SUMITOMO MITSUI BANKING CORPORATION MALAYSIA BERHAD

[Company No. 201001042446 (926374-U)]
(Incorporated in Malaysia)

FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED
31 MARCH 2026

SUMITOMO MITSUI BANKING CORPORATION MALAYSIA BERHAD

(Incorporated in Malaysia)

DIRECTORS' REPORT
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2026

The Directors have pleasure in submitting their report and the audited financial statements of Sumitomo Mitsui Banking Corporation Malaysia Berhad ("the Bank") for the financial year ended 31 March 2026.

Principal activities

The Bank is principally engaged in the provision of banking and related financial services. There has been no significant change in the nature of these activities during the financial year.

Ultimate holding corporation

The Directors regard Sumitomo Mitsui Banking Corporation and Sumitomo Mitsui Financial Group, Inc. as immediate and ultimate holding corporations respectively, during the financial year and until the date of this report. Both companies are incorporated in Japan.

Results

	RM'000
Profit before taxation	371,122
Tax expense	(84,619)
Profit for the year	286,503

Dividends

Since the end of the previous financial year, no dividend was paid and the Directors do not recommend any dividend to be paid for the financial year.

Reserves and provisions

There were no material transfers to or from reserves and provisions during the financial year under review except as disclosed in the financial statements.

Bad and doubtful debts and financing

Before the financial statements of the Bank were made out, the Directors took reasonable steps to ascertain that all known bad debts have been written off and adequate provision made for impaired loans, advances and financing.

At the date of this report, the Directors are not aware of any circumstances, which would render the amount written off for bad debts or the amount of the provision for impaired loans, advances and financing in the Bank inadequate to any substantial extent.

Current assets

Before the financial statements of the Bank were made out, the Directors took reasonable steps to ascertain that the value of any current assets, other than debts and financing, which were unlikely to be realised in the ordinary course of business have been written down to an amount which they might be expected so to realise.

At the date of this report, the Directors are not aware of any circumstances, which would render the value attributed to the current assets in the financial statements of the Bank misleading.

Valuation methods

At the date of this report, the Directors are not aware of any circumstances, which have arisen that would render adherence to the existing method of valuation of assets or liabilities of the Bank's financial statements misleading or inappropriate.

Contingent and other liabilities

At the date of this report, there does not exist:

(i) any charge on the assets of the Bank which has arisen since the end of the financial year and which secures the liabilities of any other person, or

(ii) any contingent liability in respect of the Bank that has arisen since the end of the financial year, other than those that may arise in the ordinary course of the banking business.

No contingent liability or other liability of the Bank has become enforceable, or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may substantially affect the ability of the Bank to meet its obligations as and when they fall due.

Change of circumstances

At the date of this report, the Directors are not aware of any circumstances, not otherwise dealt with in this report or the financial statements of the Bank, that would render any amount stated in the financial statements misleading.

Items of an unusual nature

In the opinion of the Directors, other than as disclosed in the financial statements, the financial performance of the Bank for the financial year ended 31 March 2026 has not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report.

Directors

Directors who served during the financial year until the date of this report are as follows:

Dato' Wan Mohd Fadzmi Bin Che Wan Othman Fadzilah (Resigned on 26 August 2026)
Woo Chew Hong
Lim Tuang Ooi
Lo Nyen Khing
Anand Mahadevan

Directors' interests in shares

None of the Directors holding office at the end of the financial year had any interest in the shares of the Bank and of its related corporations during the financial year.

Directors' remuneration

The Directors' remuneration paid to or receivable by the Directors of the Bank during the financial year are as follows:

	RM'000
Fees	737
Salaries and other remunerations	303
	1,040

Directors' benefits

Since the end of previous financial year, no Director of the Bank has received nor become entitled to receive any benefit (other than a benefit included in the aggregate amount of remuneration received or due and receivable by Directors as shown in the financial statements or the fixed salary of a full-time employee of the Bank) by reason of a contract made by the Bank or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest.

Neither at the end of the financial year, nor at any time during the year, did there subsist any arrangements to which the Bank is a party whereby Directors might acquire benefits by means of the acquisition of shares in, or debenture of, the Bank or any other body corporate.

Auditors' remuneration

Total amount paid to or receivable by the Auditors as their remuneration for their services as auditors is as follows:

	RM'000
Statutory audit - current year	613

Compliance with Bank Negara Malaysia's expectations on financial reporting

In the preparation of the financial statements, the Directors have taken reasonable steps to ensure that Bank Negara Malaysia's expectations on financial reporting have been complied with including those as set out in the Guidelines on Financial Reporting.

Bank ratings

On 20 November 2025, RAM Rating Services Berhad had reaffirmed the Bank's long and short-term financial institution ratings of AA1 Stable and P1 respectively.

Issue of shares and debentures

There were no changes in the issued and paid-up capital of the Bank during the financial year.

There were no debentures issued during the financial year.

Options granted over unissued shares

No options were granted to any person to take up unissued shares of the Bank during the financial year.

Indemnity and insurance costs

The Bank has put in place a Directors and Officers Insurance scheme with a maximum sum insured amount and premium paid of RM4.21 million and RM21,518 respectively effective for the financial year.

During the financial year, there were no indemnity given or insurance effected for auditors of the Bank.

Business results for the financial year ended 31 March 2026

For the financial year ended 31 March 2026, the Bank recorded profit before taxation of RM371.1 million, an increase of RM14.7 million (31 March 2025: RM356.4 million). The improved performance was mainly attributed to higher writeback of impairment on loans, advances and financing and other financial assets of RM22.1 million to RM30.9 million (31 March 2025: RM8.8 million) and an increase in other operating income of RM15.9 million to RM251.0 million (31 March 2025: RM235.1 million). The increase was slightly offset by higher other operating expenses of RM20.0 million. Consequently, the Bank recorded profit after taxation of RM286.5 million, an increase of RM19.0 million (31 March 2025: RM268.0 million).

The total assets recorded a decrease of 4.9% to RM25,828.2 million as at 31 March 2026 (31 March 2025: RM27,152.2 million). This was mainly attributed to decrease in loans, advances and financing of 9.3% amounting to RM12,223.5 million (31 March 2025: RM13,476.8 million) and decrease in deposits and placements with banks and other financial institutions of 28.7% amounting to RM2,409.0 million (31 March 2025: RM3,376.4 million). The decrease was partially offset by the increase in cash and short-term funds of 10.4% amounting to RM6,377.0 million (31 March 2025: RM5,775.5 million) and increase in derivative financial assets of 61.1% amounting to RM1,073.9 million (31 March 2025:RM666.8 million).

The total liabilities recorded a decrease of 7.1% to RM21,123.8 million as at 31 March 2026 (31 March 2025: RM22,733.5 million). This was largely due to the lower deposits and placements of banks and other financial institutions of 57.2% amounting to RM1,428.6 million as at 31 March 2026 (31 March 2025: RM3,341.6 million). The decrease was partially offset by the increase in derivative financial liabilities of 78.9% amounting to RM1,126.2 million (31 March 2025: RM629.60 million).

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Outlook for the financial year ending 31 March 2027

Malaysia's Gross Domestic Product ("GDP") grew by 6.3% in Q4 2025, marking an improvement from the 5.4% growth recorded in the previous quarter, and recorded a 5.2% annual GDP growth rate, a figure that moved well ahead of the initial market expectations of 4.0% to 4.8%. The strong economic growth in the Q4 2025 was primarily anchored by a 6.3% expansion in the Services sector (Q3 2025: 5.5%).

The manufacturing sector's strong 6.1% expansion in Q4 2025 was driven by a global technology super-cycle, where an insatiable demand for AI-related components and high-end semiconductors pushed Electrical and Electronic ("E&E") output to its highest level since 2022. This industrial momentum was further supported by a surge in consumer-related goods to meet year-end festive demand and a recovery in the processing of vegetable oils.

The Malaysian economy continues to demonstrate stable growth, providing a supportive environment for businesses. Against this backdrop, the Bank remains focused on building a sustainable portfolio, while promoting inclusive growth and enhancing business resilience. Amid heightened market volatility and ongoing global uncertainties, including those related to trade policies, geopolitical developments, and tariffs, the Bank maintains a disciplined approach and a cautiously optimistic outlook. The Bank continues to support its business strategy across both Japanese and non-Japanese client segments, while remaining vigilant to external risks. The Bank will continue to adopt a prudent approach to cost and risk management, and will advance its sustainability initiatives in a measured manner, with a focus on long-term stability and responsible growth.

Islamic Finance Outlook for the financial year ending 31 March 2027

Islamic banking industry in Malaysia has grown its assets size by 6.6% surpassing the growth of total banking industry assets which stood at 4.0% in Q4 2025. This is mainly contributed by the growth of financing assets at 8.1% in comparison to the growth of total industry banking financing at 5.1%. Purchase of residential property is the key sector contributing 39% of the total financing amount.

For this financial year, the Islamic banking industry in Malaysia will be impacted by domestic economy challenges amid global uncertainty. According to BNM annual report 2025, the Malaysian economy is projected to grow 4% - 5% in 2026 supported by household spending, expansion in investments, sustained global demand – particularly for E&E exports, and steady tourism amid Visit Malaysia Year 2026 (Islamic finance contributed 0.9% of total GDP in 2025). The inflation is projected between 1% to 2.5%.

Meanwhile, for the Bank, we have increased Islamic financing assets through new disbursements under foreign currency and Malaysian Ringgit. The Bank remains committed to expand its Malaysian Ringgit products and services within Islamic Banking Window ("IBW") to promote a diverse range of financial solutions to customer along with relevant international currencies' products and services.

Corporate Governance Disclosures

Board of Directors

The members of the Board bring to the Bank a wealth of knowledge, experience and skills in a wide range of areas, inter alia, business strategy, finance, risk management and technology, which are key for the delivery of the necessary corporate governance oversight required by Bank Negara Malaysia ("BNM"). In addition, the composition by the members of the Board is designed to uphold the highest standards of independence and compliance to corporate governance and by setting in place, the strategy and direction of the Bank through the formulation of policies and establishment of the respective Board Committees. These policies will be subjected to regular reviews and enhancements as and when the need arises. All policies are formulated to take into consideration the principles and standards as set by BNM in its Guidelines on Corporate Governance (BNM/RH/PD 029-9) and the Shariah Governance Policy Document.

Board composition

The Board currently has four (4) members, comprising three (3) Independent Non-Executive Directors and one (1) Executive Director. The Board has a majority of Independent Directors which complies with the BNM's Policy Document on Corporate Governance. A brief profile of each member of the Board is presented on pages 8 to 12 of the financial statements.

As stipulated in the Board Charter of the Bank, the tenure of Independent Non-Executive Directors of the Bank shall not exceed an aggregate of six (6) years, save and except for exceptional circumstances that the tenure could be further extended up to a maximum term of nine (9) years.

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Corporate Governance Disclosures (continued)

Board composition (continued)

Profile of each Director is as follows:

1. **Dato' Wan Mohd Fadzmi Bin Che Wan Othman Fadzilah ("Dato' Wan Fadzmi")**
   (Resigned on 26 August 2026)
   (Age 60, Malaysian)
   (Independent Non-Executive Chairman)

   Dato' Wan Fadzmi was appointed as an Independent Non-Executive Director on 1 April 2018 and subsequently redesignated as Chairman on 15 May 2021. He is a member of the Board Risk Management Committee, the Board Audit Committee and the Board Nominations and Remuneration Committee.

   He has extensive experience in domestic and international banking. During his 22 years career in Malayan Banking Berhad, Dato' Wan Fadzmi held various senior management positions including chief executive and country heads for the bank's operations in London, New York and Hong Kong. In addition, he was director of Global Financial Banking Strategic Business Group at RHB Bank Berhad from July 2010 to June 2011 before assuming the position as the president/chief executive officer at Bank Pertanian Malaysia Berhad from July 2011 until August 2017.

   Dato' Wan Fadzmi has received many accolades in his career including Outstanding CEO 2017 from Association Development Financial Institution in Asia Pacific in Macau, China and CEO of the Year at the Global Islamic Finance Award 2016 in Jakarta, Indonesia.

   He holds a Bachelor of Construction Economics from RMIT University, Melbourne, Australia and attended the Advanced Management Program at The Wharton Business School, University of Pennsylvania, USA and the Senior Executive Finance Program at the Templeton College, University of Oxford. He is a Chartered Banker (Asian Institute of Chartered Bankers) and Fellow of Institute of Corporate Directors Malaysia (ICDM).

   He is the Chairman of Zurich General Takaful Malaysia Berhad and Zurich Takaful Malaysia Berhad, as well as the Independent Non-Executive Director of Hap Seng Consolidated Berhad and Malaysian Rating Corporation Berhad. He is also the member of the Investment Panel of Lembaga Tabung Angkatan Tentera.

   Dato' Wan Fadzmi has attended the following trainings held during the fiscal year:-

   - Engagement Session with FIDE FORUM Members on Bank Negara Malaysia ("BNM") Annual Report 2024, Economic and Monetary Review 2024 and Financial Stability Review for Second Half 2024
   - BNM's Risk Management in Technology – Cloud Risk Management Training
   - Masterclass | Navigating High-Tech Financial Crime: Key Risks and Board Responsibilities
   - The Influence of Board Culture on Corporate Performance
   - Bridging Standards & Shariah: Strengthening Islamic Finance in a Modern Banking Landscape
   - MFRS 18 : Reshaping Financial Statement
   - Special Lecture: China's Business Models and Innovations and Their Global Implications
   - FIDE FORUM's Distinguished Board Leadership Series (DBLS) - Economic Outlook for 2026: Measured Optimism with Strategic Caution - What more should industry leaders know?
   - Climate Oversight That Matters, Board of Directors Accountability in Task Force on Climate Related Financial/ Disclosure
   - Climate Related / Sustainability Training for BOD and Senior Management

   Dato' Wan Fadzmi does not have any shareholding in the Bank.

Corporate Governance Disclosures (continued)

Board composition (continued)

2. Lo Nyen Khing
(Age 63, Malaysian)
(Independent Non-Executive Director)

Mr. Lo was appointed as an Independent Non-Executive Director of the Bank on 1 February 2024. He is the Chairman of Board Audit Committee, and a member of the Board Risk Management Committee and the Board Nominations and Remuneration Committee.

He has over 30 years of experience in the financial services industry across the Asia Pacific region. He has held senior management positions including Group Head, Corporate Banking of CIMB Group, Vice Chief Executive Officer of PT Bank CIMB Niaga Tbk, Chief Risk Officer for OCBC North Asia, Regional General Manager for South East Asia and President Director of OCBC Indonesia, as well as Country Risk Manager of Citibank Indonesia.

He is the Founder and Executive Coach of Illume Sdn Bhd, providing executive coaching services to senior management.

Mr. Lo holds a Master of Business Administration from Western Illinois University, United States of America. He has also completed the Senior Executive Program for Asia at the University of Michigan and the Advanced Management Programme at the University of Oxford.

Mr. Lo has attended the following trainings held during the fiscal year:-

- AI's Role in Coaching & Change Management
- The Power of Sustainable Capital: Institutional Stewardship
- Strategic Trade Partnerships for a Climate – Conscious Future
- BNM Risk Management in Technology – Cloud Risk Management Training
- Future Ready Banks: Navigating Compliance & Finance Innovation
- Climate-Related Disclosure Reporting
- Coaching, Culture & Talent: Driving Success with the Thinkers
- e-Invoicing for Directors
- Seminar on SST
- Leading for Longevity
- Navigating Digital Disruption: How Can Boards in Financial Institutions Enhance Strategic Digital Governance
- Reverse Governance: what if the Algorithm Assesses the Board Climate First…or Last
- Board Simulation - Balancing Risk & Opportunity in Sustainability Leadership
- Navigating Shareholder Expectations: Remuneration Sentiment Insights in Malaysian Financial Institutions
- Economic Outlook & Post-Budget 2026
- Responsibility Mapping
- MFRS 18: Reshaping Financial Statement
- Climate Related / Sustainability Training for BOD and Senior Management

Mr. Lo does not have any shareholding in the Bank.

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Corporate Governance Disclosures (continued)

Board composition (continued)

3. Woo Chew Hong
(Age 70, Malaysian)
(Independent Non-Executive Director)

Mr. Woo was appointed as an Independent Non-Executive Director of the Bank on 15 May 2021. He is the Chairman of Board Nominations and Remuneration Committee, and a member of the Board Risk Management Committee and the Board Audit Committee.

He has many years of professional experience in the technology field, with various industries including financial institutions. He has expertise across the full IT spectrum, from strategic planning to application development, infrastructure and service management. Mr. Woo also had the opportunity to work closely with world-class IT solutions and technology partners. These engagements had been with large corporations and leaders in their respective fields.

He holds a Bachelor of Science and a Post Graduate Diploma in Computer Science from La Trobe University Australia. He has attended the Senior Management Program at INSEAD.

Currently, he is also an Independent Non-Executive Director of Lonpac Insurance Bhd.

Mr. Woo has attended the following trainings held during the fiscal year:-

- BNM Risk Management in Technology – Cloud Risk Management Training
- Sustainable Finance for Climate – Sustainability Accounting Standards
- The Influence of Board Culture on Corporate Performance
- MFRS 18: Reshaping Financial Statement
- KPMG Symposium: Beyond ESG
- FIDE FORUM's Distinguished Board Leadership Series (DBLS) – Economic Outlook for 2026: Measured Optimism with Strategic Caution – What more should industry leaders know?
- Digital Transformation: From Vision to Scalable Impact for Incumbent Banks
- Cybersecurity: Navigating Risks and Building Resilience
- Climate Related / Sustainability Training for BOD and Senior Management

Mr. Woo does not have any shareholding in the Bank.

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Corporate Governance Disclosures (continued)

Board composition (continued)

4. Lim Tuang Ooi
(Age 64, Malaysian)
(Independent Non-Executive Director)

Mr. Lim was appointed as an Independent Non-Executive Director of the Bank on 1 February 2023. He is the Chairman of Board Risk Management Committee, and a member of the Board Nominations and Remuneration Committee and the Board Audit Committee.

As a Chartered Accountant and Certified Public Accountant by profession, Mr. Lim is an accomplished professional with wealth of experience specialising in investment risk, management, banking, credit risk, operations and finance in major sovereign institutions and banks dealing in private equities, listed equities, fixed income, real assets and retail or wholesale banking respectively. He has over 37 years of experience, holding senior leadership roles (Senior GM, Senior Advisor, Chief Financial Officer and Credit Risk Director) in major local and global institutions such as Khazanah Nasional, Employees Provident Fund, Citigroup / Citibank, Hong Leong Bank and KPMG.

He holds professional accountancy qualifications from the Institute of Chartered Accountants in England and Wales, Malaysian Institute of Accountants and The Malaysian Institute of Certified Public Accountants.

Currently, he is also an Independent Non-Executive Director of Allianz General Insurance (Malaysia) Berhad and IOI Corporation Berhad.

Mr. Lim has attended the following trainings held during the fiscal year:-

- E-Invoice I Service Tax Impact on Independent Directors
- Masterclass | Navigating High-Tech Financial Crime: Key Risks and Board Responsibilities
- Sustainable Finance for Climate – Sustainability Accounting Standards
- BNM Risk Management in Technology – Cloud Risk Management Training
- BNM Sasana Symposium 2025
- Navigating Digital Disruption: How can Boards in Financial Institutions enhance Strategic Digital Governance
- PIDM National Resolution Symposium 2025
- KF Malaysia Roundtable for Board and C-Suite: From Strategy to Impact
- MFRS 18: Reshaping Financial Statement
- Navigating Geopolitical Volatility: Strategic Foresight for Malaysian Financial Institutions
- Special Lecture: China's Business Models and Innovations and Their Global Implications
- FIDE FORUM's Distinguished Board Leadership Series (DBLS) Economic Outlook for 2026 – Measured Optimism with Strategic Caution – What more should industry leaders know?
- Climate Related / Sustainability Training for BOD and Senior Management

Mr. Lim does not have any shareholding in the Bank.

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Corporate Governance Disclosures (continued)

Board composition (continued)

5. Anand Mahadevan
(Age 52, Indian)
(Executive Director)

Mr. Anand Mahadevan was appointed as an Executive Director of the Bank on 26 May 2025.

He currently serves as Regional Chief Risk Officer and Co-Head of Risk Management Department for the Asia Pacific Division and India Division at SMBC Singapore. With over 30 years of experience in banking and financial services, Mr. Mahadevan brings extensive expertise in Risk Management, Business, Strategy, Operations and Finance gained across the markets of Asia, Africa, Middle East and Europe.

Prior to joining the Bank, he held senior leadership positions in global organisations such as World Bank, ABN AMRO and Standard Chartered Bank.

Mr. Mahadevan is a Chartered Accountant and additionally, holds a Master's Degree in Commerce from the University of Madras. He has also completed Executive Education at Harvard Business School and is a Certified Islamic Banking Specialist.

Mr. Anand has attended the following trainings held during the year:-

- FIDE Core Module (Module A) and (Module B)
- Training on Artificial Intelligence
- APD/ID IT and Cyber Security Awareness Training FY2025
- Annual Anti-Bribery and Corruption ("ABC") Refresher Training FY2025
- Annual Compliance Awareness Refresher Training FY2025
- Anti Money Laundering Refresher Training FY2025
- MFRS 18 : Reshaping Financial Statement
- FY2025 APD/ID Comprehensive Risk Training
- Internal Guidelines for SMBC Communication with SMBCI
- Training on MAS 643 – Guidelines on Related Party Transactions
- Ethics, Integrity and Conduct Risk FY2025
- Senior Executives CoPilot Hands-on Session
- The Economic Crime and Corporate Transparency Act
- Overview of Regulatory Framework and Individual Accountability Guidelines for SMs and MRPs
- FY2025 Banking Secrecy & Personal Data Protection and Anti-Trust & Fair Competition Training
- FY2025 Third Party Risk Management Process
- FY2025 Senior Management Training on Sustainability Management
- Crisis and Business Continuity Management

Mr. Mahadevan does not have any shareholding in the Bank.

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Corporate Governance Disclosures (continued)

Board composition (continued)

Members of the Board are professionals in their own rights and they possess the pre-requisite skills, knowledge, experiences and expertise from the private sector and the banking industry. They contribute immensely by adding value to the strategy and direction of the Bank. They are persons of high calibre and integrity and they duly fulfilled the "Fit and Proper" standards for appointment of Directors as established by the Board in accordance with the Financial Services Act 2013, the Guidelines on Corporate Governance and Fit and Proper Standards, other relevant regulations and industry best-practices.

Board roles and responsibilities

The Board shall review and approve strategies, business plans and significant policies and monitor the Management's implementation of the approved strategies, plans and policies. The Board ensures that there are adequate controls and systems in place to facilitate the implementation of the Bank's policies. Consequentially, the Bank establishes comprehensive risk management policies, processes and infrastructure, to manage the various types of risks. The Board accordingly monitors and assesses current developments in the country and globally which may affect the Bank's existing strategic plans.

The Board regularly reviews the adequacy and the integrity of the Bank's internal control systems and management information systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines.

The Board is ultimately responsible for the oversight over the functioning of the Bank's overall Shariah Governance structure and Shariah compliance. Additionally, the Board promotes Shariah compliance in accordance with the expectations set out in the Bank's Shariah governance policies and ensure its integration with the Bank's business and risk strategies.

The respective roles of the Chairman and President / CEO are clearly separated from each other with clearly defined responsibilities, authority and accountability. This distinction allows an appropriate balance of roles between the Board and Management. The Independent Directors are independent of management and are free from any business or other relationships that may interfere with the exercise of their independent judgement. A Director who has any interest, either directly or indirectly in any material transactions or arrangements shall at all times declare his / her interest and shall abstain from deliberation and voting when such matters are being tabled to the Board for deliberation and decision.

Performance criteria used to assess the Board as a whole

The effectiveness of the Board is measured against the Bank's performance in terms of profitability, internal controls, risk management and cost effectiveness.

Frequency and conduct of Board meetings

Regular meetings are scheduled to discuss key issues of the Bank including review of the governance and compliance, financial performance, operations and risk management and to deliberate on matters which require the Board's decision and approval. In addition to scheduled Board and Board Committees' meetings, ad-hoc or special Board and Board Committee meetings may be convened from time to time when required.

Corporate Governance Disclosures (continued)

Board meetings

A total of 11 Board meetings were held during the financial year in review. All Directors have complied with BNM requirements that Directors must attend at least 75% of Board meetings held in the financial year. The details of the meeting attendance are as follows:

Name of Directors	Attendance	%
Dato' Wan Fadzmi - Chairman (Resigned on 26 August 2026)	11/11	100
Woo Chew Hong	11/11	100
Lo Nyen Khing	11/11	100
Lim Tuang Ooi	11/11	100
Anand Mahadevan	10/11	91

Board Committees

The Board is supported by specific Board Committees to oversee critical and major functional areas of the Bank.

The functions and terms of reference of each Board Committee have been approved by the Board and are revised from time to time to ensure that they are relevant, effective and up-to-date.

The Board Committees established are as follows:

1. Board Nominations and Remuneration Committee;
2. Board Audit Committee; and
3. Board Risk Management Committee.

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Corporate Governance Disclosures (continued)

Board Committees (continued)

Board Nominations and Remuneration Committee ("BNRC")

The BNRC consists of four (4) Independent Non-Executive Directors.

The details of attendance of each member at BNRC meetings held during the financial year in review are as follows:

Name of Directors	Attendance	%
Woo Chew Hong - Chairman	10/10	100
Dato' Wan Fadzmi (Resigned on 26 August 2026)	10/10	100
Lim Tuang Ooi	10/10	100
Lo Nyen Khing	10/10	100

The objective of the BNRC includes:

1. To provide formal and transparent procedures for the appointment of Directors, members of the Shariah Committee ("ShC"), President / CEO, key senior management officers, senior officers and the Company Secretary;

2. Assessment of effectiveness of individual Directors, the Board as a whole and members of the ShC;

3. To support the Board in carrying out the performance evaluation of President / CEO, key senior management officers, senior officers and Company Secretary; and

4. Recommending remuneration for Directors, members of the ShC, President / CEO, key senior management officers, senior officers and other material risk takers in ensuring that compensation is competitive and consistent with the Bank’s culture, objectives and strategy.

The BNRC with regard to its nomination roles is responsible for amongst others:

1. Establishing minimum requirements for the Board, i.e. required mix of skills, experience, qualification and other core competencies required of a Director. The Committee is also responsible for establishing minimum requirements for the members of the ShC and President / CEO;
2. Recommending to the Board the approval, the appointment and removal of directors, members of the ShC, President / CEO, key senior management officers, senior officers and Company Secretary;
3. Reviewing the overall composition of the Board, in terms of the appropriate size and skills, and the balance between Executive Directors, Non-Executive Directors and Independent Directors through annual review;
4. Supporting the Board in conducting the performance evaluation and development of the Board members, Committee members, Shariah Committee members, President / CEO, key senior management officers, senior officers and Company Secretary for competency assessment purposes;
5. Assessing the independence of Independent Directors annually and that the Independent Directors meet the identified independence criteria and are not disqualified under relevant qualification;

Corporate Governance Disclosures (continued)

Board Committees (continued)

Board Nominations and Remuneration Committee ("BNRC") (continued)

The BNRC with regard to its nomination roles is responsible for amongst others (continued):

6. Supporting the Board in carrying out assessment on an annual basis, to ensure that the Directors, members of the ShC, key responsible persons and Company Secretary are not disqualified under Financial Services Act 2013 and Companies Act 2016 and they must have been assessed to have complied with the "Fit and Proper" requirements; and
7. Supporting the Board in carrying out the review of the Board succession plan, ShC succession plan and succession plan for President / CEO, key senior management officers, senior officers and Heads of Departments.

The BNRC with regard to its remuneration roles is responsible for:

1. Recommending to the Board the remuneration framework for Directors, members of the ShC, President / CEO, key senior management officers and senior officers;
2. Reviewing and recommending to the Board the remuneration for each Director, members of the ShC, President / CEO, key senior management officers, senior officers and other material risk takers;
3. Supporting the Board in actively overseeing the design and operation of the Bank’s remuneration system;
4. Reviewing the annual variable bonus pool proposals for the Bank, ensuring that they are appropriately performance and risks adjusted; and
5. Reviewing and ensuring the Bank's performance, remuneration and consequence management frameworks are aligned with and support the objective of the responsibility mapping framework.

Board Audit Committee ("BAC")

The BAC consists of four (4) Independent Non-Executive Directors.

The details of attendance of each member at BAC meetings held during the financial year in review are as follows:

Name of Directors	Attendance	%
Lo Nyen Khing - Chairman	10/10	100
Woo Chew Hong	10/10	100
Dato' Wan Fadzmi (Resigned on 26 August 2026)	10/10	100
Lim Tuang Ooi	10/10	100

The objective of the BAC is to support the Board in ensuring that there is a reliable and transparent financial reporting process within the Bank and to review the effectiveness of the internal control functions therein.

Corporate Governance Disclosures (continued)

Board Committees (continued)

Board Audit Committee ("BAC") (continued)

The key responsibilities of the BAC are:

1. **Fair and transparent financial reporting**
   i. Support the Board in ensuring a reliable and transparent financial reporting process within the Bank.

2. **Internal Audit**
   i. Oversee the functions of the Internal Audit Department ("IAD") and ensuring compliance with BNM Policy Documents on Internal Audit Function of Licensed Institutions;
   ii. Review and approve the annual Internal Audit Plan and IAD Charter;
   iii. Review audit reports and ensure that senior management is taking necessary corrective actions in a timely manner;
   iv. Noting significant disagreements between the Head of IAD / Chief Internal Auditor ("CIA") and the rest of the senior management team, irrespective of whether these have been resolved, in order to identify any impact the disagreements may have on the audit process or findings;
   v. Review and approve the key performance indicators of internal audit function via IAD Balanced Scorecard to which the performance and effectiveness of the function are thereafter to be assessed and approved; and
   vi. Appoint, set compensation, evaluate performance, decide on the transfer and dismissal and also review the reasons and circumstances leading to the resignation of the Head of IAD / CIA.

3. **Internal controls**
   i. Review the appropriateness and effectiveness of internal controls and risk management processes.

4. **External auditors**
   i. Make recommendations to the Board on the appointment, removal and remuneration of the external auditor;
   ii. Monitor and assess the independence of the external auditor, including approval of the provision of non-audit services by the external auditor;
   iii. Monitor and assess the effectiveness of the external audit and meeting with the external auditor without the presence of senior management at least annually;
   iv. Maintain regular, timely, open and honest communication with the external auditor and require the external auditor to report to the BAC on significant matters; and
   v. Ensure that senior management is taking necessary corrective actions in a timely and effective manner to address external audit findings and recommendations.

5. **Related party transactions**
   i. Review all related party transactions and keep the Board informed of such transactions.

6. **External experts**
   i. Engage external experts in circumstances where the internal audit function lacks the expertise needed to perform the audit of specialised areas; and
   ii. To ensure that the independence of the external auditor in its role as statutory auditor of the Bank is not compromised if the external auditor is engaged as external experts.

Corporate Governance Disclosures (continued)

Board Committees (continued)

Board Audit Committee ("BAC") (continued)

Internal audit and control activities

Internal audit is independent and staffed with qualified internal audit personnel to perform the internal audit functions, covering the financial, operations and management audit. The BAC oversees the functions of the IAD and ensures compliance with BNM Guidelines on internal audit functions of licensed institutions (BNM/RH/GL 013-4).

