms & Fund Managers	1,700,787	-	1,700,787
Corporates	11,119,395	-	11,119,395
Regulatory Retail	12,735,194	-	12,735,194
Residential Real Estate	10,669,536	-	10,669,536
Higher Risk Assets	45,714	-	45,714
Other Assets	366,681	-	366,681
Defaulted Exposures	242,989	-	242,989
	<u>43,623,152</u>	-	<u>43,623,152</u>
(b) Off-Balance Sheet Exposures			
Credit-related Off-Balance Sheet Exposure	1,899,211	-	1,899,211
Islamic derivative financial instruments	45,626	-	45,626
	<u>1,944,837</u>	-	<u>1,944,837</u>
Total Credit Exposures	<u>45,567,989</u>	-	<u>45,567,989</u>

Note:

* After netting and credit risk mitigation

7.0 General Disclosure for Off-balance Sheet Exposure and Counterparty Credit Risk ("CCR")

Commitments and contingencies

In the normal course of business, the Group and the Bank make various commitments and incur certain contingent liabilities with legal recourse to its customers.

Notwithstanding the above, the Bank establishes specific limits to manage its exposure to off-balance sheet and counterparty risks, which are derived based on, amongst others, the respective counterparty's financial strength and credit rating, sector limits, SCEL limits, connected party, domicile country's risk rating, existing relationship with the Bank and utilization trend of allocated limits. These limits are monitored and reviewed on a regular basis. No material losses are anticipated as a result of these transactions. Risk weighted exposures of commitments and contingencies are as follows:

Table 18: Commitments and contingencies

	Group and Bank					
	31 December 2025			31 December 2024		
	Principal amount	Credit equivalent amount	Total risk weighted amount	Principal amount	Credit equivalent amount	Total risk weighted amount
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
The commitments and contingencies constitute the following :						
Contingent liabilities						
Direct credit substitutes	964,294	964,294	933,859	643,892	643,892	630,620
Trade-related contingencies	387,443	77,489	9,422	676,873	135,375	1,745
Transaction related contingencies	496,576	248,288	233,613	442,614	221,307	210,053
Commitments						
Credit extension commitment:						
- Maturity within one year	906,304	181,261	161,252	748,736	149,747	132,074
- Maturity exceeding one year	1,352,362	676,181	311,145	1,382,862	691,431	363,400
Other miscellaneous commitments & contingencies	561,878	90,151	67,750	349,722	57,459	43,094
Islamic derivative financial instruments						
Foreign exchange related contracts	1,571,402	37,100	28,005	1,850,609	45,625	36,350
- Maturity within one year	1,571,402	37,100	28,005	1,850,609	45,625	36,350
Total off-balance sheet exposures	6,240,259	2,274,764	1,745,046	6,095,308	1,944,836	1,417,336

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7.0 General Disclosure for Off-balance Sheet Exposure and Counterparty Credit Risk ("CCR") (cont'd)

Islamic derivative financial assets/(liabilities)

The table below shows the fair values of Islamic derivative financial instruments, recorded as assets or liabilities, together with their notional amounts. The notional amounts, recorded gross, is the amount of a derivative's underlying asset, reference rate or index and is the basis upon which changes in the value of derivatives are measured. The notional amounts indicate the volume of transactions outstanding at the year end and are indicative of neither the market risk nor the credit risk.

Table 19: Islamic derivative financial assets/(liabilities)

Group and Bank	31 December 2025			31 December 2024		
	Contract/ notional amount RM'000	Fair value		Contract/ notional amount RM'000	Fair value	
		Assets RM'000	Liabilities RM'000		Assets RM'000	Liabilities RM'000
Trading derivatives:						
Foreign exchange contracts:						
- Currency forwards						
Less than one year	1,055,679	6,181	(26,933)	1,095,377	9,672	(13,709)
- Currency swaps						
Less than one year	485,799	7,318	(34)	726,063	4,791	(3,594)
- Currency spot						
Less than one year	29,924	51	(4)	29,168	35	(6)
Total	1,571,402	13,550	(26,971)	1,850,608	14,498	(17,309)

8.0 Market Risk and Assets-Liability Management ("ALM")

Market risk is defined as the risk of losses in on and off-balance sheet positions arising from movements in market prices. Asset-Liability Management ("ALM") refers to the coordinated management of the Group's and the Bank's balance sheet, which includes assets, liabilities and capital. The main focus of ALM is on the Group's and the Bank's overall performance that can be measured in terms of net income. In turn, the primary determinant of net income will be the overall risk-return position of the Group and the Bank.

The key objective of market risk management and ALM of the Bank is to manage and control market risk exposures in order to optimise return on risk while maintaining a market profile that is consistent with the Bank's strategic, business plan and risk appetite.

