B A N K P E M B A N G U N A N M A L A Y S I A B E R H A D
197301003074 (16562-K)
(Incorporated in Malaysia)

Directors' Report and Audited Financial Statements
31 December 2025

197301003074 (16562-K)

Bank Pembangunan Malaysia Berhad
(Incorporated in Malaysia)

Contents	**Page**

197301003074 (16562-K)

Bank Pembangunan Malaysia Berhad
(Incorporated in Malaysia)

Directors' Report

The directors have pleasure in presenting their report together with the audited financial statements of the Group and of the Bank for the financial year ended 31 December 2025.

Principal Activities

The Bank is principally engaged to provide medium to long term credit and financing facilities including provision of guarantees and other related financing activities under both conventional and Islamic finance business to finance infrastructure projects, maritime, oil and gas, technology and capital intensive industries in manufacturing as well as other identified sectors in line with Malaysia's development policy.

Information relating to principal activities of the subsidiaries are disclosed in Note 52 to the financial statements.

Results

	Group RM'000	Bank RM'000
Net profit for the year	815,434	505,542
Attributable to:		
Equity holders of the Bank	815,253	505,542
Non-controlling interests	181	-
	815,434	505,542

There were no material transfers to or from reserves, allowances or provisions during the financial year other than those disclosed in Notes 7, 8, 9, 10, 11, 13, 14, 27, 43 and 44 to the financial statements and the statements of changes in equity.

In the opinion of the directors, the results of the operations of the Group during the financial year was higher compared to last year, primarily due to inclusion of the post-acquisition results of the newly acquired subsidiaries. The results of operations of the Bank was not substantially affected by any other item, transaction or event of a material and unusual nature.

Dividends

The amount of dividends paid by the Bank since 31 December 2024 were as follows:

Final single tier tax exempt dividend on 3,451,584,988 ordinary shares, amounting to RM151,000,000 (4.37 sen net per ordinary share), in respect of the financial year ended 31 December 2024 was approved on 26 June 2025 and paid on 30 June 2025.

Dividends (cont'd.)

At the forthcoming Annual General Meeting, a final single tier tax exempt dividend in respect of the financial year ended 31 December 2025, on 4,495,744,535 ordinary shares, amounting to RM245,000,000 (5.45 sen net per ordinary share) and a special single tier exempt dividend in respect of the financial year ended 31 December 2025, on 4,495,744,535 ordinary shares, amounting to RM50,000,000 (1.11 sen net per ordinary share) will be proposed for the shareholders' approval, with the proposed special dividend subject to approval from Bank Negara Malaysia ("BNM"). The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained profits in the financial year ending 31 December 2026.

Issuance of shares

During the financial year, the Bank increased its issued and paid-up ordinary share capital from RM4,018,781,049 to RM6,712,712,685 by way of issuance of 1,044,159,548 ordinary shares to the immediate holding company at an issue price of RM2.58 per ordinary share, as part of purchase consideration for the acquisition of subsidiaries as disclosed in Note 53 to the financial statements.

Directors

The names of the directors of the Bank in office since the beginning of the financial year to the date of this report are:

Dato' Sulaiman bin Mohd Tahir	
Ts. Dr Othman bin Abdullah	
Datuk Rashidah binti Mohd Sies	
Imri Dolhadi bin Ab Wahab	
Nor Darina binti Mohd Yusof	
Dato' Charon Wardini bin Mokhzani	(appointed on 1 February 2026)
Zulkiflee bin Hashim	(appointed on 1 April 2026)
Rozainah binti Awang	(appointed on 1 April 2026)
Jeremy Lee Eng Huat	(appointed on 1 April 2026)
Tan Sri Datuk Seri Rashpal Singh Randhay	(resigned on 18 October 2025)

The names of the directors of the subsidiaries of the Bank since the beginning of the financial year to the date of this report are:

(i) Small Medium Enterprise Development Bank Malaysia Berhad

Datuk Ahmad Hizzad bin Baharuddin
Zulkiflee bin Hashim
Suharti binti Mohd Ali
Afidah Azwa binti Abdul Aziz
Rozainah binti Awang

Directors (cont'd.)

The names of the directors of the subsidiaries of the Bank since the beginning of the financial year to the date of this report are: (cont'd.)

(i) Small Medium Enterprise Development Bank Malaysia Berhad (cont'd.)

Datuk Saidatu Akhma binti Hassan	(appointed on 1 January 2026)
Datuk Wan Azhar bin Wan Ahmad	(retired on 31 January 2026)
Dato’ Muslim bin Hussain	(retired on 30 September 2025)
Datuk Haji Zamri @ Fazillah bin Salleh	(retired on 31 January 2025)

(ii) Export-Import Bank of Malaysia Berhad

Dato' Charon Wardini bin Mokhzani	
Raymond Fam Chye Soon	
Dr Mastura binti Abdul Karim	
Abdul Aziz bin Abu Bakar	
Jeremy Lee Eng Huat	
Dato' Mastura binti Ahmad Mustafa	(appointed on 14 November 2025)
Datuk Bahria binti Mohd Tamil	(retired on 1 October 2025)

(iii) Danajamin Nasional Berhad (under Members' Voluntary Winding-Up)

Huang Swee Lin (representative from Boardroom Corporate Services Sdn. Bhd.)
Marlina binti Budin (representative from Boardroom Corporate Services Sdn. Bhd.)

(iv) Global Maritime Ventures Berhad

Aidil Haznul bin Zulkifli	
Cynthia Chee Pei Sze	(appointed on 31 October 2025)
Tan Ming Yew	(resigned on 1 November 2025)

(v) Pembangunan Leasing Corporation Sdn Bhd

Datuk Rashidah binti Mohd Sies	
Aidil Haznul bin Zulkifli	
Wee Yee Tat	(appointed on 30 September 2025)
Mohamed Nazri bin Omar	(resigned on 30 September 2025)

(vi) SME Growth Acceleration Fund Sdn Bhd

Nik Nor Aini binti Nik Mohamed
Elioskarma bin Abdul Aziz

Directors (cont'd.)

The names of the directors of the subsidiaries of the Bank since the beginning of the financial year to the date of this report are: (cont'd.)

(vii) Emerald Upline Sdn Bhd

Amreen bin Mohamed
Nik Nor Aini binti Nik Mohamed

(viii) Maju Nominees (Tempatan) Sdn Bhd

Elioskarma bin Abdul Aziz
Amreen bin Mohamed

(ix) BPMB Dana Sdn Bhd (formerly known as Ecologitec Sdn Bhd)

Hisham bin Zainal Mokhtar	
Nor Darina binti Mohd Yusof	(appointed on 10 April 2025)
Ts. Dr Othman bin Abdullah	(resigned on 30 April 2025 and re-appointed on 17 December 2025)
Tan Sri Datuk Seri Rashpal Singh Randhay	(resigned on 18 October 2025)

Directors' Benefits

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

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the directors, or the fixed salary of a full time employee of the Bank and the subsidiaries as disclosed below) by reason of a contract made by the Bank or a related corporation with any 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.

The details of the directors' remuneration paid or payable to the Directors of the Group and of the Bank during the financial year are as follows:

	Group RM'000	Bank RM'000
Fees	1,005	530
Other emoluments	1,335	924
	2,340	1,454

Directors' Interests

According to the register of directors' shareholdings, none of the directors in office at the end of the financial year had any interest in shares in the Bank or its related corporations during the financial year.

Indemnities to Directors or Officers

The Bank maintained on a group basis a Directors' and Officers' Liability Takaful for the purpose of Section 289 of the Companies Act 2016, throughout the year, which provides appropriate takaful cover for any directors and officers of the Group and of the Bank.

The total takaful coverage of the Group and of the Bank amounts to RM70,000,000 and the annual premium paid amounts to RM869,690 during the financial year. The directors and officers shall not be indemnified by such takaful for any deliberate negligence, fraud, intentional breach of law or breach of trust proven against them.

Immediate Holding Company

The immediate holding company of the Bank is the Minister of Finance (Incorporated) ("MOF (Inc.)"), a corporate body established under the Minister of Finance (Incorporation) Act 1957 in Malaysia.

Rating by External Rating Agencies

Details of the Bank's ratings are as follows:

Rating agency	Date	Rating classification	Rating
RAM Rating	28 November 2025	Financial Institution Ratings	AAA/Stable/ P1
		RM7.0 billion Conventional Medium-Term Notes Programme and/or Islamic Murabahah Medium-Term Notes Programmes (2006/2036)	AAA/Stable
MARC Rating	31 December 2025	Financial Institution Ratings	AAA/Stable
		RM11.0 billion Islamic Medium-Term Note (Sukuk Wakalah) Programme	AAA_{IS} /Stable

Business Outlook

Malaysia's economy is expected to remain resilient in 2026, with growth projected at 4.0%–5.0% (2025: 5.2%), supported by domestic demand and the continued implementation of initiatives under the 13th Malaysia Plan and Budget 2026.

Global uncertainties, particularly geopolitical developments and oil price volatility, are expected to persist in the near term. Inflation is projected to remain manageable at 1.5%–2.5% (2025: 1.4%), while BNM is expected to maintain a supportive monetary stance, with the Overnight Policy Rate at 2.75%. The ringgit is expected to remain broadly stable against the USD.

Domestic consumption and investments are expected to remain as key growth drivers, supported by targeted policy measures, including the rationalisation of fuel subsidies.

The Group's portfolio may face selective pressures, particularly within Small Medium Enterprise segments in transport, logistics, construction, manufacturing and services, amid cost and margin challenges. Exposures with international linkages may be more susceptible to external headwinds.

Notwithstanding these challenges, the Group's exposures remain predominantly domestic and aligned with national development priorities. Policy support is expected to remain conducive to sustaining economic activity.

Other Statutory Information

(a) Before the statements of profit or loss, statements of comprehensive income and statements of financial position of the Group and 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 financing and the making of impairment and allowance for doubtful debts and financing and satisfied themselves that all known bad debts and financing had been written off and that adequate impairment and allowance had been made for doubtful debts and financing; and

   (ii) to ensure that any current assets which were unlikely to realise their values as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.

Other Statutory Information (cont'd.)

(b) At the date of this report, the directors are not aware of any circumstances which would render:

(i) the amount written off for bad financing and debts or the amount of the impairment and allowance for doubtful debts and financing in the financial statements of the Group and of the Bank inadequate to any substantial extent; and

(ii) the values attributed to the current assets in the financial statements of the Group and of the Bank misleading.

(c) At the date of this report, the directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Bank misleading or inappropriate.

(d) At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements of the Group and of the Bank which would render any amount stated in the financial statements misleading.

(e) As at the date of this report, there does not exist:

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

(ii) any contingent liability of the Group or of the Bank which has arisen since the end of the financial year other than those arising in the normal course of business of the Group or of the Bank.

(f) In the opinion of the directors:

(i) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group or of the Bank to meet their obligations as and when they fall due other than those incurred in the normal course of business; and

(ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group or of the Bank for the financial year which this report is made.

197301003074 (16562-K)

Bank Pembangunan Malaysia Berhad
(Incorporated in Malaysia)

Significant and Subsequent Events

The significant and subsequent events during the financial year are as disclosed in Note 59 to the financial statements.

Auditors

The auditors, Ernst & Young PLT, have expressed their willingness to continue in office.

Auditors' remunerations for the Group and the Bank amounting to RM5,005,000 and RM1,676,300 respectively are disclosed in Note 40(iv) to the financial statements.

Signed on behalf of the Board of Directors in accordance with a resolution of the directors dated 26 May 2026.

Dato' Sulaiman bin Mohd Tahir

Ts. Dr Othman bin Abdullah

Kuala Lumpur, Malaysia

197301003074 (16562-K)

Bank Pembangunan Malaysia Berhad
(Incorporated in Malaysia)

Statement by Directors
Pursuant to Section 251 (2) of the Companies Act 2016

We, Dato' Sulaiman bin Mohd Tahir and Ts. Dr Othman bin Abdullah, being two of the directors of Bank Pembangunan Malaysia Berhad, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 25 to 313 are drawn up in accordance with MFRS Accounting Standards, IFRS Accounting 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 Group and of the Bank as at 31 December 2025 and of their financial performance and cash flows for the year then ended.

Signed on behalf of the Board of Directors in accordance with a resolution of the directors dated 26 May 2026.

Dato' Sulaiman bin Mohd Tahir

Ts. Dr Othman bin Abdullah

Kuala Lumpur, Malaysia

197301003074 (16562-K)

Bank Pembangunan Malaysia Berhad
(Incorporated in Malaysia)

Statutory Declaration
Pursuant to Section 251 (1) (b) of the Companies Act 2016 and
Section 73 (1) (e) of the Development Financial Institution Act 2002

We, Ts. Dr Othman bin Abdullah and Dato' Muzaffar bin Hisham, a Director and the Group Chief Executive Officer, respectively, of the Bank who are primarily being responsible for the financial management of Bank Pembangunan Malaysia Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 25 to 313 are to the best of our knowledge and belief, correct and we make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by the abovenamed at Kuala Lumpur in the Federal Territory on 26 May 2026.

Ts. Dr Othman bin Abdullah

Dato' Muzaffar bin Hisham

Before me,

PESURUHJAYA SUMPAH
W746
ROSLIZAM
BIN RAHIM
01.01.2024 - 31.12.2026
MALAYSIA

No. 1-26, JALAN PANDAN PRIMA 2
DATARAN PANDAN PRIMA
55100 KUALA LUMPUR

Shariah Committee's Report

In the Name of Allah, The Compassionate, The Most Merciful
Praise be to Allah and peace be upon His messenger, His family and His companions.

Assalamualaikum Warahmatullahi Wabarakaatuh

To the shareholders, customers and stakeholders of Bank Pembangunan Malaysia Berhad ("BPMB" or "the Bank") and its subsidiaries ("BPMB Group" or "the Group"):

INTRODUCTION

In carrying out the roles and the responsibilities of the Shariah Committee ("SC") of the Bank as prescribed in the Shariah Governance Policy Document (“SGPD") issued by BNM and in compliance with our terms of appointment, we hereby submit the following report for the financial year ended 31 December 2025.

Management's Responsibility

The Management of the Bank shall at all times be responsible for ensuring that the Bank’s aims and operations, business, affairs and activities in relation to its Islamic financial business are conducted in accordance with Shariah.

Shariah Committee's Responsibility

The SC is mandated by the Board of Directors ("Board") to perform its oversight responsibilities in the implementation of Shariah governance within BPMB Group. This mandate holds the SC of the Bank responsible to form an objective, sound, and independent opinion, based on our review of the aims and operations, business, affairs, and activities in relation to the Islamic financial business of the Bank and to produce this report.

The SC of the Bank is assisted by the Secretariat to the SC and the internal control functions which are established to carry out the specified roles under the Bank Shariah governance requirements. The Secretariat to the SC is undertaken by Group Islamic Finance ("GIF") and this function includes conducting research and studies on Shariah issues, providing Shariah advisory to the Bank based on the rulings of the Shariah Advisory Council ("SAC") of BNM and Securities Commission Malaysia as well as the decisions or advice of the SC and managing the allocation and distribution of the business zakat for the Bank as advised by the SC. In addition, GIF supports the strengthening and harmonisation of Shariah governance arrangements across BPMB Group, including governance alignment initiatives undertaken in support of the integration agenda. Meanwhile, the internal control functions under the Bank Shariah governance are entrusted to Shariah Risk, Shariah Review and Shariah Audit.

Shariah Committee's Report (cont'd.)

Shariah Committee's Responsibility (cont'd.)

During the financial year, we had convened a total of fifteen (15) meetings inclusive of three (3) special meetings, in which we reviewed and deliberated on, amongst others; the products and services, transactions, processes, and documents which were presented to us by the Bank. All five (5) members of the SC, including one (1) member whose term ended in March 2025; met the minimum 75% attendance requirement for the financial year's meetings, as set by BNM's SGPD. In performing our roles and responsibilities, we had obtained the information and explanations which we considered necessary to provide us with sufficient evidence to give reasonable assurance on whether the Bank has complied with Shariah. Accordingly, we have assessed the independent work carried out by Shariah Review and Shariah Audit for this purpose.

For effective governance and timely Shariah oversight, the SC has also exercised delegated endorsement arrangements for specified matters in accordance with the Shariah Committee Authority Matrix. These delegated endorsements were subsequently reported to the SC for information and governance tracking.

SIGNIFICANT DEVELOPMENTS AND ACTIVITIES

During the financial year, the SC reviewed, deliberated, and endorsed a range of product, investment, operational, and governance-related matters to ensure continued adherence to Shariah principles and applicable regulatory requirements. These included the proposed action to resolve long-outstanding unidentified deposits, which was assessed from both Shariah and governance perspectives. The SC also evaluated and approved BPMB Dana's private equity investment structures involving Redeemable Convertible Preference Shares, Redeemable Preference Shares, Put and Call Options, and Warrants, ensuring that the equity features, rights, and contractual arrangements were structured in a manner consistent with Shariah principles.

In supporting the Bank's operational effectiveness and Shariah-compliant transaction execution, the SC approved the appointment of new commodity brokers, to facilitate Commodity Murabahah transactions. The Committee also approved the Shariah structuring and restructuring of obligor indebtedness under the Kafalah payout into Tawarruq Financing.

In addition, the SC reviewed and approved several key documents and structural proposals, including the BPMB Standard Bank Guarantee-i (BG-i) template, the Strategic Initiative Risk-Sharing Fund from a Shariah perspective, the Concept Paper on Investment Accounts, and the proposed BPMB Musyarakah arrangement. These initiatives are intended to strengthen the Bank's Shariah-compliant product suite, promote risk-sharing arrangements, and support sustainable financing objectives.

The SC further endorsed the proposed advance rental mechanism for uncovered periods under Hire Purchase-i facilities, ensuring that the mechanism is implemented in a manner that is consistent with Shariah principles and aligned with prevailing regulatory expectations.

SIGNIFICANT DEVELOPMENTS AND ACTIVITIES (CONT'D.)

