

COMMITTED TO EMPOWERING A BRIGHTER FUTURE

2026 | ANNUAL REPORT



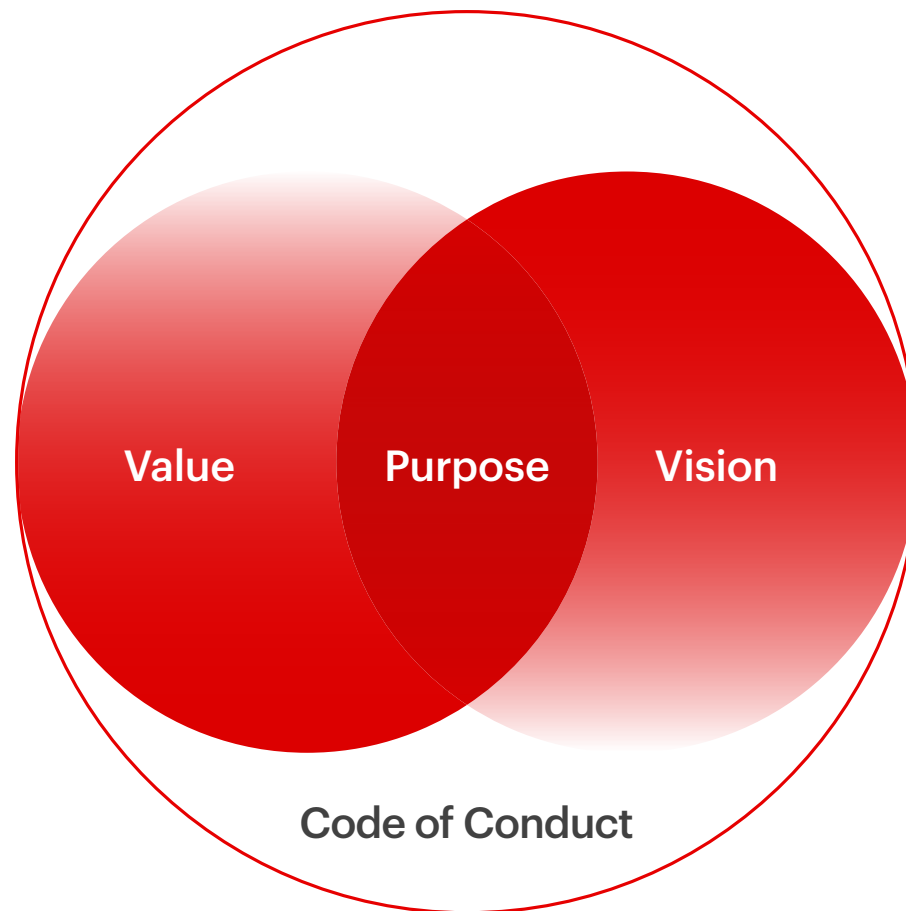
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MUFG WAY

The MUFG Way serves as the underlying principle in how we conduct our business activities, and provides guidelines for all group activities.

MUFG Way is also the foundation for management decisions, including the formulation of management strategies and management plans, and serves as the core value for all employees.



Purpose

Committed to empowering a brighter future



Values

1. Integrity and Responsibility
2. Professionalism and Teamwork
3. Challenge Ourselves and Grow



Vision

Be the world's most trusted financial group

CORPORATE INFORMATION

SENIOR MANAGEMENT

Mr. Motohide Okuda

Chief Executive Officer /
Country Head of Malaysia
and Executive Director

Mr. Yuichi Murayama

Managing Director / Deputy Head

Mr. Foo See Hee

Managing Director / Deputy Head

Mr. Goh Kiat Seng

Managing Director, Global Corporates

En. Nik Azhar Abdullah

Managing Director, Global Markets

Mr. Kenneth Ong Thai Kee

Chief Risk Officer

En. Mohd Khairil Ezane Azman

Chief Compliance Officer

Ms. Sreemathi Chandra Segaran

Chief Internal Auditor

COMPANY SECRETARY

Ms. Wong Lai Kuan

(MAICSA 7032123)
SSM PC: 201908003903

AUDITORS

Deloitte PLT

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Jalan Wan Kadir, Taman Tun Dr Ismail,
60000 Kuala Lumpur, Malaysia

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<https://www.bk.mufig.jp/malaysia/index.html>

OUR HISTORY

MUFG Bank (Malaysia) Berhad has been part of Malaysia's growth story for more than six decades. Since establishing its first representative office in Malaya in October 1957, the Bank has grown alongside the nation, supporting the development of trade, investment and financial services between Malaysia and Japan.

In 2027, the Bank will mark its 70th anniversary in Malaysia, demonstrating a longstanding commitment to serving clients and contributing to the country's economic development.

The Bank of Tokyo, Ltd. obtained its banking licence in June 1959, just two years after opening its representative office in Kuala Lumpur, becoming the first Japanese bank to provide a full range of banking services in the country. Through its Kuala Lumpur branch, the Bank played an important role in strengthening Malaysia-Japan economic ties, facilitating Japanese foreign direct investment and supporting Malaysia's emergence as a growing regional economy.

Following the Malaysian Government's "Look East Policy" in the 1980s, the Bank's International Trade and Investment Bureau, established in 1979, assumed a broader role in disseminating market information and promoting Malaysia as an investment destination for Japanese corporations. This further strengthened the Bank's position as a bridge between Japanese investors and Malaysia's expanding industrial and services sectors.

On 1 June 1994, Bank of Tokyo (Malaysia) Berhad was locally incorporated under the Banking and Financial Institutions Act 1989. The locally incorporated entity commenced banking operations on 1 July 1994 as a wholly owned subsidiary of its parent bank in Tokyo, reinforcing its commitment to the Malaysian market.

The Bank's journey continued to evolve in line with the transformation of its parent group. On 1 April 1996, The Bank of Tokyo, Ltd. and The Mitsubishi Bank, Limited merged in Japan to form The Bank of Tokyo-Mitsubishi, Ltd., and the Bank was subsequently renamed Bank of Tokyo-Mitsubishi (Malaysia) Berhad. In October 2005, Mitsubishi UFJ Financial Group ("MUFG") was formed through the integration of Mitsubishi Tokyo Financial Group and UFJ Group, bringing together its banking, trust banking and securities businesses under one financial holding company.

On 1 January 2006, The Bank of Tokyo-Mitsubishi UFJ, Ltd. was established following the merger of Bank of Tokyo-Mitsubishi, Ltd. and UFJ Bank. On the same day, Bank of Tokyo-Mitsubishi (Malaysia) Berhad was renamed Bank of Tokyo-Mitsubishi UFJ (Malaysia) Berhad ("BTMU (M)"), reflecting the Group's expanded scale, capabilities and global network.

In 2008, BTMU (M) further strengthened its presence in Malaysia with the establishment of its Islamic banking business, becoming the first Japanese bank to offer Islamic banking products and services in Malaysia. This milestone reflected the Bank's support for Malaysia's role as a global Islamic finance hub and its commitment to developing Shariah-compliant solutions for local and international clients.

The Bank continued to advance its Islamic finance capabilities in the years that followed. In 2014, it launched a USD500 million multi-currency Sukuk programme and achieved a landmark issuance as the first Japanese commercial bank to utilise Sukuk as a fundraising instrument, including the world's first Japanese Yen-denominated Sukuk.

Over the first decade of its Islamic banking operations, MUFG broadened its suite of Shariah-compliant offerings across financing, deposits, derivatives, securitisation and advisory services. The introduction of derivative-embedded Islamic financing further demonstrated the Bank's ability to combine product innovation with Shariah principles, strengthening its value proposition to corporate clients.

On 2 April 2018, in line with MUFG's strategy to unify its global brand and clarify the roles and functions of subsidiaries within the Group, the Bank adopted its current name, MUFG Bank (Malaysia) Berhad.

Building on this foundation, the Bank introduced further innovation by incorporating the Shariah concept of Bai' Al Istijrar into traditional trade finance instruments. Following engagement with the regulatory authority, the product structure received clearance for launch in 2020, reinforcing MUFG's role in developing practical and market-relevant Islamic finance solutions.

Today, MUFG Bank (Malaysia) Berhad continues to build on its strong heritage, deep market knowledge and long-term relationships with Japanese and Malaysian corporations, particularly across the manufacturing, construction and services sectors. Supported by the strength of MUFG Group, the Bank remains focused on delivering quality financial solutions and reliable service to clients in Malaysia and across its global network.

With MUFG's global network, extensive expertise in treasury, international trade and corporate banking, and a financial services heritage of more than 360 years, the Bank is well positioned to support clients in navigating an evolving business landscape. Looking ahead, MUFG Bank (Malaysia) Berhad remains committed to empowering a brighter future by strengthening trusted partnerships, supporting sustainable growth and contributing to the continued development of Malaysia-Japan economic relations.

MALAYSIA JAPAN

BANKING SERVICES

1 CASH MANAGEMENT SERVICES

- Cash Forecasting Service
- COMSUITE Forex
- Global Payment Finance
- eBL Service - EssDocs
- GCMS Plus (Corporate Internet Banking)
- Global Payment Hub (Host to Host)
- Interest Optimization
- Payment Email Notification Service for GIRO, JomPay, and DuitNow Service

2 CORPORATE BANKING

- Export Credit Refinancing
- Loans
 - Terms Loans
 - Revolving Credit
 - Foreign Currency Loan
 - Overdraft Facilities
 - Small & Medium Enterprise (incl. Credit Guarantee Corporate Loans)
- Referral Scheme to Funding Societies

3 DEBT CAPITAL MARKET

- Advising on Private Debt Securities (both Conventional and Islamic)
- Advising on Asset Securitisation

4 DEPOSIT

- Current Account
- Extendable Investment Deposit
- Fixed Term Deposit
- Foreign Currency Account
- Green Deposit
- Money Market Deposit
- Savings Account

5 DOCUMENTARY CREDIT (DC)

Export

- Letter of Credit (L/C) Advising
- Letter of Credit Confirmation (Open & Silent)
- Letter of Credit Non-Recourse Discounting
- Letter of Credit UPAS Discounting
- Negotiation / Collection of Export L/C Bills

Import

- Letter of Credit Issuance
- Import Bill Receivable under Letter of Credit

6 DOCUMENTARY COLLECTION

- DA/DP Collection
- Negotiation of Export Bills without L/C

7 GENERAL TRADE FINANCE

- Bank Guarantee
- Banker Acceptance
- Onshore Foreign Currency Loan – Trade
- Shipping Guarantee
- Standby Letter of Credit
- Trust Receipts
- Savings Account

8 GLOBAL MARKETS

- Conventional Foreign Exchange: Spot and Forward
- Malaysia Government Bond (MGS) and Government Investment Issue (GII)
- Money Market

9 FINANCIAL INSTITUTION (FI) TRADE FINANCE

- FI Trade Loan

10 HOUSING LOAN

11 DOCUMENTARY CREDIT (DC)

• Islamic Deposit

- Commodity Murabahah Deposit-i
- Current Account-i
- Fixed Deposit-i
- Foreign Currency Account-i

• Financing

- Commodity Murabahah Financing-i
- Ijarah Financing-i
- Invoice Financing-i
- Mudarabah Financing-i
- Murabahah Working Capital Financing-i
- Wakalah Financing-i

• Islamic Trade Finance

- Bank Guarantee
- Standby Letter of Credit-i
- Letter of Credit-i (Import) (Issuance, Bills Receivables-i, Import Financing)
- Letter of Credit-i (Export) (Advising, Confirmation, Negotiation / Bills Purchased)

• Service

- Shariah Advisory Business

• Global Markets

- Money Market-i
- Islamic FX-i: Bai' al-Sarf (spot) and Wa'd (Forward)
- Cross Currency Swap-i
- Profit Rate Swap-i
- Islamic Swap Embedded Financing

12 STRATEGIC RESEARCH

13 SUPPLY CHAIN PRODUCTS

- Account Receivable Purchase Scheme (APRS)
 - With Recourse and Without Recourse

14 PAYMENT SERVICE

- Bill Payment (JomPay)
- Cheque Issuance
- Domestic Remittance
- DuitNow AutoDebit
- DuitNow Transfer
- Interbank GIRO
- RENTAS
- Foreign Remittance
- Standing Order / Recurring Payment Services

BOARD OF DIRECTORS



Y.Bhg Dato' Noorazman bin Abd Aziz
Chairman and Independent Director



Mr. Motohide Okuda
Chief Executive Officer / Country Head of Malaysia and Executive Director



En. Rashid bin Ismail
Independent Director



En. Amin Siru bin Abdul Rahman
Independent Director

BOARD OF DIRECTORS

Y.Bhg Dato' Noorazman bin Abd Aziz
Chairman and Independent Director

Mr. Motohide Okuda
Chief Executive Officer / Country Head of Malaysia and Executive Director

En. Rashid bin Ismail
Independent Director

En. Amin Siru bin Abdul Rahman
Independent Director

AUDIT COMMITTEE

En. Rashid bin Ismail
Chairman

Y.Bhg Dato' Noorazman bin Abd Aziz
Member

En. Amin Siru bin Abdul Rahman
Member

RISK MANAGEMENT COMMITTEE

En. Amin Siru bin Abdul Rahman
Chairman

Y.Bhg Dato' Noorazman bin Abd Aziz
Member

En. Rashid bin Ismail
Member

SHARIAH COMMITTEE



Prof. Dr. Said Bouheraoua
Chairman



Dr. Abdulkader Thomas
Member



Assoc. Prof. Dr. Mohamad Firdaus Ab Rahman
Member

NOMINATION COMMITTEE

En. Rashid bin Ismail
Chairman

Mr. Motohide Okuda
Member

Y.Bhg Dato' Noorazman bin Abd Aziz
Member

En. Amin Siru bin Abdul Rahman
Member

REMUNERATION COMMITTEE

En. Amin Siru bin Abdul Rahman
Chairman

Y.Bhg Dato' Noorazman bin Abd Aziz
Member

En. Rashid bin Ismail
Member

LEADERSHIP STATEMENT: CHAIRMAN AND CHIEF EXECUTIVE OFFICER

“As one of the leading Japanese banks in Malaysia, we continue to play an important role in fostering economic and commercial ties between Japan and Malaysia.

Supported by MUFG’s global network and deep local presence, we remain committed to facilitating trade, investment, and cross-border business opportunities that create value for our customers and contribute to Malaysia’s long-term growth.”



**Y.Bhg Dato' Noorazman
bin Abd Aziz**
Chairman

Motohide Okuda
Chief Executive Officer /
Country Head of Malaysia
and Executive Director

Dear Valued Stakeholders,

On behalf of the Board of Directors, we are pleased to present the Annual Report of MUFG Bank (Malaysia) Berhad for the financial year ended 31 March 2026.

Despite a challenging economic landscape marked by geopolitical uncertainties, market volatility, and a rapidly evolving business environment, the Bank delivered a stable financial performance during the year under review.

Total Operating Profit

RM 774.35 million

Profit Before Tax Reached

RM 575.00 million

Net Profit After Tax

RM 408.50 million

These results reflect the resilience of our business model, the strength of our client franchise, and our continued focus on prudent risk management, operational efficiency, and sustainable growth. They also demonstrate our ability to navigate uncertainty while continuing to deliver long-term value to our stakeholders.

LEADERSHIP STATEMENT: CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Malaysia's economy remained resilient during the year, supported by strong domestic demand, healthy investment activity, and stable financial fundamentals. Against this backdrop, we remain focused on supporting our customers, strengthening our business foundations, and pursuing opportunities that contribute to sustainable economic development.

As one of the leading Japanese banks in Malaysia, we continue to play an important role in fostering economic and commercial ties between Japan and Malaysia. Supported by MUFG's global network and deep local presence, we remain committed to facilitating trade, investment, and cross-border business opportunities that create value for our customers and contribute to Malaysia's long-term growth.



During the year, we continued to deepen our engagement with key industries that are shaping the future of the Malaysian economy. A notable example was the MUFG Semiconductor Seminar in Penang, which brought together industry leaders, customers, investors, and stakeholders to exchange perspectives on opportunities and developments within the semiconductor ecosystem. As Malaysia strengthens its position as a key player in the global semiconductor supply chain, initiatives such as this reinforce the Bank's role as a catalyst for industry collaboration, investment facilitation, and knowledge sharing.



In line with this commitment, we also reaffirmed our support for Malaysia's investment agenda through the renewal of our Memorandum of Understanding with the Malaysian Investment Development Authority (MIDA). This strategic collaboration further strengthens our longstanding partnership in promoting Malaysia as a preferred investment destination, while facilitating

greater investment flows from Japan and other international markets. By combining MIDA's investment promotion expertise with MUFG's global network and client franchise, we aim to create new opportunities for businesses, support industrial development, and contribute to Malaysia's long-term economic growth.

Navigating Change and Creating Long-Term Value

The global business landscape is undergoing significant transformation. Advances in technology, the acceleration of artificial intelligence, changing supply chain configurations, growing emphasis on sustainability, and evolving customer expectations are reshaping industries at an unprecedented pace. While these trends present new challenges, they also create opportunities for organizations that can adapt, innovate, and remain forward-looking.

In this environment, our focus is not merely on responding to change, but on supporting our customers navigate with confidence. By leveraging the strength of MUFG's global capabilities together with our deep understanding of local market dynamics, we continue to support clients in pursuing growth opportunities, enhancing resilience, and advancing their long-term strategic ambitions.

We remain optimistic about Malaysia's long-term prospects. The country's strategic location, strong economic fundamentals, skilled workforce, and commitment to attracting quality investments position favorably within the region. Coupled with the enduring relationship between Japan and Malaysia, these strengths provide a solid foundation for future growth and economic collaboration.

As we look ahead, we remain committed to supporting sectors and initiatives that contribute to sustainable development, innovation, and economic progress. We will continue to enhance our capabilities, strengthen customer relationships, and invest in the people, systems, and technologies necessary to remain relevant and resilient in an increasingly dynamic environment. Guided by sound governance, strong risk management, and a clear sense of purpose, we are confident in our ability to create sustainable value for our stakeholders.

LEADERSHIP STATEMENT: CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Sustainability and Responsible Growth

Sustainability remains integral to our business strategy and decision-making. We recognize our responsibility to contribute towards a more sustainable future and to support the transition to a lower-carbon economy. As part of MUFG Group, we continue to support our customers through sustainable financing solutions, responsible banking practices, and advisory capabilities that enable them to pursue their sustainability ambitions.

Beyond our business activities, we remain committed to creating meaningful impact within the communities we serve. During the financial year, the Bank contributed **more than RM1 million towards community investment initiatives**, supporting programmes focused on education, environmental conservation, community development, and social well-being.



A key highlight of the year was our collaboration with our strategic partner, **AFFIN Group**, in supporting the **Klang River Rejuvenation Programme**. This initiative reflects our shared commitment to environmental stewardship and community development through efforts to preserve and restore one of Malaysia's most important waterways. Through strategic partnerships such as this, we seek to generate positive environmental impact while fostering greater public awareness and collective action towards sustainability.

We are equally encouraged by the strong participation of our employees in volunteer and community engagement programmes throughout the year. Their dedication reflects a shared commitment to making a positive difference beyond the workplace and reinforces our belief that sustainable progress requires collective effort from businesses, communities, and individuals alike.

Our People and Culture

At MUFG Malaysia, we believe that sustainable success is built on the strength of our people. As industries evolve and customer expectations change, developing a future-ready workforce remains one of our highest priorities. Our employees are the driving force behind our achievements, and we remain committed to creating an environment where they can thrive, innovate, and grow.

Guided by our aspiration of **Empowerment, Engagement and Exposure (3Es)**, we continue to cultivate a culture that encourages ownership, collaboration, and continuous learning. Through empowerment, we provide our employees with the right tools, knowledge, capacity building and opportunities to make meaningful contributions. Through engagement, we foster open communication, inclusivity, and a strong sense of belonging. Through exposure, we enable employees to broaden their perspectives, deepen their expertise, and gain valuable experience through cross-functional collaboration and stakeholder engagement. Together, these principles have become an integral part of our organizational culture and play an important role in preparing the Bank for future growth.

We are encouraged by the meaningful progress achieved through these efforts. The Bank's commitment to creating an inclusive and people-centric workplace was recognized externally through the **HR Asia Best Companies to Work for in Asia 2025 (Malaysia Region)**, **HR Asia Diversity, Equity & Inclusion Award 2025**, and **HR Asia Sustainable Workplace Award 2025**. These recognitions reflect the collective efforts of our employees and reaffirm our commitment to building a workplace where people feel valued, supported, and empowered to succeed.

At the same time, we continue to embrace digital transformation and encourage the responsible adoption of technology, including artificial intelligence, to improve productivity, strengthen collaboration, and enhance customer experience. As AI and digital capabilities become increasingly embedded in the way we work, we remain focused on ensuring that technology complements human expertise while upholding high standards of governance, responsibility, and trust.

The Bank's commitment to innovation and sustainable growth was further recognized at the **FinanceAsia Achievement Awards 2025**, where a landmark sustainable financing transaction received the **Best Sustainable Finance Deal (Malaysia) award**. This achievement demonstrates the strength of our collaboration across teams and our ability to deliver innovative solutions that create a positive impact on customers, communities, and society.

Celebrating 70 Years of Growing with Malaysia

As we approach a significant milestone next year, MUFG Bank (Malaysia) Berhad will proudly celebrate its **70th anniversary in Malaysia**.

This remarkable achievement reflects seven decades of partnership, trust, and shared progress with the nation. For 70 years, we have had the privilege of growing hand in hand with Malaysia, supporting its economic development, facilitating trade and investment, and contributing to the aspirations of businesses and communities across generations.

The longstanding relationship between Japan and Malaysia has been a cornerstone of our journey, enabling us to play a meaningful role in connecting opportunities, supporting innovation, and fostering sustainable economic growth.

As we celebrate this legacy, we also look towards the future with optimism. While the world continues to evolve, our commitment remains unchanged: to be a trusted financial partner, a responsible corporate citizen, and a catalyst for sustainable growth. Guided by our values and strengthened by the trust of our stakeholders, we remain committed to supporting Malaysia's next chapter of development and prosperity.



Appreciation

On behalf of the Board of Directors and Management, we extend our sincere appreciation to Bank Negara Malaysia (BNM), Perbadanan Insurans Deposit Malaysia (PIDM), and other regulatory authorities for their continued guidance and support.

We would also like to thank our customers, shareholders, business partners, and the communities we serve for their trust and confidence. Your continued support inspires us to strive for excellence and deliver lasting value.

Finally, we express our heartfelt appreciation to our fellow Board members, management team, and employees for their unwavering dedication, professionalism, and commitment. Their collective efforts continue to strengthen the foundation of our Bank and position us well for a sustainable future.



As we celebrate 70 years of growing with Malaysia, we look ahead with confidence, purpose, and a shared commitment to building a stronger and more sustainable future together.

Y.Bhg Dato' Noorazman bin Abd Aziz
Chairman

Motohide Okuda
Chief Executive Officer /
Country Head of Malaysia
and Executive Director

AWARDS & ACCOLADES

2026

The Asset Triple A Islamic Finance Awards 2026, Most Innovative Deal
Tasco Berhad MYR180 million Islamic Derivative Embedded Financing

2025

HR Asia Best Companies to Work for in Asia - Malaysia Region

HR Asia Diversity, Equity & Inclusion Awards

HR Asia Sustainable Workplace Awards

Best Sustainable Finance Deal by FinanceAsia Achievement Awards 2025,
AEON Credit Service (M) Berhad MYR500M Social Loan

The Asset Triple A, Best Islamic Trade Finance and Best Sukuk
– Quasi-Sovereign

2024

IFN Singapore Deal of the Year
Olam Agri's US\$625 million commodity Murabahah facility

Life at Work Awards (LAWA)
Top 3 Employer of Choice under the "Employee Care & Well-Being" category

FinanceAsia Awards 2024
Best Sustainable Bank (International) - Indonesia, Malaysia, and Singapore

Euromoney Islamic Finance Awards 2024
"Most Innovative Islamic Deal - Global" for Sukuk of Republic of Philippines of USD 1.0 billion

2023

IFR Asia Awards 2023:
Awarded "Best Islamic Deal" in the Philippines for Sukuk of Republic of Philippines of USD 1.0 billion

2021

IFN Best Japanese Bank Offering Islamic Financial Services

2019

IFN Deals of the Year 2019
Jambaran- Tiung Biru (Pertamina)

IFN Best Japanese Bank Offering Islamic Financial Services

2018

IFN Best Japanese Bank Providing Islamic Banking Services

2017

IFN The Best Japanese Bank Offering Islamic Services

2016

Global Islamic Finance Awards (GIFA)
Best Islamic Project Finance House 2016

IFN Best Banks 2016
The Best Japanese Bank Offering Islamic Services

IFN Most Innovative Deal of the Year
Ziya Capital MYR900 million of MYR20 billion Wakalah bi-al Istithmar Sukuk

2015

IFN Best Bank Poll 2015
The Best Japanese Bank Offering Islamic Services

Islamic Finance Awards 2015
Best Deals Japan for USD25 million and 2.5 billion yen Sukuk

2014

RAM Award of Distinction 2014
Market Pioneer Awards World's 1st Yen Sukuk (Issuer)

RAM Award of Distinction 2014
Market Pioneer Awards World's 1st Yen Sukuk (Joint Lead Manager)

IFN Best Bank Poll 2014
The Best Japanese Bank Offering Islamic Services

IFN Cross Border Deal of the Year 2014
For Islamic Corporation for the Development of the Private Sector USD100 million Islamic Financing

Bank Negara Malaysia
Conferment of "Emas" Status to Both US Dollar and Yen-Denominated Sukuk

2013

IFN Best Banks Poll 2013
The Best Japanese Bank Offering Islamic Services

IFN Deal of the Year 2013
Wakalah Deal of the Year (PT Astra Sedaya US\$50 million Wakalah Syndicated Financing)



CORPORATE SOCIAL RESPONSIBILITY

Building Environmental Stewardship Through Partnerships, Education and Action

At MUFG, our purpose, “**Committed to empowering a brighter future**” guides not only how we serve our customers, but also the communities where we operate. We believe that meaningful Corporate Social Responsibility is built through collaboration, education and individual responsibility. During the financial year, the Bank continued to support initiatives that promote environmental stewardship, strengthen community partnerships and raise sustainability awareness among employees, students and local communities.

Our efforts focused on biodiversity conservation, environmental education and community engagement, reflecting the Bank’s commitment to creating lasting positive impact through practical action and strategic partnerships.

Strengthening Environmental Conservation Through Partnerships and Action

During the year, MUFG joined the ALAM Be-Leaf Programme, a nationwide mangrove restoration and environmental awareness initiative implemented by ALAM. Through this contribution, the Bank supported biodiversity conservation, environmental education and youth engagement activities across multiple locations in Malaysia. The programme brought together local communities, students, volunteers and MUFG employees through activities in Melaka and Labuan, reflecting a shared commitment to environmental conservation.

At Hutan Simpan Sebatu, Merlimau, Melaka, a conservation activity involving 253 participants resulted in the planting of 630 mangrove trees and the collection of 123 kilograms of waste in support of coastal ecosystem restoration. In Taman Ekologi Kinabenuwa, Labuan, approximately 350 participants contributed to the planting of 1,122 mangrove saplings and the collection of 60 kilograms of waste, further supporting mangrove restoration and environmental awareness efforts.

MUFG also initiated a beach cleaning activity at Bagan Lalang under its MUFG Gives Back initiative, which encourages employees to contribute directly to community and environmental causes through volunteer-led activities. The activity provided an opportunity for employees to take part in hands-on environmental action while supporting efforts to preserve the cleanliness of public coastal areas.

Beyond the environmental outcomes achieved, these initiatives demonstrated the importance of partnerships and employee participation in advancing sustainability efforts. By working with an experienced implementation partner and mobilizing employee volunteers, MUFG was able to support conservation activities and community-based environmental efforts across different parts of Malaysia.



Building Sustainable Communities Through Education and Innovation

The Bank sponsored Youth Waste Management Initiative in Sarawak, implemented by the United Nations Development Programme (UNDP) in collaboration with the Natural Resources and Environment Board (NREB) Sarawak. The initiative sought to strengthen environmental awareness among students while encouraging responsible waste management practices through education and hands-on learning.

The programme reached 467 students across two pilot schools and delivered six workshops covering waste management and environmental sustainability. Permanent Green Corners and waste segregation facilities were also established to support ongoing learning and practical application within participating schools.

In addition to promoting behavioural change, the initiative introduced Student Ambassador programmes and developed educational resources to support future implementation. More than 586 kilograms of recyclable materials were diverted from landfill during Earth Day activities conducted under the programme. Through collaboration with government agencies, educational institutions and international development partners, the initiative established a model that may be adapted and expanded to other communities in the future.

Nurturing Future Environmental Stewards

MUFG believes that building a more sustainable future begins with education and early exposure to nature.

During the year, the Bank supported the establishment of a Garden in the City Programme at SK (P) Jalan Batu, benefiting approximately 210 students. Designed as a living classroom, the programme provided opportunities for students to learn about nature through hands-on experience while fostering environmental awareness, responsibility and a sense of ownership.

The Bank also supported a Climate Literacy Programme, which reached 99 students in the school through educational activities aimed at increasing understanding of environmental sustainability and climate-related issues. Together, these initiatives sought to encourage young people to recognise the importance of individual action in protecting the environment and contributing towards a more sustainable future.

Building a Culture of Environmental Responsibility

The initiatives undertaken during the year form part of MUFG Malaysia’s broader commitment to fostering environmental awareness and encouraging individual responsibility towards sustainability. Through the Bank’s DNA Project, MUFG seeks to promote the understanding that environmental stewardship is a shared responsibility. While governments, institutions and organisations play important roles, lasting change ultimately depends on the actions and decisions of individuals and communities.

As one of the world’s megadiverse countries, Malaysia’s rich natural heritage presents both opportunities and responsibilities. Through partnerships, education and hands-on community engagement, MUFG aims to contribute towards greater environmental awareness while supporting practical actions that create lasting positive impact for future generations.

Supporting Communities Through Knowledge and Collaboration

In addition to its flagship environmental and educational initiatives, MUFG continued to support selected community and sustainability-related efforts during the year.

These included employee fundraising initiatives in support of **Furry Friends Farm**, as well as support for the **Japan Research Consortium for Tropical Forests in Sarawak**, a long-standing research collaboration that has contributed to tropical forest research in Sarawak since 1992. Through a contribution to Universiti Malaya, the Bank supported efforts to digitise and apply artificial intelligence technologies to research collections and specimen records accumulated over several decades. The initiative aims to improve accessibility, preservation and future utilisation of valuable scientific knowledge, supporting continued research, education and conservation efforts.

Through such initiatives, MUFG seeks to contribute not only to environmental sustainability, but also to the preservation and advancement of knowledge for the benefit of future generations.



DIRECTORS’ REPORT
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2026

The Directors have pleasure in submitting their report and the audited financial statements of the Bank for the financial year ended 31 March 2026.

PRINCIPAL ACTIVITIES

The principal activities of the Bank during the year are banking and related financial services, including Islamic Banking business. There has been no significant change in the nature of the principal activities during the financial year.

HOLDING COMPANIES

The Bank is a subsidiary of MUFG Bank, Ltd. and Mitsubishi UFJ Financial Group, Inc. (“MUFG”) both of, which are incorporated in Japan and MUFG is listed on Tokyo Stock Exchange, Nagoya Stock Exchange and New York Stock Exchange. The Directors regard MUFG Bank, Ltd. as the Bank’s immediate holding company and MUFG as ultimate holding company respectively, during the financial year and until the date of this report.

RESULTS

Table with 2 columns: Item, 31.03.2026 RM'000. Row 1: Profit after tax for the year, 408,485

In the opinion of the Directors, the results of the operations of the Bank for the financial year ended 31 March 2026 have 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.

RESERVES AND PROVISIONS

There were no other material transfers to or from reserves and provisions during the financial year under review.

DIVIDENDS

No dividend was paid during the financial year and the Directors do not recommend any dividend to be paid for the financial year ended 31 March 2026.

ISSUE OF SHARES AND DEBENTURES

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

There were no issues of debentures during the financial year.

DIRECTORS OF THE BANK

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

- Dato’ Noorazman bin Abd Aziz
- Mr. Motohide Okuda
- En. Rashid bin Ismail
- En. Amin Siru bin Abdul Rahman

DIRECTORS’ REPORT



DIRECTORS’ BENEFITS

Since the end of the previous financial year, no Director of the Bank has received nor become entitled to receive any benefit (other than those shown below) 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.

Table with 2 columns: Item, From the Bank RM'000. Rows: Directors of the Bank: Fees (330), Remuneration (1,098), Estimated money value of other benefits (265), Total (1,693)

There were no arrangements during and at the end of the financial year which had the object of enabling Directors of the Bank to acquire benefits by means of the acquisition of shares in or debentures of the Bank or any other body corporate.

DIRECTORS’ INTERESTS IN SHARES

None of the other Directors holding office at 31 March 2026 had any interest in the shares of the Bank and of its related corporations 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.

BUSINESS STRATEGY AND OUTLOOK

Our business strategy new FY remains focused on capturing new growth opportunities as well as existing expansion arising from strengthening Japan–Malaysia economic collaboration, particularly in high priority sectors such as green transformation, digitalisation and supply chain resilience.

Leveraging solid government to government relations for both countries, we aim to facilitate increased Japanese investment flows into Malaysia, positioning the Bank as a key financial partner in strategic projects that support sustainability and industrial upgrading. This approach is further supported by Malaysia’s steady GDP growth outlook of approximately 4.0–4.5%, which provides a stable macroeconomic foundation for long-term investment expansion.

Despite external uncertainties, including geopolitical tensions such as the US–Iran conflict and the resulting elevated oil prices, we see emerging opportunities driven by supply chain reshoring and diversification. Malaysian industries stand to benefit from these shifts, attracting new investments from Japanese corporates seeking resilient and cost competitive production bases. Concurrently, global investments in artificial intelligence in both the US and China are expected to generate new growth momentum, further accelerating demand for digital infrastructure, advanced manufacturing, and innovation-led financing solutions which will continuously fuel our both Japanese and Global Corporate business strategy.

In addition, increasing global emphasis on energy security and economic resilience positions Malaysia—rich in natural resources and strategically located—as an attractive destination for capital deployment. The Bank will continue to play a proactive role in bridging cross-border investments, supporting clients in navigating evolving market dynamics while channeling funding into high-growth sectors. Through this aligned strategy, we aim to sustain portfolio expansion and reinforce our role as a key enabler of regional economic development.

CORPORATE GOVERNANCE STATEMENT

THE BOARD OF DIRECTORS

The Bank’s Board of Directors (“The Board”) is committed to upholding sound and effective corporate governance in line with regulatory expectations to safeguard the interest of the Bank’s stakeholders, including depositors, borrowers, shareholder and employees. This commitment supports the maintenance of shareholder confidence, and the Bank’s long-term financial soundness, resilience and sustainability.

The Board has overall responsibility for the Bank’s strategic direction, governance framework, and oversight of management. This includes approving the Bank’s strategy, risk appetite, key policies, and ensuring effective stewardship of the Bank’s resources. The Board ensures that all policies and frameworks remain current, effective, and commensurate with the Bank’s nature, scale, and complexity through regular review and enhancement.

In discharging its duties, the Board ensures compliance with the requirements and supervisory expectations set out in Bank Negara Malaysia (BNM)’s Guidelines on Corporate Governance (“CG”). The Board’s governance practices are aligned with the Malaysian Code on Corporate Governance 2021, insofar as applicable, and are implemented to support effective board leadership and oversight, robust audit and risk management frameworks, integrity in financial and regulatory reporting, and appropriate engagement with stakeholders.

The CG Statement 2025 of the Bank is published on the Bank’s website, <https://www.bk.mufg.jp/malaysia/> (“the Bank’s website”).

The current Board consists of four (4) members, with one (1) Executive Director who is also the Chief Executive Officer (“CEO”) and three (3) Independent Directors.

Director’s Profile

Dato’ Noorazman bin Abd Aziz
(Independent Director)

Dato’ Noorazman bin Abd Aziz (“Dato’ Noorazman”) was appointed as an Independent Director of the Bank on 6 January 2023; and subsequently Chairman of the Bank on 1 July 2023.

He is currently the Chairman of Sunlife Malaysia Assurance Berhad and Sunlife Malaysia Takaful Berhad and sits on the Board of public listed Kumpulan Perangsang Selangor Berhad (“KPS”) and its subsidiaries, namely Century Bond Berhad and Smartpipe Technology Sdn Bhd. He has ceased to be an Independent Non-Executive Director and Chairman of CTOS Digital Berhad with effect from 1 July 2026.

He chairs the Board of Trustees of International Centre for Education in Islamic Finance (“INCEIF”) University. He was also appointed as a Board of Trustee of OSK Foundation. He has retired as a Trustee and Chairman of Yayasan UEM with effect from 22 July 2026.

Dato’ Noorazman started his career as an investment analyst at Perbadanan Nasional Berhad (“PERNAS”) in 1982. After three years, he transitioned on an illustrious 25-year career with Citigroup in areas of corporate banking, investments, treasury and financial markets. During this time, he was seconded to Malaysia’s Ministry of Finance (“MOF”), serving as the Director-General of Labuan Offshore Financial Services Authority (“LOFSA”) and Chief Operating Officer of Kuala Lumpur Stock Exchange Berhad. Following his secondment, Dato’ Noorazman re-joined Citibank Berhad as its Managing Director (“MD”), Head of Corporate and Investment Bank. In 2005, he was appointed as MD/CEO of Bank Islam Malaysia Berhad before later taking on the role of the MD/CEO at BIMB Holdings Berhad. He left in 2007 to co-found and became MD of Fajr Capital Ltd, a Syariah - based private equity firm based in Dubai. He later joined Khazanah Nasional Berhad as Executive Director, Investments, a position he held until his retirement in June 2019.

Dato’ Noorazman holds a Bachelor of Science in Finance from Louisiana State University, USA. He is also a member of several professional bodies, including the Chartered Institute of Islamic Finance Professionals (“CIIF”), Malaysia, the Institute of Corporate Directors (“ICDM”), Malaysia and the Australian Institute of Corporate Directors (“AICD”), Australia.

Dato’ Noorazman was appointed as a member of the Investment Panel of Kumpulan Wang Persaraan (“KWAP”), a statutory body that manages the pension scheme of public employees since 2019.

In 2005, Dato’ Noorazman was named as the winner of the first Asian Banker Achievement Award for Islamic Finance.

CORPORATE GOVERNANCE STATEMENT (CONTD)

THE BOARD OF DIRECTORS (CONTD)

Director’s Profile (Contd)

Mr. Motohide Okuda
(Executive Director)

Mr. Motohide Okuda (“Mr. Okuda”), was appointed as CEO and Executive Director of the Bank on 29 March 2024. Mr. Okuda is a member of the Nomination Committee. He holds a Bachelor Degree in Economics from Kwansei Gakuin University, Japan and later earned a Master in Business Administration from University of Manchester, United Kingdom of England.

Mr. Okuda embarked on his journey with MUFG Bank, Ltd., Japan in 1998, accumulating over 25 years of broad experiences in client coverage across Japan and Netherlands. He specialised in corporate finance and advisory, and strategic planning within the realms of corporate and transaction banking.

Before joining the Bank, Mr. Okuda served as the Managing Director, Deputy Head of Transaction Banking Division of MUFG Bank, Ltd. in Tokyo, Japan. In this role, he spent nearly six (6) years overseeing the operations of strategic planning, human resources, risk management, financial control, corporate affairs, and communications.

Mr. Okuda is also a Director of The Japanese Chamber of Trade & Industry Malaysia.

En. Rashid bin Ismail
(Independent Director)

Encik Rashid bin Ismail (“En. Rashid”), was appointed as an Independent Director of the Bank on 19 August 2022. He is the Chairman of the Audit Committee (AC) and Nomination Committee (NC), and also member of the Risk Management Committee (RMC) and Remuneration Committee (RC). En. Rashid holds a Diploma in Accountancy from Universiti Teknologi MARA (“UiTM”) and a Bachelor Degree in Business (Accounting) from Edith Cowan University, Perth, Western Australia. He is a Chartered Accountant (CA) with the Malaysian Institute of Accountants (“MIA”) as well as a member of CPA Australia.

From 2006 to 2010, En. Rashid served as Director of Amanah Ventures Sdn Bhd and Amanah Property Trust Manager Sdn Bhd, MIDF Consultancy and Corporate Services (“MIDFCCS”), Amanah Scotts Properties (KL) Sdn Bhd, Amanah Scotts Sdn Bhd, Amanah Ascott Management Sdn Bhd and Amanah Butler Malaysia Sdn Bhd. Additionally, he held the position of CEO of MIDF Property Berhad from July 2007 to July 2010.

En. Rashid served as CEO and Executive Director of BIMB Securities Sdn Bhd (“BIMB Securities”) from January 2011 to January 2020. He was elected as Chairman of the Association of Stockbroking Companies Malaysia (“ASCM”) from December 2015 to December 2017 and was also appointed as an independent member of Market Participants Committee, Bursa Malaysia Berhad from July 2015 to June 2018. Additionally, from January 2012 to January 2020, he was a member of Board of Trustee for the Bumiputera Dealers’ Representative Education Fund (“BDREF”), Bumiputera Training Fund (“BTF”) of Securities Industry Development Corporation (“SIDC”).

Post his retirement from BIMB Securities in 2020, En. Rashid was nominated and accepted as an Independent member of Regulatory and Conflicts Committee (“RACC”) under Bursa Malaysia Berhad.

CORPORATE GOVERNANCE STATEMENT (CONTD)

THE BOARD OF DIRECTORS (CONTD)

Director’s Profile (Contd)

En. Amin Siru bin Abdul Rahman
(Independent Director)

En. Amin Siru bin Abdul Rahman (“En. Amin Siru”) was appointed as an Independent Director of the Bank on 1 July 2023. He is the Chairman of Risk Management Committee and Remuneration Committee, and also member of the Audit Committee and Nomination Committee.

He holds a Bachelor’s Degree in Economics from University Malaya, Kuala Lumpur.

En. Amin Siru is a career banker with over 40 years of experience in branch and retail banking, corporate banking including corporate recovery and rehabilitation, credit approvals and risk management as well as internal audit, mainly with a large multinational banking group.

He has extensive experience in senior management positions and leadership roles within international and Islamic banks. In 2008, he served as the Chief Credit Officer at Kuwait Finance House (Malaysia) Berhad before being appointed the Chief Risk Officer (“CRO”) in 2010. He later became the CRO of HSBC Amanah Malaysia Berhad in 2013 and was promoted to Chief Executive Officer in 2016. Additionally, he held the position of the Acting CRO of Warba Bank (K.S.C), Kuwait from April 2017 to August 2019.

Roles and Responsibilities

The Board comprises individuals who collectively possess diverse experience, skills and expertise across the public/public listed, private sectors, regulatory bodies as well as the banking industry. All Board members are individuals of high calibre and integrity and have met the Fit and Proper Criteria under the Financial Services Act 2013 (“FSA 2013”).

The Board has overall responsibilities for the effective stewardship and control of the Bank, guided by clearly defined terms of reference (“TOR”) established to support the proper discharge of its duties.

The Board’s key responsibilities and matters reserved for its consideration and approval are outlined in the Board Charter, which is published in the Bank’s website and reviewed periodically to ensure its continued relevance and effectiveness.

To provide effective oversight of the Bank’s critical and key functional areas, the Board has established various Board Committees.

To strengthen the effectiveness of its oversight function, the Board has delegated specific independent oversight responsibilities to the Board Committees, namely AC, RMC, NC, and RC with the roles and responsibilities set out in their respective TORs.

The function, TORs, and delegated authority of the Board Committees have been approved by the Board and are periodically reviewed to ensure that they remain relevant and are up-to-date.

The Chairman of the Board Committees provide report at Board meetings, highlighting key recommendations and matters requiring the Board’s consideration or direction to Management.

The roles of the Chairman and CEO are separate and independent, with clearly defined responsibilities, authority and accountability to ensure a proper balance of power. The independent directors remain distinct from management and do not have any business or other relationship that could materially impair their ability to exercise objective and independent judgement. The Chairman is not involved in the day-to-day management of the Bank.

The Board is supported by a qualified and competent Company Secretary who provides advice on corporate governance matters, Board policies and procedures as well as regulatory and statutory requirements applicable to the Bank and the Directors. The Company Secretary also facilitates timely communication of decisions made and policies set by the Board at Board meetings, to the Senior Management for action implementation.

CORPORATE GOVERNANCE STATEMENT (CONTD)

THE BOARD OF DIRECTORS (CONTD)

Roles and Responsibilities (Contd)

(a) Roles and Responsibilities of the Board

- to review and approve strategies, business plans, other initiatives including but not limited to, outsourcing plan and material outsourcing engagement which would singularly or cumulatively, have a material impact on the Bank’s risk profile, IT and cybersecurity plan, significant policies and monitor Senior Management’s performance in implementing them;
- to ensure that the Bank establishes comprehensive risk management policies, processes, infrastructure and resources, to manage the various types of risks;
- to ensure the effectiveness of Risk Management Framework by taking into consideration the changes in business environment to control the Bank’s risk taking activities. Also, to provide constructive challenge on the credibility and robustness of the framework;
- to establish periodic review on quantity and quality of the Risk Management reporting;
- to oversee and approve the recovery and resolution as well as business continuity plans for the Bank to restore its financial strength, and maintain or preserve critical operations and critical services when it comes under stress;
- to set up an effective internal audit department, staffed with qualified internal audit personnel to perform internal audit functions, covering the financial and management audit;
- to establish a rigorous process for the appointment and removal of Directors;
- to oversee the selection, performance, remuneration and succession plans of the CEO, control function heads and other members of Senior Management, such that the Board is satisfied with the collective competence of Senior Management to effectively lead the operations of the Bank;
- to establish a written policy to address Directors’ actual and potential conflict of interest;
- to establish and ensure the effective functioning of various Board committees;
- to promote Shariah compliance in accordance with expectations set out in BNM’s Shariah Governance Policy Document and ensure its integration with the Bank’s business and risk strategies;
- to exercise oversight accountability over Shariah governance and compliance to ensure the processes reflect the integration of Shariah governance considerations within the business and risk strategies of the Bank as per outlined under the BNM’s Shariah Governance Policy Document or any other regulations or directives issued by BNM from time to time;
- to ensure the effective management of the Bank’s capital and capital adequacy levels to ensure fulfillment of regulatory and internal requirements;
- to ensure that the relevant stakeholders discharge their responsibilities for the development and effective implementation of the Bank’s capital management policies and processes;
- to approve credit transactions to connected parties based on Guidelines on Credit Transactions and Exposures with Connected Parties;
- to approve the appointment, remuneration and termination of the Chief Compliance Officer (“CCO”);
- to approve the establishment of the compliance function and the position of the CCO and ensure that the compliance function and the CCO are provided with appropriate standing, authority and independence;
- to ensure that the CCO has sufficient stature to allow for effective engagement with the CEO and other members of senior management;

CORPORATE GOVERNANCE STATEMENT (CONTD)

THE BOARD OF DIRECTORS (CONTD)

Roles and Responsibilities (Contd)

- (a) Roles and Responsibilities of the Board (Contd)
- to engage with CCO on a regular basis to provide the opportunity for the CCO to discuss issues faced by the compliance function. The Board should also consider engaging the CCO without the presence of other members of Senior Management from time to time;
 - to provide the CCO with direct and unimpeded access to the Board;
 - to ensure that the CCO is supported with sufficient resources, including competent officers, to perform his/her duties effectively;
 - to oversee the implementation of the Bank’s governance framework and internal control environment, and periodically review whether these remain appropriate in the light of material changes to the size, nature and complexity of the Bank’s operations;
 - to promote, together with Senior Management, a sound corporate culture within the Bank which reinforces ethical, prudent and professional behaviour;
 - to promote sustainability through appropriate environmental, social and governance considerations in the Bank’s business strategies;
 - to promote timely and effective communication between the Bank and BNM on matters affecting or that may affect the safety and soundness of the Bank;
 - to undertake the Board’s duties and responsibilities as well as oversight functions as stipulated in the Companies Act 2016 (“CA 2016”), FSA 2013, Islamic Financial Services Act 2013 (“IFSA 2013”), BNM Policy Documents and Guidelines and any other regulations or directives issued by BNM from time to time;
 - to undertake the Board’s duties and responsibilities and oversight functions as stipulated in paragraph 11.2 of the BNM’s Policy Document on Anti-Money Laundering, Countering Financing of Terrorism and Targeted Financial Sanctions for Financial Institutions (“AML/CFT and TFS for FIs”);
 - to undertake and exercise the Board’s duties, responsibilities and oversight functions as stipulated in BNM’s Risk Management in Technology (“RMiT”) Policy Documents;
 - to provide board veto clearance for large exposures based on Credit Policy of the Bank. Where such veto clearance was obtained via circulation, the loan/financing exposures to be collectively deliberated and ratified in the subsequent Board meeting;
 - to oversee the establishment and implementation of a Responsibility Mapping Framework to ensure clear accountability and effective governance, with detailed oversight delegated to the Nomination Committee, while retaining ultimate accountability.
- (b) Performance Criteria used to assess the Board as a whole and individually
- The effectiveness of the Board is measured against the Bank’s performance in terms of profitability, internal controls, compliance, risk management and cost effectiveness.

CORPORATE GOVERNANCE STATEMENT (CONTD)

THE BOARD OF DIRECTORS (CONTD)

Roles and Responsibilities (Contd)

- c) Directors’ Training
- The Board acknowledges the importance of continuing education for its Directors to ensure each Director possesses the knowledge and skills necessary to fulfil their responsibilities.