The Bank's market risk management and ALM objectives are to:

- Ensure the implementation of an effective market risk management system in the Bank;
- Assume an appropriate balance between the level of risk and the level of return desired in order to maximize the return to shareholders' funds;
- Ensure prudent management of the Bank's resources to support the growth of the Bank's economic value; and
- Proactively manage the Bank's balance sheet in order to maximize earnings and attain its strategic goal within the overall risk/return preferences.

The Bank has an independent market risk control function that is responsible for measuring and managing market risk exposures in accordance with the Board-approved policies and guidelines. The unit reports to the ALCO Committee on a monthly basis, where issues on balance sheet and capital management are proactively discussed and any recommendation and decision reached are then escalated to the ERM, BRCC and Board respectively.

The Bank has formulated several strategies to effectively manage and ensure a sound balance sheet profile that complements both regulatory and business requirements. Among the strategies implemented for FYE 31 December 2025 were:

- On-going enhancement of Fund Transfer Pricing ("FTP") as a mechanism for distributing revenue between profit centres and to improve profitability through improved pricing;
- Concentrate more on sourcing for stable deposits from retail and small businesses segments, longer term deposits, and deposits from transactional and operational accounts; and
- Offering of investment account products as risk absorbent.

The Bank's market risk management and ALM processes, which include risk identification, measurement, mitigation, monitoring and reporting are guided by the Market Risk Management Framework ("MRMF") and the Trading Book and Banking Book Policy Statement ("TBPS").

The Bank defines and segregates its trading and banking book positions as outlined under the TBPS. The policy covers the definition of trading and banking book for financial instruments, classification, performance, limit monitoring, position valuation and hedging requirements.

8.0 Market Risk and Assets-Liability Management ("ALM") (cont'd)

Market Risk Measurement

1. Value at Risk

Value at Risk which includes the historical simulation is widely used by the Bank as a tool to measure the risk of loss on a specific portfolio of financial assets, limit setting activities and market forecasting.

2. Sensitivity Analysis

The Bank uses various methodologies in assessing the sensitivity of the Bank's portfolio against changes in the market variables.

3. Stress Testing and Scenario Analyses

Stress testing and scenario analyses are used as market risk and ALM tools for evaluation of potential impact on the Bank's performance under plausible extreme adverse conditions. The stress testing include the assessment on the funding and market liquidity, rate of return risk, displaced commercial risk and currency volatility.

Valuation Policy

The Group and the Bank adhere to the minimum prudent valuation practices as stipulated in the CAFIB and MFRS 9 guidelines. Based on these prudential requirements, broad internal guidelines have been drawn out as summarized below:

• Systems and Controls

The Group and the Bank have established and maintained adequate systems and controls to give the management and supervisors the confidence that the valuation estimates are prudent and reliable.

• Valuation Methodologies

There are three levels of fair value hierarchy applied to reflect the level of judgment involved in estimating fair values. The hierarchy is as follows:

Level 1 - Quoted (unadjusted) market prices in active markets for identical instruments;

Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement that is directly (i.e. prices) or indirectly (i.e. derived from prices), observable; and

Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

**Basel II -
Pillar 3 Disclosure**

8.1 Market Risk (Disclosures for Portfolios under the Standardised Approach)

The Group and the Bank use the standardized approach in computing the market risk weighted assets of the trading book position of the Group and the Bank. The following is the minimum regulatory requirement for market risk.

Table 20: Minimum regulatory requirement for market risk

Group and Bank

31 December 2025

	Long Position RM' 000	Short Position RM' 000	Risk Weighted Assets RM' 000	Minimum Capital Requirement at 8% RM' 000
Benchmark Rate Risk	695,007	(881,159)	67,238	5,379
Foreign Currency Risk	13,367	(16,568)	16,568	1,325
Total	708,374	(897,727)	83,806	6,704

Group and Bank

31 December 2024

	Long Position RM' 000	Short Position RM' 000	Risk Weighted Assets RM' 000	Minimum Capital Requirement at 8% RM' 000
Benchmark Rate Risk	642,407	(1,031,569)	85,467	6,837
Foreign Currency Risk	13,893	(20,031)	20,031	1,602
Total	656,300	(1,051,600)	105,498	8,439

**Basel II -
Pillar 3 Disclosure**

8.2 Disclosure for Equities

The classification of equity investments must be made at the point of transaction. Equities are classified under the banking book when they are acquired and held for yield or capital growth purposes.

The Bank also engages in direct acquisition of newly-listed quoted shares. As stipulated under the TBPS, these investments are considered under the trading position with the exception of investments in subsidiaries and associates which would require BNM's prior approval. Equities held under the trading book position are subject to market risk capital charge as specified in the CAFIB.

The oversight and supervision of investments in equities and equity funds resides within the Investment Committee's ("IC") authority. This covers decisions on purchase and sale of stocks and ongoing review and monitoring of performance.