To promote and instil a strong culture of Shariah compliance, BPMB Group initiated a Shariah e-Learning initiative to enhance awareness and understanding of Shariah governance requirements, as well as the Islamic products and services offered by the BPMB Group. The initiative was developed through a collaborative effort involving BPMB Group's Shariah functions, GIF, Shariah Review, Shariah Audit and Shariah Risk, together with business representatives. The initiative received strong support from Senior Management and the Board and was approved by the SC.

The SC endorsement, approval and support of various structures, mechanisms, and documentation related to Shariah-compliant financial solutions reaffirm their dedication to developing innovative, Shariah-compliant financial solutions that align with regulatory requirements and industry best practices, while ensuring effective monitoring and governance of Shariah considerations.

In fostering meaningful engagement, the SC, the Board and the Management actively participate in joint training and development programmes, SC offsite, and social finance activities organised by the Bank. These engagements help the SC, the Board, and Management understand each other's roles, responsibilities, and perspectives. They ensure that all groups are aligned on the organisation's strategic goals and how Shariah principles integrate with these goals. Additionally, these engagements promote consistency in decision-making processes, ensuring that Shariah compliance is considered in all strategic decisions, while fostering collaboration and transparency across organisational levels.

As the Group-wide integration involving BPMB, Small Medium Enterprise Development Bank Malaysia Berhad ("SMEB") and Export-Import Bank of Malaysia Berhad ("EXIM") remains in progress, the SC has been periodically updated on the integration of Islamic businesses within the Group. This includes updates on the thresholds of Islamic and conventional financing portfolios, as well as Shariah non-compliant income, during SC meetings. These measures support the offering of Islamic products and services in line with the BPMB's "Islamic-First" policy, while adhering to Shariah and regulatory requirements. Furthermore, the Board approved the establishment of the Shariah Integration Committee ("SIC") on 10 December 2025 as an interim deliberative and recommendatory body to support Shariah governance harmonisation and integration during the integration process.

In parallel, to support enhanced Shariah governance and integration readiness, and in support of the SC and the Board, the GIF, in collaboration with relevant internal functions, continued to strengthen governance arrangements through alignment initiatives to ensure the clarity of roles, responsibilities and delegation of authority across the BPMB Group, including enhancing SC oversight over Shariah and Islamic-First related matters.

In support of the government and BNM's mandate on the advance value-based finance through Islamic finance leadership, the SC participated in various activities. This included representing BPMB at the BPMB Business Zakat presentation ceremonies, attending the Climate Governance Malaysia Exclusive Climate Update Briefings for the Board, and participating in the Islamic Private Equity Workshop.

SIGNIFICANT DEVELOPMENTS AND ACTIVITIES (CONT'D.)

During these engagements, the SC was updated on sustainability and climate change, including the latest trends, challenges, regulatory requirements, and risk management relevant to the banking industry.

Recognising the importance of continuously developing a reasonable understanding of the Bank's business and operations, and staying abreast of relevant market and regulatory developments, the SC actively pursued professional development. This included participating in Certified Shariah Advisory ("CSA") and Certified Shariah Practitioner ("CSP") programs, as well as attending various conferences and forums such as Muzakarah Cendekiawan Syariah Nusantara, Kuala Lumpur Islamic Finance Forum, and International Shariʿah Scholars Forum. These initiatives ensure that the SC is well-equipped with the latest knowledge in areas beyond Islamic finance, including risk management, cybersecurity, accounting, and economics.

Demonstrating a deep commitment to social responsibility and Shariah-aligned philanthropy, the SC has actively engaged in various community development initiatives throughout the year. Key engagements included the handover of asnaf houses under the MyHAUS Project by YAPEIM, cheque presentations for flood relief assistance, and participation in various zakat contribution ceremonies involving strategic partners across education, healthcare, and community-based sectors. These engagements reflect the Committee’s role in ensuring transparent and accountable zakat distribution in accordance with Shariah principles.

During the year, approvals were granted for zakat contributions for the provision of medical implants and devices for patients of Hospital Pakar Universiti Sains Malaysia, as well as post-flood assistance programmes in Sabah and Sarawak in collaboration with Yayasan Food Bank Malaysia. This was followed by approvals for various zakat initiatives aimed at strengthening education, healthcare, da’wah, and socio-economic empowerment of the asnaf, including sponsorships under the BPMB Award of Group’s Undergraduate Scholarship ("BAGUS"), support for Fardhu Ain and Al-Quran classes, upgrading of income-generating facilities, Back to School programmes, professional qualification sponsorships, da’wah initiatives, and BPMB’s participation as a strategic partner in SMEB iTEKAD ISHRAF Programme.

In conclusion, the SC, Board, and Management of BPMB have demonstrated a comprehensive and proactive approach to address key concerns and drive significant developments in Islamic finance. Through continuous learning, community engagement, and strategic initiatives, the Bank remains steadfast in upholding Shariah principles and contributing to the sustainable development of the financial industry.

In addition, governance enhancement initiatives continued to be undertaken during the year to support strong controls, improved efficiency and clearer accountability across the BPMB Group in line with evolving regulatory expectations.

SIGNIFICANT DEVELOPMENTS AND ACTIVITIES (CONT'D.)

Additionally, the following are the other major developments and initiatives in relation to Shariah governance that took place during the financial year:

a. Secretariat to the SC

GIF undertakes the secretariat function to serve the SC and has the responsibility to provide operational support for effective functioning of the SC, which includes coordinating communications and disseminating information among the SC, the Board and Senior Management; performing research and studies on Shariah issues; providing day-to-day Shariah advisory to relevant parties within the Bank on Shariah matters based on the rulings of the SAC of BNM and Securities Commission Malaysia as well as the decisions or advice of the SC.

In supporting enhanced Shariah governance, GIF also facilitated governance alignment efforts across the BPMB Group, including coordination to harmonise key governance instruments, including the approval authority arrangements, and clarity of delegated responsibilities across entities during the integration journey.

This includes providing the preliminary review of Shariah issues that arise from the proposals and documents provided by internal business and support functions prior to submitting for SC approval, deliberation, and information. The proposals and documents include, amongst others; the financing proposals, letter of offers, legal documentation, policies and procedures, internal guidelines, the Bank's annual report and other operational support activities.

For efficiency purposes, GIF has also been authorised by the SC to provide Shariah endorsement based on the delegated matters specified under the Shariah Committee Authority Matrix.

In this regard, delegated endorsements executed by GIF were tracked, recorded and periodically reported to the SC for governance visibility, ensuring that delegated matters remain subject to appropriate oversight and are aligned with the SC direction.

In supporting the Group’s integration agenda, the Secretariat has also facilitated preparatory work to strengthen Shariah governance arrangements across BPMB Group entities, including coordination efforts towards the operationalisation of the interim SIC, following the Board's approval.

GIF is also responsible for the management of business zakat distribution to ensure the business zakat is properly distributed in a timely manner.

SIGNIFICANT DEVELOPMENTS AND ACTIVITIES (CONT'D.)

b. Shariah Risk

Operational & Shariah Risk continues to assess and monitor the Shariah risk profile of BPMB through implementation of its tools i.e. Shariah Key Risk Indicator ("KRI") and Risk & Control Self-Assessment ("RCSA") and Scenario Analysis ("SA"). Since the onboarding of Operational Risk & Compliance Management System ("ORCMS") back in April 2024, the monitoring of risk tools are more efficient and can be done in a timely manner, especially for frequent reporting (ex: KRI) which was done on monthly basis.

Outcome from the risk monitoring tool related to Shariah risk are regularly updated to SC. Since the merger of BPMB with SMEB and EXIM, Shariah Risk also has been updating the KRI status from the other two (2) banks to SC so SC is well-aware on Shariah-compliant status of the bank from group's perspective. Further, RCSA reporting frequency has been increased to ensure Shariah risk profile to SC is at current for informed deliberation and decision.

In addition, continued efforts were undertaken to strengthen the consistency of risk reporting and governance alignment across BPMB Group in support of integration readiness.

c. Shariah Review

During the financial year, Group Compliance, through the Compliance Review team, continued to play a vital role in the ongoing identification, assessment and monitoring of BPMB Group's operations, business, affairs and activities to ensure compliance with Shariah requirements, rulings and principles. The Shariah review plan encompassed the review of the following newly introduced products by BPMB Group:

1. Islamic Foreign Exchange ("FX");
2. Islamic Profit Rate Swap ("IPRS"); and
3 BPMB's Tawarruq Financing

Any issues or findings arising from the Shariah Review are deliberated and approved by the SC, and subsequently reported to the Group Management Risk Committee ("GMRC") and the Board Risk Management Committee ("BRMC") for information.

The SC, GMRC and BRMC are kept regularly informed of relevant legal and regulatory developments, including applicable SAC rulings that may impact BPMB Group.

d. Shariah Audit

The Shariah Audit Section, operating within the Group Internal Audit ("GIA") function, plays a critical role in supporting the SC by providing independent and objective assurance on the adequacy and effectiveness of the Bank's internal controls, risk management frameworks, and Shariah governance processes. The Shariah Audit Section further strengthens the overall compliance of the Bank's operations, business activities, and affairs, ensuring alignment with Shariah requirements and regulatory expectations as prescribed by BNM, the Securities Commission Malaysia ("SCM"), and the resolutions and rulings of the BPMB's Group SC.

SIGNIFICANT DEVELOPMENTS AND ACTIVITIES (CONT'D.)

d. Shariah Audit (cont'd.)

Shariah Audits were conducted across selected functions within BPMB Group, with a focus on adding value and enhancement of internal controls, and reinforcement of Shariah governance practices. These audits contributed towards strengthening Shariah compliance across management, operational processes, and business activities of the BPMB Group. The scope of Shariah Audit encompasses an evaluation of the overall Shariah control environment, assessed in accordance with the guidelines set out in the BNM's SGPD, the Shariah Audit Risk-Based Assessment ("RBA"), and applicable internal auditing and Shariah auditing standards.

During the financial year ended 2025, a total of four (4) Shariah Audits were conducted by GIA in accordance with the approved Shariah Audit Plan 2025, as follows:

1. Shariah Audit on Pembangunan Leasing Corporation (PLC)'s Invoice Financing;
2. Shariah Audit on Debt Capital Markets & Syndication;
3. Shariah Audit on Disbursement and Account Management Activities; and
4. Audit on Shariah Risk Activities

Throughout the financial year, all audit findings and areas for improvement identified were reported to the Audit Issues Resolution Committee ("AIRC") for management action. These matters were subsequently deliberated by the Shariah Committee and the Board Audit Committee ("BAC"), ensuring appropriate oversight, timely remediation, and continuous strengthening of Shariah governance and compliance within the BPMB Group.

INITIATIVES ON TRAINING AND AWARENESS

In year 2025, a total of 217 staff had attended various Islamic finance, Shariah-related training programs and internal/external seminars, including among others, as follows:

1. Islamic Equity Investment & Pre-IPO Products
2. 3rd Nadwah of Shariah Advisers Islamic Capital Market 2025
3. Is Financing Highways via Sukuk a Good Alternative
4. Practical Shariah Risk Management in Islamic Finance
5. ASAS Shariah Officer Forum 2025
6. Future-Proofing Shariah Review : Mastering Integrated Compliance For a Resilient Islamic Finance Industry
7. Muzakarah Waqaf 1.0
8. Kuala Lumpur Islamic Finance Forum & Muzakarah 2025
9. Global Shariah Majlis 2025
10. Certified Shariah Advisor ("CSA") and Certified Shariah Practitioner ("CSP") Programme
11. 14th Annual Meeting & international Conference, World Zakat and Waqf Forum
12. Shariah Compliance & Shariah Contracts: Strengthening BPMB's Operational Excellence

197301003074 (16562-K)

Bank Pembangunan Malaysia Berhad
(Incorporated in Malaysia)

Shariah Committee's Report (cont'd.)

SHARIAH NON-COMPLIANT EVENTS AND DERECOGNISED INCOME

During the financial year 2025, nothing has come to the SC's attention that indicates the existence of any Shariah non-compliance events assessed as material, in accordance with BPMB's Shariah Non-Compliance Event's Materiality Assessment Matrix, that would cause~~s~~ the SC to believe that the operations, business, affairs and activities of the Bank involve any material Shariah non-compliances. Where applicable, the Bank undertook the appropriate rectification and purification measures, including channelling any Shariah non-compliant income to charity or the approved channel, in accordance with the established Shariah governance and internal control processes.

ZAKAT ON BUSINESS

The Bank had fulfilled its obligation to pay zakat on its business which amount has been computed using the capital growth method at the rate of 2.5775%. Throughout the year, the zakat amount paid by the Bank had been distributed to the states' zakat authorities and other eligible beneficiaries (asnaf) under the category of poor, needy, al-gharimin and fisabilillah as approved by the SC.

SHARIAH COMMITTEE OPINION

We had also reviewed the audited financial statements of the Group's and of the Bank's Islamic financial business for the financial year and confirmed that the financial statements are in compliance with Shariah.

In forming our opinion at the Group level, we have considered the reviews performed and reports issued by the Shariah governance functions, including Shariah Review, Shariah Audit and Shariah Risk Management, as well as the written SC opinions and confirmations issued at the applicable subsidiary level.

Based on the above, in our opinion:

1. **Contracts, Transactions and Dealings**

   The contracts, transactions and dealings entered into by the Group and the Bank in relation to its Islamic financial business for the financial year ended 31 December 2025, which were reviewed by us and, in respect of subsidiaries, based on the written SC opinions and confirmations issued at the applicable subsidiary level, are in compliance with Shariah; and

2. **Zakat**

   The computation and distribution of zakat fund of the Group and of the Bank, based on our review and reliance on the written confirmations provided by the applicable subsidiary level SC, are in compliance with Shariah.

197301003074 (16562-K)

Bank Pembangunan Malaysia Berhad
(Incorporated in Malaysia)

Shariah Committee's Report (cont'd.)

SHARIAH COMMITTEE OPINION (CONT'D.)

We, being two (2) of the members of the SC of Bank Pembangunan Malaysia Berhad, do hereby confirm that on behalf of the SC, to the best of our knowledge and belief, the aims and operations, business, affairs, and activities of the Bank in relation to its Islamic financial business for the financial year ended 31 December 2025 have been conducted in conformity with Shariah.

Reliance and Accountability

In forming this opinion at the Group level, we have relied on the written SC opinions and reports issued by the applicable SC of the Bank's subsidiaries, in accordance with the Bank's Shariah Governance Framework. Notwithstanding such reliance, each subsidiary SC remains responsible and accountable for its own Shariah governance, review, and Shariah opinion at the entity level.

We bear witness only to what we know, and we could not well guard against the unseen! (Surah Yusuf, verse:81)

We beg Allah the Almighty to grant us all the Success and Straight-Forwardness and Allah Knows Best.

Signed on behalf of the SC in accordance with a resolution of the SC dated 26 May 2026.

Prof. Dato' Dr Aznan bin Hasan
Chairman

Prof. Dr Salina binti Kassim
Member of the Committee

Kuala Lumpur, Malaysia

EY
Shape the future with confidence

Ernst & Young PLT
202006000003 (LLP0022760-LCA) & AF 0039
SST ID: W10-2002-32000062
Chartered Accountants
Level 23A Menara Milenium
Jalan Damanlela
Pusat Bandar Damansara
50490 Kuala Lumpur, Malaysia

Tel: +603 7495 8000
Fax: +603 2095 5332 (General line)
+603 2095 9076
+603 2095 9078
ey.com

197301003074 (16562-K)

Independent auditors' report to the members of Bank Pembangunan Malaysia Berhad (Incorporated in Malaysia)

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Bank Pembangunan Malaysia Berhad, which comprise the statements of financial position as at 31 December 2025 of the Group and of the Bank, and statements of profit or loss and statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Bank for the year then ended, and notes to the financial statements, including material accounting policy information, as set out on pages 25 to 313.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Bank as at 31 December 2025, and of their financial performance and their cash flows for the year then ended in accordance with MFRS Accounting Standards, IFRS Accounting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' responsibilities for the audit of the financial statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence and other ethical responsibilities

We are independent of the Group and 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 Code of Ethics for Professional Accountants (including International Independence standards) ("IESBA Code") as applicable to audits of financial statements of public interest entities and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Information other than the financial statements and auditors' report thereon

The directors of the Bank are responsible for the other information. The other information comprises the information included in the Directors' Report and the Annual Report but does not include the financial statements of the Group and of the Bank and our auditors' report thereon.

197301003074 (16562-K)

Independent auditors' report to the members of
Bank Pembangunan Malaysia Berhad (cont'd.)
(Incorporated in Malaysia)

Report on the audit of the financial statements (cont'd.)

Information other than the financial statements and auditors' report thereon (cont'd.)

Our opinion on the financial statements of the Group and of the Bank does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Bank, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and 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 this 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 Group and of the Bank that give a true and fair view in accordance with MFRS Accounting Standards, IFRS Accounting Standards and the requirements of the Companies Act 2016 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements of the Group and of the Bank that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Bank, the directors are responsible for assessing the Group's and the Bank's ability 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 Group or the Bank or to cease operations, or have no realistic alternative but to do so.

197301003074 (16562-K)

**Independent auditors' report to the members of
Bank Pembangunan Malaysia Berhad (cont'd.)
(Incorporated in Malaysia)**

Report on the audit of the financial statements (cont'd.)

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and 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 Group and 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.

197301003074 (16562-K)

Independent auditors' report to the members of
Bank Pembangunan Malaysia Berhad (cont'd.)
(Incorporated in Malaysia)

Report on the audit of the financial statements (cont'd.)

Auditors' responsibilities for the audit of the financial statements (cont'd.)

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 (cont'd.):

- 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 Group's or the Bank's ability 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 Group and 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 Group or the Bank to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Bank, including the disclosures, and whether the financial statements of the Group and of the Bank represent the underlying transactions and events in a manner that achieves fair presentation.

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis of the entities or business units within the group as a basis for forming an opinion on the financial statements of the Group. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

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.