During the financial year ended 31 March 2026, the Directors have attended various training programmes, conference, seminars, briefing and/or workshop on issues relevant to their duties and responsibilities to further enhance their skills and knowledge and keep abreast with the latest developments in the industry and changes in the new statutory and regulatory requirements as follows:
- | No. | Training Programmes | Attended by |
|-----|---|--|
| 1 | Shariah Unplugged : Islamic Law by Datuk Prof Dr Mohamad Akram Laldin | Dato’ Noorazman |
| 2 | Maqasid Al Shariah: Methodology Issues by Prof. Dr. Jasser Auda, ISTAC-IIUM | Dato’ Noorazman |
| 3 | E-invoice Workshop by Ernst & Young | Dato’ Noorazman
En. Rashid
En. Amin Siru |
| 4 | e-invoicing overview and MyInvois Portal Guidance | Dato’ Noorazman |
| 5 | The Influence of Board Culture on Corporate Performance | Dato’ Noorazman
En. Rashid |
| 6 | Dialogue Session:
Reshaping The Future – Islamic Economics for a Humane and Sustainable World | Dato’ Noorazman |
| 7 | Sun Life Malaysia Board Cybersecurity Landscape Briefing | Dato’ Noorazman |
| 8 | Technology Update on Artificial Intelligence | Dato’ Noorazman |
| 9 | Climate Risk Management: What Bank Directors Need to Know | Dato’ Noorazman
En. Rashid |
| 10 | Understanding Carbon Tax, Implications, Readiness & Strategic Response for Malaysian Corporates & Strengthening Corporate Integrity | Dato’ Noorazman |
| 11 | Session 1: Global & Local Carbon Tax Landscape · Implications for Corporates – Risks and Opportunities
Session 2: Section 17A of the Malaysian Anti-Corruption Commission (MACC) – Strengthening Corporate Integrity | Dato’ Noorazman |
| 12 | Annual Governance and Anti-Corruption Training for Investment Panel (IP) | Dato’ Noorazman |
| 13 | KWAP Board and Investment Panel Training on Board Dynamics: Building Effective, Ethical and High Performing Boards | Dato’ Noorazman |
| 14 | AI and the Future of Business Education: Adapt Wisely or Become Obsolete | Dato’ Noorazman |
| 15 | Leadership Risk and Compliance Awareness Session 2025 · Insider Trading · Anti Money Laundering | Dato’ Noorazman |
| 16 | Quarterly Islamic Banking Webinar Series with Dubai Islamic Bank: Sustainable Finance & Responsible Investment Framework | Dato’ Noorazman |
| 17 | KWAP Investment Workshop – Investment Opportunities Voices from Investors and Industry | Dato’ Noorazman |
| 18 | Directors Training on Sustainability | Dato’ Noorazman |
| 19 | ASEAN Capital Markets Forum (ACMF) International Conference | Dato’ Noorazman |
| 20 | FIDE FORUM x ASB Governance Programme | Dato’ Noorazman |

CORPORATE GOVERNANCE STATEMENT (CONTD)

THE BOARD OF DIRECTORS (CONTD)

Roles and Responsibilities (Contd)

(c) Directors’ Training (Contd)

No.	Training Programmes	Attended by
21	Public Lecture by Professor Joseph E. Stiglitz	Dato’ Noorazman
22	ABAC Training	Dato’ Noorazman
23	BOD FCC Awareness Session 2025 Malaysia	Dato’ Noorazman Mr. Okuda En. Rashid En. Amin Siru
24	Cyber Resilience in the Artificial Intelligence (AI) and Quantum Computing Age	Dato’ Noorazman En. Rashid En. Amin Siru
25	Climate Reporting Readiness Workshop by Deloitte	Dato’ Noorazman En. Rashid En. Amin Siru
26	Annual Engagement Session between the Board and the Shariah Committee § Risk Management in Takaful	Dato’ Noorazman
27	Third Sector Empowerment: Driving Social Transformation in Malaysia	Dato’ Noorazman
28	Hydrogen Economy Forum in Kuching (H2EF)	Mr. Okuda
29	Energy Asia Conference - Delivering Asia’s Energy Transition	Mr. Okuda
30	Japan -Malaysia Joint Crediting Mechanism (JCM)	Mr. Okuda
31	APAC Manager Training: 2025 Talent Review	Mr. Okuda
32	FIDE Core Programme - Module A & B	Mr. Okuda
33	Selangor ASEAN Business Conference (SABC)	Mr. Okuda
34	Asia Zero Emission Community Business Forum / The 8th Government-Private Forum on the Cleaner Energy Future Initiative for ASEAN (CEFIA)	Mr. Okuda
35	MUFG Diversity Management Forum	Mr. Okuda
36	ASEAN Investment Conference	En. Rashid
37	Breakfast Talk: E-Invoice & Service Tax Impact on Independent Directors	En. Rashid
38	Bank Negara Malaysia Annual Report 2024, alongside the Economic and Monetary Review 2024 and the Financial Stability Review for the Second Half of 2024	En. Rashid
39	Tokenising Financial Assets – What Financial Leaders Need to Know Today	En. Rashid
40	Masterclass: Navigating High-Tech Financial Crime – Key Risks and Board Responsibilities	En. Rashid
41	AI Leadership Conference 2025 in Conjunction with the PLCT Programme under Pillar 4: Being Digitally Enabled	En. Rashid
42	BNM’s Sasana Symposium 2025	En. Rashid En. Amin Siru
43	Facing the Future: Elevating Board Leadership in a time of Transformation	En. Rashid En. Amin Siru

CORPORATE GOVERNANCE STATEMENT (CONTD)

THE BOARD OF DIRECTORS (CONTD)

Roles and Responsibilities (Contd)

(c) Directors’ Training (Contd)

No.	Training Programmes	Attended by
44	Navigating Digital Disruption: How can Boards in Financial Institutions enhance Strategic Digital Governance	En. Rashid
45	Crisis Simulation Masterclass: Decision-Making In a Crisis	En. Rashid
46	ASB 10th Anniversary Executive Panels & Celebration	En. Rashid
47	2025 National Resolution Symposium	En. Rashid
48	Khazanah Megatrends Forum 2025 - Debugging Uncertainty, Lessons from the Grasshopper and the Ant on Living with Risk	En. Rashid
49	Bridging Standards & Shariah: Strengthening Islamic Finance in a Modern Banking	En. Rashid
50	Economic Outlook & Post-Budget 2026	En. Rashid
51	Digital Assets & Crypto	En. Rashid
52	Measured Optimism with Strategic Caution – What more should industry leaders know?	En. Rashid
53	China’s Business Models and Innovations and Their Global Implications	En. Rashid
54	Board Conversations on Shariah Governance: From Fiqh to Fiduciary	En. Rashid
55	Bank Negara Malaysia Annual Report 2024, alongside the Economic and Monetary Review 2024 and the Financial Stability Review for the Second Half of 2024	En. Rashid
56	Climate Risk Management: What Bank Directors Need to Know	En. Amin Siru
57	Navigating Shareholder Expectations: Remuneration Sentiment Insights in Malaysian Financial Institutions	En. Amin Siru
58	Bridging Borders: Malaysia-Japan CCS Dialogue	Mr. Okuda
59	New Japan-Malaysia Ind Cooperation Seminar	Mr. Okuda
60	Measured Optimism with Strategic Caution – What more should industry leaders know?	En. Rashid
61	China’s Business Models and Innovations and Their Global Implications	En. Rashid
62	Board Conversations on Shariah Governance: From Fiqh to Fiduciary	En. Rashid
63	Capital Market Masterplan 2026-2030, Launching	En. Rashid
64	Global Market Research, Webinar	En. Rashid En. Amin Siru
65	Accounting Training	Dato’ Noorazman
66	Malaysia Economic Forum 2026 (MEF 2026): “Accelerating Growth, Advancing Malaysia”	Dato’ Noorazman
67	Bridging Real-World Assets and Real Impact: “Rethinking Risk and Trust in Islamic Finance”	Dato’ Noorazman
68	Khazanah Annual Review (KAR) 2026 Briefing to Khazanah Companies	Dato’ Noorazman
69	From Curiosity to Control: Board Intelligence in the Ge of AI	Dato’ Noorazman

CORPORATE GOVERNANCE STATEMENT (CONTD)

THE BOARD OF DIRECTORS (CONTD)

Roles and Responsibilities (Contd)

d) Tenure of Independent Directors

The Board considers that, fundamentally, the independence of Directors are based on their capacity and capability to exercise objective independent judgement to put the best interests of the Bank and its shareholder ahead of other interests.

The Board shall ensure that the length of service of the Directors does not impair the independent judgement of decision making or materially interfere with the Directors’ ability to act in the best interest of the Bank.

The tenure limits for Independent Director should generally not exceed nine (9) years, except under exceptional circumstances or as part of transitional arrangements towards full implementation of the succession plans of the Bank.

(e) Frequency and Conduct of Board Meetings

Board meetings for the ensuing financial year are scheduled in advance prior to the end of the current financial year to facilitate forward planning and encourage full attendance by Directors.

Board meetings are held not less than six (6) times a year to deliberate key matters of the Bank, including review of the financial performance, operations and risk management, as well as matters requiring the Board’s decision and approval. Special Board meetings may be convened as necessary to consider urgent proposals or matters requiring the Board’s timely review or consideration.

Pursuant to the BNM Policy Document on Corporate Governance, the quorum for Board meetings requires at least half of the Board members, and each Director must attend at least 75% of the Board meetings held in a financial year. For the financial year ended 31 March 2026, all Directors recorded full attendance at Board meetings.

A total of seven (7) Board meetings were held during the financial year ended 31 March 2026. The details of attendance of each member are as follows:

Director	Number of Meetings	
	Held	Attended
Dato’ Noorazman bin Abd Aziz <i>Independent Chairman</i>	7	7
Mr. Motohide Okuda <i>Executive Director</i>	7	7
En. Rashid bin Ismail <i>Independent Director</i>	7	7
En. Amin Siru bin Abdul Rahman <i>Independent Director</i>	7	7

CORPORATE GOVERNANCE STATEMENT (CONTD)

BOARD COMMITTEES

(a) Nomination Committee

NC shall support the Board in carrying out its functions in the following matters concerning the Board, Senior Management, Shariah Committee and Company Secretary:

- (a) appointments and removals
- (b) composition
- (c) performance evaluation and development
- (d) fit and proper assessments

The present composition of NC is as follows:

En. Rashid bin Ismail (Chairman)
Dato’ Noorazman bin Abd Aziz (Member)
Mr. Motohide Okuda (Member)
En. Amin Siru bin Abdul Rahman (Member)

The NC shall meet at least four (4) times a year or as and when required.

During the financial year ended 31 March 2026, the NC held eight (8) meetings.

The details of attendance of each member at the NC meetings held during the financial year ended 31 March 2026 are as follows:

NC Member	Number of Meetings	
	Held	Attended
En. Rashid bin Ismail <i>Chairman</i>	8	8
Dato’ Noorazman bin Abd Aziz <i>Member</i>	8	8
En. Amin Siru bin Abdul Rahman <i>Member</i>	8	8
Mr. Motohide Okuda <i>Member</i>	8	8

CORPORATE GOVERNANCE STATEMENT (CONTD)

BOARD COMMITTEES (CONTD)

(a) Nomination Committee (Contd)

NC is responsible for the following matters:

- to establish the minimum requirements for the Board on the required mix of skills, experience, qualifications and other core competencies of a Director. The requirements and criteria shall be approved by the full Board;
- to assess and recommend to the Board, the nominees for appointment; the re-appointment upon the expiry of terms of appointment as approved by BNM; the re-election of Director retires by rotation / casual vacancy; or the removal of Directors, Senior Management and Shariah Committee members if the person is no longer meets the minimum requirements set out in paragraphs 10.2 to 10.5 and 17.2 to 17.4 of BNM's Guidelines on the CG respectively and paragraphs 33(c) and (d) of the IFSA 2013, or has been assessed to be ineffective, errant or otherwise unsuited to carry out their responsibilities;
- to support the Board oversight, on the appointment, succession planning and performance evaluation of Senior Management, Shariah Committee ("SC") members and the resignation of Independent Director;
- to assess and recommend to the Board, the nominees for appointment; the removal of Company Secretary if the person is disqualified under Section 238 of the CA 2016 or no longer complied with the Fit and Proper requirements; and to assess on annual basis the Company Secretary's fit and propriety in accordance with the standards for "fit and proper" criteria as approved by the Board;
- to oversee the overall composition of the Board and Board Committees in terms of appropriate size, required mix of skills, experience and core competencies and adequate balance between Executive Directors, Non-Executive Directors and Independent Directors; and to regularly review succession plans for the Board, through annual review;
- to establish the mechanism for the formal assessment on the effectiveness of the Board as a whole and the contribution of each Director to the effectiveness of the Board, the contribution of the Board's various committees and to assess the performance of the Shariah Committee, Senior Management and Company Secretary. The annual assessment to be conducted on Senior Management and Company Secretary shall be based on objective performance criteria as approved by the full Board;
- to review and monitor the training development of Directors;
- to assess on an annual basis that the Directors, Senior Management and Shariah Committee members are not disqualified under Section 59 of the FSA 2013 and Section 68 of IFSA 2013 and they continue to comply with the standards for 'Fit and Proper' criteria as approved by the Board;
- to assess and to ensure Independent Directors comply with the definition of Independent Director as defined in the CG;
- to assess and recommend the appointment or renewal of appointment of Expatriates Officers, ensuring consistency with the qualifications, experience and criteria applicable in BNM's guidelines;
- to monitor the effectiveness of transfer of skills and expertise from expatriates employed in Senior Management and specialist positions to staff of the Bank as well as the industry generally;
- to carry out such other responsibilities as may be specified by BNM or delegated by the Board from time to time;
- to oversee the implementation and effectiveness of the Responsibility Mapping Framework, including reviewing the allocation of responsibilities, assessing fitness and propriety, ensuring alignment with governance and accountability expectations.

CORPORATE GOVERNANCE STATEMENT (CONTD)

BOARD COMMITTEES (CONTD)

(b) Remuneration Committee

The RC shall support the Board in actively overseeing the design and operation of the Bank's remuneration system in accordance with the BNM Guidelines on Corporate Governance.

The present composition of RC is as follows:

En. Amin Siru bin Abdul Rahman (Chairman)
Dato' Noorazman bin Abd Aziz (Member)
En. Rashid bin Ismail (Member)

The RC shall meet at least once a year or as and when required.

During the financial year ended 31 March 2026, the RC held two (2) meetings.

The details of attendance of each member at the RC meetings held during the financial year ended 31 March 2026 are as follows:

RC Member	Number of Meetings	
	Held	Attended
En. Amin Siru bin Abdul Rahman <i>Chairman</i>	2	2
En. Rashid bin Ismail <i>Member</i>	2	2
Dato' Noorazman bin Abd Aziz <i>Member</i>	2	2

The RC is responsible for the following matters:

- to review periodically and recommend to the Board the remuneration policy of the Bank, including material changes made to the policy to ensure that the remuneration remains appropriate to each Director, Member of SC, *Senior Management and other Material Risk Taker's contribution, taking into account the level of expertise, commitment and responsibilities undertaken;
- to review annually the remuneration for each Director, *Senior Management and other Material Risk Takers;
- to recommend to the Board a framework of remuneration for Directors, SC members, and *Senior Management covering fees, salaries, allowances, bonuses and benefits-in-kind in discharging their duties;
- to recommend to the Board the adjustments in remuneration package reflecting the SC members and Executive Directors contributions for the year; and which are competitive and consistent with the Bank's culture, objectives and strategy;
- to ensure that the level of remuneration for Non-Executive Directors and Independent Directors are linked to their level of responsibilities undertaken and contribution to the effective functioning of the Board; and
- to carry out such other responsibilities as may be specified by BNM or delegated by the Board from time to time.

* "Senior Management" and "other Material Risk Takers" comprise persons as defined/stated in the Bank's Remuneration Policy.

CORPORATE GOVERNANCE STATEMENT (CONTD)

BOARD COMMITTEES (CONTD)

(c) Audit Committee

The AC’s functions and responsibilities are to support the Board to ensure that there is a reliable and transparent financial reporting process within the Bank. The AC is primarily responsible for reviewing and monitoring the integrity of the Bank’s financial reporting process, accounting records, risk management process and system of internal controls.

The present composition of AC is as follows:

- En. Rashid bin Ismail (Chairman)
- Dato’ Noorazman bin Abd Aziz (Member)
- En. Amin Siru bin Abdul Rahman (Member)

The AC shall meet at least four (4) times a year or as and when required.

During the financial year ended 31 March 2026, eight (8) meetings were held.

The details of attendance of each member at the AC meetings held during the financial year ended 31 March 2026 are as follows:

AC Member	Number of Meetings	
	Held	Attended
En. Rashid bin Ismail <i>Chairman</i>	8	8
Dato’ Noorazman bin Abd Aziz <i>Member</i>	8	8
En. Amin Siru bin Abdul Rahman <i>Member</i>	8	8

The AC’s responsibilities and functions are:

Internal Audit

- to approve on the appointment, remuneration, performance appraisal, transfer and dismissal of the Chief Internal Auditor (“CIA”);
- to review and if appropriate, approve the Internal Audit Charter and procedure manual;
- to review and approve the adequacy of the internal audit scope, procedures, plan, frequency and budgeted man-days; and to confirm that Management has placed no restrictions on the scope of audits;
- to establish a mechanism to assess the performance and effectiveness of the internal audit function;
- to ensure that the internal audit function is adequately resourced and has appropriate standing within the Bank and to ensure coordination between the internal and external auditors;
- to review and consider reports and findings issued by regulatory authorities; and to ensure that Management has taken the necessary corrective actions in a timely manner;
- to review key audit reports and any findings raised by Internal Audit; and to ensure that Management has taken/is taking the necessary corrective actions in a timely manner to address control weaknesses, non-compliance with laws, regulatory requirements, policies and other problems identified by the Internal Audit and other control functions; and
- to note the significant disagreements between the CIA and the rest of the 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.

CORPORATE GOVERNANCE STATEMENT (CONTD)

BOARD COMMITTEES (CONTD)

(c) Audit Committee (Contd)

The AC’s responsibilities and functions are: (Contd)

Matrix Reporting

- to ensure internal audit matrix reporting to Internal Audit for Asia (AIAO) is governed by the agreed scope (AIAO oversight function); and
- to ensure that the final call/decision making on the Internal Audit or internal audit matters will be made by the Chief Internal Auditor and/or with Audit Committee’s concurrence.

External Auditors

- to review the terms of appointment, re-appointment, removal of the external auditor; and their remuneration and terms of engagement; and make recommendations to the Board for approval by the Bank’s shareholder;
- to monitor and assess the independence of the external auditors including by approving the provisions of non-audit services by external auditors subject to the External Auditors’ Assessment Policy;
- to monitor and assess the effectiveness of the external auditors including by meeting with the external auditors without the presence of Management at least annually and discussing problems and reservations arising from interim as well as final audits;
- to review the external auditor’s management letter and Management’s response to the management letter, if any;
- to review the report of the external auditors including any significant matters; and to ensure Management has taken/is taking the necessary corrective actions in a timely manner to address external audit findings and recommendations; and
- to maintain regular, timely, open and honest communication with the external auditors, and requiring the external auditors to report to the AC on significant matters.

Financial Reporting

- to review the accuracy and adequacy of the chairman’s statement in the directors’ report, corporate governance disclosure and interim financial statement and any preliminary announcements in relation to the preparation of financial statements;
- to review the quarterly interim financial statements and annual financial statements before submission to the Board, focusing particularly on:
 - (i) any changes in accounting policies and practices;
 - (ii) significant and unusual events and transactions;
 - (iii) major judgemental areas;
 - (iv) significant adjustments resulting from the audit;
 - (v) the going concern assumption;
 - (vi) compliance with applicable financial reporting standards;
 - (vii) compliance with BNM and legal requirements; and
 - (viii) adequacy of provision for contingencies and impairment on financial instruments.

CORPORATE GOVERNANCE STATEMENT (CONTD)

BOARD COMMITTEES (CONTD)

(c) Audit Committee (Contd)

The AC’s responsibilities and functions are: (Contd)

Risk Management and Governance

- to review the adequacy and effectiveness of the Bank’s governance processes, risk management and internal controls prior to endorsement by the Board;
- to review third-party opinions on the design and effectiveness of the Bank’s internal control framework; and
- to monitor compliance with the Board’s conflicts of interest policy which at a minimum must:
 - identify circumstances which constitute or may give rise to conflicts of interest;
 - clearly define the process for Directors to keep the Board informed on any change in his circumstances that may give rise to conflicts of interest;
 - identify those responsible for maintaining updated records on each Director’s conflicts of interest; and
 - articulate how any non-compliance with the policy will be addressed.

Related Party Transactions

- to review and update the Board on all related party transactions and conflicts of interest situations that may arise within the Bank including any transaction, procedure or conduct that raises questions of management integrity in ensuring that the terms and conditions of the transactions are commercially based and at arm’s length.

Other matters

- to consider other matters as the AC considers appropriate or as authorised by the Board.

CORPORATE GOVERNANCE STATEMENT (CONTD)

BOARD COMMITTEES (CONTD)

(d) Risk Management Committee

The RMC is responsible for overseeing the management of the Bank’s key risk areas, including credit, market, liquidity, operational, legal and compliance, and information security risks, as well as emerging risks such as ESG, climate, pandemic and cyber risks. The RMC ensures that an effective risk management framework and processes are in place and functioning properly. Its responsibilities include reviewing risk policies and risk appetite, as well as assessing the adequacy of the Bank’s risk management processes to identify, measure, monitor, control and manage the overall risk profile. A comprehensive Risk Management Policy and Framework approved by the Board has been implemented.

The RMC is authorised to support the Board in ensuring that the Bank’s overall risk management objectives are effectively achieved.

The present composition of RMC is as follows:

En. Amin Siru bin Abdul Rahman (Chairman)
Dato’ Noorazman bin Abd Aziz (Member)
En. Rashid bin Ismail (Member)

The RMC shall meet at least once every quarter.

The RMC held five (5) meetings during the financial year ended 31 March 2026.

The details of attendance of each member at the RMC meetings held during the financial year ended 31 March 2026 are as follows:

RMC Member	Number of Meetings	
	Held	Attended
En. Amin Siru bin Abdul Rahman Chairman	5	5
En. Rashid bin Ismail Member	5	5
Dato’ Noorazman bin Abd Aziz Member	5	5

The RMC’s responsibilities and functions are:

Risk Governance

- to review and recommend risk management strategies, policies and risk tolerance for Board’s approval;
- to review and assess adequacy of risk management and compliance policies and framework in identifying, measuring, monitoring and controlling risks and the extent to which these are operating effectively;
- to review periodic reports from respective departments which include Risk Management, Compliance (including compliance issues), and System Planning etc;
- to ensure sufficient infrastructure, resources and systems to support risk management and compliance activities with the assurance of independency of the role from risk taking activities / operations;
- to oversee the formal development of policies (including credit, market, operational and compliance related policies etc.) within the Bank, encompassing all products and businesses and ensuring the development of policy manual and procedures;
- to execute oversight role regarding implementation of the Bank’s Internal Capital Adequacy Assessment Process (“ICAAP”);
- to approve credit transactions with connected parties based on BNM’s Guidelines on Credit Transactions and Exposures with Connected Parties (at least 2 non-executive Directors who are independent of the transaction) as delegated by the Board;

CORPORATE GOVERNANCE STATEMENT (CONTD)

BOARD COMMITTEES (CONTD)

(d) Risk Management Committee (Contd)

The RMC's responsibilities and functions are: (Contd)

Risk Governance (Contd)

- to adhere to BNM's RMiT Policy Document;
- to adhere to the requirements under paragraph 11.2 of BNM's Policy Document on 'Anti-Money Laundering, Countering Financing of Terrorism and Targeted Financial Sanctions for Financial Institutions' ("AML/CFT and TFS for FIs");
- to provide input to the design and implementation of the remuneration system to ensure that risk exposures and risk outcomes are adequately considered;
- to approve the appointment, performance review and remuneration, and dismissal of the Chief Risk Officer ("CRO");
- to provide constructive challenge to Senior Management and critically review the risk information and developments affecting the Bank;
- to support the Board in the Business Continuity Management ("BCM") related matters including recommendation for risk appetite, risk management strategy for BCM Framework and approval for respective framework and policies;
- to support the Board in outsourcing related matters and recommendation to the Board on outsourcing risk appetite, outsourcing plan, respective framework and policies, etc. with assurance on effective oversight and effective management of outsourcing risk;
- to provide oversight of climate-related risks to safeguard the Bank's resilience against the adverse impacts of climate change and actively promote a just and orderly transition to low-carbon economy; and
- to ensure climate-related risks are embedded into the Bank's internal control frameworks across the three lines of defence for robust management of material climate-related risk.

Risk Strategy

- to evaluate and assess the adequacy of strategies to manage the overall risk associated with the Bank's activities;
- to ensure strategies, policies and procedures of the ICAAP as well as internal target, trigger and risk appetite are reviewed annually under a formal review process that is well documented;
- to ensure that the capital management policies and activities are effectively integrated into the overall risk management framework;
- to recommend to the Board on the appropriateness and suitability of the risk appetite; and
- to review the capital planning and funding strategy.

CORPORATE GOVERNANCE STATEMENT (CONTD)

BOARD COMMITTEES (CONTD)

(d) Risk Management Committee (Contd)

The RMC's responsibilities and functions are: (Contd)

Risk Management & Control

- to review management's periodic reports on risk exposures, risk portfolio composition and risk management activities, adherence to risk appetite; and the implementation of risk management and compliance policies, processes, and controls within the Bank in managing the key risks to the Bank as well as emerging risks;
- to monitor, assess and advise on the credit risk portfolio composition of the Bank;
- to exercise oversight on the development and implementation of the stress testing programme, including constructive challenge on the results of stress tests, scenarios, key assumptions, and methodologies used in the stress test and the capacity of the Bank's capital to sustain such risks;
- to assess the risk-return trade-off and credit risk strategy;
- to review reports of the credit review process, asset quality and ensure that corrective action is taken;
- to review and evaluate the various credit products engaged by the Bank to ensure that it is conducted within the standards and policies set by the Board;
- to evaluate and assess risk concerning development and introduction of new products and services;
- to oversee capital quantification and scenario analysis methodologies;
- to review the Bank's Single Counterparty Exposure Limit ("SCEL");
- to review the Threshold Limits for Business Sectors;
- to oversee the risk management for Islamic banking;
- to ensure that the cyber security risk of the Bank is properly managed;
- to at least annually, evaluate the effectiveness of the Bank's overall management of compliance risk, having regard to the assessments of senior management and internal audit, as well as interactions with the CCO;
- to deliberate, challenge and propose for Board's approval on Outsourcing Plan and material outsourcing engagement;
- to assess and review the recovery plan during its initial development and subsequent material changes, where applicable; and
- to provide constructive challenges to the conclusions, reasoning analysis and assumptions underpinning the recovery plan, including risk models and quantitative risk methodologies used in the recovery indicator framework and scenario analysis.

CORPORATE GOVERNANCE STATEMENT (CONTD)

RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

The risk management within the Bank is governed by a risk management and internal control framework, which sets out the risk management governance and infrastructure, risk management processes and control responsibilities. In the Bank, effective risk management is inculcated by a risk awareness culture across all levels of staff in the Bank through effective communication, training, clear policies and procedures as well as organisational structure, which clearly defined roles and responsibilities of all employees.

The adequacy and effectiveness of the risk management and internal control framework are subject to periodic review by the Bank's control functions including Risk Management, Internal Audit and Compliance to ensure continuous improvements in operational efficiency while taking into consideration changes in risk appetite, external environment and regulatory requirements.

Notwithstanding the risk management and internal control framework that have been put in place, they provide reasonable, but not absolute assurance that the Bank will not be adversely affected by any event that may be reasonably foreseen.

Overall Risk Management Policy

The risks faced by the Bank are broadly divided into two categories:

- credit and market risks that are inherent in our profit-seeking activities; and
- risks associated with the Bank's operations.

The Bank's goal is to achieve a balance between earnings and risks. For this purpose, the Bank has instituted an integrated Risk Management Policy to identify, measure, monitor, control and manage risks using consistent standards and techniques in each of the Bank's business.

Outline of risk management and control responsibilities:

- the Board is ultimately responsible for the management of risks; the Board through the RMC, maintains overall responsibility for risk oversight of the Bank;
- the RMC oversees Senior Management's functions in managing the key risk areas of the Bank in order to ensure that the risk management process is in place and functioning effectively. The Committee is responsible for the risk oversight for the major areas of risk covering credit risk, corporate risk, market risk, liquidity risk, operational risk and climate risk. Its responsibilities also include the review and recommendation of the risk management strategies, policies and risk tolerance. It also reviews and assesses adequacy of risk management policies and framework in identifying, measuring, monitoring, controlling and managing the overall risk; and
- dedicated independent risk management and control committees are responsible for identification, monitoring of risks and monitoring of compliance with the risk policies.

The independent risk management committees which comprise members of the management team, relevant heads of department and chaired by CRO are as follows:

- (a) Market Risk, Assets and Liabilities Management Committee ("ALCO")
- (b) Operational Risk Management and Control Committee ("ORMCC")
- (c) Credit Risk Management Committee ("CRMC")

The AC, supported by Internal Audit Department ("IAD"), is to provide an independent assessment of the adequacy and reliability of the risk management processes, and compliance with risk policies and regulatory guidelines of the above risk management committees.

The Shariah Committee is responsible to provide Shariah decisions, views and opinions relating to Islamic financial business of the Bank including the endorsement of product-related documentation and Shariah-related policies and procedures.

The Bank has established, within its risk management policy, a structured approach to enterprise wide risk management which balances risk and return, and integrates risk management processes for credit risk, market risk, liquidity risk, operational risk and information security risk for more effective risk management. The risk management process is categorised into the following processes:

- Risk Identification, Assessment and Measurement; and
- Risk Control, Mitigation and Monitoring.

CORPORATE GOVERNANCE STATEMENT (CONTD)

RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK (CONTD)

Overall Risk Management Policy (Contd)

(a) CREDIT & CORPORATE & CLIMATE RISK MANAGEMENT

(i) Risk Identification, Assessment and Measurement

- A comprehensive Credit Rating system is used to grade the quality of loans/financing and track changes in credit risk profile of the loan portfolio;
- An independent assessment of loans/financing applications are performed by the holding company;
- Calculate the Expected Credit Loss ("ECL") on Bank's portfolio based on approved methodology, processes, tools and requirements under MFRS 9 *Financial Instruments*;
- Regular review of watch list borrowers and delinquent accounts are conducted to monitor progress of recovery;
- Identify and assess higher risk borrowers through enhanced watchlist classification;
- Formulate stress scenario and conduct the stress testing of Bank's portfolio to gauge the Bank's capability to absorb external shocks arising from hypothetical adverse stress scenarios;
- Conduct annual reverse stress testing is conducted annually to identify unviable scenario and potential vulnerable areas;
- Under ICAAP, the material risk assessment is conducted annually. The Bank's internal capital adequacy assessment is performed for both normal and stress scenario over the next 3 years time horizon;
- Responsible for the development, review, approval and ongoing maintenance of Bank's recovery plan. Initiate the re-assessment of key attributes, assess the feasibility and appropriateness of the recovery plan annually and see whether any maintenance and update are required; and
- Identify and measure the impact of physical risk and transition risk to Bank's credit portfolio through various climate risk transmission channels.

(ii) Risk Control, Mitigation and Monitoring

- Credit Policy documents the core credit processes including the process of credit risk rating and collateral policy;
- Impairment Policy documents the general requirements for classification of credit-impaired loans/financing and provisioning and the circumstances under which loans/financing can be rescheduled/restructured/written off;
- Analysis and reporting to the Board/RMC/CRMC on the loans/financing exposure, asset quality, concentration level, movement of credit-impaired loans and expected credit losses of credit portfolio;
- Review of counterparty limits of money market activities, foreign exchange activities and other business activities;
- Review the independent assessment of ICAAP performed by Regional Risk Office, ("ARMO");
- SCEL Policy documents the requirements in managing and monitoring exposures to a single counterparty and persons connected to it;
- Periodic monitoring and reporting of Risk Appetite Statements ("RAS") limits/thresholds set on key risk exposures;
- Periodic monitoring and reporting of recovery planning thresholds set on early warning and recovery stage for key risk exposures. Act as a key coordinator in the implementation of recovery plan and options when the plan is activated; and
- Undertakes climate-related scenario analysis risk assessments including climate risk stress testing (CRST), monitoring and periodical reporting.

CORPORATE GOVERNANCE STATEMENT (CONTD)

RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK (CONTD)

Overall Risk Management Policy (Contd)

(b) MARKET RISK MANAGEMENT

(i) Risk Identification, Assessment and Measurement

- Mark-to-market technique is used to revalue marketable securities, equities, interest rate and foreign currency positions; and
- Exposures such as position size, Value-at-Risk and loss amounts are computed as a measurement of market risks.

(ii) Risk Control, Mitigation and Monitoring

- The market risk limits are set after taking into consideration the risk appetite of the Bank and the risk-return relationship;
- Market risk exposures of both the trading and banking book positions are monitored against pre-determined market risk limits;
- Both the utilisation and compliance status of market risk limits are regularly reported to Market Risk, Assets and Liabilities Management Committee ("ALCO") by the Market Risk Management Department ("MRMD");
- Regular reviews on interest rate outlook, vulnerability of net interest income to movement in interest rates and development of strategies to mitigate interest rate risks;
- Changes in market value of investment and dealing securities due to interest rate movements are monitored and reported; and
- Stress testing of trading and banking portfolios are performed to test the Bank's capability to absorb simulated shocks from market risk factors.

(c) LIQUIDITY RISK MANAGEMENT

(i) Risk Identification, Assessment and Measurement

- The Bank's assets and liabilities as well as off-balance sheet positions are included in liquidity risk measurement;
- The primary tools for assessing liquidity risk are the maturity mismatch analysis, assessment on the concentration of funding and the availability of unencumbered assets; and
- Establish Early Warning Indicators to identify potential warning signs in relation to the Bank's funding liquidity risk position.

(ii) Risk Control, Mitigation and Monitoring

- Internal liquidity risk management limits are set;
- Compliance with BNM's Liquidity Risk Policy Document and internal liquidity risk management policy are monitored and reported to Market Risk, Assets and Liabilities Management Committee ("ALCO");
- Liquidity contingency funding plans are in place and documented;
- Monitoring of changes in the Bank's funding structure, if any;
- Stress testing of assets and liabilities are performed to test the Bank's capability to absorb simulated shocks from liquidity risk factors; and
- Monitoring and reporting of Liquidity Coverage Ratio and Net Stable Funding Ratio requirements.

CORPORATE GOVERNANCE STATEMENT (CONTD)

RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK (CONTD)

Overall Risk Management Policy (Contd)

(d) OPERATIONAL RISK MANAGEMENT

(i) Risk Identification, Assessment and Measurement

- Risk identification and assessment activities scheduled periodically to identify and assess risks via the robust application of the Bank's risk framework, policies and procedures.
- Review of new policy or procedure, and revision of the existing policy and procedure are deliberated at the Operational Risk Management Control Committee ("ORMCC") platform prior to implementation and approval;
- Collecting Loss Event Data ("LED") with causal analysis conducted to identify relevant and effective preventative actions to prevent from recurring risk in the future arising from fraud or operational control lapses;
- BCM Program is established to ensure continuity of the business before, during and after a disruptive event. The program is reviewed and assessed annually to be able to identify and address emerging risk associated with business continuity.
- Review of new and existing products and services offered to identify and minimise risk associated with the product and service offerings;
- Implementation of System Risk Evaluation to identify and manage system risk and compliance to rules and regulations;
- A proactive Self-Identified Issue framework was established to instill risk ownership among first line of defenses (1LOD) and encourage 1LOD to identify and manage risks within their business function.
- Identify the potential Operational Risk associated with third party dependencies via periodic review of third party engagement and deliverables; and
- Shariah Risk Register was established to assist in risk identification for Islamic business transactions.

(ii) Risk Control, Mitigation and Monitoring

- Policies, procedures, checklists and methods established to control and mitigate operational risk;
- The three lines of defense model to define roles and responsibilities and ensure accountabilities to manage risks;
- Regular review on Key Risk Indicator (generic/specific "KRI" of Business Units and BNM's Operational Risk Integrated Online Network) to manage risks in the business functions, reporting on operational risk matters escalated via ORMCC and RMC;
- Implementation of Post Incident Reporting process to review the effectiveness of countermeasures committed to minimise risk of operational incidents and to identify weaknesses in operational processes and procedures;
- Implementation of Annual Review on Products and Services to manage and minimise risk;
- Execution of Testing and Exercising as planned in ensuring back-up procedures and contingency plans are up-to-date;
- Overall assurance on the adequacy and reliability of the operational risk management system by IAD; and
- Analyse and monitor countermeasures of Self-Inspection findings to minimise operational risk.

CORPORATE GOVERNANCE STATEMENT (CONTD)

RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK (CONTD)

Overall Risk Management Policy (Contd)

(e) IT RISK MANAGEMENT

(i) Risk Identification, Assessment and Measurement

- Proactive approach to risk identification involves comprehensive assessments of potential threats and vulnerabilities across all IT systems and processes;
- Rigorous risk assessment methodologies to evaluate the potential impact and likelihood of identified IT risks; and
- Centralised security operation center at Head Office to provide detection and alert for a risk event.

(ii) Risk Control, Mitigation and Monitoring

- Our IT risk framework encompasses a multifaceted approach to mitigate IT risks at various levels of our organisation;
- Continuous monitoring is integral to our IT risk management strategy, allowing us to detect and respond to emerging threats in real-time. We utilise advanced monitoring tools and analytics to monitor network activity, detect anomalies and assess the effectiveness of our controls;
- Comprehensive and up-to-date documentation of Information Security Standards and Procedures and unified procedural documentations at regional office to manage IT processes;
- Periodic assessment against the cybersecurity maturity standards with subsequent plan established to minimise the gap; and
- Continuous and periodic training and awareness to stakeholders within the Bank including Board of Directors on information security subjects.

CORPORATE GOVERNANCE STATEMENT (CONTD)

RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK (CONTD)

Overall Risk Management Policy (Contd)

(f) COMPLIANCE AND LEGAL RISK MANAGEMENT

(i) Risk Identification, Assessment and Measurement

- Compliance Risk Assessment (“CRA”) is performed utilising CRA tools for determining the key areas of compliance focus, allocation of compliance resources and deployment of compliance monitoring, testing and training;
- Established compliance risk assessment plan and schedule from applicable compliance risk universe;
- Determination of residual risk and risk ratings by utilising a standardised methodology (including taking into consideration the business activity) in a consistent manner; and
- Comprehensive risk assessment (which includes financial crime risk assessment) is performed annually.

(ii) Risk Control, Mitigation and Monitoring

- Implement Core Compliance Policies and Financial Crime Policies consistent with Group’s direction and local regulation;
- Develop and maintain regulatory inventory, i.e. to keep track on changes to laws, rules and regulations (“LRR”) that may result in changes to the Bank’s risk profile and operation;
- Conduct periodic monitoring and testing based on key focus areas and/or triggered events;
- Inform Senior Management regarding key issues and concerns around compliance and legal related events and development;
- Implement issue management guidelines to enable effective identification, escalation, reporting and remediation of compliance and legal issues;
- Raise compliance awareness through training and various compliance culture program;
- Adopts the strategy of constructive engagement with regulatory authorities;
- Regulatory compliance team that provides compliance advice to the business areas as well as assisting to resolve regulatory issues; and
- Legal team that provides legal advice to the business.

CORPORATE GOVERNANCE STATEMENT (CONTD)

RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK (CONTD)

Overall Risk Management Policy (Contd)

Internal Audit

Internal Audit is an independent and objective function to assist the AC of the Board in discharging the responsibilities defined in the terms of reference of the AC. Reviews are conducted on the operations, activities, systems, procedures and practices of the Bank and reports on the findings are submitted with recommendations to the AC. Such reporting serves to provide the desired status of independence for the Internal Auditors to determine adequate coverage of audit and to be impartial and unbiased in performing audit examinations.

In carrying out its responsibilities, Internal Audit has full, free and unrestricted access to all activities, records, property and personnel. The Internal Auditors are encouraged to be consulted for advice such as to provide comments based on lessons learnt from past audit experience which could be beneficial when new systems are planned to be introduced incorporating significant changes in internal control processes and standards. Such advice does not exempt the subjects from being audited subsequently for possible additional improvements.

Internal Audit is governed by the policies and objectives of the Bank, applicable laws and regulations such as the FSA 2013, IFSA 2013, BNM’s Guidelines on Internal Audit Functions of Licensed Institutions and the Institute of Internal Auditors’ International Standards for Professional Practice of Internal Auditing.

Responsibilities

Internal Audit is entrusted with the responsibility to appraise the appropriateness and effectiveness of the internal control system of the Bank’s operations, activities, systems, procedures and practices and for advising Management on their condition. Internal Audit will include the evaluation of the following in its scope of work to effectively discharge its responsibilities:

- Compliance with internal policies, applicable laws and regulations;
- Adequacy and effectiveness of risk management, internal controls and governance process;
- Appropriateness of Management’s approach to risk and control in relation to the Bank’s objectives;
- Reliability, integrity and continuity of the information technology, payment systems and electronic delivery channels;
- Adequacy and effectiveness of the system of assessing capital and robustness of stress testing procedures;
- Reliability, integrity and timeliness of regulatory reporting, accounting records, financial reports and management information;
- Adequacy and effectiveness of anti-money laundering measures;
- Compliance with Shariah principles as determined by the Shariah Committee;
- Provide independent assurance on the adequacy and effectiveness of departments entrusted to oversee the compliance function and responsible for oversight of the risk management function;
- Conduct ad-hoc/special assignments/reviews as requested by Management or AC;
- Planning audit assignments and presenting the annual audit plan for approval by AC; and
- Monitor progress of rectification actions by auditees.

CORPORATE GOVERNANCE STATEMENT (CONTD)

SHARIAH COMMITTEE (“SC”)

The Bank’s SC was established to ensure that the Bank’s Islamic banking objectives and operations, business, affairs and activities are in compliance with Shariah rules and principles. The roles and responsibilities of the Bank’s SC are as prescribed in the Shariah Governance Policy Document issued by BNM and in compliance with the respective members’ letter of appointment.

The key roles and responsibilities of the SC include:

- To advise and provide input to the Board on Shariah matters including regular update or reporting, and attending the Board meeting whenever required by the Board;
- To advise the Bank on Shariah matters in ensuring the Bank’s Islamic banking operations comply with Shariah principles at all times;
- To endorse Shariah and other relevant policies and procedures for Islamic banking operations and to ensure that the contents are Shariah compliant;
- To approve the Bank’s Islamic banking products including the relevant documentations as follows:
 - (i) the terms and conditions contained in the forms, contracts, agreements or legal documentations used in executing the transactions; and
 - (ii) the product manuals, advertisements, sales illustrations and brochures used to describe the product.
- To perform an oversight role on Shariah compliance related matters to the Bank’s Islamic banking operations including assessing the work carried out by Shariah Review and Shariah Audit to ensure Shariah compliance;
- To provide report as part of the Bank’s annual report on the state of Shariah compliance by confirming the appropriate tests, procedures and review works have been performed;
- To provide necessary assistance on Shariah matters to the Bank’s related parties such as legal, compliance, auditors or consultants etc. in ensuring Shariah compliance;
- To advise on matters to be referred to the Shariah Advisory Council (“SAC”) of BNM and/or SAC of Securities Commission Malaysia (“SCM”) for matters that could not be resolved (whenever necessary); and
- To provide written Shariah opinions in circumstances where the Bank makes reference to the SAC of BNM and/or SAC of SCM for further deliberation, or where the Bank submits applications to BNM for new product approval as outlined in BNM guidelines.

The SC of the Bank consists of three (3) members and their profiles are as follows:

Prof. Dr. Said Bouheraoua

Professor Dr. Said Bouheraoua obtained his Bachelor in Fiqh and Usul Fiqh from the University of Algiers in 1991, Master of Quran and Sunnah in 1998 and Ph.D in Fiqh/Usul Fiqh (Shariah) from International Islamic University Malaysia (IIUM) in 2002. At present, he is a Director, Research Development & Innovation for ISRA Institute, INCEIF University. He is registered Shariah Adviser with Securities Commission Malaysia which regulates the Islamic Capital Market as well as serving Malaysian Life Reinsurance Group Bhd (MLRe) Retakaful as Chairman of Shariah Committee. He is also a member of Higher Shariah Committee at the Central Bank of the Oman Sultanate. For foreign Islamic Financial Institution involvement, he is the Chairman of Shariah Committee of SunTrust Bank Nigeria and Trust Bank Amanah Suriname. He had won the Lamya al-Faruqi Award for Academic Excellence in 1999, organised by International of Islamic Thought and IIUM. He has been appointed as the Chairman of SC of the Bank effective 3rd July 2022.

CORPORATE GOVERNANCE STATEMENT (CONTD)

SHARIAH COMMITTEE (“SC”) (CONTD)

Y.Bhg. Prof. Emeritus Dato’ Dr. Mohd Azmi bin Omar

Y.Bhg. Prof. Emeritus Dato’ Dr. Mohd Azmi bin Omar obtained his Bachelor of Science (Finance) in 1983 and Master of Business Administration from the Northern Illinois University, United States of America in 1985 and PhD in Finance from the Bangor University, Wales, United Kingdom in 1994. At present, he is the President and Chief Executive Officer at INCEIF University since October 2017. Prior to his current position, he served as the Director-General at Islamic Research and Training Institute (“IRTI”), Islamic Development Bank Group, Jeddah, Kingdom of Saudi Arabia. He is a member of Board of Trustees of Responsible Finance Institute (RFI Foundation). Currently, he also serves as a member of Shariah Committee to Bank Rakyat Malaysia and Etiqa Takaful Malaysia. He is also a former member of Shariah Advisory Council of Securities Commission Malaysia and was formerly an Islamic Finance Expert Advisor to the Brunei Darussalam Central Bank. Recently, he led a team who developed the Indonesia Shariah (Islamic) Economy Masterplan 2019-2024 for the Government of Indonesia. Other recent consulting projects led by him includes the Kazakhstan Islamic Finance Masterplan 2020-2025 for the Astana International Financial Center (AIFC) and Republic of Kazakhstan. He has been a member of the SC of the Bank since June 2020.

Assoc. Prof. Dr. Muhamad Firdaus Ab Rahman

Assoc. Prof. Dr. Muhamad Firdaus Ab Rahman, obtained his Bachelor in Fiqh and Fatwa from Universiti Sains Islam Malaysia (USIM) in 2011, Master in Shariah from Universiti Malaya in 2014 and Ph.D in Fiqh/Usul Fiqh from International Islamic University Malaysia (IIUM) in 2018. He currently serves as a senior lecturer at Faculty of Syariah and Law, USIM and as Chairman, Shariah Committee of Octowill Trustees Berhad. He was also the Coordinator for Training and Consultation at the Institute of Fatwa and Halal (IFFAH), USIM and Auditor Halal (Syariah) at Majlis Ugama Islam Sabah-MUIS Halal Hub (MHH). He has developed modules for different organisations and projects, such as the Temporary Waqf Module for the Department of Awqaf, Zakat & Hajj (JAWHAR). Muhamad Firdaus is a recipient of the Waqf Young Researcher Award 2024 from the Malaysian Waqf Foundation (YWM). He has been appointed as the SC member of the Bank effective 1st April 2025.

Dr. Abdulkader Thomas

Dr Abdulkader Thomas obtained his Bachelor of Arts Arabic & Islamic Studies from The University of Chicago in 1979, Master of Arts Law and Diplomacy from The Fletcher School of Law & Diplomacy in 1981 and his PhD in Law from SOAS University of London in 2025. Dr. Abdulkader has over 40 years of diversified global financial services experience. At present, he serves as the Managing Director at SHAPE Knowledge Services. He was the Securities Commission (Malaysia) Visiting Fellow for Islamic Finance at the Oxford Centre for Islamic Studies 2020/2021. He also served as Shariah Committee member at various institution globally including at Bank Muscat Meethaq, Sterling Bank Nigeria, University Bank, USA and Algbra, UK. He has been appointed as the SC member of the Bank effective 25th June 2025.

The SC shall meet at least two (2) times a year.

The SC held six (6) meetings during the financial year ended 31 March 2026.

The details of attendance of each member at the SC meetings held during the financial year ended 31 March 2026 are as follows:

SC Member	Number of Meetings	
	Held	Attended
Prof. Dr. Said Bouheraoua <i>Chairman</i>	6	6
Y.Bhg. Prof. Emeritus Dato’ Dr. Mohd Azmi bin Omar <i>Member (resigned w.e.f. 1st July 2025)</i>	6	1
Assoc. Prof. Dr. Muhamad Firdaus Ab Rahman <i>Member (newly appointed w.e.f. 1st April 2025)</i>	6	6
Dr. Abdulkader Thomas <i>Member (newly appointed w.e.f. 1st July 2025)</i>	6	5

CORPORATE GOVERNANCE STATEMENT (CONTD)

REMUNERATION STRATEGY

The Bank’s Remuneration Policy, which has been endorsed by the Bank’s Remuneration Committee and approved by the Board, applies across the Bank and acts as a guiding principle in relation to the design and management of our remuneration programmes.

The overall purpose of the Global Reward Philosophy is to attract, motivate and retain high-performing individuals in a manner that supports robust governance in line with MUFG’s risk appetite; is aligned with MUFG’s business strategy, objectives, values and long term interests and ensure the franchise is sustainable and that the firm’s financial resources are aligned to the principles of safety and soundness.

In order to achieve this, MUFG’s Global Reward Philosophy is supported by a set of core principles that guide our performance and reward strategies and underpin all compensation-related decisions.

- Transparency**
We set clear expectations on how colleagues are rewarded and outline the principles guiding these decisions, including agreeing clear objectives that are aligned with business purpose, strategy and values, risk appetite, and employees are provided with regular feedback.

We maintain open and clear communication about pay structures and performance decisions to ensure employee understanding and trust.
- Pay for Performance**
Compensation outcomes are linked to individual performance, contributions, potential, conduct, and behaviours, as well as the performance of their business unit or function, region, and MUFG as a whole.
- Market Competitiveness**
We aim to provide a competitive total reward proposition based on role and location, to attract, motivate and retain talent. In general, we target within a range around the market median on Fixed Pay and Total Compensation of appropriate peer competitors to MUFG.

We aim to provide an appropriate mix of fixed and variable pay along with a core level of benefits, ensuring employees have sufficient security to perform their duties effectively.
- Equity & Inclusivity**
We maintain pay practices to deliver equal pay for work of equal value, regardless of gender, race, ethnicity, age, disability, or any other protected characteristics.
- Well-Being**
We aim to pay employees fairly, to enable them to meet basic living expenses and maintain a reasonable standard of living.

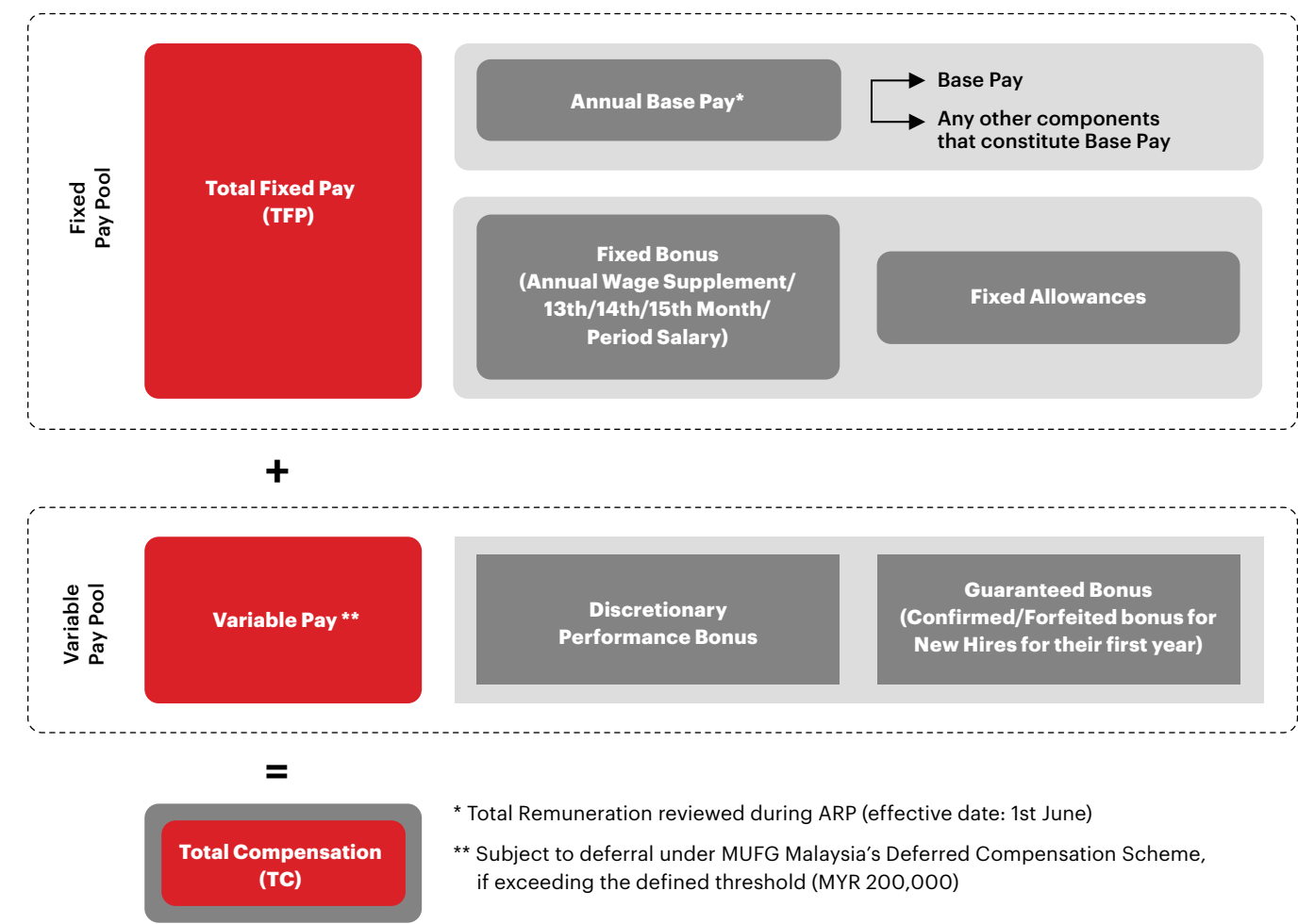
We support a variety of flexible working arrangements, subject to local terms, that balances business needs with personal circumstances.

We offer employees the opportunity to choose the combination and level of benefits that best suit them.

CORPORATE GOVERNANCE STATEMENT (CONTD)

REMUNERATION STRATEGY (CONTD)

a) COMPONENTS OF REMUNERATION



CORPORATE GOVERNANCE STATEMENT (CONTD)

REMUNERATION STRATEGY (CONTD)

(a) COMPONENTS OF REMUNERATION (CONTD)

Remuneration is to be determined and evaluated on a Total Compensation basis, including Base Salary, Fixed Allowances and discretionary Variable Pay.

The Total Compensation approach enables a holistic consideration of the employee's remuneration and strengthening the Bank's 'pay for performance' culture through differentiation in Total Compensation outcomes, reflective of performance.

Fixed pay	Consist of Annual Base Pay, Fixed Bonus (or period salary) and Fixed Allowances	- The Bank's Fixed Pay strategy aims to be competitive within a market range of 80% to 120% of the market median (P50) for the relevant role. We position employees within this range based on individual circumstances. This approach ensures, in accordance with our Global Reward Philosophy, that we maintain equity, inclusivity and market competitiveness. - The position of an individual within the range is influenced by: - Paying for Performance: Recognising and rewarding consistent and sustainable top performance; - Key Skills and Resources: Valuing critical skills and essential resources; - Retention Risks: Mitigating the risk of losing key talent; - Niche Roles: Accounting for the uniqueness and specialisation of certain roles; and - Experience: Considering the experience, where experience is relevant to the requirements of the role.
Variable pay	Payable annually through cash bonus	- Discretionary Variable Pay will be differentiated towards top performers to ensure Total Compensation reflects their performance for the year. Discretionary Variable Pay should be differentiated enough to reward top performers but still align to MUFG's values and does not encourage employees to expose the firm to excessive or imprudent risk; - Discretionary Variable Pay are not linked to current Fixed Pay or Base Salary levels; and - To safeguard the independence and authority of individuals engaged in control functions, MUFG shall ensure that the remuneration of such individuals is based principally on the achievement of control functions objectives, and determined in a manner that is independent from the business lines they oversee.

CORPORATE GOVERNANCE STATEMENT (CONTD)

REMUNERATION STRATEGY (CONTD)

(b) MEASUREMENT OF PERFORMANCE

The Bank’s performance is determined in accordance with a balanced scorecard which includes key measures on profitability, cost, capital, shareholder’s return, medium to long-term strategic initiatives, as well as, audit and compliance positions.

The Bank’s key measures are cascaded to the business units and functions accordingly, and subsequently to the Key Performance Indicator (“KPI”) scorecards of individuals.