The responsibilities of the Head of IAD / CIA and audit personnel are:

1. Develop a flexible annual audit plan using appropriate risk-based methodology, including any risks or control concerns identified by Management and submit that plan to the BAC for review and approval;
2. Implement the approved annual audit plan, including any special appropriate tasks or projects requested by BNM, the Management and directed by the BAC;
3. Maintain clearly documented audit programs to provide guidance to auditors in gathering information, documenting procedures performed and making assessment;
4. Maintain a team of professional audit staff with sufficient knowledge, skills and experience to fulfil the responsibilities;
5. Checking and testing the compliance with, and effectiveness of policies, procedures and controls and assessing whether current measures are in line with the latest developments and changes to the relevant BNM requirements;
6. Issue written audit reports to the BAC and Management, detailing the audit findings and recommendations as well as the client's responses and action plans in a timely manner after the completion of the audit;
7. Monitor progress of rectification actions on findings raised, taking into consideration the timeline committed by Management. This includes rectification actions taken in regard to findings raised by regulatory authorities or external auditors; and
8. Conduct investigation on suspected fraudulent activities when required and notify Management and the BAC of the results.

Corporate Governance Disclosures (continued)

Board Committees (continued)

Board Risk Management Committee ("BRMC")

The BRMC consists of four (4) Independent Non-Executive Directors.

The details of attendance of each member at BRMC meetings held during the financial year in review are as follows:

Name of Directors	Attendance	%
Lim Tuang Ooi - Chairman	8/8	100
Dato' Wan Fadzmi (Resigned on 26 August 2026)	8/8	100
Woo Chew Hong	8/8	100
Lo Nyen Khing	8/8	100

The objective of the BRMC is to oversee the Bank's activities in managing credit, market, operational, liquidity, legal, compliance, information technology, outsourcing, products, market conduct and other risks in supporting the Board in meeting the expectations on the risk management as set out in BNM Policy Documents on Risk Governance, Compliance, Risk Management in Technology, Outsourcing, Introduction of New Products and other BNM Policy Documents (where other risk matters related are applicable) while ensuring proper risk management process is properly in place and functioning well.

The BRMC is responsible for amongst others:

1. **Risk Management**
   - i. To support the Board to ensure that the Bank's corporate objectives are supported by a sound risk strategy and effective risk management framework and risk appetite framework that are appropriate to the nature, scale and complexity of its activities;
   - ii. To support the Board to provide effective oversight of Management's actions to ensure consistency with the risk strategy and policies approved by the Board, including the risk appetite framework;
   - iii. To review and make recommendation to the Board for approval, the risk management framework;
   - iv. To ensure risk management must be well-integrated throughout the organization and embedded into the culture and business operations of the Bank;
   - v. To ensure risk management function is effective and must be equipped with adequate resources and support to perform its roles;
   - vi. To ensure effective implementation of the risk management framework must be reinforced with an effective compliance function and subjected to an independent internal audit review;
   - vii. To ensure that there are appropriate mechanisms in place for communicating risks across the organization. This includes the review of regular risk management reporting (both overall and specific to market, credit, operational and compliance risks) via dashboard style format which are reported monthly / quarterly; and
   - viii. To ensure executive remuneration are aligned with prudent risk-taking and appropriately adjusted for risks.

Corporate Governance Disclosures (continued)

Board Committees (continued)

Board Risk Management Committee ("BRMC") (continued)

2. Compliance Risk

i. To oversee the management of the Bank's compliance risk including:
   - Approving the establishment of the compliance function and the position of the Head of Compliance Department / Chief Compliance Officer ("CCO"), and ensure that the compliance function and the Head of Compliance Department / CCO are provided with appropriate standing, authority and independence;
   - Approving the Bank's Compliance Policy and any policies issued by Compliance Department and oversee their implementation;
   - Approving the Bank's annual Compliance Action Plan, Anti-Money Laundering Action Plan and Shariah Review Action Plan;
   - Reviewing and discussing compliance issues regularly, ensuring that adequate time and priority is provided in the Board Committee agenda to deliberate on compliance issues and that such issues are resolved effectively and expeditiously; and
   - Evaluating the effectiveness of the Bank's overall management of compliance risk annually, having regard to the assessments of Management and internal audit, as well as interactions with the Head of Compliance Department / CCO.

ii. To review the operation and effectiveness of the Bank's whistleblowing systems and controls by which employees, contractors and suppliers of the Bank or any person or party has business relationship with the Bank may, in confidence, raise concerns about improprieties within the Bank. To ensure that arrangements are in place for the proportionate and independent investigation of such matters and for appropriate follow-up actions.

3. Outsourcing Risk

i. To oversee the management of the Bank's outsourcing risk. This includes periodic review of key performance indicators results and performance assessment of outsourcing parties;

ii. To ensure sufficient management capacity and skilled resources are retained to oversee the outsourced activity, including where the outsourced activity is undertaken by an affiliate of the Bank;

iii. To support the Board to oversee the effective implementation of technology risk management framework and cyber resilience framework. This includes periodic review of cyber risk reporting on development on cyber threat landscape;

iv. To support the Board to ensure that the product risks are well managed and the needs and rights of consumers are appropriately addressed. This includes the annual review of products report for recommendation to the Board for approval; and

v. To support the Board to review the Composite Risk Rating from BNM and ensure that Management is taking the necessary actions in a timely manner to address the weaknesses, non-compliances with BNM requirements and other issues identified by BNM.

Corporate Governance Disclosures (continued)

Shariah Committee ("ShC")

ShC Composition

The ShC consists of three (3) members and headed by a designated Chairman, consistent with the requirements under BNM's Shariah Governance Policy Document. Each of these members met the requirement of BNM and has the knowledge, expertise and experience in Islamic banking. The appointment of each ShC member was based on a rigorous selections process, and have been duly endorsed by Board of Directors of the Bank and approved by BNM.

Profile of each ShC Member is as follows:

1. **Associate Professor Dr. Abdul Manan bin Ismail**
   (Chairman)

   Dr. Abdul Manan was appointed as ShC Member on 9 November 2022 and subsequently redesignated as Chairman of ShC on 1 December 2023. He was reappointed as Chairman on 9 November 2024.

   His areas of expertise encompass Fatwa, Usul al-Fiqh, and Fiqh Muamalat. He has published numerous articles in various academic journals and has presented many papers at both local and international conferences.

   He received his first degree in Shariah from Yarmouk University, Jordan, followed by a Master's degree in Shariah from Universiti Kebangsaan Malaysia, and subsequently obtained his Ph.D. in Fiqh and Usul al-Fiqh from the International Islamic University Malaysia.

   He is currently an Associate Professor and Dean at the Faculty of Shariah and Law, Universiti Sains Islam Malaysia. In addition, he holds several key appointments, including Chairman of Akademi Fiqh Islami Malaysia; Member of the Terengganu Fatwa Committee; Shariah Committee Member of Bank Kerjasama Rakyat Malaysia Berhad, Prudential BSN Takaful Berhad; Deputy Chairman of the Shariah Committee of Universiti Sains Islam Malaysia; and Shariah Committee Member of Yayasan Islam Darul Ehsan.

   Dr. Abdul Manan has attended the following trainings held during the year:-

   - Completed the Certified Shariah Advisor (CSA)
   - Compliance Training on Anti-Bribery and Corruption by Compliance Department
   - Global Islamic Finance Forum 2025
   - AIBIM Shariah Ledger
   - Muzakarah KLIFF 2025
   - KLIFF Main Forum 2025

Corporate Governance Disclosures (continued)

Shariah Committee ("ShC") (continued)

ShC Composition (continued)

2. **Dr. Mohamad Rizal bin Mohamed Nor**
(Member)

Dr. Rizal was appointed as ShC Member on 9 November 2022 before being reappointed to the same position on 9 November 2024.

His areas of expertise include Fiqh Muamalat, Maqasid al-Shariah, Usul al-Fiqh, and Islamic Counselling. He has published numerous research papers, with a particular focus on Islamic Finance.

He received his first degree in Shariah from Al-Azhar University, Egypt, followed by a Master's degree in Shariah from the University of Malaya and a Master's degree in Education from Universiti Pendidikan Sultan Idris. He later obtained his Ph.D. in Shariah from Universiti Sultan Azlan Shah. In addition, he completed the Intermediate Qualification in Islamic Finance (IQIF) from the Islamic Banking and Finance Institute Malaysia ("IBFIM").

He is currently a lecturer at Universiti Sultan Azlan Shah and holds an appointment as a Shariah Committee Member of Perbadanan Ekonomi Islam Perak Sdn. Bhd.

Dr. Rizal has attended the following trainings held during the year:-

- Completed the Certified Shariah Advisor (CSA)
- Compliance Training on Anti-Bribery and Corruption by Compliance Department
- National Resolution Symposium
- Muzakarah PIDM
- Global Islamic Finance Forum 2025
- Muzakarah KLIFF 2025
- KLIFF Main Forum 2025

Corporate Governance Disclosures (continued)

Shariah Committee ("ShC") (continued)

ShC Composition (continued)

3. **Wan Rizaidy bin W. Mamat Saufi**
(Member)

Mr. Wan Rizaidy was appointed as ShC Member on 1 December 2023 before being reappointed to the same position on 1 December 2025.

He is a seasoned Islamic banker with vast experience in the Islamic finance and capital market sectors, having worked with both local and international institutions. Beyond his experience in commercial Islamic banking, he has also served in regulatory capacities with domestic and foreign authorities. His last banking appointment before embarking on a consultancy career was as Head of Shariah Audit at a local Islamic bank.

He holds a Bachelor's degree in Economics from the International Islamic University Malaysia and subsequently obtained a Master's degree in Islamic Finance Practice from the International Centre for Education in Islamic Finance (INCEIF).

He currently holds the position as Member of the Secretariat at the Islamic Financial Services Board (IFSB).

Mr. Wan Rizaidy has attended the following trainings held during the year:-

- On-going the following Certified Shariah Practitioner (CSP) training program:-
  1 Qawaid Fiqhiyyah
  2 Fiqh Muamalat
  3 Introduction to Commercial Law
- 3rd Nadwah of Shariah Advisers in Islamic Capital Market 2025
- Compliance Training on Anti-Bribery and Corruption by Compliance Department
- Muzakarah PIDM
- Global Islamic Finance Forum 2025
- AIBIM Shariah Ledger
- Muzakarah KLIFF 2025

Corporate Governance Disclosures (continued)

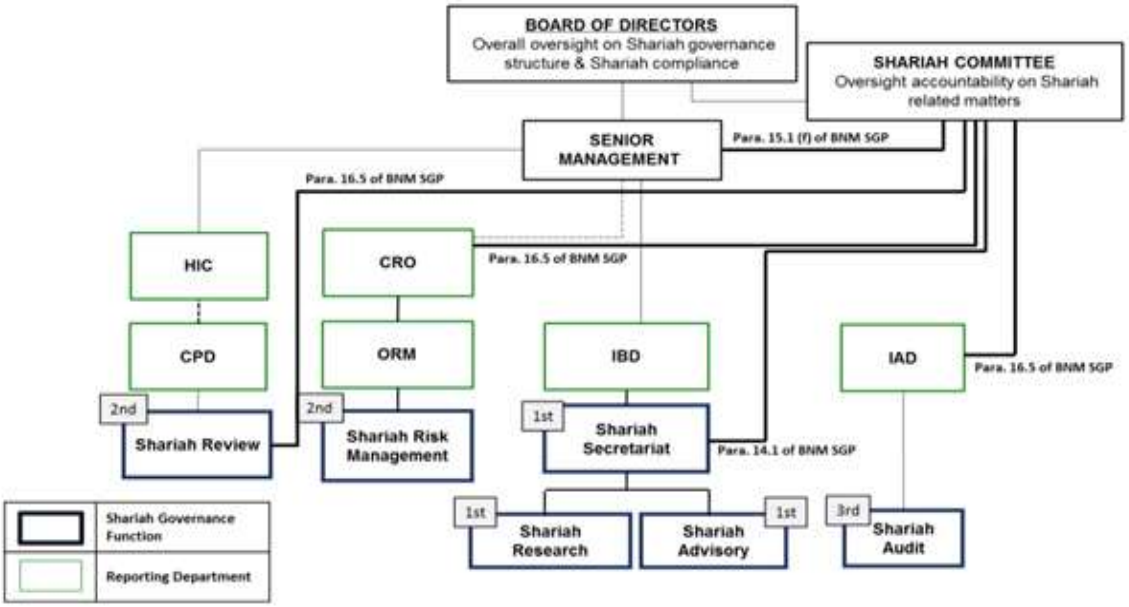
Shariah Committee ("ShC") (continued)

Roles and Responsibilities of the ShC

The ShC reports directly to the Board and has the responsibility to provide objective and sound advice to Islamic Banking Department ("IBD"), Management and the Board to ensure that, on all matters pertaining to Islamic Banking of the Bank, the Bank's aims and operations, business, affairs and activities are in compliance with Shariah.

The Shariah Governance structure adopted by the Bank is illustrated as follows:

SMBCMY's Shariah Governance Structure



As stated in the Shariah Committee Charter, the ShC is responsible for:

1. Performing an oversight role on Shariah matters related to business operations and activities of the Bank;
2. Providing a decision or advice to the Bank on the application of any rulings of the Shariah Advisory Council ("SAC") of BNM or standards on Shariah matters that are applicable to the operations, business, affairs and activities of the Bank;
3. Providing a decision or advice on matters which require a reference to be made to the SAC of BNM;
4. Providing a decision or advice on the operations, business, affairs and activities of the Bank which may trigger a Shariah non-compliance event;
5. Deliberating and affirming a Shariah non-compliance finding by any other relevant functions in the Bank;
6. Endorsing or recommending a rectification measure to address a Shariah non-compliance event;
7. Establishing a robust methodology to guide its decision-making process and take into account relevant business and risk practices in arriving at a decision or advice; and
8. Immediately updating the Board whenever the ShC has reason to believe that any Shariah issues or matter may affect the Shariah compliance of the Bank.

Corporate Governance Disclosures (continued)

Shariah Committee ("ShC") (continued)

Roles and Responsibilities of the ShC (continued)

The ShC is supported on a functional basis by the Shariah Secretariat and the Shariah control functions namely Shariah Review, Shariah Risk Management and Shariah Audit.

The main duties and responsibilities of the Shariah Secretariat are to provide a secretariat function to the ShC, conducting research on Shariah issues and providing day-to-day Shariah advice to the Bank's internal parties based on the rulings of the BNM's SAC and the decisions or advice of the ShC.

Meanwhile, the Shariah Review function conducts regular assessments on the compliance of the Bank's operations, business, affairs and activities with Shariah requirements.

The Shariah Risk Management systematically assesses, measures, monitors, and reports Shariah non-compliance risks in the operations, business, affairs and activities of the Bank.

Finally, the Shariah Audit provides an independent assessment of the adequacy and effectiveness of the Bank's internal control, risk management systems, and governance processes. The Shariah Audit scope covers the overall compliance of the Bank's operations, business, affairs and activities with Shariah.

In addition to the above, the Management of the Bank is responsible for providing adequate resources across every function involved in Shariah governance implementation to ensure end-to-end compliance with Shariah principles. The Management expects the various functions to be responsible for and to manage the implementation of any or all rulings of the BNM's SAC and they are complying with the said policy.

ShC Meetings

A total of 9 ShC meetings were held during the financial year in review. All ShC Members have complied with BNM requirements that ShC Members must attend at least 75% of the ShC meetings held in the financial year. The details of the meeting attendance are as follows:

Name of ShC members	Attendance	%
Assoc. Prof. Dr. Abdul Manan bin Ismail - Chairman	9/9	100
Dr. Mohamad Rizal bin Mohamed Nor	9/9	100
Wan Rizaidy bin W Mamat Saufi	9/9	100

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Corporate Governance Disclosures (continued)

Internal Control Framework

Board Responsibility

The Board is responsible for and has oversight of the Bank's system of internal control and risk management, which includes the design, establishment and implementation of an appropriate risk management framework and internal control system with mechanisms to facilitate periodic reviews on the adequacy and effectiveness of the internal control framework taking into consideration material changes to the size, nature and complexity of the Bank's operations.

To achieve the aforesaid objectives, the Board is assisted by Board Committees (namely the BAC, BRMC and BNRC) and Shariah Committee ("ShC"). Notwithstanding the delegation of authority to the Board Committees and ShC, the Board remains responsible for the governance of risk and internal control, and the actions of the Board Committees and ShC.

In discharging its responsibilities, the Board is continuously involved in approving risk appetites, business plans and any other initiatives that may have a material impact on the risk profile of the Bank, whilst at all times keeping close scrutiny on both the current and emerging risks posed to the Bank from both external or internal factors.

An effective and robust internal control eco-system, namely through the implementation of the Three Lines of Defence, which is supported by various embedded internal control frameworks, such as the Business Control Officer ("BCO") structure, Conduct Risk and Consequences Management Framework, the Operational Risk Management Framework, Compliance Risk Assessment and Review Framework and Internal Audit Risk Assessment and Audit Plan, that provide assurance, early detection, robust mitigation and prompt escalation of critical issues to the Board thus enabling the Board to maintain line of sight on the state of affairs in the Bank and to take such necessary steps deemed appropriate to manage risk exposure within the approved risk appetites.

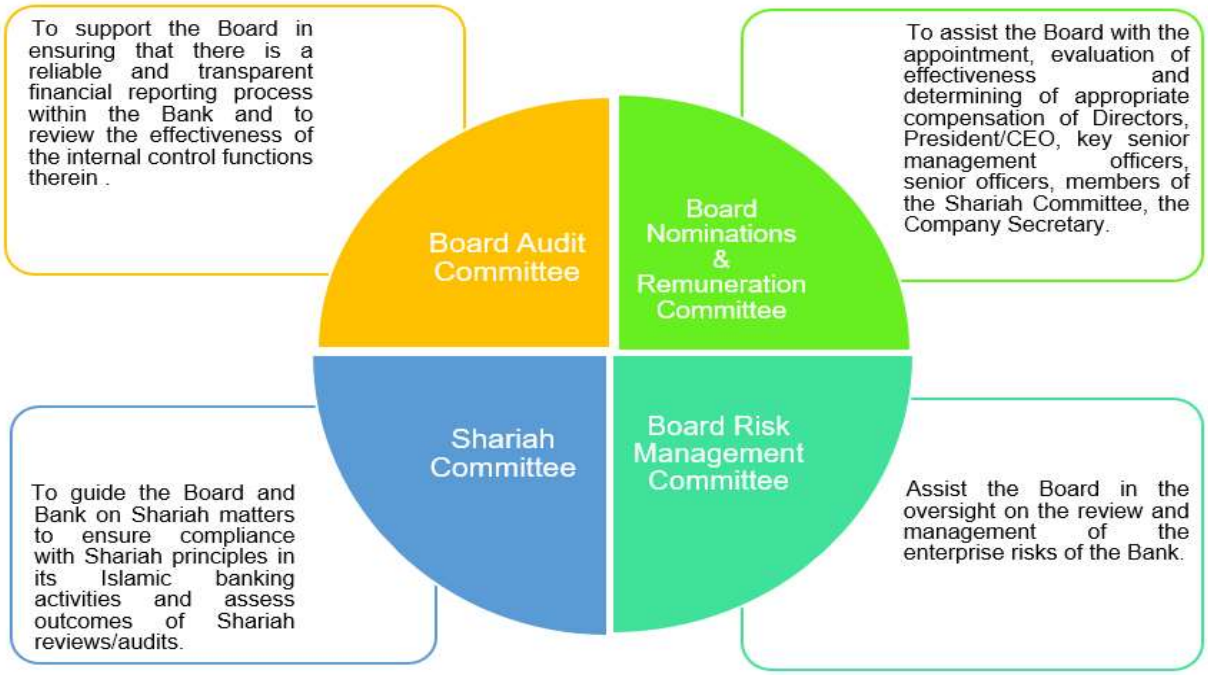
The Board has also set the "tone from the top", together with the Management, to promote a sound corporate culture within the Bank which reinforces legal and regulatory compliance, ethical, prudent and professional behaviour. The Board continues to place much emphasis in maintaining zero tolerance towards bribery and corruption.

The Board is committed to maintaining a robust risk management and internal control framework to safeguard not only its reputation, assets and stakeholders' interests, but also the interests of the Bank's customers and the public in general.

Corporate Governance Disclosures (continued)

Internal Control Framework (continued)

Board Responsibility (continued)



Management Responsibility

The Management is responsible for the day-to-day operations of the Bank and accountable to the Board and for the implementation of all policies approved by the Board. In the context of risk management and internal control measures, to facilitate the establishment of a robust and effective risk management and internal control system.

The role of the Management in maintaining a robust and efficient risk management and internal control system encompasses the following stages:

i. Identifying and evaluating both the current and emerging risk faced by the Bank in achieving its business strategies and objectives;

ii. Establishing relevant policies, procedures and processes, with the appropriate internal control measurements embedded therein, to manage and mitigate the identified risk;

iii. Designing, implementing and monitoring the robustness and effectiveness of the risk management framework and internal control system;

Corporate Governance Disclosures (continued)

Internal Control Framework (continued)

Management Responsibility (continued)

iv. Reporting in a timely manner to the Board any change in the prevailing legal and regulatory framework affecting the Bank and / or any gaps and lapses identified within the risk management framework and internal control system, resulting in the need to reassess the adequacy of the Bank's current risk management framework and internal control systems; and

v. Designing and implementing the remedial actions required to adhere to the new legal and regulatory requirements and / or to address the identified gaps and lapses, with continual obligation to monitor and report to the Board accordingly on the adequacy and effectiveness of the implemented remedial actions.



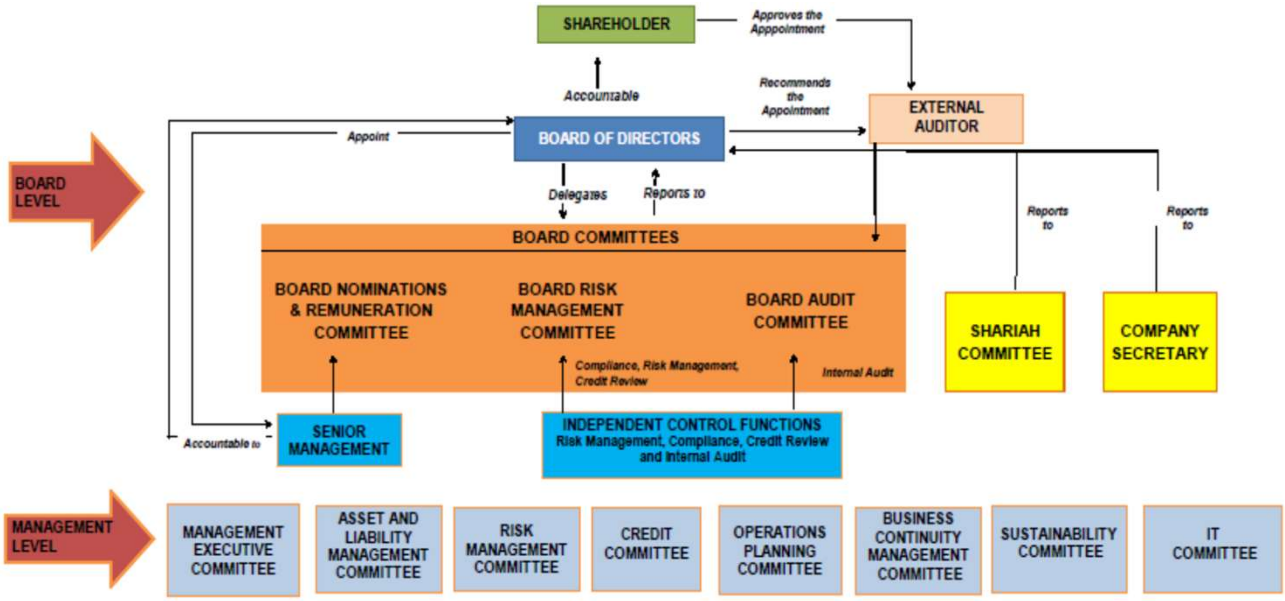
The Management is also assisted by various Management Committees to carry out their duties in fulfilment of the requirements stated above, namely the Management Executive Committee ("MEC"), Risk Management Committee ("RMC"), Credit Committee ("CC"), Asset and Liability Management Committee ("ALCO"), Business Continuity Management Committee ("BCMC"), Operations Planning Committee ("OPC"), Sustainability Committee ("SC") and Information Technology Committee ("ITC").

Corporate Governance Disclosures (continued)

Internal Control Framework (continued)

Risk Governance Structure

Premised on the roles and responsibilities of the Board and Management, and the various committees that have been established to support them in discharging the roles, an overview of the risk governance structure of the Bank is illustrated below.



Three Lines of Defence

The internal control framework lies in the foundation of the Bank's three lines of defence and in its key internal control processes.

I. First Line of Defence

The first line of defence refers to the line departments which are responsible for identifying, assessing, mitigating and reporting risks within their own areas of business. This essentially means the line departments need to have the strategic understanding and are fully conversant with the risks undertaken and are accountable for ensuring that the appropriate mitigating controls are in place.

Within the Bank, the business operations and their support functions, which perform the day-to-day activities in realising business strategies and also undertaking the risk and control management activities are considered the first line of defence.

The staff of the business and support functions must understand their roles and responsibilities with regard to processing transactions and who must follow systematic procedures and processes to ensure the established internal controls are complied with.

Corporate Governance Disclosures (continued)

Internal Control Framework (continued)

Three Lines of Defence (continued)

I. First Line of Defence (continued)

The Heads of Departments are responsible to identify and assess risks and to ensure that the control activities and other responses that address the risks are monitored and enforced. The Heads of Departments are assisted by their respective Business Control Officer ("BCO") and their embedded Local Compliance Coordinators ("LCC").

The embedded BCO and LCC at each department within the Bank's First Line of Defence have key roles to support, detect, deter, mitigate and escalate potential identified risk and regulatory/compliance related matters to their respective Heads of Departments for further reporting to the Management. This is achieved by the involvement of the BCO and LCC in key control activities, such as gap analysis on new or revised regulations issued by BNM, annual Risk and Control Self Assessment, annual Business Impact Assessment, regional Risk Register update, preparation and submission of incidence report arising from identified operational lapses, Compliance reviews and Internal Control Audits, and the relevant remedial or enhancement actions impacting their respective departments.

In line with the SMBC Regional initiative, the Bank had established the role of Country BCO ("Country BCO") to provide further support to the business or front office BCOs with the intention to further enhance the Bank's existing BCO structure.

II. Second Line of Defence

The second line of defence is the risk management related functions which have both the advisory and monitoring roles to the first line departments. This second line actively challenges the assessments and initiatives done by the first line departments by engaging with risk owners and consolidating Bank-wide risks into various risk types.

The risk management-related functions also include "Risk Policy Owners", who manage specific transversal risks shared across the Bank, for example credit, market and operational risks, compliance risk, people risk and legal risk.

i. Risk management functions

These functions, comprising the credit risk management, credit, market risk, enterprise risk and operational risk, are headed by the Co-Chief Risk Officers ("Co-CRO"), who reports directly to the BRMC. These functions provide independent assessment / challenge to the business and support functions and ensure that Management and BRMC are duly informed of any lapses or breaches of risks related.

The major responsibilities of these functions, among others, are participating in the RMC, OPC, BCMC, SC, ALCO and CC reviewing risk reports and validating compliance to the risk management framework requirements, with the objective of ensuring that credit, market and operational risks are actively and appropriately managed. The risk management functions shall be guided by the risk management process.

ii. Shariah risk function

The shariah risk function comes under the purview of Operational Risk Management Department (“ORM”). Shariah non-compliance risk exposures in the business operations and activities identified during the implementation of ORM tools are being reported to Senior Management, Shariah Committee and BRMC.

Corporate Governance Disclosures (continued)

Internal Control Framework (continued)

Three Lines of Defence (continued)

II. Second Line of Defence (continued)

iii. Compliance risk function

The compliance culture of the Bank is driven with a strong tone from the top to ingrain the expected values and principles of conduct that shape the behaviour and attitude of employees at all level of business and activities across the Bank.

The Bank takes a firm stand in advocating a compliance culture as compliance is the responsibility of all employees. All business lines and functions within the Bank are to carry out their responsibilities to ensure effective management of compliance risk.

The compliance function is responsible for assisting Senior Management and Board with the management of compliance and regulatory risk via the following:

a. Identification, assessment and monitoring of compliance risks, including the tracking to completion any remedial action committed by the relevant stakeholders with the Bank;
b. Reporting of compliance risk; and
c. Providing advisory, guidance and training with regards to compliance with rules and regulations.

In order to discharge the aforesaid responsibilities, the Compliance Department engages in the following activities:

a. To promote the culture of compliance with legal and regulatory requirements, compliance related policies and procedures and ethical standards in the conduct of business.
b. The Compliance Department of the Bank is responsible for ensuring that controls to manage compliance risk are adequate and operating as intended. Upon issuance of new regulatory guidelines, the Compliance Department will facilitate gap analysis and the establishment of relevant control processes with the relevant stakeholders. However, in instances of specific and technical areas of regulatory coverage, the Chief Compliance Officer (CCO) will undertake an oversight role and collaborate with other Second Line of Defence functions to better manage the applicable regulatory requirements, e.g. the Compliance Department collaborates with the Chief Information and Security Officer (CISO) to better manage IT risk exposures within the Bank.
c. Compliance Risk Assessment ("CRA") is undertaken by the department to assess the areas of higher compliance risk / weaker controls on annual basis and an action plan is then prepared to outline control activities on identified areas of risk / weaknesses.
d. The Compliance Department performs Compliance self-reviews to ensure that the regulatory requirements and policies of the Bank are complied with. The department also conducts appropriate validation to test and evaluate the adequacy of internal controls put in place to manage compliance risks and promptly follow-up on any identified deficiencies and plans to address such deficiencies. Compliance risks findings and recommendations are reported to the Board / BRMC, RMC and the Regional In-Office Compliance Committee on a regular basis.

Corporate Governance Disclosures (continued)

Internal Control Framework (continued)

Three Lines of Defence (continued)

II. Second Line of Defence (continued)

iii. Compliance risk function (continued)

e. The department carries out compliance awareness and training via face-to-face training and e-learning on a continuous basis.

f. The reporting of compliance risk status of the Bank and the regulatory developments via the issuance of policy documents, directives and exposure drafts by BNM.

The Bank has in place a Compliance Manual which serves as a reference to all employees of the legal and regulatory requirements of which the Bank has to comply when conducting business, and the internal rules and procedures for conduct of its employees. The Compliance Manual is subjected to annual review. Further, the Compliance Department has also developed specific policies to manage specific areas of regulatory risk, such as, anti-money laundering and counter terrorism financing, sharing of information, personal account trading by employees of the Bank and whistle-blowing.

The Compliance risk function reports to the BRMC.

III. Third Line of Defence

The third line of defence is provided by the Internal Audit Department ("IAD") who reports directly to the BAC, as well as indirectly to Shariah Committee with regards to Shariah matters. It entails independent challenge, audit of key controls, formal reporting on assurance, and audit of assurance providers.

The function provides independent, objective assurance and consulting activities to add value and improve the Bank's operations. It assists the Bank to accomplish its objectives by bringing a systematic, objective and disciplined approach to evaluate and improve the effectiveness of risk management, internal control, anti-corruption, whistle-blowing and governance processes.

The internal audits are conducted in accordance with the annual audit plan as approved by the BAC. Ad-hoc audits are also conducted on a need basis as or when it is required by the Board and BNM.

The internal audit function adopts a risk-based approach in its audit planning. Audit reports are tabled to the BAC reporting on the state of the Bank's internal control and the extent of compliance with the established policies and procedures as well as regulatory requirements. In addition, the function duly monitors the implementation of the Management action plans which seek to address the weaknesses identified by the internal auditors.