EY
Shape the future
with confidence

197301003074 (16562-K)

Independent auditors' report to the members of
Bank Pembangunan Malaysia Berhad (cont'd.)
(Incorporated in Malaysia)

Report on other legal and regulatory requirements

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors, are disclosed in Note 52 to the financial statements.

Other matters

This report is made solely to the members of the Bank, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

Ernst & Young PLT
202006000003 (LLP0022760-LCA) & AF 0039
Chartered Accountants

Ahmad Qadri Bin Jahubar Sathik
No. 03254/05/2028 J
Chartered Accountant

Kuala Lumpur, Malaysia
26 May 2026

197301003074 (16562-K)

Bank Pembangunan Malaysia Berhad
(Incorporated in Malaysia)

Statements of Financial Position
As at 31 December 2025

		Group		Bank	
		2025	2024	2025	2024
	Note	RM'000	RM'000	RM'000	RM'000
Assets					
Cash and short term deposits	4	2,547,916	1,919,059	1,025,718	1,904,930
Deposits and placements with financial institutions	5	860,157	150,786	145,275	150,336
Financial investments at fair value through profit or loss ("FVTPL")	6	67,446	10,090	10,619	10,090
Financial investments at fair value through other comprehensive income ("FVOCI")	7	15,268,051	12,682,127	12,293,798	12,682,127
Financial investments at amortised cost ("AC")	8	1,448,720	64,086	592,284	59,410
Loans, financing and advances	9	30,548,155	18,427,053	17,988,303	18,160,642
Financial guarantee recoverable	10	81,639	137,683	81,639	137,683
Financial guarantee fee receivables	11	159,497	199,027	159,497	199,027
Reinsurance contract assets	12	717	-	-	-
Other assets	13	413,234	442,850	488,668	433,367
Investments in subsidiaries	14	-	-	4,922,833	2,093,207
Interest in associates	15	657	693	-	-
Interest in joint ventures	16	-	-	-	-
Property, plant and equipment	17	197,104	42,884	24,323	42,479
Investment properties	18	102,451	65,802	-	65,802
Intangible assets	19	56,327	24,976	18,562	23,736
Right-of-use assets	20	72,593	58,959	52,771	58,922
Deferred tax assets	21	455,619	432,603	370,199	432,304
		52,280,283	34,658,678	38,174,489	36,454,062
Assets classified as held for sale	22	86,560	-	75,076	-
Total assets		52,366,843	34,658,678	38,249,565	36,454,062

Bank Pembangunan Malaysia Berhad
(Incorporated in Malaysia)

Statements of Financial Position
As at 31 December 2025 (cont'd.)

		Group		Bank	
	Note	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Liabilities					
Deposits from customers	23	16,841,720	13,672,697	11,006,238	13,946,886
Deposits and placements from financial institutions	24	3,070,244	1,443,589	3,008,710	1,443,589
Collateralised Commodity Murabahah	25	1,014,208	278,342	1,014,208	278,342
Financial guarantee deferred income	26	203,550	232,416	193,374	232,416
Insurance contract/takaful certificate liabilities	12	20,474	-	-	-
Takaful participants fund	57(m)	7,484	-	-	-
Other liabilities	27	1,624,722	667,331	1,981,883	2,435,182
Redeemable notes and Islamic commercial papers	28	12,655,914	8,375,742	8,346,091	8,375,742
Borrowings and funding	29	3,288,068	152,540	152,540	152,540
Derivative financial instruments	30	48,862	-	-	-
Deferred income	31	875,466	379,714	370,382	379,714
Lease liabilities	32	80,368	64,483	60,330	64,442
Deferred tax liabilities	21	488	128	-	-
Total liabilities		39,731,568	25,266,982	26,133,756	27,308,853
Equity attributable to equity holders of the Bank					
Share capital	33	6,712,713	4,018,781	6,712,713	4,018,781
Reserves	34	5,911,084	5,360,037	5,403,096	5,126,428
		12,623,797	9,378,818	12,115,809	9,145,209
Non-controlling interests		11,478	12,878	-	-
Total equity		12,635,275	9,391,696	12,115,809	9,145,209
Total liabilities and equity		52,366,843	34,658,678	38,249,565	36,454,062
Commitments and contingencies	48(a)	13,539,743	6,772,310	9,435,085	6,582,386

The accompanying notes form an integral part of the financial statements

Bank Pembangunan Malaysia Berhad
(Incorporated in Malaysia)

Statements of Profit or Loss
For the Financial Year Ended 31 December 2025

		Group		Bank	
		2025	2024	2025	2024
	Note	RM'000	RM'000	RM'000	RM'000
Interest income	36	155,514	113,018	80,112	111,215
Interest expense	37	(101,514)	(28,234)	(23,605)	(28,232)
Net interest income (before modification gain/(loss))		54,000	84,784	56,507	82,983
Modification gain/(loss)		2,292	(3,393)	2,148	(3,867)
Net interest income (after modification gain/(loss))		56,292	81,391	58,655	79,116
Insurance/takaful service results	38	2,093	-	-	-
Net income from Islamic finance business	57	1,248,485	839,430	875,670	809,534
Non-interest income	39	114,874	50,088	33,315	48,351
Net income		1,421,744	970,909	967,640	937,001
Overhead expenses	40	(491,877)	(218,961)	(199,463)	(210,421)
Loss arising from dissolution of subsidiaries	14(b)	-	(2,362)	-	-
(Allowance for)/writeback of impairment losses on loans, financing and advances	43	(761,359)	235,105	(782,025)	231,462
Writeback of/(allowance for) impairment losses on financial guarantee	27(b)	455,697	(339,049)	456,293	(339,049)
Writeback of/(allowance for) impairment losses on other assets	44	306,286	(62,972)	148,780	(72,101)
Operating profit		930,491	582,670	591,225	546,892
Share of profit of associates and joint ventures		(37)	10	-	-
Surplus attributable to takaful participants	57(m)(i)	(590)	-	-	-
Profit before taxation and zakat		929,864	582,680	591,225	546,892
Taxation	45	(98,797)	(139,898)	(72,624)	(129,630)
Zakat		(15,633)	(13,717)	(13,059)	(11,479)
Net profit for the year		815,434	429,065	505,542	405,783

Bank Pembangunan Malaysia Berhad
(Incorporated in Malaysia)

Statements of Profit or Loss
For the Financial Year Ended 31 December 2025 (cont'd.)

	Note	Group 2025 RM'000	Group 2024 RM'000	Bank 2025 RM'000	Bank 2024 RM'000
Attributable to:					
Equity holders of the Bank					
Profit for the year attributable to equity holders of the Bank		815,253	428,118	505,542	405,783
Non-controlling interests					
Income for the year attributable to non-controlling interests of the Bank		181	947	-	-
		815,434	429,065	505,542	405,783
Earnings per share attributable to the equity holders of the Bank:					
Basic/diluted earnings per share (sen)	47	18.13	12.40		

The accompanying notes form an integral part of the financial statements

197301003074 (16562-K)

Bank Pembangunan Malaysia Berhad
(Incorporated in Malaysia)

Statements of Comprehensive Income
For the Financial Year Ended 31 December 2025

	Group		Bank	
	2025	**2024**	**2025**	**2024**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Net profit for the year	815,434	429,065	505,542	405,783
Other comprehensive (loss)/income				
Items that will not be reclassified to profit or loss:				
Net change in revaluation of equity instruments at fair value through other comprehensive income	(3,307)	666	-	666
Items that may be reclassified to profit or loss:				
Translation differences in respect of foreign operations	(1,993)	(144)	-	-
Debt instruments at fair value through other comprehensive income:				
- Net change in fair value during the year	138,155	33,567	139,332	33,567
- Changes in expected credit losses	(183,874)	(14,327)	(183,766)	(14,327)
	(51,019)	19,762	(44,434)	19,906
Income tax effect (Note 21)	(36,988)	(8,056)	(33,440)	(8,056)
	(36,988)	(8,056)	(33,440)	(8,056)
Other comprehensive (loss)/income for the year, net of tax	(88,007)	11,706	(77,874)	11,850
Total comprehensive income for the year	727,427	440,771	427,668	417,633
Total comprehensive income attributable to:				
Equity holders of the Bank	728,827	439,824	427,668	417,633
Non-controlling interests	(1,400)	947	-	-
	727,427	440,771	427,668	417,633

The accompanying notes form an integral part of the financial statements

197301003074 (16562-K)

Bank Pembangunan Malaysia Berhad
(Incorporated in Malaysia)

Consolidated Statement of Changes in Equity
For the Financial Year Ended 31 December 2025

		<---- Attributable to equity holders of the Bank ----									
		<---- Non-distributable ----									
Group	**Note**	**Share capital RM'000**	**Capital reserve RM'000**	**Statutory reserve RM'000**	**Merger deficit RM'000**	**Unrealised FVOCI reserve RM'000**	**Exchange translation reserve RM'000**	**Distributable retained profits RM'000**	**Total RM'000**	**Non-controlling interests RM'000**	**Total equity RM'000**
At 1 January 2025		4,018,781	1,000	2,344,763	(20,188)	210,504	445	2,823,513	9,378,818	12,878	9,391,696
Profit for the year		-	-	-	-	-	-	815,253	815,253	181	815,434
Other comprehensive loss for the year		-	-	-	-	(86,014)	(412)	-	(86,426)	(1,581)	(88,007)
Total comprehensive (loss)/income for the year		-	-	-	-	(86,014)	(412)	815,253	728,827	(1,400)	727,427
Arising from acquisition of subsidiaries	53	-	-	-	(26,780)	-	-	-	(26,780)	-	(26,780)
Transfer to statutory reserve		-	-	252,771	-	-	-	(252,771)	-	-	-
Issuance of shares	33	2,693,932	-	-	-	-	-	-	2,693,932	-	2,693,932
Dividend paid	46	-	-	-	-	-	-	(151,000)	(151,000)	-	(151,000)
At 31 December 2025		6,712,713	1,000	2,597,534	(46,968)	124,490	33	3,234,995	12,623,797	11,478	12,635,275
At 1 January 2024		4,018,781	1,000	2,243,317	(20,188)	199,320	589	2,619,175	9,061,994	11,931	9,073,925
Profit for the year		-	-	-	-	-	-	428,118	428,118	947	429,065
Other comprehensive income/(loss) for the year		-	-	-	-	11,850	(144)	-	11,706	-	11,706
Total comprehensive income/(loss) for the year		-	-	-	-	11,850	(144)	428,118	439,824	947	440,771
Transfer to retained profits on the disposal of equity instruments at FVOCI		-	-	-	-	(666)	-	666	-	-	-
Transfer to statutory reserve		-	-	101,446	-	-	-	(101,446)	-	-	-
Dividend paid	46	-	-	-	-	-	-	(123,000)	(123,000)	-	(123,000)
At 31 December 2024		4,018,781	1,000	2,344,763	(20,188)	210,504	445	2,823,513	9,378,818	12,878	9,391,696

The accompanying notes form an integral part of the financial statements

197301003074 (16562-K)

Bank Pembangunan Malaysia Berhad
(Incorporated in Malaysia)

Statement of Changes in Equity
For the Financial Year Ended 31 December 2025

		<--------------Non-distributable		---------------->		
Bank	**Note**	**Share capital RM'000**	**Statutory reserve RM'000**	**Unrealised FVOCI reserve RM'000**	**Distributable retained profits RM'000**	**Total RM'000**
At 1 January 2025		4,018,781	2,344,763	228,012	2,553,653	9,145,209
Profit for the year		-	-	-	505,542	505,542
Other comprehensive loss for the year		-	-	(77,874)	-	(77,874)
Total comprehensive (loss)/income for the year		-	-	(77,874)	505,542	427,668
Transfer to statutory reserve		-	252,771	-	(252,771)	-
Issuance of shares	33	2,693,932	-	-	-	2,693,932
Dividend paid	46	-	-	-	(151,000)	(151,000)
At 31 December 2025		6,712,713	2,597,534	150,138	2,655,424	12,115,809
At 1 January 2024		4,018,781	2,243,317	216,828	2,371,650	8,850,576
Profit for the year		-	-	-	405,783	405,783
Other comprehensive income for the year		-	-	11,850	-	11,850
Total comprehensive income for the year		-	-	11,850	405,783	417,633
Transfer to retained profits on the disposal of equity instruments at FVOCI		-	-	(666)	666	-
Transfer to statutory reserve		-	101,446	-	(101,446)	-
Dividend paid	46	-	-	-	(123,000)	(123,000)
At 31 December 2024		4,018,781	2,344,763	228,012	2,553,653	9,145,209

The accompanying notes form an integral part of the financial statements

Bank Pembangunan Malaysia Berhad
(Incorporated in Malaysia)

Statements of Cash Flows
For the Financial Year Ended 31 December 2025

	Group		Bank	
	2025	**2024**	**2025**	**2024**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Cash flows from operating activities				
Profit before taxation and zakat	929,864	582,680	591,225	546,892
Adjustments for:				
Share of profit of associates and joint ventures	37	(10)	-	-
Depreciation of property, plant and equipment (Note 40(ii))	20,397	10,128	9,793	9,966
Depreciation of investment properties (Note 40(ii))	3,473	724	953	724
Amortisation of intangible assets (Note 40(ii))	15,189	6,775	6,555	6,482
Depreciation of right-of-use assets (Note 40(ii))	9,885	5,709	6,151	5,699
Gain on disposal of property, plant and equipment (Note 39(b) and 57(s))	(99)	-	-	-
Net gain on disposal of financial investments at FVOCI (Note 39(a) and 57(s))	(84,964)	(10,782)	(83,170)	(10,782)
Net gain on disposal of financial investments at FVTPL (Note 57(s))	(1,351)	(1,315)	(685)	(1,315)
Accretion of discount less amortisation of premium of financial investments (Note 36 and 57(s))	38,378	43,479	37,403	43,479
RCCPS dividend income (Note 39)	-	-	(10,963)	-
Modification loss	18,160	21,149	15,417	21,631
(Writeback of)/allowance for impairment losses on:				
Financial investments at FVOCI (Note 44)	(183,874)	51,720	(183,766)	51,720
Financial investments at AC (Note 44)	(143,662)	396	2,791	(1)
Investments in subsidiaries (Note 44)	-	-	7	2,643
RCCPS dividend receivable (Note 44)	-	-	10,963	-
Corporate guarantees (Note 44)	-	(6,619)	-	-
Letter of credits (Note 44)	16	-	-	-
Other assets at AC (Note 44)	171	-	-	-
Allowance sundry debtors (Note 44)	(162)	-	-	-
Provision for tenants (Note 44)	220	-	220	-
Allowance for/(writeback of) impairment losses on loans, financing and advances, net (Note 43)	663,054	(165,767)	645,972	(162,447)
Balance carried forward	1,284,732	538,267	1,048,866	514,691

197301003074 (16562-K)

Bank Pembangunan Malaysia Berhad
(Incorporated in Malaysia)

Statements of Cash Flows
For the Financial Year Ended 31 December 2025 (cont'd.)

	Group		Bank	
	2025	**2024**	**2025**	**2024**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Cash flows from operating activities (cont'd.)				
Balance brought forward	1,284,732	538,267	1,048,866	514,691
Allowance for impairment losses on financial guarantee recoverable (Note 44)	21,044	-	21,044	-
(Writeback of)/allowance for impairment losses on financial guarantee (Note 27(a))	(455,697)	339,049	(456,293)	339,049
Allowance for impairment losses on financial guarantee fee receivable (Note 44)	-	17,747	-	17,747
Impaired loans/financing assets written off (Note 43)	212,755	43,929	187,721	43,820
Writeback of ex-staff loan/financing (Note 44)	(39)	(143)	(39)	(143)
Allowance for impairment losses on property, plant and equipment (Note 44)	-	24	-	24
Allowance for impairment losses on intangible assets (Note 44)	-	111	-	111
Unrealised gain on derivatives, net (Note 39)	(36,459)	-	-	-
Unrealised fair value loss on MTN/ sukuk (Note 39)	4,940	-	-	-
Unrealised gain/(loss) on financial investments at FVTPL (Note 57(s))	67,395	(2,973)	(735)	(2,973)
Interest/profit expense on redeemable notes and sukuk (Note 37 and 57(v))	481,660	374,956	359,995	374,956
Interest/profit expense on borrowings and funding (Note 29)	56,913	7,319	7,299	7,319
Amortisation of Islamic commercial papers	2,585	-	-	-
Interest expense on lease liabilities (Note 32)	3,833	3,298	3,443	3,296
Unrealised foreign exchange loss	85,358	-	-	-
Loss arising from dissolution of subsidiaries (Note 14(b))	-	2,362	-	-
Operating cash flows before working capital changes	1,729,020	1,323,946	1,171,301	1,297,897

Bank Pembangunan Malaysia Berhad
(Incorporated in Malaysia)

Statements of Cash Flows
For the Financial Year Ended 31 December 2025 (cont'd.)

	Group		Bank	
	2025	**2024**	**2025**	**2024**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Cash flows from operating activities (cont'd.)				
Decrease/(increase) in operating assets:				
Deposits and placements with financial institutions	1,493,035	(44,942)	5,061	(150,336)
Loans, financing and advances	(1,069,533)	(1,649,859)	(676,770)	(1,614,875)
Financial guarantee fee receivables	39,530	142,694	39,530	142,694
Financial guarantee recoverable	35,000	-	35,000	-
Reinsurance contract assets	3,218	-	-	-
Other assets	609,771	463,399	(30,513)	475,052
	1,111,021	(1,088,708)	(627,692)	(1,147,465)
(Decrease)/increase in operating liabilities:				
Deposits from customers	(2,231,869)	4,617,576	(2,940,648)	4,891,765
Deposits and placements from financial institutions	1,482,630	656,097	1,565,121	656,097
Financial guarantee deferred income	(28,866)	(161,129)	(39,042)	(161,129)
Insurance contract/takaful certificate liabilities	(5,244)	-	-	-
Takaful participants funds	590	-	-	-
Other liabilities	(360,446)	20,179	(9,109)	(27,853)
	(1,143,205)	5,132,723	(1,423,678)	5,358,880
Cash generated from/(used in) operating activities	1,696,836	5,367,961	(880,069)	5,509,312
Income taxes paid	(215,734)	(294,142)	(218,508)	(290,633)
Zakat paid	(14,507)	(10,807)	(10,307)	(10,289)
Net cash generated from/(used in) operating activities	1,466,595	5,063,012	(1,108,884)	5,208,390
Cash flows from investing activities				
Acquisition of subsidiaries, net of cash and short term deposits	118,029	-	-	-
Purchase of financial investments at FVTPL	(112,990)	-	-	-
Purchase of financial investments at FVOCI	(4,581,325)	(4,731,004)	(4,321,325)	(4,731,004)
Purchase of financial investments at AC	(915,104)	-	(530,104)	-
Purchase of property, plant and equipment	(13,464)	(7,208)	(1,865)	(6,342)
Balance carried forward	(5,504,854)	(4,738,212)	(4,853,294)	(4,737,346)

Bank Pembangunan Malaysia Berhad
(Incorporated in Malaysia)

Statements of Cash Flows
For the Financial Year Ended 31 December 2025 (cont'd.)