For each employee in the Bank, performance is tracked through a Global Performance Management Framework, which focuses on:

- “What” gets accomplished, measured against specific performance objectives (50%); and
- “How” results are achieved (50%), measured against expectations on risk, compliance, and internal controls (25%) and demonstrated behaviors against the five MUFG Culture Principles (25%).

(c) DETERMINATION OF VARIABLE REMUNERATION

Based on the Bank’s performance, the Management will determine the overall variable remuneration pool taking into consideration key performance measures. The Bank’s pool will be allocated by the Management to the business units and function based on their respective performance and adjustment in view of market relevance of the employment remuneration.

Variable remuneration of each individual employee is determined based on individual assessment and the adequacy of bonus pool allocated to the business unit function to which the individual belongs.

The control functions of Audit, Compliance and Risk functions operate independently from the business units in the Bank, and have appropriate authority to carry out their individual functions without intervention from the business units. To prevent conflict of interest, remuneration of employees in these control functions are not dictated by business units that they support. Remuneration of the CEO, CRO, CCO and CIA are approved by the Board and the relevant Board Committees.

(d) DIRECTORS’ REMUNERATION

This is disclosed in Note 33 of the financial statements.

CORPORATE GOVERNANCE STATEMENT (CONTD)

REMUNERATION STRATEGY (CONTD)

(e) REMUNERATION DISCLOSURE FOR SENIOR MANAGEMENT AND OTHER MATERIAL RISK TAKERS

Total value of remuneration awards for the financial year	31 March 2026			31 March 2025		
	Unrestricted RM'000	Deferred RM'000	Number of Officers	Unrestricted RM'000	Deferred RM'000	Number of Officers
Senior Management						
Fixed remuneration						
• Cash based	5,560	-	8	5,544	-	9
• Others	1,194	-	8	1,172	-	10
Variable remuneration						
• Cash based	3,494	730	10	3,116	566	9
• Others	130	-	1	120	-	1
Sub total	10,378	730		9,952	566	
Other Material Risk Takers						
Fixed remuneration						
• Cash based	6,136	-	17	5,105	-	14
• Others	1,197	-	17	955	-	14
Variable remuneration						
• Cash based	2,954	78	15	2,206	36	13
Sub total	10,287	78		8,266	36	
Total	20,665	808		18,218	602	

There are no shares and share-linked instruments granted to Senior Management and other material risk takers during the financial year.

RELATED PARTY TRANSACTIONS

Payments made on services rendered by the holding company are on documented contractual terms and there is no related party transaction with the Board of Directors or Senior Management.

This is disclosed in Note 26 of the financial statements.

RATING BY EXTERNAL RATING AGENCIES

On 30 March 2026, RAM Rating Services Berhad has assigned the Bank a long-term rating of AAA and a short-term rating of P1 with stable outlook.

COMPLIANCE WITH BNM'S EXPECTATIONS ON FINANCIAL REPORTING

In the preparation of the financial statements, the Directors have taken reasonable steps to ensure that BNM's expectations on financial reporting have been complied, including those as set out in the Policy Document on Financial Reporting.

INDEMNITY AND INSURANCE

The Directors and Officers of the Bank are covered by Directors and Officers liability insurance for any liability incurred in the discharge of their duties, provided that they have not acted fraudulently or dishonestly or derived any personal profit or advantage. The total amount of indemnity taken by the Bank is RM7.0 million (2025: RM 7.0 million).

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

OTHER STATUTORY INFORMATION

Before the financial statements of the Bank were made out, the Directors took reasonable steps:

- (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that there were no known bad debts to be written off and that adequate provision had been made for doubtful debts; and
- (ii) to ensure that any current assets 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:

- (i) that would require the writing off of bad debts and render the amount of the provision for doubtful debts of the Bank inadequate to any substantial extent; or
- (ii) that would render the value attributed to current assets in the financial statements of the Bank misleading; or
- (iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Bank misleading or inappropriate; or
- (iv) not otherwise dealt with in this report or financial statements that would render any amount stated in the financial statements of the Bank misleading.

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

- (i) any charge on the assets of the Bank that 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 STATUTORY INFORMATION (CONTD)

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.

In the opinion of the Directors, the financial performance of the Bank for the financial year ended 31 March 2026 have 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.

AUDITORS

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

The auditors' remuneration for this year is RM 430,000.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors on 26 August 2026.



Motohide Okuda
Director

Kuala Lumpur, Malaysia



Dato' Noorazman bin Abd Aziz
Director

STATEMENT BY DIRECTORS
PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT 2016

We, Motohide Okuda and Dato' Noorazman bin Abd Aziz, being two of the Directors of MUFG Bank (Malaysia) Berhad, state that, in the opinion of the Directors, the financial statements set out on pages 62 to 157 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards 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 on 26 August 2026.



Motohide Okuda
Director

Kuala Lumpur, Malaysia



Dato' Noorazman bin Abd Aziz
Director

STATUTORY DECLARATION

PURSUANT TO SECTION 251(1)(B) OF THE COMPANIES ACT 2016

I, Motohide Okuda, the Director primarily responsible for the financial management of MUFG Bank (Malaysia) Berhad, do solemnly and sincerely declare that the financial statements set out on pages 62 to 157 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 provisions of the Statutory Declarations Act, 1960.

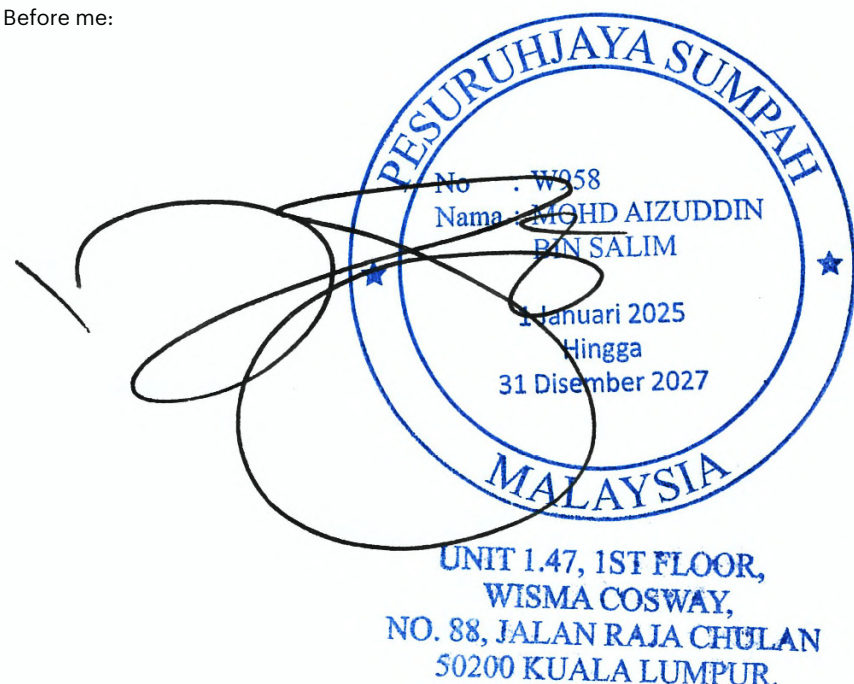
Subscribed and solemnly declared by the abovenamed Motohide Okuda, passport no: TS5015732, at Kuala Lumpur in the Federal Territory on 26 August 2026.



Motohide Okuda

Director

Before me:



SHARIAH COMMITTEE REPORT



In the name of Allah, the Most Gracious, the Most Merciful. All praise is due to Allah, prayers and peace be upon Prophet and Messenger Muhammad S.A.W., his kin and his companions.

In carrying out the roles and responsibilities of the Shariah Committee of MUFG Bank (Malaysia) Berhad as prescribed in the Shariah Governance Policy Document ("the SGP") issued by Bank Negara Malaysia, the Bank's policy on Shariah governance and terms of reference of the Shariah Committee, we hereby submit our Shariah Committee Report for the financial year ended 31 March 2026.

In accordance with the SGP, it is the responsibility of the Bank's Management to ensure that the Bank's Islamic banking operations, business, affairs and activities are in accordance with the Shariah rules and principles. As the Bank's Shariah Committee, it is our responsibility to provide an independent view on the status of Shariah compliance conduct of the Islamic banking operations and to produce this report.

For the financial year ended 31 March 2026, the Shariah Committee has held six (6) meetings to review various products, dealings, contracts, policies, procedures and related transactions that were presented by the Bank's Shariah unit which had examined the adherence of such undertakings in conformity to the Shariah requirements.

We have also performed the oversight role for the Shariah control functions of Shariah review, Shariah risk management and Shariah audit functions in ensuring that the Bank's Islamic banking operations comply with the Shariah principles and rulings issued by the Shariah Advisory Council of Bank Negara Malaysia as well as the Shariah policy endorsement and product approval.

In discharging our duties, we have obtained all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the Bank has complied with the Shariah rules and principles in all transactions that have been presented to us with regard to Islamic banking operations and business activities.

Pursuant to the above, we, the Shariah Committee of MUFG Bank (Malaysia) Berhad, in consideration of continuous improvements in several areas by the management, are of the view that:

- 1 the products, dealings, contracts, policies, procedures and related transactions proposed and entered into by the Bank during the financial year ended 31 March 2026 are in compliance with the Shariah rules and principles;
- 2 the allocation of profits and the charging of losses relating to investment accounts conform to the basis that had been approved by us in accordance with Shariah principles;
- 3 no earning has been realised from sources or by means prohibited by the Shariah principles within the financial year; and
- 4 the Bank's shareholding structure remains 100% wholly-owned by MUFG Bank, Ltd. Japan that comprises non-Muslim shareholders. According to the Shariah principles, zakat payments are only obligated to Muslim shareholders. Based on the current shareholding, the Bank is not obliged to pay the zakat on behalf of its shareholders.

Based on the above considerations, observations and deliberations, we, the Shariah Committee of MUFG Bank (Malaysia) Berhad, do hereby confirm that, at our level best with continuous management efforts to improve, express our view that the Islamic banking operations and business activities of the MUFG Bank (Malaysia) Berhad for the financial year ended 31 March 2026 have been conducted in conformity with the Shariah rules and principles.

As we seek Allah S.W.T. guidance and mercy, we pray for the right path and success in the Bank's endeavour.



Prof. Dr. Said Bouheraoua
Chairman of the Shariah Committee



Assoc. Prof. Dr. Muhamad Firdaus Ab Rahman
Member of the Shariah Committee

Kuala Lumpur, Malaysia

Date: 26 August 2026

INDEPENDENT AUDITORS’ REPORT

TO THE MEMBER OF MUFG BANK (MALAYSIA) BERHAD
(Registration No. 199401016638 (302316-U))(Incorporated in Malaysia)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of MUFG Bank (Malaysia) Berhad, 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 62 to 157.

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 cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting 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, Shariah Committee’s Report and Pillar 3 disclosures, 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 Shariah Committee’s Report and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Bank, our responsibility is to read the other information and, in doing so, consider whether the other information 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 other information, 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 Malaysian Financial Reporting Standards, International Financial Reporting 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.

INDEPENDENT AUDITORS’ REPORT

TO THE MEMBER OF MUFG BANK (MALAYSIA) BERHAD
(Registration No. 199401016638 (302316-U))(Incorporated in Malaysia)



Report on the Audit of the Financial Statements (Contd)

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.
- 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 Group’s and the Bank’s internal control.
- 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 Matter

This report is made solely to the member 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.

Deloitte Malaysia PLT
(LLP0010145-LCA & AF0080)
Chartered Accountants

27 August 2026

Mak Wai Kit
Approval Number: 03546/12/2024 J
Chartered Accountant

STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2026

	Note	31.03.2026 RM'000	31.03.2025 RM'000
ASSETS			
Cash and short-term funds	3	3,945,420	6,425,755
Reverse repurchase agreements	4	175,145	-
Deposits and placements with financial institutions	5	729,634	569,089
Financial assets at fair value through profit or loss ("FVTPL")	6	1,330,876	292,508
Financial investments at fair value through other comprehensive income ("FVOCI")	7	1,921,425	1,741,768
Loans, advances and financing	8	8,083,748	7,491,482
Embedded loans measured at fair value through profit or loss	9	11,743,969	13,758,051
Purchased receivables	10	231,030	811,540
Collateral deposits placed	11	679,490	35,809
Derivative financial assets	12	722,451	721,962
Statutory deposits with Bank Negara Malaysia	13	6,112	9,017
Other assets	14	48,205	43,781
Property, plant and equipment	15	22,702	23,458
Intangible assets	16	18,219	22,364
Right-of-use assets	17	10,355	13,525
Current tax assets		44,278	8,428
Deferred tax assets	18	23,973	19,404
TOTAL ASSETS		29,737,032	31,987,941
LIABILITIES AND SHAREHOLDER'S FUNDS			
Deposits from customers	19	10,186,269	11,508,897
Deposits and placements of banks and other financial institutions	20	1,994,397	3,039,508
Financial liabilities at fair value through profit or loss	6	72,310	-
Collateral deposits received	11	10,701,018	11,808,046
Derivative financial liabilities	12	1,200,907	462,208
Other liabilities	21	215,076	208,295
Lease liabilities	22	10,170	12,466
TOTAL LIABILITIES		24,380,147	27,039,420
SHARE CAPITAL	23	200,000	200,000
RESERVES	24	5,156,885	4,748,521
SHAREHOLDER'S FUNDS		5,356,885	4,948,521
TOTAL LIABILITIES AND SHAREHOLDER'S FUNDS		29,737,032	31,987,941
COMMITMENTS AND CONTINGENCIES	25	126,411,752	98,161,347

The accompanying notes form an integral part of the financial statements.

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2026



	Note	Year ended 31.03.2026 RM'000	Year ended 31.03.2025 RM'000
Operating revenue	27	774,347	803,573
Interest income/Financing income	28	690,683	770,360
Interest expense/Profit distributed to depositors	29	(841,437)	(992,487)
Net interest/financing expense		(150,754)	(222,127)
Net income from embedded loans measured at FVTPL	30	452,686	437,465
Net income from Islamic Banking Window operations	42	16,545	18,267
Other operating income	31	455,870	569,968
Operating income		774,347	803,573
Other operating expenses	32	(198,193)	(191,039)
Operating profit before allowance for impairment		576,154	612,534
Allowance for impairment on financial instruments	34	(1,152)	(13,033)
Profit before tax		575,002	599,501
Tax expense	35	(166,517)	(185,038)
Profit after tax for the year		408,485	414,463
Other comprehensive income/(loss), net of tax			
<i>Items that will not be reclassified subsequently to profit or loss</i>			
Change in fair value reserve:			
- Equity instruments designated at FVOCI	36	167	90
<i>Items that may be reclassified subsequently to profit or loss</i>			
Change in fair value reserve:			
- Debt instruments measured at FVOCI	36	(2,940)	2,748
Change in expected credit loss reserve	36	2,652	1,728
Other comprehensive (loss)/income for the year, net of tax		(121)	4,566
Total comprehensive income for the year		408,364	419,029
Profit attributable to:			
Owner of the Bank		408,485	414,463
Total comprehensive income attributable to:			
Owner of the Bank		408,364	419,029
Basic earnings per share (sen)	37	204.24	207.23

The accompanying notes form an integral part of the financial statements.

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

	Note	Non-distributable <----->				Distributable		Total RM'000
		Share Capital RM'000	Regulatory Reserve RM'000	Defined Benefit Reserve RM'000	Fair Value Reserve RM'000	Retained Profits RM'000		
At 1 April 2025		200,000	96,383	(211)	29,867	4,622,482		4,948,521
Change in fair value of financial assets at fair value through other comprehensive income	36							
- Equity investments designated at FVOCI		-	-	-	167	-		167
- Debt investments measured at FVOCI		-	-	-	(2,940)	-		(2,940)
Change in expected credit loss of financial assets at fair value through other comprehensive income	7	-	-	-	2,652	-		2,652
Total other comprehensive loss for the year		-	-	-	(121)	-		(121)
Profit for the year		-	-	-	-	408,485		408,485
Total comprehensive (loss)/income for the year		-	-	-	(121)	408,485		408,364
Transfer of retained profits to regulatory reserve	24(b)	-	75,848	-	-	(75,848)		-
At 31 March 2026		200,000	172,231	(211)	29,746	4,955,119		5,356,885
At 1 April 2024		200,000	96,383	(211)	25,301	4,208,019		4,529,492
Change in fair value of financial assets at fair value through other comprehensive income	36							
- Equity investments designated at FVOCI		-	-	-	90	-		90
- Debt investments measured at FVOCI		-	-	-	2,748	-		2,748
Change in expected credit loss of financial assets at fair value through other comprehensive income	7	-	-	-	1,728	-		1,728
Total other comprehensive income for the year		-	-	-	4,566	-		4,566
Profit for the year		-	-	-	-	414,463		414,463
Total comprehensive income for the year		-	-	-	4,566	414,463		419,029
At 31 March 2025		200,000	96,383	(211)	29,867	4,622,482		4,948,521

The accompanying notes form an integral part of the financial statements.

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



	Note	Year ended 31.03.2026 RM'000	Year ended 31.03.2025 RM'000
Cash Flows From Operating Activities			
Profit before tax		575,002	599,501
Adjustments for:			
Depreciation of property, plant and equipment	15	4,319	5,535
Amortisation of intangible assets	16	9,048	24,897
Gain on lease derecognition		(3)	(3)
Loss/(Gain) on disposal of property, plant and equipment		91	(29)
Depreciation of right-of-use assets	17	4,050	4,389
Allowance for impairment on financial instruments	34	1,152	13,033
Defined benefit plan	32	2,220	2,322
Dividend income	31	(148)	(148)
Interest income from financial investments at fair value through other comprehensive income	28	(89,014)	(56,724)
Net amortisation of premium/(accretion of discount) on financial investments at fair value through other comprehensive income	28	634	(2,856)
Net loss from sale and redemption of financial investments at fair value through other comprehensive income		4,868	25,542
Finance cost on lease liabilities	32	344	442
Accretion expense on asset retirement obligation	32	11	11
Net gain from sale of financial assets at fair value through profit or loss	31	(1,209)	(1,352)
Unrealised loss/(gain) on changes in financial assets at fair value through profit or loss	31	4,326	(2,319)
Unrealised loss on changes in fair value of embedded loans measured at fair value through profit or loss	30	80,017	83,028
Unrealised loss/(gain) on changes in fair value of derivative financial instruments	31	205,086	(38,733)
Unrealised gain on changes in fair value of loans designated at fair value	31	(10,362)	(1,409)
Operating profit before working capital changes		790,432	655,127
(Increase)/Decrease in operating assets:			
Reverse repurchase agreements		(175,145)	20,090
Financial instruments at fair value through profit or loss		(969,175)	1,734,320
Loans, advances and financing		(582,464)	2,270,246
Embedded loans measured at fair value through profit or loss		1,935,685	(2,387,165)
Collateral deposits placed		(643,681)	(35,689)
Purchased receivables		580,736	105,956
Derivative financial instruments		531,504	565,756
Statutory deposits with Bank Negara Malaysia		2,905	(8,665)
Other assets		(5,547)	14,243
Increase/(Decrease) in operating liabilities:			
Deposits from customers		(1,322,628)	(767,227)
Deposits and placements of banks and other financial institutions		(1,045,111)	2,025,290
Collateral deposits received		(1,107,028)	(3,841,406)
Other liabilities		9,475	(82,275)
Cash (used in)/generated from operations		(2,000,042)	268,601
Income tax paid		(206,060)	(215,775)
Payment of staff benefits	21(i)	(3,091)	(722)
Net cash (used in)/generated from operating activities		(2,209,193)	52,104

STATEMENT OF CASH FLOWS

	Note	Year ended 31.03.2026 RM'000	Year ended 31.03.2025 RM'000
Cash Flows From Investing Activities			
Purchase of property, plant and equipment	15	(3,677)	(1,761)
Purchase of intangible assets	16	(4,903)	(5,474)
Proceeds from disposals of property, plant and equipment		23	59
Proceeds from redemption and sales of financial assets at fair value through other comprehensive income		336,698	911,894
Purchase of financial assets at fair value through other comprehensive income		(525,506)	(1,348,951)
Interest received from financial assets at fair value through other comprehensive income		90,139	57,360
Dividend received	31	148	148
Net cash used in investing activities		(107,078)	(386,725)
Cash Flows From Financing Activities			
Payment of lease liabilities		(3,175)	(3,450)
Interest paid in relation to lease liabilities		(344)	(442)
Net cash used in financing activities		(3,519)	(3,892)
Net decrease in cash and cash equivalents		(2,319,790)	(338,513)
Cash and cash equivalents at beginning of year	3	6,994,844	7,333,357
Cash and cash equivalents at end of year	3	4,675,054	6,994,844
Cash and cash equivalents comprise of:			
Cash and short-term funds	3	3,945,420	6,425,755
Deposits and placements with financial institutions	5	729,634	569,089
		4,675,054	6,994,844

STATEMENT OF CASH FLOWS



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

	At 1 April 2025 RM'000	Net change from financing cash flows RM'000	Other changes RM'000	At 31 March 2026 RM'000
Lease liabilities	12,466	(3,519)	1,223	10,170
	12,466	(3,519)	1,223	10,170

	At 1 April 2024 RM'000	Net change from financing cash flows RM'000	Other changes RM'000	At 31 March 2025 RM'000
Lease liabilities	14,569	(3,892)	1,789	12,466
	14,569	(3,892)	1,789	12,466

The accompanying notes form an integral part of the financial statements.

MUFG Bank (Malaysia) Berhad is a limited liability company, incorporated and domiciled in Malaysia. The address of the principal place of business and registered office of the Bank is Level 22, 23 & 24, Plaza Conlay, No.18, Jalan Conlay, 50450 Kuala Lumpur, Malaysia.

The principal activities of the Bank during the year are banking and related financial services, including Islamic Banking business. There has been no significant change in the nature of the principal activities during the financial year.

The Bank is a subsidiary of MUFG Bank, Ltd. and Mitsubishi UFJ Financial Group, Inc. ("MUFG") both of, which are incorporated in Japan and MUFG is listed on Tokyo Stock Exchange, Nagoya Stock Exchange and New York Stock Exchange. The Directors regard MUFG Bank, Ltd. as the Bank's immediate holding company and MUFG as ultimate holding company respectively, during the financial year and until the date of this report.

These financial statements were authorised for issue by the Board of Directors on 26 August 2026.

1. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements of the Bank have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards and the provisions of the Companies Act 2016 in Malaysia.

(a) Basis of Preparation

Changes in Accounting Policies

As at the date of issuance of the financial statements, amendments of MFRS which are relevant to the operations of the Bank are as follows:

Amendments to:	
MFRS 121	The Effects of Changes in Foreign Exchange Rates - Lack of Exchangeability

The adoption of the above amendments does not have any material effect to the Bank.

Accounting Standard and Amendments Issued But Not Yet Effective

The Bank has not adopted the following relevant accounting standard and amendments that have been issued but not yet effective:

Accounting standard:	
MFRS 18	Presentation and Disclosure in Financial Statements **
Amendments to:	
MFRS 7, MFRS 9, MFRS 10 and MFRS 107	Annual Improvements to MFRS Standards - Volume 11*
MFRS 9 and MFRS 7	Classification and Measurement of Financial Instruments*

** Effective for annual periods beginning on or after 1 January 2027

* Effective for annual periods beginning on or after 1 January 2026

The Bank will adopt the above accounting standard and amendments when they become effective. The adoption of these standards and amendments is not expected to result in any significant financial impact on the financial statements of the Bank.

1. BASIS OF PREPARATION OF FINANCIAL STATEMENTS (CONTD)

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis, unless otherwise indicated in Note 2.

(c) Functional and presentation currency

These 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 ("RM'000"), unless otherwise stated.

(d) Critical judgement and estimation

(i) Critical judgements made in applying the Bank's Accounting Policies

In the process of applying the Bank's accounting policies, which are described in Note 2, management is of the opinion that there are no instances of application of judgement which are expected to have a significant effect on the amounts recognised in the financial statements, except for those involving estimations which are dealt with in Note 1(ii) below.

(ii) Key sources of estimation uncertainty

Management believes that there are no key assumptions made concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year except for the following:

Fair value estimation of loans, advances and financing and embedded loans measured at fair value through profit or loss ("FVTPL")

Fair valuation of these instruments require the use of valuation models and inputs such as discounted future cash flows, credit risk spreads, and correlation assumptions between underlying variables, as disclosed in Note 40.

The use of these models and inputs involves management judgement and estimation due to complex nature of the embedded derivative features, contingent terms that may not be reflected in the market inputs and significant assumptions required when applying them. While the fair values are based on the best information available at the reporting date, actual outcomes may differ, resulting in adjustments to the fair values in future periods.

Refinement of Fair Value Approach during the year

To better align with the MFRS 13 exit price principle, the fair value measurement has been refined to exclude benefits arising from MUFG intragroup risk mitigation arrangements that are not transferable to market participants. In addition, the valuation now incorporates the intrinsic credit risk of the loan using Probability of Default (PD) and Loss Given Default (LGD). These refinements have resulted in a reduction in fair value of approximately RM56 million.

The change is treated as a change in accounting estimate and applied prospectively.

1. BASIS OF PREPARATION OF FINANCIAL STATEMENTS (CONTD)**(d) Critical judgement and estimation (Contd)****(ii) Key sources of estimation uncertainty (Contd)****Impairment allowance on financial assets**

Expected credit losses (“ECLs”) are outputs of complex models with a number of underlying assumptions. The significant judgements in determining ECL include:

- The Bank’s criteria for assessing if there has been a significant increase in credit risk;
- Internal credit grading model, which assigns Probability of Defaults (“PD”) to the individual grades;
- Development of ECL models, including the choice of inputs relating to macroeconomic variables;
- Determination of associations between macroeconomic scenarios and economic inputs
- Selection of forward-looking macroeconomic scenarios and their probability weightings;
- Determination of loss given default (“LGD”) in the ECL model; and
- Application of management overlay on its internal credit grading model

Management overlays on impairment allowance and fair value estimation

Management overlays are applied by adjusting the internal credit grading of borrowers to capture additional qualitative factors to reflect the borrowers’ risk profile. The additional qualitative factors are disclosed in Note 39 (b).

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) Recognition of Interest and Financing Income and Expense

Interest and financing income and expense are recognised in profit or loss using the effective interest method. The effective interest 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 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 rate includes all transaction costs and fees and points paid or received that are an integral part of the effective interest rate. Transaction costs include incremental costs that are directly attributable to the acquisition or issue of a financial asset or liability.

Interest and financing income and expense presented in the statement of profit or loss and other comprehensive income include:

- interest and financing income on financial assets and financial liabilities measured at amortised cost calculated on an effective interest basis; and
- interest and financing income on financial assets at fair value through other comprehensive income calculated on an effective interest basis.

Interest and financing on all trading assets and liabilities were considered to be incidental to the Bank’s trading operations and were presented together with all other changes in the fair value of trading assets and liabilities in other operating income.

Interest and financing on other financial assets and financial liabilities carried at FVTPL and FVOCI were presented in interest income/financing income, net income from embedded loans measured at FVTPL and net income from Islamic Banking Window operations.

2. MATERIAL ACCOUNTING POLICIES (CONTD)**(a) Recognition of Interest and Financing Income and Expense (Contd)**

Once a financial asset or group of similar financial assets has been written down as a result of an impairment loss, interest income is recognised using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

(b) Recognition of Fees and Other Income

The Bank earn fee income from a diverse range of services they provide to its customers as follows:

(1) Fee income earned on the execution of a significant act

Income earned on the execution of a significant act is recognised as revenue when the act is completed (for example, fees arising from negotiating, or participating in the negotiation of a transaction for a third party, such as an arrangement for the acquisition of shares or other securities).

(2) Fee income earned from provision of services

Income earned from the provision of services is recognised as revenue over the period in which the services are provided.

(3) Fee income that forms an integral part of the effective interest/profit of a financial instrument

Income that forms an integral part of the effective interest/profit rate of a financial instrument is recognised as an adjustment to the effective interest/profit rate.

Fee income can be divided into the following categories:

(1) Commission

Income earned in respect of sales or distribution of banking products.

(2) Service charges and fees

Income earned on the services provided to customers, including various transaction-based services.

(3) Fees on loans, advances and financing

Income earned in respect of loans, advances and financing such as loan/financing commitments, financial guarantees and standby letters of credits.

(c) Investment Income

Investment income comprises gains less losses related to financial assets and liabilities, and includes all realised and unrealised fair value changes, gain or loss on disposal, interest, dividends and foreign exchange differences.

(d) Dividend Income

Dividend income is recognised in profit or loss on the date that the Bank’s right to receive payment is established.

(e) Net Income from Other Financial Instruments measured at Fair Value through Profit or Loss

Net income from other financial instruments measured at FVTPL relates to non-trading derivatives that do not form part of qualifying hedging relationships, financial assets and financial liabilities designated as at FVTPL and non-trading assets mandatorily measured at FVTPL. The line item includes fair value changes, interest and foreign exchange differences.

2. MATERIAL ACCOUNTING POLICIES (CONTD)**(f) Financial Instruments****(i) 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.

A financial asset or a financial liability is initially measured at fair value plus or minus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issuance.

An embedded derivative is a component of a hybrid contract that also includes a non-derivative host – with the effect that some of the cash flows of the combined instrument vary in a way similar to a stand-alone derivative.

Derivatives embedded in hybrid contracts with a financial asset host within the scope of MFRS 9 are not separated.

Derivatives embedded in hybrid contracts with hosts that are not financial assets within the scope of MFRS 9 (e.g. financial liabilities) are treated as separate derivatives when they meet the definition of a derivative, their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at FVTPL.

If the hybrid contract is a quoted financial liability, instead of separating the embedded derivative, the Bank generally designates the whole hybrid contract at FVTPL.

(ii) Financial instrument categories and subsequent measurement

The Bank categorises and measures financial instruments as follows:

Financial assets

On initial recognition, a financial asset is classified as measured at amortised cost, FVOCI - debt investment, FVOCI - equity investment or FVTPL.

Categories of financial assets are determined on initial recognition and 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 in the business model.

Financial assets at amortised cost

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt investments at FVOCI

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

2. MATERIAL ACCOUNTING POLICIES (CONTD)**(f) Financial Instruments (Contd)****(ii) Financial instrument categories and subsequent measurement (Contd)****Financial assets (Contd)****Equity investments at FVOCI**

On initial recognition of an equity investment that is not held for trading, the Bank may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

Financial assets at FVTPL

All other financial assets not measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Bank may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Business model assessment

The Bank makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Bank's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated - e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL because they are neither held to collect contractual cash flows nor held both to collect contractual cash flows and to sell financial assets.

Assessment whether contractual cash flows are solely payments of principal and interest ("SPPI")

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' or 'profit' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Bank considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Bank considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable-rate features;

2. MATERIAL ACCOUNTING POLICIES (CONTD)**(f) Financial Instruments (Contd)****(ii) Financial instrument categories and subsequent measurement (Contd)****Financial assets (Contd)****Assessment whether contractual cash flows are solely payments of principal and interest ("SPPI") (Contd)**

- prepayment and extension features; and
- terms that limit the Bank's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable compensation for early termination of the contract. Additionally, for a financial asset acquired at a discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

- **Financial assets at FVTPL**

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

- **Financial assets at amortised cost**

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Interest income is recognised by applying effective interest rate to the gross carrying amount except for credit impaired financial assets (see Note 2(g)(i)) where the effective interest rate is applied to the net carrying amount.

- **Debt investments at FVOCI**

Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to profit or loss.

Interest income is recognised by applying effective interest rate to the gross carrying amount except for credit impaired financial assets (see Note 2(g)(i)) where the effective interest rate is applied to the net carrying amount.

- **Equity investments at FVOCI**

Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of investment. Other net gains and losses are recognised in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are not reclassified to profit or loss.

Reclassifications

Financial assets are not reclassified subsequent to their initial recognition, except in the period after the Bank changes its business model for managing financial assets.

All financial assets, except for those measured at fair value through profit or loss and equity investments measured at fair value through other comprehensive income, are subject to impairment assessment (see Note 2(g)(i)).

2. MATERIAL ACCOUNTING POLICIES (CONTD)**(f) Financial Instruments (Contd)****(ii) Financial instrument categories and subsequent measurement (Contd)****Financial liabilities**

The categories of financial liabilities at initial recognition are as follows:

- **Fair value through profit or loss**

Fair value through profit or loss category comprises financial liabilities that are derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument), contingent consideration in a business combination and financial liabilities that are specifically designated into this category upon initial recognition.

On initial recognition, the Bank may irrevocably designate a financial liability that otherwise meets the requirements to be measured at amortised cost as at fair value through profit or loss:

- if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise;
- a group of financial liabilities or assets and financial liabilities is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the group is provided internally on that basis to the Bank's key management personnel; or
- if a contract contains one or more embedded derivatives and the host is not a financial asset in the scope of MFRS 9, where the embedded derivative significantly modifies the cash flows and separation is not prohibited.

Financial liabilities categorised as fair value through profit or loss are subsequently measured at their fair value with gains or losses, including any interest expense are recognised in the profit or loss.

For financial liabilities where it is designated as fair value through profit or loss upon initial recognition, the Bank recognises the amount of change in fair value of the financial liability that is attributable to change in credit risk in the other comprehensive income and remaining amount of the change in fair value in the profit or loss, unless the treatment of the effects of changes in the liability's credit risk would create or enlarge an accounting mismatch.

- **Amortised cost**

Other financial liabilities not categorised as fair value through profit or loss are subsequently measured at amortised cost using the effective interest method.

Interest expense and foreign exchange gains and losses are recognised in the profit or loss. Any gains or losses on derecognition are also recognised in the profit or loss.

(iii) 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 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.

2. MATERIAL ACCOUNTING POLICIES (CONTD)**(f) Financial Instruments (Contd)****(iv) Regular way purchase or sale of financial assets**

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

A regular way purchase or sale of financial assets is recognised and derecognised, as applicable, using trade date or settlement date accounting.

Trade date accounting refers to:

- (a) the recognition of an asset to be received and the liability to be paid for it on the trade date; and
- (b) derecognition of an asset that is sold, recognition of any gain or loss on disposal and the recognition of a receivable from the buyer for payment on the trade date.

Settlement date accounting refers to:

- (a) the recognition of an asset on the day it is received by the Bank, and
- (b) derecognition of an asset and recognition of any gain or loss on disposal on the day that is delivered by the Bank.

(v) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Bank currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and liability simultaneously.

(vi) Derecognition**Financial assets**

The Bank derecognises a financial asset only when the contractual rights to the cash flows from the financial asset expire, or when it transfers the financial asset and substantially all the risk and rewards of ownership of the asset to another entity.

If the Bank neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Bank recognises its retained interest in the financial asset and associated liability for amounts it may have to pay.

If the Bank retains substantially all the risk and rewards of ownership of a transferred financial asset, the Bank continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

Financial liabilities

The Bank derecognises a financial liability when its contractual obligations are discharged or cancelled, or expired. The Bank also derecognises a financial liability 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 the 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.

2. MATERIAL ACCOUNTING POLICIES (CONTD)**(g) Impairment****(i) Financial assets**

- **Financial Instruments**

The Bank recognises loss allowances for expected credit losses on financial assets measured at amortised cost, debt investments measured at FVOCI, financial guarantee contracts issued and loan commitment issued. Expected credit losses ("ECL") are a probability-weighted estimate of credit losses.

The Bank measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- (a) financial assets that are determined to have low credit risk at the reporting date; and
- (b) financial assets for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit loss, the Bank considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the informed credit assessment and including forward-looking information.

The Bank assumes that the implied credit risk on a financial asset has increased significantly if the implied credit ratings downgraded by two notches or more as compared to the initial credit rating on origination date. Implied credit ratings reflects the risk of default occurring on the financial asset as at the reporting date, taking into consideration reasonable and supportable information, including forward looking information, that is available without undue cost or effort.

The Bank considers a financial asset to be in default when:

- (a) principal or interest or both are past due for 90 days or more; or
- (b) where an impaired loan has been rescheduled or restructured, the loan will continue to be classified as impaired until repayments based on the revised and/or restructured terms have been observed continuously for a period of six (6) months.

The Bank considers a debt security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade', which is BBB- and above under S&P and Baa3 and above under Moody's.

12-month ECLs are the portion of ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. Financial instruments for which 12-month ECL is recognised are referred to as 'Stage 1 financial instruments'.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument. Financial instruments for which a lifetime ECL is recognised but which are not credit-impaired are referred to as 'Stage 2 financial instruments'.

An impairment loss in respect of financial assets measured at amortised cost is recognised in profit or loss and the carrying amount of the asset is reduced through the use of an allowance account.

2. MATERIAL ACCOUNTING POLICIES (CONTD)

(g) Impairment (Contd)

(i) Financial assets (Contd)

• Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. They are measured as follows:

- financial assets that are not credit-impaired at the reporting date: 12-month ECL is measured for Stage 1 financial assets and life time ECL is measured for Stage 2 financial assets;
- financial assets that are credit-impaired at the reporting date: as the difference between the gross carrying amount and the present value of estimated future cash flows less any collateral withheld by the Bank;
- undrawn loan commitments: as the present value of the difference between the contractual cash flows that are due to the Bank if the commitment is drawn down and the cash flows that the Bank expects to receive further differentiated by Stage 1 and Stage 2; and
- financial guarantee contracts: the expected payments to reimburse the holder less any amounts that the Bank expects to recover.

• Credit-impaired financial assets

At each reporting date, the Bank assesses whether financial assets carried at amortised cost and debt securities at FVOCI are credit-impaired (referred to as 'Stage 3 financial assets'). A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes, but not limited to, the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 90 days past due;
- the restructuring of a loan or advance by the Bank on terms that the Bank would not consider otherwise;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation;
- the disappearance of an active market for a security because of financial difficulties;
- when there is observable data indicating that there is a measurable decrease in the estimated future cash flows from the asset since the initial recognition, although the decrease cannot be identified with the individual financial assets in the group, including national or local economic conditions that correlate with defaults on the assets in the group; or
- adverse news report on the company or the sub sector.

A loan/financing that has been renegotiated due to deterioration in the borrower's condition is usually considered to be credit-impaired unless, there is evidence that the risk of not receiving contractual cash flows has reduced significantly and there are no other indicators of impairment.

• Presentation of allowance for ECL in the statement of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Loss allowances for off-balance sheet items measured at amortised cost are added on the gross carrying amount of other liabilities.

For debt securities at FVOCI, the ECL allowance is charged to profit or loss and is recognised in OCI.

2. MATERIAL ACCOUNTING POLICIES (CONTD)

(g) Impairment (Contd)

(i) Financial assets (Contd)

• Write-off

The gross carrying amount of a financial asset is written off when the Bank has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. The Bank expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Bank's procedures for recovery of amounts due.

(ii) Other assets

At the end of each reporting date, the Bank reviews the carrying amounts of its other assets (other than deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

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.

(h) Property, Plant and Equipment

(i) Recognition and measurement

Freehold land and Capital Work-in-Progress are stated at cost. Other items of property, plant and equipment are measured at cost less any accumulated depreciation and any accumulated impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the asset to working condition for its intended use, and 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 property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

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

(ii) Subsequent costs

The cost of replacing a component of an item of property, plant and 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 to profit or loss. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

Subsequent to recognition, property, plant and equipment except for freehold land are measured at cost less accumulated depreciation and any accumulated impairment losses. Freehold land is not depreciated.

2. MATERIAL ACCOUNTING POLICIES (CONTD)

(h) Property, Plant and Equipment (Contd)

(iii) Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed, and if a component has a useful life that is different from the remainder of that asset, then that component is depreciated separately.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment from the date that they are available for use. Freehold land is not depreciated. Capital Work-in-Progress are not depreciated until the assets are ready for their intended use. The estimated useful lives for the current and comparative periods are as follows:

Buildings and leasehold improvements	6 - 50 years
Computer equipment	5 years
Furniture, fixtures and equipment	4 - 20 years
Motor vehicles	5 years

Depreciation methods, useful lives and residual values are reviewed at end of the reporting period, and adjusted as appropriate.

(i) Leases

(i) Definition of 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 asset, 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;
- 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.

2. MATERIAL ACCOUNTING POLICIES (CONTD)

(i) Leases (Contd)

(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's incremental borrowing rate. Generally, the Bank uses incremental borrowing rate as the discount rate.

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

- fixed payments, including in-substance fixed payments less any incentives receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- 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 and leases of low-value assets. 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 property, 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 (CONTD)**(j) 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 where they are measured at fair value through other comprehensive income or a financial instrument designated as a cash flow hedge, which are recognised in other comprehensive income.

(k) Income Tax

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination or items recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss 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 goodwill, 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 be applied 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 assets and liabilities 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 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) Employee Benefits**(i) Short-term employee benefits**

Short-term employee benefits 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.

(ii) Defined contribution plans

The Bank's contributions to statutory pension funds are charged to profit or loss in the financial year to which they relate. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

2. MATERIAL ACCOUNTING POLICIES (CONTD)**(l) Employee Benefits (Contd)****(iii) Defined benefit plans**

The Bank's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefits that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed once in every 3 years by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Bank, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurement of the net defined benefit liability, which comprises actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, exclude interest) are recognised immediately in other comprehensive income. The Bank determines the net interest expense or income on the net defined liability or asset for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the net defined benefit liability or asset, taking into account any changes in the net defined benefit liability or asset during the period as a result of contributions and benefit payments.

Net interest expense and other expenses relating to defined benefit plans are recognised in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss. The Bank recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

(m) Cash and Short-Term Funds

Cash and short-term funds consist of notes and coins on hand, unrestricted balance held with BNM and deposits and placements with financial institutions maturing within three months that are readily convertible into cash without significant risk of changes in value.

Cash and short-term funds are carried at amortised cost in the statement of financial position in accordance with Note 2(f)(ii).

(n) Provisions

A provision is recognised if, as a result of a 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.

(o) Intangible Assets

Intangible assets, comprising computer software that are not an integral part of a tangible asset, are measured at cost less any accumulated amortisation and any accumulated impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 2(g)(ii). Intangible assets are recognised only if it is probable that the future economic benefits that are attributable to such assets will flow to the Bank and the costs of such assets can be measured reliably.

Amortisation is based on cost of an asset less its residual value. Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets from the date that they are available for use. The estimated useful lives for the current and comparative periods for the computer software are 5 years. Capital Work-in-Progress are not amortised until the assets are ready for their intended use.

2. MATERIAL ACCOUNTING POLICIES (CONTD)**(p) Contingencies****(i) Contingent assets**

When an inflow of economic benefit of an asset is probable where it arises from past events and where existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity, the asset is not recognised in the statements of financial position but is being disclosed as a contingent asset. When the inflow of economic benefit is virtually certain, then the related asset is recognised.

(ii) Contingent liabilities

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is not recognised in the statement of financial position and 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.

(q) Earnings Per Ordinary Share

Earnings per ordinary share ("EPS") 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, adjusted for own shares held.

(r) Fair Value Measurements

'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 or, in its absence, the most advantageous market to which the Bank has access at that date. The fair value of a liability reflects its non-performance risk.

When one is available, the Bank measures the fair value of an instrument using the quoted price in an active market for that instrument. 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 there is no quoted price in an active market, then the Bank uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

When measuring the fair value of an asset or a liability, the Bank uses observable market data as far as possible. Fair value is categorised into different levels in a fair value hierarchy based on the input 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 within 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.

3. CASH AND SHORT-TERM FUNDS

	31.03.2026 RM'000	31.03.2025 RM'000
<i>Amortised cost</i>		
Cash and balances with banks and other financial institutions	605,351	500,685
Money at call and deposit placements maturing within three months	3,340,069	5,925,070
	3,945,420	6,425,755

4. REVERSE REPURCHASE AGREEMENTS

	31.03.2026 RM'000	31.03.2025 RM'000
<i>Amortised cost</i>		
Money market instruments:		
Malaysian Government Securities	103,273	-
Government Investment Issues	71,872	-
	175,145	-

5. DEPOSIT AND PLACEMENTS WITH FINANCIAL INSTITUTIONS

	31.03.2026 RM'000	31.03.2025 RM'000
<i>Amortised cost</i>		
Licensed banks		
• Malaysia	603,019	451,237
• Other countries	126,615	117,852
	729,634	569,089

6. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS ("FVTPL")

	31.03.2026 RM'000	31.03.2025 RM'000
Financial assets at fair value through profit or loss		
Money market instruments:		
Malaysian Government Securities	1,098,536	-
Government Investment Issues	232,340	292,508
	1,330,876	292,508
Financial liabilities at fair value through profit or loss		
Money market instruments:		
Malaysian Government Securities (short position)	72,310	-

7. FINANCIAL INVESTMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (“FVOCI”)

	31.03.2026 RM'000	31.03.2025 RM'000
Money market instruments:		
Malaysian Government Securities	696,010	513,513
Government Investment Issues	322,336	261,751
Japan Government Bonds	-	58,821
Corporate Bond	297,898	300,275
Sukuk	576,519	578,966
	1,892,763	1,713,326
Non-money market instruments:		
Unquoted shares	28,662	28,442
Total	1,921,425	1,741,768

Movements in allowances for impairment which reflect the expected credit loss (“ECL”) computed by impairment model and recognised in ECL reserve are as follows:

	12-month ECL Stage 1 RM'000	Life-time ECL Stage 2 RM'000	Total RM'000
At 1 April 2025	1,728	-	1,728
Transfer to lifetime ECL not credit-impaired (Stage 2)	(1,728)	1,728	-
New financial assets originated	-	324	324
Allowance made due to changes in credit risk	-	4,056	4,056
Financial assets derecognised (other than write-off)	-	(1,728)	(1,728)
At 31 March 2026	-	4,380	4,380
At 1 April 2024	-	-	-
New financial assets originated	1,728	-	1,728
At 1 March 2025	1,728	-	1,728

8. LOANS, ADVANCES AND FINANCING**(a) By type:**

	31.03.2026 RM'000	31.03.2025 RM'000
<i>At amortised cost</i>		
Term loans		
• Housing loans	6,199	6,823
• Other term loans	5,149,231	4,195,422
Revolving credits	2,717,570	3,038,723
Overdrafts	13,559	2,265
Claims on customers under acceptance credits	24,154	21,732
Staff loans	7,575	6,773
Gross loans, advances and financing at amortised cost	7,918,288	7,271,738
Impairment allowances on loans, advances and financing		
• Stage 1 - 12-month ECL	(12,530)	(14,858)
• Stage 2 - lifetime ECL not credit-impaired	(20,729)	(18,920)
• Stage 3 - lifetime ECL credit-impaired	(194)	(175)
Net loans, advances and financing at amortised cost	7,884,835	7,237,785
<i>At fair value</i>		
Other term loans	198,913	253,697
Net loans, advances and financing	8,083,748	7,491,482
Gross loans, advances and financing		
<i>At amortised cost</i>	7,918,288	7,271,738
<i>At fair value</i>	198,913	253,697
	8,117,201	7,525,435

8. LOANS, ADVANCES AND FINANCING (CONTD)

(b) By maturity structure:

	31.03.2026 RM'000	31.03.2025 RM'000
Maturing within one year	3,023,016	3,555,683
More than one year to three years	1,786,822	1,833,409
More than three years to five years	1,724,812	1,066,144
More than five years	1,582,551	1,070,199
	8,117,201	7,525,435

(c) By type of customer:

	31.03.2026 RM'000	31.03.2025 RM'000
Domestic non-bank financial institutions	412,630	258,198
Domestic business enterprises		
• Small medium enterprises	67,096	73,995
• Others	2,763,594	3,075,203
Individuals	13,774	13,596
Foreign entities	4,860,107	4,104,443
	8,117,201	7,525,435

(d) By interest/profit rate sensitivity:

	31.03.2026 RM'000	31.03.2025 RM'000
Variable rates	8,115,099	7,523,049
Fixed rate		
• Staff loans	2,102	2,386
	8,117,201	7,525,435

8. LOANS, ADVANCES AND FINANCING (CONTD)

(e) By economic sector:

	31.03.2026 RM'000	31.03.2025 RM'000
Mining and quarrying	198,913	303,720
Manufacturing	1,232,853	1,420,999
Electricity, gas and water	298,904	202,699
Construction	81,298	258,772
Wholesale, retail trade, restaurants and hotels	232,606	423,859
Transport, storage and communication	1,214,386	837,654
Finance, insurance, real estate and business services	4,844,467	4,064,136
Households	13,774	13,596
	8,117,201	7,525,435

(f) By geographical location:

	31.03.2026 RM'000	31.03.2025 RM'000
Malaysia	4,267,711	4,773,319
Other countries	3,849,490	2,752,116
	8,117,201	7,525,435

(g) Credit-impaired gross loans by economic sector are as follows:

	31.03.2026 RM'000	31.03.2025 RM'000
Household	498	720

(h) Credit-impaired gross loans by geographical location are as follows:

	31.03.2026 RM'000	31.03.2025 RM'000
Malaysia	498	720

8. LOANS, ADVANCES AND FINANCING (CONTD)

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

	31.03.2026 RM'000	31.03.2025 RM'000
At 1 April	720	801
Classified as credit-impaired during the year	168	371
Amount recovered	(39)	(224)
Reclassified as performing	(351)	(228)
At 31 March	498	720

(j) Movements in impairment allowances on loans, advances and financing:

	12-month ECL	Lifetime ECL		Total RM'000
		Not credit-impaired	Credit-impaired	
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	
At 1 April 2025	14,858	18,920	175	33,953
Transfer to lifetime ECL not credit-impaired (Stage 2)	(1,752)	1,752	-	-
Transfer to lifetime ECL credit-impaired (Stage 3)	(1)	(10)	11	-
New financial assets originated	9,779	6,618	-	16,397
Financial assets derecognised (other than write-off)	(8,586)	(3,744)	-	(12,330)
Net remeasurement due to changes in credit risk	(1,768)	(2,807)	8	(4,567)
At 31 March 2026	12,530	20,729	194	33,453
At 1 April 2024	9,070	15,123	265	24,458
Transfer to lifetime ECL not credit-impaired (Stage 2)	(82)	82	-	-
Transfer to lifetime ECL credit-impaired (Stage 3)	(1)	(20)	21	-
New financial assets originated	14,340	18,391	-	32,731
Financial assets derecognised (other than write-off)	(8,262)	(15,019)	(1)	(23,282)
Net remeasurement due to changes in credit risk	(207)	363	(110)	46
At 31 March 2025	14,858	18,920	175	33,953

8. LOANS, ADVANCES AND FINANCING (CONTD)

(k) Movements in gross loans, advances and financing:

	12-month ECL	Lifetime ECL		Total RM'000
		Not credit-impaired	Credit-impaired	
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	
At 1 April 2025	6,178,007	1,093,011	720	7,271,738
Transfer to 12-month ECL (Stage 1)	99,447	(99,447)	-	-
Transfer to lifetime ECL not credit-impaired (Stage 2)	(73,922)	74,273	(351)	-
Transfer to lifetime ECL credit-impaired (Stage 3)	(38)	(105)	143	-
New financial assets originated	3,843,999	2,005,537	25	5,849,561
Financial assets derecognised (other than write-off)	(4,911,451)	(291,521)	(39)	(5,203,011)
At 31 March 2026	5,136,042	2,781,748	498	7,918,288
At 1 April 2024	9,192,560	285,782	801	9,479,143
Transfer to 12-month ECL (Stage 1)	7	(7)	-	-
Transfer to lifetime ECL not credit-impaired (Stage 2)	(115,199)	115,427	(228)	-
Transfer to lifetime ECL credit-impaired (Stage 3)	(87)	(263)	350	-
New financial assets originated	5,427,234	982,631	21	6,409,886
Financial assets derecognised (other than write-off)	(8,326,508)	(290,559)	(224)	(8,617,291)
At 31 March 2025	6,178,007	1,093,011	720	7,271,738

9. EMBEDDED LOANS MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS (“FVTPL”)

	31.03.2026 RM'000	31.03.2025 RM'000
<i>At fair value</i>		
Embedded loans with term loans nature	8,392,726	9,262,086
Embedded loans with revolving credits nature	3,351,243	4,495,965
	11,743,969	13,758,051

Loans measured at FVTPL included RM11,089,545,000 (2025: RM13,583,582,000) of outstanding balance for loans, advances and financing, and net fair value for derivative financial assets and liabilities of RM594,997,000 (2025: RM33,008,000).