Corporate Governance Disclosures (continued)

Internal Control Framework (continued)

Three Lines of Defence (continued)

III. Third Line of Defence (continued)

In addition, independent challenge and audit of key controls may also be performed by the Head Office internal auditor and the external auditor. Although the Chief Internal Auditor ("CIA") does not report to SMBC Regional's Co-Heads of Audit; nevertheless, he works closely with the SMBC Regional Office's Internal Audit function to ensure a continuous exchange of good audit practices adopted within the SMBC Group and be kept in the know on the current and emerging issues that are being sighted across the APAC region. This allows the CIA to develop more robust audit plans and the conduct of more effective audit assignments.

In order to ensure that the practices adopted by the internal audit function are in conformance with global internal audit standards, the internal audit function of the Bank is subjected to periodic independent quality assurance reviews by independent auditors / consultants as required by the global internal auditing governing body of which is similarly, in line with the requirements specified by BNM in their policy document pertaining to the establishment of an internal audit function.

Key Internal Control Processes

The key processes that the Board has established in reviewing the adequacy and integrity of the system of internal control, including compliance with applicable laws, regulations, rules and guidelines, are as follows:

BRMC

BRMC is a Board Committee chaired by an Independent and Non-Executive Board member. The Committee is delegated with oversight authority by the Board of Directors, in discharging its overall duties and responsibilities. The Committee monitors and evaluates the effectiveness of the risk management system, compliance function and operations on an on-going basis. This Committee also decides and recommends to the Board for approval, where appropriate, all matters related to establishment, amendment and abolition of policies, risk and compliance management related frameworks, risk appetites and key risk indicators adopted to monitor risk and compliance exposure of the Bank.

BAC

BAC is a Board Committee supported by IAD to provide an independent assessment of the adequacy and reliability of the Bank's internal controls, risk management processes, compliances with control and risk policies and regulatory requirements.

The BAC deliberates on findings and recommendations proposed by the internal and external auditors. The BAC also evaluates the adequacy and effectiveness of the Bank's risk management and system of internal control. Apart from reviewing the annual audit plan, the BAC assesses the scope and quality of audits performed.

Corporate Governance Disclosures (continued)

Internal Control Framework (continued)

Key Internal Control Processes (continued)

BNRC

The BNRC is a Board Committee that supports the Board by being tasked with providing formal and transparent procedures for the appointment, performance evaluation and recommending remuneration and compensation of Directors, President / CEO, key senior management officers, senior officers, members of the Shariah Committee and the Company Secretary in ensuring that compensation is competitive and consistent with the Bank's culture, objectives and strategy.

The BNRC also conducts assessment on the effectiveness of individual Directors, the Board as a whole, and members of the Shariah Committee.

Shariah Committee

Shariah Committee is responsible to advise the Board and to provide input to the Bank on Shariah matters in order for the Bank to comply with Shariah principles in its Islamic banking activities at all times. The Shariah Committee is supported by the Shariah Secretariat that, inter alia, includes personnel carrying out the functions of a Shariah Adviser and Shariah Researcher. ShC is also responsible to assess the work carried out by the Bank appointed Shariah Reviewer and Shariah Auditor in order to ensure the Bank is Shariah compliant in its operations under the Islamic Banking Window and International Currency Business Unit arrangement.

Senior Management and other Management Committees

The President / CEO, assisted by the Deputy President and Deputy CEO, manages the strategic direction and provides strategic guidance to the business of the Bank.

The President / CEO provides direction and awareness of internal control and compliance via the RMC, ALCO, BCMC, OPC, SC and ITC.

i. RMC

The objective of RMC is to support BRMC and the Board with regards to meeting the risk management and compliance requirements as set out in BNM's policy documentations on Risk Governance and Compliance in particular, and other regulatory policy documents. RMC is also responsible to decide on important risk management and compliance matters, including matters related to various principal policies on risk management, that are within the scope as delegated by the Board. Existence or occurrence of matters or issues deemed material will be escalated to the Board or any of its Committees for further deliberation and decision.

Corporate Governance Disclosures (continued)

Internal Control Framework (continued)

Key Internal Control Processes (continued)

Senior Management and other Management Committees (continued)

ii. ALCO

The main objective of ALCO is to ensure that the Bank's asset and liability exposures to interest rate risk and liquidity risk are within the risk appetites and policies defined by the Board. It includes analysis of risk appetites, revenue targets and rates of return where areas of coverage include capital ratios, liquidity position and asset mix, rate-setting policy for loans and deposits, and investment guidelines for banking portfolio.

iii. BCMC

The purpose of BCMC is to provide leadership, direction and oversight in ensuring that effective business continuity management ("BCM") practices, recovery and resumption procedures are in place for continuation of critical business functions should a major disruption occur. BCMC provides for a forum to deliberate the effectiveness of the Bank's BCM programs and to timely escalate issues / concerns to the Board for deliberation and oversight.

iv. OPC

The OPC is a dedicated committee that monitors activities and operational controls of the back-office operations and security control services that are outsourced to SMBC SSC Sdn. Bhd.. The Committee also deliberates the key issues and challenges besides reviewing the key performance indicators results and performance assessment for each of the outsourced operational functions. The Committee also monitors the risks and controls from the outsourcing arrangements to minimize operational and processing risks.

v. SC

The objective of SC is to support the Board to make the decision for oversight and management of the Bank in relation to sustainability. SC shall take charge and be responsible to establish sustainability related strategies including Environmental, Social and Governance ("ESG") solution to the clients, capacity building and communications to the stakeholders. The Committee is also responsible to supervise governance framework related to environmental risk management and monitor the progress of sustainability initiatives.

Corporate Governance Disclosures (continued)

Internal Control Framework (continued)

Key Internal Control Processes (continued)

Senior Management and other Management Committees (continued)

vi. ITC

The ITC shall take charge and be responsible for the following functions and its meeting will be held on a quarterly basis:

a. To report the progress of main IT activities update / issue / action plans;
b. To provide information on occurrence of IT incident that affect the Bank's banking business;
c. To provide timely information / updates relating to the progress of Audit matters;
d. To report the IT budget for investment budget and expense budget; and
e. To deliver the prevailing main topic of cyber / technology risk related matter by the Chief Information Security Officer ("CISO").

Internal Policies and Procedures

Clearly documented internal policies and procedures of all departments have been approved by the Board. These policies and procedures, which are easily accessible through the Bank's intranet, serves as a day-to-day operational guide to ensure compliance with internal controls and the applicable laws and regulations. Annual reviews are conducted to ensure that the policies and procedures are up-to-date with the practices as embraced; in ensuring operational efficiency and effectiveness; and to take into account the changing regulatory requirements, risks and external environment to continuously strengthen internal control.

Recovery Planning Policy

In adherence with Bank Negara Malaysia's Recovery Planning Policy, the Bank has also established an equivalent internal policy to lay out the adopted methodology in establishing and maintaining credible plans to restore financial strength and viability during periods of severe stress.

This policy requires the Bank to:
a. identify plausible stress scenarios and potential triggers for recovery actions;
b. define a range of recovery options to restore capital, liquidity, and overall resilience;
c. establish clear governance, escalation procedures, and decision-making processes; and
d. maintain operational readiness to execute recovery actions in a timely manner.

This policy aims to strengthen resilience and ensure the Bank can recover from distress without disrupting the broader financial system.

Corporate Governance Disclosures (continued)

Internal Control Framework (continued)

Key Internal Control Processes (continued)

Anti-Corruption and Bribery Policy Statement

This policy statement was developed and approved by the Board to set the "tone from the top" with regards to the Bank's zero tolerance towards bribery and corruption. Further, it establishes the internal framework required to maintain "adequate procedures" to robustly manage and mitigate potential risk arising from practices within the Bank that may be considered as promoting the culture of bribery and corruption.

Whistle Blowing Policy

The Bank has put in place a Whistle Blowing policy and procedure manual. The BRMC Chairman, who is an Independent Non-Executive Director, has been appointed as the person responsible for the effective implementation of the policy. The policy and procedure defines the means and methods for reporting of the allegations, the protection accorded to whistle-blowers and the duties and responsibilities of Directors, officers and employees. The outcomes of all investigations are to be reported to the Board or its appointed Committee.

Anti-Money Laundering / Counter Financing of Terrorism / Counter Proliferation Financing ("AML / CFT / CPF")

Policies and procedures on the Prevention of Money Laundering, Terrorist Financing and Proliferation Financing are established to prevent money laundering, terrorist financing and financing or provision of financial services related to weapons of mass destruction, and operate and manage businesses in accordance with the laws and regulations.

It is the general principle of the Bank that no banking business will be carried out for a customer unless the Bank knows the customer. The "Know Your Customer" policy helps build the Bank's relationship with customers and in ensuring that the Bank is in compliance with all applicable laws and regulations and adhere to sound banking practices. A system is in place to profile, monitor and review of information in support of the Bank's AML / CFT / CPF activities.

The Compliance Department of the Bank provides training to facilitate all staff's understanding of the laws and regulations in relation to money laundering, terrorist financing, proliferation financing and sanction laws.

All new staff are required to read and understand the policies and procedures on the Prevention of Money Laundering, Terrorist Financing and Proliferation Financing and complete the requisite AML / CFT / CPF training upon joining the Bank. All staff undergo AML / CFT / CPF training annually.

Corporate Governance Disclosures (continued)

Internal Control Framework (continued)

Key Internal Control Processes (continued)

Third Party Risk Management Policy

As the Bank relies on third party service providers to provide services that are critical to the day-to-day operations of the Bank, e.g. critical banking systems, back office operations etc., the Bank has established a Third Party Risk Management Policy under the stewardship of the Operational Risk Management Department. This policy sets out expectations for the Bank to effectively identify, assess, monitor, and control risks arising from outsourcing and other third-party arrangements.

This policy sets out the following requirements to be adhered to:
a. perform due diligence before engaging third parties;
b. establish clear contractual arrangements, including risk, compliance, and service expectations;
c. continuously monitor third-party performance and risk exposures;
d. ensure accountability remains with the Bank, even when activities are outsourced; and
e. implement contingency and exit plans to manage disruptions.

This policy aims to ensure that third-party engagements do not compromise operational resilience, regulatory compliance, or customer interests.

Business Continuity Management Policy

The Planning Department of the Bank ensures that there is a Business Continuity Plan ("BCP") in place to facilitate continuity of critical business operations and systems in the event of prolonged disruption to the business. The department spear-heads the Business Impact Assessment of the Bank's operations to identify the activities and operations that are critical to the continuity of the Bank's operations. The department manages the Business Continuity Management activities for the Bank's operations and ensures that all mandatory BCP and Disaster Recovery Plan drills are successfully carried out. The Bank has subscribed to a Disaster Recovery site which serves as the back-up site, with an independent service provider.

Responsibility Mapping Framework

In line with Bank Negara Malaysia's Responsibility Mapping Policy, the Bank has established its internal Responsibility Mapping Framework. This framework clearly defines the roles, responsibilities, and reporting lines of Senior Management and key function holders within the Bank. This framework intends to achieve the following:
a. Maintain an up-to-date responsibility map showing how key responsibilities are allocated;
b. Ensure accountability by assigning specific individuals to critical functions and decision-making areas;
c. Support effective oversight by the Board and Senior Management; and
d. Promote transparency, reduce gaps or overlap in responsibilities, and strengthen risk management and internal controls.

This framework ultimately aims to enhance individual accountability and improve overall governance standards within the Bank.

Corporate Governance Disclosures (continued)

Internal Control Framework (continued)

Key Internal Control Processes (continued)

Compliance Manual

The Bank has in place a Compliance Manual which serves as a reference to all employees of the legal and regulatory requirements of which the Bank has to comply when conducting business, and the internal rules and procedures for conduct of its employees. Areas covered in the Compliance Manual includes, but not are limited to provisions pertaining to personal account dealings, conflict of interest, the giving and receipt of gift and entertainment, complaint management etc. The Compliance Manual is subjected to annual review.

Human Resources Policies and Procedures

The Human Resources ("HR") policies and procedures are established in covering the full process of human resource management such as the recruitment, learning and development, performance management, compensation and benefits, termination of employment which includes resignation and dismissal of staff due to disciplinary action. The policies and procedures which are subjected to annual review are readily available for staff through the Bank's intranet.

i. Code of Ethics and Conduct, Employee Handbook and Office Rules

The HR policies and procedures also include the Bank's Code of Ethics and Conduct which set forth the standard of behaviors, ethics and conduct expected of its employees. All new staff are required to acknowledge their understanding and acceptance to abide by the Bank's Code of Ethics and Conduct on hardcopy upon joining the Bank. Subsequently, all existing staff are to declare the observance to the Code of Ethics and Conduct annually. In addition, all new staff are to abide by the employee handbook and office rules of the Bank.

ii. Employee Assessment Framework

The evaluation of a prospective employee's personal information, including criminal records, employment and financial background is part of the HR recruitment process as documented in the Bank's HR policies and procedures. Employment reference checks and screening procedures are carried out prior to hiring the employee. The screening procedures also apply throughout the course of employment where existing employees are screened annually.

iii. Consequence Management Framework

The Bank had revised its consequence management framework during the previous financial year (FY24) to better support the practice of proper conduct and culture within the Bank. As much as the Bank practices acknowledgement of its employees for their contributions and demonstration of good values, the Bank intends to utilise its consequence management framework to inculcate the appropriate culture within the Bank.

Corporate Governance Disclosures (continued)

Internal Control Framework (continued)

Key Internal Control Processes (continued)

Risk Control Self-Assessment ("RCSA") and Key Control Testing ("KCT")

RCSA tool is used to assist the Bank's departments to identify and assess their operational risk which are inherent in their work processes, activities, services, products and systems in a documented and systematic manner. The RCSA also enables the departments to assess the effectiveness of their controls to mitigate the operational risks. The implementation of RCSA is facilitated by the Operational Risk Management Department ("ORM") where it provides operational support on risk and control assessments, which will lead to formulation of action plans by the relevant departments to mitigate and manage the identified operational risks.

As the risk awareness levels improve amongst the risk owners, ORM will progress to conduct "deep dive" reviews of specific high risk areas, with the objectives to improve control effectiveness and reduce risk levels.

Another assessment tool which has been implemented is KCT, where the controls are being checked / assessed to ensure they are in place and working as intended. The checking / assessment is done either by respective BCO or ORM.

The outcome of the RCSA and KCT are presented to Management and the BRMC.

Loss Database and Key Risk Indicator ("KRI")

The Bank has in place a Loss Database i.e. a loss incident reporting database, which captures and tracks the actual and potential operational risk-related losses, including near miss incidents. Major or high frequency loss events are investigated and analyzed against past records and trends to identify high risk areas and to take action to mitigate the risk. Preventive measures and additional controls, if any, are tracked for completion and effectiveness.

In addition, the Bank also monitors operational risk trends via its KRI reporting, which involves collecting transactional data at prescribed frequencies over a period of time to observe the trending of business or transaction activities. Management limits and thresholds are determined to pre-empt and / or alert the departments on additional controls to be implemented to mitigate operational risks.

Loss incidents and KRI are duly reported to the Management and the BRMC.

Governance and Culture

Through the years the Bank has undertaken many initiatives in an effort to continuously enhance and strengthen the state of governance and culture within the organisation to ensure that activities in support of the Bank's daily operations are performed in line with the SMBC 5 values, namely:

a. Integrity;
b. Customer First;
c. Proactive and Innovative;
d. Speed and Quality;
e. Team SMBC.

Corporate Governance Disclosures (continued)

Internal Control Framework (continued)

Key Internal Control Processes (continued)

Governance and Culture (continued)

The Bank recognises that a strong organisational culture is essential as it shapes how people make decisions, behave, and work together, especially in times of uncertainty or pressure. A healthy culture promotes integrity, accountability, and collaboration, which in turn enhances employee engagement, reduces misconduct, and supports consistent execution of strategy. It also strengthens trust with customers, regulators, and other stakeholders, while improving the Bank's ability to manage risks and adapt to change. As such, good culture underpins sustainable performance and long-term value creation.

To drive the culture related initiatives, the Bank has established the Conduct and Culture Working Group ("CCWG"), chaired by the Chief Integrity and Governance Officer and consists of the Deputy President, Heads of Businesses, Chief Compliance Officer, Head of Human Resources, Head of Operational Risk Management and Head of Operations Planning Unit as its members.

The CCWG has periodic engagement sessions with the senior management with the intent of:

a. provide updates on implemented culture related initiatives;
b. share insights on the state of culture within the Bank;
c. enable active dialogue with senior management on emerging cultural themes, behavioural trends observed and areas requiring intervention;
d. to seek senior management's direction and endorsement/approval on proposed cultural initiatives;
e. escalate conduct and culture matters to senior management for swift actions to be taken, including recommending appropriate mitigation actions to address identified conduct and culture issues;
f. to strengthen governance and reporting for further escalation to Board and Regional Head Office, where required, any current and emerging risk that emanates from the state of culture within the Bank; and
g. provide holistic view of culture health within the Bank from (1) the annual conduct and culture surveys conducted, the continuous engagement between the CCWG with employees of the Bank etc. and (2) the database of gaps and lapses that tantamount to employee misconduct as may be tracked under the Risk, Compliance and Conduct Indicators ("RCCI") Dashboard, Connected Risk Reports etc.

The Bank has also implemented initiatives, such as the Culture Award and the "Shout-Out! - Ethics Champions" Programme, to acknowledge and recognise employees who demonstrate good conduct and behaviours that are synonymous with the SMBC 5 Values. The intention of these initiatives is to encourage a bank-wide embrace of these values as employees discharge their daily duties.

The employees' annual performance evaluation framework also reflects equal weightage placed on "How" employees perform their duties and not just the meeting of their business Key Performance Indicators ("KPIs"). This is to drive the critical message that the manner of how the KPIs are achieved are equally important in considering the overall performance.

Corporate Governance Disclosures (continued)

Internal Control Framework (continued)

Key Internal Control Processes (continued)

Key Control Related Initiatives of Financial Year 2026 ("FY2026")

The key control initiatives that were implemented in FY2026 are as follows:

i. Project to enhance and automate regulatory reporting processes and controls.

The Bank recognises the onerous obligations, inherent complexity, and high-degree of judgment involved in statistical reporting, as well as the severity of penalties and reputational consequences arising from inaccurate or incomplete submissions.

In response, the Bank has undertaken targeted initiatives to strengthen its existing reporting framework, including standardising methodologies, and implementing greater automation in the preparation and validation processes.

These efforts are designed to improve accuracy, consistency, and timeliness of reporting, while establishing sustainable, scalable controls that reduce operational risk and support ongoing regulatory compliance.

These initiatives commenced in the previous financial year and are expected to continue into FY2026 before they are completed.

ii. Enhancement of governance and culture framework to strengthen culture within the Bank

In the continuous effort of the Bank to enhance its governance framework a series of initiatives were undertaken, namely:

a. the Bank held its inaugural Board of Directors Offsite with the senior management as a focused and dedicated session to discuss the Bank's strategy going forward and areas that require greater focus/enhancement;
b. to enhance the preparation process of Memorandums due for presentation at the Board and Board Committees for better efficiency and effectiveness when deliberated;
c. in line with the established internal Responsibility Mapping Policy, the Terms of Reference of all Management Committees were reviewed and realigned to be consistent with the internal policy, including the re-designation of the Chairman of several Management Committees ; and
d. the protocols of the Management Executive Committee (MEC) was also revised whereby the key function holders under the Responsibility Mapping Policy present an overview of the areas of responsibilities under them respectively to the President and CEO, as the Chairman to the MEC.

Corporate Governance Disclosures (continued)

Internal Control Framework (continued)

Key Internal Control Processes (continued)

Key Control Related Initiatives of Financial Year 2026 (continued)

ii. Enhancement of governance and culture framework to strengthen culture within the Bank (continued)

On the cultural front, the Bank undertook the following initiative:

a. the formalisation of the Conduct and Culture Working Group (CCWG), which was first established in 2021 as a "think tank" dedicated to undertaking initiatives to enhance the state of culture and conduct with the Bank;
b. the expansion of CCWG's membership to cover the Deputy President and the Heads of Business, to reflect a broader representation of the employee demographics within the Bank;
c. to organise a bank-wide offsite for all employees of the Bank with the intention of cascading and reinforcing the cultural canvass of the Bank;
d. implementation of the "Your Voice, My Table" initiative where the President and CEO will host a weekly luncheon and different employees are selected to attend. This is intended to foster better engagement, open and transparent communication with senior management;
e. establishment of a periodic Engagement Session between the Management and CCWG to facilitate feedback to Management, discussion and decision-making on next steps and updates on implemented initiatives; and
f. the implementation of the "Shout-Out! - Ethics Champions" Programme that is intended to encourage the acknowledgement of employees demonstrating good culture and behaviours that are consistent with the SMBC 5 Values.

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Corporate Governance Disclosures (continued)

Remuneration

The Remuneration policy of the Bank outlines the mandatory requirements that must be reflected in the design and management of performance and remuneration arrangement in the Bank. Our remuneration strategy is designed to enable the Bank to attract and retain talents, motivate them to achieve the Bank's long terms goals, support compliance and good corporate governance and promotes effective risk management. The Policy supports a high performance culture based on merit which takes into account employee conduct / behavior, adherence to SMBC's Core Values, differentiates and rewards excellent performance.

Components of remuneration

Employee remuneration is composed of two main components - fixed and variable:

Fixed	Consist of monthly base salary and fixed allowances	Determined by individual's roles and responsibilities, experience and skills, competency and market competitiveness. It should also reflect core performance requirements and expectations.
Variable	Annual performance bonus in cash	Performance-based and not guaranteed, reflecting overall bank's performance and individual performance. Purpose of the performance bonus is to drive a high performance culture based on merit which takes into account effective risk management practices, adherence to high conduct and ethical standards, and SMBC's Core Values. Variable pay recommendations of an employee shall consider all risk (including misconduct) issues that have materialised during the year.

Measurement of performance

With oversight and review by the Board, the Bank has a holistic approach of performance assessment and development, in order to drive a high performance, right values / behaviour and motivated workforce, where both the Bank and employees share the responsibility for success.

The Bank's key indicators are cascaded down to the business and support departments and eventually to each individual employee in the Bank via the Individual Performance Appraisal process. The performance management framework – goal setting consists of:

- WHAT (ability to achieve hard performance targets)
- HOW (how these performance targets are achieved)
- Risk & Compliance is an over-arching requirement that will be evaluated and affect individual's overall performance rating. It is embedded in both WHAT and HOW.

The risk and control functions of IT Risk Management, Credit Review, Internal Audit, Compliance and Risk Management operate independently from the business departments. Their performance assessment is based principally on the achievement of the objectives of their job functions and reviewed independently by the BAC and the BRMC.

Corporate Governance Disclosures (continued)

Remuneration (continued)

Linkage between performance and remuneration

To inculcate a high performance driven culture, the performance bonus payment is closely linked to overall performance of the Bank and performance of the individual based on achievement of KPIs set for the financial year which takes into account employee conduct / behaviour and adherence to SMBC's Core Values. An individual's performance bonus may be further adjusted based on non-compliance findings or due to disciplinary action.

Remuneration of senior management and local employees are reviewed by the BNRC and approved by the Board of Directors while remuneration of the Heads of the risk and control functions are reviewed by their respective Board committees i.e. BAC and BRMC.

Summary of remuneration outcomes for the financial year ended 31 March 2026

For the purpose of disclosure on remuneration as per BNM's Policy on Corporate Governance, the following are the payments for the financial year ended 31 March 2026:

Table 1: Guaranteed bonuses, sign-on bonuses and severance payments

Category	Senior Officers *	Other Material Risk Takers **
Number of guaranteed bonuses	Nil	Nil
Number of sign-on bonuses	Nil	Nil
Number of severance payments	Nil	Nil

* Senior Officers of the Bank are defined as Deputy CEO, Deputy President, Head of Risk Management / Co-Chief Risk Officer, Head of Internal Control, Head of Internal Audit Department / Chief Internal Auditor, Head of Compliance Department / Chief Compliance Officer, Head of CBAP MY (BP2), Head of Treasury, Chief Information and Security Officer, Head of Reporting, Alternate Head of Reporting, Head of Information Technology, Chief Sustainability Officer, Head of Credit Management and Chief Integrity and Governance Officer.

** Other Material Risk Takers (OMRTs) are defined as employees who are not members of senior management whose responsibilities have material impact on the risk profile of the Bank, and employees whose responsibilities require them to take on material risk exposure on behalf of the Bank or is among the most highly remunerated officers in the financial institution.

Corporate Governance Disclosures (continued)

Remuneration (continued)

Summary of remuneration outcomes for the financial year ended 31 March 2026 (continued)

Table 2: Remuneration for Senior Officers and OMRTs

The remuneration packages for Senior Officers and OMRTs are reviewed on an annual basis and submitted to the BNRC for recommendation to the Board for approval.

Summary of compensation outcome for those identified as Senior Officers and OMRTs of the Bank for the financial year ended 31 March 2026:

Category	Senior Officers		OMRTs	
	Unrestricted RM	Deferred RM	Unrestricted RM	Deferred RM
Fixed remuneration:				
- Cash based	8,243,233	-	1,148,859	-
- Shares and share-linked instruments	-	-	-	-
- Other	16,491	-	2,785	-
Variable remuneration:				
- Cash based	2,413,260	249,524	590,711	27,706
- Shares and share-linked instruments	-	-	-	-
- Other	1,158,571	-	270	-

Table 3: Breakdown of CEO's remuneration

Category	Cash RM
Fixed remuneration	
- Cash Based	530,294
- Other	1,250
Variable remuneration:	
- Non-deferred	226,788
- Deferred	-
- Other	349,962
Total remuneration award for financial year ended 31 March 2026	1,108,294

Auditors

The auditors, KPMG PLT have indicated their willingness to accept re-appointment.

Signed on behalf of the Board of Directors in accordance with the resolution of the Directors:

[Signed]
Lim Tuang Ooi
Director

[Signed]
Lo Nyen Khing
Director

Kuala Lumpur

Date: 7 September 2026

SHARIAH COMMITTEE'S REPORT

In the name of Allah, the Beneficent, the Merciful

In carrying out the roles and responsibilities as the Shariah Committee of Sumitomo Mitsui Banking Corporation Malaysia Berhad as prescribed in BNM's Shariah Governance Policy Document, the Bank's policy on Shariah governance and the Bank's Shariah Committee Charter, we hereby submit our Shariah Committee Report for the financial year ended 31 March 2026.

We have reviewed the principles and the contracts relating to the transactions and applications introduced by Sumitomo Mitsui Banking Corporation Malaysia Berhad during the financial year ended 31 March 2026. We have also conducted our review to form an opinion as to whether Sumitomo Mitsui Banking Corporation Malaysia Berhad has complied with the Shariah principles and with the Shariah rulings issued by the Shariah Advisory Council of Bank Negara Malaysia, as well as Shariah rulings made by us.

During the financial year ended 31 March 2026, we have duly reviewed and approved the following:

1 Introduction of the following Islamic products:-
   a) MYR Current Account-i as variation to the existing product without material change
   b) MYR Term Deposit-i as variation to the existing product without material change
   c) Money Market Deposit-i
2 Approval for the Bank to enter into Bay' al-Dayn and Bay' al-Dayn bi al-Sila' transaction
3 Policy for the acceptance of deposit from Shariah non-compliance source

In addition, we tracked and reviewed the progress of the Islamic Banking Window ("IBW") Phase 2 Project to ensure compliance with Shariah requirements.

The Management of Sumitomo Mitsui Banking Corporation Malaysia Berhad is responsible for ensuring that the institution conducts its business in accordance with Shariah principles. Our responsibility is to express an independent opinion, based on our review, on whether the operations of Sumitomo Mitsui Banking Corporation Malaysia Berhad are in compliance with Shariah principles and requirements.

We have assessed the work performed by Shariah Risk Management, Shariah Review, and Shariah Audit functions, which included examining, on a test basis, samples of transactions, the related documentation, and the procedures adopted by Sumitomo Mitsui Banking Corporation Malaysia Berhad

We have obtained all the information and explanations that we considered necessary in order to obtain sufficient and appropriate evidence to provide reasonable assurance that Sumitomo Mitsui Banking Corporation Malaysia Berhad has not violated Shariah principles and requirements.

In our opinion:

1. Sumitomo Mitsui Banking Corporation Malaysia Berhad's Islamic Banking products, legal documents and processes that we approved during the financial year ended 31 March 2026 are in compliance with the Shariah principles and requirements;

2. Sumitomo Mitsui Banking Corporation Malaysia Berhad's Islamic Banking transactions and dealings carried out in the financial year ended 31 March 2026 are in compliance with the Shariah principles and requirements;

3. Sumitomo Mitsui Banking Corporation Malaysia Berhad's sources of Shariah income during the financial year ended 31 March 2026 are in compliance with the Shariah principles and requirements;

SHARIAH COMMITTEE'S REPORT

In the name of Allah, the Beneficent, the Merciful

In our opinion (continued) :

4. No Shariah non-compliant event was reported during the financial year ended 31 March 2026;

5. Sumitomo Mitsui Banking Corporation Malaysia Berhad has maintained sufficient internal policies, frameworks, manuals and operating procedures to ensure compliance with the Shariah rules and principles when carrying out its Islamic Banking business;

6. Sumitomo Mitsui Banking Corporation Malaysia Berhad has taken sufficient and proactive steps in ensuring the competency of its employees through training programmes and various learning tools; and

7. No disclosure on the Zakat payment as it is not applicable to Sumitomo Mitsui Banking Corporation Malaysia Berhad since the Bank is owned by Non-Muslim Shareholders.

We, the members of the Shariah Committee of Sumitomo Mitsui Banking Corporation Malaysia Berhad, do hereby confirm that at our best knowledge:

1. Nothing has come to our attention that causes us to believe that the Sumitomo Mitsui Banking Corporation Malaysia Berhad's operations, business, affairs and activities of the Islamic Banking for the financial year ended 31 March 2026 involve any material Shariah non-compliance; and
2. Based on the information provided to us, we hereby confirm that Sumitomo Mitsui Banking Corporation Malaysia Berhad’s Islamic Banking business, operations and activities for the financial year ended 31 March 2026 are in conformity with the Shariah principles and requirements.