	Group		Bank	
	2025	**2024**	**2025**	**2024**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Cash flows from investing activities (cont'd.)				
Balance brought forward	(5,504,854)	(4,738,212)	(4,853,294)	(4,737,346)
Purchase of intangible assets	(4,020)	(6,225)	(1,381)	(4,695)
Proceeds from disposal of financial investments at FVTPL	95,811	1,694	891	1,694
Proceeds from disposal of financial investments at FVOCI	4,958,357	1,316,408	4,903,089	1,316,361
Net cash outflow on dissolution of subsidiaries (Note 14(b))	-	(47)	-	-
Net cash (used in)/generated from investing activities	(454,706)	(3,426,382)	49,305	(3,423,986)
Cash flows from financing activities				
Net payment/repayment of sukuk/ redeemable notes (Note 28)	(1,335,000)	(550,000)	(835,000)	(550,000)
Sukuk issuance (Note 28)	1,300,000	-	800,000	-
Issuance/(repayment) of borrowings and funding (Note 29)	(322,785)	-	-	-
Interest/profit paid for redeemable notes (Note 28)	(465,803)	(420,930)	(354,645)	(381,354)
Interest/profit paid for borrowings and funding (Note 29)	(47,369)	(7,299)	(7,299)	(7,299)
Increase in Collateralised Commodity Murabahah	735,866	278,342	735,866	278,342
Payment of lease liabilities	(11,583)	(3,491)	(7,555)	(3,481)
Dividend paid (Note 46)	(151,000)	(123,000)	(151,000)	(123,000)
Net cash (used in)/generated from financing activities	(297,674)	(826,378)	180,367	(786,792)
Net increase/(decrease) in cash and cash equivalents	714,215	810,252	(879,212)	997,612
Net foreign exchange difference	(85,358)	-	-	-
Cash and cash equivalents at beginning of the year	1,919,059	1,108,807	1,904,930	907,318
Cash and cash equivalents at end of the year	2,547,916	1,919,059	1,025,718	1,904,930
Cash and cash equivalents comprise:				
Cash and short term deposits (Note 4)	2,547,916	1,919,059	1,025,718	1,904,930

Notes to the Financial Statements - 31 December 2025

1. Corporate Information

Bank Pembangunan Malaysia Berhad ("the Bank") is a public limited liability company, incorporated and domiciled in Malaysia.

The registered office of the Bank is located at Level 32, Menara Bank Pembangunan, Plaza Conlay, Jalan Conlay, 50450 Kuala Lumpur.

The holding company of the Bank is the Minister of Finance (Incorporated) ("MOF (Inc.)") a corporate body established under the Minister of Finance (Incorporation) Act 1957 in Malaysia.

The Bank is principally engaged to provide medium to long term credit and financing facilities including provision of guarantees and other related financing activities under both conventional and Islamic finance business principles to finance infrastructure projects, maritime, oil and gas, technology and capital intensive industries in manufacturing as well as other identified sectors in line with the Malaysia's development policy. The principal activities of the subsidiary companies are as disclosed in Note 52.

There have been no significant changes in the nature of the principal activities of the Bank and the subsidiaries during the financial year other than those disclosed in Note 52 to the financial statements.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Board of Directors on 26 May 2026.

2. Material Accounting Policies

2.1 Statement of Compliance and Basis of Preparation

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

The financial statements incorporate those activities relating to Islamic finance business, which have been undertaken by the Group. Islamic finance business refers generally to the business activities in accordance with Shariah principles.

The Group and the Bank present the statements of financial position in order of liquidity. An analysis regarding the recovery or settlement within 12 months after the reporting date (current) and more than 12 months after the reporting date (non-current) is presented in Note 54(c).

2. Material Accounting Policies (cont'd.)

2.1 Statement of Compliance and Basis of Preparation (cont'd.)

The financial statements of the Group and of the Bank have been prepared under the historical cost basis unless otherwise indicated in the summary of significant accounting policies below. The financial statements are presented in Ringgit Malaysia ("RM") and all values are rounded to the nearest thousand ("RM'000") except where otherwise indicated.

2.2 Changes in Accounting Policies

The accounting policies adopted are consistent with those of the previous financial year except as follows:

On 1 January 2025, the Group and the Bank adopted the following amended MFRS Accounting Standards mandatory for annual financial periods beginning on or after 1 January 2025.

Description	**Effective for annual period beginning on or after**
Lack of Exchangeability (Amendments to MFRS 121)	1 January 2025

The adoption of the amendments to MFRS Accounting Standards above did not have any significant impact on the financial statements of the Group and of the Bank in the current financial year.

2.3 Standards Issued but not yet Effective

The standards, amendments and annual improvements that are issued but not yet effective up to the date of issuance of the financial statements of the Group and of the Bank are disclosed below. The Group and the Bank intend to adopt these standards, if applicable, when they become effective.

Description	**Effective for annual period beginning on or after**
Amendments to the Classification and Measurement of Financial Instruments (Amendments to MFRS 9 and MFRS 7)	1 January 2026
Contracts Referencing Nature - dependent Electricity (Amendments to MFRS 9 and MFRS 7)	1 January 2026
Annual Improvements to MFRS Accounting Standards - Volume 11	1 January 2026
MFRS 18 - *Presentation and Disclosure in Financial Statements*	1 January 2027

2. Material Accounting Policies (cont'd.)

2.3 Standards Issued but not yet Effective (cont'd.)

The standards, amendments and annual improvements that are issued but not yet effective up to the date of issuance of the financial statements of the Group and of the Bank are disclosed below. The Group and the Bank intend to adopt these standards, if applicable, when they become effective (cont'd.).

Description	**Effective for annual period beginning on or after**
MFRS 19 - *Subsidiaries without Public Accountability: Disclosures*	1 January 2027
Translation to a Hyperinflationary Presentation Currency (Amendments to MFRS 121)	1 January 2027
Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to MFRS 10 and MFRS 128)	Deferred

These standards, amendments and annual improvements are not expected to have a significant impact on the Group and the Bank financial statements other than MFRS 18 *Presentation and Disclosure in Financial Statements* which the Group and the Bank are in the midst of evaluating the potential impact of adopting this standard on the required effective date.

2.4 Summary of Material Accounting Policies

(a) Subsidiaries and basis of consolidation

(i) Subsidiaries

Subsidiaries are entities controlled by the Bank. The Group controls an investee if and only if the Group has:

- Power over the investee i.e. existing rights that give the current ability to direct the relevant activities of the investee;
- Exposure, or rights, to variable returns from its involvement with the investee; and
- The ability to use its power over the investee to affect its return.

2. Material Accounting Policies (cont'd.)

2.4 Summary of Material Accounting Policies (cont'd.)

(a) Subsidiaries and basis of consolidation (cont'd.)

(i) Subsidiaries (cont'd.)

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption, and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether Group has power over an investee, including:

- The contractual arrangements with the other vote holders of the investee;
- Rights arising from other contractual arrangements; and
- The Group's voting rights and potential voting rights.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.

In the Bank's separate financial statements, investments in subsidiaries are stated at cost less any impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Notes 3(a)(ii) and 3(c). On disposal of such investments, the difference between the net disposal proceeds and their carrying amounts is recognised as gain or loss on disposal in the statements of profit or loss. Dividends received from subsidiaries are recorded as a component of revenue in the Bank's separate statement of profit or loss.

(ii) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Bank and its subsidiaries including the equity accounting of interest in associates and joint ventures as at the reporting date. The financial statements of the subsidiaries, associates and joint ventures are prepared for the same reporting date as the Bank.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. In preparing the consolidated financial statements, intragroup balances, transactions and unrealised gains or losses are eliminated in full. Uniform accounting policies are adopted in the consolidated financial statements for transactions and events in similar circumstances.

2. Material Accounting Policies (cont'd.)

2.4 Summary of Material Accounting Policies (cont'd.)

(a) Subsidiaries and basis of consolidation (cont'd.)

(ii) Basis of consolidation (cont'd.)

Non-controlling interests ("NCI") represent the portion of profit or loss and net assets in subsidiaries not wholly-owned, directly or indirectly by the Bank. NCI are presented separately in the consolidated statement of profit or loss and statement of comprehensive income and within equity in the consolidated statement of financial position, but separate from parent shareholders' equity. Total profit or loss and other comprehensive income is allocated against the interest of NCI, even if this results in the NCI having a deficit balance. Acquisition of NCI are accounted for using the parent entity extension method, whereby the difference between the consideration and the fair value of the share of the net assets acquired is recognised as equity.

A change in the ownership interest of a subsidiary, without loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary at their carrying amounts;
- Derecognises the carrying amount of any non-controlling interest in the former subsidiary;
- Derecognises the cumulative foreign exchange translation differences recorded in equity;
- Recognises the fair value of the consideration received;
- Recognises the fair value of any investment retained in the former subsidiary;
- Recognises any surplus or deficit in the profit or loss; and
- Reclassifies the parent's share of components previously recognised in other comprehensive income to profit or loss or retained earnings, if required in accordance with other MFRS Accounting Standards.

All of the above will be accounted for from the date when control is lost.

2. Material Accounting Policies (cont'd.)

2.4 Summary of Material Accounting Policies (cont'd.)

(a) Subsidiaries and basis of consolidation (cont'd.)

(iii) Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

Any contingent considerations to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of MFRS 9 *Financial Instruments* ("MFRS 9") is measured at fair value with changes in fair value recognised either in the statements of profit or loss or statements of comprehensive income in accordance with MFRS 9. Other contingent considerations that is not within the scope of MFRS 9 is measured at fair value at each reporting date with changes in fair value recognised in the statements of profit or loss.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for NCI, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the re-assessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss.

2. Material Accounting Policies (cont'd.)

2.4 Summary of Material Accounting Policies (cont'd.)

(a) Subsidiaries and basis of consolidation (cont'd.)

(iii) Business combinations and goodwill (cont'd.)

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group’s cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a cash-generating unit and part of the operation within that unit is disposed off, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

(iv) Merger accounting for common control business combinations

Acquisitions which result in a business combination involving common control entities, are outside the scope of MFRS 3 *Business Combination.* Accordingly, common control business combinations are accounted for using the merger accounting method.

A business combination involving entities under common control is a business combination in which all the combining entities or subsidiaries are ultimately controlled by the same party and parties both before and after the business combination, and that control is not transitory.

Subsidiaries acquired which have met the criteria for pooling of interest are accounted for using merger accounting principles. The results of the subsidiaries are accounted and presented from the acquisition date onwards.

The assets and liabilities combined are accounted for based on the carrying amounts from the perspective of the acquiree at the date of transfer. No amount is recognised in respect of goodwill and excess of the acquirer’s interest in the carrying value of the acquiree’s identifiable assets and liabilities and contingent liabilities over cost at the time of the common control business combination to the extent of the continuation of the interests of the controlling party or parties.

2. Material Accounting Policies (cont'd.)

2.4 Summary of Material Accounting Policies (cont'd.)

(a) Subsidiaries and basis of consolidation (cont'd.)

(iv) Merger accounting for common control business combinations (cont'd.)

When the merger method is used, the cost of investment in the subsidiary is recorded at the nominal value of shares issued, cash and deferred consideration. The difference between the cost of investment in the subsidiary and the carrying value of the net tangible assets of the subsidiary at acquisition date is treated as a merger deficit or merger reserve as applicable. The results of the subsidiaries being merged are included from the acquisition date onwards.

(b) Interest in associates and joint ventures

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

A joint venture ("JV") is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the JV. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control. The Group has interests in JV that is disclosed in Note 16.

The considerations made in determining significant influence or joint control are similar to those necessary to determine control over subsidiaries.

The Group’s interest in its associate and JV are accounted for using the equity method.

Under the equity method, the interest in an associate or a JV is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group’s share of net assets of the associate or JV since the acquisition date. Goodwill relating to the associate or JV is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment.

2. Material Accounting Policies (cont'd.)

2.4 Summary of Material Accounting Policies (cont'd.)

(b) Interest in associates and joint ventures (cont'd.)

The consolidated statement of profit or loss reflects the Group’s share of the results of operations of the associate or JV. Any change in other comprehensive income ("OCI") of those investees is presented as part of the Group’s OCI. In addition, when there has been a change recognised directly in the equity of the associate or JV, the Group recognises its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate or JV are eliminated to the extent of the interest in the associate or JV.

The aggregate of the Group’s share of profit or loss of an associate and a JV is shown on the face of the consolidated statement of profit or loss outside operating profit and represents profit or loss after tax and non-controlling interests in the subsidiaries of the associate or JV.

The financial statements of the associate or JV are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate or JV. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate or JV is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or JV and its carrying value, then recognises the loss as share of loss of an associate or JV.

Upon loss of significant influence over the associate or joint control over the JV, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or JV upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

2. Material Accounting Policies (cont'd.)

2.4 Summary of Material Accounting Policies (cont'd.)

(c) Foreign currency transactions

(i) Functional and presentation currency

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is also the Bank's functional currency. All values are rounded to nearest thousand (RM'000), unless otherwise stated.

(ii) Foreign currency transactions

Transactions in foreign currencies are measured in the respective functional currencies of the Group and of the Bank and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates.

Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary items denominated in foreign currencies that are measured at historical cost are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items denominated in foreign currencies measured at fair value are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translation of monetary items at the reporting date are recognised in the statements of profit or loss except for exchange differences arising on monetary items that form part of the Group’s net investment in foreign operations, which are recognised initially in other comprehensive income and accumulated under foreign currency translation reserve in equity. The foreign currency translation reserve is reclassified from equity to the statement of profit or loss of the Group and on disposal of the foreign operation.

Exchange differences arising on the translation of non-monetary items carried at fair value are included in the statements of profit or loss for the period except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised directly in equity. Exchange differences arising from such non-monetary items are also recognised directly in equity.

2. Material Accounting Policies (cont'd.)

2.4 Summary of Material Accounting Policies (cont'd.)

(c) Foreign currency transactions (cont'd.)

(iii) Foreign operations

The assets and liabilities of foreign operations are translated into RM at the rate of exchange ruling at the reporting date and income and expenses are translated at exchange rates at the dates of the transactions. The exchange differences arising on the translation are taken directly to OCI. On disposal of a foreign operation, the cumulative amount recognised in OCI and accumulated in the separate component of equity, is reclassified from equity to profit or loss (as a reclassification) when the gain or loss on disposal is recognised.

(d) Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the Bank and the cost of the item can be measured reliably.

Subsequent to recognition, property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. The policy for recognition and measurement of impairment is in accordance with Note 3(d), below. When significant parts of property, plant and equipment are required to be replaced in intervals, the Group and the Bank recognise such parts as individual assets with specific useful lives and depreciation, respectively.

Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the property, plant and equipment if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in the statements of profit or loss as incurred.

The carrying values of property, plant and equipment are reviewed for impairment when events or change in circumstances indicate that the carrying value may not be recoverable.

2. Material Accounting Policies (cont'd.)

2.4 Summary of Material Accounting Policies (cont'd.)

(d) Property, plant and equipment (cont'd.)

Freehold land has an unlimited useful life and therefore is not depreciated. Capital work-in-progress is not depreciated until the assets are available for use. Depreciation of other property, plant and equipment is provided for on a straight-line basis over the estimated useful life, as follows:

Leasehold land and buildings	19 - 99 years
Furniture and equipment	3 - 10 years
Partitioning, installation and renovations	3 - 20 years
Motor vehicles	5 years
Mechanical and electrical	7 - 15 years

The residual values, useful life and depreciation method are reviewed at each financial year end and adjusted prospectively if appropriate.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any and the net carrying amount is recognised in the statements of profit or loss.

(e) Investment properties

Investment properties principally comprise properties held for long term rental yields or capital appreciation or both and which are not occupied by the Group and the Bank. Investment property is carried at cost less accumulated depreciation and any impairment losses. The policy for recognition and measurement of impairment is in accordance with Note 3(d), below.

Freehold land is not depreciated. Freehold building is depreciated at an annual rate of 2%, calculated on a straight line basis to write off the cost of each building over the estimated useful life.

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria is met and excludes the cost of day-to-day servicing of that property.

2. Material Accounting Policies (cont'd.)

2.4 Summary of Material Accounting Policies (cont'd.)

(e) Investment properties (cont'd.)

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognised in the statements of profit or loss in the year in which they arise.

(f) Intangible assets

Intangible assets acquired separately are measured initially at cost. The cost of intangible assets acquired in a business combination is their fair values as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

The useful lives of intangible assets are assessed to be either finite or infinite. Intangible assets with finite lives are amortised on straight line basis over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end. The amortisation expense on intangible asset with finite lives is recognised in statements of profit or loss in the expense category consistent with the function of the intangible asset.

Computer softwares were acquired separately and are amortised on a straight line basis over the useful lives of 3 - 5 years.

(g) Non-current assets held for sale

The Group classifies non-current assets and disposal groups as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Costs to sell are the incremental costs directly attributable to the disposal of an asset (disposal group), excluding finance costs and income tax expense.