(a) By maturity structure:

	31.03.2026 RM'000	31.03.2025 RM'000
Maturing within one year	4,512,359	6,247,780
More than one year to three years	5,354,950	5,069,932
More than three years to five years	1,695,964	2,440,339
More than five years	180,696	-
	11,743,969	13,758,051

(b) By type of customer:

	31.03.2026 RM'000	31.03.2025 RM'000
Domestic non-bank financial institutions	9,678,686	10,532,888
Domestic business enterprises		
• Others	2,065,283	3,225,163
	11,743,969	13,758,051

(c) By interest rate sensitivity:

	31.03.2026 RM'000	31.03.2025 RM'000
Variable rates	11,743,969	13,758,051

9. EMBEDDED LOANS MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS (“FVTPL”) (CONTD)

(d) By economic sector:

	31.03.2026 RM'000	31.03.2025 RM'000
Mining and quarrying	11,446	60,675
Manufacturing	76,866	26,304
Electricity, gas and water	142,360	1,521,512
Construction	720,416	701,405
Transport, storage and communication	1,029,007	843,666
Finance, insurance, real estate and business services	9,763,874	10,604,489
	11,743,969	13,758,051

(e) By geographical location:

	31.03.2026 RM'000	31.03.2025 RM'000
Malaysia	11,743,969	13,758,051

9. EMBEDDED LOANS MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS (“FVTPL”) (CONTD)

(f) By notional amount of derivative financial assets and liabilities:

	31.03.2026			31.03.2025		
	Contract/ Notional Amount RM'000	Fair Value		Contract/ Notional Amount RM'000	Fair Value	
		Assets RM'000	Liabilities RM'000		Assets RM'000	Liabilities RM'000
<i>At fair value</i>						
Embedded loans with term loans nature:						
Foreign currency swaps	8,102,744	584,329	5,951	7,884,571	203,429	201,122
Interest rate swaps	1,738,467	15,501	495	1,168,189	7,949	597
	9,841,211	599,830	6,446	9,052,760	211,378	201,719
Embedded loans with revolving credits nature:						
Foreign currency swaps	1,929,984	34,412	32,798	4,471,250	69,944	46,594
	1,929,984	34,412	32,798	4,471,250	69,944	46,594
	11,771,195	634,242	39,244	13,524,010	281,322	248,313
Set off		(39,244)	(39,244)		(248,313)	(248,313)
Net assets		594,998	-		33,009	-

10. PURCHASED RECEIVABLES

	31.03.2026 RM'000	31.03.2025 RM'000
<i>At amortised cost</i>		
Purchased receivables	231,151	811,887
Impairment allowances on purchased receivables		
• Stage 1 - 12-month ECL	(121)	(347)
	231,030	811,540

Purchased receivables relate to receivables acquired by the Bank under the account receivables purchasing and vendors financing product. Included in purchased receivables are non-recourse bills receivables amounting to RM218,298,000 (2025: RM690,597,000).

10. PURCHASED RECEIVABLES (CONTD)

(a) Movements in impairment allowances on purchased receivables which reflect the ECL model on impairment during the financial year are as follows:

	12-month ECL	Lifetime ECL		Total RM'000
		Not credit-impaired	Credit-impaired	
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	
At 1 April 2025	347	-	-	347
New financial assets originated	48	-	-	48
Financial assets derecognised (other than write-off)	(220)	-	-	(220)
Net remeasurement due to changes in credit risk	(54)	-	-	(54)
At 31 March 2026	121	-	-	121
At 1 April 2024	323	-	-	323
New financial assets originated	347	-	-	347
Financial assets derecognised (other than write-off)	(323)	-	-	(323)
At 31 March 2025	347	-	-	347

11. COLLATERAL DEPOSITS

	31.03.2026 RM'000	31.03.2025 RM'000
<i>At amortised cost</i>		
Cash collaterals placed	679,490	35,809
The cash collaterals placed are recognised at amortised cost. These deposits 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.		
<i>At amortised cost</i>		
Cash collaterals received	10,701,018	11,808,046

The cash collaterals received are recognised at amortised cost. These are received in respect of derivative balances pursuant to agreements in accordance with ISDA and CSA entered into with respective counterparties and Cash Collateral Scheme entered into with a branch of the holding company amounting to RM10,653,631,000 (2025: RM11,456,483,000). The remaining balances are received from licensed banks.

12. DERIVATIVE FINANCIAL ASSETS / LIABILITIES

The table below shows the Bank's derivative financial instruments measured at their fair value together with their corresponding contract/notional amounts as at the reporting date. The notional amounts of these derivative financial instruments refer to the underlying contract values on which changes in the fair value of the derivatives are measured. The notional amounts indicate the volume of transactions outstanding at the end of the financial year but are not indicative of either the market risk or credit risk inherent in the derivative contracts. The risks associated with the use of derivative financial instruments, as well as management's policy for managing these risks are set out in Note 39 to the financial statements.

	31.03.2026			31.03.2025		
	Contract/ Notional Amount RM'000	Fair Value		Contract/ Notional Amount RM'000	Fair Value	
		Assets RM'000	Liabilities RM'000		Assets RM'000	Liabilities RM'000
<i>At Fair Value</i>						
Trading Derivatives *						
Foreign exchange related contracts						
• Forwards	35,450,983	347,313	497,093	27,581,363	225,985	106,609
• Swaps	18,459,332	286,758	602,988	11,398,373	412,327	225,715
Interest rate related contracts						
• Swaps	38,160,465	85,125	100,511	27,212,560	82,359	129,141
Other derivatives						
• Currency options	430,469	3,255	315	340,696	1,291	743
	92,501,249	722,451	1,200,907	66,532,992	721,962	462,208

* Included in trading derivatives are derivative financial assets and derivative financial liabilities transacted with the immediate holding company and related companies amounting to RM145,603,000 (2025: RM47,206,000) and RM159,386,000 (2025: RM154,275,000) respectively.

13. STATUTORY DEPOSITS WITH BANK NEGARA MALAYSIA

The non-interest bearing statutory deposits are maintained with Bank Negara Malaysia ("BNM") in compliance with Section 26(2) (c) of the Central Bank of Malaysia Act, 2009, the amounts of which are determined as a set percentage of total eligible liabilities.

14. OTHER ASSETS

	31.03.2026 RM'000	31.03.2025 RM'000
<i>At amortised cost</i>		
Accrued interest receivable	10,867	16,993
Other receivables, deposits and prepayments	37,378	26,828
	48,245	43,821
Impairment allowances on other assets		
• Stage 3 - lifetime ECL credit-impaired	(40)	(40)
	48,205	43,781

Movements in impairment allowances on other assets which reflect the ECL model on impairment are as follows:

	31.03.2026 RM'000	31.03.2025 RM'000
Lifetime Credit-impaired ECL Stage 3		
At 1 April/31 March	40	40

15. PROPERTY, PLANT AND EQUIPMENT

	Freehold Land RM'000	Leasehold Improvements RM'000	Computer Equipment RM'000	Furniture, Fixtures and Equipment RM'000	Motor Vehicles RM'000	Capital Work-in- Progress RM'000	Total RM'000
31.03.2026							
Cost							
At 1 April 2025	2,963	14,435	38,974	6,762	1,115	-	64,249
Additions	-	300	3,286	91	-	-	3,677
Disposals	-	(1,417)	(101)	(2,154)	(142)	-	(3,814)
At 31 March 2026	2,963	13,318	42,159	4,699	973	-	64,112
Accumulated Depreciation							
At 1 April 2025	-	3,724	32,051	3,901	1,115	-	40,791
Charge for the year	-	890	2,668	761	-	-	4,319
Disposals	-	(1,303)	(101)	(2,154)	(142)	-	(3,700)
At 31 March 2026	-	3,311	34,618	2,508	973	-	41,410
Carrying Amount	2,963	10,007	7,541	2,191	-	-	22,702

31.03.2025							
Cost							
At 1 April 2024	2,963	14,414	43,378	6,749	1,532	-	69,036
Additions	-	21	1,481	259	-	-	1,761
Disposals	-	-	(5,885)	(246)	(417)	-	(6,548)
At 31 March 2025	2,963	14,435	38,974	6,762	1,115	-	64,249
Accumulated Depreciation							
At 1 April 2024	-	2,808	34,052	3,382	1,532	-	41,774
Charge for the year	-	916	3,854	765	-	-	5,535
Disposals	-	-	(5,855)	(246)	(417)	-	(6,518)
At 31 March 2025	-	3,724	32,051	3,901	1,115	-	40,791
Carrying Amount	2,963	10,711	6,923	2,861	-	-	23,458

16. INTANGIBLE ASSETS

Intangible assets comprised computer software which are in itself not integral to any other tangible assets.

	Computer Software RM'000	Capital Work-in-Progress RM'000	Total RM'000
31.03.2026			
Cost			
At 1 April 2025	215,340	-	215,340
Additions	4,903	-	4,903
At 31 March 2026	220,243	-	220,243
Accumulated Depreciation			
At 1 April 2025	192,976	-	192,976
Charge for the year	9,048	-	9,048
At 31 March 2026	202,024	-	202,024
Carrying Amount	18,219	-	18,219
31.03.2025			
Cost			
At 1 April 2024	209,448	418	209,866
Additions	5,474	-	5,474
Reclassification	418	(418)	-
At 31 March 2025	215,340	-	215,340
Accumulated Depreciation			
At 1 April 2024	168,079	-	168,079
Charge for the year	24,897	-	24,897
At 31 March 2025	192,976	-	192,976
Carrying Amount	22,364	-	22,364

17. RIGHT-OF-USE ASSETS

	31.03.2026 RM'000	31.03.2025 RM'000
Motor vehicle, buildings and leasehold improvements		
At 1 April	13,525	16,564
Addition	626	1,240
Modification	331	381
Depreciation	(4,050)	(4,389)
Derecognition	(77)	(271)
At 31 March	10,355	13,525

The right-of-use assets of the Bank comprised of leases on motor vehicle, office buildings, other dwellings and asset retirement costs. The average lease term is 2.18 years (2025: 2.36 years).

Extension options

Some leases of office buildings and dwellings contain extension options exercisable by the Bank up to one year before the end of the non-cancellable contract period. Where applicable, the Bank seeks to include extension options in new leases to provide operational flexibility. The extension options held are exercisable only by the Bank and not by the lessors. The Bank assesses at lease commencement whether it is reasonably certain to exercise the extension options. The Bank reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant change in circumstances within its control.

	31.03.2026 RM'000	31.03.2025 RM'000
Amounts recognised in profit and loss		
Payment relating to short-term leases	751	1,030
Payment relating to leases of low-value assets	624	483
Interest paid in relation to lease liabilities	344	442
Payment of lease liabilities	3,175	3,450
	4,894	5,405

18. DEFERRED TAX ASSETS

	31.03.2026 RM'000	31.03.2025 RM'000
At 1 April	19,404	10,215
Recognised in profit or loss (Note 35)	3,693	10,086
Recognised in other comprehensive income (Note 36)	876	(897)
At 31 March	23,973	19,404

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and they relate to income taxes levied by the same fiscal tax authority on the same taxable entity.

The components and movements in deferred tax assets and liabilities during the financial year prior to offsetting are as follows:

Recognised deferred tax assets/(liabilities)

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net tax assets/(liabilities)	
	31.03.2026 RM'000	31.03.2025 RM'000	31.03.2026 RM'000	31.03.2025 RM'000	31.03.2026 RM'000	31.03.2025 RM'000
Fair value reserve	-	-	(6,342)	(7,218)	(6,342)	(7,218)
Defined benefit reserve	-	-	(219)	(219)	(219)	(219)
ECL reserve	1,051	415	-	-	1,051	415
Property, plant & equipment	-	-	(2,818)	(3,517)	(2,818)	(3,517)
Right-of-use assets	-	-	(2,485)	(3,246)	(2,485)	(3,246)
Lease liabilities	2,440	2,991	-	-	2,440	2,991
Provisions	23,313	20,056	-	-	23,313	20,056
Allowance for expected credit losses	9,033	10,142	-	-	9,033	10,142
Tax assets/(liabilities)	35,837	33,604	(11,864)	(14,200)	23,973	19,404
Set off of tax	(11,864)	(14,200)	11,864	14,200	-	-
Net tax assets	23,973	19,404	-	-	23,973	19,404

18. DEFERRED TAX ASSETS (CONTD)

Movement in temporary differences during the year:

	At 01.04.2024 RM'000	Recognised in profit or loss (Note 35) RM'000	Recognised in other comprehensive income (Note 36/ Note 7) RM'000	At 31.03.2025 RM'000	Recognised in profit or loss (Note 35) RM'000	Recognised in other comprehensive income (Note 36/ Note 7) RM'000	At 31.03.2026 RM'000
Fair value reserve	(6,321)	-	(897)	(7,218)	-	876	(6,342)
Defined benefit reserve	(219)	-	-	(219)	-	-	(219)
ECL reserve	-	415	-	415	636	-	1,051
Property, plant & equipment	(7,508)	3,991	-	(3,517)	699	-	(2,818)
Right-of-use assets	(3,975)	729	-	(3,246)	761	-	(2,485)
Lease liabilities	3,496	(505)	-	2,991	(551)	-	2,440
Provisions	17,124	2,932	-	20,056	3,257	-	23,313
Allowance for expected credit losses	7,618	2,524	-	10,142	(1,109)	-	9,033
Total	10,215	10,086	(897)	19,404	3,693	876	23,973

19. DEPOSITS FROM CUSTOMERS

	31.03.2026 RM'000	31.03.2025 RM'000
<i>At amortised cost</i>		
Demand deposits	4,874,290	4,766,870
Money market deposits	1,171,691	1,142,114
Savings deposits	13	59
Fixed deposits	4,140,275	5,599,854
	10,186,269	11,508,897

(a) The maturity structure of fixed deposits are as follows:

	31.03.2026 RM'000	31.03.2025 RM'000
Due within six months	4,120,211	4,208,453
More than six months to one year	20,064	1,391,401
	4,140,275	5,599,854

19. DEPOSITS FROM CUSTOMERS (CONTD)**(b) The deposits are sourced from the following customers:**

	31.03.2026 RM'000	31.03.2025 RM'000
Domestic non-bank financial institutions	321,945	100,307
Business enterprises	9,624,501	10,966,956
Individuals	1,090	1,278
Foreign entities/individuals	183,398	384,038
Others	55,335	56,318
	10,186,269	11,508,897

20. DEPOSITS AND PLACEMENTS OF BANKS AND OTHER FINANCIAL INSTITUTIONS

	31.03.2026 RM'000	31.03.2025 RM'000
<i>At amortised cost</i>		
Licensed banks	1,994,397	3,039,508

21. OTHER LIABILITIES

		31.03.2026 RM'000	31.03.2025 RM'000
<i>At amortised cost</i>			
Provision for retirement benefits	(i)	24,213	25,084
Impairment allowances on commitments and contingencies	(ii)		
• Stage 1 - 12-month ECL		7,399	11,504
• Stage 2 - lifetime ECL not credit-impaired		14,449	12,178
Accrued interest payable		33,703	52,006
Other payables and accruals		135,312	107,523
		215,076	208,295

(i) Provision for retirement benefits

The Bank operates an unfunded defined benefit plan which ended with effect from financial year ended 2018. Actuarial valuation of the plan was performed in April 2021 and is revalued once in three years starting from financial year beginning 1 April 2018. An actuarial valuation was performed for the financial year ended 31 March 2024.

The obligation under defined benefit plan is determined by a professionally qualified independent actuary based on actuarial assumptions using Projected Unit Credit Method. Such determination is made based on the present value of expected cash flows of benefits to be paid in the future taking into account the actuarial assumptions, including salaries, turnover rate, mortality rate, years of service and other factors.

21. OTHER LIABILITIES (CONTD)**(i) Provision for retirement benefits (Contd)**

Movements in provision for retirement benefits are as follows:

	31.03.2026 RM'000	31.03.2025 RM'000
At 1 April	25,084	23,484
Included in profit or loss (Note 33)		
Current service cost	1,299	1,396
Interest cost	921	926
	2,220	2,322
Others		
Benefits paid	(3,091)	(722)
At 31 March	24,213	25,084

Principal actuarial assumptions at the end of the reporting period (expressed as weighted average):

	31.03.2026 %	31.03.2025 %
Discount rate	4.1	4.1
Expected rate of salary increment	5.0	5.0

At 31 March 2026, the duration of the defined benefit obligation was 6.8 years (2025: 6.8 years).

Sensitivity analysis

Reasonably possible changes at the reporting date to the following relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below:

	Defined Benefit Obligation	
	Increase RM'000	Decrease RM'000
31.03.2026		
Discount rate (1% movement)	(1,352)	1,430
Rate of salary (1% movement)	1,900	(1,792)
31.03.2025		
Discount rate (1% movement)	(1,391)	1,545
Rate of salary (1% movement)	1,788	(1,634)

The sensitivity results above determine their individual impact on the Plan's end of period defined benefit obligation. In reality, the Plan is subject to multiple external items which may move the defined benefit obligation in similar or opposite directions, while the Plan's sensitivity to such changes can vary over time.

21. OTHER LIABILITIES (CONTD)

(ii) Movements in impairment allowances on commitments and contingencies which reflect the ECL model on impairment are as follows:

	12-month ECL	Lifetime ECL		Total RM'000
		Not credit-impaired	Credit-impaired	
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	
At 1 April 2025	11,504	12,178	-	23,682
Transfer to 12-month ECL (Stage 1)	3,101	(3,101)	-	-
Transfer to lifetime ECL not credit-impaired (Stage 2)	(18)	18	-	-
New financial assets originated	7,303	14,252	-	21,555
Financial assets derecognised (other than write-off)	(11,418)	(9,073)	-	(20,491)
Net remeasurement due to changes in credit risk	(3,073)	175	-	(2,898)
At 31 March 2026	7,399	14,449	-	21,848
At 1 April 2024	6,344	16,883	-	23,227
Transfer to lifetime ECL not credit-impaired (Stage 2)	(1)	1	-	-
New financial assets originated	11,217	12,090	-	23,307
Financial assets derecognised (other than write-off)	(6,126)	(16,769)	-	(22,895)
Net remeasurement due to changes in credit risk	70	(27)	-	43
At 31 March 2025	11,504	12,178	-	23,682

22. LEASE LIABILITIES

Lease liabilities are payable as follows:

	Future minimum lease payment RM'000	Interest RM'000	Present value of minimum lease payment RM'000
31.03.2026			
Less than 1 year	2,964	(259)	2,705
1 - 2 years	2,731	(185)	2,546
2 - 5 years	5,060	(141)	4,919
	10,755	(585)	10,170
31.03.2025			
Less than 1 year	3,221	(327)	2,894
1 - 2 years	2,767	(245)	2,522
2 - 5 years	7,355	(305)	7,050
	13,343	(877)	12,466

23. SHARE CAPITAL

	Number of Ordinary Shares		Amount	
	31.03.2026 '000	31.03.2025 '000	31.03.2026 RM'000	31.03.2025 RM'000
Issued and fully paid-up shares with no par value classified as equity instrument:				
Ordinary shares	200,000	200,000	200,000	200,000

Ordinary shares

The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meetings of the Bank.

24. RESERVES

	31.03.2026 RM'000	31.03.2025 RM'000
Non-distributable		
Fair value reserve	29,746	29,867
Defined benefit reserve (a)	(211)	(211)
Regulatory reserve (b)	172,231	96,383
Distributable		
Retained profits	4,955,119	4,622,482
	5,156,885	4,748,521

- (a) The defined benefit reserve is in respect of actuarial gains and losses arising from remeasurement of the Bank's defined benefit plan as disclosed in Note 21(i) of the financial statements, if any.
- (b) The regulatory reserve is in compliance with BNM's Revised Policy Documents on Financial Reporting with effect from 1 January 2023, whereby the Bank must maintain, in aggregate, impairment allowance for non credit-impaired exposures (Stage 1 and Stage 2 ECL) and regulatory reserve of no less than 1% of total credit exposures, net of impairment allowance exposures.

25. COMMITMENTS AND CONTINGENCIES

The commitments and contingencies exposures and their related counterparty credit risk of the Bank are as follows:

31.03.2026	Principal Amount RM'000	Positive Fair Value of Derivative Contracts RM'000	Credit Equivalent Amount RM'000	Risk-Weighted Assets RM'000
Contingent Liabilities				
Direct credit substitutes	349,784		349,784	340,574
Transaction related contingent items	1,620,192		810,096	466,038
Short-term self liquidating trade-related contingencies	273,950		54,790	60,490
Commitments				
Other commitments, such as formal standby facilities and credit lines, with an original maturity of:				
• not exceeding one year	286,216		57,243	57,243
• exceeding one year	18,070		9,035	8,992
Any commitments that are unconditionally cancelled at any time by the Bank without prior notice or that effectively provide for automatic cancellation due to deterioration in a borrower's creditworthiness	19,806,329		-	-
	22,354,541		1,280,948	933,337
Embedded Loans				
Foreign exchange related contracts				
• one year or less	3,937,922	153,957	178,899	74,687
• over one year to five years	5,998,181	462,079	618,708	432,555
• over five years	96,625	2,705	17,199	3,440
Interest rate related contracts				
• one year or less	553,869	1,400	1,596	551
• over one year to five years	946,750	9,372	32,508	28,201
• over five years	237,849	4,729	16,555	16,555
	11,771,196	634,242	865,465	555,989
Derivative Financial Instruments				
Foreign exchange related contracts				
• one year or less	39,338,675	426,139	857,354	596,612
• over one year to five years	14,531,140	207,932	1,208,073	682,957
• over five years	40,500	-	2,643	1,321
Interest rate related contracts				
• one year or less	16,084,526	13,829	29,853	10,552
• over one year to five years	21,362,702	59,977	475,206	181,732
• over five years	713,237	11,319	30,492	12,376
Currency options *				
• one year or less	215,235	3,255	6,483	6,483
	92,286,015	722,451	2,610,104	1,492,033
	126,411,752	1,356,693	4,756,517	2,981,359

* Only buy legs are taken into account for counterparty credit risk purposes.

25. COMMITMENTS AND CONTINGENCIES (CONTD)

The commitments and contingencies exposures and their related counterparty credit risk of the Bank are as follows: (Contd)

31.03.2025	Principal Amount RM'000	Positive Fair Value of Derivative Contracts RM'000	Credit Equivalent Amount RM'000	Risk-Weighted Assets RM'000
Contingent Liabilities				
Direct credit substitutes	649,111		649,111	642,279
Transaction related contingent items	954,098		477,049	432,077
Short-term self liquidating trade-related contingencies	117,482		23,496	23,496
Commitments				
Other commitments, such as formal standby facilities and credit lines, with an original maturity of:				
• not exceeding one year	94,169		18,834	18,834
• exceeding one year	48,425		24,213	24,199
Any commitments that are unconditionally cancelled at any time by the Bank without prior notice or that effectively provide for automatic cancellation due to deterioration in a borrower's creditworthiness	16,411,408		-	-
	18,274,693		1,192,703	1,140,885
Embedded Loans				
Foreign exchange related contracts				
• one year or less	5,966,771	89,870	130,780	53,240
• over one year to five years	6,389,050	183,503	390,005	305,833
Interest rate related contracts				
• one year or less	243,250	584	658	256
• over one year to five years	924,939	7,365	11,185	3,942
	13,524,010	281,322	532,628	363,271
Derivative Financial Instruments				
Foreign exchange related contracts				
• one year or less	31,454,147	309,857	735,791	445,987
• over one year to five years	6,935,344	292,155	485,672	251,415
• over five years	590,245	36,300	110,477	79,598
Interest rate related contracts				
• one year or less	11,123,869	20,135	22,620	9,459
• over one year to five years	15,168,983	49,502	266,333	111,742
• over five years	919,708	12,722	39,347	24,078
Currency options *				
• one year or less	170,348	1,291	3,846	3,846
	66,362,644	721,962	1,664,086	926,125
	98,161,347	1,003,284	3,389,417	2,430,281

* Only buy legs are taken into account for counterparty credit risk purposes.

26. RELATED PARTY TRANSACTIONS AND BALANCES

(a) Related party and relationships

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

(b) Related party transactions and balances

The related party transactions during the financial year are as follows:

	31.03.2026			31.03.2025		
	Immediate Holding Company RM'000	Related Companies RM'000	Total RM'000	Immediate Holding Company RM'000	Related Companies RM'000	Total RM'000
Income						
Interest on deposits and placements	9,363	17	9,380	12,818	89	12,907
Management fees	21,123	-	21,123	20,526	-	20,526
Other operating income	47,596	4	47,600	55,389	4	55,393
	78,082	21	78,103	88,733	93	88,826
Expenditure						
Interest on deposits and placements	584,432	-	584,432	680,272	-	680,272
Other fee expenses	2,812	108	2,920	3,059	119	3,178
Other operating expenses	111,075	-	111,075	131,974	-	131,974
	698,319	108	698,427	815,305	119	815,424
Amount due from						
Cash and short-term funds	126,687	-	126,687	117,952	-	117,952
Deposits and placements with financial institutions	565,939	33,377	599,316	460,910	31,910	492,820
Derivative assets	88,331	57,272	145,603	47,206	-	47,206
	780,957	90,649	871,606	626,068	31,910	657,978
Amount due to						
Deposits and placements of banks	1,988,943	5,454	1,994,397	3,031,579	7,929	3,039,508
Deposits from customers	741	103,820	104,561	413	42,663	43,076
Accrued interest payable	4,919	-	4,919	6,333	-	6,333
Cash collaterals	10,653,631	-	10,653,631	11,456,483	-	11,456,483
Derivative liabilities	158,671	715	159,386	154,076	-	154,076
	12,806,905	109,989	12,916,894	14,648,884	50,592	14,699,476

26. RELATED PARTY TRANSACTIONS AND BALANCES (CONTD)

(b) Related party transactions and balances (Contd)

Related companies refer to the holding companies and its subsidiaries as listed below:

Company	Relationship
Mitsubishi UFJ Financial Group Inc.	Ultimate holding company
MUFG Bank, Ltd.	Immediate holding company
MUFG Bank (Europe) N.V.	Subsidiary of immediate holding company
MUFG Bank (China), Ltd.	Subsidiary of immediate holding company
Bank of Ayudhya PCL	Subsidiary of immediate holding company
PT Bank Danamon Indonesia Tbk	Subsidiary of immediate holding company
ACOM (M) Sdn. Bhd.	Subsidiary of ultimate holding company

Intercompany transactions were conducted at rates consistent to those of market commercial rates.

The intercompany charges paid to the holding companies and its subsidiaries are relating to other operating expenses as follows:-

Company	Type of Services	Country	31.03.2026 RM'000	31.03.2025 RM'000
MUFG Bank, Ltd	Information technology services	Japan	4,791	3,900
MUFG Bank, Ltd, USA Branch	Information technology services	USA	34	144
MUFG Bank, Ltd, Hong Kong Branch	Information technology services	Hong Kong	1,301	1,356
MUFG Bank, Ltd, Singapore Branch	Information technology services	Singapore	344	61
			6,470	5,461
Other operating income also included realised interest arising from derivatives transactions of:			104,605	126,513

(c) Credit transactions and exposures with connected parties

Credit transactions and exposures to connected parties, as defined by BNM's "Guidelines on Credit Transactions and Exposures with Connected Parties" includes the extension of credit facilities and/or off-balance sheet credit exposures such as guarantees, trade related facilities and loan commitments. It also includes holdings of equities and private debt securities issued by connected parties.

The credit transactions with connected parties are all transacted on an arm's length basis and on terms and conditions no more favourable than those entered into with other counterparties with similar circumstances and creditworthiness. Due care has been taken to ensure that the creditworthiness of the connected party is not less than that normally required of other persons.

	31.03.2026 RM'000	31.03.2025 RM'000
Outstanding credit exposures with connected parties	1,294,748	384,185
Total credit exposures	34,370,258	35,297,691
Percentage of outstanding credit exposures to connected parties		
• as a proportion of total credit exposures	3.8%	1.1%
• as a proportion of total capital	24.5%	7.8%

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

26. RELATED PARTY TRANSACTIONS AND BALANCES (CONTD)**(d) Key management personnel**

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Bank either directly or indirectly.

27. OPERATING REVENUE

Operating revenue of the Bank comprises net interest/profit income, fee and commission income, investment income, income derived from investment securities, net income from embedded loans measured at fair value through profit or loss, gross dividends and other income derived from conventional banking and Islamic Banking operations.

28. INTEREST INCOME/FINANCING INCOME

	Year ended 31.03.2026 RM'000	Year ended 31.03.2025 RM'000
Loans, advances and financing measured at amortised cost	418,484	459,395
Loans, advances and financing designated at fair value	16,864	23,502
Money at call and deposit placements with financial institutions	128,735	187,316
Financial assets at FVTPL	25,516	38,263
Financial investments at FVOCI		
• Interest income	89,014	56,724
• Net (amortisation of premium)/accretion of discount	(634)	2,856
Other interest income	12,704	2,304
	690,683	770,360

Included in the above financing income is RM244,171,000 (2025: RM208,693,000) are originated from International Currency Business Unit (ICBU).

29. INTEREST EXPENSE/PROFIT DISTRIBUTED TO DEPOSITORS

	Year ended 31.03.2026 RM'000	Year ended 31.03.2025 RM'000
Deposits and placements of banks and other financial institutions	59,799	36,599
Deposits from customers	251,252	284,983
Cash collateral and others	530,386	670,905
	841,437	992,487

Included in the above profit distributed to depositors is RM201,841,000 (2025: RM208,897,000) from Islamic deposits originated through the ICBU.

30. NET INCOME FROM EMBEDDED LOANS MEASURED AT FVTPL

	Year ended 31.03.2026 RM'000	Year ended 31.03.2025 RM'000
Interest income	611,420	691,691
Unrealised loss in fair value of embedded loans	(80,017)	(83,028)
Realised loss in fair value of embedded loans	(78,717)	(171,198)
	452,686	437,465

31. OTHER OPERATING INCOME

	Year ended 31.03.2026 RM'000	Year ended 31.03.2025 RM'000
Fee and commission income		
Commission	4,909	8,113
Guarantee fees	6,766	4,452
Service charges and fees	2,588	2,635
Commitment fees	2,197	3,841
Fees on credit facilities	26,566	32,673
Others	2,764	3,064
	45,790	54,778
Fee and commission expense	(17,635)	(17,953)
Net fee and commission income	28,155	36,825
Net investment/trading income		
Gross dividends	147	148
Realised gain in fair value of derivative financial instruments	108,843	181,333
Realised gain in fair value of financial assets at FVTPL	1,209	1,352
Unrealised (loss)/gain in fair value of derivative financial instruments	(205,086)	38,733
Unrealised (loss)/gain in fair value of financial assets at FVTPL	(4,326)	2,319
Unrealised gain in fair value of loans designated at fair value	10,362	1,409
Foreign exchange gain	493,476	282,467
Net premium paid for options	-	(121)
	404,625	507,640
Other income		
Management fees from related branch	21,123	20,526
Other operating income	1,967	4,977
	23,090	25,503
	455,870	569,968

Included in the above other operating income is RM31,757,000 (2025: RM26,221,000) are originated from ICBU.

32. OTHER OPERATING EXPENSES

		Year ended 31.03.2026 RM'000	Year ended 31.03.2025 RM'000
Personnel expenses	(i)	111,191	105,417
Establishment related expenses	(ii)	69,339	64,861
Promotion and marketing related expenses	(iii)	3,558	2,981
Administrative and other expenses	(iv)	14,105	17,780
		198,193	191,039
(i) Personnel expenses			
Wages, salaries and bonuses		87,794	84,918
Defined benefit plan (Note 21(i))		2,220	2,322
Defined contribution plan		11,398	10,820
Other employee benefits		9,779	7,357
		111,191	105,417
(ii) Establishment related expenses			
Depreciation of property, plant and equipment		4,319	5,535
Amortisation of intangible assets		9,048	24,897
Depreciation of right-of-use assets		4,050	4,389
Repair and maintenance		340	318
Expenses relating to short-term leases and leases of low-value assets		1,375	1,513
Interest expenses on lease liabilities		344	442
Accretion expense on asset retirement obligation		11	11
Technology project costs		49,482	27,373
Others		370	383
		69,339	64,861
(iii) Promotion and marketing related expenses			
Advertising and publicity		194	164
Others		3,364	2,817
		3,558	2,981
(iv) Administrative and other expenses			
Communication expenses		927	1,044
Legal and professional fees		1,589	1,253
Auditors' remuneration			
• Statutory audit		430	410
Others		11,159	15,073
		14,105	17,780

Included in the above other operating expenses is RM3,317,000 (2025: RM3,282,000) are originated from ICBU.

33. KEY MANAGEMENT PERSONNEL COMPENSATION

Remuneration in aggregate for all directors and key management personnel charged to profit or loss for the year are as follows:

	Year ended 31.03.2026*						Year ended 31.03.2025*					
	Salary RM'000	Fee RM'000	Bonus RM'000	Benefits- in-Kind RM'000	Other Remuneration RM'000	Total RM'000	Salary RM'000	Fee RM'000	Bonus RM'000	Benefits- in-Kind RM'000	Other Remuneration RM'000	Total RM'000
Executive Directors / CEO												
Mr. Motohide Okuda	487	-	259	265	3	1,014	531	-	234	208	-	973
Mr. Fumio Takamatsu (resigned on 28 March 2024)	-	-	-	-	-	-	8	-	-	18	-	26
	487	-	259	265	3	1,014	539	-	234	226	-	999
Non-Executive Directors												
Dato' Noorazman bin Abd Aziz (Chairman)	-	110	-	-	157	267	-	110	-	-	145	255
En. Amin Siru bin Abdul Rahman	-	110	-	-	92	202	-	110	-	-	99	209
En. Rashid bin Ismail	-	110	-	-	100	210	-	110	-	-	115	225
	-	330	-	-	349	679	-	330	-	-	359	689
Senior Management	5,560	-	3,494	130	1,194	10,378	5,544	-	3,116	120	1,172	9,952
Other Material Risk Takers	6,136	-	2,910	-	1,241	10,287	5,105	-	2,206	-	955	8,266
	12,183	330	6,663	395	2,787	22,358	11,188	330	5,556	346	2,486	19,906

* The Ringgit equivalent may vary year-on-year, depending on the foreign exchange rate applied in each financial year. Other remuneration consists of Chairman's allowance, Committee Member allowance and Meeting allowance.

34. ALLOWANCE FOR IMPAIRMENT ON FINANCIAL INSTRUMENTS

	Year ended 31.03.2026 RM'000	Year ended 31.03.2025 RM'000
(a) Allowance for impairment on loans, advances and financing		
Stage 1 and 2 expected credit losses made during the year	18,149	33,176
Stage 1 and 2 expected credit losses written back	(18,668)	(23,591)
Stage 3 expected credit losses made during the year	19	21
Stage 3 expected credit losses written back	-	(111)
Other movements	1,060	1,331
	560	10,826
(b) (Reversal of)/Allowance for impairment on purchased receivables		
Stage 1 and 2 expected credit losses made during the year	48	347
Stage 1 and 2 expected credit losses written back	(274)	(323)
	(226)	24
(c) (Reversal of)/Allowance for impairment on off-balance sheet exposures		
Stage 1 and 2 expected credit losses made during the year	24,849	23,378
Stage 1 and 2 expected credit losses written back	(26,683)	(22,923)
	(1,834)	455
(d) Allowance for impairment on financial investments at FVOCI		
Stage 1 and 2 expected credit losses made during the year	4,380	1,728
Stage 1 and 2 expected credit losses written back	(1,728)	-
	2,652	1,728
	1,152	13,033

Included in the above allowance for impairment on financial instruments is RM2,362,000 (2025: RM16,094,000) are originated from ICBU.

35. TAX EXPENSE

	Year ended 31.03.2026 RM'000	Year ended 31.03.2025 RM'000
Current tax		
• Malaysian income tax in respect of current financial year	175,718	198,032
• Overprovision in prior years	(5,508)	(2,908)
Total current tax recognised in profit or loss	170,210	195,124
Deferred tax (Note 18)		
• Relating to origination and reversal of temporary differences	(4,267)	(10,189)
• Underprovision in prior years	574	103
Total deferred tax recognised in profit or loss	(3,693)	(10,086)
Total tax expense	166,517	185,038

A reconciliation of income tax expense applicable to profit before tax at the statutory income tax rate to income tax expense at the effective income tax rate of the Bank is as follows:

	Year ended 31.03.2026 RM'000	Year ended 31.03.2025 RM'000
Profit before tax	575,002	599,501
Taxation at Malaysian statutory tax rate of 24%	138,000	143,880
Income not subject to tax	(35)	(35)
Expenses not deductible for tax purposes	33,486	43,998
Underprovision of deferred tax in prior years	574	103
Overprovision of current tax expense in prior years	(5,508)	(2,908)
Tax expense for the year	166,517	185,038

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

36. OTHER COMPREHENSIVE INCOME/(LOSS)

	31.03.2026			31.03.2025		
	Before Tax RM'000	Deferred Tax Expense (Note 18/ Note 7) RM'000	Net of Tax RM'000	Before Tax RM'000	Deferred Tax Expense (Note 18/ Note 7) RM'000	Net of Tax RM'000
Change in fair value of financial investment at FVOCI						
- Equity investments designated at FVOCI	220	(53)	167	118	(28)	90
- Debt investments measured at FVOCI	(3,869)	929	(2,940)	3,617	(869)	2,748
Change in ECL reserve of financial investments at FVOCI	2,652	-	2,652	1,728	-	1,728
	(997)	876	(121)	5,463	(897)	4,566

37. EARNINGS PER SHARE

The earnings per ordinary share of the Bank have been calculated based on the profit for the year of RM408,485,000 (2025: RM414,463,000) and the weighted average number of ordinary shares in issue during the year of 200,000,000 (2025: 200,000,000).

There is no dilutive potential in the ordinary shares as at 31 March 2026 and 31 March 2025.

38. CAPITAL ADEQUACY

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

	31.03.2026 %	31.03.2025 %
Common equity Tier 1 ("CET 1") capital ratio	30.298	29.116
Tier 1 capital ratio	30.298	29.116
Total capital ratio	31.292	30.063

The capital adequacy ratios consist of total capital and risk-weighted assets derived from balances of the Bank and are computed in accordance with BNM's Guidelines on Capital Adequacy Framework (Capital Components and Basel II - Risk Weighted Assets) ("CAF"). The Bank adopted the Standardised Approach for Credit Risk and Market Risk, and the Business Indicator Approach for Operational Risk.

The minimum regulatory capital adequacy requirements including capital conservation buffer for the following capital ratios are:

CET 1 Capital Ratio	7.00 %
Tier 1 Capital Ratio	8.50 %
Total Capital Ratio	10.50 %

38. CAPITAL ADEQUACY (CONTD)

(b) The components of CET 1, Tier 1 and total capital of the Bank are as follows:

	31.03.2026 RM'000	31.03.2025 RM'000
<u>CET 1 and Tier 1 capital</u>		
• Paid-up ordinary share capital	200,000	200,000
• Retained profits	4,955,119	4,622,482
• Other reserves	197,386	124,311
	5,352,505	4,946,793
Less: Deferred tax assets	(23,973)	(19,404)
Intangible assets	(18,219)	(22,364)
55% of fair value reserve	(13,951)	(15,476)
Regulatory reserve	(172,231)	(96,383)
	5,124,131	4,793,166
<u>Tier 2 capital</u>		
• Stage 1 and 2 ECL and regulatory reserve	168,136	155,918
<u>Total Capital</u>	<u>5,292,267</u>	<u>4,949,084</u>

Capital Management

The Bank's capital management is guided by its risk appetite and outlines the Bank's objective to diversify its sources of capital and to allocate capital efficiently, directed by the need to maintain a prudent relationship between available capital and risks in the underlying businesses to meet the expectations of key constituencies, including the immediate holding company and BNM.

The capital target for the total capital ratio is above the minimum regulatory capital requirements and has factored in the expected capital required under the current and future operating environment to support the credit, market and operational risks as well as the Bank's business growth.

(c) The breakdown of the risk-weighted assets by each major risk category is as follows:

	31.03.2026 RM'000	31.03.2025 RM'000
Credit risk	13,450,910	13,673,134
Market risk	1,717,988	1,334,208
Operational risk	1,743,699	1,455,118
	16,912,597	16,462,460

Detailed disclosures on risk exposures above, as prescribed under BNM's Guidelines on Risk-Weighted Capital Adequacy Framework (Basel II) - Disclosure Requirements (Pillar 3) and Capital Adequacy Framework for Islamic Banks (CAFIB) - Disclosure Requirements (Pillar 3) is presented in the Pillar 3 disclosures.

39. FINANCIAL RISK MANAGEMENT

(a) INTRODUCTION

The Bank has exposure to the following risks:

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

The following note presents information about the Bank's exposures to each of the above risks, the Bank's objectives, policies and processes for measuring and managing risk and the Bank's management of capital.

The Board of Directors has overall responsibility for the establishment and oversight of the Bank's risk management framework. The Board has established the Risk Management Committee ("RMC"), which is responsible for developing and monitoring risk management policies in their specified areas. The RMC has both executive and non-executive members and reports regularly to the Board on their activities.

The Bank's risk management policies are established to identify and analyse the risks faced by the Bank, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions, products and services offered. The Bank, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment, in which all employees understand their roles and obligations.

The Audit Committee ("AC") is responsible for monitoring compliance with the Bank's risk management policies and procedures, and for reviewing the adequacy of the risk management framework in relation to the risks faced by the Bank. The AC is assisted in these functions by the Internal Audit Department ("IAD"). IAD undertakes regular reviews of risk management controls and procedures, the results of which are reported to the AC.

Financial Instruments by Categories

The table below provides an analysis of financial instruments categorised as follows:

- Amortised cost
- Fair value through profit or loss ("FVTPL")
- Fair value through other comprehensive income ("FVOCI")
 - Debt instrument ("DI")
 - Equity instrument designated upon initial recognition ("EIDUIR")

39. FINANCIAL RISK MANAGEMENT (CONTD)

(a) INTRODUCTION (CONTD)

Financial Instruments by Categories (Contd)

The following table shows the carrying amounts of financial assets and financial liabilities:

31.03.2026	Amortised cost RM'000	FVTPL RM'000	FVOCI - DI RM'000	FVOCI - EIDUIR RM'000	Total RM'000
Financial Assets					
Cash and short-term funds	3,945,420	-	-	-	3,945,420
Reverse repurchase agreements	175,145	-	-	-	175,145
Deposits and placement with financial institutions	729,634	-	-	-	729,634
Financial assets at FVTPL	-	1,330,876	-	-	1,330,876
Financial investments at FVOCI	-	-	1,892,763	28,662	1,921,425
Loans, advances and financing	7,884,835	198,913	-	-	8,083,748
Embedded loans measured at FVTPL	-	11,743,969	-	-	11,743,969
Purchased receivables	231,030	-	-	-	231,030
Collateral deposits placed	679,490	-	-	-	679,490
Derivative financial assets	-	722,451	-	-	722,451
Statutory deposits with Bank Negara Malaysia	6,112	-	-	-	6,112
Other assets*	44,993	-	-	-	44,993
Financial Liabilities					
Deposits from customers	10,186,269	-	-	-	10,186,269
Deposits and placements of banks and other financial institutions	1,994,397	-	-	-	1,994,397
Collateral deposits received	10,701,018	-	-	-	10,701,018
Derivative financial liabilities	-	1,200,907	-	-	1,200,907
Other liabilities**	190,863	-	-	-	190,863
Lease liabilities	10,170	-	-	-	10,170

39. FINANCIAL RISK MANAGEMENT (CONTD)**(a) INTRODUCTION (CONTD)****Financial Instruments by Categories (Contd)**

The following table shows the carrying amounts of financial assets and financial liabilities: (Contd)

31.03.2025	Amortised cost RM'000	FVTPL RM'000	FVOCI - DI RM'000	FVOCI - EIDUIR RM'000	Total RM'000
Financial Assets					
Cash and short-term funds	6,425,755	-	-	-	6,425,755
Deposits and placement with financial institutions	569,089	-	-	-	569,089
Financial assets at FVTPL	-	292,508	-	-	292,508
Financial investments at FVOCI	-	-	1,713,326	28,442	1,741,768
Loans, advances and financing	7,237,785	253,697	-	-	7,491,482
Embedded loans measured at FVTPL	-	13,758,051	-	-	13,758,051
Purchased receivables	811,540	-	-	-	811,540
Collateral deposits placed	35,809	-	-	-	35,809
Derivative financial assets	-	721,962	-	-	721,962
Statutory deposits with Bank Negara Malaysia	9,017	-	-	-	9,017
Other assets*	40,337	-	-	-	40,337
Financial Liabilities					
Deposits from customers	11,508,897	-	-	-	11,508,897
Deposits and placements of banks and other financial institutions	3,039,508	-	-	-	3,039,508
Collateral deposits received	11,808,046	-	-	-	11,808,046
Derivative financial liabilities	-	462,208	-	-	462,208
Other liabilities**	183,211	-	-	-	183,211
Lease liabilities	12,466	-	-	-	12,466

* Other assets exclude prepayments of RM3,212,000 (2025: RM3,444,000).

** Other liabilities exclude provision for retirement benefits of RM24,213,000 (2025: RM25,084,000).

Risk Management Process

A sound risk management is essential to ensure the Bank's asset quality is maintained to the level and expectation of shareholder as well as to the satisfaction of regulators. This is to ensure that the shareholder's interest is protected and the Bank continues to maintain a strong capital base to maximise lending under the single customer/group limit so that the Bank remains profitable whilst borrowers with good credit standing can continue to enjoy credit facilities with the Bank with competitive pricing.

The Bank's risk management strategies and processes are guided by its respective policies. The Credit Policy outlines the basic principles, features and conditions governing the approval, management and operations of credit facilities offered by the Bank. The Risk Management Policy stipulates the basic principles concerning the Bank's risk control and management. The Policy outlines the roles and responsibilities of the various management committees set up to assist the Board in overseeing that risk management functions are carried out efficiently and important matters are escalated to the Board through the RMC.

The RMC held its meetings on a quarterly basis. It is authorised by the Board to oversee the Bank's activities in managing credit, market, liquidity, operational, legal and other risks and to ensure that a risk management process is in place and is functioning. Issues discussed in the RMC which have a significant bearing are informed to the Board at the next Board meeting.

39. FINANCIAL RISK MANAGEMENT (CONTD)**(b) CREDIT RISK**

Credit risk is the risk of financial loss to the Bank if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Exposure to credit risk is managed through portfolio management. The credit portfolio's risk profiles and exposures are reviewed and monitored periodically to ensure that an acceptable level of risk diversification is maintained. Exposure to credit risk is also managed in part by obtaining collateral security and corporate and personal guarantees.

Loans, Advances and Financing, Embedded Loans Measured at FVTPL and Purchased Receivables

The Bank's primary business is lending to business entities. The Bank is therefore mainly exposed to credit risk from loans, advances and financing, embedded loans measured at FVTPL and purchased receivables to its corporate customers and has minimal or negligible exposure to its retail customers. In line with this business model, the Bank has a vast customer base with high demand for foreign exchange contracts and derivatives for hedging and outstanding balance of embedded loans measured at FVTPL as well as trade financing related services due to their involvement in international trade business, i.e. imports and exports.

The Bank has credit exposures to most of the economic sectors but has some concentration in the sector of manufacturing, electricity, gas, water, transport, storage and communication, and finance, insurance, real estate and business services. The Bank nevertheless manages such concentration risk through the various risk management processes guided by the respective risk management policies and framework.

The maximum exposure to credit risk for the Bank amounts to RM20,058,747,000 (2025: RM22,061,073,000) for on-balance sheet exposures and RM22,354,541,000 (2025: RM18,274,693,000) for off-balance sheet exposures.

The Bank's Internal Credit Rating System is used for its internal credit assessment for evaluating the credit worthiness of a company prior to the extension of credit as well as for ongoing credit review. The Bank's Internal Credit Rating System is also used as a tool in establishing an integrated risk management system. The system serves to objectively evaluate the overall quality (credit risk) of each borrower and credit portfolio and to improve credit and portfolio management. The Bank is able to monitor and manage its controls and risks via the quantification of credit risk.

Credit rating is measured against a uniform scale so that each borrower can be comparable and expressed in a simplified and comparative sign. Credit rating is assigned to all borrowers for which the Bank provides credit. Borrower ratings are divided into 15 grades (Ratings 1 to 10-2) in accordance with the current and projected level of a borrower's debt-service capability. In this framework, each rating grade is defined by particular descriptions of "risk level" and "debt-service capability" but also clearly benchmarked to quantitative criteria – the probability of default within a certain period, by which the stability of the framework is secured.

Grades 1-2 (Ratings 1 to 2) indicate those borrowers whose capacity to meet financial obligations are deemed high and stable. Grades 3-5 (Ratings 3 to 5-1) indicate those borrowers whose capacity to meet financial obligations are deemed free of problems. Grades 6-8 (Ratings 5-2 to 6-2) indicate those borrowers whose capacity to meet short-term financial obligations are deemed free of problems. Grade 9 (Rating 7) indicates those borrowers whose capacity to meet financial obligations are deemed slightly insufficient.

Grades 10-12 (Ratings 8-1 to 8-3) indicate those borrowers perceived to have problems meeting their financial obligations either due to poor or unstable business performance or having problems with loan conditions. Grades 13-15 (Ratings 9 to 10-2) are those borrowers to whom losses are expected due to major debt repayment problems or having serious financial difficulties and may have the possibility of facing bankruptcy proceedings.

39. FINANCIAL RISK MANAGEMENT (CONTD)

(b) CREDIT RISK (CONTD)

Loans, Advances and Financing, Embedded Loans Measured at FVTPL and Purchased Receivables (Contd)

The Bank categorises borrowers with rating grades of 1-9 (Ratings 1 to 7) as normal grades. Borrowers with rating grades of 10-12 (Ratings 8-1 to 8-3) are identified and categorised under the "Close Watch" category where the Bank monitors the credits and business performance of these borrowers closely and formulates appropriate action plans to ensure the timely recovery of such credits, if deems necessary. The Bank through the Credit Risk Management Department ("CRMD") reports action plans to the Credit Risk Management Committee.

The Bank conducts credit review on all its corporate customers to whom it provides credit. Credit review is conducted on an ongoing basis and/or when new information on the borrower becomes available. The Bank assigns a rating grade to each borrower after the credit review assessment is completed. The Bank, however, does not conduct credit review for individuals to whom the Bank provides credit but would assign a rating grades ranging from 13-15 (Ratings of 9 to 10-2) if the credits are classified as credit-impaired.

The Banks monitors higher risks borrowers who exhibit the following qualitative factors:

- (a) Big gaps between the primary and final rating in accordance with the Banks' internal credit grading model;
- (b) Net loss in 2 consecutive financial years;
- (c) Negative networth; and
- (d) Major adverse news

Borrowers who exhibit this criteria will be subjected to closer monitoring and further consideration if management overlays shall be applied by adjusting the borrowers' final internal credit grading for ECL calculation and FV calculation.

Counterparty Credit Risk on Derivative Financial Instruments

Counterparty Credit Risk ("CCR") on derivative financial instruments is the risk that the Bank's counterparty in a foreign exchange, interest rate, commodity, equity, options or credit derivative contract defaults prior to maturity date of the contract and that the Bank at the relevant time has a claim on the counterparty. Derivative financial instruments entered are originated from customer-driven transactions. The Bank may also take trading derivative positions, within certain pre-set limits, with the expectation to make arbitrage gains from favourable movements in prices or rates.

Unlike on-balance sheet financial instruments, the Bank's financial loss is not the entire contracted principal value of the derivatives, but rather a fraction equivalent to the cost to replace the defaulted derivative financial instruments with another similar contract in the market. The Bank will only suffer a replacement cost if the contract carries a fair value gain at time of default.

The CCR arising from all derivative financial instruments is managed via the establishment of counterparty limits and also managed as part of the overall lending limits to banks and customers based on BNM's Single Counterparty Exposure Limit ("SCEL"). Where possible, Over-the-Counter ("OTC") derivative financial instruments, especially Interest Rate Swaps and Options are transacted under master agreements, International Swaps and Derivatives Association ("ISDA") and Credit Support Annex ("CSA") agreements. ISDA allows for the close-out netting in the event of default by a counterparty and CSA provides credit protection with the requirements to post collateral usually in the form of cash or government securities upon any exposure above the agreed threshold levels.

All outstanding financial derivative positions are marked-to-market on a daily basis. Market Risk Management Department ("MRMD") and Processing Department ("PRO") monitor counterparties' positions and promptly request the collateral upon any exposure above the agreed threshold levels with relevant parties. Where possible, the Bank settles its OTC derivatives via the Payment-versus-Payment ("PVP") settlement method to further reduce settlement risk. For derivative financial instruments where the PVP settlement method is not possible, the Bank establishes settlement limits through the Bank's credit approval process.

The tables on the following pages set out the credit risk concentration by economic sectors of the Bank's total financial assets.

39. FINANCIAL RISK MANAGEMENT (CONTD)

(b) CREDIT RISK (CONTD)

The credit risk concentration of the Bank, by economic sectors, are set out in the following tables:

	Cash and Short-Term Funds RM'000	Reverse Repurchase Agreements RM'000	Deposits and Placements with Financial Institutions RM'000	Financial Investments at FVTPL RM'000	Financial Investments at FVOCI RM'000	Loans, Advances and Financing # RM'000	Embedded Loans Measured at FVTPL ^ RM'000	Purchased Receivables # RM'000	Collateral Deposits Placed RM'000	Derivative Financial Assets RM'000	Statutory Deposits with BNM RM'000	Other Financial Assets RM'000	On-Balance Sheet Total RM'000	Commitments and Contingencies * RM'000
31.03.2026														
Agricultural, hunting, forestry and fishing	-	-	-	-	-	-	-	-	-	913	-	-	913	290,420
Mining and quarrying	-	-	-	-	-	198,913	11,446	-	-	33,205	-	-	243,564	306,825
Manufacturing	-	-	-	-	-	1,232,853	76,866	13,302	-	90,244	-	-	1,413,265	5,219,072
Electricity, gas and water	-	-	-	-	-	298,904	142,360	-	-	3,292	-	-	444,556	4,513,855
Construction	-	-	-	-	-	81,298	720,416	-	-	1,482	-	-	803,196	954,224
Wholesale, retail trade, restaurants and hotels	-	-	-	-	-	232,606	-	-	-	25,772	-	-	258,378	3,976,659
Transport, storage and communication	-	-	-	-	-	1,214,386	1,029,007	-	-	23,386	-	-	2,266,779	394,406
Finance, insurance, real estate and business services	2,355,420	175,145	169,160	-	903,078	4,844,467	9,763,874	217,849	679,490	458,507	-	2,052	19,569,042	6,698,580
Government and government agencies	1,590,000	-	560,474	1,330,876	1,018,345	-	-	-	-	85,650	6,112	8,068	4,599,525	-
Households	-	-	-	-	-	13,774	-	-	-	-	-	-	13,774	-
Others	-	-	-	-	2	-	-	-	-	-	-	747	749	500
	3,945,420	175,145	729,634	1,330,876	1,921,425	8,117,201	11,743,969	231,151	679,490	722,451	6,112	10,867	29,613,741	22,354,541
Other assets not subject to credit risk	-	-	-	-	-	-	-	-	-	-	-	-	34,126	-
	3,945,420	175,145	729,634	1,330,876	1,921,425	8,117,201	11,743,969	231,151	679,490	722,451	6,112	44,993	29,647,867	22,354,541

Stated at gross.