Chairman of the Shariah Committee :[Signed]
Assoc. Prof. Dr. Abdul Manan bin Ismail

Shariah Committee member :[Signed]
Dr. Mohamad Rizal bin Mohamed Nor

Shariah Committee member :[Signed]
Wan Rizaidy bin W Mamat Saufi

Kuala Lumpur

Date: 7 September 2026

SUMITOMO MITSUI BANKING CORPORATION MALAYSIA BERHAD

[Company No. 201001042446 (926374-U)]
(Incorporated in Malaysia)

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2026

	Note	2026 RM'000	2025 RM'000
Assets			
Cash and short-term funds	3	6,376,956	5,775,492
Deposits and placements with banks and other financial institutions	4	2,408,965	3,376,358
Debt instruments measured at fair value through other comprehensive income ("FVOCI")	5	2,862,496	3,362,258
Loans, advances and financing	6	12,223,496	13,476,825
Derivative financial assets	33	1,073,946	666,821
Other assets	7	750,834	344,724
Statutory deposits with Bank Negara Malaysia	8	31,450	8,450
Plant and equipment	9	17,190	15,249
Right-of-use assets	10.1	6,434	9,266
Tax recoverable	11	76,444	116,708
Total assets		25,828,211	27,152,151
Liabilities			
Deposits from customers	12	18,379,611	18,528,133
Deposits and placements of banks and other financial institutions	13	1,428,566	3,341,616
Bills and acceptances payable		712	318
Derivative financial liabilities	33	1,126,244	629,604
Other liabilities	14	163,499	213,321
Lease liabilities	10.2	6,858	9,649
Provision for credit commitments and contingencies	15	1,622	5,110
Deferred tax liabilities	16	16,691	5,782
Total liabilities		21,123,803	22,733,533
Equity			
Share capital	17	2,452,605	2,452,605
Reserves	18	2,251,803	1,966,013
Total equity attributable to owners of the Bank		4,704,408	4,418,618
Total liabilities and equity		25,828,211	27,152,151
Commitments and contingencies	30	41,510,101	37,059,357

SUMITOMO MITSUI BANKING CORPORATION MALAYSIA BERHAD

[Company No. 201001042446 (926374-U)]
(Incorporated in Malaysia)

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 31 MARCH 2026

	Note	2026 RM'000	2025 RM'000
Interest income	19	950,443	1,068,278
Interest expense	20	(681,475)	(795,903)
Net interest income		268,968	272,375
Other operating income	21	250,089	235,011
Net income from Islamic Banking operations	38(h)	983	129
Total net income		520,040	507,515
Other operating expenses	22	(179,877)	(159,914)
Operating profit		340,163	347,601
Writeback of impairment on loans, advances and financing	24	29,518	9,186
Writeback of /(Allowance for)impairment on other financial assets	25	1,441	(401)
Profit before taxation		371,122	356,386
Tax expense	26	(84,619)	(88,382)
Profit for the year		286,503	268,004
Other comprehensive income for the year, net of income tax			
Items that may be reclassified subsequently to profit or loss			
Movement in fair value reserve (FVOCI debt instruments):			
- Debt instruments measured at FVOCI - net change in fair value		(2,267)	2,477
- Debt instruments measured at FVOCI - increase/(decrease) in allowance for impairment	25	1,554	(5)
Total comprehensive income for the year		285,790	270,476
Basic earnings per ordinary share (sen)	27	11.68	10.93

SUMITOMO MITSUI BANKING CORPORATION MALAYSIA BERHAD

[Company No. 201001042446 (926374-U)]
(Incorporated in Malaysia)

STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2026

		Non-distributable reserves		*Distributable reserves*	
	Share capital RM'000	**Regulatory reserve RM'000**	**Fair value reserve RM'000**	**Retained earnings RM'000**	**Total RM'000**
At 1 April 2024	2,452,605	155,926	1,726	1,537,885	4,148,142
Profit for the year	-	-	-	268,004	268,004
Fair value change and decrease in allowance for impairment of debt instruments measured at FVOCI	-	-	2,472	-	2,472
Total comprehensive income for the year	-	-	2,472	268,004	270,476
Transfer to regulatory reserve	-	-	-	-	-
At 31 March 2025	2,452,605	155,926	4,198	1,805,889	4,418,618
At 1 April 2025	2,452,605	155,926	4,198	1,805,889	4,418,618
Profit for the year	-	-	-	286,503	286,503
Fair value change and increase in allowance for impairment of debt instruments measured at FVOCI	-	-	(713)	-	(713)
Total comprehensive income for the year	-	-	(713)	286,503	285,790
Transfer to regulatory reserve	-	749	-	(749)	-
At 31 March 2026	2,452,605	156,675	3,485	2,091,643	4,704,408
	(Note 17)	(Note 18)	(Note 18)	(Note 18)	

The notes on pages 55 to 178 are an integral part of these financial statements.

SUMITOMO MITSUI BANKING CORPORATION MALAYSIA BERHAD

[Company No. 201001042446 (926374-U)]
(Incorporated in Malaysia)

STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2026

	2026 RM'000	2025 RM'000
Cash flows from operating activities		
Profit from ordinary activities before taxation	371,122	356,386
Adjustments for:		
Depreciation of plant and equipment	8,392	6,235
Depreciation of right-of-use assets	5,340	4,863
Plant and equipment written off	-	358
Gain on disposal of plant and equipment	-	(170)
Writeback of impairment on loans, advances and financing (Note 24)	(29,518)	(9,186)
(Writeback of) / Allowance for impairment on other financial assets (Note 25)	(1,441)	401
Unrealised net (loss) / gain on revaluation of derivatives	(2,621)	11,252
Amortisation of premium and gain on redemption on debt securities	17,930	13,922
Interest expense on lease liabilities (Note 10.4 and Note 20)	331	399
Operating profit before working capital changes	369,535	384,460
Decrease / (Increase) in operating assets:		
Deposits and placements with banks and other financial institutions	968,541	(1,342,574)
Statutory deposits with Bank Negara Malaysia	(23,000)	(7,800)
Loans, advances and financing	1,279,359	885,984
Derivative financial instruments	92,136	63,405
Other assets	(417,585)	(244,434)
(Decrease) / Increase in operating liabilities:		
Deposits from customers	(148,522)	838,847
Deposits and placements of banks and other financial institutions	(1,913,050)	(267,820)
Bills and acceptances payable	394	(74)
Other liabilities	(40,073)	(167,875)
Cash generated from operating activities	167,735	142,119
Taxation paid	(113,915)	(121,510)
Tax refunded	81,184	10,000
Net cash generated from operating activities	135,004	30,609
Cash flows from investing activities		
Purchase of plant and equipment	(10,333)	(12,312)
Proceed from sale of plant and equipment	-	170
Acquisition of investment securities measured at FVOCI	(2,881,533)	(3,379,426)
Disposal of investment securities measured at FVOCI	3,362,258	3,373,882
Net cash generated from / (used in) investing activities	470,392	(17,686)

SUMITOMO MITSUI BANKING CORPORATION MALAYSIA BERHAD

[Company No. 201001042446 (926374-U)]
(Incorporated in Malaysia)

STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2026

	2026 RM'000	2025 RM'000
Cash flows from financing activity		
Payment of lease liabilities (Note 10.4)	(5,642)	(5,136)
Net cash used in financing activity	(5,642)	(5,136)
Net increase in cash and cash equivalents during the financial year	599,754	7,787
Cash and cash equivalents at beginning of the financial year	5,777,276	5,769,489
Cash and cash equivalents at end of the financial year	6,377,030	5,777,276
Cash and cash equivalents comprise:		
Cash and balances with banks and other financial institutions	78,367	144,409
Money at call and deposit placements maturing within one month	6,298,663	5,632,867
	6,377,030	5,777,276

Reconciliation of movements of liabilities to cash flows arising from financing activities

	2026 RM'000	2025 RM'000
As at 1 April 2025 / 1 April 2024	**9,649**	**10,679**
Additions	2,424	3,512
Modification of lease contract	84	183
Net changes from financing cash flows	(5,642)	(5,136)
Other changes	343	411
As at 31 March 2026 / 31 March 2025	**6,858**	**9,649**

SUMITOMO MITSUI BANKING CORPORATION MALAYSIA BERHAD

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2026

Sumitomo Mitsui Banking Corporation Malaysia Berhad ("the Bank") is a public limited company, incorporated and domiciled in Malaysia. The address of its registered office and principal place of business is Suite 22-03, Level 22, Integra Tower, The Intermark, 348, Jalan Tun Razak, 50400 Kuala Lumpur.

The Bank is principally engaged in the provision of banking and related financial services.

The immediate and ultimate holding corporations during the financial year are Sumitomo Mitsui Banking Corporation and Sumitomo Mitsui Financial Group, Inc. respectively. Both corporations are incorporated in Japan.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 7 September 2026.

1. Basis of preparation

(a) Statement of compliance

The financial statements of the Bank have been prepared in accordance with MFRS Accounting Standards as issued by the Malaysian Accounting Standards Board ("MFRS Accounting Standards"), IFRS Accounting Standards as issued by the International Accounting Standards Board ("IFRS Accounting Standards") and the requirements of the Companies Act 2016 in Malaysia.

The following are accounting standards, interpretations and amendments of the MFRS Accounting Standards that have been issued but have not been adopted by the Bank:

MFRS Accounting Standards, interpretations and amendments effective for annual periods beginning on or after 1 January 2026

- Amendments to MFRS 9, *Financial Instruments* and MFRS 7, *Financial Instruments: Disclosures - Classification and Measurement of Financial Instruments*
- Amendments that are part of Annual Improvements ─ Volume 11:
  - Amendments to MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards*
  - Amendments to MFRS 7, *Financial Instruments: Disclosures*
  - Amendments to MFRS 9, *Financial Instruments*
  - Amendments to MFRS 10, *Consolidated Financial Statements*
  - Amendments to MFRS 107, *Statement of Cash Flows*
- Amendments to MFRS 9, *Financial Instruments* and MFRS 7, *Financial Instruments: Disclosures – Contracts Referencing Nature-dependent Electricity*

1. Basis of preparation (continued)

(a) Statement of compliance (continued)

MFRS Accounting Standards, interpretations and amendments effective for annual periods beginning on or after 1 January 2027

- MFRS 18, *Presentation and Disclosure in Financial Statements*
- MFRS 19, *Subsidiaries without Public Accountability: Disclosures*
- Amendments to MFRS 121, *The Effects of Changes in Foreign Exchange Rates - Translation to a Hyperinflationary Presentation Currency*
- Amendments to MFRS 128, *Investments in Associates and Joint Ventures – Amendments to the Fair Value Option for Investments in Associates and Joint Ventures*

MFRS Accounting Standards, interpretations and amendments effective for annual periods beginning on or after 1 January 2029

- MFRS 20, *Regulatory Assets and Regulatory Liabilities*

MFRS Accounting Standards, interpretations and amendments effective for annual periods beginning on or after a date yet to be confirmed

- Amendments to MFRS 10, *Consolidated Financial Statements* and MFRS 128, *Investments in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

The Bank plans to apply the abovementioned accounting standards, interpretations and amendments, where applicable:

- from the annual period beginning on 1 April 2026 for the amendments that are effective for annual periods beginning on or after 1 January 2026.

- from the annual period beginning on 1 April 2027 for the accounting standards and amendments that are effective for annual periods beginning on or after 1 January 2027, except for MFRS 19 which is not applicable to the Bank.

The initial application of the abovementioned accounting standards, amendments or interpretations are not expected to have any material financial impact to the current period and prior period financial statements of the Bank, except as mentioned below:

MFRS18, *Presentation and Disclosure in Financial Statements*

MFRS 18 will replace MFRS 101, *Presentation of Financial Statements* and applies for annual periods beginning on or after 1 January 2027. The new accounting standard introduces the following key requirements:

- Entities are required to classify all income and expenses into five categories in the statement of profit or loss, namely the operating, investing, financing, discontinued operations and income tax categories. Entities are also required to present a newly defined operating profit subtotal.
- Management-defined performance measures ("MPMs") are disclosed in a single note in the financial statements.
- Enhanced guidance is provided on how to group information in the financial statements.

1. Basis of preparation (continued)

(a) Statement of compliance (continued)

MFRS18, *Presentation and Disclosure in Financial Statements* (continued)

In addition, all entities are required to use the operating profit subtotal as the starting point for the statement of cash flows when presenting operating cash flows under the indirect method.

The Bank is currently assessing the impact of adopting MFRS 18.

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis other than as disclosed in Note 2.

(c) Functional and presentation currency

The financial statements are presented in Ringgit Malaysia ("RM"), which is the Bank's functional currency. All financial information is presented in RM and has been rounded to the nearest thousand, unless otherwise stated.

(d) Use of estimates and judgements

The preparation of the financial statements in conformity with MFRS Accounting Standards requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

There are no significant areas of estimation uncertainty and critical judgements in applying accounting policies that have significant effect on the amounts recognised in the financial statements other than those disclosed in the following notes:

- Note 3 - Allowance for expected credit losses on cash and short-term funds
- Note 4 - Allowance for expected credit losses on deposits and placements with banks and other financial institutions
- Note 6(m) - Allowance for expected credit losses on loans, advances and financing
- Note 15 - Provision for credit commitments and contingencies
- Note 33 - Fair value of financial assets and financial liabilities

2. Material accounting policies

The accounting policies set out below have been applied consistently to the periods presented in these financial statements, unless otherwise stated.

(a) Financial instruments

(i) Classification and measurement of financial assets and liabilities

The Bank classifies its financial assets into the following measurement categories:
- Amortised cost
- Fair value through other comprehensive income ("FVOCI"); and
- Fair value through profit or loss ("FVTPL")

Financial liabilities are classified as either:
- Amortised cost; or
- Fair value through profit or loss ("FVTPL")

Management determines the classification of its financial assets and liabilities at initial recognition of the instruments and they are not reclassified subsequent to their initial recognition unless the Bank changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change of the business model.

Fair value of financial assets and liabilities

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal market for the asset or liability, or in the absence of a principal market, the most advantageous market to which the Bank has access at that date. The fair value of a liability includes the risk that the Bank will not be able to honour its obligations.

The fair value of financial instruments is generally measured on the basis of the individual financial instrument. However, when a group of financial assets and financial liabilities is managed on the basis of its net exposure to either market risk or credit risk, the fair value of the group of financial instruments is measured on a net basis.

The fair values of quoted financial assets and liabilities in active markets are based on current prices. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. If the market for a financial instrument is not active, the Bank establishes fair value by using valuation techniques.

2. Material accounting policies (continued)

(a) Financial instruments (continued)

(i) Classification and measurement of financial assets and liabilities (continued)

Recognition and initial measurement

A financial asset or a financial liability is recognised in the statement of financial position when, and only when, the Bank becomes a party to the contractual provisions of the instrument.

Purchases and sales of financial assets and liabilities held at FVTPL, and debt securities classified as financial assets held at FVOCI are initially recognised on the trade date (the date on which the Bank commits to purchase or sell the asset). Loans and advances and other financial assets held at amortised cost are recognised on settlement date (the date on which cash is advanced to the borrowers).

All financial instruments are initially recognised at fair value, which is normally the transaction price, plus directly attributable transaction costs for financial assets which are not subsequently measured at FVTPL.

In certain circumstances, the initial fair value may be based on a valuation technique which may lead to the recognition of profits or losses at the time of initial recognition. However, these profits or losses can only be recognised when the valuation technique used is based solely on observable market data. In those cases where the initially recognised fair value is based on a valuation model that uses unobservable inputs, the difference between the transaction price and the valuation model is not recognised immediately in profit or loss but is amortised or released to profit or loss as the inputs become observable, or the transaction matures or is terminated.

2. Material accounting policies (continued)

(a) Financial instruments (continued)

(i) Classification and measurement of financial assets and liabilities (continued)

Recognition and initial measurement (continued)

An embedded derivative is recognised separately from the host contract where the host contract is not a financial asset, and accounted for separately if, and only if, the derivative is not closely related to the economic characteristics and risks of the host contract and the host contract is not measured at FVTPL. The host contract, in the event an embedded derivative is recognised separately, is accounted for in accordance with policy applicable to the nature of the host contract.

(A) Financial assets held at amortised cost

Amortised cost category comprises financial assets that are held within a business model whose objective is to hold assets to collect contractual cash flows and their contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding ("SPPI"). The financial assets are not designated as FVTPL.

In assessing whether the contractual cash flows have SPPI characteristics, the Bank considers the contractual terms of the instrument. This includes assessing whether the financial asset contains contractual terms that could change the timing or amount of contractual cash flows such that it would not meet this condition.

The Bank makes an assessment of the objective of a business model in which an asset is held at the individual product business line, and where applicable within business lines depending on the way the business is managed and information is provided to management.

(B) Financial assets held at FVOCI

FVOCI category comprises debt investments that are held within a business model whose objective is achieved by both collecting contractual cash flows and selling the debt investments, and their contractual terms give rise on specified dates to cash flows that are SPPI. The debt investments are not designated at FVTPL.

In assessing whether the contractual cash flows have SPPI characteristics, the Bank considers the contractual terms of the instrument. This includes assessing whether the financial asset contains contractual terms that could change the timing or amount of contractual cash flows such that it would not meet this condition.

The Bank makes an assessment of the objective of a business model in which an asset is held at the individual product business line, and where applicable within business lines depending on the way the business is managed and information is provided to management.

2. Material accounting policies (continued)

(a) Financial instruments (continued)

(i) Classification and measurement of financial assets and liabilities (continued)

Recognition and initial measurement (continued)

(C) Financial assets and liabilities held at FVTPL

Financial assets which are not held at amortised cost or that are not held at FVOCI are held at FVTPL. Financial assets and liabilities held at FVTPL are either mandatorily classified at FVTPL or irrevocably designated at FVTPL at initial recognition.

Mandatorily categorised as FVTPL

Financial assets and liabilities which are mandatorily measured at FVTPL include:

- Financial assets and liabilities held for trading, which are those acquired principally for the purpose of selling in the short term;
- Derivative financial assets and liabilities except for a derivative that is a designated and effective hedging instrument;
- Financial assets that give rise to cash flows that are not SPPI;
- Equity instruments that have not been designated as held at FVOCI; and
- Financial liabilities that constitute contingent consideration in a business combination.

Designated at FVTPL at initial recognition

Financial assets and liabilities may be designated at FVTPL when the designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities on a different basis ("accounting mismatch").

Interest rate swaps have been acquired with the intention of significantly reducing interest rate risk on certain loans and advances and debt securities with fixed rates of interest. To significantly reduce the accounting mismatch between assets and liabilities and measurement bases, these loans and advances and debt securities have been designated at FVTPL.

Financial liabilities may also be designated at FVTPL where they are managed on a fair value basis or have a bifurcated embedded derivative where the Bank is not able to separately value the embedded derivative component.

2. Material accounting policies (continued)

(a) Financial instruments (continued)

(i) Classification and measurement of financial assets and liabilities (continued)

Recognition and initial measurement (continued)

(D) Financial liabilities held at amortised cost

Financial liabilities that are not financial guarantees or loan commitments and that are not classified as financial liabilities held at FVTPL are classified as financial liabilities held at amortised cost.

(E) Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Financial guarantees issued are initially measured at fair value. Subsequently, they are measured at the higher of:

- the amount of the loss allowance; and
- the amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance to the principles of MFRS 15, *Revenue from Contracts with Customers.*

Liabilities arising from financial guarantees are presented together with other provisions.

Subsequent measurement

(A) Financial assets and financial liabilities held at amortised cost

Financial assets and financial liabilities held at amortised cost are subsequently carried at amortised cost using the effective interest rate method. Foreign exchange gains and losses and impairment losses are recognised in profit or loss.

Where a financial instrument carried at amortised cost is the hedged item in a qualifying fair value hedge relationship, its carrying value is adjusted by the fair value gain or loss attributable to the hedged risk.

(B) Financial assets measured at FVOCI

Debt investments held as measured at FVOCI are subsequently carried at fair value, with all unrealised gains and losses arising from changes in fair value (excluding any related foreign exchange gains or losses) recognised in other comprehensive income and accumulated in a separate component of equity. Changes in expected credit losses are recognised in profit or loss and are accumulated in a separate component of equity. On derecognition, the cumulative fair value gains or losses, net of the cumulative expected credit loss reserve, are transferred to profit or loss.

2. Material accounting policies (continued)

(a) Financial instruments (continued)

(i) Classification and measurement of financial assets and liabilities (continued)

Subsequent measurement (continued)

(C) Financial assets and financial liabilities measured at FVTPL

Financial assets and financial liabilities mandatorily held at FVTPL and financial assets designated at FVTPL are subsequently carried at fair value, with gains and losses arising from changes in fair value recorded in the net trading income line in profit or loss unless the instrument is part of a cash flow hedging relationship. Contractual interest income on financial assets held at FVTPL is recognised as interest income in a separate line in profit or loss.

(D) Financial liabilities designated at FVTPL

Financial liabilities designated at FVTPL are measured at fair value, with changes in fair value recognised in the net trading income line in profit or loss, other than those attributable to changes in credit risk. Fair value changes attributable to credit risk are recognised in other comprehensive income and recorded in a separate category of reserves unless this is expected to create or enlarge an accounting mismatch, in which case the entire change in fair value of the financial liability designated at FVTPL is recognised in profit or loss.

(ii) Reclassifications

Financial liabilities are not reclassified subsequent to initial recognition.

Reclassifications of financial assets are made when, and only when, the business model for those assets changes. Such changes are expected to be infrequent and arise as a result of significant external or internal changes such as the termination of a line of business or the purchase of a subsidiary whose business model is to realise the value of pre-existing held for trading financial assets through a hold to collect model.

Financial assets are reclassified at their carrying value on the date of reclassification and previously recognised gains and losses are not restated. Moreover, reclassifications of financial assets between financial assets held at amortised cost and financial assets held at FVOCI do not affect effective interest rate or expected credit loss computations.

2. Material accounting policies (continued)

(a) Financial instruments (continued)

(ii) Reclassifications (continued)

(A) Reclassified from amortised cost

Where financial assets held at amortised cost are reclassified to financial assets held at FVTPL, the difference between the fair value of the assets at the date of reclassification and the previously recognised amortised cost is recognised in profit or loss.

For financial assets held at amortised cost that are reclassified to FVOCI, the difference between the fair value of the assets at the date of reclassification and the previously recognised gross carrying value is recognised in other comprehensive income. Additionally, the related cumulative expected credit loss amounts relating to the reclassified financial assets are reclassified from loan loss provisions to a separate reserve in other comprehensive income at the date of reclassification.

(B) Reclassified from FVOCI

Where financial assets held at FVOCI are reclassified to financial assets held at FVTPL, the cumulative gain or loss previously recognised in other comprehensive income is transferred to profit or loss.

For financial assets held at FVOCI that are reclassified to financial assets held at amortised cost, the cumulative gain or loss previously recognised in other comprehensive income is adjusted against the fair value of the financial asset such that the financial asset is recorded at a value as if it had always been held at amortised cost. In addition, the related cumulative expected credit losses held within other comprehensive income are reversed against the gross carrying value of the reclassified assets at the date of reclassification.

(C) Reclassified from FVTPL

Where financial assets held at FVTPL are reclassified to financial assets held at FVOCI or financial assets held at amortised cost, the fair value at the date of reclassification is used to determine the effective interest rate on the financial asset going forward. In addition, the date of reclassification is used as the date of initial recognition for the calculation of expected credit losses. Where financial assets held at FVTPL are reclassified to financial assets held at amortised cost, the fair value at the date of reclassification becomes the gross carrying value of the financial asset.

2. Material accounting policies (continued)

(a) Financial instruments (continued)

(iii) Derecognition of financial instruments

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or where the Bank has transferred substantially all risks and rewards of ownership. If substantially all the risks and rewards of ownership have been neither retained nor transferred and the Bank has retained control, the assets continue to be recognised to the extent of the Bank's continuing involvement. Where financial assets have been modified, the modified terms are assessed on a qualitative and quantitative basis to determine whether a fundamental change in the nature of the instrument has occurred, such as whether the derecognition of the pre-existing instrument and the recognition of a new instrument is appropriate.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged, cancelled or expires. A financial liability is also derecognised when its terms are modified and the cash flows of the modified liability are substantially different, in which case, a new financial liability based on modified terms is recognised at fair value. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

(iv) Impairment of financial assets

Expected credit losses are determined for all financial assets that are classified at amortised cost or debt instruments measured at FVOCI, undrawn commitments, financial guarantees, contract assets and other financial assets that are not measured at FVTPL. Expected credit losses are a probability-weighted estimate of credit loss.

Measurement

The estimate of expected cash shortfalls is determined by multiplying the probability of default ("PD") with the loss given default ("LGD") with the expected exposure at the time of default ("EAD"). There may be multiple default events over the life time of an instrument.

Forward-looking economic assumptions are incorporated into the PD, LGD and EAD where relevant and where they influence credit risk, such as GDP growth rates and FTSE Bursa Malaysia KLCI. These assumptions are incorporated using the Bank's most likely forecast for a range of macroeconomic assumptions. These forecasts are determined using all reasonable and supportable information, which includes those available externally.

2. Material accounting policies (continued)

(a) Financial instruments (continued)

(iv) Impairment of financial assets (continued)

Measurement (continued)

To account for the potential non-linearity in credit losses, multiple forward-looking scenarios are incorporated into the range of reasonably possible outcomes for all material portfolios. For example, where there is aggregate risk of downside credit losses than upside gains, multiple forward-looking economic scenarios are incorporated into the range of reasonably possible outcomes, both in respect of determining the PD (and where relevant, the LGD and EAD) and in determining the overall expected credit loss amounts.

The period over which cash shortfalls are determined is generally limited to the maximum contractual period for which the Bank is exposed to credit risk shortfall.

For credit-impaired financial instruments, the estimate of cash shortfalls may require the use of expert credit judgement. As a practical expedient, the Bank may also measure credit impairment on the basis of an instrument's fair value using an observable market price.

Cash flows from credit enhancements held are included within the measurement of expected credit losses if they are part of, or integral to the contractual terms of the instrument. These credit enhancements include financial guarantees, risk participations and other non-derivative credit insurance. Although non-integral credit enhancements do not impact the measurement of expected credit losses, a reimbursement asset is recognised to the extent of the expected credit losses recorded.

Recognition

(A) 12-months expected credit losses (Stage 1)

Expected credit losses are recognised at the time of initial recognition of a financial instrument and represent the life time cash shortfalls arising from possible default events up to 12-months into the future from the balance sheet date. Expected credit losses continue to be determined on this basis until there is either a significant increase in the credit risk of an instrument or the instrument becomes credit-impaired. If an instrument is no longer considered to exhibit a significant increase in credit risk, expected credit losses will revert to being determined on a 12-month basis.

2. Material accounting policies (continued)

(a) Financial instruments (continued)

(iv) Impairment of financial assets (continued)

Recognition (continued)

(B) Significant increase in credit risk (Stage 2)

If a financial asset experiences a significant increase in credit risk ("SICR") since initial recognition, an expected credit loss provision is recognised for default events that may occur over the lifetime of the asset.

Significant increase in credit risk is assessed by comparing the risk of default of an exposure at the reporting date to the risk of default at origination (after taking into account the passage of time). Significant does not mean statistically significant nor is it assessed in the context of changes in expected credit loss. Whether a change in the risk of default is significant or not is assessed using a number of quantitative and qualitative factors, the weight of which depends on the type of product and counterparty. Financial assets that are 30 or more days past due and not credit-impaired will always be considered to have experienced a significant increase in credit risk. Quantitative factors include an assessment of whether there has been significant increase in the forward-looking probability of default ("PD") since origination. A forward-looking PD is one that is adjusted for future economic conditions to the extent these are correlated to changes in credit risk. We compare the 12-months PD at the reporting date to the 12-months PD that was expected at the time of origination for the same point in the term structure and determine whether both the absolute and relative change between the two exceeds predetermined thresholds. To the extent that the differences between the measures of default outlined exceed the defined thresholds, the instrument is considered to have experienced a significant increase in credit risk.

Qualitative factors assessed include those linked to current credit risk management processes, such as lending placed on “watchlist” (and subject to closer monitoring).

A "watchlist" account is one which exhibits risk or potential weaknesses of a material nature requiring closer monitoring, supervision, or attention by Management. Weaknesses in such a borrower's account, if left uncorrected, could result in deterioration of repayment prospects and the likelihood of being downgraded. Indicators could include a rapid erosion of position within the industry, concerns over Management's ability to manage operations, weak / deteriorating operating results, liquidity strain and overdue balances amongst other factors.

2. Material accounting policies (continued)

(a) Financial instruments (continued)

(iv) Impairment of financial assets (continued)

Recognition (continued)

(C) Credit-impaired (or defaulted) exposures (Stage 3)

Financial assets that are credit-impaired (or in default) represent those that are at least 90 days past due in respect of principal and / or interest. Financial assets are also considered to be credit-impaired where the obligors are unlikely to pay on the occurrence of one or more observable events that have a detrimental impact on the estimated future cash flows of the financial asset. It may not be possible to identify a single discrete event but instead the combined effect of several events may cause financial assets to become credit-impaired.

Irrevocable lending commitments to a credit-impaired obligor that have not yet been drawn down are also included within the Stage 3 credit impairment allowance to the extent that the commitment cannot be withdrawn.

Loss allowances against credit-impaired financial assets are determined based on an assessment of the recoverable cashflows under a range of scenarios, including the realisation of any collateral held where appropriate. The loss allowances held represent the difference between the present value of the cashflows expected to be recovered, discounted at the instrument's original effective interest rate, and the gross carrying value of the instrument prior to any credit impairment.

(v) Hedge accounting

Fair value hedge

A fair value hedge is a hedge of the exposure to changes in fair value of a recognised asset or liability or an unrecognised firm commitment, or an identified portion of such an asset, liability or firm commitment, that is attributable to a particular risk and could affect profit or loss.

In a fair value hedge, the gain or loss from remeasuring the hedging instrument at fair value or the foreign currency component of its carrying amount translated at the exchange rate prevailing at the end of the reporting period is recognised in profit or loss. The gain or loss on the hedged item, except for a hedged item categorised as FVOCI, attributable to the hedged risk is adjusted to the carrying amount of the hedged item and recognised in profit or loss.

For a hedged item categorised as FVOCI, the fair value gain or loss attributable to the hedged risk is recognised in profit or loss.

Fair value hedge accounting is discontinued prospectively when the hedging instrument expires or is sold, terminated or exercised, the hedge is no longer highly effective or the hedge designation is revoked.

2. Material accounting policies (continued)

(a) Financial instruments (continued)

(v) Hedge accounting (continued)

The Bank has applied the interbank offered rate ("IBOR") reform Phase 1 reliefs to hedging relationships directly affected by IBOR reform during the period before the replacement of an existing interest / profit rate benchmark with an alternative risk-free rate ("RFR"). A hedging relationship is affected if IBOR reform gives rise to uncertainties about the timing and / or amount of benchmark-based cash flows of the hedged item or the hedging instrument. The reliefs require that for the purpose of determining whether a forecast transaction is highly probable, it is assumed that the IBOR on which the hedged cash flows are based is not altered as a result of IBOR reform.

The Bank assumes that for the purpose of assessing expected future hedge effectiveness, the interest / profit rate is not altered as a result of IBOR reform. The Bank does not discontinue the hedging relationship if the results of the assessment of retrospective hedge effectiveness falls outside the monitoring threshold, although any hedge ineffectiveness must be recognised in profit or loss, as normal.

When the basis of determining the contractual cash flows of the hedged item or hedging instrument changes as a result of IBOR reform and therefore there is no longer uncertainty arising about the cash flows of the hedged item or hedging instrument, the Bank amends the hedge documentation of that hedging relationship to reflect changes required by IBOR reform. For this purpose, the hedge designation is amended only to make one or more of the following changes:

- designating an alternative benchmark as the hedged risk;
- updating the description of the hedge item, including the description of the designated portion of the cash flows or fair value being hedged;
- updating the description of the hedge instrument; or
- updating the description of how the entity will assess hedge effectiveness.

2. Material accounting policies (continued)

(a) Financial instruments (continued)

(v) Hedge accounting (continued)

The Bank amends the description of the hedging instrument only if the following conditions are met:

- it makes a change required by IBOR reform by using an approach other than changing the basis of determining the contractual cash flows of the hedging instruments;
- the chosen approach is economically equivalent to changing the basis for determining the contractual cash flows of the original hedging instrument; and
- the original hedging instrument is not derecognised.

The Bank amends the formal hedge documentation by the end of the reporting period during which a change required by IBOR reform is made to the hedge risk, hedged item or hedging instrument. These amendments in the formal hedging documentation do not constitute the discontinuation of the hedging relationship of the designation of a new hedge relationship.