Table 21: Equity exposures

**Group and Bank
31 December 2025**

	Gross Credit Exposure RM'000	Risk Weighted Assets RM'000	Unrealised Gain/(Losses) RM'000
Publicly Traded			
Investment in Quoted Shares	-	-	-
Total	-	-	-

Cumulative realised gains arising from sales and liquidations in the reporting period 16,295

31 December 2024

	Gross Credit Exposure RM'000	Risk Weighted Assets RM'000	Unrealised Gain/(Losses) RM'000
Publicly Traded			
Investment in Quoted Shares	-	-	-
Total	-	-	-

Cumulative realised gains arising from sales and liquidations in the reporting period 1,933

**Basel II -
Pillar 3 Disclosure**

8.3 Disclosure for Rate of Return Risk in Banking Book (“RORBB”)

Rate of Return Risk (“RoR”) Management

Rate of return risk refers to the variability of the Bank's assets and liabilities resulting from the volatility of the market benchmark rates, both in the trading and banking books. The Bank actively manages the following risks:

Table 22: Rate of return risks

Risk	Definition
Repricing Risk	Timing differences in the maturity and repricing of the Bank's assets and liabilities
Yield Curve Risk	Unanticipated yield curve shifts that has adverse impact on the Bank's income and economic values
Basis Risk	Arises from imperfect correlation in the adjustment of rates earned and paid on different instruments with otherwise similar repricing characteristics
Optionality/ Embedded Option Risk	The risk arising from options embedded in the Bank's assets, liabilities and off-balance sheet portfolio

Rate of Return Risk Measurement

The Bank measures various parallel rate shocks scenarios (up to 200 basis points as per Basel II recommendations) and its impact on earnings and equities by assessing key assumptions which incorporates the Bank's balance sheet profile, business strategies, economic outlook and behavioural analysis of non-maturity deposits. Among the various analyses that are carried out are:

1. Earning at Risk (“EaR”)

The focus of this analysis is more on the impact of changes in rate of return on accrual or reported earnings. Variation in earnings such as reduced earnings or outright losses can threaten the financial stability of the Bank by undermining its capital adequacy and reducing market confidence.

2. Economic Value of Equity (“EVE”)

Economic value of a bank can be viewed as the present value of the Bank's expected net repricing balance weighted by duration, which can be defined as the expected repricing balance on assets minus the expected repricing balance on liabilities plus the expected net repricing balance on off-balance-sheet position. The sensitivity of a bank's economic value to fluctuation in rate of return is particularly an important consideration of shareholders and management.

3. Value at Risk (“VaR”)

VaR approach is used to estimate the maximum potential loss of the investment portfolio over a specified time.

**Basel II -
Pillar 3 Disclosure**

8 Disclosure for Rate of Return Risk in Banking Book ("RORBB") (cont'd)

Rate of Return Risk Measurement (cont'd)

4. Repricing Gap Analysis

Repricing gap analysis measures the difference or gap between the absolute value of rate of return sensitive assets and rate of return sensitive liabilities, which are expected to experience changes in contractual rates (repriced) over the residual maturity period or on maturity.

5. Other Risk Assessment

Simulation analysis is used to evaluate the impact of possible decisions that includes assessment on product pricing, new product introduction, derivatives and hedging strategies, changes in the asset-liability mix and short term funding decisions.

Table 23: Sensitivity analysis of rate of return risk

The increase or decline in earnings and economic value for upwards and downward rate shocks which are consistent with shocks applied in the stress test for measuring:

	Group		Bank	
	-50 Basis Points RM'000	+50 Basis Points RM'000	-50 Basis Points RM'000	+50 Basis Points RM'000
Increase/(decrease) in basis points				
Impact on Earnings:				
31 December 2025				
MYR	(33,634)	33,634	(33,513)	33,513
USD	1,561	(1,561)	1,561	(1,561)
EUR	-	-	-	-
31 December 2024				
MYR	(35,940)	35,940	(35,890)	35,890
USD	2,304	(2,304)	2,304	(2,304)
EUR	222	(222)	222	(222)
Impact on Equity:				
31 December 2025				
MYR	88,794	(88,794)	88,786	(88,786)
USD	(82)	82	(82)	82
EUR	-	-	-	-
31 December 2024				
MYR	92,673	(92,673)	92,670	(92,670)
USD	(189)	189	(189)	189
EUR	(12)	12	(12)	12

8.4 Liquidity Risk

Liquidity and Funding Risk

Liquidity risk is best described as the inability to fund any obligation on time as they fall due, whether due to increase in assets or demand for funds from the depositors. The Bank will incur liquidity risk if it is unable to create liquidity and this has serious implication on its reputation and continued existence.

In view of this, it is the Bank’s priority to manage and maintain a stable source of financial resources towards fulfilling the above expectation. The Bank, through active balance sheet management, ensures that sufficient cash and liquid assets availability are in place to meet the short and long term obligations as they fall due.

Generally, liquidity risk can be divided into two types, which are:

• Funding Liquidity Risk

Refers to the potential inability of the Bank to meet its funding requirements arising from cash flow mismatches at a reasonable cost.