* Commitments and contingencies excluding all derivatives.

^ Net mark-to-market for derivative embedded with the loans are reported herein.

(b) CREDIT RISK (CONTD)

The credit risk concentration of the Bank, by economic sectors, are set out in the following tables: (Contd)

31.03.2025	Cash and Short- Term Funds RM'000	Reverse Repurchase Agreements RM'000	Deposits and Placements with Financial Institutions RM'000	Financial Investments at FVTPL RM'000	Financial Investments at FVOCI RM'000	Loans, Advances and Financing [#] RM'000	Embedded Loans Measured at FVTPL [^] RM'000	Purchased Receivables # RM'000	Collateral Deposits Placed RM'000	Derivative Financial Assets RM'000	Statutory Deposits with BNM RM'000	Other Financial Assets RM'000	On- Balance Sheet Total RM'000	Commitments and Contingencies [*] RM'000
Agricultural, hunting, forestry and fishing	-	-	-	-	-	-	-	-	-	21	-	-	21	294,310
Mining and quarrying	-	-	-	-	-	303,720	60,675	-	-	634	-	-	365,029	225,750
Manufacturing	-	-	-	-	-	1,420,999	26,304	120,202	-	54,420	-	-	1,621,925	5,307,877
Electricity, gas and water	-	-	-	-	-	202,699	1,521,512	-	-	3,804	-	-	1,728,015	1,126,500
Construction	-	-	-	-	-	258,772	701,405	-	-	2,089	-	-	962,266	963,595
Wholesale, retail trade, restaurants and hotels	-	-	-	-	-	423,859	-	1,088	-	10,003	-	-	434,950	3,757,000
Transport, storage and communication	-	-	-	-	-	837,654	843,666	-	-	10,380	-	-	1,691,700	919,129
Finance, insurance, real estate and business services	2,000,755	-	123,382	-	907,681	4,064,136	10,604,489	690,597	35,809	608,077	-	7,062	19,041,988	5,679,925
Government and government agencies	4,425,000	-	445,707	292,508	834,085	-	-	-	-	32,526	9,017	8,913	6,047,756	-
Households	-	-	-	-	-	13,596	-	-	-	-	-	-	13,596	107
Others	-	-	-	-	2	-	-	-	-	8	-	1,018	1,028	500
	6,425,755	-	569,089	292,508	1,741,768	7,525,435	13,758,051	811,887	35,809	721,962	9,017	16,993	31,908,274	18,274,693
Other assets not subject to credit risk	-	-	-	-	-	-	-	-	-	-	-	23,344	23,344	-
	6,425,755	-	569,089	292,508	1,741,768	7,525,435	13,758,051	811,887	35,809	721,962	9,017	40,337	31,931,618	18,274,693

Stated at gross.
* Commitments and contingencies excluding all derivatives.
^ Net mark-to-market for derivative embedded with the loans are reported herein.

39. FINANCIAL RISK MANAGEMENT (CONTD)

(b) CREDIT RISK (CONTD)

In the event of default, the loans would be classified as impaired only when they are overdue for a period of 90 days or more. For loans where no default had occurred but have objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a "loss event") and that loss event (or events) has an impact on the estimated future cash flows of the financial assets that can be reliably estimated and impairment losses will be incurred, these loans would be tagged as "credit-impaired".

A loan is defined as past due if the principal or interest is due and not paid. Where a loan is past due for a period of 90 days or more, the loan will automatically be tagged as "credit-impaired". This principle applies to both the corporate and retail portfolio. However, retail portfolio or loans to individuals are not subject to individual impairment provision but provisions are made on a portfolio basis.

Credit Quality of Gross Loans, Advances and Financing

Gross loans, advances and financing by grading are analysed as follows:

	31.03.2026				31.03.2025			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
Neither past due nor credit-impaired								
Normal grades	5,136,042	2,738,808	-	7,874,850	6,178,007	998,095	-	7,176,102
Close watch	-	42,005	-	42,005	-	93,973	-	93,973
Past due but not credit-impaired								
Normal grades	-	935	-	935	-	943	-	943
Credit-impaired								
Past due	-	-	498	498	-	-	720	720
Not past due	-	-	-	-	-	-	-	-
	5,136,042	2,781,748	498	7,918,288	6,178,007	1,093,011	720	7,271,738

Corporate loans, advances and financing are either secured by cash collateral schemes or unsecured. Although some are secured by corporate guarantees, it is impractical to estimate the fair values of the guarantees obtained. The Bank has minimal exposures to retail loans, which are mainly mortgage loans. All mortgage exposures are secured by landed properties with reasonably high security coverage ratio.

39. FINANCIAL RISK MANAGEMENT (CONTD)

(b) CREDIT RISK (CONTD)

Loans, Advances and Financing Past Due

Analysis of gross loans, advances and financing based on period overdue is as follows:

	Carrying Amount	
	31.03.2026 RM'000	31.03.2025 RM'000
Borrower's Ageing		
Past due 1 to 30 days	515	369
Past due 31 to 60 days	420	574
	935	943
Credit-impaired		
Past due more than 90 days	498	720
	498	720

Overlays and adjustments for expected credit loss and fair valuation

The current MFRS 9 methodology, macro models and processes are expected to reliably compute the expected credit losses ("ECL") attributable to conservatism being embedded into existing ECL parameters to ensure the credit loss is prudently calculated. It includes prudent Loss Given Default ("LGD"), Probability of Default ("PD") mapping, scaling factors etc. which are deemed sufficient to compute the ECL reliably.

Management overlays are applied at borrower level should management considers more stringent provisioning and/or fair valuation is required to reflect the credit risk exposure. As of 31 March 2026, the impairment allowance as disclosed in Note 8 and 21 included management overlay of RM2,235,000 (31 March 2025: RM9,080,000), while the fair values of embedded loans as disclosed in Note 9 has been reduced by management overlay of RM32,556,000 (31 March 2025: RM49,443,000).

Financial Investments

Other than investments for social economic purpose, investments are allowed only in liquid debt securities. Transactions involving derivative financial instruments are with counterparties with whom they have a signed netting agreement, if applicable, as well as having high credit rating.

The maximum exposure to credit risk for the Bank amounts to RM3,974,752,000 (2025: RM2,756,238,000) for on-balance sheet exposures.

In view of the high credit rating of counterparties, the Bank does not expect any counterparty to fail to meet its obligations.

Other Financial Assets

Other financial assets include inter-company balances that are unsecured. There is no indication of assets not recoverable other than those which have already been provided for.

The maximum exposure to credit risk for the Bank amounts to RM5,574,682,000 (2025: RM7,070,990,000).

Risk Management Approach

The Bank adopts the Standardised Approach for Credit Risk and Business Indicator Approach for Operational Risk under BNM's CAF. As for Credit Risk Mitigation, the Bank adopts the Simple Approach.

39. FINANCIAL RISK MANAGEMENT (CONTD)

(b) CREDIT RISK (CONTD)

Risk Management Approach (Contd)

Under the Standardised Approach, the Bank tags its borrowers as unrated and assigns a risk weight of 100% but adopts the external rating of External Credit Assessment Institutions ("ECAI") of the borrowers if the particular borrower is externally rated, regardless of whether the external rating is favourable or not. The Bank recognises the names of the ECAI as allowed under BNM's CAF, i.e. S&P, Moody's, Fitch, RAM and MARC. As a general rule, external rating for one entity within a corporate group will not be used to risk weigh other entities within the same group.

In cases where a borrower or a security is rated by more than one ECAI, all the available external ratings of the borrower will be captured. Where 2 recognised external ratings are available, the lower rating is to be applied or where 3 or more recognised external ratings are available, the lower of the highest 2 ratings will be used for the capital adequacy calculation purposes.

The Bank tags its exposures to the Small and Medium Enterprises ("SMEs") as exposures to corporate and the risk weight applicable to corporate should apply instead of tagging them as retail. This decision was made following the analysis of the impact on capital savings when Basel II was first implemented and the Bank still continues to adopt this approach as at the date of this report.

Credit Risk Mitigation

The Bank adopts the Simple Approach when applying Credit Risk Mitigation Techniques ("CRM") for capital relief. The Bank will only take collateral instruments recognised under BNM's CAF. Based on the Bank's business model, the commonly used collateral are Cash and Standby Letters of Credit. Where guarantees are used as mitigation, only guarantees that are actually posted and/or provided under a legally enforceable agreement and where the rating of the underlying guarantors are externally rated with eligible risk weight lower than the borrowers will be used.

The main types of collateral obtained by the Bank to mitigate credit risk are as follows:

- (a) for corporate loans : secured by cash deposits, corporate guarantees and charges over properties or assets being financed.
- (b) for retail mortgages : charges over residential properties.
- (c) for derivatives : additional margin for exposures above the agreed threshold.

The financial effect of collateral (quantification of the extent to which collateral and other credit enhancements mitigate credit risk) held for gross loans, advances and financing and embedded loans for the Bank as at 31 March 2026 are at 50.89% (2025: 49.54%) and 0.11% (2025: 10.97%) for collateral and other credit enhancements respectively.

(c) MARKET RISK

Market risk arises from the changes in value due to changes in interest rate yields, foreign exchange rates, equity prices, commodity prices, credit spreads (not relating to changes in the obligor's/issuer's credit rating) and the impact of changes in the correlations and volatilities of these risk factors. The objective of market risk management is to manage and control related risk exposure within acceptable parameters, while ensuring that earnings commensurate with the degree of risk exposure.

Market Risk Management Oversight and Organisation

The Board established a risk limit for each product within the risk measurement parameters, after consultation with the immediate holding company.

On annual basis, there will be a review for overall market risk limits including position and consultation lines by considering various factors, i.e. the Bank's capital, trading capability, profit target and etc.

The RMC supports the Board to oversee Senior Management's activities in managing market risk. Market Risk, Assets and Liabilities Management Committee ("ALCO"), which reports to RMC, meets monthly to deliberate important matters related to the Bank's market risk, liquidity risk, operational risk and legal risk management.

39. FINANCIAL RISK MANAGEMENT (CONTD)

(c) MARKET RISK (CONTD)

Market Risk Management Oversight and Organisation (Contd)

There is a clear segregation of authorities and responsibilities among the Front, Middle and Back Offices with an aim to ensure the integrity, accuracy and transparency of the market risk information.

MRMD is the independent risk control units responsible for operating the day-to-day market risk management framework to support business growth while ensuring adequate risk control and oversight.

Market Risk Management and Control

As part of its market risk management activities, the Bank uses certain derivative financial instruments to manage interest rate and currency exposures and enhance the Bank's yield. The Bank maintains an overall interest rate risk management strategy that incorporates the use of interest rate contracts to minimise significant unplanned fluctuations in earnings that are caused by interest rate volatility.

The Bank's objectives in risk management include asset and liability management. Interest rate swaps and other contracts are used to effectively manage interest rate sensitivity of the Bank's loans, investment securities and deposit liabilities. Option contracts primarily consist of caps, floors and swaptions. The Bank enters into forward exchange contracts, currency swaps and other contracts in response to currency exposures resulting from on-balance sheet assets and liabilities denominated in foreign currencies in order to limit the net foreign exchange position by currency to an appropriate level.

Market risk exposure is reported to CEO on a daily basis. In addition, stress testing analysis is also conducted and reported to ALCO and RMC on regular basis.

For market risk, the Bank has adopted the Standardised Approach under BNM's CAF. Market risk-weighted assets are marked-to-market and are risk-weighted according to the instrument's category, maturity period, credit quality grade and other factors within BNM's guidelines.

39. FINANCIAL RISK MANAGEMENT (CONTD)

(c) MARKET RISK (CONTD)
Interest Rate Risk

The Bank is exposed to various risks associated with the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows. The following tables indicate the effective interest rate at the reporting date and the Bank's sensitivity to the interest rate by time band based on the earlier of contractual repricing date and maturity date:

	Non-Trading Book						Trading Book RM'000	Total RM'000	Effective Interest Rate %
	Up to 1 Month RM'000	1 to 3 Months RM'000	3 to 12 Months RM'000	1 to 5 Years RM'000	Over 5 Years RM'000	Non-Interest Sensitive RM'000			
31.03.2026									
Financial assets									
Cash and short-term funds	3,040,069	300,000	-	-	-	605,351	-	3,945,420	2.88
Reverse repurchase agreements	175,145	-	-	-	-	-	-	175,145	3.32
Deposits and placements with financial institutions	683,237	-	-	-	-	46,397	-	729,634	1.41
Financial assets at FVTPL	-	-	-	-	-	-	1,330,876	1,330,876	3.28
Financial investments at FVOCI	70,031	874,417	250,994	697,321	-	28,662	-	1,921,425	4.46
Loans, advances and financing									
- Non-impaired	2,856,910	3,244,153	2,015,640	-	-	-	-	8,116,703	4.58
- Impaired *	304	-	-	-	-	-	-	304	
- 12-month ECL and Lifetime ECL not credit-impaired	-	-	-	-	-	(33,259)	-	(33,259)	
Embedded loans measured at FVTPL	660,213	10,977,634	100,329	-	5,793	-	-	11,743,969	4.65
Purchased receivables	131,837	50,469	48,845	-	-	(121)	-	231,030	2.51
Collateral deposits placed	679,490	-	-	-	-	-	-	679,490	3.38
Derivative financial assets	-	-	-	-	-	-	722,451	722,451	
Statutory deposits with Bank Negara Malaysia	-	-	-	-	-	6,112	-	6,112	
Other assets	-	-	-	-	-	44,993	-	44,993	
	8,297,236	15,446,673	2,415,808	697,321	5,793	698,135	2,053,327	29,614,293	

* This is arrived after deducting the ECL from the outstanding gross impaired loans, advances and financing.

39. FINANCIAL RISK MANAGEMENT (CONTD)

(c) MARKET RISK (CONTD)

Interest Rate Risk (Contd)

31.03.2026	Non-Trading Book						Trading Book RM'000	Total RM'000	Effective Interest Rate %
	Up to 1 Month RM'000	1 to 3 Months RM'000	3 to 12 Months RM'000	1 to 5 Years RM'000	Over 5 Years RM'000	Non- Interest Sensitive RM'000			
Liabilities									
Deposits from customers	5,304,831	1,062,867	560,975	-	-	3,257,596	-	10,186,269	3.04
Deposits and placements of banks and other financial institutions	1,464,169	520,657	-	-	-	9,571	-	1,994,397	3.53
Collateral deposits received	1,615,188	1,833,976	1,588,081	4,662,472	1,001,301	-	-	10,701,018	3.81
Derivative financial liabilities	-	-	-	-	-	-	1,200,907	1,200,907	
Other liabilities	-	-	-	-	-	190,863	-	190,863	
Lease liabilities	267	488	1,950	7,465	-	-	-	10,170	2.92
	8,384,455	3,417,988	2,151,006	4,669,937	1,001,301	3,458,030	1,200,907	24,283,624	
On-balance sheet interest sensitivity gap	(87,219)	12,028,685	264,802	(3,972,616)	(995,508)	(2,759,895)	852,420	5,330,669	
Off-balance sheet interest sensitivity gap	-	-	-	-	-	-	1,542,789	1,542,789	
Total interest sensitivity gap	(87,219)	12,028,685	264,802	(3,972,616)	(995,508)	(2,759,895)	2,395,209	6,873,458	

39. FINANCIAL RISK MANAGEMENT (CONTD)

(c) MARKET RISK (CONTD)

Interest Rate Risk (Contd)

31.03.2025	Non-Trading Book						Trading Book RM'000	Total RM'000	Effective Interest Rate %
	Up to 1 Month RM'000	1 to 3 Months RM'000	3 to 12 Months RM'000	1 to 5 Years RM'000	Over 5 Years RM'000	Non-Interest Sensitive RM'000			
Financial assets									
Cash and short-term funds	5,375,071	550,000	-	-	-	500,684	-	6,425,755	3.11
Deposits and placements with financial institutions	559,797	-	-	-	-	9,292	-	569,089	0.40
Financial assets at FVTPL	-	-	-	-	-	-	292,508	292,508	3.38
Financial investments at FVOCI	-	879,241	209,432	624,653	-	28,442	-	1,741,768	4.65
Loans, advances and financing									
- Non-impaired	3,613,021	2,158,108	1,753,586	-	-	-	-	7,524,715	5.08
- Impaired *	545	-	-	-	-	-	-	545	
- 12-month ECL and Lifetime ECL not credit-impaired	-	-	-	-	-	(33,778)	-	(33,778)	
Embedded loans measured at FVTPL	2,456,442	11,301,609	-	-	-	-	-	13,758,051	5.18
Purchased receivables	350,011	433,333	28,543	-	-	(347)	-	811,540	3.32
Collateral deposits placed	35,809	-	-	-	-	-	-	35,809	3.94
Derivative financial assets	-	-	-	-	-	-	721,962	721,962	
Statutory deposits with Bank Negara Malaysia	-	-	-	-	-	9,017	-	9,017	
Other assets	-	-	-	-	-	40,337	-	40,337	
	12,390,696	15,322,291	1,991,561	624,653	-	553,647	1,014,470	31,897,318	

* This is arrived after deducting the ECL from the outstanding gross impaired loans, advances and financing.

(c) MARKET RISK (CONTD)

Interest Rate Risk (Contd)

31.03.2025	Non-Trading Book						Trading Book RM'000	Total RM'000	Effective Interest Rate %
	Up to 1 Month RM'000	1 to 3 Months RM'000	3 to 12 Months RM'000	1 to 5 Years RM'000	Over 5 Years RM'000	Non-Interest Sensitive RM'000			
Liabilities									
Deposits from customers	5,523,975	1,100,654	1,623,445	-	-	3,260,823	-	11,508,897	3.46
Deposits and placements of banks and other financial institutions	2,518,805	406,470	102,379	-	-	11,854	-	3,039,508	3.97
Collateral deposits received	1,834,141	495,031	4,680,961	4,561,497	236,416	-	-	11,808,046	4.24
Derivative financial liabilities	-	-	-	-	-	-	462,208	462,208	
Other liabilities	-	-	-	-	-	183,211	-	183,211	
Lease liabilities	253	486	2,154	9,573	-	-	-	12,466	2.91
	9,877,174	2,002,641	6,408,939	4,571,070	236,416	3,455,888	462,208	27,014,336	
On-balance sheet interest sensitivity gap	2,513,522	13,319,650	(4,417,378)	(3,946,417)	(236,416)	(2,902,241)	552,262	4,882,982	
Off-balance sheet interest sensitivity gap	-	-	-	-	-	-	586,096	586,096	
Total interest sensitivity gap	2,513,522	13,319,650	(4,417,378)	(3,946,417)	(236,416)	(2,902,241)	1,138,358	5,469,078	

39. FINANCIAL RISK MANAGEMENT (CONTD)

(c) MARKET RISK (CONTD)

Foreign Currency Risk

The Bank's exposure to foreign currencies (a currency which is other than the functional currency of the Bank), based on gross carrying amount as at the end of the financial year was:

31.03.2026	Denominated in						
	USD RM'000	JPY RM'000	EUR RM'000	SGD RM'000	AUD RM'000	CNY RM'000	Others RM'000
Assets							
Cash and short-term funds	241,317	142,837	27,214	74,937	9,180	94,243	15,622
Deposits and placements with financial institutions	202,100	481,137	-	-	-	-	-
Loans, advances and financing	5,851,049	41,490	-	-	-	78,709	-
Embedded loans measured at FVTPL	9,911,709	-	-	-	142,360	-	-
Purchased receivables	47,356	-	-	-	-	176,735	-
Collateral deposits placed	482,453	-	-	-	-	-	-
Derivative financial assets	(1,478,718)	(362,173)	158,952	-	2,581	1,187,700	(56,261)
	15,257,266	303,291	186,166	74,937	154,121	1,537,387	(40,639)
Liabilities							
Deposits from customers	4,312,671	396,205	20,505	56,587	562	54,471	5,671
Deposits and placements of banks and other financial institutions	1,697,640	-	-	-	-	287,186	-
Collateral deposits received	10,364,685	174,977	-	-	-	-	-
Derivative financial liabilities	(7,529,930)	(393,459)	165,482	1,706	(137,785)	1,185,610	(50,895)
Other liabilities	73,508	20,521	131	397	829	1,675	118
	8,918,574	198,244	186,118	58,690	(136,394)	1,528,942	(45,106)
Net financial assets/ (liabilities) exposure	6,338,692	105,047	48	16,247	290,515	8,445	4,467

39. FINANCIAL RISK MANAGEMENT (CONTD)

(c) MARKET RISK (CONTD)

Foreign Currency Risk (Contd)

The Bank's exposure to foreign currencies (a currency which is other than the functional currency of the Bank), based on carrying amount as at the end of the financial year was: (Contd)

31.03.2025	Denominated in						
	USD RM'000	JPY RM'000	EUR RM'000	SGD RM'000	AUD RM'000	CNY RM'000	Others RM'000
Assets							
Cash and short-term funds	29,093	107,697	24,727	70,534	14,925	227,830	25,880
Deposits and placements with financial institutions	-	559,797	-	-	-	-	-
Financial investment at FVOCI	-	58,821	-	-	-	-	-
Loans, advances and financing	4,895,072	49,654	-	-	-	-	-
Embedded loans measured at FVTPL	12,183,561	400,439	-	-	-	-	-
Purchased receivables	165,340	-	-	-	-	619,670	-
Collateral deposits placed	25,257	-	-	-	-	-	-
Derivative financial assets	5,284,321	(185,683)	171,267	368	74	294	685
	22,582,644	990,725	195,994	70,902	14,999	847,794	26,565
Liabilities							
Deposits from customers	5,410,383	474,563	30,859	56,914	1,114	58,365	5,597
Deposits and placements of banks and other financial institutions	2,259,810	-	-	-	-	767,844	-
Collateral deposits received	11,002,468	697,852	-	-	-	-	-
Derivative financial liabilities	(1,254,068)	(642,693)	167,569	6,703	2,316	407	775
Other liabilities	84,603	16,632	-	2,325	189	6,214	576
	17,503,196	546,354	198,428	65,942	3,619	832,830	6,948
Net financial assets/ (liabilities) exposure	5,079,448	444,371	(2,434)	4,960	11,380	14,964	19,617

Interest Rate Risk / Rate of Return in the Banking Book

Interest rate risk in the banking book ("IRRBB") and Rate of Return ("ROR") arises from the changes in market interest rate that adversely impact on the Bank's net interest income. One of the primary sources is due to repricing mismatches of the Bank's banking assets and liabilities and also from the Bank's investment of its surplus funds.

The primary objective in managing the IRRBB is to manage the volatility in the Bank's earnings. This is achieved in a variety of ways that involve the offsetting of positions against each other for any matching assets and liabilities, the acquisition of new financial assets to narrow the mismatch in interest rate sensitive assets and liabilities and entering into derivative financial instruments which have the opposite effects.

The Bank uses various tools including repricing gap reports and stress tests to measure its IRRBB. The impact on earnings is considered at all times in measuring the IRRBB and is subject to limits approved by the Board.

39. FINANCIAL RISK MANAGEMENT (CONTD)

(c) MARKET RISK (CONTD)

Sensitivity of Profit

The table below shows the sensitivity of the Bank's banking book to movement in the interest rates:

	31.03.2026	31.03.2025
	Increase / (Decrease)	
Impact on earnings from 200 bps parallel shift	RM'000	RM'000
MYR	89,996	124,452
USD	(21,700)	(23,477)
SGD	(354)	(356)
Others	2,714	(398)
Total	70,656	100,221
Impact on economic value from 200 bps parallel shift	RM'000	RM'000
MYR	21,337	17,959
USD	522	20,305
SGD	1,134	1,141
Others	9,315	10,934
Total	32,308	50,339

The sensitivity analysis is measured using Earning at Risk ("EaR") methodology and is based on the balance sheet position as at reporting date. The analysis does not take into account any actions that may be undertaken by Global Markets or business units to mitigate the impact of interest rate movements. In practice, Global Markets actively manage the Bank's interest rate risk profile to minimise losses and optimise net revenues. The projection assumes that interest rates across all maturities move in parallel and by the same magnitude, and therefore does not capture scenarios in which some rates change while others remain stable. The projection also assumes constant financial position structure, with all instruments held to maturity.

The repricing profile of non maturity loans is determined based on the earliest possible repricing date; actual dates may vary due to prepayments. The potential impacts on earnings are assessed on a monthly basis and are reported to the ALCO and RMC for review.

Interest Rate and Foreign Currency Risk Stress Testing

The Bank also performed regular stress test on interest rate risk and currency risk. Three stress scenarios were applied on the Bank's assets and liabilities:

- Scenario 1: A parallel shift of $\pm 0.75\%$ in interest rates for interest rate derivatives, bonds, and money market positions. All FX rates will undergo a parallel shift of $\pm 5\%$, impacting both foreign currency and foreign currency option positions.
- Scenario 2: A parallel shift of $\pm 1.0\%$ in interest rates for interest rate derivatives, bonds, money market positions, foreign currency, and foreign currency option positions.
- Scenario 3: A parallel shift of $\pm 2.0\%$ in interest rates for interest rate derivatives, bonds, and money market positions. A historical FX shock scenario is applied, replicating exchange rate movements observed during the 1997 Asian Financial Crisis (July 1997), affecting both foreign currency and foreign currency option positions.

39. FINANCIAL RISK MANAGEMENT (CONTD)

(d) LIQUIDITY RISK

Liquidity risk is the risk of sustaining a loss due to an inability to obtain required funds because of a deterioration of market conditions or the Bank's financial conditions, where the Bank is unable to raise necessary funds or is forced to raise funds at a rate of interest that is higher than market rates. The RMC supports the Board of Directors to oversee Senior Management's activities in managing liquidity risk.

ALCO, which reports to RMC, meets monthly to deliberate important matters relating to the Bank's liquidity management process, which involves establishing liquidity management policies, regular monitoring against liquidity risk limits, regular stress testing and establishing contingency funding plan.

Global Markets Department controls and manages daily funding requirement operations while the MRMD monitors compliance with internal standards for funding operations. Liquidity monitoring is performed daily for projecting cash flows. Simulations of liquidity exposures under stressed market scenarios are also performed and the results are taken into account.

Maturity Analysis

The table below summarises the maturity profile of the Bank's financial liabilities as at the end of the reporting period based on undiscounted contractual payments:

	Carrying Amount RM'000	Contractual Cash Flows RM'000	Up to 1 Year RM'000	1 to 2 Years RM'000	2 to 5 Years RM'000	More than 5 Years RM'000
31.03.2026						
Non-derivative Liabilities						
Deposits from customers	10,186,269	10,267,823	10,267,823	-	-	-
Deposits and placements of banks and other financial institutions	1,994,397	1,999,889	1,999,889	-	-	-
Financial liabilities at FVTPL	72,310	72,310	-	-	-	72,310
Collateral deposits received	10,701,018	11,503,690	5,093,201	2,144,172	2,966,925	1,299,392
Derivative financial liabilities	1,200,907	1,200,907	636,742	216,860	341,810	5,495
Lease liabilities	10,170	10,755	2,964	2,731	5,060	-
Other liabilities	190,863	190,863	190,863	-	-	-
	24,355,934	25,246,237	18,191,482	2,363,763	3,313,795	1,377,197
31.03.2025						
Non-derivative Liabilities						
Deposits from customers	11,508,897	11,703,316	11,703,316	-	-	-
Deposits and placements of banks and other financial institutions	3,039,508	3,046,313	3,046,313	-	-	-
Collateral deposits received	11,808,046	12,468,566	7,122,521	2,348,115	2,665,835	332,095
Derivative financial liabilities	462,208	462,208	222,856	27,674	158,719	52,959
Lease liabilities	12,466	13,343	3,221	2,767	7,355	-
Other liabilities	183,211	183,211	183,211	-	-	-
	27,014,336	27,876,957	22,281,438	2,378,556	2,831,909	385,054

39. FINANCIAL RISK MANAGEMENT (CONTD)

(d) LIQUIDITY RISK (CONTD)

Maturity Analysis (Contd)

The table below summarises the maturity profile of the Bank's financial liabilities as at the end of the reporting period based on undiscounted contractual payments: (Contd)

	Up to 1 Year RM'000	1 to 2 Years RM'000	2 to 5 Years RM'000	More than 5 Years RM'000
31.03.2026				
Derivative Liabilities				
Trading derivatives				
Interest rate related contracts				
- Outflow	(7,040,429)	(3,103,883)	(7,895,418)	247,447
- Inflow	7,040,429	3,103,883	7,895,418	(247,447)
Foreign exchange related contracts				
- Outflow	(23,727,367)	(3,656,510)	(4,898,636)	(40,420)
- Inflow	23,092,671	3,449,386	4,602,081	40,500
Other derivatives				
- Currency options	(215,235)	-	-	-
	(849,931)	(207,124)	(296,555)	80
31.03.2025				
Derivative Liabilities				
Trading derivatives				
Interest rate related contracts				
- Outflow	(3,786,205)	(2,338,653)	(5,476,384)	(575,599)
- Inflow	3,786,205	2,338,653	5,476,384	575,599
Foreign exchange related contracts				
- Outflow	(13,315,902)	(529,522)	(2,227,430)	-
- Inflow	13,111,650	506,539	2,107,700	-
Other derivatives				
- Currency options	(170,348)	-	-	-
	(374,600)	(22,983)	(119,730)	-

39. FINANCIAL RISK MANAGEMENT (CONTD)

(d) LIQUIDITY RISK (CONTD)

Maturity Analysis (Contd)

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

31.03.2026	Up to 1 Month RM'000	1 to 3 Months RM'000	3 to 6 Months RM'000	6 to 12 Months RM'000	> 1 Year RM'000	No Specific Maturity RM'000	Total RM'000
Assets							
Cash and short-term funds	3,040,069	300,000	-	-	-	605,351	3,945,420
Reverse repurchase agreements	175,145	-	-	-	-	-	175,145
Deposits and placements with financial institutions	683,237	-	-	-	-	46,397	729,634
Financial assets at FVTPL	-	-	-	171,012	1,159,864	-	1,330,876
Financial investments at FVOCI	70,031	64,900	250,994	-	1,506,838	28,662	1,921,425
Loans, advances and financing	2,233,016	311,739	443,054	28,245	5,067,694	-	8,083,748
Embedded loans measured at FVTPL	209,763	2,038,280	682,977	1,581,339	7,231,610	-	11,743,969
Purchased receivables	112,928	44,153	32,907	-	41,042	-	231,030
Collateral deposits placed	679,490	-	-	-	-	-	679,490
Derivative financial assets	121,692	109,773	97,195	114,563	279,228	-	722,451
Statutory deposits with Bank Negara Malaysia	-	-	-	-	-	6,112	6,112
Other assets	-	-	-	-	-	44,993	44,993
	7,325,371	2,868,845	1,507,127	1,895,159	15,286,276	731,515	29,614,293
Liabilities							
Deposits from customers	3,688,137	1,062,867	544,340	16,635	-	4,874,290	10,186,269
Deposits and placements of banks and other financial institutions	1,473,740	520,657	-	-	-	-	1,994,397
Collateral deposits received	162,965	1,833,976	443,812	1,144,269	5,663,773	1,452,223	10,701,018
Derivative financial liabilities	163,146	156,057	145,087	172,452	564,165	-	1,200,907
Other liabilities	-	-	-	-	-	190,863	190,863
Lease liabilities	267	488	695	1,255	7,465	-	10,170
	5,488,255	3,574,045	1,133,934	1,334,611	6,235,403	6,517,376	24,283,624
Commitments and contingencies	17,182,060	15,907,390	20,654,233	28,007,577	44,660,492	-	126,411,752

39. FINANCIAL RISK MANAGEMENT (CONTD)

(d) LIQUIDITY RISK (CONTD)

Maturity Analysis (Contd)

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

31.03.2025	Up to 1 Month RM'000	1 to 3 Months RM'000	3 to 6 Months RM'000	6 to 12 Months RM'000	> 1 Year RM'000	No Specific Maturity RM'000	Total RM'000
Assets							
Cash and short-term funds	5,375,071	550,000	-	-	-	500,684	6,425,755
Deposits and placements with financial institutions	559,797	-	-	-	-	9,292	569,089
Financial assets at FVTPL	-	-	-	-	292,508	-	292,508
Financial investments at FVOCI	-	65,162	159,217	50,215	1,438,732	28,442	1,741,768
Loans, advances and financing	2,513,591	180,341	406,638	447,545	3,943,367	-	7,491,482
Embedded loans measured at FVTPL	328,322	815,647	2,435,225	2,668,586	7,510,271	-	13,758,051
Purchased receivables	312,026	426,050	28,520	-	44,944	-	811,540
Collateral deposits placed	35,809	-	-	-	-	-	35,809
Derivative financial assets	64,147	60,722	65,543	140,871	390,679	-	721,962
Statutory deposits with Bank Negara Malaysia	-	-	-	-	-	9,017	9,017
Other assets	-	-	-	-	-	40,337	40,337
	9,188,763	2,097,922	3,095,143	3,307,217	13,620,501	587,772	31,897,318
Liabilities							
Deposits from customers	4,017,929	1,100,653	222,475	1,400,970	-	4,766,870	11,508,897
Deposits and placements of banks and other financial institutions	2,530,659	406,470	102,379	-	-	-	3,039,508
Collateral deposits received	482,686	495,031	2,174,969	2,505,992	4,797,913	1,351,455	11,808,046
Derivative financial liabilities	41,390	41,230	35,605	104,631	239,352	-	462,208
Other liabilities	-	-	-	-	-	183,211	183,211
Lease liabilities	253	486	722	1,432	9,573	-	12,466
	7,072,917	2,043,870	2,536,150	4,013,025	5,046,838	6,301,536	27,014,336
Commitments and contingencies	11,053,472	14,099,995	18,256,887	23,118,162	31,632,831	-	98,161,347

39. FINANCIAL RISK MANAGEMENT (CONTD)

(e) OPERATIONAL RISK

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people or system, or from external events, including legal risk, and other risk of loss caused by inappropriate implementation of business strategy. An Operational Risk Management Framework, approved by the Board of Directors has been developed with the objective to ensure that operational risks within the Bank are identified, monitored, managed and reported in a structured, systematic and consistent manner.

The Bank recognises the importance of establishing a risk-awareness culture in managing the operational risk through embedded risk management processes in the Bank's core processes.

Each business unit undertakes the tasks of risk identification, evaluation and measurement, control and mitigation and monitoring and reporting of its own area with assistance and coordination from the Operational Risk Management Department ("ORMD").

Various tools are used to support the operational risk management processes including Control Self Assessment to analyse business processes, monitor key risk indicators and perform a process risk mapping to identify critical risk areas and assign sufficient countermeasures to ensure a controlled and sound operating environment.

The RMC regularly appraises on the effectiveness of internal control system, as well as being briefed on key control deficiencies and appropriate remedial plans. Operational risk losses and incidents are used as information for reporting and for providing risk profiling information to the Board.

To mitigate the impact of unforeseen operational risk events, the Bank has established business continuity management and crisis management programmes to ensure the uninterrupted availability of business resources to support essential business activities. The Bank's overall business continuity operational readiness is further strengthened by engaging a dedicated business recovery site, enhancing the system disaster infrastructure and the establishment of the business impact analysis process.

40. FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair Value Information

The following table analyses financial instruments carried at fair value and those not carried at fair value for which fair value is disclosed, together with their fair values and carrying amounts shown in the statement of financial position.

31.03.2026	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value				Total Fair Value RM'000	Carrying Amount RM'000	
	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			
Financial assets <i>Fair Value through Profit or Loss</i> ● Financial assets measured at FVTPL ● Embedded loans measured at FVTPL ● Loans, advances and financing ● Derivative financial assets <i>Fair Value through Other Comprehensive Income</i> ● Financial investments at FVOCI <i>Amortised cost</i> ● Loans, advances and financing * ● Purchased receivables * ● Cash and short-term funds ● Deposits and placements with financial institutions ● Collateral deposits placed ● Statutory deposits with Bank Negara Malaysia ● Other assets	-	1,330,876	-	1,330,876	-	-	-	-	1,330,876	1,330,876	
	-	11,743,969	-	11,743,969	-	-	-	-	11,743,969	11,743,969	
	-	198,913	-	198,913	-	-	-	-	198,913	198,913	
	-	722,451	-	722,451	-	-	-	-	722,451	722,451	
	-	1,892,763	28,662	1,921,425	-	-	-	-	1,921,425	1,921,425	
	-	-	-	-	-	7,918,288	-	7,918,288	7,918,288	7,918,288	
	-	-	-	-	-	-	231,151	231,151	231,151	231,151	
	-	-	-	-	-	3,945,420	-	3,945,420	3,945,420	3,945,420	
	-	-	-	-	-	729,634	-	729,634	729,634	729,634	
	-	-	-	-	-	679,490	-	679,490	679,490	679,490	
	-	-	-	-	-	6,112	-	6,112	6,112	6,112	
	-	-	-	-	-	-	44,993	44,993	44,993	44,993	
	-	15,888,972	28,662	15,917,634	-	13,278,944	276,144	13,555,088	29,472,722	29,472,722	
	Financial liabilities <i>Fair Value through Profit or Loss</i> ● Financial liabilities measured at FVTPL ● Derivative financial liabilities <i>Amortised cost</i> ● Deposits from customers ● Deposits and placements of banks and other financial institutions ● Collateral deposits received ● Other liabilities ● Lease liabilities	-	72,310	-	72,310	-	-	-	-	72,310	72,310
		-	1,200,907	-	1,200,907	-	-	-	-	1,200,907	1,200,907
-		-	-	-	-	-	10,186,269	10,186,269	10,186,269	10,186,269	
-		-	-	-	-	-	1,994,397	1,994,397	1,994,397	1,994,397	
-		-	-	-	-	10,161,652	-	10,161,652	10,161,652	10,701,018	
-		-	-	-	-	-	190,863	190,863	190,863	190,863	
-		-	-	-	-	-	10,170	10,170	10,170	10,170	
-		1,273,217	-	1,273,217	-	10,161,652	12,381,699	22,543,351	23,816,568	24,355,934	

* Stated at gross.

Fair Value Information (Contd)

The following table analyses financial instruments carried at fair value and those not carried at fair value for which fair value is disclosed, together with their fair values and carrying amounts shown in the statement of financial position. (Contd)

31.03.2025	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value				Total Fair Value RM'000	Carrying Amount RM'000	
	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			
Financial assets											
Fair Value through Profit or Loss											
● Financial assets measured at FVTPL	-	292,508	-	292,508	-	-	-	-	292,508	292,508	292,508
● Embedded loans measured at FVTPL	-	13,758,051	-	13,758,051	-	-	-	-	13,758,051	13,758,051	13,758,051
● Loans, advances and financing	-	253,697	-	253,697	-	-	-	-	253,697	253,697	253,697
● Derivative financial assets	-	721,962	-	721,962	-	-	-	-	721,962	721,962	721,962
Fair Value through Other Comprehensive Income											
● Financial investments at FVOCI	-	1,713,326	28,442	1,741,768	-	-	-	-	1,741,768	1,741,768	1,741,768
Amortised cost											
● Loans, advances and financing *	-	-	-	-	-	7,271,738	-	7,271,738	7,271,738	7,271,738	7,271,738
● Purchased receivables *	-	-	-	-	-	-	811,887	811,887	811,887	811,887	811,887
● Cash and short-term funds	-	-	-	-	-	6,425,755	-	6,425,755	6,425,755	6,425,755	6,425,755
● Deposits and placements with financial institutions	-	-	-	-	-	569,089	-	569,089	569,089	569,089	569,089
● Collateral deposits placed	-	-	-	-	-	35,809	-	35,809	35,809	35,809	35,809
● Statutory deposits with Bank Negara Malaysia	-	-	-	-	-	9,017	-	9,017	9,017	9,017	9,017
● Other assets	-	-	-	-	-	-	40,337	40,337	40,337	40,337	40,337
Financial liabilities											
Fair Value through Profit or Loss											
● Derivative financial liabilities	-	462,208	-	462,208	-	-	-	-	462,208	462,208	462,208
Amortised cost											
● Deposits from customers	-	-	-	-	-	-	11,508,897	11,508,897	11,508,897	11,508,897	11,508,897
● Deposits and placements of banks and other financial institutions	-	-	-	-	-	-	3,039,508	3,039,508	3,039,508	3,039,508	3,039,508
● Collateral deposits received	-	-	-	-	-	11,434,338	-	11,434,338	11,434,338	11,808,046	11,808,046
● Other liabilities	-	-	-	-	-	-	183,211	183,211	183,211	183,211	183,211
● Lease liabilities	-	-	-	-	-	-	12,466	12,466	12,466	12,466	12,466

* Stated at gross.

40. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTD)

Fair Value Information (Contd)

Policy on transfer between levels

The fair value of an asset to be transferred between levels is determined as of the date of the event or change in circumstances that caused the transfer.

Level 1 fair value

Level 1 fair value is derived from quoted price (unadjusted) in active markets for identical financial assets or liabilities that the entity can access at the measurement date.

Level 2 fair value

Level 2 fair value is estimated using inputs other than quoted prices included within Level 1 that are observable for the financial assets or liabilities, either directly or indirectly.

Financial investments at FVTPL and financial investments at FVOCI

The fair values of securities, where quoted market prices or secondary market prices are available, are equal to such market prices. For securities where quoted market prices or secondary market prices are not available, the fair values are estimated using quoted market prices for similar securities or based on appraised value as deemed appropriate by management.

Loans measured at FVTPL

The estimated fair values of embedded loans are derived from both loans and derivatives. The outstanding balances for loans, advances and financing is derived from principal and accrued interest using effective interest rate. Fair values for embedded loans are derived using correlation, credit spread and discounted cash flow.

- *Correlation*
Correlation is a measure of the extent to which two or more variables change in relation to each other. It may vary over time, and calculating correlation information from market data requires significant assumptions regarding the informational efficiency of the market.
- *Credit spread*
Credit spread is a component of the security representing its credit quality. Credit spread reflects the market perception of changes in prepayment, delinquency and recovery rates, therefore capturing the impact of other variables on the fair value. Credit spread is used in combination with the interest rate curves to derive the cash flows of the loans.
- *Discounted cash flow*
Fair value of loans are discounted using combination of credit spread of the instruments and interest rate term structure that is based on the US Treasury yields and Malaysia government bond yields.

The fair value of embedded loans is determined as the sum of fair value of the loan host contract and fair value to the embedded derivatives.

The fair value of the loan host contract is determined by first aligning model valuations to market-observed values on a no credit risk basis through calibration of loan spreads. The calibrated inputs are then applied together with internal estimates of probability of default (PD) and loss given default (LGD) to derive a credit adjusted fair value.

The fair value of the embedded derivatives are valued using market standard valuation techniques (discounted cash flow) with key input typically include risk-free interest rate curves, forward curves.

Loans, advances and financing

The fair values of loans, advances and financing are estimated based on the type of loan, credit quality and remaining maturity. Incorporating the credit risk factor, management concluded that the allowance for impairment losses adequately adjusts the related fair values for credit risk. For floating or adjustable-rate loans, which mature or reprice within a short period of time, the carrying amounts are considered to be a reasonable estimate of fair values. For fixed rate loans, market prices are not generally available and the fair values are estimated by discounting the estimated future cash flows based on the contracted maturity of the loans. The resulting fair values do not materially differ from the carrying amounts. The discount rates are based on the current market rates corresponding to the applicable maturity.

40. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTD)

Fair Value Information (Contd)

Level 2 fair value (Contd)

Loans, advances and financing (Contd)

For credit-impaired loans, the fair values are determined on an individual basis by taking the gross loan exposure less stage 3 ECL. The stage 3 ECL is the difference between the loan’s carrying amount and the present value of the estimated future cash flows.

Derivative financial instruments

The estimated fair values of derivative financial instruments are the amounts that the Bank would receive or pay to terminate the contracts at the reporting date, taking into account the current unrealised gains or losses on open contracts. They are based on market or dealer quotes when available. Valuation models such as present value and option pricing models are applied to current market information to estimate fair value when such quotes are not available.

Cash and short-term funds

For cash and short-term funds including interest-earning deposits, the carrying amounts are a reasonable estimate of the fair values because of their short-term nature and limited credit risk.

Deposits and placements with financial institutions

For deposits and placements with financial institutions including interest-earning deposits, the carrying amounts are a reasonable estimate of the fair values because of their short-term nature and limited credit risk.

Collateral deposits

The fair values of collateral deposits maturing within one year are estimated to approximate their carrying amount. For those with maturity exceeding one year, fair values are estimated by discounting the estimated future cash flows based on the contracted maturity of the collateral deposits. The discount rates are based on the current market rates corresponding to the applicable maturity.

Statutory deposits with Bank Negara Malaysia

The carrying amount of statutory deposits with BNM is a reasonable estimate of the fair values as they are long-term regulatory deposits without a fixed maturity.

Transfer between Level 1 and Level 2 fair values

There has been no transfer between Level 1 and Level 2 fair values during the financial year (2025: no transfer in either directions).

Level 3 fair value

Level 3 fair value is estimated using unobservable inputs for the financial assets and liabilities.

MRMD and the Finance Department of the Bank have overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values.

Financial investments at FVOCI

For financial investments at FVOCI, the carrying amounts are a reasonable estimate of the fair values because of their limited credit risk.

40. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTD)

Fair Value Information (Contd)

Level 3 fair value (Contd)

Movement in Level 3 financial instruments

The following table shows a reconciliation of the opening and closing amounts of Level 3 financial assets which are recorded at fair value:

	31.03.2026 RM'000	31.03.2025 RM'000
Equity instrument at FVOCI		
Balance at beginning of financial year	28,442	28,323
Gain recognised in other comprehensive income	220	119
Balance at end of financial year	28,662	28,442

The unquoted equity instruments at FVOCI are revalued using the net tangible assets value method. The unobservable input used, which is the net tangible assets were obtained from the published audited financial statements of the investees. The higher net tangible assets will result in higher fair value and vice versa.

Other assets/liabilities and purchased receivables

The estimated fair values for the other financial assets/liabilities, which primarily include accrued interest receivables/payables, other receivables/payables, deposits, bank acceptances, accounts payable and purchased receivables approximate their carrying amounts due to their short-term nature or repricing frequency.

Lease liabilities

The carrying amount of lease liabilities approximates their fair value as the liabilities are measured using discount rates that are representative of current market borrowing rates.

Deposits from customers

The fair values of demand deposits, deposits at notice, and certificates of deposit maturing within a short period of time are the amounts payable on demand. Fair values of fixed deposits and certificates of deposit maturing after a short period of time are estimated to approximate their carrying amount.

Deposit and placements of banks and other financial institutions

The fair values of non-interest bearing deposits are equal to the amount payable on demand. For call money and funds purchased, the carrying amount is a reasonable estimate of the fair values because of their short-term nature.

41. 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 new amount that is payable by one party to the other.

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 a default on the Bank’s loans or other credit events.

41. OFFSETTING OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONTD)

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

	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		Net Amount RM'000
				Values of the Financial Instruments RM'000	Cash Collateral Received / Pledged RM'000	
31.03.2026						
Financial assets						
Reverse repurchase agreements	175,145	-	175,145	(175,145)	-	-
Derivative financial assets						
- Foreign exchange related contracts	634,071	-	634,071	(529,248)	(49,220)	55,603
- Interest rate related contracts	85,125	-	85,125	(18,418)	1,833	68,540
- Currency options	3,255	-	3,255	(2,940)	-	315
	897,596	-	897,596	(725,751)	(47,387)	124,458
Financial liabilities						
Derivative financial liabilities						
- Foreign exchange related contracts	1,100,081	-	1,100,081	(529,248)	688,868	1,259,701
- Interest rate related contracts	100,511	-	100,511	(18,418)	(9,377)	72,716
- Currency options	315	-	315	(2,940)	-	(2,625)
	1,200,907	-	1,200,907	(550,606)	679,491	1,329,792
31.03.2025						
Financial assets						
Derivative financial assets						
- Foreign exchange related contracts	638,312	-	638,312	(277,568)	(329,818)	30,926
- Interest rate related contracts	82,359	-	82,359	(46,989)	(21,745)	13,625
- Currency options	1,291	-	1,291	(547)	-	744
	721,962	-	721,962	(325,104)	(351,563)	45,295
Financial liabilities						
Derivative financial liabilities						
- Foreign exchange related contracts	332,324	-	332,324	(277,568)	25,247	80,003
- Interest rate related contracts	129,141	-	129,141	(46,989)	10,562	92,714
- Currency options	743	-	743	(547)	-	196
	462,208	-	462,208	(325,104)	35,809	172,913

42. THE OPERATIONS OF ISLAMIC BANKING WINDOW

The financial statements as at 31 March 2026 and for the financial year ended on the date are summarised as follows:

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2026

	31.03.2026 RM'000	31.03.2025 RM'000
ASSETS		
Cash and short-term funds (a)	128,000	120,000
Deposits and placements with financial institutions (b)	1,780	2,148
Other assets	18,916	7,777
TOTAL ASSETS	148,696	129,925
LIABILITIES AND ISLAMIC BANKING FUNDS		
Deposits from customers (c)	14,205	11,649
Other liabilities (d)	4	6
TOTAL LIABILITIES	14,209	11,655
CAPITAL FUNDS	25,000	25,000
RESERVE	109,487	93,270
ISLAMIC BANKING FUNDS	134,487	118,270
TOTAL LIABILITIES AND ISLAMIC BANKING FUNDS	148,696	129,925
COMMITMENTS AND CONTINGENCIES	-	-

Islamic financing based on Commodity Murabahah (Tawarruq) of RM1,312,701,000 (2025: RM3,959,341,000) and Ijarah of RM96,017,000 (2025: RM103,336,000) were financed under an internal Wakalah scheme and is reported at the entity level.

Tawarruq structure for the Bank's Islamic financing product consists of three (3) sales and purchases transactions. The first involves the purchase of commodity by the Bank from Commodity Trader 1, on cash and spot basis. Secondly, the Bank will sell the commodity using Murabahah contract, to the customer on deferred basis. Subsequently, the customer will sell the commodity to Commodity Trader 2, on cash and spot basis. Finally, the customer will get cash to finance the customer's needs.

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

	Year ended 31.03.2026 RM'000	Year ended 31.03.2025 RM'000
Income derived from investment of Islamic Banking capital funds (e)	4,119	4,804
Profit distributed to depositors	(279)	(44)
Other operating income (f)	12,705	13,507
Total net income	16,545	18,267
Other operating expenses (g)	(328)	(317)
Profit for the year	16,217	17,950

42. THE OPERATIONS OF ISLAMIC BANKING WINDOW (CONTD)

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

	Capital Funds RM'000	Regulatory Reserve RM'000	Retained Profits RM'000	Total RM'000
At 1 April 2025	25,000	118	93,152	118,270
Transfer to regulatory reserve	-	3,734	(3,734)	-
Profit for the year	-	-	16,217	16,217
At 31 March 2026	25,000	3,852	105,635	134,487
At 1 April 2024	25,000	118	75,202	100,320
Profit for the year	-	-	17,950	17,950
At 31 March 2025	25,000	118	93,152	118,270

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

	Year ended 31.03.2026 RM'000	Year ended 31.03.2025 RM'000
Cash flows from operating activities		
Profit before tax	16,217	17,950
Increase in operating assets:		
Other assets	(11,139)	(7,731)
	5,078	10,219
Increase/(Decrease) in operating liabilities:		
Deposits from customers	2,556	(61,810)
Other liabilities	(2)	(14,170)
Net cash generated from/(used in) operating activities	7,632	(65,761)
Net increase/(decrease) in cash and cash equivalents	7,632	(65,761)
Cash and cash equivalents at beginning of the year	122,148	187,909
Cash and cash equivalents at end of the year	129,780	122,148
Cash and cash equivalents at comprise of:		
Cash and short-term funds	128,000	120,000
Deposits and placements with financial institutions	1,780	2,148
	129,780	122,148

Shariah Committee

The Shariah Committee was established under BNM's "Shariah Governance Policy Document" ("the SGP") to advise the Board of Directors on Shariah matters in its Islamic Banking business operations and to provide technical assistance in ensuring the Islamic Banking products and services offered by the Bank and the relevant documentation are in compliance with Shariah principles.

As of March 2026, the committee comprises: Prof. Dr. Said Bouheraoua, Dr. Abdulkader Thomas and Assoc. Prof. Dr. Muhamad Firdaus Ab Rahman.

42. THE OPERATIONS OF ISLAMIC BANKING WINDOW (CONTD)

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 Note 1 to the audited financial statements of the Bank for financial year ended 31 March 2026.