2. Material Accounting Policies (cont'd.)

2.4 Summary of Material Accounting Policies (cont'd.)

(g) Non-current assets held for sale (cont'd.)

The criteria for held for sale classification is regarded as met only when the sale is highly probable, and the asset or disposal group is available for immediate sale in its present condition. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management must be committed to the plan to sell the asset and the sale expected to be completed within one year from the date of the classification.

Property, plant and equipment and intangible assets are not depreciated or amortised once classified as held for sale.

Assets and liabilities classified as held for sale are presented separately as current items in the statement of financial position.

(h) Leases

The Group and the Bank assess at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

(i) Right-of-use assets

The Group and the Bank recognise right-of-use ("ROU") assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

Building	10 years
Other equipment	5 years

If ownership of the leased asset transfers to the Group and the Bank at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

2. Material Accounting Policies (cont'd.)

2.4 Summary of Material Accounting Policies (cont'd.)

(h) Leases (cont'd.)

(ii) Lease liabilities

At the commencement date of the lease, the Group and the Bank recognise lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate.

Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group and the Bank use its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

(iii) Short-term leases and leases of low-value assets

The Group and the Bank apply the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

2. Material Accounting Policies (cont'd.)

2.4 Summary of Material Accounting Policies (cont'd.)

(h) Leases (cont'd.)

(iv) Operating lease - the Group as lessor

Assets leased out under operating leases are presented on the statements of financial position according to the nature of the assets. Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

(i) Financial assets

Financial assets and liabilities are recognised in the statements of financial position when the Group and the Bank have become a party to the contractual provisions of the instruments.

All regular way purchases and sales of financial assets that require delivery within the period generally established by regulation or market convention are recognised or derecognised on the trade date.

When financial assets or financial liabilities are recognised initially, they are measured at fair value, plus, in the case of financial assets or financial liabilities not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial assets or financial liabilities, such as fees and commissions. Transaction costs of financial assets or financial liabilities carried at fair value through profit or loss ("FVTPL") are expensed in profit or loss.

Immediately after initial recognition, expected credit loss ("ECL") is recognised for financial assets measured at amortised cost and debt instruments measured at fair value through other comprehensive income ("FVOCI"), which results in an accounting loss being recognised in profit or loss when an asset is newly originated.

2. Material Accounting Policies (cont'd.)

2.4 Summary of Material Accounting Policies (cont'd.)

(i) Financial assets (cont'd.)

Classification and subsequent measurement

The Group and the Bank determine the classification of their financial assets at initial recognition based on the following measurement categories:

- FVTPL;
- FVOCI; or
- Amortised cost.

To determine their classification and measurement category, the financial assets, except equity instruments and derivatives, is assessed based on a combination of the Bank business model for managing the assets and the instruments' contractual cash flow characteristics.

Business model assessment
The Group and the Bank determine its business model at the level that best reflects how it manages groups of financial assets to achieve its business objectives.

(a) Business model 1 - Hold to Collect (Amortised cost)
Business objective is to collect contractual cash flows over the life of the financial assets. Sales should be insignificant in value or infrequent.

(b) Business model 2 - Hold to Collect and Sell (FVOCI)
Business objective is both to collect contractual cash flows and sell financial assets. Debt instruments under this business model are mainly those with the objectives to:

(i) Manage everyday liquidity needs e.g. frequent sales activity of significant value to demonstrate liquidity or to cover everyday liquidity needs, without the intention of short-term profit taking;
(ii) Maintain a particular interest/profit yield profile e.g. active management of the portfolio on an opportunistic basis to increase return by reinvesting in higher yielding financial assets; and
(iii) Match the duration of the financial assets to the duration of the liabilities which funds those assets.

2. Material Accounting Policies (cont'd.)

2.4 Summary of Material Accounting Policies (cont'd.)

(i) Financial assets (cont'd.)

Classification and subsequent measurement (cont'd.)

Business model assessment (cont'd.)

(c) Business Model 3 - FVTPL
Business objective is neither Business Model 1 nor Business Model 2. Debt instruments are mainly held for trading and managed on a fair value basis.

Solely Payments of Principal and Interest/Profit ("SPPI/SPPP") test

As a second step, SPPI/SPPP test must be carried out for all financial assets to identify if contractual cash flows are ‘solely payment of principal and interest/profit on the principal amount outstanding’ which is consistent with a ‘basic lending/financing arrangement’.

‘Principal’ for the purpose of this test is defined as the fair value of the financial asset at initial recognition.

The most significant elements of interest/profit within a lending/financing arrangement are typically the consideration for the time value of money, credit risk, other basic lending/financing risks and a profit margin that is consistent with a basic lending/financing arrangement. To perform the SPPI/SPPP assessment, the Group and the Bank apply judgement and considers relevant factors such as the currency in which the financial asset is denominated, and the period for which the interest/profit rate is set.

In contrast, contractual terms that introduce a more than *de minimis* exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending/financing arrangement do not give rise to contractual cash flows that are solely payments of principal and interest/profit on the amount outstanding. In such cases, the financial asset is required to be measured at FVTPL.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest/profit.

2. Material Accounting Policies (cont'd.)

2.4 Summary of Material Accounting Policies (cont'd.)

(i) Financial assets (cont'd.)

Classification and subsequent measurement (cont'd.)

Solely Payments of Principal and Interest/Profit ("SPPI/SPPP") test (cont'd.)

The Group and the Bank reclassify debt instruments when and only when its business model for managing those assets changes. The reclassification takes place from the start of the first reporting period following the change. Such changes are expected to be very infrequent and none occurred during the period.

Financial assets - Amortised cost

Assets that are held for collection of contractual cash flows where those cash flows represent SPPI/SPPP, and that are not designated at FVTPL, are measured at amortised cost. The carrying amount of these assets is adjusted by any expected credit allowance recognised and measured. Interest/finance income from these financial assets is measured using the effective interest/profit rate method.

Financing and advances

Financing and advances consist of *Murabahah, Tawarruq, Ijarah (includes Ijarah Muntahiyah bi Tamlik), Istisna', Kafalah, Bai' Bithaman Ajil and Bai' Inah*. These contracts, except for *Kafalah*, are recognised at amortised cost, including direct and incremental transaction costs using effective profit method. These contracts are stated at net of unearned income and any amounts written off and/or impaired.

Definition of Shariah concept:

(a) *Murabahah*: It refers to a sale and purchase of an asset where the acquisition cost and the mark-up are disclosed to the purchaser. The sale price is payable by the purchaser usually on deferred terms.

(b) *Tawarruq*: It basically consists of two sale and purchase contracts. The first involves the sale of an asset by a seller to a purchaser on a deferred basis. Subsequently, the purchaser of the first sale will sell the same asset to a third party on a cash and spot basis.

2. Material Accounting Policies (cont'd.)

2.4 Summary of Material Accounting Policies (cont'd.)

(i) Financial assets (cont'd.)

Classification and subsequent measurement (cont'd.)

Financial assets - Amortised cost (cont'd.)

Financing and advances (cont'd.)

Definition of Shariah concept (cont'd.):

(c) *Istisna'* : It refers to a contract which a seller sells to a purchaser an asset which is yet to be constructed, built or manufactured according to agreed specifications and delivered on an agreed specified future date at an agreed pre-determined sale price.

(d) *Ijarah* : It refers to a contract that transfers ownership of a permitted usufruct and/or service for a specified period in exchange for a specified consideration. It includes variations of this contract i.e. Ijarah Muntahiyah bi Tamlik, where it is accompanied with an option to transfer the ownership of the leased asset to the lessee at the end of the lease period via acceptable means of ownership transfer. For financial reporting purpose the Ijarah contract meets the definition of finance lease.

(e) *Kafalah* : It refers to a contract where the guarantor conjoins the guaranteed party in assuming the latter's specified liability for a specified period.

(f) *Bai' Bithaman Ajil* : It refers to a sale contract based on deferred payment at certain price.

(g) *Bai' Inah* : It refers to a contract of sale and purchase of an asset whereby the seller sells to buyer in cash and subsequently buy back the asset at a marked up and deferred.

2. Material Accounting Policies (cont'd.)

2.4 Summary of Material Accounting Policies (cont'd.)

(i) Financial assets (cont'd.)

Classification and subsequent measurement (cont'd.)

Debt instruments at FVOCI

Financial assets that are held for collection of contractual cash flows and for selling the assets, where the assets' cash flows represent solely payments of principal and interest/profit, and that are not designated at FVTPL, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest/finance revenue and foreign exchange gains and losses on the instrument's amortised cost which are recognised in profit or loss. When the debt instrument is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in "Net gain on disposal". Interest/finance income from these financial assets is measured using the effective interest/profit rate method.

Financial assets at FVTPL

Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVTPL. A gain or loss on a financial investment that is substantially measured at FVTPL and is not part of hedging relationship is recognised in profit or loss and presented in the profit or loss statement within "Net investment income" in the period in which it arises. Interest/finance income from these financial assets is measured using the effective interest/profit rate method.

Derivatives that are linked to and must be settled by delivery of unquoted equity instruments whose fair values cannot be reliably measured are measured at cost.

Equity instruments

Equity instruments are instruments that meet the definition of equity from the issuer's perspective; that is, instruments that do not contain a contractual obligation to pay and that evidence a residual interest in the issuer's net assets.

2. Material Accounting Policies (cont'd.)

2.4 Summary of Material Accounting Policies (cont'd.)

(i) Financial assets (cont'd.)

Classification and subsequent measurement (cont'd.)

Equity instruments (cont'd.)

The Group and the Bank measure all equity investments at FVTPL, except where the Group and the Bank have elected, at initial recognition, to irrevocably designate an equity investment at FVOCI (with no recycling) provided that is neither held for trading nor a contingent consideration recognised by acquirer in a business combination.

For equity instruments elected on FVOCI (with no recycling), gain or loss on disposal is recognised in equity and dividends are recognised in profit or loss.

Derivative instruments and hedge accounting

(i) Derivative instruments

The Group enters into derivative contracts such as interest/profit rate swaps, cross currency interest/profit rate swaps and forward contracts. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and subsequently re-measured at fair value. Fair values are obtained from quoted market prices in active markets, including recent market transactions and valuation techniques, as appropriate. All derivatives are carried as assets when fair value is positive and as liabilities when fair value is negative. Changes in the fair value of any derivatives that do not qualify for hedge accounting are recognised immediately in the statement of profit or loss.

The Group uses derivative instruments to manage their exposures to interest/profit rate and foreign currency risks. In order to manage particular risk, the Group applies hedge accounting for transactions which meet specified criteria.

(ii) Hedge accounting

At the inception of each hedge relationship, the Group formally designates and documents the relationship between the hedged item and the hedging instruments, including the nature of the risk, the risk management objective and strategy for undertaking the hedge and the method that will be used to assess the effectiveness of the hedging relationship at inception and ongoing basis.

2. Material Accounting Policies (cont'd.)

2.4 Summary of Material Accounting Policies (cont'd.)

(i) Financial assets (cont'd.)

Classification and subsequent measurement (cont'd.)

Derivative instruments and hedge accounting (cont'd.)

(ii) Hedge accounting (cont'd.)

At each hedge effectiveness assessment date, a hedge relationship must demonstrate that it is highly effective on prospective and retrospective basis for the designated period in order to qualify for hedge accounting. Hedge ineffectiveness is recognised in the statement of profit or loss.

The Group only accounts for hedges that meet the strict criteria for hedge accounting, as described below:

Fair value hedge

For designating and qualifying fair value hedges, the cumulative changes in the fair value of a hedge derivative is recognised in the statement of profit or loss. Meanwhile the cumulative changes in the fair value of the hedge item attributable to the risk hedged are recorded as part of the carrying value of the hedge item in the statements of financial position and the statement of profit or loss.

If the hedging instruments expire or are sold, terminated or exercised or where the hedge no longer meets the criteria for hedge accounting, the hedge relationship is terminated. For fair value hedges relating to items carried at amortised cost, any adjustment to carrying value is amortised through profit or loss over the remaining term of the hedge using the EIR/EPR method. EIR and EPR amortisation may begin as soon as an adjustment exists and no later than when the hedged item ceases to be adjusted for changes in its fair value attributable to the risk being hedged.

If the hedged item is derecognised, the unamortised fair value adjustment is recognised immediately in the statement of profit or loss.

The Group enters into interest/profit rate swaps and cross currency interest/profit rate swaps that are used as hedge for the exposure of changes in the fair value of some of its Medium Term Notes/Sukuk. See Note 30 for more details.

2. Material Accounting Policies (cont'd.)

2.4 Summary of Material Accounting Policies (cont'd.)

(i) Financial assets (cont'd.)

Classification and subsequent measurement (cont'd.)

Derivative instruments and hedge accounting (cont'd.)

(ii) Hedge accounting (cont'd.)

Fair value hedge (cont'd.)

The Group has incorporated credit risk of counterparties and the Group's own credit risk in the fair valuation of derivatives. These risks on derivative transactions are taken into account when reporting the fair values through credit value adjustment ("CVA") and debit value adjustment ("DVA").

Impairment

The Group and the Bank assess on a forward-looking basis the ECL associated with its financial assets carried at amortised cost and FVOCI. Equity instruments are not subject to impairment assessment.

The allowance is based on the ECL associated with the probability of default in the next twelve months unless there has been a significant increase in credit risk since origination.

The ECL model also applies to contract assets under MFRS 15 *Revenue from Contracts with Customers* and lease receivables under MFRS 16 *Leases*. The Group and the Bank will be generally required to apply a three-stage approach based on the change in credit quality since initial recognition:

- Stage 1: 12-month ECL

  For exposures where there has not been a significant increase in credit risk since initial recognition or where credit risk has improved and that are not credit impaired upon origination, the ECL associated with the probability of default events occurring within next 12 months will be recognised.

2. Material Accounting Policies (cont'd.)

2.4 Summary of Material Accounting Policies (cont'd.)

(i) Financial assets (cont'd.)

Impairment (cont'd.)

The ECL model also applies to contract assets under MFRS 15 *Revenue from Contracts with Customers* and lease receivables under MFRS 16 *Leases*. The Group and the Bank will be generally required to apply a three-stage approach based on the change in credit quality since initial recognition (cont'd.):

- Stage 2: Lifetime ECL – non-credit impaired

  For exposures where there has been a significant increase in credit risk since initial recognition but that are non-credit impaired, the lifetime ECL will be recognised.

- Stage 3: Lifetime ECL – credit impaired

  Financial assets are assessed as credit impaired when one or more events that have detrimental impact on the estimated future cash flows of that asset have occurred. For financial assets that are credit impaired, the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flow.

The assessment of credit risk and the estimation of ECL are required to be unbiased and probability-weighted, and should incorporate all available information relevant to the assessment, including information about past events, current conditions and reasonable and supportable forecasts of economic conditions at the reporting date. In addition, the estimation of ECL should take into account the time value of money.

Both 12-month ECL and lifetime ECL are calculated on either an individual basis or a collective basis, depending on the nature of the underlying portfolio of financial instruments.

2. Material Accounting Policies (cont'd.)

2.4 Summary of Material Accounting Policies (cont'd.)

(i) Financial assets (cont'd.)

Impairment (cont'd.)

The calculation of ECL

The Group and the Bank calculate ECL to measure the expected cash shortfalls, discounted at an approximation to the Effective Interest Rate/Profit Rate ("EIR/EPR"). A cash shortfall is the difference between the cash flows that are due to an entity in accordance with the contract and the cash flows that the entity expects to receive.

The mechanics of the ECL calculations are outlined below and the key elements are, as follows:

- Probability of Default ("PD")

  The PD is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognised and is still in the portfolio.

- Exposure at Default ("EAD")

  The EAD is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest/profit, whether scheduled by contract or otherwise, expected draw downs on committed facilities.

- Loss Given Default ("LGD")

  The LGD is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender/financier would expect to receive, including from the realisation of any collateral. It is usually expressed as a percentage of the EAD.

2. Material Accounting Policies (cont'd.)

2.4 Summary of Material Accounting Policies (cont'd.)

(i) Financial assets (cont'd.)

Impairment (cont'd.)

The calculation of ECL (cont'd.)

The mechanics of the ECL methods are summarised below:

- Stage 1

  The 12-month ECL is calculated as the portion of lifetime ECL that represent the ECL that result from default events on a financial instrument that are possible within the 12-month after the reporting date. The Group and the Bank calculate the 12-month ECL allowance based on the expectation of a default occurring in the 12-month following the reporting date. This expected 12-month default probability is applied to a forecast EAD and multiplied by the expected LGD and discounted by an approximation to the original EIR/EPR.

- Stage 2

  When a financial asset has shown a significant increase in credit risk since origination, the Group and the Bank record an allowance for the lifetime ECL. The mechanics are similar to those explained above, but PD and LGD are estimated over the lifetime of the instrument. The expected cash shortfalls are discounted by an approximation to the original EIR/EPR.

- Stage 3

  If the financial asset is credit impaired, the amount of the loss is measured as the difference between the asset’s carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the statements of profit or loss. Where appropriate, the calculation of the present value of the estimated future cash flows of a collateralised loans/financing or receivable reflect the cash flows that may result from foreclosure less costs of obtaining and selling the collateral, whether or not foreclosure is probable. Interest/finance income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest/profit used to discount the future cash flows for the purpose of measuring the impairment loss. The interest/finance income is recorded as part of ‘interest/finance income’ in the statements of profit or loss.

2. Material Accounting Policies (cont'd.)

2.4 Summary of Material Accounting Policies (cont'd.)

(i) Financial assets (cont'd.)

Impairment (cont'd.)

The calculation of ECL (cont'd.)

The mechanics of the ECL methods are summarised below (cont'd.):

- Loan, financing and advances commitments and letters of credit

  When estimating lifetime ECL for undrawn loan, financing and advances commitments, the Group and the Bank estimate the expected portion of the loan, financing and advances commitment that will be drawn down over its expected life. The ECL is then based on the present value of the expected shortfalls in cash flows if the loan, financing and advances is drawn down. The expected cash shortfalls are discounted at an approximation to the expected EIR/EPR on the instrument.