• Market Liquidity Risk

Refers to the Bank’s potential inability to liquidate positions quickly and insufficient volumes, at a reasonable price.

As stated in the policy, the Bank’s liquidity risk magnitude segregated into the following:

Table 24: Liquidity risk indicators

Magnitude	Indicators
Low	Earnings and capital exposure from the liquidity risk profile is negligible.
Moderate	Earnings or capital exposure from the liquidity risk profile is manageable.
High	Funding sources and liability structure suggest current or potential difficulty in maintaining long-term and cost-effective liquidity.

The Bank liquidity management is carried out in accordance to the regulatory requirements and internal limits as approved by ALCO, ERMC and/or BRRC. The limits are continuously reviewed to incorporate the depth and latest development of liquidity in local market.

The Bank monitors the maturity profile of its assets and liabilities so that adequate liquidity is maintained at all times. The Bank’s ability to maintain a stable liquidity profile relies primarily on its ability to grow and retain its customer deposit base. The Bank’s marketing strategy is therefore focused on ensuring a balanced mix of deposits, hence, reducing concentration or over-reliance on a specific source of deposit or funding.

Stability of the deposit base minimizes the Bank’s dependency on volatile short-term deposits. Considering the effective maturities of deposits based on retention history (behavioral method/ analysis) and availability of high liquid financial assets, the Bank is able to ensure sufficient liquidity.

The ALCO meets on a monthly basis to review the Bank’s liquidity profile and deliberates on appropriate strategies to manage and mitigate the risk exposure. In addition, liquidity stress test is periodically conducted to address strategic issues concerning liquidity risk.

8.4 Liquidity Risk (cont'd)

Liquidity and Funding Risk (cont'd)

To effectively manage its liquidity, the Bank has the following policies and strategies in place:

- Management under normal condition:

Normal condition is defined as the situation in which the Bank is able to meet any liquidity demands when they come due.

The Bank monitors its liquidity positions through liquidity controls such as maximum cumulative outflows, deposits concentration, financing to total available funds ("FTAF")

- Management under crisis condition:

Crisis condition is defined as the situation in which the Bank faces difficulties to meet liquidity demand when they fall due. The crisis can be classified into three levels as follows:

Contingency Level	Trigger / Status
Level 1	Abnormal event that interrupts normal business operations at a minimal level.
Level 2	Disruption event tantamount or escalate to a crisis e.g. massive or continuous withdrawal of deposits in a particular branch or area, difficulties in borrowing from interbank market.
Level 3	Critically threatens the operations, staff, shareholders value, stakeholders, brand, reputation of which a crisis management is necessary to be put in place

The Bank's Liquidity Crisis Management is guided by Liquidity Crisis Contingency Plan ("LCCP") Policy.

8.4 Liquidity Risk (cont'd)

Liquidity and Funding Risk (cont'd)

Table 25: Maturity analysis of assets and liabilities based on remaining contractual maturity.

Group	On demand or up to 1 month	>1-3 Months	>3-6 Months	>6-12 Months	>1 - 5 Years	Over 5 Years	Total
31 December 2025	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
ASSETS							
Cash and short-term funds	2,588,998	-	-	-	-	-	2,588,998
Deposits and placements with licensed financial institutions	-	401,154	100,207	-	-	-	501,361
Financial investments at FVTPL	-	50,576	-	-	21,597	-	72,173
Financial investments at FVOCI	546	403,726	146,219	998,500	5,608,386	750,518	7,907,895
Islamic derivative financial assets	7,609	4,126	1,453	361	-	-	13,549
Financing of customers	789,668	703,978	455,597	2,457,654	5,328,275	24,035,644	33,770,816
Statutory deposits with Bank Negara Malaysia	-	-	-	-	-	365,000	365,000
Other financial assets *	26,849	-	-	-	-	-	26,849
Total financial assets	3,413,670	1,563,560	703,476	3,456,515	10,958,258	25,151,162	45,246,641
LIABILITIES AND EQUITY							
Deposits from customers	18,980,747	6,798,851	5,349,944	5,925,339	321,351	13,828	37,390,060
Investment accounts of customers	283,981	14,895	174,816	739,291	-	-	1,212,983
Deposits and placements of banks and other financial institutions	584,958	-	48,530	-	333,457	-	966,945
Obligation on financial assets sold under repurchase agreement	-	100,037	-	-	-	-	100,037
Bills and acceptances payable	11,375	-	-	-	-	-	11,375
Islamic derivative financial liabilities	10,540	5,705	9,724	1,003	-	-	26,972
Other financial liabilities	197,668	-	-	-	-	-	197,668
Leases liabilities	965	1,940	2,921	5,926	38,146	-	49,898
Recourse obligation on financing sold to Cagamas	-	-	-	-	1,205,940	-	1,205,940
Subordinated sukuk	7,165	-	1,051	-	-	799,642	807,858
Total financial liabilities	20,077,399	6,921,428	5,586,986	6,671,559	1,898,894	813,470	41,969,736
Commitments and contingencies							
Contingent liabilities	19,366	42,737	61,541	153,071	1,571,598	-	1,848,313
Commitments	121,319	120,632	96,114	71,783	1,848,818	-	2,258,666
Other Miscellaneous Commitment and Contingencies	61,058	2,554	892	-	497,374	-	561,878
Islamic derivative financial liabilities	524,655	308,641	455,822	282,284	-	-	1,571,402
Total commitments and contingencies	726,398	474,564	614,369	507,138	3,917,790	-	6,240,259

* These balances exclude balances which are not within the scope of MFRS 9, *Financial Instruments*.