(a) Cash and short-term funds

	31.03.2026 RM'000	31.03.2025 RM'000
Cash and balances with banks and other financial institutions	128,000	120,000

(b) Deposits and placements with financial institutions

	31.03.2026 RM'000	31.03.2025 RM'000
At amortised cost		
Licensed bank		
• Malaysia	1,780	2,148

(c) Deposits from customers

(i) By type of deposits:

	31.03.2026 RM'000	31.03.2025 RM'000
At amortised cost		
Current accounts - Qard	14,205	10,139
Fixed deposits - Tawarruq	-	1,510
	14,205	11,649

(ii) The maturity structure of fixed deposits are as follows:

	31.03.2026 RM'000	31.03.2025 RM'000
Due within six months	-	1,510

(iii) By type of customer:

	31.03.2026 RM'000	31.03.2025 RM'000
Domestic business enterprises	11,941	11,356
Foreign entities	2,264	293
	14,205	11,649

Qard is a contract of lending a fungible asset to a borrower who is bound to return an equivalent replacement. No profit expense from deposits shall be paid from the transactions.

42. THE OPERATIONS OF ISLAMIC BANKING WINDOW (CONTD)

(d) Other liabilities

	31.03.2026 RM'000	31.03.2025 RM'000
Accruals and provisions for operational expenses	4	6

(e) Income derived from investment of Islamic Banking Capital Funds

	Year ended 31.03.2026 RM'000	Year ended 31.03.2025 RM'000
Money at call and placements with financial institutions	4,119	4,804

(f) Other operating income

	Year ended 31.03.2026 RM'000	Year ended 31.03.2025 RM'000
Net fee income	12,705	13,507

(g) Other operating expenses

	Year ended 31.03.2026 RM'000	Year ended 31.03.2025 RM'000
Personnel expenses	266	226
Other expenses	62	91
	328	317

The total remuneration of the Shariah Committee members are as follows:

	Year ended 31.03.2026 RM'000	Year ended 31.03.2025 RM'000
Assoc. Prof. Dr. Mohamad Zaharuddin bin Zakaria	-	68
Y.Bhg. Prof. Emeritus Dato' Dr. Mohd Azmi bin Omar (resigned w.e.f. 1st July 2025)	11	68
Dr. Abdulkader Thomas (newly appointed w.e.f. 1st July 2025)	50	-
Assoc. Prof. Dr. Muhamad Firdaus Ab Rahman (newly appointed w.e.f. 1st April 2025)	66	-
Prof. Dr. Said Bouheraoua	81	84
	208	220

42. THE OPERATIONS OF ISLAMIC BANKING WINDOW (CONTD)

(h) Capital adequacy

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

The capital adequacy ratios of the Bank's Islamic Banking business are as follows:

	31.03.2026 %	31.03.2025 %
Common equity Tier 1 ("CET 1") capital ratio	457.518	367.091
Tier 1 capital ratio	457.518	367.091
Total capital ratio	457.518	367.091

The components of CET 1, Tier 1 and total capital of the Bank's Islamic Banking business are as follows:

	31.03.2026 RM'000	31.03.2025 RM'000
<u>CET 1 and Tier 1 capital</u>		
• Capital funds	25,000	25,000
• Retained profits	105,635	93,152
• Other reserves	3,852	118
	134,487	118,270
Less : Regulatory reserve	(3,852)	(118)
Total capital	130,635	118,152

The breakdown of the risk-weighted assets by each major risk category is as follows:

	31.03.2026 RM'000	31.03.2025 RM'000
Operational risk	28,553	32,186

Detailed disclosures on risk exposures above, as prescribed under BNM's Guidelines on CAFIB - Disclosure Requirements (Pillar 3) is presented in the Pillar 3 disclosures.

42. THE OPERATIONS OF ISLAMIC BANKING WINDOW (CONTD)

(h) Capital adequacy (Contd)

The components of risk-weighted assets of Bank's Islamic Banking business are as follows:

	Gross Exposures RM'000	Net Exposures RM'000	Risk-Weighted Assets RM'000	Minimum Capital Requirements at 8% RM'000
31.03.2026				
Exposure Class				
(i) Credit Risk				
On-Balance Sheet Exposures:				
Other Assets	148,696	148,696	-	-
Total On-Balance Sheet Exposures	148,696	148,696	-	-
(ii) Operational Risk			28,553	2,284
Total RWA and Capital Requirements	148,696	148,696	28,553	2,284

31.03.2025**Exposure Class**(i) **Credit Risk**

On-Balance Sheet Exposures:

Other Assets	129,925	129,925	-	-
Total On-Balance Sheet Exposures	129,925	129,925	-	-

(ii) **Operational Risk**

			32,186	2,575
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Total RWA and Capital Requirements	129,925	129,925	32,186	2,575
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42. THE OPERATIONS OF ISLAMIC BANKING WINDOW (CONTD)

(i) Liquidity risk

Maturity analysis

The table below summarises the maturity profile of the Islamic Bank's financial liabilities as at the end of the reporting period based on undiscounted contractual payments:

	Carrying Amount RM'000	Contractual Cash Flows RM'000	Up to 1 Year RM'000	1 to 2 Years RM'000	2 to 5 Years RM'000	More than 5 Years RM'000
31.03.2026						
Liabilities						
Deposits from customers	14,205	14,205	14,205	-	-	-
Other liabilities	4	4	4	-	-	-
	14,209	14,209	14,209	-	-	-

31.03.2025**Liabilities**

Deposits from customers	11,649	11,649	11,649	-	-	-
Other liabilities	6	6	6	-	-	-
	11,655	11,655	11,655	-	-	-

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

	Up to 1 Month RM'000	1 to 3 Months RM'000	3 to 6 Months RM'000	6 to 12 Months RM'000	> 1 Year RM'000	No Specific Maturity RM'000	Total RM'000
31.03.2026							
Asset							
Cash and short-term funds	128,000	-	-	-	-	-	128,000
Deposits and placements with financial institutions	-	-	-	-	-	1,780	1,780
Other assets	-	-	-	-	-	18,918	18,918
	128,000	-	-	-	-	20,698	148,698
Liabilities							
Deposits from customers	-	-	-	-	-	14,205	14,205
Other liabilities	-	-	-	-	-	4	4
	-	-	-	-	-	14,209	14,209

42. THE OPERATIONS OF ISLAMIC BANKING WINDOW (CONTD)**(i) Liquidity risk (Contd)****Maturity analysis (Contd)**

The table below summarises the maturity analysis of the carrying amounts of the Bank's assets and liabilities based on the remaining contractual maturity by behavioural profile: (Contd)

	Up to 1 Month RM'000	1 to 3 Months RM'000	3 to 6 Months RM'000	6 to 12 Months RM'000	> 1 Year RM'000	No Specific Maturity RM'000	Total RM'000
31.03.2025							
Assets							
Cash and short-term funds	120,000	-	-	-	-	-	120,000
Deposits and placements with financial institutions	-	-	-	-	-	2,148	2,148
Other assets	-	-	-	-	-	7,777	7,777
	120,000	-	-	-	-	9,925	129,925
Liabilities							
Deposits from customers	-	-	1,510	-	-	10,139	11,649
Other liabilities	-	-	-	-	-	6	6
	-	-	1,510	-	-	10,145	11,655

43. THE OPERATIONS OF INTERNATIONAL CURRENCY BUSINESS UNIT

The Bank has obtained approval from 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 and deposits from customers which are conducted through ICBU.

(a) Financing and advances**(i) By type:**

	31.03.2026 RM'000	31.03.2025 RM'000
<i>At amortised cost</i>		
Term financing		
• Syndicated Islamic financing	3,238,358	2,023,681
• Islamic term financing	-	9,045
Revolving credits	1,010,617	1,372,360
Gross financing and advances at amortised cost	4,248,975	3,405,086
Impairment allowances financing and advances		
• Stage 1 - 12-month ECL	(6,106)	(5,340)
• Stage 2 - lifetime ECL not credit-impaired	(7,475)	(9,459)
Net financing and advances at amortised cost	4,235,394	3,390,287
<i>At fair value</i>		
Syndicated Islamic financing	198,913	253,697
Net financing and advances	4,434,307	3,643,984
Gross financing and advances		
<i>At amortised cost</i>	4,248,975	3,405,086
<i>At fair value</i>	198,913	253,697
	4,447,888	3,658,783

(ii) By contract:

Tawarruq Financing-i	4,212,063	3,330,254
Ijarah Financing-i	36,912	65,787
Istina Financing-i	-	9,045
Wakalah Financing-i	198,913	253,697
	4,447,888	3,658,783

(b) Deposits from customers**(i) By type and contract:**

	31.03.2026 RM'000	31.03.2025 RM'000
<i>At amortised cost</i>		
Fixed deposits - Tawarruq	208,174	1,737,486

43. THE OPERATIONS OF INTERNATIONAL CURRENCY BUSINESS UNIT (CONTD)**(c) Operating income originated through ICBU**

	Year ended 31.03.2026 RM'000	Year ended 31.03.2025 RM'000
Financing income	244,171	208,693
Profit distributed to depositors	(201,841)	(208,897)
Other operating income	31,757	26,221
Total net operating income	74,087	26,017
Other operating expenses	(3,317)	(3,282)
Allowance for impairment on financial instruments	(2,362)	(16,094)
Profit for the year	68,408	6,641

44. RECLASSIFICATION OF COMPARATIVE FIGURES

During the financial year, the Bank revised the presentation of income and expenses relating to embedded loans, cash collateral and economic hedges to better reflect the economic substance of the transactions, internal market risk management and industry practice.

Under the revised presentation:

- The mark to market ("MTM") of cover deals, being derivatives entered into with external financial institutions to economically hedge embedded loans, is recognised and presented separately as derivative financial assets and derivative financial liabilities, rather than being offset against the carrying amount of the embedded loans.
- Interest expense arising from cash collateral used to fund embedded loans is presented separately as interest expense, consistent with balance sheet presentation, as the embedded loans and related collateral are with different counterparties and are not offset.
- Interest expense arising from cash collateral under derivatives CSAs is presented as interest expense rather than operating expenses.
- Interest income arising from cash collateral under derivatives CSAs is presented as interest income rather than operating income.
- Fee expense has been reclassified to net fee income rather than operating expenses to align with industry practice.

44. RECLASSIFICATION OF COMPARATIVE FIGURES (CONTD)

The above changes has been applied retrospectively, and comparative information has been restated accordingly as follow:-

STATEMENT OF FINANCIAL POSITION

	As previously reported RM'000	Reclassification RM'000	As reclassified RM'000
At 31 March 2025			
Embedded loans measured at fair value through profit or loss	13,963,724	(205,673)	13,758,051
Derivative financial assets	362,271	359,691	721,962
Derivative financial liabilities	308,190	154,018	462,208

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	As previously reported RM'000	Reclassification RM'000	As reclassified RM'000
At 31 March 2025			
Interest income	768,056	2,304	770,360
Interest expense	(373,468)	(619,019)	(992,487)
Net interest income/(expense)	394,588	-	(222,127)
Net income from embedded loans measured at FVTPL	68,845	368,620	437,465
Net income from Islamic Banking operations	18,298	(31)	18,267
Other operating income	366,885	203,083	569,968
Operating income	848,616	-	803,573
Other operating expenses	(236,082)	45,043	(191,039)
Operating profit before allowance for impairment	612,534	-	612,534
Allowance for impairment on financial instruments	(13,033)	-	(13,033)
Profit before tax	599,501	-	599,501
Tax expense	(185,038)	-	(185,038)
Profit after tax for the year	414,463	-	414,463

ATTESTATION BY CHIEF EXECUTIVE OFFICER PURSUANT TO RISK WEIGHTED CAPITAL ADEQUACY FRAMEWORK (BASEL II) - DISCLOSURE REQUIREMENTS (PILLAR 3) AND CAPITAL ADEQUACY FRAMEWORK FOR ISLAMIC BANK (CAFIB) - DISCLOSURE REQUIREMENTS (PILLAR 3) FOR THE FINANCIAL YEAR ENDED 31 MARCH 2026

The risk disclosures contained in the Pillar 3 Disclosures are generally in conformance with the Bank Negara Malaysia’s Risk Weighted Capital Adequacy Framework (Basel II) - Disclosure Requirements (Pillar 3) and Capital Adequacy Framework for Islamic Banks (CAFIB) - Disclosure Requirements (Pillar 3) and are consistent with the manner in which the risks are assessed and managed, and are not misleading in any particular way.

Motohide Okuda

Date: 30 June 2026

1. OVERVIEW

The Pillar 3 Disclosure is prepared in accordance with Bank Negara Malaysia (“BNM”)’s Guidelines on Capital Adequacy Framework (Capital Components and Basel II - Risk-weighted Assets) (“CAF”) and Capital Adequacy Framework for Islamic Banks (CAFIB) - Risk-weighted Assets (“CAFIB”), which is the equivalent to Basel II issued by the Basel Committee on Banking Supervision. Basel II consists of 3 Pillars as follows:

- (a) Pillar 1 sets out the minimum amount of regulatory capital that banking institutions must hold against credit, market and operational risks they assume.
- (b) Pillar 2 promotes the adoption of a more forward-looking approach to capital management and encourages banking institutions, to develop and employ more rigorous risk management framework and techniques. This includes specific oversight by the Board of Directors and Management on internal controls and corporate governance practices, to ensure that banking institutions have an appropriate level of internal capital above its regulatory capital to commensurate with their risk profile and business plan at all times.
- (c) Pillar 3 aims to harness the power of market discipline through enhanced disclosure, to supplement regulatory supervision of banking institutions through a consistent and comprehensive disclosure framework on risk management practices and capital adequacy of banking institutions that will enhance comparability amongst banking institutions.

The Bank adopted the Standardised Approach in determining the capital requirements for credit risk and market risk and applied the Business Indicator Approach for operational risk of Pillar 1 under BNM’s CAF. Under the Standardised Approach, standard risk weights are used to assess the capital requirements for exposures in credit risk and market risk. The capital required for operational risk under the Business Indicator Approach is computed by applying the prescribed Internal Loss Multiplier (“ILM”) to a 3-year average income-based metric (Business Indicator Component) that reflects the size and complexity of business operations of the Bank.

Prior to 1 January 2025, the Bank applied the Basic Indicator Approach for operational risk where capital requirement is computed based on earnings at risk on the Bank’s gross income for a fixed number of quarterly periods.

The Bank’s Pillar 3 Disclosure is governed by BNM’s Guidelines on Risk-Weighted Capital Adequacy Framework (Basel II) – Disclosure Requirements (Pillar 3) and Capital Adequacy Framework for Islamic Banks (CAFIB) - Disclosure Requirements (Pillar 3) which set out the minimum disclosure standards. The approach in determining the appropriateness of information disclosed and the internal controls over the disclosure process which cover the verification and review of the accuracy of information disclosed. The information provided herein has been verified by the Internal Audit Department (“IAD”) and attested by the Chief Executive Officer. The information is not audited as this is not a requirement. Where required, comparative prior year values have been restated to align with current year’s presentation of the disclosures.

The Bank’s main business activity is commercial banking which focuses on corporate and investment banking and treasury operations. The Bank is also involved in Islamic Banking activities under the International Currency Business Unit (“ICBU”) and in Islamic Banking Window Operations under Skim Perbankan Islam (“SPI”) framework.

The following table presents the minimum regulatory capital requirement to support the Bank’s risk-weighted assets:

	31.03.2026		31.03.2025	
	Risk-Weighted Assets RM’000	Minimum Capital Requirement at 8% RM’000	Risk-Weighted Assets RM’000	Minimum Capital Requirement at 8% RM’000
Credit Risk	13,450,910	1,076,073	13,673,134	1,093,851
Market Risk	1,717,988	137,439	1,334,208	106,737
Operational Risk	1,743,699	139,496	1,455,118	116,409
	16,912,597	1,353,008	16,462,460	1,316,997

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

2. CAPITAL MANAGEMENT

The Bank's capital management is guided by its risk appetite and outlines the Bank's objective to diversify its sources of capital and to allocate capital efficiently, directed by the need to maintain a prudent relationship between available capital and risks in the underlying businesses to meet the expectations of key stakeholders, including the holding company and BNM.

The capital target for capital adequacy ratios is above the minimum regulatory capital requirements and has factored in the expected capital required under the current and future operating environment to support credit, market and operational risks as well as the Bank's business growth.

The Bank-wide stress testing process assesses the Bank's capital requirements under stress events including plausible, exceptional but plausible scenario and worst case scenario, to gauge the ability of the Bank's capital to withstand and absorb external shocks. The results of the stress test are to facilitate the formulation of pre-emptive remedial actions if the stress test reveals that the Bank's capital will be adversely affected under such events. The results of the stress test together with remedial actions, if any, are tabled to the Risk Management Committee ("RMC") and the Board for deliberations.

(a) Capital Adequacy Ratios

The capital adequacy ratios of the Bank are as follows:

	31.03.2026 %	31.03.2025 %
Common equity Tier 1 ("CET 1") capital ratio	30.298	29.116
Tier 1 capital ratio	30.298	29.116
Total capital ratio	31.292	30.063

The capital adequacy ratios consist of total capital and risk-weighted assets derived from balances of the Bank.

The minimum regulatory capital adequacy requirements including capital conservation buffer for the following capital ratios are:

CET 1 Capital	7.00 %
Tier 1 Capital	8.50 %
Total Capital	10.50 %

Please refer to Note 42(h) for Islamic Banking Window operation capital adequacy.

(b) The components of CET 1, Tier 1 and total capital of the Bank are as follows:

	31.03.2026 RM'000	31.03.2025 RM'000
CET 1 and Tier 1 capital		
• Paid-up share capital	200,000	200,000
• Retained profits	4,955,119	4,622,482
• Other reserves	197,386	124,311
	5,352,505	4,946,793
Less: Deferred tax assets	(23,973)	(19,404)
Intangible assets	(18,219)	(22,364)
55% of fair value reserve	(13,951)	(15,476)
Regulatory reserve	(172,231)	(96,383)
	5,124,131	4,793,166
Tier 2 capital		
• Stage 1 and 2 ECL and regulatory reserve	168,136	155,918
Total capital	5,292,267	4,949,084

2. CAPITAL MANAGEMENT (CONTD)

(c) The components of risk-weighted assets of the Bank are as follows:

31.03.2026 Exposure Class	Gross Exposures RM'000	Net Exposures RM'000	Risk-Weighted Assets RM'000	Minimum Capital Requirements at 8% RM'000
(i) Credit Risk				
On-Balance Sheet Exposures:				
Sovereigns/Central Banks	4,730,027	4,730,027	111,329	8,906
Banks, Development Financial Institutions & MDBs	4,798,742	4,798,742	1,242,393	99,391
Insurance Cos, Securities Firms & Fund Managers	1	1	1	-
Corporates	17,733,546	17,733,546	8,102,147	648,172
Regulatory Retail	775	775	775	62
Residential Mortgages	12,501	12,501	4,958	397
Equity Exposures	28,662	28,662	28,662	2,293
Other Assets	1,123,796	1,123,796	979,012	78,321
Defaulted Exposures	274	274	274	22
Total On-Balance Sheet Exposures	28,428,324	28,428,324	10,469,551	837,564
Off-Balance Sheet Exposures:				
Credit-Related Exposures	1,280,948	1,280,948	933,337	74,667
Derivatives Financial Instruments	3,475,569	3,475,569	2,048,022	163,842
Total Off-Balance Sheet Exposures	4,756,517	4,756,517	2,981,359	238,509
Total On and Off-Balance Sheet Exposures	33,184,841	33,184,841	13,450,910	1,076,073

(ii) Market Risk

	Long Position RM'000	Short Position RM'000		
Interest Rate Risk	104,598,485	(103,055,696)	1,589,163	127,133
Foreign Currency Risk	2,624	(128,829)	128,825	10,306
	104,601,109	(103,184,525)	1,717,988	137,439

(iii) Operational Risk

Total RWA and Capital Requirements	33,184,841	33,184,841	16,912,597	1,353,008
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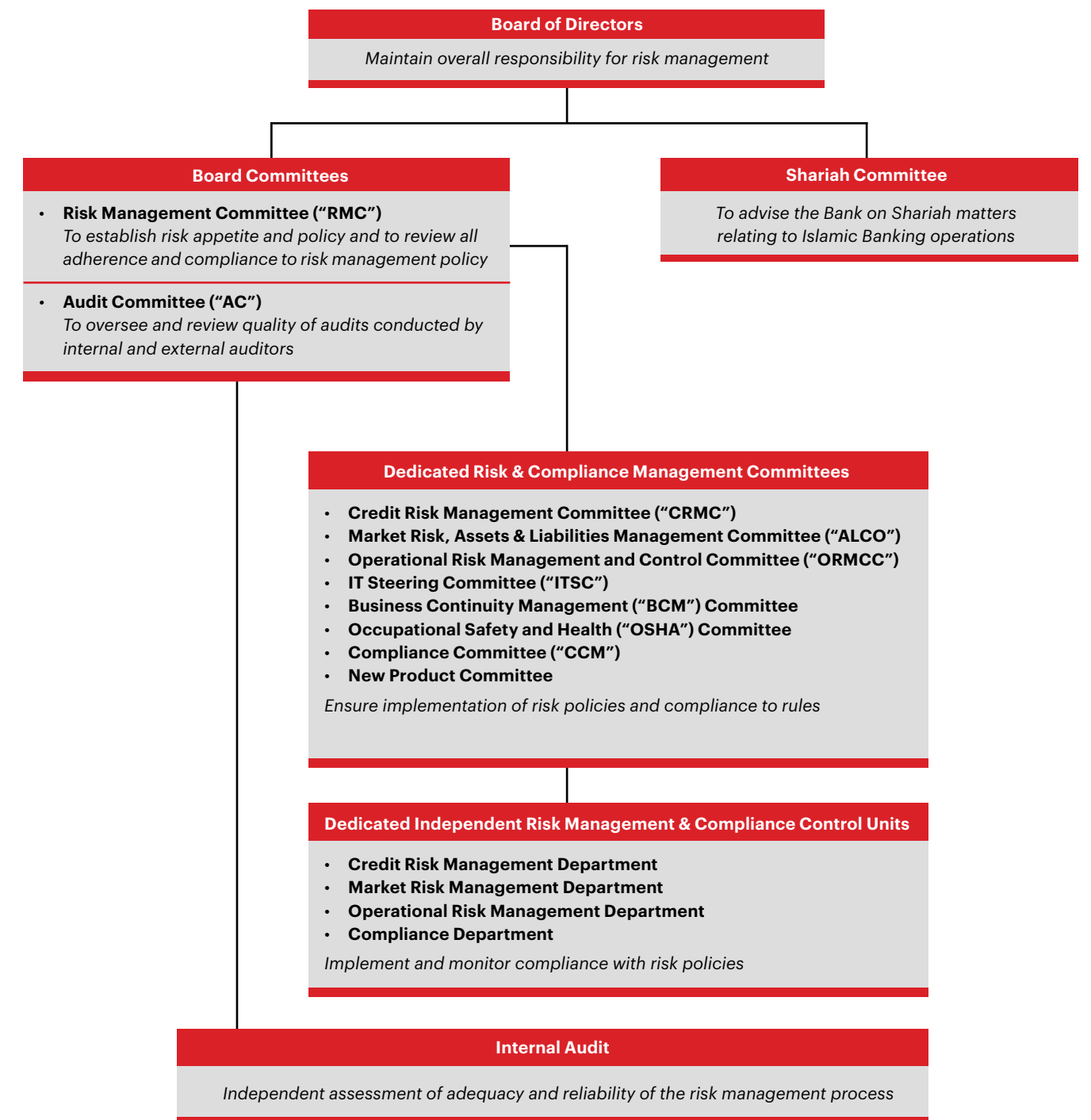
2. CAPITAL MANAGEMENT (CONTD)

(c) The components of risk-weighted assets of the Bank are as follows: (Contd)

31.03.2025				
Exposure Class	Gross Exposures RM'000	Net Exposures RM'000	Risk-Weighted Assets RM'000	Minimum Capital Requirements at 8% RM'000
(i) Credit Risk				
On-Balance Sheet Exposures:				
Sovereigns/Central Banks	6,020,882	6,020,882	100,157	8,013
Banks, Development Financial Institutions & MDBs	3,516,102	3,516,102	1,026,719	82,138
Corporates	20,561,601	20,561,601	9,096,850	727,748
Regulatory Retail	1,110	1,110	1,110	89
Residential Mortgages	10,344	10,344	4,695	376
Equity Exposures	28,442	28,442	28,442	2,275
Other Assets	1,143,195	1,143,195	982,941	78,635
Defaulted Exposures	1,938	1,938	1,938	155
Total On-Balance Sheet Exposures	31,283,615	31,283,615	11,242,853	899,429
Off-Balance Sheet Exposures:				
Credit-Related Exposures	1,192,703	1,192,703	1,140,885	91,271
Derivatives Financial Instruments	2,196,714	2,196,714	1,289,396	103,152
Total Off-Balance Sheet Exposures	3,389,417	3,389,417	2,430,281	194,423
Total On and Off-Balance Sheet Exposures	34,673,032	34,673,032	13,673,134	1,093,852
(ii) Market Risk				
	Long Position RM'000	Short Position RM'000		
Interest Rate Risk	80,560,660	(79,974,564)	1,152,608	92,209
Foreign Currency Risk	181,601	(3,498)	181,600	14,528
	80,742,261	(79,978,062)	1,334,208	106,737
(iii) Operational Risk				
			1,455,118	116,409
Total RWA and Capital Requirements	34,673,032	34,673,032	16,462,460	1,316,998

3. RISK MANAGEMENT FRAMEWORK

The management of risk within the Bank is governed by a risk management framework, which sets out the risk management governance and infrastructure, risk management processes and control responsibilities. In the Bank, effective risk management is inculcated by a risk awareness culture across all levels of staff in the Bank through effective communication, training, clear policies, procedures and organisational structure, which clearly defined roles and responsibilities as well as the commitment of all employees to a risk management framework. The risk governance of the Bank is as set out below:



3. RISK MANAGEMENT FRAMEWORK (CONTD)

The Board is ultimately responsible for the management of risks. The Board, through the RMC, maintains overall responsibilities for risk oversight within the Bank. The risk appetite statement embodies the Bank’s stance towards the levels of risks and serves as a guide in the formulation of the Bank’s strategic direction and business objectives.

The RMC is responsible for total risk oversight covering credit risk, market risk, liquidity risk, compliance risk, operation risk, information security risk and unique risk for Islamic financial business in particular Shariah non-compliance risk. Other key functions of RMC include reviewing risk management policies and limits, reviewing reports on risk exposures and risk portfolio composition and ensuring that infrastructure, resources and systems are in place for risk management activities.

The AC is supported by IAD to provide an independent assessment of the adequacy and reliability of the risk management processes and its compliance with risk policies and regulatory requirements.

The Shariah Committee (“SC”) advises the Bank on Shariah matters relating to the Islamic banking operations. The Committee ensures that the operations of Islamic banking, its products, processes and legal documentation are in line with Shariah principles.

The CRMC, the ALCO, and the ORMCC assist the RMC in managing credit, balance sheet & liquidity, market and operational risks respectively, whereas compliance risk is monitored and managed through Compliance Committee Meeting (“CCM”). These committees are responsible for overseeing the development and implementation of risk management and compliance policies to facilitate the managing and monitoring of risk exposures and portfolio composition. It is also to ensure that adequate infrastructure, resources and systems are put in place to support the risk management and compliance process.

The designated independent risk management control units provide crucial support to the RMC and are responsible for ensuring risk policies are implemented and complied with. They are also responsible for the identification, evaluation, measurement, controlling, monitoring and reporting of risk.

The Bank has established a structured approach to risk management which balances risks against returns, as well as integrated risk management processes across key risk areas. The risk management activities encompass four broad processes namely risk identification, risk evaluation and measurement, risk control and mitigation, risk monitoring and reporting which lead to a balanced risk-return. It is the Bank’s policy that all risk management policies are subject to frequent reviews to ensure that they remain relevant and effective in managing the associated risks arising from changes in both operating and regulatory environments.

The integrated risk management process follows four broad processes:



3. RISK MANAGEMENT FRAMEWORK (CONTD)

Internal Capital Adequacy Assessment Process (“ICAAP”)

The Bank has put in place process for assessing its capital adequacy under the BNM’s Risk-Weighted Capital Adequacy Framework (Basel II) - Internal Capital Adequacy Assessment Process (Pillar 2) in relation to its risk profile and strategy for maintaining adequate capital levels relative to its risk profile. The Bank’s ICAAP framework includes procedures and measures designed to ensure the following:

- Appropriate identification and measurement of material risks
- Appropriate level of internal capital relative to the Bank’s risk profile
- Sufficient policy and procedures to ensure on-going capital adequacy
- Development and implementation of suitable risk management methodologies, systems and processes

The Principle of Proportionality is adopted whereby the degree of formalisation and sophistication of the ICAAP is proportionate to the size, nature of business and complexity of Bank’s activities. It uses sound techniques and methodologies that commensurate with the current practices and business environment. Material risk assessment is conducted annually covering risks under Pillar 1 & 2 and other risks with documentation of the Bank’s risk profile in a risk inventory. Material risk is defined as potential risk exposure that might have impact on the Bank’s business operations, profitability, capital and reputation. The material risk assessment is measured by risk frequency and monetary impact and it is reviewed annually to reflect the changes to its business plan, operating environment or other factors, guided by the methodologies, processes, empirical data and assumptions.

The risk inventory assessment and review process ensures that all risks are identified and evaluated for their relevance, materiality, mitigation, management and capitalisation considerations that formed an integral part of internal capital trigger and target setting process.

The Bank’s internal capital trigger and target are set to ensure that the Bank’s capital level is resilient under stressed economic conditions, commensurate with the risk profile of the Bank and remains above regulatory requirements.

The Bank’s capital adequacy ratio is being monitored through Risk Appetite Statement (“RAS”) dashboard and is reported to the RMC and the Board on a quarterly basis.

Stress Testing/Reverse Stress Testing

Stress testing framework has been integrated into the Bank’s risk management structure and is used as a risk management tool for evaluation of the potential impact on the Bank’s capital adequacy and performance under stress conditions. Reverse stress testing (“RST”) process is also part of the Bank’s stress testing framework with the objective to identify a range of adverse scenarios and trigger points that could potentially threaten the viability of the Bank’s business model, including solvency concern and liquidity crunch. The assessment covers the likelihood of such events that could materialise over a time horizon that enables the Bank to identify its potential vulnerabilities and fault lines in its business model.

The stress testing framework is approved by the Board. The Management is actively involved in the process of designing the stress test program, ensuring the assumptions are relevant and consistent with the Bank’s risk profile and is conducted properly and any exceptions noted have been dealt with appropriately.

The results of the stress test are compared against internal capital trigger and target, as part of the sound capital management process under ICAAP, which are reported to RMC and the Board on a half-yearly basis. The stress test results are deliberated to consider the implications on the Bank’s business profile and to consider corrective measures where necessary.

4. CREDIT RISK

Credit risk is the potential loss of revenue as a result of failure by the customers or counterparties to meet their contractual financial obligations. The Bank's exposure to credit risk is primarily from its lending and financing to large corporations and small and medium-sized companies ("SMEs"). Trading and investing the surplus funds of the Bank, such as trading or holding of debt securities, settlement of transactions, also exposed the Bank to credit risk and counterparty credit risk.

Risk Governance

The CRMC supports the RMC in credit risk management oversight. The CRMC reviews the Bank's credit risk framework and policies, aligns credit risk management with business strategies and planning, reviews credit portfolios and recommends necessary actions to ensure that the credit risk remains within established risk tolerance level.

The Bank's credit risk management includes the establishment of comprehensive credit risk policies, guidelines and procedures which document the Bank's lending standards, discretionary power for loans approval, credit risk rating, acceptable collateral and valuation, and the review, rehabilitation and restructuring of problematic and delinquent loans. All credit processing officers are guided by credit policies, guidelines and procedures which are periodically reviewed to ensure their continued relevance.

Within the risk management control units, the Credit Risk Management Department ("CRMD") has functional responsibility for credit risk management which includes formulating and reviewing credit risk related policies, guidelines and procedures. Other independent risk management and control units are responsible for managing the other risks and ensuring the respective risk policies are implemented and complied with. The department is also involved in post-implementation validation of borrower rating model which include the assessment of accuracy and discriminatory power of rating model.

Risk Management Approach

The Bank manages its credit risk by using its internal credit rating system. The purpose of the credit rating system is to objectively evaluate the credit worthiness/credit risk (i.e. the probability of future credit losses over a period of time) of the borrowers which it extends credit. A borrower is not only screened at the time of initial extension of credits but also monitored continuously during the entire term until the full repayment. Efforts are made towards the early detection of latent problems by assessing the credit risk of borrowers on an on-going basis. Credit examination by the holding company is one of the processes used to verify the suitability of a credit rating and the soundness of a portfolio from a third party's perspective to avoid risk concentration within specific industries, specific purposes or secured by the same type of collateral.

Credit risk management reports are regularly presented to both the CRMC and the RMC, containing information on trends across major portfolios, including credit exposure, quality of credit portfolios, results of the credit profiling conducted, significant credit exposures to connected parties and credit concentration by economic sectors and by large single counterparty. Such information allows Management to identify adverse credit trends, take corrective actions and formulate business strategies.

Distribution of Credit Exposures

The following tables present the credit exposures of financial assets before the effect of credit risk mitigation, broken down by the relevant category and class of financial assets against the relevant economic sectors, geographical location and maturity. For on-balance sheet exposures, the maximum exposure to credit risk equals their carrying amounts. For financial guarantees, the maximum exposure to credit risk is the maximum amount that the Bank would have to pay if the obligations for which the instruments issued are called upon. For credit commitments, the maximum exposure to credit risk is the full amount of the undrawn credit granted to customers.

4. CREDIT RISK (CONTD)

Distribution of Credit Exposures (Contd)

(a) The following tables present the credit exposures of financial assets of the Bank analysed by economic sectors:

31.03.2026	Cash and Short-Term Funds RM'000	Reverse Repurchase Agreements RM'000	Deposits and Placement with Financial Institutions RM'000	Financial Investments at FVTPL RM'000	Financial Investments at FVOCI RM'000	Loans, Advances and Financing # RM'000	Embedded Loans Measured at FVTPL RM'000	Purchased Receivables # RM'000	Collateral Deposits Placed RM'000	Derivative Financial Assets RM'000	Statutory Deposits with BNM RM'000	Other Financial Assets RM'000	On-Balance Sheet Total RM'000	Commitments and Contingencies RM'000
Agricultural	-	-	-	-	-	-	-	-	-	913	-	-	913	290,420
Mining and quarrying	-	-	-	-	-	198,913	11,446	-	-	33,205	-	-	243,564	306,825
Manufacturing	-	-	-	-	-	1,232,853	76,866	13,302	-	90,244	-	-	1,413,265	5,219,072
Electricity, gas and water	-	-	-	-	-	298,904	142,360	-	-	3,292	-	-	444,556	4,513,855
Construction	-	-	-	-	-	81,298	720,416	-	-	1,482	-	-	803,196	954,224
Wholesale and retail trade and restaurants and hotels	-	-	-	-	-	232,606	-	-	-	25,772	-	-	258,378	3,976,659
Transport, storage and communication	-	-	-	-	-	1,214,386	1,029,007	-	-	23,386	-	-	2,266,779	394,406
Finance, insurance and business services	2,355,420	175,145	169,160	-	903,078	4,844,467	9,763,874	217,849	679,490	458,507	-	2,052	19,569,042	6,698,580
Government and government agencies	1,590,000	-	560,474	1,330,876	1,018,345	-	-	-	-	85,650	6,112	8,068	4,599,525	-
Households	-	-	-	-	-	13,774	-	-	-	-	-	-	13,774	-
Others	-	-	-	-	2	-	-	-	-	-	-	747	749	500
	3,945,420	175,145	729,634	1,330,876	1,921,425	8,117,201	11,743,969	231,151	679,490	722,451	6,112	10,867	29,613,741	22,354,541
Other assets not subject to credit risk	-	-	-	-	-	-	-	-	-	-	-	-	34,126	-
	3,945,420	175,145	729,634	1,330,876	1,921,425	8,117,201	11,743,969	231,151	679,490	722,451	6,112	44,993	29,647,867	22,354,541

Stated at gross.

* Commitments and contingencies excluding derivative financial assets and embedded loans measured at FVTPL.

Distribution of Credit Exposures (Contd)

(a) The following tables present the credit exposures of financial assets of the Bank analysed by economic sectors: (Contd)

31.03.2025	Cash and Short-Term Funds RM'000	Reverse Repurchase Agreements RM'000	Deposits and Placement with Financial Institutions RM'000	Financial Investments at FVTPL RM'000	Financial Investments at FVOCI RM'000	Loans, Advances and Financing # RM'000	Embedded Loans Measured at FVTPL RM'000	Purchased Receivables # RM'000	Collateral Deposits Placed RM'000	Derivative Financial Assets RM'000	Statutory Deposits with BNM RM'000	Other Financial Assets RM'000	On-Balance Sheet Total RM'000	Commitments and Contingencies RM'000
Agricultural	-	-	-	-	-	-	-	-	-	21	-	-	21	294,310
Mining and quarrying	-	-	-	-	-	303,720	60,675	-	-	634	-	-	365,029	225,750
Manufacturing	-	-	-	-	-	1,420,999	26,304	120,202	-	54,420	-	-	1,621,925	5,307,877
Electricity, gas and water	-	-	-	-	-	202,699	1,521,512	-	-	3,804	-	-	1,728,015	1,126,500
Construction	-	-	-	-	-	258,772	701,405	-	-	2,089	-	-	962,266	963,595
Wholesale and retail trade and restaurants and hotels	-	-	-	-	-	423,859	-	1,088	-	10,003	-	-	434,950	3,757,000
Transport, storage and communication	-	-	-	-	-	837,654	843,666	-	-	10,380	-	-	1,691,700	919,129
Finance, insurance and business services	2,000,755	-	123,382	-	907,681	4,064,136	10,604,489	690,597	35,809	608,077	-	7,062	19,041,988	5,679,925
Government and government agencies	4,425,000	-	445,707	292,508	834,085	-	-	-	-	32,526	9,017	8,913	6,047,756	-
Households	-	-	-	-	-	13,596	-	-	-	-	-	-	13,596	107
Others	-	-	-	-	2	-	-	-	-	8	-	1,018	1,028	500
	6,425,755	-	569,089	292,508	1,741,768	7,525,435	13,758,051	811,887	35,809	721,962	9,017	16,993	31,908,274	18,274,693
Other assets not subject to credit risk	-	-	-	-	-	-	-	-	-	-	-	23,344	23,344	-
	6,425,755	-	569,089	292,508	1,741,768	7,525,435	13,758,051	811,887	35,809	721,962	9,017	40,337	31,931,618	18,274,693

Stated at gross.
* Commitments and contingencies excluding derivative financial assets and embedded loans measured at FVTPL.

4. CREDIT RISK (CONTD)

Distribution of Credit Exposures (Contd)

(b) The following tables present the credit exposures of financial assets analysed by geographical location based on where the credit risk resides:

	31.03.2026		31.03.2025	
	Malaysia RM'000	Other Countries RM'000	Malaysia RM'000	Other Countries RM'000
Cash and short-term funds	3,340,069	605,351	5,925,071	500,684
Reverse repurchase agreements	175,145	-	-	-
Deposits and placement with financial institutions	603,019	126,615	451,237	117,852
Financial assets at FVTPL	1,330,876	-	292,508	-
Financial investments at FVOCI	1,921,425	-	1,682,948	58,820
Loans, advances and financing	4,267,711	3,849,490	4,773,319	2,752,116
Embedded loans measured at FVTPL	11,743,969	-	13,758,051	-
Purchased receivables	49,174	181,977	161,864	650,023
Collateral deposits placed	679,490	-	35,809	-
Derivative financial assets	573,619	148,832	673,029	48,933
Statutory deposits with Bank Negara Malaysia	6,112	-	9,017	-
Other assets	44,993	-	40,337	-
On-Balance Sheet Exposures	24,735,602	4,912,265	27,803,190	4,128,428
Off-Balance Sheet Exposures	3,673,900	1,082,617	2,834,968	554,449
	28,409,502	5,994,882	30,638,158	4,682,877

4. CREDIT RISK (CONTD)

Distribution of Credit Exposures (Contd)

(c) The following tables present the residual contractual maturity for major types of gross credit exposures for on-balance sheet exposures of financial assets. Approximately 46% (2025; 56%) of the Bank's exposures to customers are short-term, having contractual maturity of one year or less:

31.03.2026	Up to 1 Month RM'000	1 to 3 Months RM'000	3 to 12 Months RM'000	1 to 5 Years RM'000	Over 5 Years RM'000	No Specific Maturity RM'000	Total RM'000
Assets							
Cash and short-term funds	3,040,069	300,000	-	-	-	605,351	3,945,420
Reverse repurchase agreements	175,145	-	-	-	-	-	175,145
Deposits and placement with financial institutions	683,237	-	-	-	-	46,397	729,634
Financial assets at FVTPL	-	-	171,012	1,138,724	21,140	-	1,330,876
Financial investments at FVOCI	70,031	64,900	250,994	1,506,838	-	28,662	1,921,425
Loans, advances and financing	2,237,860	313,142	472,014	3,511,634	1,582,551	-	8,117,201
Embedded loans measured at FVTPL	209,763	2,038,280	2,264,316	7,050,914	180,696	-	11,743,969
Purchased receivables	131,837	50,469	48,845	-	-	-	231,151
Collateral deposits placed	679,490	-	-	-	-	-	679,490
Derivative financial assets	121,692	109,773	211,758	267,910	11,318	-	722,451
Statutory deposits with Bank Negara Malaysia	-	-	-	-	-	6,112	6,112
Other assets	-	-	-	-	-	44,993	44,993
	7,349,124	2,876,564	3,418,939	13,476,020	1,795,705	731,515	29,647,867

The residual contractual maturity for off-balance sheet exposures is not presented as the total off-balance sheet exposures do not represent future receivables since the Bank expects many of these contingent liabilities and commitments (such as direct credit substitutes and undrawn credit facilities) to expire or unconditionally cancelled by the Bank without them being called or drawn upon, and many of the contingent liabilities (such as letters of credit) are reimbursable by customers.

4. CREDIT RISK (CONTD)

Distribution of Credit Exposures (Contd)

(c) The following tables present the residual contractual maturity for major types of gross credit exposures for on-balance sheet exposures of financial assets. Approximately 46% (2025; 56%) of the Bank's exposures to customers are short-term, having contractual maturity of one year or less: (Contd)

31.03.2025	Up to 1 Month RM'000	1 to 3 Months RM'000	3 to 12 Months RM'000	1 to 5 Years RM'000	Over 5 Years RM'000	No Specific Maturity RM'000	Total RM'000
Assets							
Cash and short-term funds	5,375,071	550,000	-	-	-	500,684	6,425,755
Deposits and placement with financial institutions	559,797	-	-	-	-	9,292	569,089
Financial assets at FVTPL	-	-	-	-	292,508	-	292,508
Financial investments at FVOCI	-	65,162	209,432	1,438,732	-	28,442	1,741,768
Loans, advances and financing	2,520,231	180,515	854,938	2,899,553	1,070,198	-	7,525,435
Embedded loans measured at FVTPL	328,322	815,647	5,103,811	7,510,271	-	-	13,758,051
Purchased receivables	350,011	433,333	28,543	-	-	-	811,887
Collateral deposits placed	35,809	-	-	-	-	-	35,809
Derivative financial assets	64,147	60,722	206,414	341,657	49,022	-	721,962
Statutory deposits with Bank Negara Malaysia	-	-	-	-	-	9,017	9,017
Other assets	-	-	-	-	-	40,337	40,337
	9,233,388	2,105,379	6,403,138	12,190,213	1,411,728	587,772	31,931,618

The residual contractual maturity for off-balance sheet exposures is not presented as the total off-balance sheet exposures do not represent future receivables since the Bank expects many of these contingent liabilities and commitments (such as direct credit substitutes and undrawn credit facilities) to expire or unconditionally cancelled by the Bank without them being called or drawn upon, and many of the contingent liabilities (such as letters of credit) are reimbursable by customers.

4. CREDIT RISK (CONTD)

Distribution of Credit Exposures (Contd)

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

(i) Off-Balance Sheet Exposures

Off-balance sheet exposures of the Bank are mainly from the following:

- Financial guarantees and standby letters of credit, which represent undertakings that the Bank will make payments in the event that a customer cannot meet its obligations to third parties. These exposures carry the same credit risk as loans even though they are contingent in nature;
- Documentary and commercial letters of credit, which are undertakings by the Bank on behalf of the customer. These exposures are usually collateralised by the underlying shipment of goods to which they relate;
- Commitments to extend credit including the unutilised or undrawn portions of credit facilities; and
- Principal/notional amount of derivative financial instruments.

The management of off-balance sheet exposures is in accordance to the credit risk management approach as set out in the above disclosure.

(ii) Counterparty Credit Risk on Derivative Financial Instruments

Counterparty Credit Risk (“CCR”) on derivative financial instruments is the risk that the Bank’s counterparty in a foreign exchange, interest rate, commodity, equity, options or credit derivative contract defaults prior to maturity date of the contract and that the Bank at the relevant time has a claim on the counterparty. Apart from derivative financial instruments that are originated from customer-driven transactions, the Bank may also take trading derivative positions, within certain pre-set limits, with the expectation to make arbitrage gains from favourable movements in prices or rates.

Unlike on-balance sheet financial instruments, the Bank’s financial loss is not the entire contracted principal value of the derivatives, but rather a fraction equivalent to the cost to replace the defaulted derivative financial instruments with another similar contract in the market. The Bank will only suffer a replacement cost if the contract carries a fair value gain at time of default.

(iii) Risk Management Approach

The CCR arising from all derivative financial instruments is managed via the establishment of counterparty limits and also managed as part of the overall lending limits to banks and customers based on BNM’s Single Counterparty Exposure Limit (“SCEL”). Where possible, Over-the-Counter (“OTC”) derivative financial instruments, especially Interest Rate Swaps and Options are transacted under master agreements, International Swaps and Derivatives Association (“ISDA”) and Credit Support Annex (“CSA”) agreements. ISDA allows for the close-out netting in the event of default by a counterparty and CSA provides credit protection with the requirements to post collateral usually in the form of cash or government securities upon any exposure above the agreed threshold levels.

All outstanding financial derivative positions are marked-to-market on a daily basis. Market Risk Management Department (“MRMD”) and Processing Department (“PRO”) monitor counterparties’ positions and promptly request the collateral upon any exposure above the agreed threshold levels with relevant parties. Where possible, the Bank settles its OTC derivatives via the Payment-versus-Payment (“PVP”) settlement method to further reduce settlement risk. For derivative financial instruments where the PVP settlement method is not possible, the Bank establishes settlement limits through the Bank’s credit approval process.

(iv) Credit Rating Downgrade

In the event of a one-notch downgrade of rating for the Bank, based on the terms of the existing CSA of ISDA, the estimated additional collateral to be posted was RM Nil for 31 March 2026 (2025: RM Nil).

4. CREDIT RISK (CONTD)

Distribution of Credit Exposures (Contd)

(d) Off-Balance Sheet Exposures and Counterparty Credit Risk (Contd)

(iv) Credit Rating Downgrade (Contd)

The following table presents a breakdown of the off-balance sheet exposures of the Bank:

	Principal Amount RM'000	Positive Fair Value of Derivative Contracts RM'000	Credit Equivalent Amount RM'000	Risk-Weighted Assets RM'000
31.03.2026				
Contingent Liabilities				
Direct credit substitutes	349,784		349,784	340,574
Transaction related contingent items	1,620,192		810,096	466,038
Short-term self liquidating trade-related contingencies	273,950		54,790	60,490
Commitments				
Other commitments, such as formal standby facilities and credit lines, with an original maturity of:				
• not exceeding one year	286,216		57,243	57,243
• exceeding one year	18,070		9,035	8,992
Any commitments that are unconditionally cancelled at any time by the Bank without prior notice or that effectively provide for automatic cancellation due to deterioration in a borrower's creditworthiness	19,806,329		-	-
	22,354,541		1,280,948	933,337
Embedded Loans				
Foreign exchange related contracts				
• one year or less	3,937,922	153,957	178,899	74,687
• over one year to five years	5,998,181	462,079	618,708	432,555
• over five years	96,625	2,705	17,199	3,440
Interest rate related contracts				
• one year or less	553,869	1,400	1,596	551
• over one year to five years	946,750	9,372	32,508	28,201
• over five years	237,849	4,729	16,555	16,555
	11,771,196	634,242	865,465	555,989
Derivative Financial Instruments				
Foreign exchange related contracts				
• one year or less	39,338,675	426,139	857,354	596,612
• over one year to five years	14,531,140	207,932	1,208,073	682,957
• over five years	40,500	-	2,643	1,321
Interest rate related contracts				
• one year or less	16,084,526	13,829	29,853	10,552
• over one year to five years	21,362,702	59,977	475,206	181,732
• over five years	713,237	11,319	30,492	12,376
Currency options *				
• one year or less	215,235	3,255	6,483	6,483
	92,286,015	722,451	2,610,104	1,492,033
	126,411,752	1,356,693	4,756,517	2,981,359

* Only buy legs are taken into account for counterparty credit risk purposes.

4. CREDIT RISK (CONTD)

Distribution of Credit Exposures (Contd)

(d) Off-Balance Sheet Exposures and Counterparty Credit Risk (Contd)

(iv) Credit Rating Downgrade (Contd)

The following table presents a breakdown of the off-balance sheet exposures of the Bank: (Contd)

31.03.2025	Principal Amount RM'000	Positive Fair Value of Derivative Contracts RM'000	Credit Equivalent Amount RM'000	Risk- Weighted Assets RM'000
Contingent Liabilities				
Direct credit substitutes	649,111		649,111	642,279
Transaction related contingent items	954,098		477,049	432,077
Short-term self liquidating trade-related contingencies	117,482		23,496	23,496
Commitments				
Other commitments, such as formal standby facilities and credit lines, with an original maturity of:				
• not exceeding one year	94,169		18,834	18,834
• exceeding one year	48,425		24,213	24,199
Any commitments that are unconditionally cancelled at any time by the Bank without prior notice or that effectively provide for automatic cancellation due to deterioration in a borrower's creditworthiness	16,411,408		-	-
	18,274,693		1,192,703	1,140,885
Embedded Loans				
Foreign exchange related contracts				
• one year or less	5,966,771	89,870	130,780	53,240
• over one year to five years	6,389,050	183,503	390,005	305,833
Interest rate related contracts				
• one year or less	243,250	584	658	256
• over one year to five years	924,939	7,365	11,185	3,942
	13,524,010	281,322	532,628	363,271
Derivative Financial Instruments				
Foreign exchange related contracts				
• one year or less	31,454,147	309,857	735,791	445,987
• over one year to five years	6,935,344	292,155	485,672	251,415
• over five years	590,245	36,300	110,477	79,598
Interest rate related contracts				
• one year or less	11,123,869	20,135	22,620	9,459
• over one year to five years	15,168,983	49,502	266,333	111,742
• over five years	919,708	12,722	39,347	24,078
Currency options *				
• one year or less	170,348	1,291	3,846	3,846
	66,362,644	721,962	1,664,086	926,125
	98,161,347	1,003,284	3,389,417	2,430,281

* Only buy legs are taken into account for counterparty credit risk purposes.

4. CREDIT RISK (CONTD)

Distribution of Credit Exposures (Contd)

(e) Securitisation Exposures

The Bank acts as principal adviser, lead arranger, lead manager, facility agent and/or liquidity provider for third party securitisation with originators. A bankruptcy remote special purpose vehicles, Merdeka Kapital Bhd ("MKB") and Ziya Capital Berhad ("Ziya") or (collectively "SPVs") was established to enter into an agreement with multi-originators to purchase or acquire portfolios of Receivables from them and in turn the SPVs will fund its purchase by issuing series of Asset-backed Medium-Term Notes ("MTNs") backed by such portfolio of Receivables. Horizon Funding Corporation (a bankruptcy remote SPV incorporated in Cayman Islands), acts as a funding vehicle to subscribe to the issuance under the Asset-Backed MTNs Programme.

Both MKB (Conventional Securitization SPV) and Ziya (Islamic Securitization SPV) have its own unrated Asset-backed MTN Programme. The Bank provided liquidity facility to MKB which was recognised as off-balance sheet in the banking book. The Bank also acted as a derivative counterparty for the SPVs. Both MKB's and Ziya's credit facilities have been settled and terminated in April 2024 and July 2021 respectively.

Risk Management Approach

The Bank provided liquidity facility to MKB to cover short-term cash flows disruptions for each of the securitisation exposures. The credit and liquidity risks of the Bank were mitigated by the respective waterfall payment obligations of MKB and Ziya. In this instance, the repayment obligation to the Bank as liquidity provider had been made amongst the top priority in the waterfall payment (normally after tax payment obligations to the authorities).

The use of this liquidity facility by MKB was limited to cover short-term cash flows disruptions in relation to payment obligation in respect of each securitisation exposures. It was not to be drawn to provide credit support, cover losses sustained or act as a revolving fund. In addition, the liquidity facility could only be drawn subjected to the conditions that no potential of default or event of default has occurred as well as other terms and conditions set forth in the liquidity facility agreements entered into.

Credit Risk Mitigation

The Bank's approach in granting credit facilities is based on the credit standing of the customer, source of repayment and debt servicing ability rather than placing primary reliance on Credit Risk Mitigants ("CRM"). Depending on the customer's standing and the type of product, facilities may be provided unsecured. Nevertheless, mitigation of credit risk is a key aspect of effective risk management and takes many forms.