If changes are made in addition to those economically equivalent changes required by IBOR reform described above, then the Bank considers whether those additional changes result in the discontinuation of the hedge accounting relationship. If additional changes do not result in the discontinuation of the hedge accounting relationship, then the Bank amends the formal hedge documentation for changes required by IBOR reform as mentioned above.

When the Bank changes the designation to an alternative benchmark interest rate and that rate is not a separately identifiable component at the date it is designated, the Bank deems that the rate meets the separately identifiable criterion if it reasonably expects that the rate will be separately identifiable within a 24-month period. The 24-month period applies on a rate-by-rate basis and starts from the date the Bank first designates the alternative benchmark rate as a hedged risk.

If subsequently, the Bank expects that a non-contractually specified alternative benchmark rate is to be separately identifiable within 24-month period, hedge accounting is discontinued prospectively from the date of that reassessment to all hedging relationships in which the alternative benchmark rate is designated as a risk component.

2. Material accounting policies (continued)

(a) Financial instruments (continued)

(v) Hedge accounting (continued)

When the interest benchmark on which the future cash flows had been based is changed as required by IBOR reform, for the purpose of determining whether the hedged future cashflows are expected to occur, the Bank deems that the amount accumulated in the cash flow hedge reserve to be based on the alternative benchmark rate on which the hedged future cash flows will be based.

(b) Cash and cash equivalents

Cash and cash equivalents consist of cash in hand, bank balances and deposits maturing within one month.

(c) Plant and equipment

Recognition and measurement

Items of plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the assets and any other costs that are directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When significant parts of an item of plant or equipment have different useful lives, they are accounted for as separate items (major components) of plant and equipment.

The gain or loss on disposal of an item of plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of the item of plant and equipment, and are recognised net within 'other operating income' or 'other operating expense' respectively in profit or loss.

2. Material accounting policies (continued)

(c) Plant and equipment (continued)

Recognition and measurement (continued)

Fixed assets additions for the Bank are classified into the following categories:

- Motor vehicles
- Furniture, fixtures and fittings
- Computer equipment
- Renovations

Details of each specific type of asset are manually maintained in the fixed assets register and reconciled to the general ledger.

Additions to equipment costing more than RM6,000 are depreciated at the depreciation rates below. Depreciation is calculated on a monthly basis in the same month when the assets are available for use.

Subsequent costs

The cost of replacing a component of an item of plant or equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Bank and its cost can be measured reliably. The carrying amount of the replaced component is derecognised in profit or loss. The costs of the day-to-day servicing of plant and equipment are recognised in profit or loss as incurred.

Depreciation

Depreciation is calculated over the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value.

Depreciation is recognised in the profit or loss on a straight-line basis over the estimated useful lives of each part of an item of plant and equipment since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. The estimated useful lives are as follows:

● Motor vehicles	5 years
● Furniture, fixtures and fittings	5 - 10 years
● Computer equipment	3 years
● Renovations	10 years

Depreciation methods, rates, useful lives and residual values are reassessed at each financial year end and adjusted if appropriate.

2. Material accounting policies (continued)

(d) Other receivables

Other receivables are initially recognised at their costs when the contractual right to receive cash or another financial asset from another entity is established.

Subsequent to initial recognition, other receivables are measured at amortised cost using the effective interest method.

(e) Bills and acceptances payable

Bills and acceptances payable represent the Bank's own bills and acceptances rediscounted and outstanding in the market.

(f) Foreign currency transactions

Transactions in foreign currencies are translated to the functional currency of the Bank at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the end of the reporting period are retranslated to the functional currency at the exchange rate at that date.

Non-monetary assets and liabilities denominated in foreign currencies are not retranslated at the end of the reporting period, except for those that are measured at fair value which are retranslated to the functional currency at the exchange rate at the date that the fair value was determined.

Foreign currency differences arising on retranslation are recognised in profit or loss, except for differences arising on the retranslation of equity instruments at FVOCI or a financial instrument designated as a hedge of currency risk which are recognised in other comprehensive income.

(g) Leases

(i) Definition of a lease

A contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified assets, the Bank assesses whether:

- the contract involves the use of an identified asset - this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;

2. Material accounting policies (continued)

(g) Leases (continued)

(i) Definition of a lease (continued)

- the customer has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and

- the customer has the right to direct the use of the asset. The customer has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the customer has the right to direct the use of the asset if either the customer has the right to operate the asset; or the customer designed the asset in a way that predetermines how and for what purpose it will be used.

At inception or on reassessment of a contract that contains a lease component, the Bank allocates the consideration in the contract to each lease and non-lease component on the basis of their relative stand-alone prices. However, for leases of properties in which the Bank is a lessee, it has elected not to separate non-lease components and will instead account for the lease and non-lease components as a single lease component.

(ii) Recognition and initial measurement - As a lessee

The Bank recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Bank may use its incremental borrowing rate. Generally, the Bank uses its incremental borrowing rate as the discount rate.

2. Material accounting policies (continued)

(g) Leases (continued)

(ii) Recognition and initial measurement - As a lessee (continued)

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments less any incentives receivable;
- amounts expected to be payable under a residual value guarantee;
- the exercise price under a purchase option that the Bank is reasonably certain to exercise; and
- penalties for early termination of a lease unless the Bank is reasonably certain not to terminate early.

The Bank excludes variable lease payments that are linked to future performance or usage of the underlying asset from the lease liability. Instead, these payments are recognised in profit or loss in the period in which the performance or use occurs.

The Bank has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less as at reporting date. The Bank recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(iii) Subsequent measurement - As a lessee

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a revision of in-substance fixed lease payments, or if there is a change in the Bank’s estimate of the amount expected to be payable under a residual value guarantee, or if the Bank changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

2. Material accounting policies (continued)

(h) Employee benefits

(i) Short-term benefits

Short-term employee benefit obligations in respect of salaries, annual bonuses, paid annual leave and sick leave are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Bank has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(ii) State plans

The Bank contributes to the Employee Provident Fund, the national defined contribution plan, on a mandatory basis. The contributions are charged to profit or loss in the period to which they relate. Once the contributions have been paid, the Bank has no further payment obligation.

(i) Provisions and contingent liabilities

A provision is recognised if, as a result of past event, the Bank has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

2. Material accounting policies (continued)

(j) Revenue and other income

(i) Interest income / financing income and expense

Interest income / financing income and expense is recognised in profit or loss using the effective interest / profit method.

The effective interest / profit rate is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of the financial asset or liability (or, where appropriate, a shorter period) to the carrying amount of the financial asset or liability. When calculating the effective interest / profit rate, the Bank estimates future cash flows considering all contractual terms of the financial instrument, but not future credit losses.

The calculation of the effective interest / profit rate includes all fees paid or received that are an integral part of the effective interest / profit rate. Transaction costs include incremental costs that are directly attributable to the acquisition or issue of a financial asset or liability.

(ii) Fees and commission

Fees and commission income and expenses that are integral to the effective interest / profit rate on a financial asset or financial liability are included in the measurement of the effective interest / profit rate.

Other fees and commission income, including account servicing fees, investment management fees, sales commission, placement fees and syndication fees are recognised as the related services are performed. If a loan commitment is not expected to result in the drawdown of a loan, then the related loan commitment fees are recognised on a straight line basis over the commitment period. When it is probable that a loan commitment will result in a specific lending arrangement, commitment fees are included in the measurement of the effective interest / profit rate.

Other fees and commission expense relate mainly to transaction and service fees, which are expensed as the services are received.

2. Material accounting policies (continued)

(k) Tax expense

Tax expense comprises current and deferred tax. Tax expense is recognised in profit or loss except to the extent that it relates to items recognised directly in equity or other comprehensive income.

Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous financial years.

Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities in the statement of financial position and their tax bases. Deferred tax is not recognised for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination, and that affects neither accounting, nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to apply to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that the future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at the end of each reporting period and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(l) Earnings per ordinary share

Earnings per ordinary share is calculated by dividing the profit or loss attributable to ordinary shareholders of the Bank by the weighted average number of ordinary shares outstanding during the period.

2. Material accounting policies (continued)

(m) Fair value measurement

Fair value of an asset or a liability, except for share-based payment and lease transactions, is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

For non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

When measuring the fair value of an asset or a liability, the Bank uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation technique as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Bank can access at the measurement date.

- Level 2: inputs other than quoted prices included with Level 1 that are observable for the asset or liability, either directly or indirectly.

- Level 3: unobservable inputs for the asset or liability.

The Bank recognises transfers between levels of the fair value hierarchy as of the date of the event or change in circumstances that caused the transfers.

(n) Impairment of other assets

The carrying amounts of other assets (except for deferred tax assets) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets (or cash-generating units).

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs of disposal. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash-generating unit.

An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit exceeds its estimated recoverable amount.

2. Material accounting policies (continued)

(n) Impairment of other assets (continued)

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated to reduce the carrying amounts of the assets in the cash-generating unit (or a group of cash-generating units) on a *pro rata* basis.

Impairment losses recognised in prior periods are assessed at the end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversals of impairment losses are credited to profit or loss in the financial year in which the reversals are recognised.

3. Cash and short-term funds

	2026 RM'000	2025 RM'000
Cash and balances with banks and other financial institutions	78,367	144,409
Money at call and deposit placements maturing within one month	6,298,663	5,632,867
	6,377,030	5,777,276
Less: Allowance for expected credit losses ("ECL")	(74)	(1,784)
	6,376,956	5,775,492

Movement in allowance for ECL on cash and short-term funds

	12-month ECL (Stage 1) RM'000	Lifetime ECL not credit impaired (Stage 2) RM'000	Lifetime ECL credit impaired (Stage 3) RM'000	Total RM'000
At 1 April 2025	1,784	-	-	1,784
Charge to profit or loss				
- Decrease in ECL	(1,710)	-	-	(1,710)
At 31 March 2026	74	-	-	74
At 1 April 2024	1,595	-	-	1,595
Charge to profit or loss				
- Increase in ECL	189	-	-	189
At 31 March 2025	1,784	-	-	1,784

4. Deposits and placements with banks and other financial institutions

	2026 RM'000	2025 RM'000
Money at call and deposit placements maturing more than one month	2,409,261	3,377,802
Less: Allowance for ECL	(296)	(1,444)
	2,408,965	3,376,358

Movement in allowance for ECL on deposits and placements with banks and other financial institutions

	12-month ECL (Stage 1) RM'000	Lifetime ECL not credit impaired (Stage 2) RM'000	Lifetime ECL credit impaired (Stage 3) RM'000	Total RM'000
At 1 April 2025	1,444	-	-	1,444
Charge to profit or loss				
- Decrease in ECL	(1,148)	-	-	(1,148)
At 31 March 2026	296	-	-	296
At 1 April 2024	1,333	-	-	1,333
Charge to profit or loss				
- Increase in ECL	111	-	-	111
At 31 March 2025	1,444	-	-	1,444

5. Debt instruments measured at fair value through other comprehensive income ("FVOCI")

	2026 RM'000	2025 RM'000
At fair value		
Negotiable Instruments of Deposits	452,580	703,769
Malaysian Government Securities	1,272,187	888,571
Malaysian Government Investment Issues	1,137,729	1,769,918
	2,862,496	3,362,258

Movement in allowance for ECL on debt instruments measured at FVOCI

	12-month ECL (Stage 1) RM'000	Lifetime ECL not credit impaired (Stage 2) RM'000	Lifetime ECL credit impaired (Stage 3) RM'000	Total RM'000
At 1 April 2025	636	-	-	636
- Increase in ECL	1,554	-	-	1,554
At 31 March 2026	2,190	-	-	2,190
At 1 April 2024	641	-	-	641
- Decrease in ECL	(5)	-	-	(5)
At 31 March 2025	636	-	-	636

The carrying amount of a debt instrument measured at FVOCI is its fair value. Accordingly, the recognition of an impairment loss does not affect the carrying amount of those assets, but is reflected as a debit to profit or loss and credit to other comprehensive income.

6. Loans, advances and financing

	2026 RM'000	2025 RM'000
(a) By type:		
At amortised cost:		
Overdraft	-	42,181
Term loans / financing		
- Syndicated loans / Syndicated Islamic financing	2,482,444	2,936,572
- Factoring receivables	132,600	48,014
- Other term loans / Islamic term financing	4,211,285	5,557,714
Trade bills discounted	12,357	4,598
Revolving credits / Revolving credit-i	5,440,956	4,969,922
Gross loans, advances and financing	12,279,642	13,559,001
Less: Allowance for ECL		
- 12-month ECL (Stage 1)	(7,194)	(4,915)
- Lifetime ECL not credit impaired (Stage 2)	(3,719)	(26,982)
- Lifetime ECL credit impaired (Stage 3)	(45,233)	(50,279)
Net loans, advances and financing	12,223,496	13,476,825
(b) By geographical distribution:		
Malaysia	11,798,787	13,136,907
Other countries:		
- Australia	178,770	200,609
- Japan	256,852	171,206
- Hong Kong	45,233	50,279
Gross loans, advances and financing	12,279,642	13,559,001
(c) By type of customer:		
Domestic non-bank financial institutions	4,316,133	5,449,207
Domestic business enterprises	7,918,276	8,047,367
Foreign entities	45,233	50,279
Domestic other entities	-	12,148
Gross loans, advances and financing	12,279,642	13,559,001
(d) By interest rate sensitivity:		
Fixed rate		
- Other fixed rate loans	945,886	857,293
Variable rate		
- Cost-plus	5,778,960	5,582,222
- Other variable rates	5,554,796	7,119,486
Gross loans, advances and financing	12,279,642	13,559,001

6. Loans, advances and financing (continued)

	2026 RM'000	2025 RM'000
(e) By sector:		
Primary agriculture	6,460	6,963
Mining and quarrying	396,092	752,449
Manufacturing	1,051,760	1,392,311
Electricity, gas and water	1,160,260	969,111
Construction	533,323	16,008
Wholesale and retail trade, and restaurants and hotels	529,642	664,833
Transport, storage and communication	1,319,593	1,476,000
Finance, insurance and business services	5,032,484	6,067,547
Real estate	1,676,700	1,552,407
Education, health and other services	573,328	661,372
Gross loans, advances and financing	12,279,642	13,559,001
(f) By economic purpose:		
Purchase of non-residential property		
- Purchase of land	32,474	-
Construction	6,175	259,520
Working capital	4,748,353	6,035,314
Mergers and acquisition	165,703	231,108
Other purpose	7,326,937	7,033,059
Gross loans, advances and financing	12,279,642	13,559,001
(g) By residual contractual maturity:		
Maturing within one year	4,493,195	4,468,925
One year to three years	3,993,633	4,560,798
Three years to five years	1,772,070	2,454,147
More than five years	2,020,744	2,075,131
Gross loans, advances and financing	12,279,642	13,559,001

6. Loans, advances and financing (continued)

(h) Movements in credit-impaired loans, advances and financing are as follows:

	2026 RM'000	2025 RM'000
At 1 April 2025 / 1 April 2024	50,279	53,585
Recoveries during the financial year	(655)	-
Other adjustments	(4,391)	(3,306)
At 31 March 2026 / 31 March 2025	45,233	50,279
Less: Lifetime ECL credit impaired (Stage 3)	(45,233)	(50,279)
Net impaired loans, advances and financing	-	-
Gross credit-impaired loans and financing as a percentage of gross loans, advances and financing	0.37%	0.37%

(i) Credit-impaired loans, advances and financing by geographical distribution:

Hong Kong	45,233	50,279

(j) Credit-impaired loans, advances and financing by sector:

Wholesale and retail trade, and restaurants and hotels	45,233	50,279

(k) Credit-impaired loans, advances and financing by economic purpose:

Other purpose	45,233	50,279

6. Loans, advances and financing (continued)

(I) Change in gross loans, advances and financing carrying amount

	12-month ECL (Stage 1) RM'000	Lifetime ECL not credit impaired (Stage 2) RM'000	Lifetime ECL credit impaired (Stage 3) RM'000	Total RM'000
At 1 April 2025	10,338,400	3,170,322	50,279	13,559,001
Transfer to 12-month ECL (Stage 1)	1,278,630	(1,278,630)	-	-
Transfer to lifetime ECL not credit impaired (Stage 2)	(738,382)	738,382	-	-
Loans, advances and financing derecognised	(4,515,115)	(816,772)	(655)	(5,332,542)
New loans, advances and financing originated or purchased	4,176,550	388,028	-	4,564,578
Other adjustments	(460,280)	(46,724)	(4,391)	(511,395)
At 31 March 2026	10,079,803	2,154,606	45,233	12,279,642
At 1 April 2024	11,161,875	3,229,525	53,585	14,444,985
Transfer to 12-month ECL (Stage 1)	883,478	(883,478)	-	-
Transfer to lifetime ECL not credit impaired (Stage 2)	(2,114,954)	2,114,954	-	-
Loans, advances and financing derecognised	(5,514,206)	(1,670,813)	-	(7,185,019)
New loans, advances and financing originated or purchased	6,334,296	372,144	-	6,706,440
Other adjustments	(412,089)	7,990	(3,306)	(407,405)
At 31 March 2025	10,338,400	3,170,322	50,279	13,559,001

6. Loans, advances and financing (continued)

(m) Movements in allowance for ECL on loans, advances and financing measured at amortised cost

	12-month ECL (Stage 1) RM'000	Lifetime ECL not credit impaired (Stage 2) RM'000	Lifetime ECL credit impaired (Stage 3) RM'000	Total RM'000
At 1 April 2025	4,915	26,982	50,279	82,176
Net allowance for/(writeback of) ECL (Note 24)	2,279	(23,263)	(5,046)	(26,030)
Transfer to 12-month ECL (Stage 1)	9,747	(9,747)	-	-
Transfer to lifetime ECL not credit impaired (Stage 2)	(747)	747	-	-
Loans, advances and financing derecognised	(1,352)	(2,340)	(655)	(4,347)
New loans, advances and financing originated or purchased	1,817	1,310	-	3,127
Net remeasurement of allowance^	(7,186)	(13,233)	(4,391)	(24,810)
At 31 March 2026	7,194	3,719	45,233	56,146
At 1 April 2024	5,948	32,064	53,585	91,597
Net writeback of ECL	(1,033)	(5,082)	(3,306)	(9,421)
Transfer to 12-month ECL (Stage 1)	11,047	(11,047)	-	-
Transfer to lifetime ECL not credit impaired (Stage 2)	(1,815)	1,815	-	-
Loans, advances and financing derecognised	(3,084)	(10,879)	-	(13,963)
New loans, advances and financing originated or purchased	3,387	5,307	-	8,694
Net remeasurement of allowance	(10,568)	9,722	(3,306)	(4,152)
At 31 March 2025	4,915	26,982	50,279	82,176

^ The net remeasurement during the financial year ended 31 March 2026 is mainly arising from the changes in model assumptions and methodologies in relation to the revision in forward-looking modelling.

7. Other assets

	2026 RM'000	2025 RM'000
Interest receivable	38,216	60,475
Amount due from related corporations	293	105
Cash collateral placements	706,599	280,013
Other receivables	2,242	965
Deposits	1,776	1,602
Prepayments	1,715	1,708
	750,841	344,868
Less: Allowance for ECL	(7)	(144)
	750,834	344,724

The cash collaterals are placed in respect of derivative balances pursuant to agreements in accordance with International Swaps and Derivatives Association ("ISDA") and Credit Support Annex ("CSA") entered into with respective counterparties amounting to RM706,599,000 (2025: RM280,013,000).

Movement in allowance for ECL on other assets

	12-month ECL (Stage 1) RM'000	Lifetime ECL not credit impaired (Stage 2) RM'000	Lifetime ECL credit impaired (Stage 3) RM'000	Total RM'000
At 1 April 2025	144	-	-	144
Charge to profit or loss				
- Decrease in ECL	(137)	-	-	(137)
At 31 March 2026	7	-	-	7
At 1 April 2024	38	-	-	38
Charge to profit or loss				
- Increase in ECL	106	-	-	106
At 31 March 2025	144	-	-	144

8. Statutory deposits with Bank Negara Malaysia

The non-interest bearing statutory deposits are maintained with Bank Negara Malaysia in compliance with Sections 26(2)(c) and 26(3) of the Central Bank of Malaysia Act 2009, the amounts of which are determined as set percentages of total eligible liabilities.

9. Plant and equipment

	Renovations RM'000	Computer equipment RM'000	Furniture, fixtures and fittings RM'000	Motor vehicles RM'000	Total RM'000
Cost					
At 1 April 2024	12,288	31,981	3,388	705	48,362
Additions	728	11,322	262	-	12,312
Written-off	-	(516)	-	-	(516)
Disposal	-	-	-	(705)	(705)
At 31 March 2025 / 1 April 2025	13,016	42,787	3,650	-	59,453
Additions	372	9,961	-	-	10,333
Written-off	-	(7,776)	(273)	-	(8,049)
At 31 March 2026	13,388	44,972	3,377	-	61,737
Accumulated depreciation					
At 1 April 2024	10,933	24,156	2,907	705	38,701
Charge for the year	1,170	4,817	248	-	6,235
Written-off	-	(27)	-	-	(27)
Disposal	-	-	-	(705)	(705)
At 31 March 2025 / 1 April 2025	12,103	28,946	3,155	-	44,204
Charge for the year	166	8,101	125	-	8,392
Written-off	-	(7,776)	(273)	-	(8,049)
At 31 March 2026	12,269	29,271	3,007	-	44,547
Carrying amount					
At 31 March 2025 / 1 April 2025	913	13,841	495	-	15,249
At 31 March 2026	1,119	15,701	370	-	17,190

10. Leases

The Bank leases buildings and office equipment. Information about leases for which the Bank are the lessees is presented below:

10.1. Right-of-use assets

	Motor vehicles RM'000	Building RM'000	Office equipment RM'000	Total RM'000
Cost				
At 1 April 2024	429	34,260	323	35,012
Additions	-	3,512	-	3,512
Lease modifications	-	183	-	183
At 31 March 2025 / 1 April 2025	429	37,955	323	38,707
Additions	-	2,424	-	2,424
Lease modifications	-	84	-	84
At 31 March 2026	429	40,463	323	41,215
Accumulated depreciation				
At 1 April 2024	276	24,045	257	24,578
Charge for the year	115	4,693	55	4,863
At 31 March 2025 / 1 April 2025	391	28,738	312	29,441
Charge for the year	38	5,291	11	5,340
At 31 March 2026	429	34,029	323	34,781
Carrying amount				
At 31 March 2025 / 1 April 2025	38	9,217	11	9,266
At 31 March 2026	-	6,434	-	6,434

10.2. Lease liabilities

The following table sets out a maturity analysis of lease liabilities, showing contractual undiscounted cash flows:

	2026 RM'000	2025 RM'000
Within one year	5,202	4,824
Between one and five years	1,869	5,209
	7,071	10,033
Lease liabilities included in the statement of financial position	6,858	9,649

10. Leases (continued)

10.3. Amount recognised in profit or loss

	2026 RM'000	2025 RM'000
Depreciation charge of right-of-use assets (Note 22)	5,340	4,863
Interest expense (Note 20)	331	399

10.4. Amount recognised in the statement of cash flows

	2026 RM'000	2025 RM'000
Included in net cash from operating activities		
Payment relating to short-term leases	(3,467)	(3,116)
Interest expense on lease liabilities (Note 20)	(331)	(399)
Included in net cash from financing activities		
Payment of lease liabilities	(5,642)	(5,136)
Total cash outflow for leases	(9,440)	(8,651)

10.5. Leasing activities

Motor vehicles

The Bank leases motor vehicles under finance lease for an agreed term of 24 months. At the end of the lease term, the Bank has no option to acquire the assets at a nominal price. There are no restrictive covenants imposed by the lease agreement and no arrangements have been entered into for contingent rental payments. Leases are either non-cancellable or may only be cancelled with the Bank bearing premature termination cost from on date of termination. These assets are presented in right-of-use assets.

10. Leases (continued)

10.5. Leasing activities (continued)

Building leases

Building leases of the Bank comprises lease agreement for office premises and expatriate staff accommodation rental. Rental contracts are typically made for fixed periods of different duration. Most leases include the option to renew the lease for an additional period which is mutually agreed by both parties before the end of the contract term.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements generally do not impose any covenants other than to keep those properties in a good state of repair and return the properties in their original condition at the end of the lease. Leases are either non-cancellable or may only be cancelled by giving written notice as mutually agreed by both parties in the agreement before the termination date.

The lease payments are adjusted upon renewal of the lease contract, subject to mutual agreement by both parties or current market rates.

Office equipment

The Bank leases office equipment under finance lease. At the end of the lease term, the Bank has the option to acquire the assets at a nominal price deemed to be a bargain purchase option. There are no restrictive covenants imposed by the lease agreement and no arrangements have been entered into for contingent rental payments. These assets are presented in right-of-use assets.

11. Tax recoverable

Tax recoverable is subject to approval by the Inland Revenue Board of Malaysia.

12. Deposits from customers

	2026 RM'000	2025 RM'000
(a) By type of deposits:		
Demand deposits	3,482,649	2,532,749
Fixed deposits *	11,320,377	11,224,313
Short-term deposits	3,576,585	4,771,071
	18,379,611	18,528,133

* Included in the fixed deposits are deposits amounting to RM6,825,800,000 (2025: RM8,148,412,000) placed by a branch of the immediate holding corporation as cash collateral for certain loans, advances and financing.

	2026 RM'000	2025 RM'000
The maturity structure of fixed deposits and short-term deposits is as follows:		
Due within six months	8,151,171	7,214,631
Six months to one year	921,225	2,178,472
One year to three years	2,420,726	3,041,847
Three years to five years	1,072,261	1,340,476
Five years to ten years	2,217,334	1,963,038
Ten years and above	114,245	256,920
	14,896,962	15,995,384
(b) By type of customers:		
Domestic non-bank financial institutions	1,862,690	569,453
Domestic business enterprises	9,431,842	9,623,955
Branch of immediate holding corporation	6,825,800	8,148,412
Foreign non-bank entities	252,529	176,322
Domestic other entities	6,750	9,991
	18,379,611	18,528,133

13. Deposits and placements of banks and other financial institutions

	2026 RM'000	2025 RM'000
Licensed Malaysian banks	-	103,128
Foreign banks		
- Immediate holding corporation	1,428,566	3,238,488
	1,428,566	3,341,616

14. Other liabilities

	2026 RM'000	2025 RM'000
Interest payable	50,000	31,484
Amounts due to immediate holding corporation and related corporations / companies ^	42,697	103,227
Cash collateral placements *	5,090	5,340
Other payables	37,818	45,284
Accruals	27,894	27,986
	163,499	213,321

^ The amounts due to immediate holding corporation and related corporations / companies are unsecured, interest-free and repayable on demand.

* The cash collaterals are received in respect of derivative balances pursuant to agreements in accordance with ISDA and CSA entered into with respective counterparties.

15. Provision for credit commitments and contingencies

	2026 RM'000	2025 RM'000
Provision for credit commitments and contingencies	1,622	5,110

Movement in allowance for ECL on credit commitments and contingencies

	12-month ECL (Stage 1) RM'000	Lifetime ECL not credit impaired (Stage 2) RM'000	Lifetime ECL credit impaired (Stage 3) RM'000	Total RM'000
At 1 April 2025	901	4,209	-	5,110
- Increase /(Decrease) in ECL	653	(4,141)	-	(3,488)
At 31 March 2026	1,554	68	-	1,622
At 1 April 2024	1,589	3,286	-	4,875
- (Decrease) / Increase in ECL	(688)	923	-	235
At 31 March 2025	901	4,209	-	5,110

16. Deferred tax

Recognised deferred tax liabilities

Deferred tax liabilities are attributable to the following:

	Assets		Liabilities		Net	
	2026 RM'000	2025 RM'000	2026 RM'000	2025 RM'000	2026 RM'000	2025 RM'000
Plant and equipment	-	-	(1,675)	(1,167)	(1,675)	(1,167)
Right-of-use assets	736	664	-	-	736	664
Fair value reserve	-	-	(409)	(1,125)	(409)	(1,125)
Unrealised foreign exchange gain	-	-	(35,353)	(28,806)	(35,353)	(28,806)
Deferred income	9,052	10,864	-	-	9,052	10,864
Allowance on ECL	3,169	6,101	-	-	3,169	6,101
Other items	7,789	7,687	-	-	7,789	7,687
Tax assets / (liabilities)	20,746	25,316	(37,437)	(31,098)	(16,691)	(5,782)
Set off of tax	(20,746)	(25,316)	20,746	25,316	-	-
Net tax liabilities	-	-	(16,691)	(5,782)	(16,691)	(5,782)

16. Deferred tax (continued)

Recognised deferred tax liabilities (continued)

Movement in temporary differences during the financial year:

	At 1 April 2024 RM'000	Recognised in profit or loss RM'000	Recognised directly in equity RM'000	At 31 March 2025/ 1 April 2025 RM'000	Recognised in profit or loss RM'000	Recognised directly in equity RM'000	At 31 March 2026 RM'000
Plant and equipment	(290)	(877)	-	(1,167)	(508)	-	(1,675)
Right-of-use assets	598	66	-	664	72	-	736
Fair value reserve	(344)	-	(781)	(1,125)	-	716	(409)
Unrealised foreign exchange gain	(32,330)	3,524	-	(28,806)	(6,547)	-	(35,353)
Deferred income	11,800	(936)	-	10,864	(1,812)	-	9,052
Allowance on ECL	6,917	(816)	-	6,101	(2,932)	-	3,169
Other items	7,075	612	-	7,687	102	-	7,789
	(6,574)	1,573	(781)	(5,782)	(11,625)	716	(16,691)
		(Note 26)			(Note 26)		

17. Share capital

	Amount 2026 RM'000	Number of shares 2026 ('000)	Amount 2025 RM'000	Number of shares 2025 ('000)
Ordinary shares				
Issued and fully paid up shares with no par value classified as equity instruments :				
At beginning / end of the year	2,452,605	2,452,605	2,452,605	2,452,605

The holder of ordinary shares is entitled to receive dividends as and when declared by the Bank, after obtaining the regulatory approval from BNM prior to the declaration of dividends.

All ordinary shares carry one vote per share at meetings of the Bank and rank equally with regards to the Bank's residual assets.

18. Reserves

	Note	2026 RM'000	2025 RM'000
Non-distributable:			
Fair value reserve	18.1	3,485	4,198
Regulatory reserve	18.2	156,675	155,926
		160,160	160,124
Distributable:			
Retained earnings		2,091,643	1,805,889
		2,251,803	1,966,013

18.1 Fair value reserve

Fair value reserve relates to the cumulative fair value changes of financial assets measured at fair value through other comprehensive income and its corresponding effect on deferred tax.

18.2 Regulatory reserve

The regulatory reserve is maintained in compliance with the requirements under BNM's policy document on Financial Reporting to maintain, in aggregate, impairment allowance for non-credit impaired exposures (Stage 1 and Stage 2 ECL) and regulatory reserves of no less than 1% of total credit exposures, net of impairment allowance for credit-impaired exposures.

19. Interest income

	2026 RM'000	2025 RM'000
Loans, advances and financing		
- Interest income	422,813	560,766
- Financing income	77,128	83,857
Money at call and deposit placements with banks and other financial institutions	348,307	321,088
Debt instruments measured at FVOCI	102,195	102,567
	950,443	1,068,278

The amounts reported above include interest income calculated using the effective interest rate method that relate to the following:

	2026 RM'000	2025 RM'000
Financial assets measured at amortised cost	848,248	965,711
Financial assets measured at FVOCI	102,195	102,567
Interest income from financial assets not measured at FVTPL	950,443	1,068,278

20. Interest expense

	2026 RM'000	2025 RM'000
Deposits from customers	603,196	635,975
Deposits and placements of banks and other financial institutions	77,948	159,529
Lease liabilities	331	399
	681,475	795,903

The amounts reported above are interest expense calculated using the effective interest rate method that relates to financial liabilities measured at amortised cost.