8.4 Liquidity Risk (cont'd)

Liquidity and Funding Risk (cont'd)

Table 25: Maturity analysis of assets and liabilities based on remaining contractual maturity. (cont'd)

Group	On demand or up to 1 month RM'000	>1-3 Months RM'000	>3-6 Months RM'000	>6-12 Months RM'000	>1 - 5 Years RM'000	Over 5 Years RM'000	Total RM'000
ASSETS							
Cash and short-term funds	2,116,600	-	-	-	-	-	2,116,600
Deposits and placements with licensed financial institutions	-	502,166	-	-	-	-	502,166
Financial investments at FVTPL	-	-	-	14,888	-	-	14,888
Financial investments at FVOCI	-	35,574	352,544	582,061	6,599,792	-	7,569,971
Islamic derivative financial assets	1,280	815	7,369	5,032	-	-	14,496
Financing of customers	658,964	668,895	305,246	2,782,243	27,934,001	-	32,349,349
Statutory deposits with Bank Negara Malaysia	-	-	-	-	-	680,000	680,000
Other financial assets *	55	-	-	26,594	-	-	26,649
Total financial assets	2,776,899	1,207,450	665,159	3,410,818	34,533,793	680,000	43,274,119
LIABILITIES AND EQUITY							
Deposits from customers	18,460,450	5,182,191	5,904,482	6,145,805	769,160	-	36,462,088
Investment accounts of customers	245,707	-	-	-	-	-	245,707
Deposits and placements of banks and other financial institutions	341,353	111,955	-	-	385,413	-	838,721
Bills and acceptances payable	-	6,027	-	-	-	-	6,027
Islamic derivative financial liabilities	1,201	10,559	168	5,381	-	-	17,309
Other financial liabilities	44,099	-	-	111,800	-	-	155,899
Leases liabilities	963	1,320	2,274	4,488	36,451	-	45,496
Recourse obligation on financing sold to Cagamas	-	-	729,330	301,635	553,336	-	1,584,301
Subordinated sukuk	7,160	-	989	-	799,220	-	807,369
Total financial liabilities	19,100,933	5,312,052	6,637,243	6,569,109	2,543,580	-	40,162,917
Commitments and contingencies							
Contingent liabilities	19,210	26,417	55,850	160,978	1,472,345	28,579	1,763,379
Commitments	303,384	191,893	68,142	57,493	311,124	1,199,563	2,131,599
Other Miscellaneous Commitment and Contingencies	54,266	-	-	-	289,090	6,366	349,722
Islamic derivative financial liabilities	310,472	333,361	60,718	631,512	514,545	-	1,850,608
Total commitments and contingencies	687,332	551,671	184,710	849,983	2,587,104	1,234,508	6,095,308

* These balances exclude balances which are not within the scope of MFRS 9, *Financial Instruments*.

8.4 Liquidity Risk (cont'd)

Liquidity and Funding Risk (cont'd)

Table 25: Maturity analysis of assets and liabilities based on remaining contractual maturity. (cont'd)