- Other financial assets

  The Group and the Bank apply a simplified approach to assess the ECL for other financial assets. The simplified approach eliminates the need to calculate 12-month ECL and to assess when a significant increase in credit risk has occurred. The loss allowance should be measured at initial recognition and throughout the life of the other financial assets at an amount equal to lifetime ECL. The simplified approach adopted for the Group and the Bank is based on weighted average of the historical loss experience.

Modification of loans, financing and advances

The Group and the Bank may renegotiate or otherwise modify the contractual cash flows of loans/financing to customers. When this happens, the Group and the Bank assess whether or not the new terms are substantially different to the original terms.

2. Material Accounting Policies (cont'd.)

2.4 Summary of Material Accounting Policies (cont'd.)

(i) Financial assets (cont'd.)

Modification of loans, financing and advances (cont'd.)

If the terms are substantially different, the Group and the Bank derecognise the original financial asset and recognise a "new" asset at fair value and recalculate a new effective interest/profit rate for the asset. The date of renegotiation is consequently considered to be the date of initial recognition for impairment calculation purposes, including for the purpose of determining whether a significant increase in credit risk has occurred. However, the Group and the Bank also assess whether the new financial asset recognised is deemed to be credit-impaired at initial recognition, especially in circumstances where the renegotiation was driven by the debtor being unable to make the originally agreed payments. Differences in the carrying amount are also recognised in statements of profit or loss as a modification gain or loss on derecognition.

If the terms are not substantially different, the renegotiation or modification does not result in derecognition, and the Group and the Bank recalculate the gross carrying amount based on the revised cash flows of the financial asset and recognise a modification gain or loss in statements of profit or loss. The new gross carrying amount is recalculated by discounting the modified cash flows at the original effective interest/profit rate (or credit–adjusted effective interest/profit rate for purchased or originated credit-impaired financial assets).

Debt instruments measured at FVOCI

The ECL for debt instruments measured at FVOCI do not reduce the carrying amount of these financial assets in the statements of financial position, which remains at fair value. Instead, an amount equal to the allowance that would arise if the assets were measured at amortised cost is recognised in OCI reserve as an accumulated impairment amount, with a corresponding charge to profit or loss. The accumulated loss recognised in OCI reserve is recycled to the profit or loss upon derecognition of the assets.

Fair value determination

For financial instruments measured at fair value, the fair value is determined by reference to quoted market prices or by using valuation models. The fair value of financial instruments traded in active markets are based on quoted market price or dealer price quotation.

2. Material Accounting Policies (cont'd.)

2.4 Summary of Material Accounting Policies (cont'd.)

(i) Financial assets (cont'd.)

Fair value determination (cont'd.)

For all other financial assets, fair value is determined using appropriate valuation techniques. In such cases, the fair values are estimated using discounted cash flow models, based on observable data in respect of similar financial instruments and using inputs (such as yield curve) existing at the reporting date.

Derecognition

Financial instruments are derecognised when the risks and rewards associated with the instruments are substantially transferred, cancelled or expired. Upon derecognition, the difference between the carrying amount of the instruments and the consideration received/paid, less the cumulative gain or loss that has been recognised in the equity are taken to the statements of profit or loss.

(j) Financial guarantee contracts

The Group and the Bank provide financial guarantee insurance ("FGI") over private debt securities and financing facilities for companies incorporated in Malaysia.

Bond issuers and/or obligors will pay a guarantee fee to the Group and the Bank in return for guarantee to cover the outstanding amounts upon a default. The financial guarantee fee is calculated based on a percentage of the nominal value of the outstanding issue guaranteed amounts and is paid annually in advance.

The nominal contractual value of financial guarantees are not recorded in the statements of financial position.

The Group and the Bank mitigate the risks associated with its provision of financial guarantee insurance by:

- Securing its exposures against tangible security to be provided by the obligor where possible;
- Establishing designated accounts with specific disbursement conditions which are controlled by Facility/Security Agents; and/or
- Imposing various financial and non-financial covenants on the obligor in ensuring financial discipline.

The Group and the Bank are also able to impose additional conditions as it deems fit upon the occurrence of a breach in covenant or a material adverse event.

2. Material Accounting Policies (cont'd.)

2.4 Summary of Material Accounting Policies (cont'd.)

(j) Financial guarantee contracts (cont'd.)

<u>Guarantee fee receivable</u>

Guarantee fee receivables are amounts due from obligors for services rendered in the ordinary course of business. Fee receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest/profit method, less allowance for impairment. The policy for recognition and measurement of allowance for impairment is in accordance with Note 2.4(i).

Guarantee fee receivables met the requirements of a significant financing component. As such, the transaction price for the contracts is discounted using the interest/profit rate implicit in the contract. This rate is commensurate with the rate that would be reflected in a separate financing transaction between the Group and the Bank with customer at contract inception.

<u>Financial guarantee recoverable</u>

Financial guarantee recoverable represent the full exposure on defaulted obligors. The initial recognition is based on the exposure at default less allowance for ECL. The policy for recognition and measurement of ECL is in accordance with Note 2.4(i).

<u>FGI liabilities</u>

FGI liabilities are recognised when contracts are entered into and premium are charged. The FGI liabilities refer to deferred income and provision for ECL on financial guarantees.

FGI liabilities are initially recognised in the financial statements at fair value, being the financial guarantee fee received. The financial guarantee fee received is amortised in the profit or loss on a straight-line basis over the life of the guarantee. Subsequent to initial recognition, the Group's and the Bank’s liability under each financial guarantee is measured at the higher of the amount initially recognised less cumulative financial guarantee fee amortised in the profit or loss, and an ECL allowance. The policy for recognition and measurement of ECL is in accordance with Note 2.4(i).

The unamortised premium received on these financial guarantees is included within ‘deferred income’ and any additional loss allowance determined is included within ‘provision for ECL’ in the statements of financial position.

2. Material Accounting Policies (cont'd.)

2.4 Summary of Material Accounting Policies (cont'd.)

(j) Financial guarantee contracts (cont'd.)

Annual service fees for Danajamin PRIHATIN Guarantee Scheme ("DPGS")

The Group has been appointed by Syarikat Jaminan Pembiayaan Perniagaan Berhad ("SJPP") to manage the DPGS on behalf of the Government of Malaysia. In managing the DPGS, the Group charges one time processing fee and annual monitoring fee. The one time processing fee is fully recognised upfront upon the financial institution’s acceptance of the letter of approval issued by the Group for the relevant financing facility to be admitted into the DPGS and the issuance of the guarantee certificate by SJPP. The processing fee is charged for the various work performed for deal assessments prior to issuance of the letter of approval. The Group also charges annual monitoring fee for each approved and accepted offer. The monitoring fee is charged annually up to the maturity of the guarantee issued pursuant to the DPGS and is recognised as deferred income. This annual monitoring fee is recognised upon the guarantee commencement date in certificate issued by SJPP and up to the maturity of the guarantee.

(k) Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability.

Financial liabilities are recognised in the statements of financial position when, and only when, the Group and the Bank become a party to the contractual provisions of the financial instrument.

Financial liabilities are recognised at amortised cost. Financial liabilities measured at amortised cost include deposits from customers, debt securities/sukuk issued and other borrowed funds. Financial liabilities are derecognised when they are redeemed or extinguished.

(l) Equity instruments

An equity instrument is any contract that evidences a residual interest/profit in the assets of the Group and of the Bank after deducting all of its liabilities. Ordinary shares are equity instruments.

Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

2. Material Accounting Policies (cont'd.)

2.4 Summary of Material Accounting Policies (cont'd.)

(m) Employee benefits

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

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

The Group's and the Bank's contribution to the Employees Provident Fund ("EPF") are charged to the statements of profit or loss in the year to which they relate. Once the contributions have been paid, the Group and the Bank have no further payment obligations.

(n) Insurance contracts/takaful certificates and reinsurance contracts

The Group issues contracts/certificates to customers that contain insurance/takaful risk, financial risk or a combination thereof. A contract/certificate under which the Group accepts significant insurance/takaful risk from another party by agreeing to compensate that party on the occurence of a specified uncertain future event, is classified as an insurance contract/takaful certificate.

The Group also cedes out insurance/takaful risk in the normal course of its business. Ceded reinsurance/retakaful arrangements do not relieve the Group from its obligations to policyholders/participants. Reinsurance/retakaful arrangements entered into by the Group are measured consistently with the amounts associated with the underlying insurance/takaful certificate, according to the terms of the relevant reinsurance/retakaful arrangement.

(i) Recognition

Insurance contracts/takaful certificates are recognised from the earliest of the following:

- The beginning of coverage period of the group of contracts/certificates;
- The date when the first payment from a policyholder/participant is due, or when the first payment is received when there is no due date; or
- For a group of onerous contracts/certificates, as soon as facts and circumstances indicate that the group of contracts/certificates are onerous.

2. Material Accounting Policies (cont'd.)

2.4 Summary of Material Accounting Policies (cont'd.)

(n) Insurance contracts/takaful certificates and reinsurance contracts (cont'd.)

(i) Recognition (cont'd.)

Reinsurance contracts/retakaful certificates are recognised from the earliest of the following:

- The beginning of the coverage period of the group of reinsurance contracts/retakaful certificates held; or
- The date the Group recognises an onerous group of underlying insurance contracts/takaful certificates if the Group entered into the related reinsurance contracts/retakaful certificate held in the group of reinsurance contracts/retakaful certificate held at or before that date.

(ii) Measurement

The Group applies the following measurement models in measuring various insurance contracts/takaful certificates it issues:

General Measurement Model ("GMM")

- GMM is the default measurement model for policies/certificates valued using fulfilment cash flows (the present value of expected cash flows, plus a risk adjustment), offset by the contractual service margin which represents unearned profit the Group recognises as it provides services under the contract.

- Upon initial recognition, the Group will estimate the Liabilities for Remaining Coverage ("LRC") using the fulfilment cash flow requirements consisting of the following components:

  - Estimates of the future cash flows
  - Time value of money
  - Risk adjustment for non-financial risk; and
  - Contractual Service Margin (“CSM”) representing the unearned profits as services are provided or loss component representing the net cash outflow.

2. Material Accounting Policies (cont'd.)

2.4 Summary of Material Accounting Policies (cont'd.)

(n) Insurance contracts/takaful certificates and reinsurance contracts (cont'd.)

(ii) Measurement (cont'd.)

The Group applies the following measurement models in measuring various insurance contracts/takaful certificates it issues (cont'd.):

General Measurement Model ("GMM") (cont'd.)

- On loss component, the allocation of the reversal of the loss component and subsequent changes to the Fulfilment Cash Flows ("FCF") will use the same allocation method that would be applied for the systematic allocation of CSM, that is to be based on straight-line allocation over the passage of time would be used for contract groups that have a fixed policy limit over the coverage period.

- For discount rate, the Group is using the bottom-up approach as government yield curves are readily available and is a good foundation for determining a risk-free yield curve.

- The currency of the risk-free yield curve used to determine discount rates for a group of insurance contracts shall also take into consideration the currency denomination of the group of insurance contracts.

Premium Allocation Approach ("PAA")

For policies/certificates with contract boundary of less than one (1) year coverage period and that pass the PAA eligibility test.

Upon initial recognition of LRC, the Group will amortise the insurance acquisition cash flows over the coverage period. Amortising the insurance acquisition cash flows would lead to more stable changes in the LRC and profit or loss figures. The Group is not required to adjust the LRC to reflect the time value of money and the effect of financial risk.

2. Material Accounting Policies (cont'd.)

2.4 Summary of Material Accounting Policies (cont'd.)

(n) Insurance contracts/takaful certificates and reinsurance contracts (cont'd.)

(ii) Measurement (cont'd.)

Premium Allocation Approach ("PAA") (cont'd.)

On subsequent measurement, the Group will allocate insurance/takaful revenue to the period for services provided on the basis of passage of time. This will be applicable for most contracts considering that the risk coverage period is one year or less. Judgments are needed to determine if the expected pattern of release of risk differs significantly from the passage of time. If passage of time does not reflect the services provided in each period, the Group will use different proxy on a case-by-case basis to allocate based on expected timing of incurred insurance/takaful service expenses.

(iii) Presentation and disclosure

Group aggregates insurance/takaful and reinsurance contracts held and these are presented separately in the statement of financial position as follows:

- Portfolios of insurance contracts/takaful certificates issued;
- Portfolios of reinsurance contracts held that are assets;

The portfolios referred above are those established at initial recognition in accordance with the MFRS 17 *Insurance Contracts* requirements.

2. Material Accounting Policies (cont'd.)

2.4 Summary of Material Accounting Policies (cont'd.)

(o) Government grants

Government grants are recognised at their fair value in the statements of financial position where there is a reasonable assurance that the grants will be received and all attaching conditions will be complied with. The government grants are presented in the statements of financial position as “deferred income”. The government grants include:

<u>Infrastructure Support Fund” ("ISF")</u>

ISF relates to fund received from the government to cover the potential risk of loan/financing default, any allowance for impairment losses, write-off and other liquidity requirements that may arise. It is also to cover the contingent liabilities of the Bank i.e. guarantees, standby credits and performance bonds.

Deferred income comprises claims received in relation to profit rate differentials on financing of government infrastructure project.

<u>Government funds</u>

Government funds are meant for the following purposes:

(i) To finance the purchase of investment properties. The funds are initially recognised at their fair values in the statements of financial position as deferred income when there is reasonable assurance that the funds will be received and all attaching conditions will be complied with. Government funds that compensate the Group for expenses incurred are recognised as income over the periods necessary to match the grant on a systematic basis to the costs that it is intended to compensate. Government funds that compensate the Group for the cost of an asset are recognised as income on a systematic basis over the useful life of the asset.

(ii) To finance loans, advances and financing for specific projects and utilise against credit losses and charges arising from the financing of these projects. The government funds are recognised at the fair value of the consideration received in the statements of financial position. Any credit losses or charges as a result of defaulted loans/financing on the loans/financing financed by the government funds are recognised and utilised against the funds.

Grants that compensate the Group and the Bank for expenses incurred are recognised as income over the period necessary to match the grants on a systematic basis to the costs that it is intended to compensate.

2. Material Accounting Policies (cont'd.)

2.4 Summary of Material Accounting Policies (cont'd.)

(p) Provisions

Provisions are recognised when the Group and the Bank have a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

Where the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as finance cost.

(q) Contingent liabilities

Contingent liabilities consist of secured guarantees given to third parties on behalf of borrowers/customers and litigation cases against the Group and the Bank. Contingent liabilities are disclosed in the notes to the accounts, unless the possibility of an outflow of resources embodying 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.

(r) Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the Bank and the revenue can be reliably measured. Revenue is measured at the fair value of consideration received or receivable.

(i) Interest/finance income and similar income

For all financial instruments measured at amortised cost, interest/profit bearing financial assets classified as FVOCI and financial instruments designated at FVTPL, interest/finance income is recorded using the effective interest/profit rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset. The calculation takes into account all contractual terms of the financial instrument (for example, repayment options) and includes any fees or incremental costs that are directly attributable to the instrument and are an integral part of the effective interest/profit rate, but not future credit losses.

2. Material Accounting Policies (cont'd.)

2.4 Summary of Material Accounting Policies (cont'd.)

(r) Revenue (cont'd.)

(i) Interest/finance income and similar income (cont'd.)

For impaired financial assets where the value of the financial asset have been written down as a result of an impairment loss, interest/finance income continues to be recognised using the rate of interest/profit used to discount the future cash flows for the purpose of measuring the impairment loss.

(ii) Islamic Finance Business income recognition

Income from financing and receivables is recognised in the statements of profit or loss using the effective profit method. The effective profit rate is the rate that discounts the estimated future cash payments and receipts through the expected life of the financial asset or liability to the carrying amount of the financial asset or liability. The calculation of the effective profit rate includes all contractual terms of the financial instruments and includes any fees incremental costs that are directly attributable to the instruments and are an integral part of the effective profit rate.

Sale-based Financing *(Murabahah, Tawarruq, Istisna', Bai' Bithaman Ajil and Bai' Inah*)

Income are accrued on monthly basis on the cost outstanding at the prevailing effective profit rate over the duration of the financing.

Lease-based Financing (*Ijarah and Ijarah Muntahiyah bi Tamlik*)

Finance income is recognised on the effective profit rate of the cost of the leased asset over the lease period.

Fee income

Fee-based income from charging administrative fees such as processing fee, arrangement fee and facility fee is recognised upon satisfaction of performance obligation. Fee-based income is also derived from provision of guarantee based on *kafalah* contract.

2. Material Accounting Policies (cont'd.)

2.4 Summary of Material Accounting Policies (cont'd.)

(r) Revenue (cont'd.)

(ii) Islamic Finance Business income recognition (cont'd.)

Takaful income

The source of Takaful income is derived from Takaful contributions. Income is recognised based on specific percentage of the contribution amount from participants. The remaining amount is placed in Risk Fund which is pooled for underwriting purposes.

Wakalah Fees

Wakalah fees represent fees charged by the shareholder's fund to manage takaful certificates issued by the general takaful fund under the principle of Wakalah and are recognised over time, according to the period of service provided.

(iii) Income recognition for leasing, hire purchase financing, pre-factoring and factoring

Income earned on leasing, hire purchase, pre-factoring and factoring financing is recognised based on the effective interest/profit method.

(iv) Other revenue recognition

The Group and the Bank charge other guarantee related fees such as upfront fees and processing fees arising from FGI contracts separately from the guarantee premium.

Upfront fee is charged by the Group and the Bank on various work performed for deal assessments prior to new issuance of FGI contract. Upfront fee is recognised upon the Group committing to provide financial guarantee contract and obligors accepting the Group and the Bank offer to provide such commitment. The upfront fee is recognised over the period which the Group and the Bank are committed to provide the FGI contract, and is based on the earlier of validity period of the Group's and of the Bank's commitment or expected drawdown/issuance of debt facilities. The upfront fee is non-refundable. There is no element of significant financing as the period of commitment is wholly upon the discretion of the obligors.