21. Other operating income

	2026 RM'000	2025 RM'000
Fee and commission income		
- Service charges and guarantee fees	2,536	2,089
- Loan related fees	12,114	14,889
- Commitment fees	1,543	1,641
	16,193	18,619
Realised gain from derivative financial instruments	34,709	46,747
Unrealised loss on revaluation of derivatives	(4,118)	(11,288)
Unrealised gain on hedging activities	6,739	36
Foreign exchange, net gain	141,466	128,796
Other income		
- Management fees	47,850	45,002
- Rental of fixed assets	33	595
- Income from sub-leasing right-of-use assets	1,407	1,557
- Gain on disposal of plant and equipment	-	170
- Miscellaneous income	5,810	4,777
	55,100	52,101
	250,089	235,011

22. Other operating expenses

	2026 RM'000	2025 RM'000
Personnel costs		
Salaries, allowances and bonuses	76,229	71,054
Employees' Provident Fund contributions	11,837	10,689
Staff training expenses	197	288
Staff welfare expenses	462	566
Other personnel expenses	7,425	5,801
	96,150	88,398
Establishment costs		
Depreciation - Plant and equipment	8,392	6,235
Depreciation - Right-of-use assets	5,340	4,863
Repair and maintenance	3,467	3,116
Other establishment expenses	20,767	16,433
	37,966	30,647
Marketing expenses		
Advertisement and publicity	240	165
Other marketing expenses	129	130
	369	295
Administration and general expenses		
Auditors' remuneration		
- Statutory audit	613	422
Professional fees	3,140	5,579
Communication expenses	1,359	1,015
Management fees	19,542	21,704
Licence fees and stamp duties	2,331	150
Non-executive Directors' fees and allowances	998	1,022
Plant and equipment written off	-	358
Other administration and general expenses	17,409	10,324
	45,392	40,574
	179,877	159,914

23. Directors' remuneration

Remuneration of the Directors of the Bank are as follows:

	2026					2025				
	Salary and other remuneration, including meeting allowance RM'000	Bonus RM'000	Fees RM'000	Benefit-in-kind RM'000	Total RM'000	Salary and other remuneration, including meeting allowance RM'000	Bonus RM'000	Fees RM'000	Benefit-in-kind RM'000	Total RM'000
Non-executive Directors										
Dato' Wan Fadzmi	78	-	249	-	327	79	-	235	-	314
Mr. Woo Chew Hong	73	-	145	-	218	78	-	145	-	223
Mr. Lim Tuang Ooi	79	-	178	-	257	87	-	178	-	265
Mr. Lo Nyen Khing	73	-	165	-	238	79	-	165	-	244
Executive Director										
Mr. Anand Mahadevan	-	-	-	-	-	-	-	-	-	-
	303	-	737	-	1,040	323	-	723	-	1,046

24. Writeback of impairment on loans, advances and financing

	Note	2026 RM'000	2025 RM'000
(Writeback of)/Allowance for ECL:			
Loans, advances and financing	6(m)	(26,030)	(9,421)
Provision for credit commitments and contingencies	15	(3,488)	235
		(29,518)	(9,186)

25. (Writeback of) /Allowance for impairment on other financial assets

	Note	2026 RM'000	2025 RM'000
(Writeback of) / Allowance for ECL:			
Cash and short-term funds	3	(1,710)	189
Deposits and placements with banks and other financial institutions	4	(1,148)	111
Other assets	7	(137)	106
Debt instruments measured at FVOCI	5	1,554	(5)
		(1,441)	401

26. Tax expense

	2026 RM'000	2025 RM'000
Recognised in profit or loss		
Malaysian income tax		
- Current year	75,649	85,840
- (Over) / Under provision in prior years	(2,655)	4,116
	72,994	89,956
Deferred tax expense		
Origination and reversal of temporary differences	8,309	2,392
Over provision in prior year	3,316	(3,966)
	11,625	(1,574)
Total tax expense	84,619	88,382

26. Tax expense (continued)

Reconciliation of effective tax expense

Profit before taxation	371,122	356,386
Income tax calculated using Malaysian tax rate of 24% (2025: 24%)	89,069	85,533
Non-deductible expenses	26,434	30,860
Non-taxable income	(31,545)	(28,161)
(Over) / Under provision of tax in prior year:		
- Current tax	(2,655)	4,116
- Deferred tax	3,316	(3,966)
	84,619	88,382

Income tax is calculated at the Malaysian statutory rate of 24% (2025: 24%) of the estimated chargeable profit for the financial year.

The Bank, as a constituent entity of an in-scope multinational enterprise group, is within the scope of the Organisation for Economic Co-operation and Development ("OECD") Pillar Two model rules, which has been substantively enacted in Malaysia on 29 December 2023 and implemented effective 1 January 2025. Pillar Two introduced a global minimum Effective Tax Rate ("ETR") via a system where multinational groups with consolidated revenue over EUR 750 million are subject to a minimum ETR of 15% on income arising in low-tax jurisdictions.

The Bank has applied a temporary mandatory relief from deferred tax accounting for the impacts of the top-up tax and accounts for it as a current tax when it is incurred. For both financial years, no additional top-up taxes are recognised at the Bank level.

27. Earnings per ordinary share

Basic earnings per ordinary share

The calculation of the basic earnings per ordinary share for the year ended 31 March 2026 was based on the profit attributable to ordinary shareholder and the weighted average number of ordinary shares outstanding during the financial year:

	2026 RM'000	2025 RM'000
Net profit attributable to ordinary shareholder	286,503	268,004

	2026 Number ('000)	2025 Number ('000)
Total number of ordinary shares outstanding	2,452,605	2,452,605
Basic earnings per ordinary shares (sen)	11.68	10.93

The Bank has not presented diluted earnings per ordinary share in the current financial year as the Bank does not have dilutive instruments.

28. Related parties

Identity of related parties

For the purposes of these financial statements, parties are considered to be related to the Bank if the Bank has the ability, directly or indirectly, to control or jointly control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Bank and the party are subject to common control. Related parties may be individuals or other entities.

Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Bank either directly or indirectly. Key management personnel include all the Directors of the Bank, and certain members of senior management of the Bank.

28. Related parties (continued)

(a) The significant transactions and outstanding balances of the Bank with related parties are as follows:

2026	Amount transacted for the year ended RM'000	Gross balance outstanding as at RM'000	Allowance for impairment loss as at RM'000	Net balance outstanding as at RM'000	Impairment loss recognised for the year ended RM'000
Immediate holding corporation					
Income					
- Interest income from deposits and placements with banks and other financial institutions	12,174	-	-	-	-
- Other income	40,570	-	-	-	-
Expenses					
- Interest expense on deposits from customers	249,357	-	-	-	-
- Interest expense on deposits and placements of banks and other financial institutions	76,521	-	-	-	-
- Fee and commission expenses	488	-	-	-	-
- Guarantee fee paid	36,298	-	-	-	-
- Other operating expenses	18,449	-	-	-	-
Amount due from					
- Cash and short-term funds	-	343,712	-	343,712	-
- Derivative financial assets	-	32,802	-	32,802	-
- Other assets	-	19	-	19	-

28. Related parties (continued)

(a) The significant transactions and outstanding balances of the Bank with related parties are as follows (continued):

2026	Amount transacted for the year ended RM'000	Gross balance outstanding as at RM'000	Allowance for impairment loss as at RM'000	Net balance outstanding as at RM'000	Impairment loss recognised for the year ended RM'000
Immediate holding corporation (continued)					
Amount due to					
- Deposits from customers	-	6,825,800	-	6,825,800	-
- Deposits and placements of banks and other financial institutions	-	1,428,566	-	1,428,566	-
- Derivative financial liabilities	-	15,071	-	15,071	-
- Other liabilities	-	40,175	-	40,175	-
Other related corporations / companies					
Income					
- Interest income from deposits and placements with banks and financial institutions	1,044	-	-	-	-
- Interest income from loans, advances and financing	3,725	-	-	-	-
- Fee and commission income	1	-	-	-	-
- Other income	7,350	-	-	-	-
Expenses					
- Interest expense on deposits from customers	4,292	-	-	-	-
- Other operating expenses	20,050	-	-	-	-

28. Related parties (continued)

(a) The significant transactions and outstanding balances of the Bank with related parties are as follows (continued):

2026	Amount transacted for the year ended RM'000	Gross balance outstanding as at RM'000	Allowance for impairment loss as at RM'000	Net balance outstanding as at RM'000	Impairment loss recognised for the year ended RM'000
Other related corporations / companies (continued)					
Amount due from					
- Cash and short-term funds	-	1,105	-	1,105	-
- Loans, advances and financing	-	167,106	-	167,106	-
- Derivative financial assets	-	28,330	-	28,330	-
- Other assets	-	274	-	274	-
Amount due to					
- Deposits from customers	-	151,006	-	151,006	-
- Derivative financial liabilities	-	190	-	190	-
- Other liabilities	-	2,522	-	2,522	-

28. Related parties (continued)

(a) The significant transactions and outstanding balances of the Bank with related parties are as follows (continued):

2025	Amount transacted for the year ended RM'000	Gross balance outstanding as at RM'000	Allowance for impairment loss as at RM'000	Net balance outstanding as at RM'000	Impairment loss recognised for the year ended RM'000
Immediate holding corporation					
Income					
- Interest income from deposits and placements with banks and other financial institutions	11,333	-	-	-	-
- Other income	37,034	-	-	-	-
- Fee and commission income	2	-	-	-	-
Expenses					
- Interest expense on deposits from customers	323,692	-	-	-	-
- Interest expense on deposits and placements of banks and other financial institutions	156,671	-	-	-	-
- Fee and commission expenses	511	-	-	-	-
- Guarantee fee paid	42,573	-	-	-	-
- Other operating expenses	14,869	-	-	-	-
Amount due from					
- Cash and short-term funds	-	226,495	-	226,495	-
- Derivative financial assets	-	8,279	-	8,279	-
- Other assets	-	100	-	100	-

28. Related parties (continued)

(a) The significant transactions and outstanding balances of the Bank with related parties are as follows (continued):

2025	Amount transacted for the year ended RM'000	Gross balance outstanding as at RM'000	Allowance for impairment loss as at RM'000	Net balance outstanding as at RM'000	Impairment loss recognised for the year ended RM'000
Immediate holding corporation (continued)					
Amount due to					
- Deposits from customers	-	8,148,412	-	8,148,412	-
- Deposits and placements of banks and other financial institutions	-	3,238,488	-	3,238,488	-
- Derivative financial liabilities	-	7,922	-	7,922	-
- Other liabilities	-	100,652	-	100,652	-
Other related corporations / companies					
Income					
- Interest income from deposits and placements with banks and financial institutions	1,423	-	-	-	-
- Interest income from loans, advances and financing	7,125	-	-	-	-
- Fee and commission income	3	-	-	-	-
- Other income	8,646	-	-	-	-
Expenses					
- Interest expense on deposits and placements of banks and other financial institutions	114	-	-	-	-
- Interest expense on deposits from customers	3,978	-	-	-	-
- Other operating expenses	22,144	-	-	-	-

28. Related parties (continued)

(a) The significant transactions and outstanding balances of the Bank with related parties are as follows (continued):

2025	Amount transacted for the year ended RM'000	Gross balance outstanding as at RM'000	Allowance for impairment loss as at RM'000	Net balance outstanding as at RM'000	Impairment loss recognised for the year ended RM'000
Other related corporations / companies (continued)					
Amount due from					
- Cash and short-term funds	-	3,352	-	3,352	-
- Loans, advances and financing	-	228,320	-	228,320	-
- Derivative financial assets	-	23,250	-	23,250	-
- Other assets	-	5	-	5	-
Amount due to					
- Deposits from customers	-	135,675	-	135,675	-
- Derivative financial liabilities	-	3,335	-	3,335	-
- Other liabilities	-	2,774	-	2,774	-

All transactions of the Bank with its related parties are made in the ordinary course of business and on substantially the same terms with third parties.

There is no amount outstanding from key management personnel as at year end.

28. Related parties (continued)

(b) Expenses by type of services received:

	Immediate holding corporation 2026 RM'000	Other related corporations 2026 RM'000	Immediate holding corporation 2025 RM'000	Other related corporations 2025 RM'000
Information technology services	15,112	-	11,259	-
Financial guarantee services	36,298	-	42,573	-
Group administrative and business support services	3,337	19,542	3,610	21,704
Other administration and general expenses	-	508	-	440
	54,747	20,050	57,442	22,144

(c) Expenses by geographical distribution:

	Immediate holding corporation 2026 RM'000	Other related corporations 2026 RM'000	Immediate holding corporation 2025 RM'000	Other related corporations 2025 RM'000
Malaysia	36,298	20,030	42,573	22,121
Japan	18,449	-	14,869	-
Thailand	-	20	-	23
	54,747	20,050	57,442	22,144

(d) The key management personnel compensations are as follows:

	2026 RM'000	2025 RM'000
Chief Executive Officer:		
- Remuneration	758	885
- Other short-term employee benefits	350	327
	1,108	1,212
Non-executive Directors:		
- Fees	737	723
- Allowances	303	323
	1,040	1,046
Other key management personnel:		
- Short-term employee benefits	10,865	11,811

28. Related parties (continued)

(d) The key management personnel compensations are as follows (continued):

Other key management personnel comprise persons other than the Directors of the Bank, having authority and responsibility for planning, directing and controlling the activities of the Bank either directly or indirectly.

29. Credit exposures to connected parties

The credit exposures of the Bank to connected parties are as follows:

	2026 RM'000	2025 RM'000
Aggregate value of outstanding credit exposures to connected parties	1,743,492	1,271,989
As a percentage of total credit exposure	5.38%	3.66%

There are currently no exposures to connected parties which are classified as impaired.

The credit exposures above are determined based on BNM's revised Guidelines on Credit Transactions and Exposures with Connected Parties.

30. Commitments and contingencies

In the normal course of business, the Bank makes various commitments and incurs certain contingent liabilities with legal recourse to customers. No material losses are anticipated as a result of these transactions. The risk-weighted exposures of the Bank are as follows:

2026	Principal amount RM'000	Credit equivalent amount * RM'000	Risk-weighted amount * RM'000
Transaction related contingent items	618,945	309,473	309,473
Short-term self liquidating trade-related contingencies	248,726	49,745	29,048
Foreign exchange related contracts:			
- Less than one year	20,724,881	880,633	610,111
- One year to less than five years	8,074,497	1,187,698	558,878
- Five years and above	727,804	179,830	138,784
Interest / Profit rate related contracts			
- Less than one year	152,062	1,430	786
- One year to less than five years	534,650	12,991	9,713
- Five years and above	186,779	27,798	19,969
Other commitments, such as formal standby facilities and credit lines, with an original maturity of up to one year	276,326	55,265	37,648
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	9,965,431	4,982,715	4,626,518
Total	41,510,101	7,687,578	6,340,928

* The credit equivalent amount and risk-weighted amount are arrived at using the credit conversion factors and risk-weights respectively as specified by Bank Negara Malaysia for regulatory capital adequacy purposes.

30. Commitments and contingencies (continued)

2025	Principal amount RM'000	Credit equivalent amount * RM'000	Risk-weighted amount * RM'000
Transaction related contingent items	505,992	252,996	252,996
Short-term self liquidating trade-related contingencies	335,752	67,150	38,639
Foreign exchange related contracts:			
- Less than one year	13,305,428	556,606	295,645
- One year to less than five years	9,846,444	1,228,800	551,343
- Five years and above	750,328	141,841	53,185
Interest / Profit rate related contracts			
- Less than one year	75,266	173	108
- One year to less than five years	1,246,007	39,497	26,854
- Five years and above	197,868	31,137	22,494
Other commitments, such as formal standby facilities and credit lines, with an original maturity of up to one year	248,384	49,677	47,231
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	10,547,888	5,273,945	4,893,095
Total	37,059,357	7,641,822	6,181,590

* The credit equivalent amount and risk-weighted amount are arrived at using the credit conversion factors and risk-weights respectively as specified by Bank Negara Malaysia for regulatory capital adequacy purposes.

31. Financial instruments

31.1. Categories of financial instruments

The tables below provide an analysis of financial instruments categorised as follows:-

(a) Amortised cost ("AC")
(b) Fair value through profit or loss ("FVTPL")
(c) Fair value through other comprehensive income ("FVOCI")
(d) Derivatives used for hedging ("DH")

2026	Carrying amount RM'000	AC RM'000	FVTPL RM'000	FVOCI RM'000	DH RM'000
Financial assets					
Cash and short-term funds	6,376,956	6,376,956	-	-	-
Deposits and placements with banks and other financial institutions	2,408,965	2,408,965	-	-	-
Debt instruments measured at FVOCI	2,862,496	-	-	2,862,496	-
Loans, advances and financing	12,223,496	12,223,496	-	-	-
Derivative financial assets	1,073,946	-	1,072,057	-	1,889
Other assets ^	749,119	749,119	-	-	-
Statutory deposits with Bank Negara Malaysia	31,450	31,450	-	-	-
Total financial assets	25,726,428	21,789,986	1,072,057	2,862,496	1,889
Financial liabilities					
Deposits from customers	(18,379,611)	(18,379,611)	-	-	-
Deposits and placements of banks and other financial institutions	(1,428,566)	(1,428,566)	-	-	-
Bills and acceptances payable	(712)	(712)	-	-	-
Derivative financial liabilities	(1,126,244)	-	(1,014,507)	-	(111,737)
Other liabilities *	(97,887)	(97,887)	-	-	-
Total financial liabilities	(21,033,020)	(19,906,776)	(1,014,507)	-	(111,737)

^ Other assets exclude prepayments as these items are classified as non-financial assets.

* Other liabilities exclude other provisions and accruals as well as deferred income as these items are classified as non-financial liabilities.

31. Financial instruments (continued)

31.1. Categories of financial instruments (continued)

2025	Carrying amount RM'000	AC RM'000	FVTPL RM'000	FVOCI RM'000	DH RM'000
Financial assets					
Cash and short-term funds	5,775,492	5,775,492	-	-	-
Deposits and placements with banks and other financial institutions	3,376,358	3,376,358	-	-	-
Debt instruments measured at FVOCI	3,362,258	-	-	3,362,258	-
Loans, advances and financing	13,476,825	13,476,825	-	-	-
Derivative financial assets	666,821	-	664,296	-	2,525
Other assets ^	343,016	343,016	-	-	-
Statutory deposits with Bank Negara Malaysia	8,450	8,450	-	-	-
Total financial assets	27,009,220	22,980,141	664,296	3,362,258	2,525
Financial liabilities					
Deposits from customers	(18,528,133)	(18,528,133)	-	-	-
Deposits and placements of banks and other financial institutions	(3,341,616)	(3,341,616)	-	-	-
Bills and acceptances payable	(318)	(318)	-	-	-
Derivative financial liabilities	(629,604)	-	(591,536)	-	(38,068)
Other liabilities *	(140,067)	(140,067)	-	-	-
Total financial liabilities	(22,639,738)	(22,010,134)	(591,536)	-	(38,068)

^ Other assets exclude prepayments as these items are classified as non-financial assets.

* Other liabilities exclude other provisions and accruals as well as deferred income as these items are classified as non-financial liabilities.

31. Financial instruments (continued)

31.2. Net gains and losses arising from financial instruments

	2026 RM'000	2025 RM'000
Net gains / (losses) arising on:		
Financial assets measured at FVTPL:	178,796	164,291
- Held-for-trading	172,057	164,255
- Held-for-hedging	6,739	36
Financial assets measured at FVOCI:	99,928	105,044
- Interest income derived from debt instruments measured at FVOCI	120,125	116,489
- Amortisation of premium and gain on redemption on debt securities held recognised in profit or loss	(17,930)	(13,922)
- Revaluation on debt instruments recognised in other comprehensive income/(loss)	(2,267)	2,477
Financial assets measured at amortised cost:	850,784	967,801
- Loans, advances and financing	499,941	644,623
- Deposits and placements with banks and other financial institutions	348,307	321,088
- Other assets	2,536	2,090
Financial liabilities measured at amortised cost:	(681,144)	(795,504)
- Deposits from customers	(603,196)	(635,975)
- Deposits and placements of banks and other financial institutions	(77,948)	(159,529)
	448,364	441,632
Net gains on impairment of financial instruments:		
- Financial assets at amortised cost	32,513	8,780
- Debt instruments measured at FVOCI	(1,554)	5
	30,959	8,785

32. Financial risk management

The Bank adopts the Basel II policies to establish sound risk management practices with the proper risk management discipline, practices and processes.

Currently, the Bank is in compliance with the regulatory standards under the Basel II Pillar 1. The Bank is also in compliance with the Basel II Pillar 2 that involves self-assessment exercise of the level of capital required to be held and Basel II Pillar 3, which is related to market discipline and disclosure requirements.

The Bank has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk
- Operational risk

The Board of Directors has overall responsibility for the establishment and oversight of the Bank's risk management framework. The Board has established the BRMC, which is responsible for developing the risk management policies and assessing the implementation of risk management by the management of the Bank. The Bank has also established the Risk Management Committee ("RMC") as one of the management committees to formulate the policies, procedures and risk limits and conduct periodical monitoring on risk exposure, risk portfolio and risk management activities.

(a) Credit risk

Credit risk is the risk of a financial loss to the Bank if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Bank's exposure to credit risk arises principally from loans, advances and financing to customers, placements with other banks, investment in debt securities, derivative financial assets and other receivables.

Credit Risk Management

Integral to the management of credit risk, the Bank has credit policies and procedures in place to identify, measure and manage credit risk. The Bank continually monitors the exposure to credit risk on an ongoing basis and identifies emerging risks to formulate appropriate mitigation actions.

The Bank monitors its credit concentration risk from a single counterparty exposure, large exposure or from other portfolio concentrations by setting an exposure limit on customers, customer groups, industries, products, asset quality etc.

Credit evaluations are required to be performed on customers requiring credit by the business managers and credit analyst in the first line of defence function with independent risk assessment and approval roles in the second line of defence function which are clearly defined and segregated.

32. Financial risk management (continued)

(a) Credit risk (continued)

Credit Risk Governance

The Bank has established Credit Committee as one of the management committees with the following objectives:

(i) to review, analyse and endorse or approve credit proposal by ensuring approvals are granted within the Bank's risk appetite as well as effective credit limit control and monitoring; and
(ii) the review and approvals are guided by credit policies and procedures which are reviewed periodically to ensure their continued relevance to the Bank's business strategy and the business environment.

The RMC conducts periodical monitoring on credit exposure trend, asset quality by obligor grading and its credit cost ratio in relation to the probability of default as well as default or impaired loans ratio, portfolio concentration analysis and credit related limits control such as single counterparty exposure limit, large loan limit, exposure to connected parties, product concentration limits and sectorial limits.

As at the end of the reporting period, the maximum exposure to credit risk arising from loans, advances and receivables are represented by the carrying amounts of cash and short-term funds, deposits and placements with banks and other financial institutions, debt instruments measured at FVOCI and loans, advances and financing and other assets as shown in Notes 3, 4, 5, 6 and 7 to the financial statements.

The Bank has taken reasonable steps to ensure that loans, advances, investments and receivables that are neither past due nor impaired are stated at their realisable values. A significant portion of these loans, advances, investments and receivables are regular customers or counterparties that have been transacting with the Bank.

32. Financial risk management (continued)

(a) Credit risk (continued)

(i) Maximum exposure to credit risk

The following tables present the Bank's maximum exposure to credit risk of its on-balance sheet and off-balance sheet financial instruments at 31 March 2026 and 31 March 2025, before taking into account any collateral held or other credit enhancements. For on-balance sheet financial instruments, the maximum exposure to credit risk is the carrying amount reported on the statement of financial position. For off-balance sheet financial instruments, the maximum exposure to credit risk represented the contractual nominal amount.

	2026 RM'000	2025 RM'000
On-balance sheet assets		
Cash and short-term funds	6,376,956	5,775,492
Deposits and placements with banks and other financial institutions	2,408,965	3,376,358
Debt instruments measured at FVOCI	2,862,496	3,362,258
Loans, advances and financing	12,223,496	13,476,825
Derivative financial assets	1,073,946	666,821
Other assets ^	749,119	343,016
Statutory deposits with Bank Negara Malaysia	31,450	8,450
	25,726,428	27,009,220
Off-balance sheet assets		
Contingent commitments	618,945	505,992
Undrawn irrevocable standby facilities, credit line and other commitments to lend	10,241,757	10,796,272
	10,860,702	11,302,264
Total maximum exposure to credit risk	36,587,130	38,311,484

^ Other assets exclude prepayments as these items are classified as non-financial assets.

32. Financial risk management (continued)

(a) Credit risk (continued)

(ii) Summary analysis of loans, advances and financing

	Loans, advances and financing to customers RM'000	Loans, advances and financing to banks * RM'000
2026		
Gross carrying amount	12,279,642	8,786,291
Assets at amortised cost		
Neither past due nor impaired loans	12,234,409	8,786,291
Impaired loans	45,233	-
ECL	(56,146)	(370)
	12,223,496	8,785,921
2025		
Gross carrying amount	13,559,001	9,155,078
Assets at amortised cost		
Neither past due nor impaired loans	13,508,722	9,155,078
Impaired loans	50,279	-
ECL	(82,176)	(3,228)
	13,476,825	9,151,850

* Consists of cash and short-term funds and deposits and placements with banks and other financial institutions.

32. Financial risk management (continued)

(a) Credit risk (continued)

(ii) Summary analysis of loans, advances and financing (continued)

The following table presents the gross credit exposures of the Bank analysed by geographical location based on where the credit risk resides:

	Loans, advances and financing to customers RM'000	Loans, advances and financing to banks * RM'000
2026		
Gross carrying amount	12,279,642	8,786,291
Concentration of credit risk based on geographical location of customers		
Malaysia	11,798,787	8,435,750
Other countries:		
- Australia	178,770	4,263
- Japan	256,852	138,346
- Hong Kong	45,233	332
- United Kingdom	-	587
- Singapore	-	190,620
- Others	-	16,393
	12,279,642	8,786,291

* Consists of cash and short-term funds and deposits and placements with banks and other financial institutions.

32. Financial risk management (continued)

(a) Credit risk (continued)

(ii) Summary analysis of loans, advances and financing (continued)

	Loans, advances and financing to customers RM'000	Loans, advances and financing to banks * RM'000
2025		
Gross carrying amount	13,559,001	9,155,078
Concentration of credit risk based on geographical location of customers		
Malaysia	13,136,907	8,902,861
Other countries:		
- Australia	200,609	16,765
- Japan	171,206	2,712
- Hong Kong	50,279	58
- United Kingdom	-	3,237
- Singapore	-	210,180
- Others	-	19,265
	13,559,001	9,155,078

* Consists of cash and short-term funds and deposits and placements with banks and other financial institutions.

32. Financial risk management (continued)

(a) Credit risk (continued)

(iii) Deposit placements maturing within one month and deposits and placements with banks and other financial institutions

All deposits and placements as at the reporting date are neither past due nor impaired. Table below summarises credit quality of the balances, excluding balances with Bank Negara Malaysia, analysed by ratings from external credit ratings agencies.

	Fitch RM'000	Moody's RM'000	RAM RM'000	S&P RM'000
2026				
AAA	519	-	514,629	-
AA- to AA+	-	2,643	672,506	1,629
A- to A+	344,298	1,195,887	100,001	2,392,435
BBB	-	-	-	192,741
	344,817	1,198,530	1,287,136	2,586,805
2025				
AAA	115	-	537,077	-
AA- to AA+	-	16,794	641,914	-
A- to A+	229,732	-	350,002	3,474,075
BBB	-	-	-	1,536,209
	229,847	16,794	1,528,993	5,010,284

(iv) Summary analysis on securities portfolio

The following table summarises the debt instruments measured at FVOCI:

	2026 RM'000	2025 RM'000
Negotiable Instruments of Deposits	452,580	703,769
Malaysian Government Securities	1,272,187	888,571
Malaysian Government Investment Issues	1,137,729	1,769,918
Bank Negara Malaysia Debt Securities	-	-
	2,862,496	3,362,258

32. Financial risk management (continued)

(a) Credit risk (continued)

(v) Credit quality of gross loans, advances and financing

Gross loans, advances and financing are analysed as follows:

	2026			
	Stage 1 RM'000	**Stage 2 RM'000**	**Stage 3 RM'000**	**Total RM'000**
Neither past due nor impaired	10,079,803	2,154,606	-	12,234,409
Impaired	-	-	45,233	45,233
ECL	(7,194)	(3,719)	(45,233)	(56,146)
	10,072,609	2,150,887	-	12,223,496

	2025			
	Stage 1 RM'000	**Stage 2 RM'000**	**Stage 3 RM'000**	**Total RM'000**
Neither past due nor impaired	10,338,400	3,170,322	-	13,508,722
Impaired	-	-	50,279	50,279
ECL	(4,915)	(26,982)	(50,279)	(82,176)
	10,333,485	3,143,340	-	13,476,825

(vi) Loans, advances and financing neither past due nor impaired and impaired

Analysis of loans, advances and financing based on the Bank's internal loan classification is as follows:

	2026			
	Stage 1 RM'000	**Stage 2 RM'000**	**Stage 3 RM'000**	**Total RM'000**
Loan classification				
Good	8,075,972	220,360	-	8,296,332
Closely monitored	2,003,831	1,934,246	-	3,938,077
Impaired	-	-	45,233	45,233
	10,079,803	2,154,606	45,233	12,279,642

	2025			
	Stage 1 RM'000	**Stage 2 RM'000**	**Stage 3 RM'000**	**Total RM'000**
Loan classification				
Good	10,338,400	776,298	-	11,114,698
Closely monitored	-	2,394,024	-	2,394,024
Impaired	-	-	50,279	50,279
	10,338,400	3,170,322	50,279	13,559,001

32. Financial risk management (continued)

(a) Credit risk (continued)

(vi) Loans, advances and financing neither past due nor impaired and impaired (continued)

The definition of loan classification is as follows:

Classification	Definition
Good	Loans, advances and financing which have never been past due in the last 6 months, or never been restructured or rescheduled before.
Closely monitored	Loans, advances and financing where there is uncertainty in repayment due to borrowers deteriorated credit standing or business environment.
Impaired	Loans, advances and financing which have been more than 90 days past due or more or an occurrence of weaknesses in the credit facility that renders the facility to be credit impaired.

32. Financial risk management (continued)

(a) Credit risk (continued)

(vii) Amount arising from MFRS 9 Expected Credit Losses ("ECL")

ECL under MFRS 9 applies to all financial assets held at amortised cost, fair value through other comprehensive income ("FVOCI"), credit commitments and contingencies.

Instrument	Location of ECL
Financial assets held at amortised cost	Loss provisions: netted against gross carrying value
Financial assets held at FVOCI - investment securities	Other comprehensive income (FVOCI fair value reserve) ^
Undrawn financing commitments and financial guarantees - credit commitments and contingencies	Provisions for credit commitments and contingencies *

^ Financial assets classified as FVOCI are held at fair value on the face of the statement of financial position. The ECL attributed to these instruments is held as a separate reserve within OCI and is recycled to profit or loss along with any fair value measurement gains or losses held within FVOCI when the applicable instruments are derecognised.

* ECL on undrawn financing commitments and financial guarantees is recognised as a liability provision. Where a financial instrument includes both a financing and undrawn commitment and it is not possible to separately identify the ECL on these components, the ECL amount on the financing commitment is recognised together with the ECL amount on the financial asset. To the extent the combined ECL exceeds the gross carrying amount of the financial asset, the ECL is recognised as a liability provision.