Bank	On demand or up to 1 month	>1-3 Months	>3-6 Months	>6-12 Months	>1 - 5 Years	Over 5 Years	Total
31 December 2025	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
ASSETS							
Cash and short-term funds	2,588,998	-	-	-	-	-	2,588,998
Deposits and placements with licensed financial institutions	-	401,154	100,207	-	-	-	501,361
Financial investments at FVTPL	-	50,576	-	-	19,701	-	70,277
Financial investments at FVOCI	546	403,726	146,219	998,500	5,608,386	750,517	7,907,894
Islamic derivative financial assets	7,609	4,126	1,453	361	-	-	13,549
Financing of customers	789,668	703,978	455,597	2,457,654	5,328,275	24,035,644	33,770,816
Statutory deposits with Bank Negara Malaysia	-	-	-	-	-	365,000	365,000
Other financial assets *	67,793	-	-	-	-	-	67,793
Total financial assets	3,454,614	1,563,560	703,476	3,456,515	10,956,362	25,151,161	45,285,688
LIABILITIES AND EQUITY							
Deposits from customers	19,031,857	6,805,051	5,349,944	5,925,338	321,351	13,828	37,447,369
Investment accounts of customers	283,981	14,895	174,816	739,291	-	-	1,212,983
Deposits and placements of banks and other financial institutions	584,958	-	48,530	-	333,457	-	966,945
Obligation on financial assets sold under repurchase agreement	-	100,037	-	-	-	-	100,037
Bills and acceptances payable	11,375	-	-	-	-	-	11,375
Islamic derivative financial liabilities	10,540	5,706	9,724	1,002	-	-	26,972
Other financial liabilities	197,877	-	-	-	-	-	197,877
Leases liabilities	965	1,940	2,921	5,926	38,146	-	49,898
Recourse obligation on financing sold to Cagamas	-	-	-	-	1,205,940	-	1,205,940
Subordinated sukuk	7,165	-	1,051	-	-	799,642	807,858
Total financial liabilities	20,128,718	6,927,629	5,586,986	6,671,557	1,898,894	813,470	42,027,254
Commitments and contingencies							
Contingent liabilities	19,366	42,737	61,541	153,071	1,571,598	-	1,848,313
Commitments	121,319	120,632	96,114	71,783	1,848,818	-	2,258,666
Other Miscellaneous Commitment and Contingencies	61,058	2,554	892	-	497,374	-	561,878
Islamic derivative financial liabilities	524,655	308,641	455,822	282,284	-	-	1,571,402
Total commitments and contingencies	726,398	474,564	614,369	507,138	3,917,790	-	6,240,259

* These balances exclude balances which are not within the scope of MFRS 9, Financial Instruments.

8.4 Liquidity Risk (cont'd)

Liquidity and Funding Risk (cont'd)

Table 25: Maturity analysis of assets and liabilities based on remaining contractual maturity. (cont'd)

Bank 31 December 2024	On demand or up to 1 month RM'000	>1-3 Months RM'000	>3-6 Months RM'000	>6-12 Months RM'000	>1 - 5 Years RM'000	Over 5 Years RM'000	Total RM'000
ASSETS							
Cash and short-term funds	2,116,600	-	-	-	-	-	2,116,600
Deposits and placements with licensed financial institutions	-	502,166	-	-	-	-	502,166
Financial investments at FVTPL	-	-	-	12,209	-	-	12,209
Financial investments at FVOCI	-	35,574	352,544	582,061	6,599,792	-	7,569,971
Islamic derivative financial assets	1,280	815	7,369	5,032	-	-	14,496
Financing of customers	658,964	668,895	305,246	2,782,243	27,928,925	-	32,344,273
Statutory deposits with Bank Negara Malaysia	-	-	-	-	-	680,000	680,000
Other financial assets *	-	-	-	26,167	-	-	26,167
Total financial assets	2,776,844	1,207,450	665,159	3,407,712	34,528,717	680,000	43,265,882
LIABILITIES AND EQUITY							
Deposits from customers	18,473,284	5,184,191	5,904,482	6,145,805	769,160	-	36,476,922
Investment accounts of customers	245,707	-	-	-	-	-	245,707
Deposits and placements of banks and other financial institutions	341,353	111,955	-	-	385,413	-	838,721
Bills and acceptances payable	-	6,027	-	-	-	-	6,027
Islamic derivative financial liabilities	1,201	10,559	168	5,381	-	-	17,309
Other financial liabilities	43,860	-	-	111,687	-	-	155,547
Leases liabilities	963	1,320	2,274	4,488	36,451	-	45,496
Recourse obligation on financing sold to Cagamas	-	-	729,330	301,635	553,336	-	1,584,301
Subordinated sukuk	7,160	-	989	-	799,220	-	807,369
Total financial liabilities	19,113,528	5,314,052	6,637,243	6,568,996	2,543,580	-	40,177,399
Commitments and contingencies							
Contingent liabilities	19,210	26,417	55,850	160,978	1,472,345	28,579	1,763,379
Commitments	303,384	191,893	68,142	57,493	311,124	1,199,563	2,131,599
Other Miscellaneous Commitment and Contingencies	54,266	-	-	-	289,090	6,366	349,722
Islamic derivative financial liabilities	310,472	333,361	60,718	631,512	514,545	-	1,850,608
Total commitments and contingencies	687,332	551,671	184,710	849,983	2,587,104	1,234,508	6,095,308

* These balances exclude balances which are not within the scope of MFRS 9, Financial Instruments.

9.0 Operational Risk Management (“ORM”) Disclosures

Operational risk is defined as the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events which includes wide spectrum of risks such as fraud, physical damage, business disruption, transaction failures, legal, regulatory breaches including fiduciary breaches and Shariah non-compliance as well as employee health and safety hazards.

The objective of operational risk management is to effectively manage these risks in order to avoid or reduce any possible financial or non-financial losses arising from operational lapses.

In relation to operational risk management, the Operational Risk Management Section ("OSRMS"), Operational Risk Management Committee ("ORMS"), Internal Audit, Compliance, as well as the business and functional units play a significant role in the overall integrated risk management framework.