2. Material Accounting Policies (cont'd.)

2.4 Summary of Material Accounting Policies (cont'd.)

(r) Revenue (cont'd.)

(v) Dividend income

Dividend income is recognised when the Group's and the Bank's right to receive payment is established.

(vi) Insurance/takaful service results

Insurance/takaful service result comprises insurance/takaful revenue and insurance/takaful service expenses and net expenses from reinsurance contracts/retakaful certificates held.

For contracts measured under the PAA, the insurance/takaful revenue for the period is the amount of expected premium/contribution receipts (excluding any investment component) allocated to the period. The Group allocates the expected premium/contribution receipts to each period on the basis of the passage of time.

Insurance/takaful revenue for GMM portfolio are recognised through release in fulfilment cashflows and risk adjustments as well as CSM for the services provided during the year.

Insurance/takaful service expenses represent expenses that relate directly to the fulfilment of contracts/certificates. Expenses that do not relate directly to the fulfilment of contracts/certificates are presented in other expenses.

Insurance/takaful finance income or expenses represents the change in the carrying amount of the group of insurance contracts/takaful certificates, and reinsurance contracts arising from:

- The effect of the time value of money and changes in the time value of money
- The effect of financial risk and changes in financial risk

2. Material Accounting Policies (cont'd.)

2.4 Summary of Material Accounting Policies (cont'd.)

(s) Income taxes

(i) Current tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the tax authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Current taxes are recognised in the statements of profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity.

(ii) Deferred tax

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax assets and deferred tax liabilities are recognised for all temporary differences, except:

- where the deferred tax arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of transaction, affect neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not be reversed in the foreseeable future, and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be utilised.

2. Material Accounting Policies (cont'd.)

2.4 Summary of Material Accounting Policies (cont'd.)

(s) Income taxes (cont'd.)

(ii) Deferred tax (cont'd.)

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantially enacted at the reporting date.

Deferred tax relating to items recognised outside the statements of profit or loss is recognised outside the statements of profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

(t) Cash and cash equivalents

Cash and cash equivalents consist of cash in hand, bank balances and deposits placements with original maturity of less than one month held for the purpose of meeting short-term commitments and readily convertible into cash without significant risk of changes in value.

3. Significant Accounting Judgements, Estimates and Assumptions

The preparation of financial statements involved making certain judgements and estimates, that affect the accounting policies applied and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the financial statements in the period of which the estimate is revised and in any future periods affected.

In the process of applying the Group and the Bank accounting policies, management has made the following judgements, estimates and assumptions which have material effect on the amounts recognised in the financial statements.

3. Significant Accounting Judgements, Estimates and Assumptions (cont'd.)

(a) Impairment of financial investments portfolio (Note 7, Note 8 and Note 44)

The Group and the Bank review the debt instruments at FVOCI and financial investments at amortised cost under MFRS 9 which requires the recognition of ECL at each reporting date to reflect changes in credit risk of the financial investments not at FVTPL. MFRS 9 incorporates forward-looking and historical, current and forecasted information into ECL estimation.

In carrying out the review, the following management’s judgment are required:

(i) Determination whether the investment is impaired or has significant increase in credit risk based on certain indicators such as, amongst others, prolonged decline in fair value, significant financial difficulties of the issuer or obligors, the disappearance of an active trading market and deterioration of the credit quality of the issuers or obligors; and

(ii) Determination of ECL that reflect:

(a) An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;

(b) The time value of money; and

(c) Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

(b) Impairment of loans, financing and advances (Note 9 and Note 43)

The Group and the Bank make certain judgement in determining the ECL to be recognised on loans, financing and advances. The Group and the Bank ECL calculations under MFRS 9 are outputs of complex models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. Elements of the ECL models that are considered accounting judgements and estimates include:

(i) Internal credit grading model, which assigns PD to the individual grades;

(ii) Criteria for assessing if there has been a significant increase in credit risk and so allowances for financial assets should be measured on a lifetime ECL basis and the qualitative assessment;

3. Significant Accounting Judgements, Estimates and Assumptions (cont'd.)

(b) Impairment of loans, financing and advances (Note 9 and Note 43) (cont'd.)

The Group and the Bank make certain judgement in determining the ECL to be recognised on loans, financing and advances. The Group and the Bank ECL calculations under MFRS 9 are outputs of complex models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. Elements of the ECL models that are considered accounting judgements and estimates include (cont'd.):

(iii) The segmentation of financial assets when their ECL is assessed on a collective basis;

(iv) Development of ECL models, including the various formulas and the choice of inputs;

(v) Determination of associations between macroeconomic scenarios and, economic inputs, such as oil price forecast, USD exchange rate and the effect on PD, EAD and LGD;

(vi) Selection of forward-looking macroeconomic scenarios and their probability weightings, to derive the economic inputs into the ECL models; and

(vii) The net realisable value of collateral.

ECL overlay and adjustments

As the current MFRS 9 models are not expected to generate levels of ECL with sufficient reliability yet in view of emerging risks, overlays and post-model adjustments have been applied to determine a sufficient overall level of ECL for the year ended and as at 31 December 2025.

These overlays and post-model adjustments were taken to reflect the latest macroeconomic outlook not captured in the modelled outcome and the potential impact to delinquencies and defaults.

The overlays or post-model adjustments involved significant level of judgement and reflect the management's views of possible paths of recovery in the forward-looking assessment for ECL estimation purposes.

The overlays were generally made at individual customer level in determining the sufficient level of ECL.

3. Significant Accounting Judgements, Estimates and Assumptions (cont'd.)

(b) Impairment of loans, financing and advances (Note 9 and Note 43) (cont'd.)

ECL overlay and adjustments (cont'd.)

The impact of these overlays were estimated at portfolio level, remain outside the core MFRS 9 process and amounts to RM353.0 million (2024: RM465.6 million) representing 8.4% (2024: 12.0%) of total ECL of the Bank as at 31 December 2025. Overlays made amounting to RM557.6 million (2024: RM465.6 million) represents 10.5% (2024: 11.9%) of total ECL of the Group as at 31 December 2025.

(c) Impairment of investment in subsidiaries (Note 14), interest in associates (Note 15) and JV (Note 16)

The Group and the Bank assess whether there is any indication that an investment in subsidiaries, interest in associates and JV may be impaired at each reporting date.

If indicators are present, these investments are subjected to impairment review which comprises a comparison of the carrying amount of the investment and the investment's estimated recoverable amount.

Judgments made by management in the process of applying the Group's accounting policies in respect of investment in subsidiaries, interest in an associates and JV are as follows:

(i) The Group and the Bank determine whether the investments are impaired following certain indications of impairment such as, amongst others, significant changes with adverse effects on the investment and deteriorating financial performance of the investment due to observed changes in the economic environment; and

(ii) Depending on their nature and the location in which the investments relate to, judgments are made by management to select suitable methods of valuation such as, amongst others, discounted future cash flows or estimated fair value based on quoted market price of the most recent transactions.

Once a suitable method of valuation is selected, management makes certain assumptions concerning the future to estimate the recoverable amount of the specific individual investment. These assumptions and other key sources of estimation uncertainty at the reporting date, may have a significant risk of causing a material adjustment to the carrying amounts of the investments within the next financial year.

Depending on the specific individual investment, assumptions made by management may include, amongst others, assumptions on expected future cash flows, revenue growth, terminal value, discount rate used for purposes of discounting future cash flows which incorporates the relevant risks and expected future outcome based on certain past trends.

3. Significant Accounting Judgements, Estimates and Assumptions (cont'd.)

(d) Impairment of non-financial assets (Note 17, Note 18, Note 19 and Note 20)

The carrying amounts of non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If there is such indication or when annual impairment testing for an asset is required, the Group and the Bank estimate the asset’s recoverable amount. An asset’s recoverable amount is the higher of an asset’s or cash-generating unit ("CGU") fair value less costs to sell and its value-in-use (“VIU”). When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

The Group and the Bank base its VIU calculation on detailed budgets and forecast calculations. In assessing VIU, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, recent market transactions are taken into account. If no such transactions can be identified, an apropriate valuation model is used.

(e) Valuation of derivatives and hedge accounting (Note 30)

The Group values the derivative instruments and applies hedge accounting to manage the exposures to interest/profit rate and foreign currency risks. In order to manage particular risk, the Group applies hedge accounting for transactions which meet specified criteria. At the inception of each hedge relationship, the Group formally designates and documents the relationship between the hedged item and the hedging instruments, including the nature of the risk, the risk management objective and strategy for undertaking the hedge and the method that will be used to assess the effectiveness of the hedging relationship at inception and ongoing basis.

(f) Uncertainty in accounting estimates for liabilities of insurance business (Note 56)

The key significant areas of estimation uncertainty and critical judgements in measuring insurance contract/takaful certificate liabilities include:

- *Estimates of future cash flows*

  In estimating the future cash flows, the Group incorporates, in an unbiased way, all reasonable and supportable information that is available without undue cost or effort at the reporting date. This information includes both internal and external historical data about claims and other experiences, updated to reflect current expectations of future events.

  The estimates of future cash flows reflect the Group view of current conditions at the reporting date and current expectations of future events that might affect those cash flows.

3. Significant Accounting Judgements, Estimates and Assumptions (cont'd.)

(f) Uncertainty in accounting estimates for liabilities of insurance business (Note 56) (cont'd.)

- *Risk adjustments for non-financial risk*

  Risk adjustments for non-financial risk are determined to reflect the compensation that the Group would require for bearing non-financial risk and its degree of risk aversion. The Group applies a confidence level technique to determine the risk adjustments for non-financial risk of both its insurance contacts/takaful certificate and reinsurance contracts.

  Under a confidence level technique, the Group estimates the probability distribution of the expected value of the future cash flows at each reporting date and calculates the risk adjustment for non-financial risk as the excess of the value at risk at the target confidence level over the expected present value of the future cash flows allowing for the associated risks over all future years. The target confidence level is 75th percentile, in line with the regulatory requirement of BNM under the Risk Based Capital Framework for insurers/takaful operators.

- *Contractual service margin ("CSM")*

  The CSM is a component of the assets or liabilities for the group of insurance contract/takaful certificate that represents the unearned profit that the Group will recognise as it provides services in the future. An amount of the CSM for a group of insurance/takaful contracts/certificates is recognised in profit or loss as insurance/takaful revenue in each period to reflect the services provided under the group of insurance/takaful contracts/certificate in that period. The amount is determined by:

  - Identifying the coverage units in the group;
  - Allocating the CSM at the end of the period (before recognising any amounts in profit or loss to reflect the services provided in the period) equally to each coverage unit provided in the current period and expected to be provided in the future years; and
  - Recognising in profit or loss the amount allocated to coverage units provided in the period.

Generally, insurance/takaful liabilities are determined based upon previous claims experience, existing knowledge of events, the terms and conditions of the relevant policies and interpretation of circumstances. Particularly relevant is past experience with similar cases, historical claims development trends, legislative changes, judicial decisions and economic conditions. It is certain that actual future premiums/contribution and claims amount will not exactly develop as projected and may vary from the projections.

3. Significant Accounting Judgements, Estimates and Assumptions (cont'd.)

(f) Uncertainty in accounting estimates for liabilities of insurance business (Note 56) (cont'd.)

The estimates of insurance/takaful contract liabilities are therefore sensitive to various factors and uncertainties. The establishment of technical provisions in an inherently uncertain process and, as a consequence of this uncertainty, the eventual collection of premium/contribution and payment of claims may vary from the initial estimates.

There may be significant reporting lags between the occurrence of an insured event and the time it is actually reported. Following the identification and notification of an insured loss, there may still be uncertainty as to the magnitude of the claim. There are many factors that will determine the level of uncertainty such as inflation, inconsistent judicial interpretations, legislative changes and claims handling procedures.

(g) Leases (Note 32)

Exercising extension options

The Group and the Bank assess at lease commencement by applying significant judgement on whether it is reasonably certain to exercise the extension option. The Group and the Bank consider all facts and circumstances including their past practice and any cost that will be incurred to change the asset if an option to extend is not taken, to help determine the lease term.

Estimating the incremental borrowing rate

The Group and the Bank cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate ("IBR") to measure lease liabilities. The IBR is the rate of interest that the Group and the Bank would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group and the Bank ‘would have to pay’, which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when they need to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary’s functional currency). The Group and the Bank estimate the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary’s stand-alone credit rating).

3. Significant Accounting Judgements, Estimates and Assumptions (cont'd.)

(h) Income taxes (Note 45)

Significant judgment is required in estimating the provision for income taxes. There are many transactions and interpretations of tax law for which the final outcome will not be established until some time later. Liabilities for taxation are recognised based on estimates of whether additional taxes will be payable. The estimation process includes seeking advice on the tax treatments where appropriate. Where the final liability for taxation is different from the amounts that were initially recorded, the differences will affect the income tax and deferred tax provisions in the period in which the estimate is revised or the final liability is established.

4. Cash and Short Term Deposits

	Group		Bank	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Cash and balances with other financial institutions	689,128	11,752	2,698	2,636
Money at call and deposits placements maturing within one month	1,858,788	1,907,307	1,023,020	1,902,294
	2,547,916	1,919,059	1,025,718	1,904,930

5. Deposits and Placements with Financial Institutions

	Group		Bank	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Licensed banks	860,157	150,786	145,275	150,336

The weighted average effective interest rates ("WAEIR") of deposits and the average maturity of deposits of the Group and of the Bank at the reporting date were as follows:

	Group		Bank	
	2025	2024	2025	2024
WAEIR (%)	3.32	3.72	3.30	3.72
Average maturity (Days)	71	91	90	90

6. Financial Investments at FVTPL

	Group		Bank	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
At fair value				
Equity Securities:				
Quoted shares	19,495	-	-	-
Unquoted shares	47,951	10,090	10,619	10,090
Total financial investments at FVTPL	67,446	10,090	10,619	10,090

7. Financial Investments at FVOCI

	Group		Bank	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
At fair value				
Money market instruments:				
Government investment issues	9,289,181	7,700,079	7,349,356	7,700,079
Commercial papers	134,836	-	-	-
	9,424,017	7,700,079	7,349,356	7,700,079
Quoted securities:				
Sukuk	52,151	-	-	-
Unquoted securities:				
Corporate bonds and sukuk	5,787,087	4,982,048	4,944,442	4,982,048
Shares	4,313	-	-	-
Other investments	483	-	-	-
	5,791,883	4,982,048	4,944,442	4,982,048
Total financial investments at FVOCI	15,268,051	12,682,127	12,293,798	12,682,127

(i) In the previous financial year, financial investments at FVOCI included MFRS 9 reclassification that resulted in a net decrease of RM12,368 for the Group and the Bank, as a result of change in business model.

7. Financial Investments at FVOCI (cont'd.)

(ii) Changes in gross carrying amount of financial investments at FVOCI and ECL movement for the Group were mainly due to the following:

As at 31 December 2025

- The Group's overall gross carrying amount of financial investments at FVOCI increased following the acquisition of subsidiaries, with a RM110,000,000 Stage 3 exposure, which has been fully provided for. However, ECL decreased mainly due to the full redemption of a Stage 2 financial investment at FVOCI.

As at 31 December 2024

- The Group's overall gross carrying amount increased due to newly purchased financial investments at FVOCI. However, ECL decreased mainly due to reclassification to financial investments at amortised cost arising from a change in business model. This was partially offset by deterioration in credit risk, which resulted in an increase in ECL.

Movements in allowances for impairment which reflect the ECL allowance are as follows:

Group		**Lifetime ECL**		
	12-Month ECL Stage 1	**Not Credit Impaired Stage 2**	**Credit Impaired Stage 3**	**Total**
2025	**RM'000**	**RM'000**	**RM'000**	**RM'000**
At 1 January	820	183,662	-	184,482
Acquisition of subsidiaries	188	-	110,000	110,188
Net writeback	(212)	(183,662)	-	(183,874)
New financial investments purchased	308	-	-	308
Financial investments derecognised	(36)	(158,090)	-	(158,126)
Net writeback	(484)	(25,572)	-	(26,056)
Written-off	-	-	(10,000)	(10,000)
At 31 December	796	-	100,000	100,796
2024				
At 1 January	4,120	194,689	-	198,809
Reclassified to amortised costs	(1,949)	(64,098)	-	(66,047)
Net (writeback)/allowance made	(1,351)	53,071	-	51,720
New financial investments purchased	267	-	-	267
Net (writeback)/allowance made	(1,618)	53,071	-	51,453
At 31 December	820	183,662	-	184,482

7. Financial Investments at FVOCI (cont'd.)

(iii) Changes in gross carrying amount of financial investments at FVOCI and ECL movement for the Bank were mainly due to the following:

As at 31 December 2025

- The Bank's overall gross carrying amount of financial investments at FVOCI decreased due mainly due to full redemption of a Stage 2 financial investment at FVOCI, resulting in a corresponding reduction in overall ECL.

As at 31 December 2024

- The Bank's overall gross carrying amount increased due to newly purchased financial investments at FVOCI. However, ECL decreased mainly due to reclassification to financial investments at amortised cost arising from a change in business model. This was partially offset by deterioration in credit risk, which resulted in an increase in ECL.