As required under MFRS 9, the measurement of ECL includes the current and forecast of future economic conditions, where the Malaysian relevant Macroeconomic Variables ("MEVs") are considered for the forward-looking estimation. Measurement of ECL reflects an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes.

As at financial year ended 31 March 2026, the selected MEVs that are material and relevant to the Bank's portfolio are GDP growth and FTSE Bursa Malaysia KLCI Index. Forecasted MEVs are used for the forward-looking adjustment to the estimated ECL. A probability weightage is applied to baseline, upside and downside forward-looking macroeconomic scenarios to estimate the ECL.

32. Financial risk management (continued)

(a) Credit risk (continued)

(vii) Amount arising from MFRS 9 Expected Credit Losses ("ECL") (continued)

The economic scenarios used include the following:

2026

Baseline: 75th percentile

	2026	2027	2028	2029	2030
GDP change	(0.96)	0.78	5.45	4.12	3.81
KLCI Index	1,507.33	1,332.36	1,537.43	1,663.62	1,703.44

Upside

	2026	2027	2028	2029	2030
GDP change	4.25	3.48	3.77	3.57	3.81
KLCI Index	1,729.14	1,746.68	1,775.83	1,812.70	1,852.11

Downside: 96th percentile

	2026	2027	2028	2029	2030
GDP change	(3.18)	(1.17)	4.70	4.17	4.43
KLCI Index	1,443.53	1,141.36	1,208.31	1,438.34	1,567.73

2025

Baseline

	2025	2026	2027	2028	2029
GDP change	4.74	4.47	4.15	3.80	3.78
KLCI Index	1,597.83	1,614.37	1,642.68	1,684.50	1,728.56

Upside: stronger near-term growth with 10% probability economy performs better

	2025	2026	2027	2028	2029
GDP change	6.04	5.93	4.16	3.79	3.77
KLCI Index	1,643.52	1,688.69	1,711.13	1,743.91	1,778.62

Downside: moderate recession with 10% probability economy will be worse

	2025	2026	2027	2028	2029
GDP change	(0.52)	1.76	5.84	4.35	3.78
KLCI Index	1,372.35	1,231.95	1,395.13	1,497.75	1,540.71

32. Financial risk management (continued)

(b) Liquidity risk

Liquidity risk arises when a bank is not able to refinance its assets upon liabilities due, for any reason, which can be at macro-level, affecting most or all the market participants, or names-specific to the Bank.

Liquidity risk is managed through the Bank's Assets and Liabilities Management Committee ("ALCO"), which meets on a monthly basis. The ALCO is chaired by the CEO who is responsible for both the statutory and prudential liquidity.

The primary tools used to monitor the liquidity risk are the Bank Negara Malaysia's Liquidity Coverage Ratio ("LCR") requirement and the internal liquidity risk management policy set by ALCO and Head Office. Under the LCR requirement, the Bank must ensure that there is sufficient high quality liquid assets ("HQLA") to cover potential net cash outflows for the next 30 days. While under the internal policy, among others, the Bank is guided by tight money gap limits for one day, two days, one week and one month periods. Adherence to these limits is monitored on a daily basis and reported to the Management, Regional Office and Head Office. The money gap limits are as follows:

2026

Internal Policy			
Money gaps limits (USD million)			
One day	Two days	One week	One month
-20	-30	-40	-100

2025

Internal Policy			
Money gaps limits (USD million)			
One day	Two days	One week	One month
-20	-30	-40	-100

32. Financial risk management (continued)

(b) Liquidity risk (continued)

Cash flows payable by the Bank (for financial liabilities) based on remaining contractual maturity as at the financial year end, on an undiscounted basis are as follows:

2026	Carrying amount RM'000	Interest rate %	Contractual cash flows RM'000	Under 3 months RM'000	3-12 months RM'000	1-2 years RM'000	2-5 years RM'000	> 5 years RM'000
Liabilities								
Deposits from customers	18,379,611	2.05 to 4.12	19,179,382	10,666,640	1,934,719	1,511,671	2,194,895	2,871,457
Deposits and placements of banks and other financial institutions	1,428,566	0.98 to 4.19	1,429,306	1,429,306	-	-	-	-
Bills and acceptances payable	712	-	712	712	-	-	-	-
Other liabilities *	97,887	-	97,887	59,896	19,980	6,581	1,857	9,573
Lease liabilities	6,858	3.30	7,071	1,491	3,711	1,090	779	-
Total liabilities	19,913,634		20,714,358	12,158,045	1,958,410	1,519,342	2,197,531	2,881,030
Derivative financial liabilities, gross settled								
Outflows	4,415,815		18,115,982	7,091,198	5,309,157	2,018,169	3,258,550	438,908
Inflows	(3,289,571)		(17,071,406)	(6,893,183)	(4,922,618)	(1,826,485)	(3,048,486)	(380,634)
	1,126,244		1,044,576	198,015	386,539	191,684	210,064	58,274
Grand total	21,039,878		21,758,934	12,356,060	2,344,949	1,711,026	2,407,595	2,939,304

* Other liabilities exclude other provisions and accruals as well as deferred income as these items are classified as non-financial liabilities.

32. Financial risk management (continued)

(b) Liquidity risk (continued)

2025	Carrying amount RM'000	Interest rate %	Contractual cash flows RM'000	Under 3 months RM'000	3-12 months RM'000	1-2 years RM'000	2-5 years RM'000	> 5 years RM'000
Liabilities								
Deposits from customers	18,528,133	0.61 to 4.65	19,704,291	8,928,616	3,093,798	1,413,799	3,344,356	2,923,722
Deposits and placements of banks and other financial institutions	3,341,616	0.52 to 5.89	3,373,830	2,424,785	764,344	184,701	-	-
Bills and acceptances payable	318	-	318	318	-	-	-	-
Other liabilities *	140,067	-	140,067	82,665	28,551	28,851	-	-
Lease liabilities	9,649	3.30	10,033	804	4,020	4,181	1,028	-
Total liabilities	22,019,783		23,228,539	11,437,188	3,890,713	1,631,532	3,345,384	2,923,722
Derivative financial liabilities, gross settled								
Outflows	5,874,009		12,612,290	2,470,996	4,654,281	2,131,432	2,905,758	449,823
Inflows	(5,244,405)		(11,855,028)	(2,381,542)	(4,405,232)	(1,906,850)	(2,718,678)	(442,726)
	629,604		757,262	89,454	249,049	224,582	187,080	7,097
Grand total	22,649,387		23,985,801	11,526,642	4,139,762	1,856,114	3,532,464	2,930,819

* Other liabilities exclude other provisions and accruals as well as deferred income as these items are classified as non-financial liabilities.

32. Financial risk management (continued)

(b) Liquidity risk (continued)

The table below summarises the maturity analysis of the carrying amounts of the Bank's assets and liabilities based on the remaining contractual maturity:

2026	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	No-specific maturity RM'000	Loss allowance RM'000	Total RM'000
Assets									
Cash and short-term funds	6,377,030	-	-	-	-	-	-	(74)	6,376,956
Deposits and placements with banks and other financial institutions	-	2,409,261	-	-	-		-	(296)	2,408,965
Debt instruments measured at FVOCI	150,962	-	1,451,900	352,026	907,608	-	-	-	2,862,496
Loans, advances and financing	2,851,825	585,184	400,883	655,303	5,765,703	2,020,744	-	(56,146)	12,223,496
Derivative financial assets	60,991	104,840	120,289	237,108	485,049	65,669	-	-	1,073,946
Other assets ^	720,117	17,569	9,183	2,257	-	-	-	(7)	749,119
Statutory deposits with Bank Negara Malaysia	-	-	-	-	-	-	31,450	-	31,450
Total assets	10,160,925	3,116,854	1,982,255	1,246,694	7,158,360	2,086,413	31,450	(56,523)	25,726,428

32. Financial risk management (continued)

(b) Liquidity risk (continued)

2026	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	No-specific maturity RM'000	Loss allowance RM'000	Total RM'000
Liabilities									
Deposits from customers	9,328,237	1,324,150	981,433	921,225	3,492,987	2,331,579	-	-	18,379,611
Deposits and placements of banks and other financial institutions	1,428,566	-	-	-	-	-	-	-	1,428,566
Bills and acceptances payable	-	-	712	-	-	-	-	-	712
Derivative financial liabilities	61,914	137,942	109,627	221,562	536,560	58,639	-	-	1,126,244
Other liabilities *	44,960	14,936	14,837	5,143	8,438	9,573	-	-	97,887
Lease liabilities	478	959	1,421	2,190	1,810	-	-	-	6,858
Total liabilities	10,864,155	1,477,987	1,108,030	1,150,120	4,039,795	2,399,791	-	-	21,039,878
Net liquidity gap	(703,230)	1,638,867	874,225	96,574	3,118,565	(313,378)	31,450	(56,523)	4,686,550

^ Other assets exclude prepayments as these items are classified as non-financial assets.

* Other liabilities exclude other provisions and accruals as well as deferred income as these items are classified as non-financial liabilities.

32. Financial risk management (continued)

(b) Liquidity risk (continued)

The table below summarises the maturity analysis of the carrying amounts of the Bank's assets and liabilities based on the remaining contractual maturity:

2025	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	No-specific maturity RM'000	Loss allowance RM'000	Total RM'000
Assets									
Cash and short-term funds	5,777,276	-	-	-	-	-	-	(1,784)	5,775,492
Deposits and placements with banks and other financial institutions	-	3,377,802	-	-	-	-	-	(1,444)	3,376,358
Debt instruments measured at FVOCI	302,046	401,724	972,346	1,023,994	662,148	-	-	-	3,362,258
Loans, advances and financing	2,693,913	442,385	475,213	1,129,590	6,742,768	2,075,132	-	(82,176)	13,476,825
Derivative financial assets	22,846	46,585	63,660	126,572	394,532	12,626	-	-	666,821
Other assets ^	295,944	14,843	32,373	-	-	-	-	(144)	343,016
Statutory deposits with Bank Negara Malaysia	-	-	-	-	-	-	8,450	-	8,450
Total assets	9,092,025	4,283,339	1,543,592	2,280,156	7,799,448	2,087,758	8,450	(85,548)	27,009,220

32. Financial risk management (continued)

(b) Liquidity risk (continued)

2025	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	No-specific maturity RM'000	Total RM'000
Liabilities								
Deposits from customers	7,426,821	1,485,122	835,437	2,178,472	4,382,323	2,219,958	-	18,528,133
Deposits and placements of banks and other financial institutions	2,207,278	213,920	255,670	487,482	177,266	-	-	3,341,616
Bills and acceptances payable	-	-	318	-	-	-	-	318
Derivative financial liabilities	19,112	42,698	57,175	122,236	382,779	5,604	-	629,604
Other liabilities *	65,242	17,145	5,747	23,078	20,538	8,317	-	140,067
Lease liabilities	434	870	1,278	1,991	5,076	-	-	9,649
Total liabilities	9,718,887	1,759,755	1,155,625	2,813,259	4,967,982	2,233,879	-	22,649,387
Net liquidity gap	(626,862)	2,523,584	387,967	(533,103)	2,831,466	(146,121)	8,450	4,359,833

^ Other assets exclude prepayments as these items are classified as non-financial assets.

* Other liabilities exclude other provisions and accruals as well as deferred income as these items are classified as non-financial liabilities.

32. Financial risk management (continued)

(c) Market risk

Market risk is defined as the potential impact on the Bank's operating results resulting from changes in the market prices and rates. The Bank's market risks are categorised as:

(i) Interest rate risk, the impact on the values of the Bank's derivatives and forward foreign exchange contracts arising from the movement of yield curves; and

(ii) Foreign exchange risk, the impact on the values of the Bank's foreign currency exposures arising from the movement of the exchange rates.

ALCO is responsible to oversee the management of market risk for the Bank, which includes ensuring compliance with the Bank's Market Risk Management Policy and Trading Book Policy.

The primary tools to control the market risks are the exposure (position) limits and the stop loss limits, implemented on portfolio basis and on individual dealer basis. Adherence to these limits is monitored and reported on daily basis to the Management, Regional Office and Head Office.

Interest rate risk management

Interest rate risk is defined as the potential impact on the Bank's earnings (i.e. the net interest income) and the net assets value resulting from a change in interest rates.

Interest rate risk is managed through the Bank's ALCO, which meets on a monthly basis. The committee is responsible to study the sensitivity of the net interest income against change in interest rates and subsequently, to determine the Bank's policy on balance sheet management. The committee also monitors the impact of the change in interest rates on the net assets value.

The primary tool used for monitoring the interest rate risk impact on the earnings is the re-pricing gap analysis. In this analysis, the re-price dates of rate sensitive assets are compared against the re-price dates of rate sensitive liabilities. A positive gap position indicates that more assets are available to be re-priced than liabilities; hence, an increase in the interest rates will positively impact the Bank's net interest income.

In addition to monitoring the assets and liabilities gap, the Bank also uses interest rate derivatives (i.e. interest rate swaps) to mitigate the interest rate risk impact on the earnings.

The primary tool used to monitor the interest rate risk impact on the net assets value is the basis point value ("BPV") analysis and economic value of equity ("EVE") analysis. The Bank's BPV positions are monitored on a daily basis against the approved BPV limits as set by the Head Office based on recommendation by ALCO, whereas, the EVE is monitored and reported to ALCO on a monthly basis.

32. Financial risk management (continued)

(c) Market risk (continued)

Foreign exchange risk management

Foreign exchange risk arises from exchange rate movements, which affects the profit of the Bank from its foreign exchange open positions taken from time to time. This risk is principally managed by setting predetermined limits on open foreign exchange positions and the setting and monitoring of cut-loss mechanisms. The Bank enters into foreign exchange related derivatives, namely spot and forward contracts, as part of its strategies to manage foreign exchange risk.

32. Financial risk management (continued)

(c) Market risk (continued)

Interest / profit rate risk

The tables below summarise the Bank's financial instruments at carrying amounts, categorised by contractual re-pricing or maturity dates:

	Non-trading book							
2026	**Up to 1 month RM'000**	**>1 - 3 months RM'000**	**>3 - 12 months RM'000**	**1 - 5 years RM'000**	**Over 5 years RM'000**	**Non-interest bearing # RM'000**	**Trading book RM'000**	**Total RM'000**
Assets								
Cash and short-term funds	6,298,663	-	-	-	-	78,293	-	6,376,956
Deposits and placements with banks and other financial institutions	-	2,409,261	-	-	-	(296)	-	2,408,965
Debt instruments measured at FVOCI	150,962	-	1,803,926	907,608	-	-	-	2,862,496
Loans, advances and financing								
- non-impaired	2,851,825	585,184	1,010,953	5,765,703	2,020,744	(10,913)	-	12,223,496
- impaired	-	-	45,233	-	-	(45,233)	-	-
Derivative financial assets	-	-	76	1,813	-	-	1,072,057	1,073,946
Other assets ^	716,314	10,476	19,583	-	-	2,746	-	749,119
Statutory deposits with Bank Negara Malaysia	-	-	-	-	-	31,450	-	31,450
Total assets	10,017,764	3,004,921	2,879,771	6,675,124	2,020,744	56,047	1,072,057	25,726,428

The negative balance represents allowance for expected credit losses on financial assets.

^ Other assets exclude prepayments as these items are classified as non-financial assets.

32. Financial risk management (continued)

(c) Market risk (continued)

Interest / profit rate risk (continued)

	Non-trading book							
2026	Up to 1 month RM'000	>1 - 3 months RM'000	>3 - 12 months RM'000	1 - 5 years RM'000	Over 5 years RM'000	Non-interest bearing RM'000	Trading book RM'000	Total RM'000
Liabilities								
Deposits from customers	5,845,588	1,324,151	1,902,658	3,492,986	2,331,579	3,482,649	-	18,379,611
Deposits and placements of banks and other financial institutions	1,420,293	-	-	-	-	8,273	-	1,428,566
Bills and acceptances payable	-	-	712	-	-	-	-	712
Derivative financial liabilities	-	-	1,412	110,325	-	-	1,014,507	1,126,244
Other liabilities *	31,841	14,936	19,954	8,438	9,573	13,145	-	97,887
Lease liabilities	478	959	3,611	1,810	-	-	-	6,858
Total liabilities	7,298,200	1,340,046	1,928,347	3,613,559	2,341,152	3,504,067	1,014,507	21,039,878
On-balance sheet interest rate gap	2,719,564	1,664,875	951,424	3,061,565	(320,408)	(3,448,020)	57,550	4,686,550
Off-balance sheet interest rate gap	-	871,723	(150,294)	(534,650)	(186,779)	-	-	-
Total interest rate gap	2,719,564	2,536,598	801,130	2,526,915	(507,187)	(3,448,020)	57,550	4,686,550

* Other liabilities exclude other provisions and accruals as well as deferred income as these items are classified as non-financial liabilities.

32. Financial risk management (continued)

(c) Market risk (continued)

Interest / profit rate risk (continued)

	Non-trading book							
2025	Up to 1 month RM'000	>1 - 3 months RM'000	>3 - 12 months RM'000	1 - 5 years RM'000	Over 5 years RM'000	Non-interest bearing # RM'000	Trading book RM'000	Total RM'000
Assets								
Cash and short-term funds	5,632,866	-	-	-	-	142,626	-	5,775,492
Deposits and placements with banks and other financial institutions	-	3,377,802	-	-	-	(1,444)	-	3,376,358
Debt instruments measured at FVOCI	302,046	401,724	1,996,340	662,148	-	-	-	3,362,258
Loans, advances and financing								
- non-impaired	2,643,634	442,385	1,604,803	6,742,768	2,075,132	(31,897)	-	13,476,825
- impaired	-	-	-	50,279	-	(50,279)	-	-
Derivative financial assets	-	-	-	2,525	-	-	664,296	666,821
Other assets ^	296,432	14,843	32,373	-	-	(632)	-	343,016
Statutory deposits with Bank Negara Malaysia	-	-	-	-	-	8,450	-	8,450
Total assets	8,874,978	4,236,754	3,633,516	7,457,720	2,075,132	66,824	664,296	27,009,220

The negative balance represents allowance for expected credit losses on financial assets.

^ Other assets exclude prepayments as these items are classified as non-financial assets.

32. Financial risk management (continued)

(c) Market risk (continued)

Interest / profit rate risk (continued)

	Non-trading book							
2025	Up to 1 month RM'000	>1 - 3 months RM'000	>3 - 12 months RM'000	1 - 5 years RM'000	Over 5 years RM'000	Non-interest bearing RM'000	Trading book RM'000	Total RM'000
Liabilities								
Deposits from customers	4,894,072	1,485,122	3,013,909	4,382,323	2,219,958	2,532,749	-	18,528,133
Deposits and placements of banks and other financial institutions	2,196,701	213,919	743,153	177,266	-	10,577	-	3,341,616
Bills and acceptances payable	-	-	318	-	-	-	-	318
Derivative financial liabilities	-	-	-	38,068	-	-	591,536	629,604
Other liabilities *	50,531	17,145	28,825	20,538	8,317	14,711	-	140,067
Lease liabilities	434	870	3,269	5,076	-	-	-	9,649
Total liabilities	7,141,738	1,717,056	3,789,474	4,623,271	2,228,275	2,558,037	591,536	22,649,387
On-balance sheet interest rate gap	1,733,240	2,519,698	(155,958)	2,834,449	(153,143)	(2,491,213)	72,760	4,359,833
Off-balance sheet interest rate gap	-	1,321,273	(273,606)	(1,047,667)	-	-	-	-
Total interest rate gap	1,733,240	3,840,971	(429,564)	1,786,782	(153,143)	(2,491,213)	72,760	4,359,833

* Other liabilities exclude other provisions and accruals as well as deferred income as these items are classified as non-financial liabilities.

32. Financial risk management (continued)

(c) Market risk (continued)

Interest / profit rate risk (continued)

The table below details the disclosure for interest / profit rate risk in the banking book, the increase or decline in earnings and equity for upward and downward rate shocks which are consistent with shocks applied in simulation for measuring interest / profit rate risk, broken down by various currencies, where relevant. Simulation is measured based on the banking book positions as at reporting date and does not take into account loans / financing and deposit owing to prepayments / premature withdrawals.

	Impact on positions as at reporting date (200 basis points) hike		Impact on positions as at reporting date (200 basis points) hike	
Type of currency	**Decrease in profit before taxation 2026 RM'000**	**Decrease in equity 2026 RM'000**	**Decrease in profit before taxation 2025 RM'000**	**Decrease in equity 2025 RM'000**
JPY	(256,770)	(195,145)	(195,369)	(148,480)
USD	(3,181)	(2,418)	(10,004)	(7,603)
MYR	(858,575)	(652,517)	(526,911)	(400,452)

The table below summarises the average effective interest / profit rates by major currencies for each class of financial asset and financial liability:

	2026 MYR % p.a.	2026 USD % p.a.	2025 MYR % p.a.	2025 USD % p.a.
Financial assets				
Cash and short-term funds	2.74	3.83	3.10	4.39
Deposits and placements with banks and other financial institutions	3.20	3.94	3.62	4.57
Loans, advances and financing	4.44	4.72	4.67	5.46
Financial liabilities				
Deposits from customers	2.94	3.77	3.50	4.50
Deposits and placements of banks and other financial institutions	-	4.83	-	4.40

32. Financial risk management (continued)

(c) Market risk (continued)

Currency risk

The table below summarises the Bank's foreign exchange position for its financial instruments outstanding by major currencies. "Others" include Singaporean Dollar, Hong Kong Dollar, Thailand Baht, Australian Dollar, Euro, Great Britain Pound, Indonesian Rupiah and Chinese Yuan.

2026	MYR RM'000	USD RM'000	JPY RM'000	Others RM'000	Total RM'000
Financial assets					
Cash and short-term funds	3,089,635	3,079,020	138,346	69,955	6,376,956
Deposits and placements with banks and other financial institutions	1,309,704	1,006,520	-	92,741	2,408,965
Debt instruments measured at FVOCI	2,862,496	-	-	-	2,862,496
Loans, advances and financing	5,527,646	3,802,455	2,602,752	290,643	12,223,496
Derivative financial assets	8,450	467,400	591,425	6,671	1,073,946
Other assets ^	738,922	9,795	-	402	749,119
Statutory deposits with Bank Negara Malaysia	31,450	-	-	-	31,450
Total financial assets	13,568,303	8,365,190	3,332,523	460,412	25,726,428

^ Other assets exclude prepayments as these items are classified as non-financial assets.

32. Financial risk management (continued)

(c) Market risk (continued)

Currency risk (continued)

2026	MYR RM'000	USD RM'000	JPY RM'000	Others RM'000	Total RM'000
Financial liabilities					
Deposits from customers	7,532,544	8,262,754	2,487,426	96,887	18,379,611
Deposits and placements of banks and other financial institutions	5,173	848,873	253,160	321,360	1,428,566
Bills and acceptances payable	712	-	-	-	712
Derivative financial liabilities	768,847	311,593	3,641	42,163	1,126,244
Other liabilities *	58,137	36,640	2,879	231	97,887
Lease liabilities	6,858	-	-	-	6,858
Total financial liabilities	8,372,271	9,459,860	2,747,106	460,641	21,039,878
Total foreign currency sensitivity gap	5,196,032	(1,094,670)	585,417	(229)	4,686,550

* Other liabilities exclude other provisions and accruals as well as deferred income as these items are classified as non-financial liabilities.

32. Financial risk management (continued)

(c) Market risk (continued)

Currency risk (continued)

2025	MYR RM'000	USD RM'000	JPY RM'000	Others RM'000	Total RM'000
Financial assets					
Cash and short-term funds	2,733,566	2,920,461	2,712	118,753	5,775,492
Deposits and placements with banks and other financial institutions	1,903,556	1,391,540	-	81,262	3,376,358
Debt instruments measured at FVOCI	3,362,258	-	-	-	3,362,258
Loans, advances and financing	5,032,303	5,376,536	2,415,012	652,974	13,476,825
Derivative financial assets	152,085	152,459	358,329	3,948	666,821
Other assets ^	328,074	14,588	-	354	343,016
Statutory deposits with Bank Negara Malaysia	8,450	-	-	-	8,450
Total financial assets	13,520,292	9,855,584	2,776,053	857,291	27,009,220

^ Other assets exclude prepayments as these items are classified as non-financial assets.

32. Financial risk management (continued)

(c) Market risk (continued)

Currency risk (continued)

2025	MYR RM'000	USD RM'000	JPY RM'000	Others RM'000	Total RM'000
Financial liabilities					
Deposits from customers	7,361,778	8,716,501	2,304,153	145,701	18,528,133
Deposits and placements of banks and other financial institutions	6,568	2,372,389	110,494	852,165	3,341,616
Bills and acceptances payable	318	-	-	-	318
Derivative financial liabilities	399,182	199,750	5,634	25,038	629,604
Other liabilities *	39,785	97,762	1,786	734	140,067
Lease liabilities	9,649	-	-	-	9,649
Total financial liabilities	7,817,280	11,386,402	2,422,067	1,023,638	22,649,387
Total foreign currency sensitivity gap	5,703,012	(1,530,818)	353,986	(166,347)	4,359,833

* Other liabilities exclude other provisions and accruals as well as deferred income as these items are classified as non-financial liabilities.

32. Financial risk management (continued)

(c) Market risk (continued)

Currency risk (continued)

Stress test has been performed on foreign currency trading positions to assess impact of a 10% strengthening / (weakening) in Ringgit Malaysia exchange rates, adjusted to incorporate impact of correlation between different currencies. The impact has been assessed to be an increase / (decrease) in profit before taxation and equity by the amount shown below. This analysis assumes that all variables, in particular interest rates, remained constant.

	2026		2025	
Type of currency	(Decrease) / increase in profit before taxation RM'000	(Decrease) / increase in equity RM'000	(Decrease) / increase in profit before taxation RM'000	(Decrease) / increase in equity RM'000
USD	(106,649)	(81,053)	(150,830)	(114,631)
JPY	49,290	37,460	34,078	25,899
Others	(26)	(20)	(16,672)	(12,671)
	(57,385)	(43,613)	(133,424)	(101,403)

Fair value hedge

Fair value hedge included within hedging derivatives are derivatives where the Bank applies hedge accounting. Fair value hedge is used by the Bank to protect against changes in the fair value of Loans, advances and financing, due to movements in interest rates and foreign currency. The financial instruments used by the Bank to hedge the Bank's interest rate risk and foreign currency are Cross Currency Swap and Interest Rate Swap.

The effectiveness of the hedging relationship is tested prospectively and retrospectively at each reporting date. The hedging relationship was highly effective for the total hedging period and as of the reporting date. Consequently, the unrealised gain totalling RM6,739,000 (2025: unrealised gain RM36,000) was recognised against other operating income in the financial statements.

32. Financial risk management (continued)

(d) Operational risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, human behaviour and systems, or from external events. Operational risk is inherent in each of the Bank's business activities. It includes risks such as fraud, physical damage, business interruption, transaction failures, legal and regulatory breaches, shariah non-compliance and employee health and safety hazards. Operational risk may result in direct financial loss as well as indirect financial losses to the Bank.

Operational risks are managed and controlled within the individual business lines. The RMC monitors the predetermined items to assess the trend of operational risks.

The calculation of value equivalent to operational risk-weighted assets

The calculation of the value equivalent to operational risk-weighted assets used by the Bank is based on the Standardised Approach, for the reporting period ended 31 March 2025 and onwards, in accordance with Bank Negara Malaysia's Capital Adequacy Framework (Operational Risk), issued on 15 December 2023 and effective from 1 January 2025.

33. Fair value measurements

Recognised financial instruments

The estimated fair values of the financial assets and financial liabilities carried on the statement of financial position as at 31 March (excluding those short-term / on demand financial assets and financial liabilities where the carrying amounts are deemed reasonable approximation of their fair values) are as follows:

	Carrying amount		Fair value	
	2026 RM'000	2025 RM'000	2026 RM'000	2025 RM'000
Financial assets				
Debt instruments measured at FVOCI	2,862,496	3,362,258	2,862,496	3,362,258
Loans, advances and financing *	12,279,642	13,559,001	12,391,926	13,589,005
Derivative financial assets	1,073,946	666,821	1,073,946	666,821
Total financial assets	16,216,084	17,588,080	16,328,368	17,618,084
Financial liabilities				
Derivative financial liabilities	1,126,244	629,604	1,126,244	629,604
Total financial liabilities	1,126,244	629,604	1,126,244	629,604

* Exclude impairment allowances.

Methods and assumptions

The methods and assumptions used in estimating the fair values of financial instruments are as follows:

(a) Financial investments measured at FVOCI

The estimated fair value is based on quoted or observable market prices at the statement of financial position date. Where such quoted or observable market prices are not available, the fair value is estimated using pricing models or discounted cash flow techniques. Where discounted cash flow techniques are used, the estimated future cash flows are discounted using the prevailing market rates for similar instruments at the reporting date.

(b) Loans, advances and financing

The fair values of fixed rate loans with remaining maturity of less than one year and variable rate loans are estimated to approximate their carrying values. For fixed rate loans with maturity of more than one year, the fair values are estimated based on expected future cash flows of contractual instalment payments and discounted at prevailing rates at the reporting date offered for similar loans.

33. Fair value measurements (continued)

Methods and assumptions (continued)

(c) Derivative financial instruments

Fair values of derivative instruments are normally zero or negligible at inception and the subsequent change in value is financial assets (favourable) or financial liabilities (unfavourable) as a result of fluctuations in market interest rates or foreign exchange rates relative to their terms. The fair values of the Bank's derivative instruments are estimated by reference to observable market prices. Internal models are used where no market price is available.

Fair value hierarchy

The Bank measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements.