The management of operational risks is targeted at preventing and managing loss events and potential risks by using operational risk tools, namely, Risk and Control Self Assessment ("RCSA"), Key Risk Indicator (KRI), Incident Management and Data Collection ("IMDC"), Scenario Analysis ("SA"), Control Self Test ("CST") and Stress Test ("ST").

The risk management processes and controls are established in line with the Bank's operational risk management framework, internal policies, regulatory requirements and standard operating procedures as guidance.

The Muamalat Operational Risk Solution ("MORiS")

The MORiS is a web-based application that is used as a tool in risk identification and assessment. It also acts as a centralized loss incidents database by capturing and storing loss-related data and is used to track risk exposures against established key risk indicators ("KRI") overtime.

Its key objective is to improve monitoring and reporting of risk activities in branches and the head office through the Risk & Control Self-Assessment ("RCSA"), Incident Management Data Collection ("IMDC"), and Key Risk Indicator ("KRI").

Business Continuity Management ("BCM")

The Bank adopts the BNM's Policy on Business Continuity Management, which entails enterprise-wide planning and arrangements of key resources and procedures that would enable the Bank to respond and continue to operate critical business functions across a broad spectrum of interruptions to business, arising from internal or external events.

BCM Methodology

The Bank develops the Business Continuity Plan ("BCP") by way of completing the Risk Assessment ("RA") and Business Impact Analysis ("BIA"). RA is a tool used to identify potential threats for all business functions. A BIA will be carried out to identify critical business functions' recovery time objective ("RTO") and maximum tolerable downtime ("MTD") taking into account the Bank's resources and infrastructures. The RA and BIA sessions are conducted annually with the business units.

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9.0 Operational Risk Management (“ORM”) Disclosures (cont’d.)

ORM Minimum Capital Requirement

The Group and the Bank adopt the Basic Indicator Approach (“BIA”) to determine the minimum capital requirement for its operational risk. Under this approach, the Group and the Bank set aside a fixed percentage (α or alpha factor) of 15% of positive annual average gross income, averaged over the previous three years. The Group’s and the Bank’s minimum capital is presented in table below:

Table 26: ORM minimum capital requirement

	31 December 2025		31 December 2024	
	Risk Weighted Assets RM’000	Minimum Capital Requirement at 8% RM’000	Risk Weighted Assets RM’000	Minimum Capital Requirement at 8% RM’000
Group	1,508,404	120,672	1,559,285	124,743
Bank	1,509,588	120,767	1,549,255	123,940

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10.0 Shariah Governance Disclosures

Overview

BMMB's shariah governance structure is governed by BNM's Shariah Governance Policy Document ("SGPD"), the Islamic Financial Services Act 2013 ("IFSA"), and any related guidelines issued by the authorities, subject to variations and amendments from time to time.

Shariah governance system as defined by the Islamic Financial Services Board's ("IFSB") Guiding Principles on Shariah Governance System on Institutions Offering Islamic Financial Services ("IFSB-10") refers to a set of institutional and organizational arrangements to oversee Shariah compliance aspects in Islamic financial institutions ("IFI").

The SGPD defines "Shariah non-compliance risk" as the risk of legal or regulatory sanctions, financial loss or non-financial implications including reputational damage, which an IFI may suffer arising from failure to comply with the rulings of the Shariah Advisory Council ("SAC") of BNM, standards on Shariah matters issued by BNM pursuant to Section 29(1) of the IFSA, or decisions or advice of the Bank's Shariah Committee ("SC").

Shariah risk management and governance in BMMB are in accordance with the Shariah Governance Policy ("Policy"), which was endorsed by the Shariah Committee and approved by the Board. The policy is drawn up in accordance to the SGPD issued by BNM on 20 September 2019.

In ensuring the operations and business activities of the Bank remain consistent with Shariah principles and regulatory requirements, the Bank has established its own internal Shariah Committee and internal Shariah Organs, which consist of Shariah Department, Shariah Audit, Shariah Review and Shariah Risk Management.

Shariah Governance Structure

Internal Shariah Control

Shariah compliance management is driven top down from the Board through the Shariah Committee ("SC") who has the responsibility of understanding Shariah-related matters in the activities assumed by the Group and the Bank.