The main types of collateral obtained by the Bank to mitigate credit risk are as follows:

- (a) for corporate loans
- secured by cash deposits, corporate guarantees and charges over properties or assets being financed.
- (b) for retail mortgages
- charges over residential properties.
- (c) for derivatives
- additional margin for exposures above the agreed threshold.

There is no material concentration of CRM held. Presently, the CRM that includes bank guarantees and shares are governed by various monitoring limits to ensure such concentration risk is properly managed.

The reliance that can be placed on CRM is carefully assessed in light of issues such as legal enforceability, market value and counterparty credit risk of the guarantor. Policies and procedures are in place to govern the protection of the Bank's position from the onset of a customer relationship, for instance in requiring standard terms and conditions or specifically agreed upon documentation to ensure the legal enforceability of the credit risk mitigants.

The valuation of CRM seeks to monitor and ensure that they will continue to provide the credit protection. Policy on the periodic valuation updates of CRM is in place to ensure this. The value of properties taken as collateral is generally updated from time to time during the review of the customers' facilities to reflect the current market value. The quality, liquidity and collateral type will determine the appropriate haircuts or discounts applied on the market value of the collateral.

4. CREDIT RISK (CONTD)

Credit Risk Mitigation (Contd)

Where there is a currency mismatch, haircuts are applied to protect against currency fluctuations, in addition to ongoing review and controls over maturity mismatch between collateral and exposures. For mortgage loans, the collateral in the form of residential property, is required to be insured at all times against the peril of fire and other associated risks. In addition, customers are generally insured against major risks, such as death and permanent disability.

Currently, the Bank does not employ the use of derivative credit instruments such as credit default swaps, structured credit notes and securitisation structures to mitigate the Bank's credit exposures. In addition, the Bank enters into master netting arrangements with its derivative counterparties to reduce the credit risk where in the event of default, all amounts with the counterparty are settled on a net basis. Separately, the Bank has started obtaining third party cash collateral in its credit granting process.

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

The Bank adopts the Simple Approach when applying Credit Risk Mitigation Techniques ("CRM") for capital relief.

31.03.2026				
Exposure Class	Total Exposures before CRM RM'000	Total Exposures covered by Guarantees RM'000	Total Exposures covered by Financial Collaterals RM'000	Total Exposures covered by Other Eligible Collaterals RM'000
Credit Risk				
On-Balance Sheet Exposures:				
Sovereigns/Central Banks	4,730,027	-	-	-
Banks, Development Financial Institutions & MDBs	4,798,742	-	606,300	-
Insurance Cos, Securities Firms & Fund Managers	1	-	-	-
Corporates	17,733,546	20,476	9,167,697	-
Regulatory Retail	775	-	-	-
Residential Mortgages	12,501	-	-	-
Equity Exposures	28,662	-	-	-
Other Assets	1,123,796	-	-	-
Defaulted Exposures	274	-	-	-
Total On-Balance Sheet Exposures	28,428,324	20,476	9,773,997	-
Off-Balance Sheet Exposures:				
Credit-related exposures	1,280,948	-	-	-
Derivatives financial instruments	3,475,569	-	-	-
Total Off-Balance Sheet Exposures	4,756,517	-	-	-
Total Credit Exposures	33,184,841	20,476	9,773,997	-

4. CREDIT RISK (CONTD)

Credit Risk Mitigation (Contd)

31.03.2025				
Exposure Class	Total Exposures before CRM RM'000	Total Exposures covered by Guarantees RM'000	Total Exposures covered by Financial Collaterals RM'000	Total Exposures covered by Other Eligible Collaterals RM'000
Credit Risk				
On-Balance Sheet Exposures:				
Sovereigns/Central Banks	6,020,882	-	-	-
Banks, Development Financial Institutions & MDBs	3,516,102	1,327,098	-	-
Insurance Cos, Securities Firms & Fund Managers	1	-	-	-
Corporates	20,561,601	989,018	10,462,523	-
Regulatory Retail	1,110	-	-	-
Residential Mortgages	10,344	-	-	-
Equity Exposures	28,442	-	-	-
Other Assets	1,143,195	-	-	-
Defaulted Exposures	1,938	-	-	-
Total On-Balance Sheet Exposures	31,283,615	2,316,116	10,462,523	-
Off-Balance Sheet Exposures:				
Credit-related exposures	1,192,703	-	-	-
Derivatives financial instruments	2,196,714	-	-	-
Total Off-Balance Sheet Exposures	3,389,417	-	-	-
Total Credit Exposures	34,673,032	2,316,116	10,462,523	-

Assignment of Risk Weights for Portfolios Under the Standardised Approach

Under the Standardised Approach, the Bank makes use of credit ratings assigned by credit rating agencies in its calculation of credit risk-weighted assets. The following are the rating agencies or External Credit Assessment Institutions ("ECAI") ratings used by the Bank and are recognised by BNM in the CAF:

- Standard & Poor's Rating Services ("S&P")
- Moody's Investors Services ("Moody's")
- Fitch Rating ("Fitch")
- RAM Rating Services Berhad ("RAM")
- Malaysian Rating Corporation Berhad ("MARC")

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

- Banking institutions
- Corporates
- Sovereigns

4. CREDIT RISK (CONTD)

Assignment of Risk Weights for Portfolios Under the Standardised Approach (Contd)

Unrated and Rated Counterparties

The majority of the Bank’s credit and counterparties exposures are unrated. Otherwise, in general, the rating specific to the credit exposure is used, i.e. the issuer rating. Where no specific rating exists, the credit rating assigned to the issuer or counterparty of that particular credit exposure is used. In cases where an exposure has neither an issue nor issuer rating, it is deemed as unrated or the rating of another rated obligation of the same counterparty may be used if the exposure is ranked at least pari passu with the obligation that is rated, as stipulated in the CAF. Where 2 recognised external ratings are available, the lower rating is to be applied or where 3 or more recognised external ratings are available, the lower of the highest 2 ratings will be used. In cases where the credit exposures are secured by guarantees issued by eligible or rated guarantors, the risk weights similar to that of the guarantor are assigned.

The following is a summary of the rules governing the assignment of risk weights under the Standardised Approach:

Corporates

Rating Category	S&P	Moody’s	Fitch	RAM	MARC	Risk weights
1	AAA to AA-	Aaa to Aa3	AAA to AA-	AAA to AA3	AAA to AA-	20%
2	A+ to A-	A1 to A3	A+ to A-	A1 to A3	A+ to A-	50%
3	BBB+ to BB-	Baa1 to Ba3	BBB+ to BB-	BBB1 to BB3	BBB+ to BB-	100%
4	B+ to D	B1 to C	B+ to D	B1 to D	B+ to D	150%
5	Unrated	Unrated	Unrated	Unrated	Unrated	100%

Banking Institutions

Rating Category	S&P	Moody’s	Fitch	RAM	MARC	Risk weights
1	AAA to AA-	Aaa to Aa3	AAA to AA-	AAA to AA3	AAA to AA-	20%
2	A+ to A-	A1 to A3	A+ to A-	A1 to A3	A+ to A-	50%
3	BBB+ to BBB-	Baa1 to Baa3	BBB+ to BBB-	BBB1 to BBB3	BBB+ to BBB-	50%
4	BB+ to B-	Ba1 to B3	BB+ to B-	BB1 to B3	BB+ to B-	100%
5	CCC+ to D	Caa1 to C	CCC+ to D	C1 to D	C+ to D	150%
6	Unrated	Unrated	Unrated	Unrated	Unrated	50%

Sovereigns and Central Banks

Exposures to Government of Malaysia and BNM denominated and funded in Ringgit Malaysia are assigned a preferential risk weight of 0% as stipulated in the CAF. Other sovereign and central bank exposures are risk-weighted based on ECAI as below:

Rating Category	S&P	Moody’s	Fitch	R&I	Risk weights
1	AAA to AA-	Aaa to Aa3	AAA to AA-	AAA to AA-	0%
2	A+ to A-	A1 to A3	A+ to A-	A+ to A-	20%
3	BBB+ to BBB-	Baa1 to Baa3	BBB+ to BBB-	BBB+ to BBB-	50%
4	BB+ to B-	Ba1 to B3	BB+ to B-	BB+ to B-	100%
5	CCC+ to D	Caa1 to C	CCC+ to D	CCC+ to C	150%
6	Unrated	Unrated	Unrated	Unrated	100%

4. CREDIT RISK (CONTD)

Assignment of Risk Weights for Portfolios Under the Standardised Approach (Contd)

31.03.2026	Ratings of Sovereign and Central Banks by Approved ECAIs ----->						Total
	1	2	3	4	5	Unrated	
Credit Exposure							
On and Off Balance Sheet Exposures		4,730,027	-	-	-	-	4,730,027
Sovereign/Central Banks							
	Ratings of Banking Institutions by Approved ECAIs ----->						Total
	1	2	3	4	5	Unrated	
Credit Exposure							
On and Off Balance Sheet Exposures	4,589,824	2,468,064	-	83,614	11,399	-	7,152,901
Banks, Development Financial Institutions & MDBs							
Credit Exposure	Ratings of Corporate by Approved ECAIs ----->						Total
	1	2	3	4	5	Unrated	
On and Off Balance Sheet Exposures							
Public Sector Entities	-	-	-	-	175,544	175,544	
Insurance Cos, Securities Firms & Fund Managers	-	-	-	-	18,102	18,102	
Corporates	2,051,814	4,198	-	-	17,942,177	19,998,189	
Regulatory Retail	-	-	-	-	775	775	
Residential Mortgages	-	-	-	-	12,949	12,949	
Other Assets	-	-	-	-	1,067,692	1,067,692	
Equity Exposure	-	-	-	-	28,662	28,662	
	2,051,814	4,198	-	-	19,245,901	21,301,913	

4. CREDIT RISK (CONTD)

Assignment of Risk Weights for Portfolios Under the Standardised Approach (Contd)

31.03.2025	<----- Ratings of Sovereign and Central Banks by Approved ECAIs ----->					
	1	2	3	4	5	Unrated
Credit Exposure						Total
On and Off Balance Sheet Exposures						
Sovereign/Central Banks						
	-	6,020,882	-	-	-	6,020,882
Ratings of Banking Institutions by Approved ECAIs ----->						
Credit Exposure	1	2	3	4	5	Unrated
On and Off Balance Sheet Exposures						
Banks, Development Financial Institutions & MDBs						
	2,949,634	1,838,880	-	28,925	-	4,817,439
Ratings of Corporate by Approved ECAIs ----->						
Credit Exposure	1	2	3	4	5	Unrated
On and Off Balance Sheet Exposures						
Public Sector Entities						
Insurance Cos, Securities Firms & Fund Managers	-	-	-	-	108,579	108,579
Corporates	7,042,591	2,982	-	-	15,447,499	22,493,072
Regulatory Retail	-	-	-	-	1,110	1,110
Residential Mortgages	-	-	-	-	12,335	12,335
Other Assets	-	-	-	-	1,143,195	1,143,195
Equity Exposure	-	-	-	-	28,442	28,442
	7,042,591	2,982	-	-	16,789,136	23,834,709

4. CREDIT RISK (CONTD)

Assignment of Risk Weights for Portfolios Under the Standardised Approach (Contd)

The following tables present the credit exposures by risk weights and after credit risk mitigation of the Bank:

31.03.2026	<----- Exposures after Netting and Credit Risk Mitigation ----->										Total Exposures after Netting and Credit Risk Mitigation RM'000	Total Risk-Weighted Assets RM'000
	Sovereigns / Central Banks RM'000	Public Sector Entities RM'000	Banks, Development Financial Institutions & MDBs RM'000	Insurance Cos, Securities Firms & Fund Managers RM'000	Corporates RM'000	Regulatory Retail RM'000	Residential Mortgages RM'000	Securitisation Exposures RM'000	Equity Exposures RM'000	Other Assets RM'000		
0%	4,173,381	-	606,300	-	8,353,966	-	-	-	-	68,071	13,201,718	-
20%	556,646	-	3,983,523	-	2,051,814	-	-	-	-	25,763	6,617,746	1,323,550
35%	-	-	-	-	-	-	9,447	-	-	-	9,447	3,306
50%	-	-	2,468,064	-	4,197	-	2,555	-	-	-	2,474,816	1,237,408
75%	-	-	-	-	-	-	673	-	-	-	673	505
100%	-	175,544	83,615	18,102	9,588,212	775	274	-	28,662	973,858	10,869,042	10,869,042
150%	-	-	11,399	-	-	-	-	-	-	-	11,399	17,099
Total Exposures	4,730,027	175,544	7,152,901	18,102	19,998,189	775	12,949	-	28,662	1,067,692	33,184,841	13,450,910
Risk-Weighted Assets by Exposures	111,329	175,544	2,131,451	18,102	10,000,673	775	5,363	-	28,662	979,011	13,450,910	
Average Risk Weight	2%	100%	30%	100%	50%	100%	41%	0%	100%	92%	41%	
Deduction from Total Capital												

Assignment of Risk Weights for Portfolios Under the Standardised Approach (Contd)

The following tables present the credit exposures by risk weights and after credit risk mitigation of the Bank: (Contd)

31.03.2025	Exposures after Netting and Credit Risk Mitigation<----->								Total Exposures after Netting and Credit Risk Mitigation RM'000	Total Risk-Weighted Assets RM'000
	Sovereigns / Central Banks RM'000	Public Sector Entities RM'000	Banks, Development Financial Institutions & MDBs RM'000	Insurance Cos, Securities Firms & Fund Managers RM'000	Corporates RM'000	Regulatory Retail RM'000	Residential Mortgages RM'000	Securitisation Exposures RM'000	Equity Exposures RM'000	Other Assets RM'000
Risk Weights										
0%	5,520,097	-	-	-	9,921,275	-	-	-	-	137,920
20%	500,785	-	2,949,634	-	2,139,176	-	-	-	-	27,920
35%	-	-	-	-	-	-	7,428	-	-	-
50%	-	-	1,838,879	-	2,982	-	959	-	-	-
75%	-	-	-	-	-	-	1,417	-	-	-
100%	-	108,579	28,925	47,976	10,429,639	1,110	2,531	-	28,442	977,356
Total Exposures	6,020,882	108,579	4,817,438	47,976	22,493,072	1,110	12,335	-	28,442	1,143,196
Risk-Weighted Assets by Exposures	100,157	108,579	1,538,291	47,976	10,858,965	1,110	6,673	-	28,442	982,941
Average Risk Weight	2%	100%	32%	100%	48%	100%	54%	0%	100%	86%
Deduction from Total Capital										

4. CREDIT RISK (CONTD)

Credit Quality of Gross Loans, Advances and Financing

The tables below present the gross loans, advances and financing analysed by credit quality:

	31.03.2026				31.03.2025			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
Neither past due nor credit-impaired								
• Normal grades	5,136,042	2,738,808	-	7,874,850	6,178,007	998,095	-	7,176,102
• Close watch	-	42,005	-	42,005	-	93,973	-	93,973
Past due but not credit-impaired								
• Normal grades	-	935	-	935	-	943	-	943
Credit-impaired								
• Past due	-	-	498	498	-	-	720	720
• Not past due	-	-	-	-	-	-	-	-
	5,136,042	2,781,748	498	7,918,288	6,178,007	1,093,011	720	7,271,738

	31.03.2026 RM'000	31.03.2025 RM'000
Gross credit-impaired loans as a percentage of gross loans, advances and financing	0.01%	0.01%

(a) Neither past due nor credit-impaired

The credit quality of gross loans, advances and financing which are neither past due nor impaired is described in Note 39(b) to the financial statements.

(b) Past due but not credit-impaired

Past due but not credit-impaired loans, advances and financing are loans where the customer has failed to make a principal or interest payment when contractually due and includes loans which are due one or more days after the contractual due date but less than 3 months. The past due but not impaired loans, advances and financing of the Bank as at 31 March 2026 was 0.01% (2025: 0.01%).

The amount of past due but not credit-impaired loans breakdown by economic sector is as follows:

	31.03.2026 RM'000	31.03.2025 RM'000
Household	935	943

The amount of past due but not credit-impaired loans breakdown by geographical location is as follows:

	31.03.2026		31.03.2025	
	Malaysia RM'000	Other Countries RM'000	Malaysia RM'000	Other Countries RM'000
Past due but not credit-impaired	935	-	943	-

4. CREDIT RISK (CONTD)

Credit Quality of Gross Loans, Advances and Financing (Contd)

(c) Credit-impaired Loans, Advances and Financing

The Bank assesses, at each reporting period, whether there is any objective evidence that an individually significant loan is impaired. If there is objective evidence that an impairment loss has been incurred, the amount of the impairment loss is measured as the difference between the loan's carrying amount and the present value of estimated future cash flows discounted at the loan's original effective interest rate. The carrying amount of the loan is reduced through the use of an allowance account and the amount of the loss is recognised in profit or loss. The criteria that the Bank uses to determine whether there is any objective evidence of impairment are set out in Note 39(b) to the financial statements.

Credit-impaired loans, advances and financing are loans whereby payments of principal or interest or both are past due for three (3) months or more, or loans which are past due for less than three (3) months which exhibit indications of credit weaknesses, or impaired loans which have been restructured/rescheduled, but where repayments based on the revised terms have yet to fulfil the observation period required under the Bank's impairment policy.

The movements in impaired loans, advances and financing are set out in Note 8(i), the movements in impairment allowances are set out in Note 8(j) and the amount of impaired loans, advances and financing broken down by economic sector and geographical location are set out in Note 8(g) and Note 8(h) to the financial statement.

The amount of expected credit losses by economic purpose is as follows:

	31.03.2026		31.03.2025	
	Stage 1 and 2 Expected Credit Loss RM'000	Stage 3 Expected Credit Loss RM'000	Stage 1 and 2 Expected Credit Loss RM'000	Stage 3 Expected Credit Loss RM'000
Mining and quarrying	-	-	185	-
Manufacturing	4,918	-	4,889	-
Electricity, gas and water	447	-	-	-
Construction	1,028	-	733	-
Wholesale, retail trade, restaurants and hotels	377	-	458	-
Transport, storage and communication	2,490	-	1,010	-
Finance, insurance, real estate and business services	23,500	-	25,971	-
Households	499	194	532	175
	33,259	194	33,778	175

The charges for allowance for stage 3 expected credit losses during the year is as follows:

	Stage 3 Lifetime ECL Credit-Impaired 31.03.2025 RM'000	Allowance/ (Writeback) for the Year RM'000	Stage 3 Lifetime ECL Credit-Impaired 31.03.2026 RM'000
Household	175	19	194

4. CREDIT RISK (CONTD)

Credit Quality of Gross Loans, Advances and Financing (Contd)

(d) The amount of allowance for expected credit losses by geographical location is as per table below:

Impairment allowances by geographical location:

	31.03.2026 RM'000	31.03.2025 RM'000
Malaysia		
• Stage 1 - 12-month ECL	8,680	11,189
• Stage 2 - lifetime ECL not credit-impaired	11,916	9,461
• Stage 3 - lifetime ECL credit-impaired	194	175
	20,790	20,825
Other countries		
• Stage 1 - 12-months ECL	3,850	3,669
• Stage 2 - lifetime ECL not credit-impaired	8,813	9,459
	12,663	13,128

5. MARKET RISK

Market risk is the risk of loss arising from movements in market variables, such as interest rates, credit spreads, commodity prices, equity prices and foreign exchange rates. In addition, the market risk of Islamic Banking business of the Bank includes rate of return risk and displaced commercial risk.

Regulatory Capital Requirements

The Bank has adopted the Standardised Approach for market risk. The following tables present the minimum regulatory capital requirement on market risk:

	Long Position RM'000	Short Position RM'000	Risk- Weighted Assets RM'000	Minimum Capital Requirements at 8% RM'000
31.03.2026				
Interest rate risk - general interest rate risk	104,598,485	(103,055,696)	1,589,163	127,133
Foreign exchange risk	2,624	(128,829)	128,825	10,306
	104,601,109	(103,184,525)	1,717,988	137,439
31.03.2025				
Interest rate risk - general interest rate risk	80,560,660	(79,974,564)	1,152,608	92,209
Foreign exchange risk	181,601	(3,498)	181,600	14,528
	80,742,261	(79,978,062)	1,334,208	106,737

Risk Governance

The Bank has established Trading Book and Hedging Policy as guidance for market risk management framework and policies. The ALCO supports the RMC in market risk management oversight, meets regularly and is the forum to discuss and aligns market risk management with business strategies and planning and recommends actions to ensure that the market risks remain within established risk tolerance level.

For effective control of market risk, triggers and limits are established after taking into account the Bank's risk appetite, and approved by the Board. Trading exposures are subject to intraday limits and daily limit. This is monitored and escalated by independent unit to relevant business unit, Management and ALCO on regular basis.

Risk Management Approach

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

Interest rate risk in the banking book ("IRRBB") and Rate of Return ("ROR") arises from the changes in market interest rate that adversely impact on the Bank's net interest income. One of the primary sources is due to repricing mismatches of the Bank's banking assets and liabilities and also from the Bank's investment of its surplus funds.

The primary objective in managing the IRRBB is to manage the volatility in the Bank's earnings. This is achieved in a variety of ways that involve the offsetting of positions against each other for any matching assets and liabilities, the acquisition of new financial assets to narrow the mismatch in interest rate sensitive assets and liabilities and entering into derivative financial instruments which have the opposite effects.

The Bank uses various tools including repricing gap reports and stress tests to measure its IRRBB. The impact on earnings is considered at all times in measuring the IRRBB and is subject to limits approved by the Board.

5. MARKET RISK (CONTD)

Risk Management Approach (Contd)

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

The table in Note 39(c) to the financial statements also sets out the Bank's sensitivity to interest rates by time band based on the earlier of contractual repricing date and maturity date. Actual repricing dates may differ from contractual repricing dates due to prepayment of loans or early withdrawal of deposits. As at 31 March 2026, the Bank had an overall positive interest rate gap of RM8,090,564,000 (2025: RM7,785,223,000), being the net difference between interest sensitive assets and liabilities.

Sensitivity of Profit

The table below shows the sensitivity of the Bank's banking book to movement in the interest rates:

	31.03.2026	31.03.2025
	Increase / (Decrease)	
Impact on earnings from 200 bps parallel shift	RM'000	RM'000
MYR	89,996	124,452
USD	(21,700)	(23,477)
SGD	(354)	(356)
Others	2,714	(398)
Total	70,656	100,221

Impact on economic value from 200 bps parallel shift	RM'000	RM'000
MYR	21,337	17,959
USD	522	20,305
SGD	1,134	1,141
Others	9,315	10,934
Total	32,308	50,339

The sensitivity analysis is measured using Earning at Risk ("EaR") methodology and is based on the balance sheet position as at reporting date. The analysis does not take into account any actions that may be undertaken by Global Markets or business units to mitigate the impact of interest rate movements. In practice, Global Markets actively manage the Bank's interest rate risk profile to minimise losses and optimise net revenues. The projection assumes that interest rates across all maturities move in parallel and by the same magnitude, and therefore does not capture scenarios in which some rates change while others remain stable. The projection also assumes constant financial position structure, with all instruments held to maturity.

The repricing profile of non maturity loans is determined based on the earliest possible repricing date; actual dates may vary due to prepayments. The potential impacts on earnings are assessed on a monthly basis and are reported to the ALCO and RMC for review.

5. MARKET RISK (CONTD)

Risk Management Approach (Contd)

(b) Foreign Exchange Risk

Foreign exchange risk arises from movements in currency exchange rates that may affect the value of the Bank’s financial assets, liabilities and future cash flows denominated in foreign currencies. The exposures primarily originate from treasury and money market activities conducted in currencies other than Ringgit Malaysia, mainly the United States Dollar and Japanese Yen.

The Bank manages its foreign exchange risk by matching assets and liabilities in the same currency wherever possible, and by maintaining low net short positions within approved limits. Overall and individual currency Net Short Position (“NSP”) limits are established in accordance with internal market risk policies. These exposures are monitored daily by the independent risk management function.

In addition to daily limit monitoring, the Bank conducts periodic stress testing to assess the impact of significant adverse currency movements under stressed market conditions. The stress testing framework incorporates macroeconomic linkages and market rate projections to estimate potential valuation impacts on foreign exchange positions. Stress testing results are reviewed by senior management and the RMC and are incorporated into the Bank’s capital adequacy processes.

Interest Rate and Foreign Currency Risk Stress Testing

Interest rate risk arises from movements in market interest rates that may affect the value of the Bank’s trading securities and derivative positions. These exposures primarily originate from Global Markets trading activities involving interest rate swaps and securities.

The Bank manages interest rate risk by monitoring exposure to changes in yield curve and swap spreads within approved limits. Positions are actively managed within approved trading and hedging mandates and adjusted in response changes in market condition.

To supplement daily limit monitoring, the Bank performs periodic stress testing on its interest rate exposures. The stress testing framework evaluates the impact of shifts in market yield curves and swap rates under adverse conditions. Stressed yield and spread assumptions are based on a combination of internal scenario design and external market references. These are applied to derivative and securities portfolios to estimate potential valuation impacts.

All market risk stress testing results are reviewed by senior management and reported to the RMC. The results form an integral part of the Bank’s capital adequacy assessment and ICAAP processes, ensuring that vulnerabilities to movements in foreign exchange and interest rates are appropriately assessed, and that sufficient capital buffers are maintained to withstand adverse market conditions.

(c) Equity Risk

Equity risk refers to the adverse impact of change in equity prices on equity positions held by the Bank.

The Bank currently hold equity investments amounting to RM28,662,000 (2025: RM28,442,000) which are privately held for social economic purpose and is unquoted and stated at fair value through other comprehensive income and adjusted for impairment loss, if any.

Islamic Banking Business

There are no significant market risk exposures as at 31 March 2026 (2025: Nil).

6. LIQUIDITY RISK

Liquidity risk is the risk that the Bank is unable to maintain sufficient liquid assets, to meet its financial commitments and obligations, when they fall due or securing the funding requirements at excessive cost. Funding risk is the risk that the Bank does not have sufficiently stable and diverse sources of funding or the funding structure is inefficient.

Risk Governance

The ALCO is the primary party responsible for liquidity management based on guidelines approved by the RMC. Liquidity policies and frameworks are reviewed by the ALCO and approved by the Board prior to implementation.

Risk Management Approach

The liquidity risk management of the Bank, is aligned with the Liquidity Risk, Liquidity Coverage Ratio (“LCR”) and Net Stable Funding Ratio (“NSFR”) requirements issued by BNM. NSFR compliance became effective from 1 July 2020. In addition, the Bank maintains a liquidity compliance buffer to meet any unexpected cash outflows. The day-to-day funding management, is undertaken by treasury operations and this includes the maintenance of a portfolio of highly liquid assets, that can be easily liquidated to meet the unforeseeable demand in cash flows arising from the maturity of deposits and loans. As at 31 March 2026, the Bank holds a sizeable balance of government securities, the information is available under table in Note 6 and 7 to the financial statements on page 85 and 86.

The Bank’s liquidity and funding position is supported by the Bank’s significant deposit base. The deposit base primarily comprises of current and term deposits. Although the current account deposit is payable on demand, it has historically provided stable sources of funding. The Bank’s reputation, earnings capacity, financial, capital strength and competitive deposit rates are core attributes to preserve depositors’ confidence and to ensure stability in liquidity. The Bank accesses the wholesale markets by taking money market deposits to meet short-term obligations and to maintain its presence in the local money market space. The Bank has also obtained a Liquidity Support Letter from its Parent Bank and has given full support of fund related to any liquidity matter at any time.

The primary tools for monitoring liquidity is the maturity mismatch analysis, assessment on the concentration of funding, the availability of unencumbered assets as buffer assets, early warning indicators from the use of market-wide information to identify possible liquidity problems. It also measures funding liquidity risk by assessing the potential liquidity cost arising from the maximum likely cash outflow over the horizon period at a specified confidence level, covering the Bank’s deposit denominated in major currencies. Liquidity positions are reported to the ALCO on a monthly basis and in major currencies i.e. in Ringgit Malaysia and in United States Dollars.

Contingency funding plans are in place to identify early warning signals of a potential liquidity problem. The contingency funding plans also set out the crisis escalation process as well as the various strategies to be employed to preserve liquidity including an orderly communication channel during a liquidity problem. To complement the contingency funding plans, a liquidity drill is conducted annually to validate the Bank’s ability to raise funds/liquidity from the market. A liquidity stress test programme is in place to ensure liquidity stress tests are systematically performed by the various entities under the Bank to determine the cash flow mismatches under the “Specific Institution Liquidity Problem” and “Systemic Liquidity Problem” scenarios and the possible source of funding to meet the shortfalls during a liquidity crisis.

The Bank hold sufficient high-quality liquid assets (“HQLA”) to withstand an acute liquidity stress scenario over a 30-day horizon for Liquidity Coverage Ratio (“LCR”). The Bank is maintaining stable source of funds to support assets and off-balance sheet activities for Net Stable Funding Ratio (“NSFR”). LCR and NSFR are part of the Basel III reform package which comprises measures to further strengthen the existing capital and liquidity standards for banking institutions. As of end March 2026, the Bank complies with the minimum LCR and NSFR as stipulated by BNM.

Islamic Banking Business

There are no significant liquidity risk exposures as at 31 March 2026 (2025: Nil).

7. OPERATIONAL RISK

Operational risk is the risk of loss arising from inadequate or failed internal process, people and system or from external events. The increasing need for an effective operational risk management is driven by a number of factors, among others are:

- Significant operational losses experienced at financial institutions;
- New regulatory requirements and international best practices;
- Significant and rapid changes to the economic and business environment;
- Growing need to optimise economic capital and measure performance;
- Protection and enhancement of shareholders’ value; and
- Increasing number of potential threats affecting Bank’s business operations especially cyber security and pandemic threats.

Periodic audit review from internal, holding company as well as external audit are conducted to ensure adequacy and effectiveness of the operational risk management process.

Regulatory Capital Requirements

The following presents the minimum regulatory capital requirement on operational risk for the Bank:

	31.03.2026		31.03.2025	
	Risk-Weighted Assets RM’000	Minimum Capital Requirement at 8% RM’000	Risk-Weighted Assets RM’000	Minimum Capital Requirement at 8% RM’000
Operational risk	1,743,699	139,496	1,455,118	116,409

Risk Governance

In line with BNM’s Guideline on Risk Governance, the Bank’s internal processes and practices are tuned towards the same direction. The objectives are supported by a framework of principles on risk governance to guide the Board and Management in performing their risk oversight function. Risk Governance focuses on applying sound principles on the assessment and management of risks to ensure that risk taking activities are aligned with the Bank capacity to absorb losses and its long term viability. It is concerned in particular with the roles of the Board, Management and risk management control functions as well as processes by which risk information is collected, analysed and communicated to provide a sound basis for management decision. It is also concerned with the effects of incentives and organisational culture on risk taking behaviors and perceptions of risk in the Bank.

Operational Risk Management Framework

The Bank adopted sound Operational Risk Management (“ORM”) practices based on industry best practices and international standards, as well as guidelines as described by the holding company’s Operational Risk and Risk Management Policies.

The focus of the Framework is to provide greater clarity of roles and responsibilities in operational risk management at all levels of staff. It aims to promote stronger operational risk awareness and culture and to inculcate ORM practices in day-to-day business activities and responsibilities. This is further supported by having structured enablers for ORM using clearly defined Operational Risk language and processes, integrated approach and lifecycles, and internal control systems within the organisation. The ORM Framework sets out:

- Bank’s definition and categories of Operational Risk;
- Roles and responsibilities of key staff and oversight committees;
- Overview the relationship of the integrated components to manage Operational Risk:
 - Incident Management;
 - Risk and Control Self-Assessment;
 - Self Identified Issue Management;
 - Key Risk Indicators;
 - Product and Procedure Review;
 - Business Continuity Management;
 - Outsourcing Assessment
 - Scenario Analysis and Stress Testing
 - IT Risk Management
- The framework covers both Conventional and Shariah risks.

7. OPERATIONAL RISK (CONTD)

Operational Risk Management Framework (Contd)

The framework adopted 3-lines of defense (“3LOD”) model to manage operational risk with clear roles and responsibilities reflected for each line of defense. In 2026, we continue to strengthen the effectiveness of our 3LOD to better manage the risk. First line of defense identifies and manages the conducive control environment associated with their business function, while second line of defense represented by Risk & Compliance departments sets policy & control standards and manages enforcement, undertakes assessment & monitoring activities to manage risks. Third line of defense represented by Audit provides independent challenge to the risk management posture and process to provide assurance of effectiveness to the Board.

Risk and Control Assessments

Risk and control assessment is a periodic set of activities and programs to manage the different types of operational risk. Among others (but not limited to) are Risk & Control Self Assessment (RCSA), Global Control Self Assessment (GCSA), Periodic Review of Outsourcing Parties, Self Inspection Program, Product Review, System Risk Evaluation, Cyber Maturity Assessment, etc. These activities are carried out in collaboration with first line of defence as the risk owner to manage operational risk within acceptable level.

Technology Risk Management

Technology risk refers to the risk of loss resulting from inadequacies or failures in strategy, people, processes, technology or from external events. This includes financial, regulatory and compliance risks, as well as the risk of reputational damage arising from technology-related events.

Information Technology Risk Management (“ITRM”) operates as a second line of defence in accordance with the Three Lines of Defence model to provide independent oversight and challenge over technology risks and engages with the first line of defence through key initiatives, activities and events. ITRM supports the identification, assessment and mitigation of material technology risks to strengthen the Bank’s technology resilience and security posture. This includes reviewing technology risk assessments performed by business units and independent parties in relation to technology-related programmes and processes, and providing recommendations where appropriate. Given the pervasive use of technology across the Bank, ITRM also works closely with other risk functions to identify and manage inter-connected risks.

ITRM reports regularly to the Operational Risk Management and Control Committee (“ORMCC”), providing independent oversight and deliberation on technology risks in line with the Bank’s approved Technology Risk Appetite, which is reviewed annually to reflect changes in the risk and threat landscape. ITRM also plays an advisory role in managing risks associated with emerging technologies, including cloud computing, artificial intelligence and application programming interfaces, through the development and implementation of relevant frameworks and oversight of key controls.

The Bank implemented Data Loss Prevention (“DLP”) controls for email and web channels to mitigate information leakage risks and enhance protection of sensitive information. In addition, cyber resilience drills and independent thematic risk assessments were conducted to assess the effectiveness of the Bank’s technology security posture, incident response capabilities and control environment.

Business Continuity Management

The Bank’s Business Continuity Management (“BCM”) programme is in compliance with requirements of BNM, the holding company and in line with International Standards ISO22301 to ensure all critical business functions can continue in the event of a disruption.

During the Covid-19 pandemic period, we successfully implemented business continuity responses and continued to offer essential services and maintained service level agreements to serve our customers with minimal disruption. No major impact arised from pandemic infection or third party dependencies in the past one year. The Crisis Management Team (“CMT”) chaired by CEO monitors and manages responses to any incident escalated from the business functions to ensure continuity of our business.

7. OPERATIONAL RISK (CONTD)

Reporting

Reporting forms an essential part of operational risk management. The Bank’s risk management processes are designed to ensure that operational issues are identified, escalated and managed on a timely manner. Operational risk areas for key operation, business and control units are reported through monthly operational risk management reports, which provide analysis and action plans for each significant business operation. The operational risk areas include premises control and safety, losses due to fraud and control lapses, systems availability, disaster recovery and business continuity simulations, information security, product/service review, self-inspection, operations volume, staff attrition, Shariah non-compliance, outsourcing activities and managing legal action taken against the Bank. The operational risk management reports are tabled to the Operational Risk Management and Control Committee Meeting (“ORMCC”) on monthly basis and escalated to the Risk Management Committee Meeting (“RMC”) on quarterly basis.

Islamic Banking Business

	31.03.2026		31.03.2025	
	Risk-Weighted Assets RM'000	Minimum Capital Requirement at 8% RM'000	Risk-Weighted Assets RM'000	Minimum Capital Requirement at 8% RM'000
Operational risk	28,553	2,284	32,186	2,575

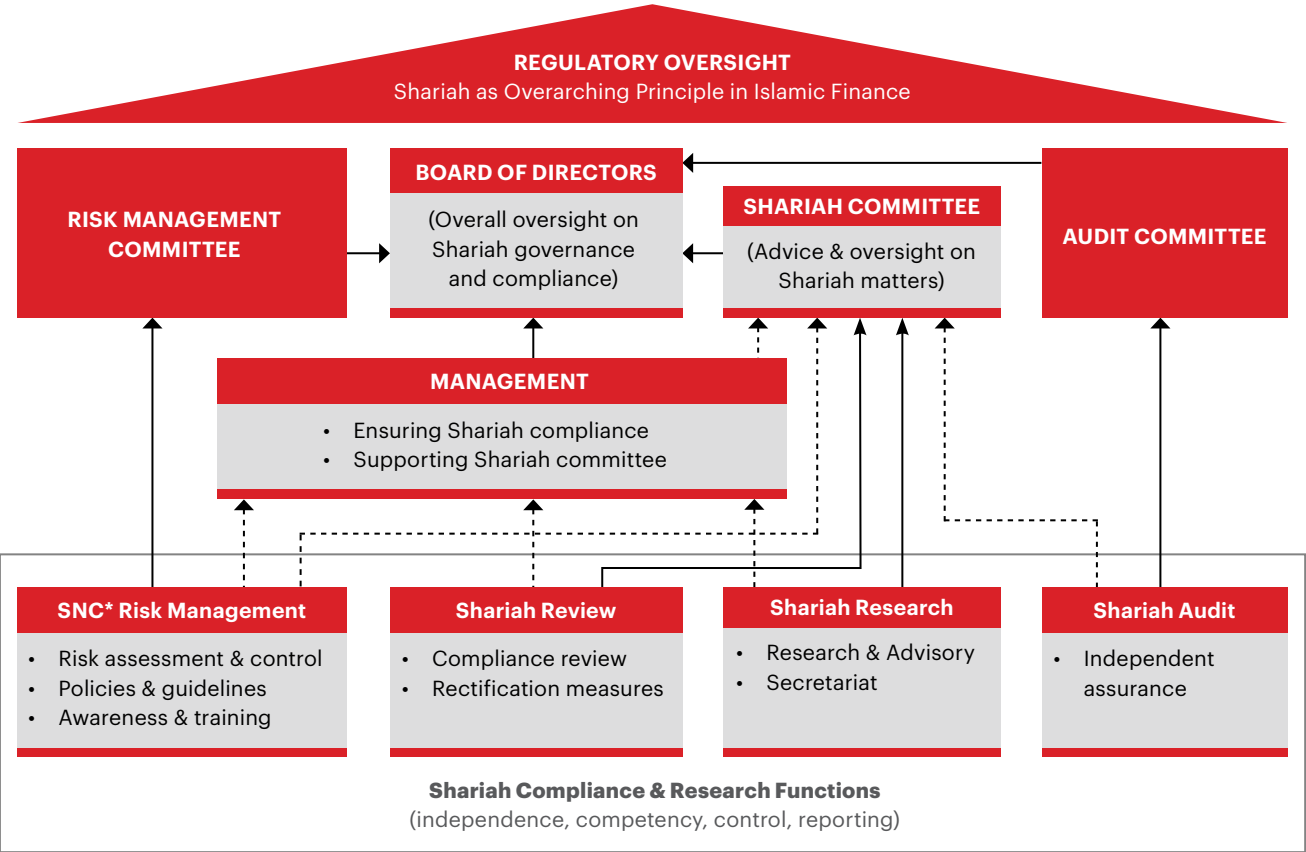
8. PROFIT SHARING INVESTMENT ACCOUNTS

This disclosure is not applicable as the Islamic Banking business does not have any Profit Sharing Investment Accounts.

9. SHARIAH GOVERNANCE

Shariah compliance is an integral feature in the Islamic finance. Having sound Shariah governance is essential to ensure the aims and operations of the institutions offering Islamic financial services does not contravene Shariah principles and in line with the regulatory requirement. As such, it is reflected by effective function of the Board in providing the overall oversight, the Shariah Committee in providing advice and oversight on Shariah matters, the Management in ensuring the execution complies with Shariah requirements and the Shariah Compliance and Research functions in supporting the internal arrangements.

By virtue of the Shariah Governance Policy Document issued by Bank Negara Malaysia (“the SGP”), the Shariah governance structure adopted by the Bank is illustrated as follows:



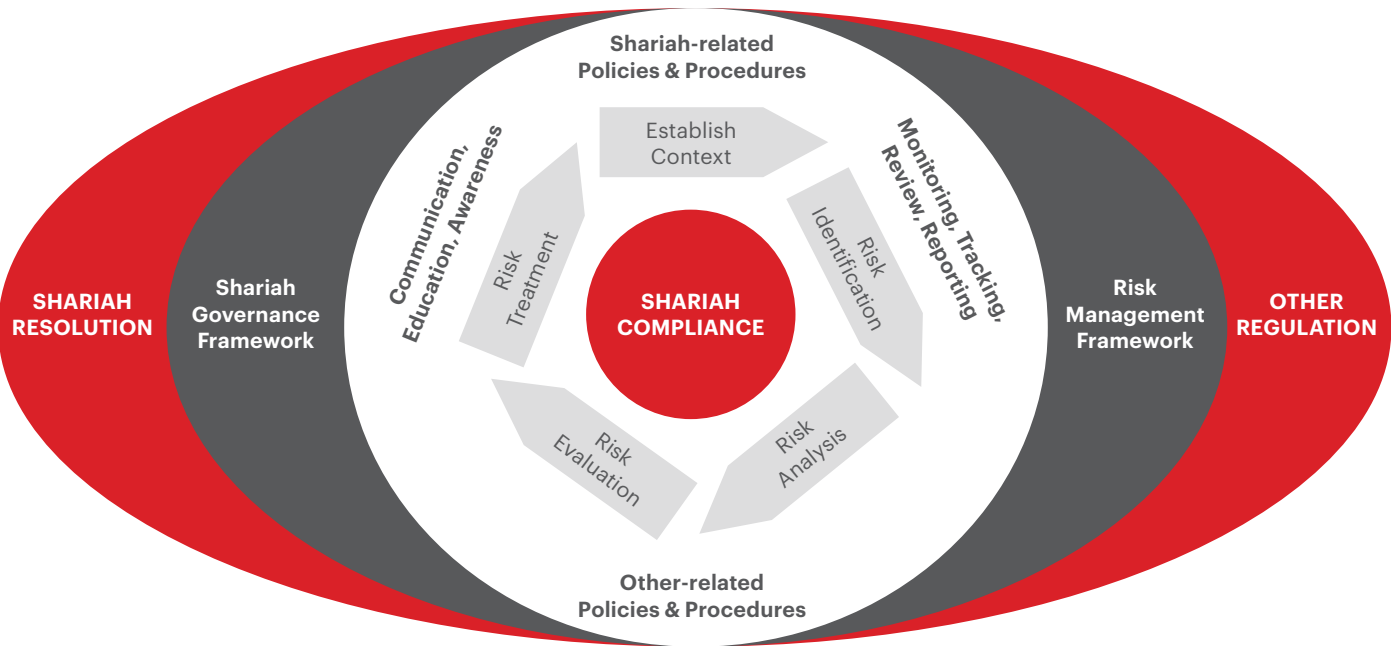
* SNC: Shariah Non-Compliance

9. SHARIAH GOVERNANCE (CONTD)

Managing Risk of Shariah Non-Compliance

Sound Shariah governance should be reinforced with adoption of risk management framework for Shariah non-compliance. Shariah non-compliance risk, the unique risk of Islamic finance which might impact the Bank’s financial and/or non-financial aspects, arises from the Bank’s failure to comply with the Shariah rules and principles determined by the Shariah Committee of the Bank and/ or National Shariah Advisory Council of BNM and Securities Commission (where applicable) in conducting the Islamic financial business.

Towards optimising the risk-aware culture across relevant areas in the Bank, the risk management framework for Shariah non-compliance has been established under the auspices of Shariah governance framework. The method of managing Shariah non-compliance risk is depicted as follows:



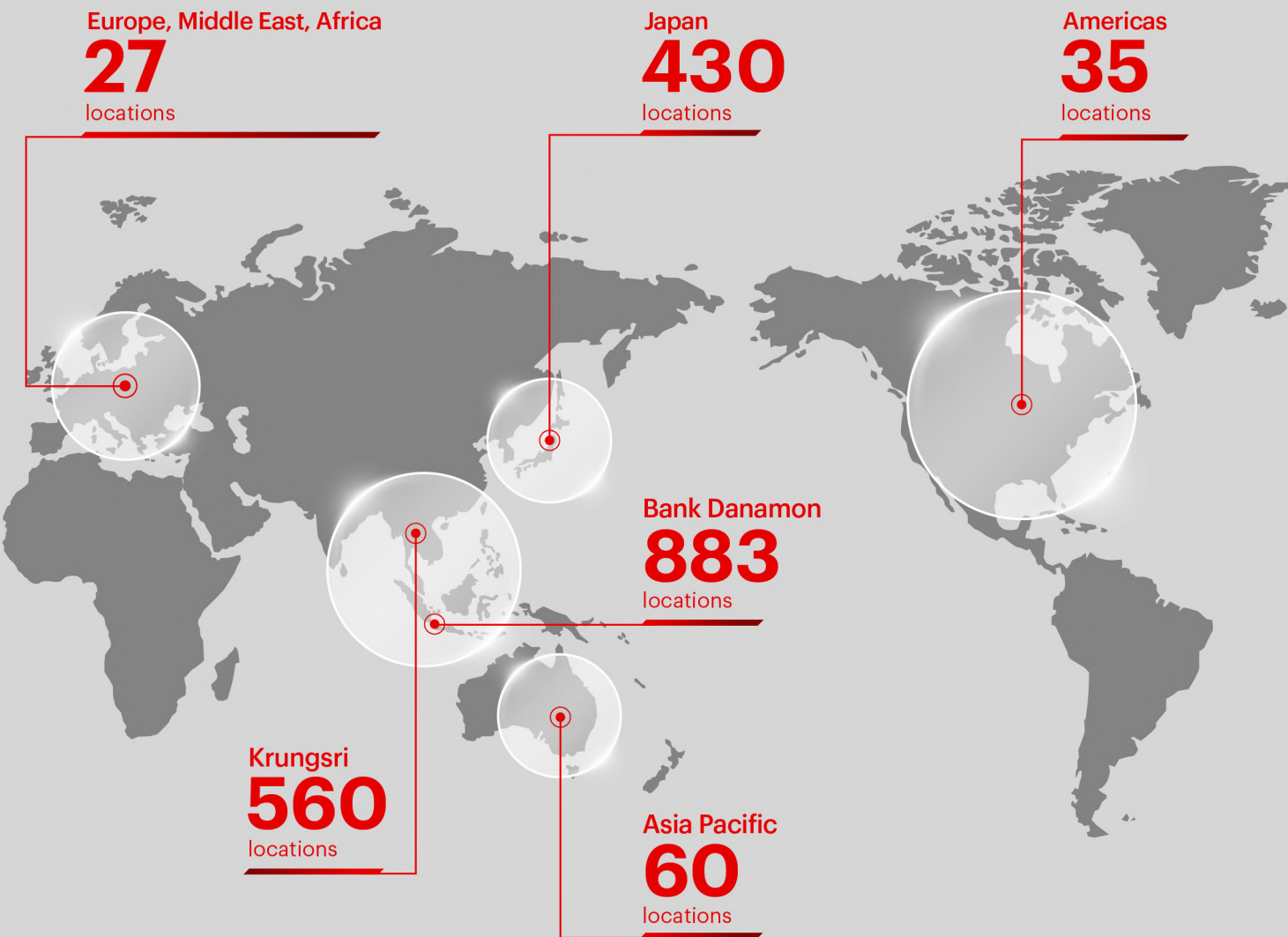
For effective risk management and control, the Bank is adopting the strategic implementation of tiered model i.e. Three Lines of Defence in governing and managing risk of Shariah non-compliance for Islamic financial business. The internal Shariah functions i.e. Shariah Research, Review and Risk Management act as control functions to support the business operation, while Shariah Audit provide independent assurance on the Shariah governance arrangement.

In ensuring controllable development (ex-ante) and implementation (ex-post) infrastructure, the respective risk factors are being observed as described herein:

Governance:	The structure of roles and function of internal organs, policies and procedures, and control mechanism.
Instrument:	Products or services, mechanism and associated transaction.
People:	The related staff and their conduct.
Process:	Practices, steps, transactions, tasks or actions involve in the Islamic financial operation and business activities.
System & Tool:	Matters relating to information system, data and other applicable tools.
External Factor:	External causes that are beyond the Bank’s control but may disrupt the Bank’s operations or cause damage to the Bank.

Shariah Non-Compliance Event

For financial year ended 31 March 2026, no actual Shariah non-compliance event has been detected. As such, no Shariah non-compliant income or related income has been recorded for the year.



MUFG Bank (Malaysia) Berhad Climate-related Disclosure Report

March 2026



BASIS OF THIS REPORT

Reporting Scope and Boundaries

The scope of this climate-related disclosure report covers MUFG Bank (Malaysia) Berhad “MUFGM” or “the Bank” operations, unless otherwise stated. The registered office and principal place of business of MUFGM is located at Plaza Conlay, in Kuala Lumpur, Malaysia.

Reporting Period

This report covers information and disclosure from 1 April 2025 to 31 March 2026, unless otherwise stated.

Reporting Framework

This report was prepared based on the following frameworks and standards.

- Task Force on Climate-Related Financial Disclosure (TCFD) Application Guide for Malaysian Financial Institutions issued on 29 June 2022 by the JC3 Sub Committee 2 on Governance & Disclosure established by The Financial Stability Board.
- The Greenhouse Gas (GHG) Protocol: A Corporate Accounting and Reporting Standard.

Board Responsibility Statement

This report has been tabled and approved by the MUFGM Sustainability Committee before it was recommended to the Board of Directors for approval.

FOREWORD



Mr. Motohide Okuda

Chief Executive Officer / Country Head
of Malaysia and Executive Director



Mr. Foo See Hee

Deputy Head / Managing Director
Chairperson of Country Sustainability Committee

At MUFG Bank (Malaysia) Berhad, sustainability is integral to how we serve our clients, manage risks, and create long-term value. As climate change continues to reshape the global economy, we recognize our responsibility to support Malaysia's transition towards a more resilient and low-carbon future while helping our clients navigate evolving opportunities and business challenges.

Guided by Mitsubishi UFJ Financial Group's sustainability commitments and aligned with Malaysia's regulatory expectations, MUFGM remains committed to embedding climate-related considerations into our business strategy, governance, and risk management framework. We continue to strengthen our approach to identifying, assessing, and managing climate-related risks and opportunities across our operations and financing activities.

As a foreign bank that has been operating in Malaysia since the nation's independence, we believe our greatest contribution lies in mobilizing capital, facilitating sustainable finance, and providing advisory support that enables sustainable growth. Through close collaboration with our clients across sectors, we strive to support their transition journeys by delivering sustainable financing solutions, fostering innovation, and promoting meaningful partnerships.

This report reflects our ongoing commitment to transparency and accountability in climate-related disclosures. While the transition to a sustainable economy is a long-term journey, we remain focused on continuously enhancing our capabilities, strengthening our governance practices, and aligning with emerging regulatory requirements and international standards.

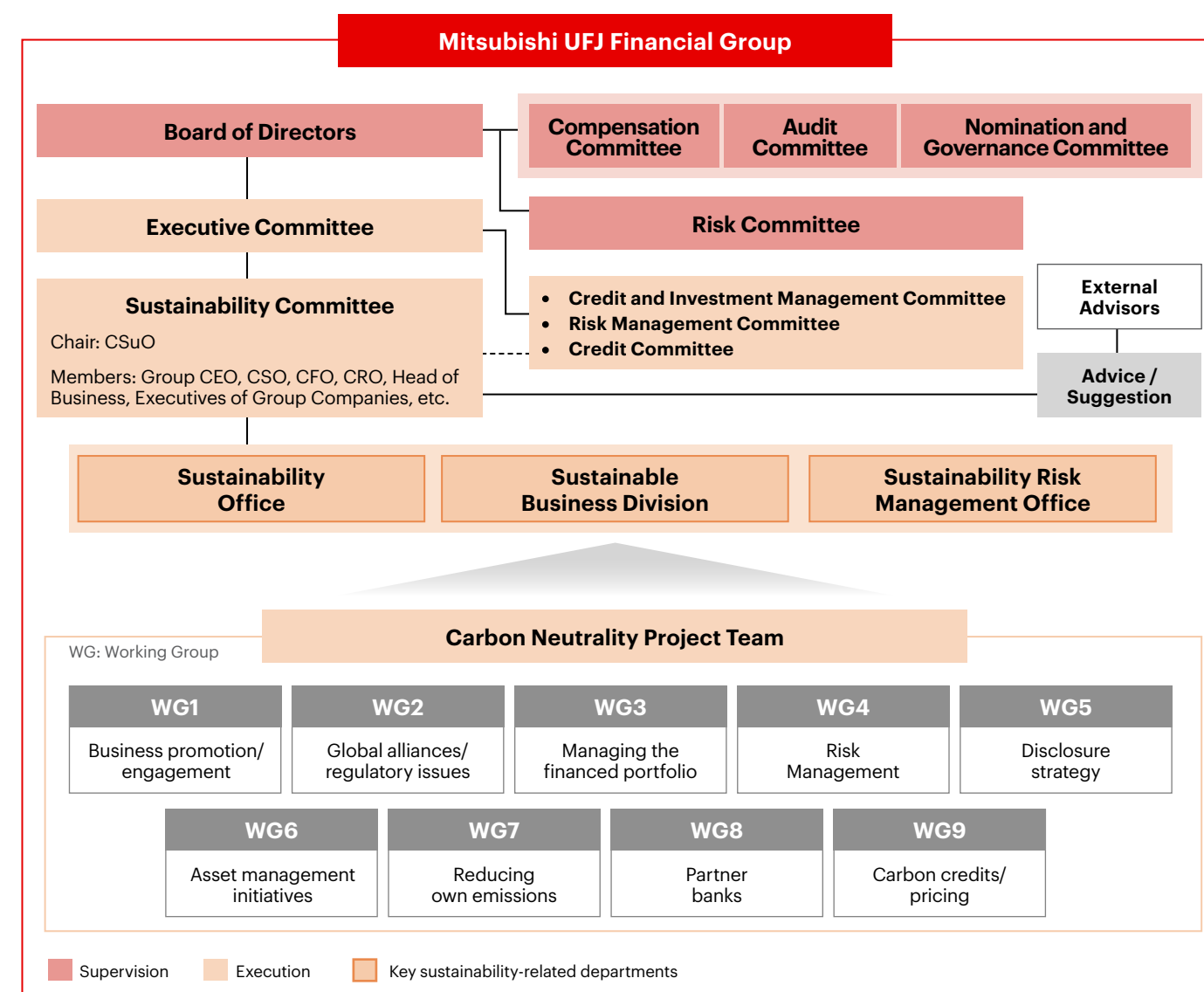
Sustainability challenges are increasingly complex and interconnected. Together with our colleagues, clients, regulators and stakeholders, we will continue to fulfill our responsibilities and continue to contribute to a more sustainable, resilient, and prosperous future for Malaysia and the communities we serve.