	Level 1	**Level 2**	**Level 3**
Fair value determined using	Unadjusted quoted prices in an active market for identical assets and liabilities	Valuation models with directly or indirectly market observable inputs	Valuation models using significant non-market observable inputs
Type of financial assets	Actively traded corporate, government and government agency securities	Corporate and other government bonds and loans	Unquoted equity investments
	Actively traded derivatives	Over-the-counter ("OTC") derivatives	Corporate bonds in non-liquid market
	-	-	Loans, advances and financing
Type of financial liabilities	-	OTC derivatives	-

33. Fair value measurements (continued)

Fair value hierarchy (continued)

	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value				Total fair value	Carrying amount
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	RM'000	RM'000
2026										
Assets										
Debt instruments measured at FVOCI	-	2,862,496	-	2,862,496	-	-	-	-	2,862,496	2,862,496
Loans, advances and financing*	-	-	-	-	-	-	12,391,926	12,391,926	12,391,926	12,279,642
Derivative financial assets	-	1,073,946	-	1,073,946	-	-	-	-	1,073,946	1,073,946
At 31 March 2026	-	3,936,442	-	3,936,442	-	-	12,391,926	12,391,926	16,328,368	16,216,084
Liabilities										
Derivative financial liabilities	-	1,126,244	-	1,126,244	-	-	-	-	1,126,244	1,126,244
At 31 March 2026	-	1,126,244	-	1,126,244	-	-	-	-	1,126,244	1,126,244

* Excluding impairment allowances

33. Fair value measurements (continued)

Fair value hierarchy (continued)

	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value				Total fair value	Carrying amount
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	RM'000	RM'000
2025										
Assets										
Debt instruments measured at FVOCI	-	3,362,258	-	3,362,258	-	-	-	-	3,362,258	3,362,258
Loans, advances and financing*	-	-	-	-	-	-	13,589,005	13,589,005	13,589,005	13,559,001
Derivative financial assets	-	666,821	-	666,821	-	-	-	-	666,821	666,821
At 31 March 2025	-	4,029,079	-	4,029,079	-	-	13,589,005	13,589,005	17,618,084	17,588,080
Liabilities										
Derivative financial liabilities	-	629,604	-	629,604	-	-	-	-	629,604	629,604
At 31 March 2025	-	629,604	-	629,604	-	-	-	-	629,604	629,604

* Excluding impairment allowances

33. Fair value measurements (continued)

Derivative financial instruments

	Principal amounts RM'000	Positive fair value RM'000	Negative fair value RM'000
2026			
Derivatives designated as fair value hedges:			
- Interest rate swaps	28,961	76	11
- Currency swaps	914,480	1,813	111,726
	943,441	1,889	111,737
Derivatives held-for-trading:			
- Forward exchange contracts	18,610,056	322,826	326,743
- Interest rate swaps	844,531	6,989	5,075
- Currency swaps	10,002,646	742,242	682,689
	29,457,233	1,072,057	1,014,507
	30,400,674	1,073,946	1,126,244
2025			
Derivatives designated as fair value hedges:			
- Interest rate swaps	33,778	244	9
- Currency swaps	827,850	2,281	38,059
	861,628	2,525	38,068
Derivatives held-for-trading:			
- Forward exchange contracts	11,465,802	84,576	70,661
- Interest rate swaps	1,485,363	18,858	16,119
- Currency swaps	11,589,876	560,862	504,756
	24,541,041	664,296	591,536
	25,402,669	666,821	629,604

33. Fair value measurements (continued)

Derivative financial instruments (continued)

By sector:

	Principal amounts RM'000	Positive fair value RM'000	Negative fair value RM'000
2026			
Manufacturing	2,366,374	45,709	107,984
Mining and quarrying	164,723	4,726	-
Electricity, gas and water	115,219	-	2,007
Construction	235,366	1,308	3,584
Wholesale and retail trade, and restaurants and hotels	426,408	5,730	4,659
Finance, insurance, and business services	26,396,408	975,999	1,006,260
Real estate	317,209	13,975	-
Transport, storage and communication	64,889	8,223	-
Education, health and others	314,078	18,276	1,750
	30,400,674	1,073,946	1,126,244
2025			
Manufacturing	2,518,159	27,153	36,779
Mining and quarrying	140,219	49	73
Electricity, gas and water	98,934	-	1,643
Construction	138,137	395	8,432
Wholesale and retail trade, and restaurants and hotels	471,524	1,986	1,603
Finance, insurance, and business services	21,266,226	621,166	570,460
Real estate	184,357	6,088	499
Transport, storage and communication	272,456	4,471	8,013
Education, health and others	312,657	5,513	2,102
	25,402,669	666,821	629,604

34. Offsetting of financial assets and financial liabilities

The Bank enters into derivative transactions under International Swaps and Derivatives Association ("ISDA") master netting agreements. In general, under such agreements the amounts owed by each counterparty on a single day in respect of all transactions outstanding in the same currency are aggregated into a single net amount that is payable by one party to the other. In certain circumstances e.g. when a credit event such as a default occurs, all outstanding agreements are terminated, the termination value is assessed and only a single net amount is payable in settlement of all transactions.

The ISDA agreements do not meet the criteria for offsetting in the statement of financial position. This is because the Bank currently does not have any legally enforceable right to offset recognised amounts, because the right to offset is enforceable only on the occurrence of future events such as default on the Bank's commitments or other credit events.

The following table sets out the carrying amounts of recognised financial instruments that are subject to the above agreements.

34. Offsetting of financial assets and financial liabilities (continued)

	Gross amount recognised as financial assets/ liabilities RM'000	Gross amount offset in the statement of financial position RM'000	Amount presented in the statement of financial position RM'000	Amount not set-off in the statement of financial position: Values of the financial instruments RM'000	Amount not set-off in the statement of financial position: Cash collateral received/ pledged RM'000	Net amount RM'000
2026						
Financial assets						
Derivative financial assets						
- Foreign exchange related contracts	1,066,881	-	1,066,881	(354,124)	(4,862)	707,895
- Interest rate related contracts	7,065	-	7,065	(152)	(228)	6,685
	1,073,946	-	1,073,946	(354,276)	(5,090)	714,580
Financial liabilities						
Derivative financial liabilities						
- Foreign exchange related contracts	1,121,158	-	1,121,158	(354,124)	(704,572)	62,462
- Interest rate related contracts	5,086	-	5,086	(152)	(2,027)	2,907
	1,126,244	-	1,126,244	(354,276)	(706,599)	65,369

34. Offsetting of financial assets and financial liabilities (continued)

	Gross amount recognised as financial assets/ liabilities RM'000	Gross amount offset in the statement of financial position RM'000	Amount presented in the statement of financial position RM'000	Amount not set-off in the statement of financial position: Values of the financial instruments RM'000	Amount not set-off in the statement of financial position: Cash collateral received/ pledged RM'000	Net amount RM'000
2025						
Financial assets						
Derivative financial assets						
- Foreign exchange related contracts	647,719	-	647,719	(278,390)	(4,022)	365,307
- Interest rate related contracts	19,102	-	19,102	-	(1,318)	17,784
	666,821	-	666,821	(278,390)	(5,340)	383,091
Financial liabilities						
Derivative financial liabilities						
- Foreign exchange related contracts	613,476	-	613,476	(278,390)	(277,791)	57,295
- Interest rate related contracts	16,128	-	16,128	-	(2,222)	13,906
	629,604	-	629,604	(278,390)	(280,013)	71,201

35. Capital adequacy

The capital adequacy ratios of the Bank are analysed as follows:

	2026 RM'000	Restated 2025 RM'000
Tier 1 capital		
Paid-up ordinary share capital	2,452,605	2,452,605
Retained earnings	2,091,643	1,805,889
Other reserves	160,160	160,124
	4,704,408	4,418,618
Less: Deferred tax assets	-	-
55% of fair value reserve	(1,917)	(2,309)
Regulatory reserve	(156,675)	(155,926)
Total Common Equity Tier 1 (CET 1) and Tier 1 capital	4,545,816	4,260,383
Tier 2 capital		
General provision and regulatory reserves*	169,836	162,088
Total Tier 2 capital	169,836	162,088
Total capital base	4,715,652	4,422,471
Capital ratios		
CET 1 and Tier 1 capital ratio	31.013%	30.452%
Total capital ratio	32.172%	31.611%

* Collective ECL on non-credit impaired exposure and regulatory reserves is subject to a maximum of 1.25% of total credit risk-weighted assets.

Breakdown of risk-weighted assets in the various categories of risk-weights are as follows:

	2026 RM'000	Restated 2025 RM'000
Credit risk	13,586,874	12,967,042
Market risk	307,334	303,309
Operational risk	763,478	720,047
Total risk-weighted assets	14,657,686	13,990,398

35. Capital adequacy (continued)

The capital adequacy ratios of the Bank are analysed as follows (continued):

(a) The breakdown of risk-weighted assets by exposures in each major risk category is as follows:

2026	Gross exposures RM'000	Net exposures RM'000	Risk-weighted assets RM'000	Capital requirements RM'000
Exposure class				
(i) Credit risk				
On-balance sheet exposures:				
Sovereigns / central banks	5,828,306	5,828,306	177,859	14,229
Banks, development financial institutions and MDBs	6,680,980	6,680,980	1,351,368	108,109
Corporates	12,150,236	12,150,236	5,687,130	454,970
Other assets	29,589	29,589	29,589	2,367
Total on-balance sheet exposures	24,689,111	24,689,111	7,245,946	579,676
Off-balance sheet exposures:				
Credit-related exposures	7,687,578	7,687,578	6,340,928	507,274
Total off-balance sheet exposures	7,687,578	7,687,578	6,340,928	507,274
Total on and off-balance sheet exposures	32,376,689	32,376,689	13,586,874	1,086,950
(ii) Large exposure risk requirement	-	-	-	-

(iii) Market risk	Long position RM'000	Short position RM'000			
Interest rate risk	29,017,266	28,959,444	57,822	299,265	23,941
Foreign exchange risk	6,691	(8,069)	14,760	8,069	646
	29,023,957	28,951,375	72,582	307,334	24,587
(iv) Operational risk				763,478	61,078
Total risk-weighted assets and capital requirements				14,657,686	1,172,615

35. Capital adequacy (continued)

The capital adequacy ratios of the Bank are analysed as follows (continued):

(a) The breakdown of risk-weighted assets by exposures in each major risk category is as follows (continued):

2025	Gross exposures RM'000	Net exposures RM'000	Risk-weighted assets RM'000	Capital requirements RM'000
Exposure class				
(i) Credit risk				
On-balance sheet exposures:				
Sovereigns / central banks	5,068,776	5,068,776	274,763	21,981
Banks, development financial institutions and MDBs	8,335,660	8,335,660	1,727,122	138,170
Corporates	12,970,797	12,970,797	4,751,580	380,126
Other assets	31,987	31,987	31,987	2,559
Total on-balance sheet exposures	26,407,220	26,407,220	6,785,452	542,836
Off-balance sheet exposures:				
Credit-related exposures	7,641,822	7,641,822	6,181,590	494,527
Total off-balance sheet exposures	7,641,822	7,641,822	6,181,590	494,527
Total on and off-balance sheet exposures	34,049,042	34,049,042	12,967,042	1,037,363
(ii) Large exposure risk requirement	-	-	-	-

	Long position RM'000	Short position RM'000			
(iii) Market risk					
Interest rate risk	24,062,654	23,989,455	73,199	297,185	23,775
Foreign exchange risk	6,124	(1,432)	7,556	6,124	490
	24,068,778	23,988,023	80,755	303,309	24,265
(iv) Operational risk				720,047	57,604
Total risk-weighted assets and capital requirements				13,990,398	1,119,232

35. Capital adequacy (continued)

(b) The following table presents the breakdown of credit exposures by risk weights of the Bank:

	Exposure after netting and credit risk mitigation						
	Sovereigns/ Central Banks RM'000	**Public Sector Entities RM'000**	**Banks, Development Financial Institutions and MDBs RM'000**	**Corporates RM'000**	**Other assets RM'000**	**Total exposure after netting & credit risk mitigation RM'000**	**Total risk-weighted assets RM'000**
2026							
Risk weights							
0%	4,939,011	-	-	4,841,893	-	9,780,904	-
20%	889,295	-	6,907,830	2,806,372	-	10,603,497	2,120,699
50%	-	-	806,665	245,562	-	1,052,227	526,114
100%	-	167,345	-	10,743,127	29,589	10,940,061	10,940,061
	5,828,306	167,345	7,714,495	18,636,954	29,589	32,376,689	13,586,874
Risk-weighted assets by exposure	177,859	167,345	1,784,899	11,427,182	29,589	13,586,874	
Average risk weight	3.1%	100.0%	23.1%	61.3%	100.0%	42.0%	
Deduction from capital base	-	-	-	-	-	-	

35. Capital adequacy (continued)

(b) The following table presents the breakdown of credit exposures by risk weights of the Bank (continued):

	Exposure after netting and credit risk mitigation						
	Sovereigns/ Central Banks RM'000	Public Sector Entities RM'000	Banks, Development Financial Institutions and MDBs RM'000	Corporates RM'000	Other assets RM'000	Total exposure after netting & credit risk mitigation RM'000	Total risk-weighted assets RM'000
2025							
Risk weights							
0%	3,694,963	-	-	6,251,018	-	9,945,981	-
20%	1,373,813	-	8,266,401	3,440,135	-	13,080,349	2,616,070
50%	-	-	1,022,405	321,077	-	1,343,482	671,742
100%	-	53,855	-	9,593,388	31,987	9,679,230	9,679,230
	5,068,776	53,855	9,288,806	19,605,618	31,987	34,049,042	12,967,042
Risk-weighted assets by exposure	274,763	53,855	2,164,483	10,441,954	31,987	12,967,042	
Average risk weight	5.4%	100.0%	23.3%	53.3%	100.0%	38.1%	
Deduction from capital base	-	-	-	-	-	-	

36. Capital management

The objective of the Bank's capital management policy is to maintain an adequate level of capital to support business growth strategies under an acceptable risk framework, and to meet its regulatory minimum requirement. The Bank's capital management process includes analysis of the risk appetite and the capital requirement for the business growth and periodical monitoring of capital adequacy ratios.

The capital adequacy ratios of the Bank are computed in accordance with the requirements of the BNM's Capital Adequacy Framework (Capital Components) issued on 14 June 2024 and Capital Adequacy Framework (Basel II - Risk - Weighted Assets) issued on 18 December 2023. For Operational Risk, this refers to BNM's Capital Adequacy Framework (Operational Risk) issued on 15 December 2023.

The total risk - weighted assets are computed in the following approaches:

- Credit risk - Standardised Approach
- Market risk - Standardised Approach
- Operational risk - Standardised Approach

The Bank's capital adequacy ratios have been disclosed in Note 35.

37. The operations of International Currency Business Unit (ICBU)

The Bank had obtained approval from Bank Negara Malaysia ("BNM") to set up an International Currency Business Unit ("ICBU") to promote Islamic Banking business. The ICBU is permitted to conduct a wide range of Islamic banking business in international currencies other than Malaysian Ringgit and the currency of Israel as per the Guidelines on the Establishment of International Currency Business Unit issued by BNM.

The following breakdown shows the Bank's financing and advances which are conducted through the ICBU.

(a) Financing and advances

	2026 RM'000	2025 RM'000
(i) By type:		
At amortised cost:		
Term financing		
- Syndicated Islamic financing	-	256,004
- Islamic term financing	56,963	324,958
Revolving credit-i	1,456,306	1,119,144
Gross financing and advances	1,513,269	1,700,106
Less: Allowance for ECL		
- 12-month ECL (Stage 1)	(83)	(901)
Net financing and advances	1,513,186	1,699,205
(ii) By contract:		
Murabahah	1,513,269	1,700,106
Gross financing and advances	1,513,269	1,700,106

38. The operations of Islamic Banking Window

Islamic Banking Window ("IBW") was launched on 10 January 2023 after obtaining BNM approval to expand Islamic businesses in Malaysian Ringgit. This initiative is part of the Bank's strategy to grow Shariah compliant assets and complement ICBU offerings in the Malaysian market. IBW offers financing products and the Bank continues to expand its products offerings to serve customers better. All Islamic operations are supervised by the independent Shariah Committee and will be reported on an annual basis.

The financial statements as at 31 March 2026 is summarised as follows:

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2026

	Note	2026 RM'000	2025 RM'000
Assets			
Cash and short-term funds	(a)	175,762	30,000
Other assets	(b)	6,825	4,045
Total assets		182,587	34,045
Liabilities and Islamic banking funds			
Deposits from customers	(c)	141,342	-
Other liabilities	(d)	10,893	5,756
Tax payable		499	-
Total liabilities		152,734	5,756
Capital funds		29,853	28,289
Islamic banking funds		29,853	28,289
Total liabilities and Islamic banking funds		182,587	34,045

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 31 MARCH 2026

	Note	2026 RM'000	2025 RM'000
Income derived from investments of depositors' funds	(e)	2,251	-
Profit expense attributable to depositors		(2,155)	-
Income derived from investment of Islamic Banking funds	(f)	3,067	598
Total net income		3,163	598
Other operating expenses	(g)	(1,100)	(959)
Profit/(loss) before taxation		2,063	(361)
Tax expense		(499)	-
Profit/(loss) for the year		1,564	(361)

38. The operations of Islamic Banking Window (continued)

STATEMENT OF CHANGES IN ISLAMIC BANKING FUNDS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2026

	Capital funds RM'000	Accumulated losses RM'000	Total RM'000
At 1 April 2024	30,000	(1,350)	28,650
Loss for the year	-	(361)	(361)
At 31 March 2025	30,000	(1,711)	28,289
At 1 April 2025	30,000	(1,711)	28,289
Profit for the year	-	1,564	1,564
At 31 March 2026	30,000	(147)	29,853

STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2026

	2026 RM'000	2025 RM'000
Cash flows from operating activities		
Profit/(loss) before taxation	2,063	(361)
Operating profit/(loss) before working capital changes	2,063	(361)
Changes in working capital		
Other assets	(2,780)	(4,044)
Deposits from customers	141,342	-
Other liabilities	5,137	(16,495)
Net cash generated from / (used in) operating activities	145,762	(20,900)
Net increase / (decrease) in cash and cash equivalents	145,762	(20,900)
Cash and cash equivalents at beginning of the year	30,000	50,900
Cash and cash equivalents at end of the year	175,762	30,000
Cash and cash equivalents comprise:		
Cash and balances with banks and other financial institutions	175,762	30,000
	175,762	30,000

38. The operations of Islamic Banking Window (continued)

Basis of Preparation

The financial statements of the Islamic Banking business have been prepared on the basis consistent with that of the Bank as disclosed in Notes 1 and 2.

(a) Cash and short-term funds

	2026 RM'000	2025 RM'000
Cash and balances with banks and other financial institutions	749	30,000
Money at call and deposit placements maturing within one month	175,013	-
	175,762	30,000
Less: Allowance for expected credit losses ("ECL")	-	-
	175,762	30,000

(b) Other assets

	2026 RM'000	2025 RM'000
Other receivables	513	324
Amounts due from conventional banking	6,312	3,721
	6,825	4,045

(c) Deposits from customers

	2026 RM'000	2025 RM'000
(i) By type of deposits:		
Demand deposits	607	-
Term deposits - Commodity Murabahah	99,835	-
Short-term deposits - Commodity Murabahah	40,900	-
	141,342	-
The maturity structure of fixed deposits and short-term deposits is as follows:		
Due within six months	116,900	-
Six months to one year	23,835	-
	140,735	-

	2026 RM'000	2025 RM'000
(ii) By type of customers:		
Domestic non-bank financial institutions	48,900	-
Domestic business enterprises	91,835	-
	140,735	-

38. The operations of Islamic Banking Window (continued)

(d) Other liabilities

	2026 RM'000	2025 RM'000
Other payables	5,582	3,733
Amounts due to conventional banking	5,311	2,023
	10,893	5,756

(e) Income derived from investments of depositors' funds

	2026 RM'000	2025 RM'000
Money at call and deposit placements with banks and other financial institutions	2,251	-

(f) Income derived from investment of Islamic Banking funds

	2026 RM'000	2025 RM'000
Wakalah fee	2,180	469
Upfront fee	600	129
Other fee income	287	-
	3,067	598

(g) Other operating expenses

	2026 RM'000	2025 RM'000
Salaries, allowances and bonuses	1,088	949
Staff welfare expenses	12	10
	1,100	959

(h) Net income from Islamic Banking operations

For the consolidation with the Conventional Banking operations, income from Islamic Banking operations comprise the following:

	Note	2026 RM'000	2025 RM'000
Income derived from investments of depositors' funds	(e)	2,251	-
Profit expense attributable to depositors		(2,155)	-
Income derived from investment of Islamic Banking funds	(f)	3,067	598
Less: Intra-company Wakalah fees	(f)	(2,180)	(469)
Net income from Islamic Banking operations		983	129

38. The operations of Islamic Banking Window (continued)

(i) Assets under management

The details of asset under management in respect of the Internal Wakalah scheme are as below.

	2026 RM'000	2025 RM'000
Total gross financing and advances	1,075,062	693,713
Less: Allowance for ECL	(681)	(146)
Total net financing and advances	1,074,381	693,567

The operations of Islamic Banking are financed based on an internal funding arrangement through Wakalah. Whereby, IBW provides financing through an internal Wakalah (agency) arrangement with Conventional Banking ("Internal Wakalah Scheme"). The financing and income are reported at entity level as total risks associated with the financing are borne at entity level instead of at IBW. As part of the Internal Wakalah scheme, IBW will earn Wakalah fees for managing the internal Wakalah structure. Hence, the underlying assets and allowance for impairment arising thereon, if any, are recognised and accounted for at entity level only.

Islamic financing based on Commodity Murabahah of RM1,075,062,000 (2025: RM693,713,000) was financed under an Internal Wakalah scheme and is reported at the entity level.

(j) Shariah Committee remuneration

Shariah Committee members received Shariah Committee remuneration. The total remuneration of the Shariah Committee members are as follows:

	2026 RM'000	2025 RM'000
Assoc. Prof. Dr. Abdul Manan bin Ismail	71	64
Dr. Mohamad Rizal bin Mohamed Nor	62	55
Wan Rizaidy bin W Mamat Saufi ^	62	55
	195	174

Note:

^ Reappointed as Member on 1 December 2025

38. The operations of Islamic Banking Window (continued)

(k) Liquidity risk

The table below summarises the maturity analysis of the carrying amounts of the Bank's assets and liabilities based on the remaining contractual maturity:

2026	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	No-specific maturity RM'000	Loss allowance RM'000	Total RM'000
Assets									
Cash and short-term funds	175,762	-	-	-	-	-	-	-	175,762
Other assets ^	6,312	-	-	-	-	-	-	-	6,312
Total assets	182,074	-	-	-	-	-	-	-	182,074
Liabilities									
Deposits from customers	40,507	-	77,000	23,835	-	-	-	-	141,342
Other liabilities *	5,335	-	1,750	62	-	-	-	-	7,147
Total liabilities	45,842	-	78,750	23,897	-	-	-	-	148,489
Net liquidity gap	136,232	-	(78,750)	(23,897)	-	-	-	-	33,585

38. The operations of Islamic Banking Window (continued)

(k) Liquidity risk (continued)

2025	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	No-specific maturity RM'000	Loss allowance RM'000	Total RM'000
Assets									
Cash and short-term funds	30,000	-	-	-	-	-	-	-	30,000
Other assets ^	3,721	-	-	-	-	-	-	-	3,721
Total assets	33,721	-	-	-	-	-	-	-	33,721
Liabilities									
Other liabilities *	2,023	-	-	-	-	-	-	-	2,023
Total liabilities	2,023	-	-	-	-	-	-	-	2,023
Net liquidity gap	31,698	-	-	-	-	-	-	-	31,698

^ Other assets exclude prepayments as these items are classified as non-financial assets.

* Other liabilities exclude other provisions and accruals as well as deferred income as these items are classified as non-financial liabilities.

38. The operations of Islamic Banking Window (continued)

(I) Capital adequacy

The capital adequacy ratios of the Bank's Islamic Banking Window are analysed as follows:

	2026 RM'000	2025 RM'000
Tier 1 capital		
Paid-up ordinary share capital	30,000	30,000
Accumulated losses	(147)	(1,711)
	29,853	28,289
Less: Deferred tax assets	-	-
55% of fair value reserve	-	-
Regulatory reserve	-	-
Total Common Equity Tier 1 (CET 1) and Tier 1 capital	29,853	28,289
Tier 2 capital		
General provision and regulatory reserves	-	-
Total Tier 2 capital	-	-
Total capital base	29,853	28,289
Capital ratios		
CET 1 and Tier 1 capital ratio	340.166%	651.070%
Total capital ratio	340.166%	651.070%

Breakdown of risk-weighted assets in the various categories of risk-weights are as follows:

	2026 RM'000	2025 RM'000
Credit risk	6,825	4,045
Market risk	-	-
Operational risk	1,951	300
Total risk-weighted assets	8,776	4,345

38. The operations of Islamic Banking Window (continued)

(I) Capital adequacy (continued)

The capital adequacy ratios of the Bank's Islamic Banking Window are analysed as follows (continued):

(i) The breakdown of risk-weighted assets by exposures in each major risk category is as follows:

2026	Gross exposures RM'000	Net exposures RM'000	Risk-weighted assets RM'000	Capital requirements RM'000
Exposure class				
(a) Credit risk				
On-balance sheet exposures:				
Sovereigns / central banks	175,762	175,762	-	-
Other assets	6,825	6,825	6,825	546
Total on-balance sheet exposures	182,587	182,587	6,825	546
Off-balance sheet exposures:				
Credit-related exposures	-	-	-	-
Total off-balance sheet exposures	-	-	-	-
Total on and off-balance sheet exposures	182,587	182,587	6,825	546
(b) Large exposure risk requirement	-	-	-	-

	Long position RM'000	Short position RM'000			
(c) Market risk					
Profit rate risk	-	-	-	-	-
Foreign exchange risk	-	-	-	-	-
	-	-	-	-	-
(d) Operational risk				1,951	156
Total risk-weighted assets and capital requirements				8,776	702

38. The operations of Islamic Banking Window (continued)

(l) Capital adequacy (continued)

The capital adequacy ratios of the Bank's Islamic Banking Window are analysed as follows (continued):

(i) The breakdown of risk-weighted assets by exposures in each major risk category is as follows:

2025	Gross exposures RM'000	Net exposures RM'000	Risk-weighted assets RM'000	Capital requirements RM'000
Exposure class				
(a) Credit risk				
On-balance sheet exposures:				
Sovereigns / central banks	30,000	30,000	-	-
Other assets	4,045	4,045	4,045	324
Total on-balance sheet exposures	34,045	34,045	4,045	324
Off-balance sheet exposures:				
Credit-related exposures	-	-	-	-
Total off-balance sheet exposures	-	-	-	-
Total on and off-balance sheet exposures	34,045	34,045	4,045	324
(b) Large exposure risk requirement	-	-	-	-

(c) Market risk	Long position RM'000	Short position RM'000			
Profit rate risk	-	-	-	-	-
Foreign exchange risk	-	-	-	-	-
	-	-	-	-	-
(d) Operational risk				300	24
Total risk-weighted assets and capital requirements				4,345	348

38. The operations of Islamic Banking Window (continued)

(I) Capital adequacy (continued)

(ii) The following table presents the breakdown of credit exposures by risk weights of the Bank's Islamic Banking Window :

	Exposure after netting and credit risk mitigation						
	Sovereigns/ Central Banks RM'000	Public Sector Entities RM'000	Banks, Development Financial Institutions and MDBs RM'000	Corporates RM'000	Other assets RM'000	Total exposure after netting & credit risk mitigation RM'000	Total risk-weighted assets RM'000
2026							
Risk weights							
0%	175,762	-	-	-	-	175,762	-
100%	-	-	-	-	6,825	6,825	6,825
	175,762	-	-	-	6,825	182,587	6,825
Risk-weighted assets by exposure	-	-	-	-	6,825	6,825	
Average risk weight	0.0%	-	-	-	100.0%	3.7%	
Deduction from capital base	-	-	-	-	-	-	

38. The operations of Islamic Banking Window (continued)

(I) Capital adequacy (continued)

(ii) The following table presents the breakdown of credit exposures by risk weights of the Bank's Islamic Banking Window (continued) :

	Exposure after netting and credit risk mitigation						
	Sovereigns/ Central Banks RM'000	Public Sector Entities RM'000	Banks, Development Financial Institutions and MDBs RM'000	Corporates RM'000	Other assets RM'000	Total exposure after netting & credit risk mitigation RM'000	Total risk-weighted assets RM'000
2025							
Risk weights							
0%	30,000	-	-	-	-	30,000	-
100%	-	-	-	-	4,045	4,045	4,045
	30,000	-	-	-	4,045	34,045	4,045
Risk-weighted assets by exposure	-	-	-	-	4,045	4,045	
Average risk weight	0.0%	-	-	-	100.0%	11.9%	
Deduction from capital base	-	-	-	-	-	-	

38. The operations of Islamic Banking Window (continued)

(I) Capital adequacy (continued)

(iii) Capital management

The capital adequacy ratios of the Islamic Banking business of the Bank are computed in accordance with the requirements of the BNM's Capital Adequacy Framework for Islamic Banks (Capital Components) issued on 14 June 2024 and Capital Adequacy Framework for Islamic Banks (Basel II - Risk - Weighted Assets) issued on 18 December 2023. For operational risk, this refers to BNM's Capital Adequacy Framework (Operational Risk) issued on 15 December 2023.

The Bank's Islamic Banking business has adopted the following approaches in the computation of total risk - weighted assets:

- Credit risk - Standardised Approach
- Market risk - Standardised Approach
- Operational risk - Standardised Approach

SUMITOMO MITSUI BANKING CORPORATION MALAYSIA BERHAD

[Company No. 201001042446 (926374-U)]
(Incorporated in Malaysia)

STATEMENT BY DIRECTORS PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT 2016

In the opinion of the Directors, the financial statements set out on pages 50 to 178 are drawn up in accordance with MFRS Accounting Standards as issued by the Malaysian Accounting Standards Board, IFRS Accounting Standards as issued by the International Accounting Standards Board and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Bank as at 31 March 2026 and of its financial performance and cash flows for the financial year then ended.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors:

[Signed]
Lim Tuang Ooi
Director

[Signed]
Lo Nyen Khing
Director

Kuala Lumpur

Date: 7 September 2026

SUMITOMO MITSUI BANKING CORPORATION MALAYSIA BERHAD

[Company No. 201001042446 (926374-U)]
(Incorporated in Malaysia)

STATUTORY DECLARATION PURSUANT TO SECTION 251(1)(b) OF THE COMPANIES ACT 2016

I, Ryosuke Hino, the officer primarily responsible for the financial management of Sumitomo Mitsui Banking Corporation Malaysia Berhad, do solemnly and sincerely declare that the financial statements set out on pages 50 to 178 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the declaration to be true, and by virtue of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the above named Ryosuke Hino, Passport No.: TZ1289522, at Kuala Lumpur in the Federal Territory on 7 September 2026.

[Signed]

Ryosuke Hino

Before me:

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF
SUMITOMO MITSUI BANKING CORPORATION MALAYSIA BERHAD

[Company No. 201001042446 (926374-U)]
(Incorporated in Malaysia)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Sumitomo Mitsui Banking Corporation Malaysia Berhad ("the Bank"), which comprise the statement of financial position as at 31 March 2026, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information, as set out on pages 50 to 178.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Bank as at 31 March 2026, and of its financial performance and its cash flows for the year then ended in accordance with MFRS Accounting Standards as issued by the Malaysian Accounting Standards Board ("MFRS Accounting Standards"), IFRS Accounting Standards as issued by the International Accounting Standards Board ("IFRS Accounting Standards") and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our auditors' report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities

We are independent of the Bank in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Information Other than the Financial Statements and Auditors' Report Thereon

The Directors of the Bank are responsible for the other information. The other information comprises the information included in the Directors' Report and the Shariah Committee's Report but does not include the financial statements of the Bank and our auditors' report thereon.

Our opinion on the financial statements of the Bank does not cover the Directors' Report and the Shariah Committee's Report and we do not express any form of assurance conclusion thereon.

Information Other than the Financial Statements and Auditors' Report Thereon (continued)

In connection with our audit of the financial statements of the Bank, our responsibility is to read the Directors' Report and the Shariah Committee's Report and, in doing so, consider whether the Directors' Report and the Shariah Committee's Report are materially inconsistent with the financial statements of the Bank or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of the Directors' Report and the Shariah Committee's Report, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

The Directors of the Bank are responsible for the preparation of financial statements of the Bank that give a true and fair view in accordance with MFRS Accounting Standards, IFRS Accounting Standards and the requirements of the Companies Act 2016 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the Bank that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Bank, the Directors are responsible for assessing the ability of the Bank to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Bank or to cease operations, or have no realistic alternative but to do so.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Bank as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Bank, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Auditors' Responsibilities for the Audit of the Financial Statements (continued)

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of the Bank.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Bank to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Bank or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Bank to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements of the Bank, including the disclosures, and whether the financial statements of the Bank represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Other Matters

This report is made solely to the members of the Bank, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

[Signed]
KPMG PLT
LLP0010081-LCA & AF 0758
Chartered Accountants

[Signed]
Lee Yeit Yeen
Approval Number: 03484/02/2028 J
Chartered Accountant

Petaling Jaya, Selangor

Date: 7 September 2026