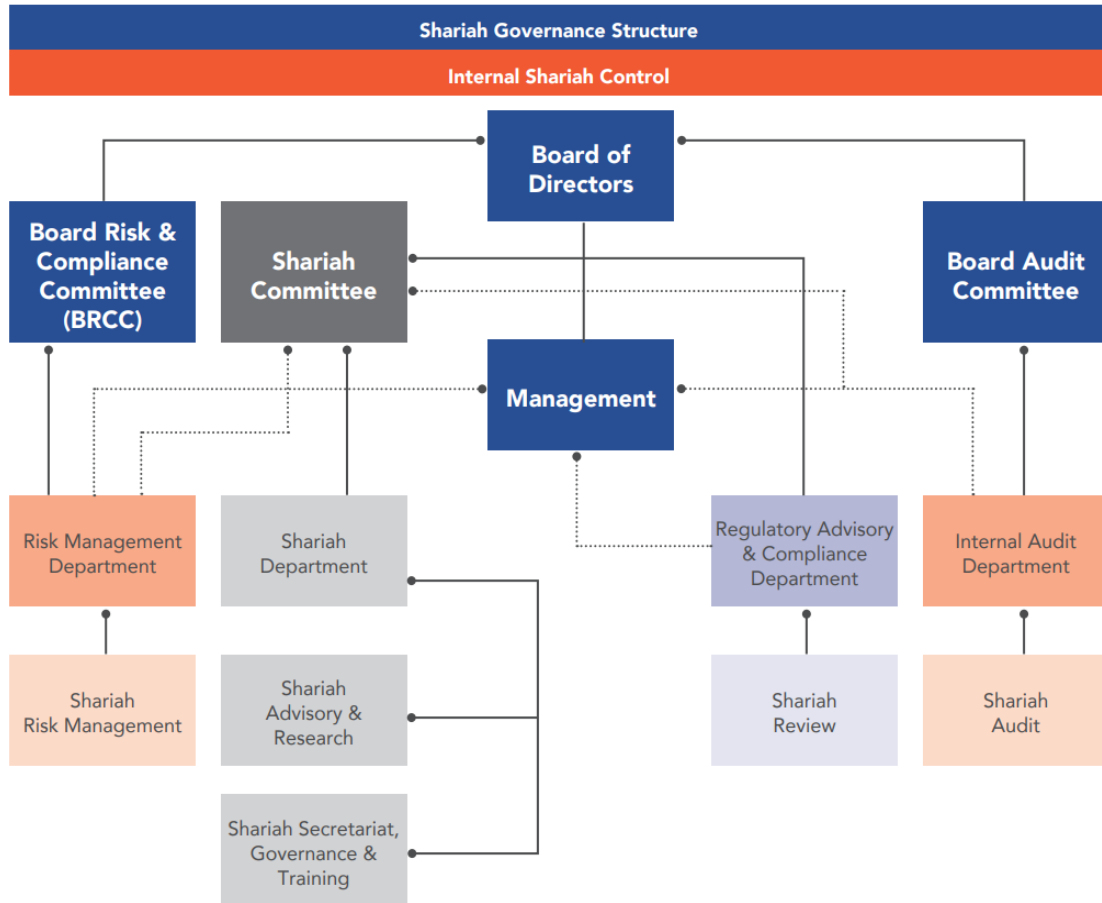
The Group and the Bank align its Shariah Management and Compliance organisational responsibilities with the objective of ensuring a single view of risks across the Group and the Bank and putting in place capabilities for an integrated compliance management. The SC function independently and ensure the integration of compliance management.

In ensuring that the compliance management functions are able to provide an independent evaluation of its overall business decision and strategies, the functions are segregated to the business operating units.

10.0 Shariah Governance Disclosures (cont'd)

Shariah Governance Structure (cont'd)

Table 27: Shariah governance structure



**Basel II -
Pillar 3 Disclosure**

10.0 Shariah Governance Disclosures (cont'd)

Rectification Process of Shariah Non-Compliance Income ("SNCI") and Unidentified Funds

Earning Prohibited by Shariah

The Bank defines the principles for managing Shariah Non-Compliance Income ("SNCI") in its Policy on Shariah Risk Management while the operational practices and procedures to be applied in managing SNCI are outlined in the Guidelines on Shariah Risk Management.

SNCI is an income generated from any transaction(s) that breaches the governing Shariah principles and requirements as determined by the Bank's SC and/or other Shariah Authorities (SA).

The SA are as follows:

- Shariah Advisory Council of Bank Negara Malaysia.
- Shariah Advisory Council of Securities Commission Malaysia.
- Any other relevant Shariah resolutions and rulings as prescribed and determined by the SC of the Bank from time to time.

The amount of SNCI and events decided by SC is as follows:

31 December 2025	31 December 2024
Event - Nil	Event - Nil
SNCI - Nil	SNCI - Nil

Unidentified fund / Shubhah and other earning prohibited by Shariah

During the Group's and the Bank's daily operations, there are certain funds received by the Group and the Bank where the source is not clear or uncertain, and/or prohibited by Shariah. These funds are therefore not recognised as income and are retained in the Maslahah Ammah account. The utilisation of the funds follow the similar procedures set for the SNCI funds.

Examples of unidentified funds are cash excess discovered at branch counter and automated teller machines ("ATM"), and unidentified credit balances, whilst earning prohibited by Shariah were interest income derived from Nostro accounts.

The total unidentified fund / earnings prohibited by Shariah and the unidentified funds during the financial year were recorded at RM26,013 (31 December 2024: Nil).