1.0 GOVERNANCE

1.1 MUFG Group Governance Structure & Board Oversight

Mitsubishi UFJ Financial Group (hereinafter referred to as MUFG) recognizes climate change as a critical issue for the global environment and believes that climate change issues must be assessed to achieve a sustainable society and support the continued operation of each group company and our clients. As a global financial institution, MUFG recognizes that it plays an important role in the transition to a decarbonized society and other global actions aimed at combating climate change.

Under the supervision of the Board of Directors, MUFG regularly discusses initiatives to address sustainability opportunities and risks, including climate change, at the Sustainability Committee, which operates under the Executive Committee. The Carbon Neutrality Project Team, comprising nine working groups, brings together planning, business, and risk management departments to collaboratively advance these initiatives.



1.0 GOVERNANCE (CONTD)

1.2 MUFG Group Governance Structure & Board Oversight

MUFGM is a wholly owned subsidiary of MUFG Group. As part of MUFG global network, MUFGM is committed to aligning with MUFG Group Sustainability Aspiration and Strategy.

The Sustainability Committee was established in 2021 to support the Bank in overseeing, guiding, and enhancing its ESG-related strategy, policies, and initiatives. The Committee plays an important role in ensuring the integration of ESG considerations into the Bank’s business operations, risk management, stakeholder engagement in alignment with regulatory and industry expectations.

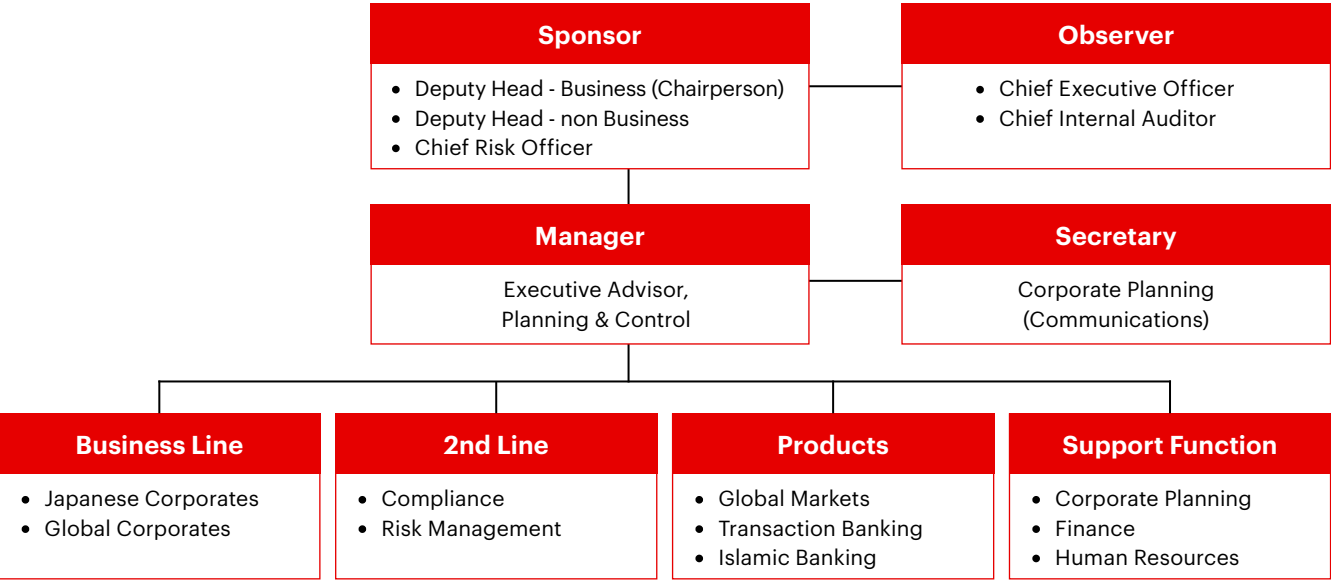
This includes providing oversight on the implementation of the Climate Risk Management and Scenario Analysis (CRMSA) requirements as outlined by Bank Negara Malaysia (BNM), ensuring that climate-related risk governance, scenario analysis, and disclosure obligations are effectively met.

In 2025, the Sustainability Committee held five (5) meetings during which it discussed bank initiatives, key events, BNM’s Climate Change and Principle-based Taxonomy (CCPT) update and the progress of the Climate Risk Management and Scenario Analysis (CRMSA) implementation project.

The primary objectives of the Sustainability Committee include the following.

- Support senior management in overseeing sustainability matters and integrating material sustainability considerations into the Bank’s operations.
- Report to the Board on the Bank’s sustainability strategy, priorities and opportunities
- Review and approve sustainability-related initiatives, including corporate responsibility and business initiatives, to ensure alignment with Head Office strategy and priorities.
- Monitor progress and ensure compliance with applicable legal, regulatory and governance requirements.
- Ensure stakeholders receive relevant information on sustainability-related activities and initiatives at both Head Office and Malaysia levels.
- Oversee sustainability reporting and disclosures to ensure compliance with regulatory requirements.

SUSTAINABILITY COMMITTEE: ORGANIZATION CHART



1.0 GOVERNANCE (CONTD)

1.3 Board Climate-related Credentials and Training

The current Board consists of four (4) members, with one (1) Executive Director who is also the Chief Executive Officer (CEO) and three (3) Independent Directors. The Board regularly participates in both internal and external training programmes and related engagements. The Bank also works closely with its external auditor and training providers to develop relevant learning content for employees, senior management and the Board, with the aim of strengthening competencies, supporting informed decision making and enhancing preparedness for evolving sustainability and climate related developments.

In FY2025, the Board of Directors participated in sustainability and climate risk related conferences and programmes, including the following.

Conference and Programme Title
Hydrogen Economy Forum in Kuching
Energy Asia Conference – Delivering Asia’s Energy Transition
Climate Risk Management: What Bank Directors Need to Know
Understanding Carbon Tax, Implications, Readiness & Strategic Response for Malaysian Corporates & Strengthening Corporate Integrity
Session 1: Global & Local Carbon Tax Landscape · Implications for Corporates – Risks and Opportunities
Session 2: Section 17A of the Malaysian Anti-Corruption Commission (MACC) – Strengthening Corporate Integrity
Annual Governance and Anti-Corruption Training for Investment Panel (IP)
Asia Zero Emission Community Business Forum / The 8th Government-Private Forum on the Cleaner Energy Future Initiative for ASEAN (CEFIA)
Quarterly Islamic Banking Webinar Series with Dubai Islamic Bank: Sustainable Finance & Responsible Investment Framework
Directors Training on Sustainability
FIDE FORUM x ASB Governance Programme
Climate Reporting Readiness Workshop
Third Sector Empowerment: Driving Social Transformation in Malaysia

1.4 Climate-related Discussion in Board Meetings

MUFGM’s Board of Directors meets at least six times annually. All climate-related matters, where applicable, are tabled for review and discussion during meetings of Board of Directors and the Risk Management Committee to ensure appropriate oversight.

1.5 Sustainability-linked Key Performance Indicators (KPI) and Remuneration

At Group level, MUFG has incorporated ESG performance into executive remuneration frameworks in Japan. For medium to long-term stock-based compensation, ESG assessment is included as a key performance-linked indicator, with targets such as reduction of the Group’s own GHG emissions. For annual bonuses of relevant executives, including the President, qualitative performance evaluation includes contributions toward addressing environmental and social issues, including climate change. In MUFGM, 25% weightage of the CEO’s KPIs is linked to the ESG agenda, The Bank is in the process of refining these KPIs, expanding their scope, and plan to formalize them across all senior management in due course.

1.0 GOVERNANCE (CONTD)

MUFG GROUP EXECUTIVE REMUNERATION FRAMEWORK IN JAPAN HEAD OFFICE

(Source: MUFG Transition Progress 2026)

Linkage with performance	Performance-based range	Time of payment	Payment method	Standards of payment	
				Weight	
Annual base salary	Fixed	-	Cash	Monthly	Paid based on positions, etc.
Stock Compensation	Non-performance-based	-	-	-	Base amount by position
	Medium to Long-term Performance-based	At the time of retirement of executives	50% in shares and 50% in cash	Base amount by position	Performance factor (MTBP achievement evaluation) 1. Consolidated ROE^{*1} 2. Consolidated expense ratio^{*1} 3. ESG assessment 4. TSR^{*2} Performance-linked Coefficient (competitor Comparison Evaluation)^{*3}
		At the end of the MTBP	*Subject to malus (confiscation) and clawback (restitution claim)		
Cash Bonuses	Short-term Performance-based	-	Cash	-	Base amount by position
		Annually	*Subject to malus (confiscation) and clawback (restitution claim)		

Breakdown

Each weights 2.5%

Reduction of GHG emissions from own operations

Improvement of the employee survey scores

Raising of the ratio of women in management

ESG assessments by external assessment agencies

A relative evaluation is carried out on the degree of improvement of third-party assessment. By the five major ESG assessment agencies (MSCI, FTSE Russell, Sustainalytics, S&P Dow Jones and CDP)

Establishment of targets for the initiatives below in evaluation of the Group CEO and relevant officers

Sustainable Society

Achievement of carbon neutral society

Natural capital and biodiversity restoration

Promotion of circular economy

Vibrant Society

Industry Development

Response to aging population & low birthrate

Management focusing on human capital etc.

Vibrant Society

Respect for human rights, ensure secure and safe services, etc.

Performance factor (quantitative evaluation factor)

60%

Status of individual execution of duties (quantitative evaluation factor)

40%

(Example of the CEO)

Expand & refine growth strategies

Drive social & environmental progress

Accelerate transformation & innovation

Enhancement of value provided to stakeholders

Performance factor (MTBP achievement evaluation)

55%

30%

10%

10%

5%

Performance-linked Coefficient (competitor Comparison Evaluation)^{*3}

45%

*1 The degree of achievement vis-à-vis target levels stipulated in the Medium-Term Business Plan (MTBP) regarding consolidated ROE and consolidated expense ratio is determined on an absolute evaluation basis.

*2 Total Shareholder Return

*3 Relative comparisons with competitors are made with Mizuho Financial Group and Sumitomo Mitsui Financial Group

2.0 STRATEGY

In May 2021, MUFG Group announced its Carbon Neutrality Declaration, committing to achieve net-zero GHG emissions from its **own operations by 2030** and net-zero GHG emissions **across its financed portfolio by 2050**.

Under “**Driving Social & Environment Progress — for our Brighter Future,**” one of the three pillars of the Medium-Term Business Plan launched in FY2024, the realization of a carbon-neutral society is one of the highest priorities. Contributing to a carbon-neutral society remains MUFG’s unwavering commitment, and we are advancing our transition plan built on **four strategies**.

MUFG Carbon Neutral Declaration

- Net-zero GHG emissions by 2030 for our own operations
- Net-zero GHG emissions by 2050 for the financed portfolio

Three Unwavering Commitments

1. Helping achieve the 1.5°C target of the Paris Agreement by achieving carbon neutrality by 2050.

2. Supporting a smooth transition to a decarbonized society through our financial services.

3. Proactively contributing to creating a sustainable society by fostering a virtuous cycle between the environmental and the economy.

Four Strategies of the MUFG Transition Plan

1 Reducing Own Emissions

2 Engagement and Finance Activities

3 Managing the Financed Portfolio

4 Risk Management and Governance

(Source: MUFG Transition Progress 2026)

2.1 MUFG Mindset to Support Transition

Achieving carbon neutrality within financial institutions is contingent upon their clients attaining carbon neutrality, which involves the decarbonization of the real economy.

To effectively decarbonize the real economy, it is crucial to focus on the systematic reduction of emissions in high-emission industries and regions, rather than merely enhancing the financial institution’s balance sheet through investments and financing in green industries and assets. This transition necessitates a substantial transformation of industries, involving significant mobilization of funds and risk-taking. Therefore, to advance financial initiatives in collaboration with public institutions is also essential to achieve carbon neutrality

Our Mindset to Support Transition

1 Carbon neutrality of financial institutions is achieved through the decarbonization of the real economy

2 Supporting the decarbonization of high-emission industries and regions is key to the decarbonization of the real economy

3 Collaboration between private finance and public finance plays a critical role in achieving massive capital mobilization and risk-taking

4 As a responsible global institution representing Asia and Japan, we will engage in garnering support from a diverse array of stakeholders for each regional transition-pathway and timeline

2.0 STRATEGY (CONTD)

2.2 MUFG Engagement Strategy

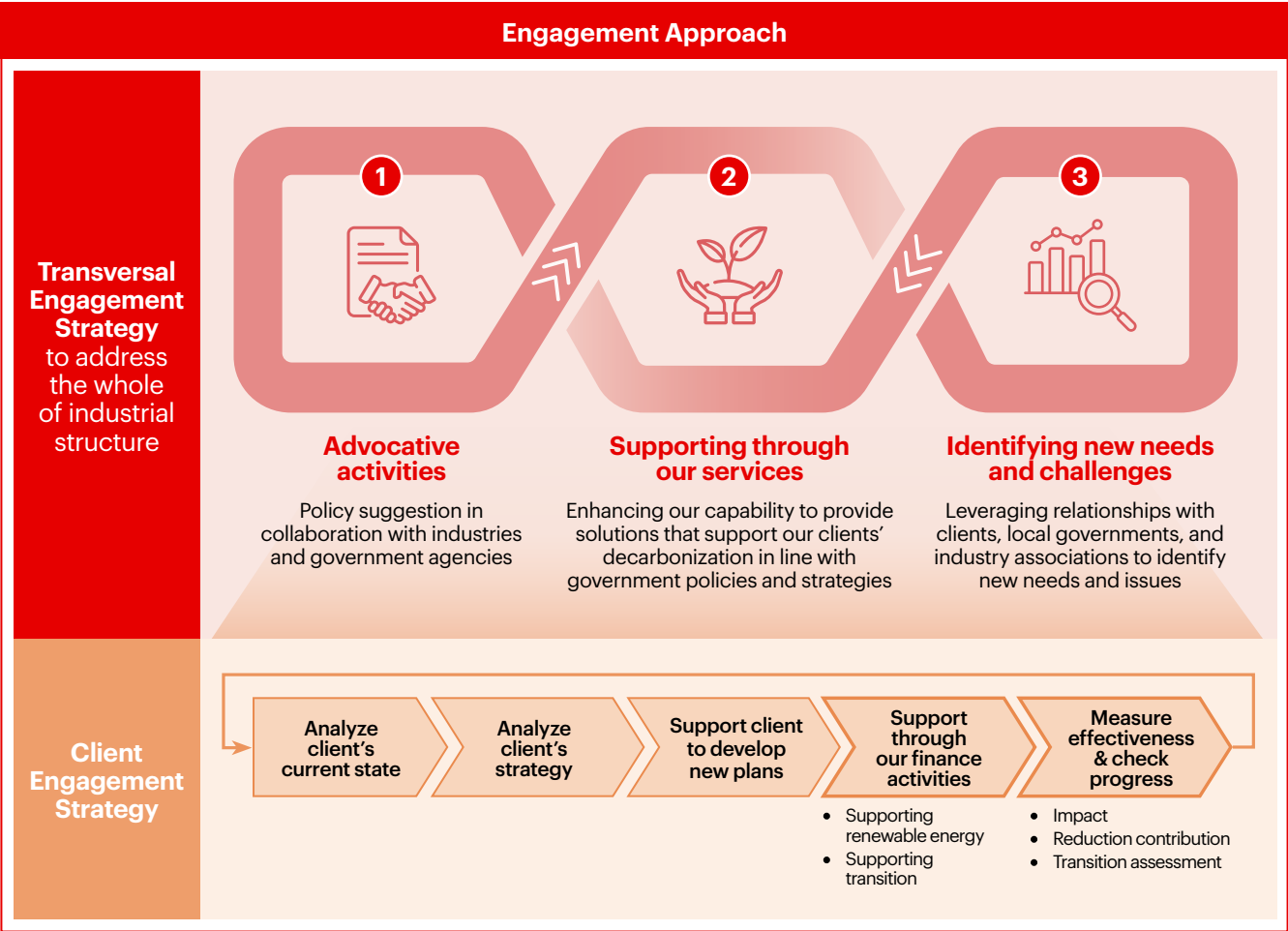
MUFGM will identify new needs and challenges through solution provision while engaging in advocacy activities in collaboration with industry and government agencies.

We will strengthen relationships with clients, local governments, and the entire industry, and provide feedback on new needs and challenges to industry and government agencies, responsibly supporting clients’ decarbonization efforts.

We will pursue our client engagement strategy in line with the five-phased engagement model to:

- 1. Analyze client’s current state
- 2. Analyze client’s strategy
- 3. Support client to develop new plans
- 4. Support through our finance activities and
- 5. Measure effectiveness & check progress

We will continue to strengthen our promotional framework to advance our support through our services and identification of new needs and challenges.



(Source: MUFG Transition Progress 2026)

2.0 STRATEGY (CONTD)

2.3 MUFGM Climate Strategy & Climate-related Opportunities

The Bank’s core business is the provision of Corporate Banking services to Japanese Corporates, Global Corporates, Global Subsidiary Banking business and Institutional clients in Malaysia focused on core industry sectors including Finance and Insurance, Electricity, Gas and Water, and Transport, Storage and Communication.

Aligning with the Group climate strategy and announced sectoral targets, MUFGM is working with clients to deliver a smooth and orderly transition.

Climate-related opportunities

MUFGM has reviewed key climate-related opportunities in the following High-emitting sectors – Transportation/Automotive, Oil and Gas, Power Generation and Steel. We have identified the driver of these opportunities and are actively looking towards investments, partnerships, business matching and projects that contribute towards the decarbonization of our portfolio.

Sectors	Climate Opportunity Driver	Description
Transportation equipment/ Transportation/ Automotive	- Supporting the transition to sustainable transportation. - Providing financing for electric vehicles (EVs), developing charging infrastructure and supporting green transport solutions like public transport and freight transport.	Banking and financing related opportunities. - Low/zero emission fuels and associated infrastructure (hydrogen, ammonia, biofuel etc.) - EV infrastructure. - Finance public transport projects, sustainable freight transport options and investment in resilient transport infrastructure.
Oil and Gas	- Shifting towards sustainable energy and low-carbon solutions, including expansion in Sarawak. - Resilience and reliability of energy distribution.	Banking and financing related opportunities. - Actively promoting investments in renewable energy sources, developing green technologies for oil refining. - Supporting initiatives that reduce carbon emissions throughout the value chain.
Power Generation	- Supporting the shift towards renewable energy sources, promoting energy efficiency. - Investing in projects that reduce carbon emissions from power plants.	Banking and financing related opportunities. - Offer products and services / share government initiatives that incentivize companies to adopt sustainable practices, such as green bonds, sustainable loans and green-linked loans. - Finance the development and construction of renewable energy projects like solar, wind and hydro power plants. - Supporting the development of energy storage solutions is crucial for integrating variable renewable energy sources into the grid.
Steel	- Supporting steel companies in implementing cleaner production processes, like using electric arc furnaces or implementing carbon capture and storage. - Diversifying their investment portfolios into sustainable steel projects and green technologies.	Banking and financing related opportunities. Offer loans and financial instruments that incentivize steel companies to adopt more sustainable practices, such as using recycled steel and developing new, low-carbon steel products.

CLIMATE-RELATED DISCLOSURE REPORT

3.0 RISK MANAGEMENT

3.1 Overview

As a subsidiary of Parent Bank, MUFGM established the local Climate Risk Management Framework and related procedures to manage climate change-related risks and to meet the regulatory requirements of BNM’s Climate Risk Management & Scenario Analysis (CRMSA) policy document. This framework is also subject to Group’s policies under the “MUFG Environmental Policy Statement” and “MUFG Environmental and Social Policy Framework” established by MUFG, Tokyo Head Office. Both framework and procedures are implemented and overseen locally via local governance structures through Sustainability Committee and Risk management related committees.

Climate risks generally refer to the risks posed by climate change, such as damage caused by extreme weather events or a decline in asset value in carbon-intensive sectors etc. They are broadly classified into physical risk and transition risk.

Physical risk
refers to the impacts of climate and weather-related events and long-term progressive shifts of climate.

Transition risk
refers to the financial risk related to the process of adjustment towards a lower-carbon economy which can be prompted by, for example, changes in climate policy, technological changes or a change in market sentiment.

The Bank has undertaken climate risk impact assessment on both physical risk and transition risk impacts from climate change across its loan/financing portfolio based on scenario analysis in accordance with BNM’s CRMSA. Furthermore, climate risk has complex inter-linkages across conventional risk types which can affect the bank’s existing financial and non-financial risks. Given the distinctive characteristics of climate change, it shall be managed differently from other conventional financial risks.

As part of the Bank’s climate risk management strategy, the Bank continues to work on embedding and monitoring the climate-related impact, especially the risk factors. These are likely to have profound impact on credit, market, liquidity, operational, reputational, strategic risks, among others. The description of climate impact from various risk types, can be channeled through both physical risk and transition risk:

Climate Impact	Description
Credit impact	It arises from credit risk assessment which incorporates the consideration of the effects of climate-related risks and their financial impact on the ability and willingness of customers/counterparties to honour their credit obligations at the inception of contractual relationships and on an ongoing basis.
	Physical risk Extreme weather may cause direct damage to assets held by Bank’s borrowers and/or have a negative spillover effect on their business activities and financial positions by indirectly impacting their supply chains.
	Transition risk Bank’s borrowers’ business activities and financial positions may be negatively affected if they cannot deal with government policies, regulatory requirements, customer requests or evolving trends in technological development.

CLIMATE-RELATED DISCLOSURE REPORT

3.0 RISK MANAGEMENT (CONTD)

3.1 Overview (Contd)

Climate Impact	Description
Operational impact	The Bank assesses the operational impact arising from climate-related events on internal operations as a whole, including material outsourcing activities and the ability to quickly recover capacity to continue providing critical services at an optimum level. The outcome of the assessment, if significant to the critical business functions, shall be reflected in the business continuity plan accordingly.
	Physical risk Extreme weather may cause damage to Bank’s physical premises / data centers / assets that lead to the disruption of their operations.
	Transition risk Spending on capital investment may grow due to the need for measures aimed at reducing CO2 emissions and enhancing business continuity capabilities.
Market impact	Climate related market risk may arise as the Bank incorporates climate related considerations into its investment strategy and portfolio allocation decisions. Uncertainty regarding the timing, intensity, and geographic impact of severe weather events and other natural disasters may contribute to increased volatility in financial markets. In addition, transition related developments such as changes in climate related policies, shifts in investor sentiment and technological advancements may result in abrupt repricing of financial assets.
	Physical risk - The impact of extreme weather may induce market turmoil and make the value of securities held by the Bank, highly volatile. - The value of securities held by the Bank may become volatile due to changes in market participants’ medium- to long-term outlook on the impact of extreme weather and their expectations regarding countermeasures against the phenomenon.
	Transition risk The transition to a decarbonized society may negatively impact certain business sectors, making the value of relevant securities held by the Bank and/or financial instruments deriving from them highly volatile.
Liquidity impact	- Liquidity and funding risk may arise where climate related events adversely affect the Bank’s funding profile, cash flow timing, or access to funding markets. Physical risks such as severe weather events may disrupt economic activity and customer behavior, potentially leading to unexpected deposit withdrawals or drawdowns of committed credit lines. - Meanwhile, transition risks that arise from policy changes or market repricing may affect the market liquidity of financial assets and the Bank’s ability to monetize them without significant loss.
	Physical risk Corporate borrowers may suffer damage from extreme weather and may choose to withdraw their deposits or utilize commitment lines to secure funds for reconstruction, leading to cash outflows from the Bank.
	Transition risk If its credit ratings deteriorate due to such factors as delays in its response to transition risks, the Bank may face limited avenues in sourcing funds from the market and thus facing higher risks associated with fundraising.

3.0 RISK MANAGEMENT (CONTD)

3.2 Scenario Analysis

The Bank engaged a third-party service provider to assist in developing relevant scenarios covering both physical and transition risks impacting the Bank’s business, in accordance to the regulatory requirements under BNM CRMSA. Using those climate scenarios, a comprehensive review of our business was conducted to identify and understand the potential climate-related risks that affect the Bank’s loan/financing portfolio. This process was conducted through a project team with the external service provider, the progress and results were regularly reported at Sustainability Committee.

In 2025, the Bank participated in the BNM Climate Risk Stress Test (CRST) exercise which is primarily intended to facilitate learning and capacity building in addressing risks from climate change. Under the scenario analysis approach through the BNM CRST exercise, the potential significant climate-related risks have been identified. These risks have been assessed using an impact assessment that takes into consideration:

Physical Risk

it is measured using the physical risk hazard indicators to derive the risk score which are interpreted as the higher the score, the higher the risk in case of physical risk. The risk classification includes low/no risk, medium risk, high risk and red flag.

Transition Risk

it is based on the estimation of carbon emissions by respective business segments using the third-party service provider’s tool and database. The risk classification includes moderate, significant high and intense.

The following three long-term adverse climate scenarios are deployed to capture the impact from a range of different combinations of physical and transition risks:



Orderly Net Zero 2050 (NZ)

Ambitious climate policies are introduced immediately. Global warming is limited to 1.5°C through stringent climate policies and innovation, reaching global net zero CO₂ emissions around 2050.



Disorderly Divergent Net Zero 2050 (DNZ)

Climate policies are more stringent in the transportation and building sectors. Net zero is achieved around 2050 but with higher costs due to divergent policies introduced across sectors leading to a quicker phase out of oil use.



Hot House National Determined Contribution (NDC)

Assumes that the moderate and heterogeneous climate ambition reflected in the conditional NDCs at the beginning of 2021 continues over the 21st century (low transition risk). Includes all pledged policies even if not yet implemented.

3.0 RISK MANAGEMENT (CONTD)

3.2 Scenario Analysis (Contd)

The key observations of scenario analysis:

Climate Impact	Key observations
Credit risk	- We have performed quantitative assessments and did not materially cause significant short-term impacts from climate change on the Bank’s credit risk profile. The credit impact by climate scenario is summarized as below: NZ 2050 - The credit loss is expected to increase considerably from 2023 to 2030, which is key checkpoint of Net Zero ambition. Higher credit cost is expected, driven by higher PD associated with early implementation of climate-related government policy (e.g. carbon pricing), technology evolution etc. Credit cost is expected to decline before peaking in 2050 as majority of climate-related initiatives will be ramped up in final stretch to meet the NZ target. - The key vulnerabilities / tipping point is in 2040 to 2050 where the non-performing exposure could account for 3.5% of total portfolio while the credit cost is roughly in the range of 1.8% - 2.3% of total portfolio during the same period. DNZ 2050 - Similar to NZ 2050, the ultimate goal is to reach Net Zero target. However, it pursued an uneven path that the progress of implementation was disorderly, e.g. some sectors adopt stringent standards while others do not. As a result, this translated into higher credit costs as compared to NZ 2050 given the disorderly transition of various climate-related initiatives. - The key vulnerabilities / tipping point is in 2040 to 2050 where the non-performing exposure could account for 5.8% of total portfolio while the credit cost is approximately in the range of 2.0% - 2.7% of total portfolio during the same period. NDCs - The speed and coverage of implementing climate-related policy is not as strict as other scenarios, as such it recorded the lowest credit cost. Due to slow implementation of climate policy to contain rising temperature, the threat of physical risk is the most severe. - The key vulnerabilities / tipping point is 2040 when the non-performing exposure could account for 3.4% of total portfolio. In 2050, the credit cost is the highest that accounted for 2.1% of the total portfolio.
Operational risk	- We have assessed the operational impacts on our business and Bank’s assets, have concluded that these do not impact our ability to operate in the short term. - The Bank monitors climate-driven operational risks through Risk Analysis and Review (RAR) tools from Business Continuity Management process. RAR exercise incorporates physical risks: prolonged heatwaves, increased flood frequency, intensified rainfall. The Bank has also computed operational risk profiles of physical locations. - The Bank’s operations, which are supported by Third Party Service Providers span over 30 locations. Moody’s Tool analysis shows most sites face no flood risk, but many are at medium to high risk for heat stress.
Market risk	- Currently, the Bank’s market risk exposure is predominantly concentrated in Government Bonds held under the Fair Value through Other Comprehensive Income (FVOCI) and Fair Value through Profit & Loss (FVTPL) portfolios. - The Bank does not foresee much of market risk to be driven by climate change as Bank expects that sovereign bonds will carry minimal risk in case of climate-related impact.

3.0 RISK MANAGEMENT (CONTD)

3.2 Scenario Analysis (Contd)

The key observations of scenario analysis:

Climate Impact	Key observations
Liquidity risk	- Bank expects that transition risks can lead to deterioration of depositors’ credit ratings due to delay in repayments, which could result in higher deposit withdrawals. - Based on the analysis of physical locations of top 10 depositors, it has been found that the risk for flood is minimal as 9 out of 10 locations are in no risk zone whereas only 1 depositor is in high-risk region. - Further analysis on the emissions of top 10 depositors reveals that 8 out of 10 depositors have total Scope 1 and 2 emissions less than 50,000 metric tonne (MT) of CO₂e which indicates that the transition risk impact of top 10 depositors is limited.

In addition to the scenarios prescribed in the BNM CRST exercise, financial institutions shall conduct a short-term acute physical risk scenario, which considers a one-off 1-in-200 years flood event in Malaysia. While the primary focus of this exercise is on credit risk, a qualitative assessment through questionnaire is extended to operational risk, market risk and liquidity risk to identify the climate-related impact.

Based on the result of assessment, minimal impact is expected from this acute 1-in-200 years flood that ECL is projected to be approximately RM0.4mil. Bulk of the exposure is from purchase of residential property segment exposure of RM7.2mil with ECL of RM0.3mil.

The Bank is taking a progressive approach in building up its capacity, talent and infrastructure to improve its climate risk assessment ability. At present, it does not intend to exclude any parts of its value chain when conducting risk assessment. However, climate change risk assessment is subject to continuous enhancement and development, therefore, risk assessment and management of climate-related risk will also evolve.

The risks and opportunities arising from climate change, based on these scenarios, will be re-assessed on an annual basis. Given the uncertainty surrounding the timing of the impact of climate-related risks and the dependency on short-term actions, a strategic and prudent approach is to embed relevant time horizons and the respective impact assessment:

- a) Short-term horizon (1 to 3 years) to capture impacts over the ordinary business plan horizon;
- b) Medium-term horizon (4 to 10 years) to provide medium-term outlook of the climate related risks; and
- c) Long-term horizon (10 to 30 years) to provide insights on long-term impacts from the evolution and direction of climate-related risks as they materialize over time.

3.0 RISK MANAGEMENT (CONTD)

3.3 Integration of Climate Risk Into Risk Management Process

The Bank identified the risks associated with various climate-related impacts as a priority issue, and recognizes that they are considered material risk to the sustainable growth of the Bank’s business operations. The Bank takes cognizant of the carbon footprint caused by its business activities, either directly or indirectly; and endeavours to control and reduce them.

The integration of climate risk into existing risk management process is done through:

Oversight by RMC / Senior Management

- The process of monitoring the progress of climate-related capacity building is performed through regular risk analytics, achievement of milestones under Climate Risk Management & Scenario Analysis (CRMSA) implementation, climate risk training extended to relevant departments which are involved in climate risk management and disclosure. The update of CRMSA implementation is provided to RMC and Board on an annual basis. These provide timely update over the climate risk oversight.

Enterprise risk management (ERM)

- Under ERM, one of the primary monitoring tools is Risk Appetite Statement (RAS) through Risk Appetite Framework (RAF) to provide a sound system of integrated risk limits to control overall risk-taking capacity and to serve as an essential decision-making tool for senior management. RAS describes the types and levels of risk that the Bank is prepared to accept in executing the business strategy. It is a self-imposed constraint and drivers which the Bank has chosen to limit and influence the amount of risk taken.
- Climate change risk is part of the key risk type within RAS that is subjected to monthly dashboard monitoring whereby the climate-related exposure is tracked against the limit/threshold set against global warming, target on reduction in scope 1 & 2 GHG emissions and carbon intensity, any deviation or red flag will be escalated.
- The assessment of RAS is presented to Risk Management Committee (RMC) on a quarterly basis.

Internal Capital Adequacy Assessment Process (ICAAP)

- The material risk assessment covers climate risk which consists of both physical risk and transition risk. The assessment is based on both qualitative and quantitative factors using relevant data to assess its risk rating by probability of occurrence and monetary impact. Moreover, the climate impact on the Bank’s capital adequacy is also considered within the short-term 3-year horizon, to evaluate if climate risk possesses any significant impact.

To prioritise the climate transitioning, the process of materiality assessment enables the identification of material and high climate risk sectors susceptible to climate change as part of Bank’s surveillance and monitoring of climate risk impact to overall loan exposures and concentration. The key objective is to identify risks and opportunities that are material to the Bank’s operations and goals over the short, medium and long term, supported by adequate understanding, justification and structured methodology.

The management of material and high climate risk sectors are prioritized through a structured process which includes the following key factors:

- a) Sector exposure with detailed assessment of climate risk, including physical risk, transition risk.
- b) Time horizon
- c) Magnitude

A sectorial climate risk heat map is created with results of the above factors, denoted in high, medium and low risk rating to indicate the varying magnitude.

3.0 RISK MANAGEMENT (CONTD)

3.3 Integration of Climate Risk Into Risk Management Process (Contd)

For effective risk management, the Bank integrates material climate-related risk considerations into a climate risk management framework, detailing the reliable approach for identifying, measuring, monitoring and controlling material risks. This also includes the continuous development of data capabilities, tools and methodologies to effectively aggregate and report material climate related risks.

For the monitoring of climate-related development in the context of credit, it is supported by

a) Scenario analysis

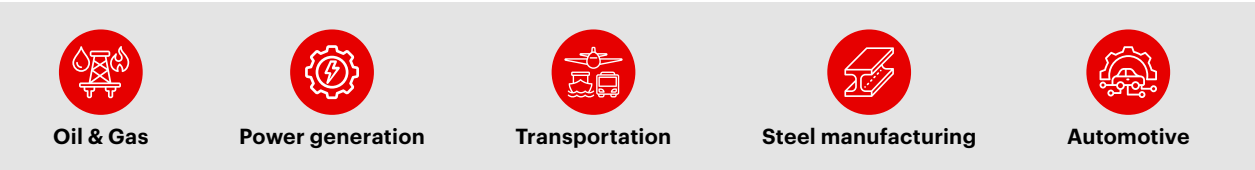
Scenario analysis uses multiple climate scenarios to demonstrate the flexibility and resilience of Bank’s business strategy plan to potential threats related to climate change, over both short and long-term horizons. This is incorporated as one of the tools to manage climate-related risks and opportunities. The scenario is benchmarked against the climate scenario published by NGFS, this exercise is performed annually or more frequently, if warranted.

b) Deal screening on climate impact

During the credit assessment process, a deal screening is performed on external reports for borrower’s ESG scoring and the borrower’s economic activity is assessed and classified under BNM Climate Change and Principle-based Taxonomy (CCPT) as reference.

3.3.1. Credit Risk

To assess climate-related risks and opportunities against the Bank’s loan/financing portfolio, the process begins with analysis of loan/financing book to understand the sectors most susceptible to climate risk. The Bank considered the materiality of size of lending to the sectors and the level of sectoral exposure to either physical or transition risks. The high carbon intensive sectors include:



A risk assessment was conducted on all sectors in the Bank’s portfolio, based on exposure and potential impact of climate-related physical and transition risks on the portfolio, which included the high-emitting sectors such as oil & gas, power generation, transportation, steel manufacturing and automotive. These risks were assessed against short-, medium- and long-term time horizons against the 3 selected climate scenarios. The metric used to measure the credit risk is climate-adjusted expected credit loss (ECL).

Based on the result, ECL tends to increase substantially under Hot house NDC scenario primarily driven by the higher climate-adjusted PD. On the other hand, ECL % get moderated marginally for orderly NZ 2050 scenario, driven by moderation in exposure weighted PD. Similarly, ECL % increases marginally in case of DNZ 2050 scenario from Medium to Long-term due to marginal increase in exposure weighted portfolio PD.

In terms of scenario based qualitative physical risk assessment, the portfolio is exposed to high physical risk of floods exposure as Malaysia is mostly surrounded by sea, in particular of states in northern and eastern region. For transition risk, the absolute emission from high emitting sectors is considerably higher than other sectors. Both physical and transition risks are expected to increase over time. This assessment will be refined as data availability and quality improves.

This assessment process will be conducted annually and identified customers in these sectors will be subject to heightened monitoring for changes in short to medium-term climate-related risks.

In line with MUFG Group’s climate change / sustainability strategies, including sustainability lending targets, the Bank will, along with heightened monitoring for exposures in the identified sectors, increase client engagement to support their transition requirements and physical risk mitigation strategies.

As MUFG Group develops quantitative capabilities and modelling to assess climate-related risk, these will be adopted by the Bank as part of our overall climate risk management process.

3.0 RISK MANAGEMENT (CONTD)

3.3 Integration of Climate Risk Into Risk Management Process (Contd)

3.3.2. Operational Risk

Beyond the credit implications of climate change to our customers, the Bank is also directly exposed to operational impacts from climate change due to our physical footprint and the increased expectations and scrutiny by various stakeholders to manage our climate-related impacts. Similar to Credit Risk, a qualitative risk assessment was conducted annually for all the potential physical and transition risks. It is concluded that the risks identified via the scenario analysis do not impede our ability to operate in the short-term.

Mitigating actions include but are not limited to ensuring that there are targets in place for addressing emissions, maintaining adequate business continuity arrangements in place, including staff having the ability to operate from home or at alternative dedicated recovery premises, and ensuring that the Bank’s corporate premises and disaster recovery (DR) centre is structurally sound with minimal threat from climate-related physical risk.

3.3.3. Market Risk

The Bank monitors climate related market risk through ongoing valuation checks and portfolio reviews. Where relevant, particular focus is placed on non sovereign corporate bond exposures, should such instruments be introduced or expanded within the Bank’s investment portfolio.

Given that non sovereign corporate bonds share economic characteristics similar to loan exposures, these securities may be evaluated with reference to climate related credit risk assessments or scores, where available. This includes consideration of the issuer’s exposure to climate transition and physical risks, which may influence credit risk profiles and market valuation.

3.3.4. Liquidity Risk

The Bank incorporates climate related risk considerations into its asset and liability management framework to assess its ability to meet obligations on a timely basis under both business as usual and stressed conditions. This recognizes that climate related risks may adversely affect the stability of funding sources and the matching of assets and liabilities and is considered within ongoing liquidity monitoring and stress assessment processes.

3.3.5. Other Risk

Climate change impacts other risks facing the Bank, which include reputational risk and strategic risk. The potential impacts of climate change on these risks are recognized, assessed and managed through the respective risk governance processes, where applicable.



3.0 RISK MANAGEMENT (CONTD)

3.4 Roles and responsibilities

The roles and responsibilities of managing climate-related risks are allocated among three lines of defences (LODs). Given the complex interactions between climate change and other systems (e.g. social, economic, regulatory and technological), the implementation of the requirements in building climate resilience in the Bank requires collective effort from all LODs. The roles and responsibilities of various stakeholders that are involved in the climate risk management policy & framework are:

First line of defence (1LOD)

- The first line of defence in the Bank consists of Corporate Banking Department (CBD), Treasury, Transaction Banking (TB), Islamic Banking and other business units, whose role is to identify and manage risks associated with their day-to-day operations.
- Climate-related risk assessments may be undertaken during the borrower onboarding, credit application and credit review processes, ongoing monitoring and engagement with clients, as well as in new product or business approval processes where staff should have sufficient awareness and understanding to identify and assess potential climate-related risks.

Second line of defence (2LOD)

- The second line of defence is provided by the Bank’s independent risk management and compliance functions.
- The risk management function undertakes climate-related risk assessments and monitoring, independent of the first line of defence. The compliance function entails ensuring adherence to applicable laws, regulations and internal policies.

Third line of defence (3LOD)

- The third line of defence is provided by the Bank’s independent internal audit function
- This includes independent review and objective assurance of the quality and effectiveness of the overall internal control framework and systems, the first and second lines of defence and the risk governance framework taking into account changes in methodology, business and risk profile, as well as the quality of underlying data.



4.0 METRICS & TARGETS

4.1 Targets:

MUFGM aligns with the MUFG Group’s Carbon Neutrality Declaration, which targets net-zero GHG emissions for **own operations** by **2030** and for **the financed portfolio** by **2050**.

This is guided by three principles:

i

Achieving the 1.5°C ambition under the Paris Agreement

ii

Supporting the transition to a decarbonised society through financial services, and

iii

Contributing to sustainable growth through environmental and economic balance

The Group has also established interim 2030 targets across nine priority sectors, including Power, Oil & Gas, Steel, Automotive, Aviation, Shipping, Commercial and Residential Real Estate, and Coal.

In addition, MUFG Group has set a **sustainable finance target** of **JPY100 trillion by 2030**. MUFGM, as part of MUFG Global Network supports MUFG Group-level commitments in line with its local operations.

4.2 Metrics:

A. GHG Emissions

Emissions are categorised based on whether they arise from direct or indirect sources. In line with the GHG Protocol, emission sources are classified into Scope 1, Scope 2, and Scope 3.

Scope 1 (Direct Emissions)	Scope 2 (Indirect Emissions)	Scope 3 (Other Indirect Emissions)
Scope 1 emissions arise from direct energy sources associated with properties occupied by the Bank. For MUFGM, these primarily include fuel consumption from company vehicles used for business travel. Carbon dioxide equivalent (CO₂e) emissions are calculated based on: Total fuel consumption × emission factor provided by Suruhanjaya Tenaga (Energy Commission).	Scope 2 emissions arise from indirect energy consumption, mainly from purchased electricity used in the Bank’s operations (including bank’s residential property and disaster recovery site). Electricity usage is measured in kilowatt-hours (kWh) and converted into CO₂e emissions using grid emission factor provided by the Suruhanjaya Tenaga (Energy Commission).	Scope 3 emissions comprise indirect emissions across the value chain, both upstream and downstream, and typically represent the largest share of the Bank’s total GHG emissions.

CLIMATE-RELATED DISCLOSURE REPORT

4.0 METRICS & TARGETS (CONTD)

4.2 Metrics: (Contd)

A. GHG Emissions (Contd)

In 2025, the Bank commenced disclosure of selected Scope 3 categories, including:

- Business travel (Air travel)
- Employee commuting

Business Air Travel

This includes emissions arising from employee air travel for business-related activities. Air travel data is collected in kilometers travelled via the Staff Travel Claim Portal, converted into kilometers travelled, and subsequently translated into carbon dioxide equivalent (CO₂e) using the applicable emission factors.

Employee Commuting

This includes emissions arising from employee commuting to their place of work and from working from home.

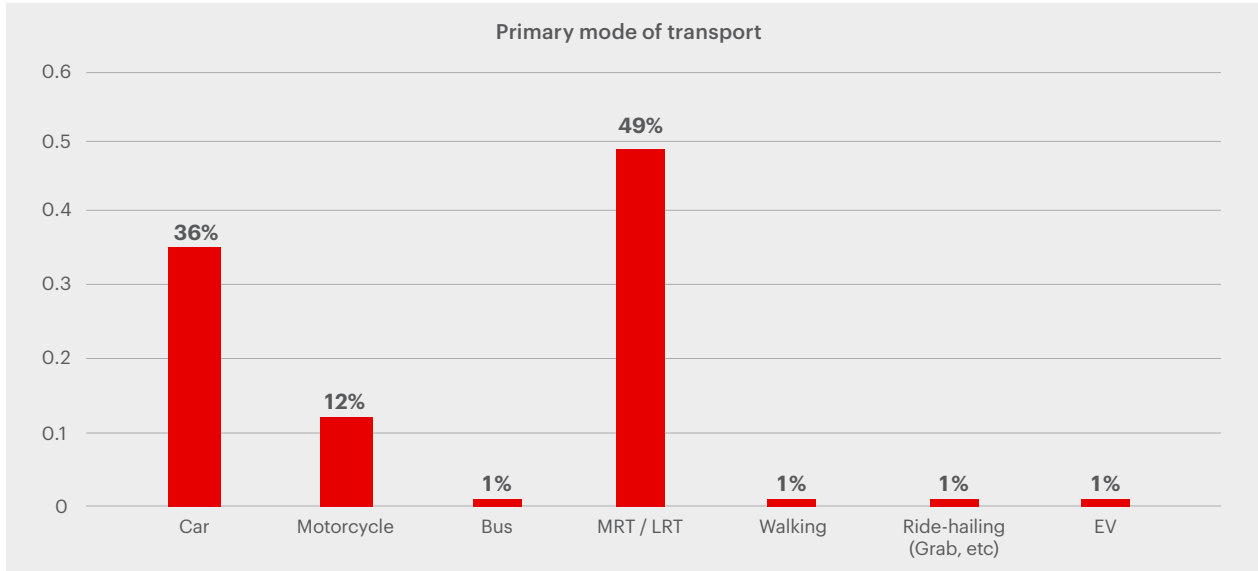
Data required to estimate these emissions was collected through an employee survey, covering key parameters such as the number of journeys per week, return travel distance, and mode of transport. The survey results were subsequently extrapolated across the total employee population of MUFGM and multiplied with emission factors published by the UK Government’s Department for Environment, Food and Rural Affairs (DEFRA).

Financed Emission

With respect to financed emissions, the Bank has commenced development of the required methodologies and data capabilities, with disclosures to be introduced progressively as part of ongoing enhancement efforts.

GHG Emission	2025 (tCO ₂ e)
Scope 1 GHG emissions	40
Scope 2 GHG emissions	291
Scope 3 GHG emissions	
• Business travel (air travel)	148
• Employee commuting (including employees working from home)	309

(Scope 1,2, and 3 GHG Emission (data collected from 1 January 2025 - 31 December 2025)



Graph 1: Employee Commuting Analysis

CLIMATE-RELATED DISCLOSURE REPORT

4.0 METRICS & TARGETS (CONTD)

4.2 Metrics: (Contd)

B. Transition Risk

Transition risk refers to the financial risks that companies face due to transition to a low carbon economy. This type of risk arises from changes in policy, technology, market preferences and regulations aimed at reducing GHG emissions and addressing climate change.

The table below presents MUFG Bank (Malaysia) Berhad's on-balance sheet exposures by BNM sector classification. Based on an internal assessment, the following sub-sectors have been identified as higher-emitting industries and are therefore more susceptible to transition risk. Collectively, these sectors account for approximately **20% of the Bank's total loan portfolio**:

- (i) Transportation
- (ii) Oil & Gas
- (iii) Power Generation
- (iv) Steel

	Loan by BNM Sector Code	In %	Of which: high-emitting exposure identified	
1	Mining and Quarrying	1%	✓	Steel
2	Manufacturing	7%	✓	Oil & Gas/ Steel/ Automotive related manufacturing
3	Electricity, Gas and Water	2%	✓	Power Generation
4	Construction	4%	✓	Steel
5	Wholesale, retail trade, restaurant and hotels	1%		
6	Transportation and Storage	3%	✓	Transportation
7	Information and Communication	8%		
8	Financial and Insurance/ Takaful Activities	66%		
9	Others	8%		
Total Loan Balance (including embedded loans)		100%	~20%	

Note: Only selected exposures within each BNM sector are classified as high emitting.

C. Physical Risk

In November 2023, the Bank relocated to Plaza Conlay, a Green Building Index (GBI) Gold certified building that is also MSC compliant, recognized as a certified digital infrastructure green building. The Bank’s operations at centralized at this single location, Plaza Conlay with no branch network and only a data centre in Cyberjaya, resulting in relatively limited exposure to physical climate risks.

The Bank incorporate energy efficient measures, including the installation of LED lighting and motion sensors, as well as resilience features such as efficient cooling systems, water management controls, and design considerations for extreme weather conditions. Collectively, these measures enhance operational resilience while supporting the Bank’s broader sustainability objectives through improved environmental efficiency.

The Bank’s indirect exposure to physical risk via the legacy mortgage portfolio is also immaterial as of 31 March 2026.

4.0 METRICS & TARGETS (CONTD)

4.2 Metrics: (Contd)

D. Climate-Related/ Sustainability-Related Opportunities

MUFGM continues to create green financing opportunities for its clients, including green loans, deposits, and sustainability-linked loans.

For FY2025, the Bank had extended a RM500 million social loan to the country’s leading financial service provider. This facility is designed to expand financial inclusion for underserved communities, low-income groups, and small businesses in new growth areas.

The landmark agreement has also received major industry recognition, including being named **Best Sustainable Finance Deal** at the Finance Asia Achievement Awards and receiving recognition from The Asset Triple A Awards.

E. Client Engagement

The Bank recognizes the importance of effective client engagement in addressing climate-related risks and opportunities, while supporting alignment with its sustainability objectives through close collaboration.

During the year, Relationship Managers engaged with clients during credit application and renewal processes to better understand ESG-related aspects of their businesses. Based on call log records, approximately 181 client engagement calls were held during the period, covering sustainability-related topics.

In addition, sustainability-related events and conferences were organised to enhance client awareness, facilitate knowledge sharing, and support clients in their transition towards more sustainable business practices.

Sustainability Event in 2024 & 2025:

As a leading financial institution with a strong presence across Asia and Japan, MUFG continues to engage actively with stakeholders across the region. In FY2024 and FY2025, MUFG NOW (Net-Zero World) was convened through the Bank’s network and partner bank relationships, providing a platform to deepen engagement with government officials and clients in support of an orderly transition. In Malaysia, MUFG NOW was launched in Kuala Lumpur in 2024, bringing together close to 100 business leaders, and subsequently in Sarawak in 2025, with participation from more than 100 business leaders. These engagements have strengthened the Bank’s strategic dialogue with clients and policymakers on climate transition and provided a platform for in-depth discussion on decarbonization, sectoral transition pathways and enabling finance.

MUFG remains committed to supporting clients in addressing climate-related risks and opportunities, while contributing to regional and national net-zero ambitions.



4.0 METRICS & TARGETS (CONTD)

4.2 Metrics: (Contd)

F. Capital Deployment

Capital deployment plays a critical role in the Bank’s strategy to address climate-related risks and opportunities. In accordance with BNM Climate Change Principle-based Taxonomy (CCPT), the Bank evaluates and classifies corporate clients’ economic activities based on their contribution to climate objectives, as well as their readiness to transition towards a low-carbon and climate-resilient economy.

The Bank will continue to engage with clients and monitor their transition progress towards their desired target state, including the implementation of mitigation and adaptation measures over time.

The table shows how economic activities of our borrowers are classified under BNM’s CCPT as of 31 December 2025.

Summary of Corporate Loan outstanding balance by classification:

GHG Emission	31 December 2025
C1 Climate Supporting	19
C2 - C3: Transitioning	9,775
C4 - C5: Watchlist*	8,646
	18,440

* -RM7 billion is under C5(b) which the overall business nature does not cause significant harm to the environment

Summary Classification:

C1, Climate Supporting	Economic activities that contribute to climate objectives without causing significant harm to the environment.
C2 – C3, Transitioning	Businesses undertake efforts to transition to low carbon and sustainable practices, the initiative and/or overall business may still, in the immediate and intermediate future, cause some harm to the broader environment and demonstrate businesses that are in the progressive stages of transitioning.
C4 – C5, Watchlist	Businesses that do not display any commitment or are not serious in their commitment to remediate the harm identified and/or do not undertake any initiative to transition to more sustainable practices.

G. Remuneration

In FY2025, at the country level, 25% weight of the Country CEO’s KPIs is linked to the ESG agenda, currently with a stronger focus on social and governance aspects.

As part of continuous improvement process, the Bank is in the process of refining these KPIs, expanding their scope, and planning to formalize them across all senior management in due course.

H. Community Investment and Employee Engagement

During the assessment year, the Bank announced more than RM1 million in community investment activities, including donations and sponsorships in FY2025.

In addition, results from the Bank’s internal staff survey showed a 9-point improvement in the sustainability score, indicating increased employee awareness of the Bank’s social initiatives and broader sustainability agenda.



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A Brighter Future