Movements in allowances for impairment which reflect the ECL allowance are as follows:

Bank		**Lifetime ECL**		
	12-Month ECL Stage 1	**Not Credit Impaired Stage 2**	**Credit Impaired Stage 3**	**Total**
2025	**RM'000**	**RM'000**	**RM'000**	**RM'000**
At 1 January	820	183,662	-	184,482
Net writeback	(104)	(183,662)	-	(183,766)
New financial investments purchased	260	-	-	260
Financial investments derecognised	(36)	(158,090)	-	(158,126)
Net writeback	(328)	(25,572)	-	(25,900)
At 31 December	716	-	-	716
2024				
At 1 January	4,120	194,689	-	198,809
Reclassified to amortised costs	(1,949)	(64,098)	-	(66,047)
Net (writeback)/allowance made	(1,351)	53,071	-	51,720
New financial investments purchased	267	-	-	267
Net (writeback)/allowance made	(1,618)	53,071	-	51,453
At 31 December	820	183,662	-	184,482

8. Financial Investments at AC

	Group 2025 RM'000	Group 2024 RM'000	Bank 2025 RM'000	Bank 2024 RM'000
At amortised cost				
Money market instruments:				
Malaysian government securities	465,748	-	-	-
Quoted securities:				
Sukuk	20,164	-	-	-
Unquoted securities:				
Corporate bonds and sukuk	1,140,113	125,456	661,121	125,456
Peer-to-peer ("P2P")	5,037	5,073	-	-
	1,631,062	130,529	661,121	125,456
Less: ECL	(182,342)	(66,443)	(68,837)	(66,046)
	1,448,720	64,086	592,284	59,410

(i) In the previous financial year, financial investments at amortised cost included MFRS 9 reclassification that resulted in a net increase of RM12,368 for the Group and the Bank, as a result of change in business model.

(ii) Changes in gross carrying amount of financial investments at AC and ECL movement for the Group were mainly due to the following:

As at 31 December 2025

- The Group's overall gross carrying amount of financial investments at AC increased following the acquisition of subsidiaries, including RM334,408,000 Stage 3 exposure with an ECL of RM279,948,000. Subsequently, there was a writeback of Stage 3 ECL due to credit improvement, partially offset by a slight increase in Stage 2 ECL driven by higher exposure.

As at 31 December 2024

- The Group's overall gross carrying amount of financial investments at AC increased due to newly purchased financial investments at AC and reclassification from financial investments at FVOCI following a change in business model, which resulted in a corresponding increase in ECL.

8. Financial Investments at AC (cont'd.)

Movements in allowances for impairment which reflect the ECL allowance are as follows:

Group		**Lifetime ECL**		
	12-Month ECL Stage 1	**Not Credit Impaired Stage 2**	**Credit Impaired Stage 3**	**Total**
2025	**RM'000**	**RM'000**	**RM'000**	**RM'000**
At 1 January	2,337	64,106	-	66,443
Acquisition of subsidiaries	144	-	270,035	270,179
Transfer to Lifetime ECL not credit impaired (Stage 2)	(6)	6	-	-
Transfer to Lifetime ECL credit impaired (Stage 3)	(13)	(20)	33	-
Net (writeback)/allowance made	(45)	2,746	(146,363)	(143,662)
New financial investments purchased	581	-	-	581
Financial investments derecognised	(509)	-	-	(509)
Net (writeback)/allowance made	(117)	2,746	(146,363)	(143,734)
Exchange differences	-	-	(10,618)	(10,618)
At 31 December	2,417	66,838	113,087	182,342
2024				
At 1 January	-	-	-	-
Reclassified from FVOCI	1,949	64,098	-	66,047
Net allowance made	388	8	-	396
New financial investments purchased	389	8	-	397
Net writeback	(1)	-	-	(1)
At 31 December	2,337	64,106	-	66,443

8. Financial Investments at AC (cont'd.)

(iii) Changes in gross carrying amount of financial investments at AC and ECL movement for the Bank were mainly due to the following:

As at 31 December 2025

- The Bank's overall gross carrying amount of financial investments at AC increased, resulting in a corresponding increase in overall ECL.

As at 31 December 2024

- The Bank's overall gross carrying amount of financial investments at AC increased due to reclassification from financial investments at FVOCI following a change in business model, resulting in a corresponding increase in ECL.

Movements in allowances for impairment which reflect the ECL allowance are as follows:

Bank		**Lifetime ECL**		
2025	**12-Month ECL Stage 1 RM'000**	**Not Credit Impaired Stage 2 RM'000**	**Credit Impaired Stage 3 RM'000**	**Total RM'000**
At 1 January	1,948	64,098	-	66,046
Net allowance made	87	2,704	-	2,791
New financial investments purchased	217	-	-	217
Net (writeback)/allowance made	(130)	2,704	-	2,574
At 31 December	2,035	66,802	-	68,837
2024				
At 1 January	-	-	-	-
Reclassified from FVOCI	1,949	64,098	-	66,047
Net writeback	(1)	-	-	(1)
At 31 December	1,948	64,098	-	66,046

9. Loans, Financing and Advances

	Group		Bank	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
At amortised cost				
Loans, financing and advances	35,493,635	22,353,825	22,198,891	22,055,540
Amount due from Export Credit Refinancing ("ECR")* debtors	347,037	-	-	-
Loans, financing and advances to others:				
Staff loan/financing	9,773	1,323	1,029	1,323
Gross loans, financing and advances	35,850,445	22,355,148	22,199,920	22,056,863
Allowance for impairment on loans, financing and advances				
- Stage 1: 12-Month ECL	(912,024)	(768,904)	(654,532)	(761,341)
- Stage 2: Lifetime ECL not credit impaired	(2,010,228)	(1,799,752)	(1,846,423)	(1,799,132)
- Stage 3: Lifetime ECL credit impaired	(2,380,038)	(1,359,439)	(1,710,662)	(1,335,748)
	(5,302,290)	(3,928,095)	(4,211,617)	(3,896,221)
Net loans, financing and advances	30,548,155	18,427,053	17,988,303	18,160,642

* The amount represents block discounting of bills facility provided to participating banks in Malaysia granted under ECR Scheme. The primary objective of the Scheme is for the promotion of Malaysian export by offering competitive rates to banks participating in the ECR Scheme for on-lending to exporters.

9. Loans, Financing and Advances (cont'd.)

(i) Loans, financing and advances analysed by type are as follows:

	Group		Bank	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Buyer credit	143,641	-	-	-
Export Credit Refinancing	347,037	-	-	-
Factoring	79,492	72,468	-	-
Hire purchase	706,255	170,508	-	-
Leasing	23,102	43,767	-	-
Overseas financing	211,749	-	-	-
Revolving credit	133,722	96,166	133,448	96,166
Supplier financing	305,969	-	-	-
Term loan/financing	33,889,705	21,970,916	22,065,443	21,959,374
Staff loan/financing	9,773	1,323	1,029	1,323
Gross loans, financing and advances	35,850,445	22,355,148	22,199,920	22,056,863
Allowance for impairment on loans, financing and advances:				
- Stage 1: 12-Month ECL	(912,024)	(768,904)	(654,532)	(761,341)
- Stage 2: Lifetime ECL not credit impaired	(2,010,228)	(1,799,752)	(1,846,423)	(1,799,132)
- Stage 3: Lifetime ECL credit impaired	(2,380,038)	(1,359,439)	(1,710,662)	(1,335,748)
	(5,302,290)	(3,928,095)	(4,211,617)	(3,896,221)
Net loans, financing and advances	30,548,155	18,427,053	17,988,303	18,160,642

9. Loans, Financing and Advances (cont'd.)

(ii) Loans, financing and advances analysed by type of borrowers/customers are as follows:

	Group		Bank	
	2025 RM'000	**2024 RM'000**	**2025 RM'000**	**2024 RM'000**
Domestic business enterprises	34,622,045	22,353,825	22,198,891	22,055,540
Foreign entities	1,218,627	-	-	-
Individuals	9,773	1,323	1,029	1,323
	35,850,445	22,355,148	22,199,920	22,056,863

(iii) Loans, financing and advances analysed by interest/profit rate sensitivity are as follows:

	Group		Bank	
	2025 RM'000	**2024 RM'000**	**2025 RM'000**	**2024 RM'000**
Fixed rate:				
Staff loans/financing	9,773	1,323	1,029	1,323
Hire purchase receivables	387,175	170,508	-	-
Other fixed rate loans/ financing	8,983,221	7,645,561	4,226,985	7,517,784
Variable rate:				
Cost plus	10,602,430	4,004,319	8,515,915	4,004,319
Other variable rates	15,867,846	10,533,437	9,455,991	10,533,437
	35,850,445	22,355,148	22,199,920	22,056,863

9. Loans, Financing and Advances (cont'd.)

(iv) Loans, financing and advances analysed by industry are as follows:

	Group		Bank	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Accommodation and food services activities	4,674,938	1,574,441	1,456,827	1,492,231
Construction	4,382,350	2,204,033	2,047,421	2,181,868
Education, health and others	474,228	-	-	-
Electricity, gas and water supply	601,943	1,355,705	261,509	1,355,631
Finance, insurance/takaful and business	1,703,766	10,397	-	-
Infrastructure	11,350,728	10,126,547	11,350,728	10,126,547
Manufacturing	4,108,467	935,590	953,096	914,062
Mining and quarrying	141,407	-	-	-
Other community, social and personal service activities	500,172	526,566	399,176	403,084
Primary agriculture	10,918	-	-	-
Real estate	2,183,898	2,330,616	2,005,844	2,321,044
Transport, storage and communication	5,707,857	3,289,930	3,724,290	3,261,073
Others	9,773	1,323	1,029	1,323
	35,850,445	22,355,148	22,199,920	22,056,863

9. Loans, Financing and Advances (cont'd.)

(v) The maturity structure of loans, financing and advances is as follows:

	Group		Bank	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Maturity within one year	6,509,828	2,060,028	1,707,767	1,975,975
One year to three years	4,217,274	3,691,125	2,915,792	3,645,460
Three years to five years	6,201,903	2,062,053	3,544,621	1,893,486
Over five years	18,921,440	14,541,942	14,031,740	14,541,942
	35,850,445	22,355,148	22,199,920	22,056,863

(vi) Loans, financing and advances analysed by geographical distribution are as follows:

	Group		Bank	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Within Malaysia	34,631,818	22,355,148	22,199,920	22,056,863
East Asia	899,769	-	-	-
South Asia	16,330	-	-	-
Middle East	134,069	-	-	-
Africa	7,791	-	-	-
Europe	115,507	-	-	-
Oceania	45,161	-	-	-
	35,850,445	22,355,148	22,199,920	22,056,863

9. Loans, Financing and Advances (cont'd.)

(vii) Movements in gross loans, financing and advances are as follows:

Group		Lifetime ECL		
	12-Month ECL Stage 1	Not Credit Impaired Stage 2	Credit Impaired Stage 3	Total
2025	**RM'000**	**RM'000**	**RM'000**	**RM'000**
At 1 January	12,218,630	7,867,120	2,269,398	22,355,148
Acquisition of subsidiaries	9,727,285	1,374,552	3,274,522	14,376,359
Transfer to 12-month ECL (Stage 1)	337,641	(328,909)	(8,732)	-
Transfer to Lifetime ECL not credit impaired (Stage 2)	(511,085)	649,198	(138,113)	-
Transfer to Lifetime ECL credit impaired (Stage 3)	(102,054)	(287,454)	389,508	-
Transfer from Bank Guarantee Lifetime ECL credit impaired (Stage 3)	-	-	514,908	514,908
Remeasurement, net	(228,862)	41,854	(149,630)	(336,638)
Newly originated accounts	5,227,429	502,527	9,115	5,739,071
Settled accounts	(4,052,942)	(106,319)	(201,213)	(4,360,474)
Exchange differences	(112,220)	(75,317)	(3,998)	(191,535)
Written-off	-	-	(2,246,394)	(2,246,394)
At 31 December	22,503,822	9,637,252	3,709,371	35,850,445
2024				
At 1 January	14,660,482	4,054,586	2,067,500	20,782,568
Transfer to 12-month ECL (Stage 1)	74,425	(74,425)	-	-
Transfer to Lifetime ECL not credit impaired (Stage 2)	(2,695,067)	2,695,067	-	-
Transfer to Lifetime ECL credit impaired (Stage 3)	(33,961)	(349,492)	383,453	-
Remeasurement, net	(329,282)	57,609	35,057	(236,616)
Newly originated accounts	1,002,728	1,888,056	-	2,890,784
Settled accounts	(460,695)	(404,281)	(160,597)	(1,025,573)
Written-off	-	-	(56,015)	(56,015)
At 31 December	12,218,630	7,867,120	2,269,398	22,355,148

9. Loans, Financing and Advances (cont'd.)

(vii) Movements in gross loans, financing and advances are as follows (cont'd.):

Bank		**Lifetime ECL**		
	12-Month ECL Stage 1 RM'000	**Not Credit Impaired Stage 2 RM'000**	**Credit Impaired Stage 3 RM'000**	**Total RM'000**
2025				
At 1 January	11,950,224	7,860,932	2,245,707	22,056,863
Transfer to Lifetime ECL not credit impaired (Stage 2)	(188,960)	188,960	-	-
Transfer to Lifetime ECL credit impaired (Stage 3)	-	(73,351)	73,351	-
Transfer from Bank Guarantee Lifetime ECL credit impaired (Stage 3)	-	-	514,908	514,908
Remeasurement, net	(323,580)	101,797	(66,793)	(288,576)
Newly originated accounts	1,343,960	461,065	-	1,805,025
Settled accounts	(1,300,537)	(54,306)	(15,160)	(1,370,003)
Written-off	-	-	(518,297)	(518,297)
At 31 December	11,481,107	8,485,097	2,233,716	22,199,920
2024				
At 1 January	14,438,393	4,040,935	2,040,306	20,519,634
Transfer to 12-month ECL (Stage 1)	72,612	(72,612)	-	-
Transfer to Lifetime ECL not credit impaired (Stage 2)	(2,695,067)	2,695,067	-	-
Transfer to Lifetime ECL credit impaired (Stage 3)	(33,961)	(348,975)	382,936	-
Remeasurement, net	(351,813)	62,012	25,613	(264,188)
Newly originated accounts	684,516	1,888,056	-	2,572,572
Settled accounts	(164,456)	(403,551)	(147,133)	(715,140)
Written-off	-	-	(56,015)	(56,015)
At 31 December	11,950,224	7,860,932	2,245,707	22,056,863

9. Loans, Financing and Advances (cont'd.)

(viii) Impaired loans, financing and advances analysed by industry are as follows:

	Group		Bank	
	2025 RM'000	**2024 RM'000**	**2025 RM'000**	**2024 RM'000**
Accommodation and food services activities	1,339,424	671,365	702,604	671,365
Construction	477,232	446,490	327,976	446,490
Education, health and others	48,487	-	-	-
Electricity, gas and water supply	256,955	300,148	254,606	300,074
Finance, insurance/takaful and business	103,549	7,960	-	-
Infrastructure	688,474	410,913	688,474	410,913
Manufacturing	242,001	-	-	-
Mining and quarrying	12,616	-	-	-
Other community, social and personal service activities	155,574	72,238	54,882	70,082
Primary agriculture	629	-	-	-
Real estate	234,240	206,276	205,174	198,009
Transport, storage and communication	150,190	154,008	-	148,774
	3,709,371	2,269,398	2,233,716	2,245,707
Gross impaired loans, financing and advances as a % of gross loans, financing and advances	10.35%	10.15%	10.06%	10.18%

9. Loans, Financing and Advances (cont'd.)

(ix) Movements in the allowance for impairment of loans, financing and advances are as follows:

Group		**Lifetime ECL**		
	12-Month ECL Stage 1 RM'000	**Not Credit Impaired Stage 2 RM'000**	**Credit Impaired Stage 3 RM'000**	**Total RM'000**
2025				
At 1 January	768,904	1,799,752	1,359,439	3,928,095
Acquisition of subsidiaries	226,266	171,394	2,055,374	2,453,034
Transfer to 12-month ECL (Stage 1)	32,994	(26,570)	(6,424)	-
Transfer to Lifetime ECL not credit impaired (Stage 2)	(59,526)	103,144	(43,618)	-
Transfer to Lifetime ECL credit impaired (Stage 3)	(2,075)	(74,962)	77,037	-
Transfer from Bank Guarantee Lifetime ECL credit impaired (Stage 3)	-	-	514,908	514,908
Remeasurement, net	(54,539)	37,470	165,215	148,146
Exchange differences	-	-	(79,169)	(79,169)
Amount written off	-	-	(1,662,724)	(1,662,724)
At 31 December	912,024	2,010,228	2,380,038	5,302,290
2024				
At 1 January	1,610,534	1,359,850	1,135,673	4,106,057
Transfer to 12-month ECL (Stage 1)	32,148	(32,148)	-	-
Transfer to Lifetime ECL not credit impaired (Stage 2)	(588,736)	588,736	-	-
Transfer to Lifetime ECL credit impaired (Stage 3)	(14,399)	(266,868)	281,267	-
Remeasurement, net	(270,643)	150,182	(45,306)	(165,767)
Amount written off	-	-	(12,195)	(12,195)
At 31 December	768,904	1,799,752	1,359,439	3,928,095

9. Loans, Financing and Advances (cont'd.)

(ix) Movements in the allowance for impairment of loans, financing and advances are as follows (cont'd.):

Bank		**Lifetime ECL**		
	12-Month ECL	**Not Credit Impaired**	**Credit Impaired**	
2025	**Stage 1 RM'000**	**Stage 2 RM'000**	**Stage 3 RM'000**	**Total RM'000**
At 1 January	761,341	1,799,132	1,335,748	3,896,221
Transfer to Lifetime ECL not credit impaired (Stage 2)	(50,153)	50,153	-	-
Transfer to Lifetime ECL credit impaired (Stage 3)	-	(34,518)	34,518	-
Transfer from Bank Guarantee Lifetime ECL credit impaired (Stage 3)	-	-	514,908	514,908
Remeasurement, net	(56,656)	31,656	156,064	131,064
Amount written off	-	-	(330,576)	(330,576)
At 31 December	654,532	1,846,423	1,710,662	4,211,617
2024				
At 1 January	1,605,603	1,356,781	1,108,479	4,070,863
Transfer to 12-month ECL (Stage 1)	32,148	(32,148)	-	-
Transfer to Lifetime ECL not credit impaired (Stage 2)	(588,736)	588,736	-	-
Transfer to Lifetime ECL credit impaired (Stage 3)	(14,399)	(266,868)	281,267	-
Remeasurement, net	(273,275)	152,631	(41,803)	(162,447)
Amount written off	-	-	(12,195)	(12,195)
At 31 December	761,341	1,799,132	1,335,748	3,896,221

10. Financial Guarantee Recoverable

	Note	Group and Bank 2025 RM'000	Group and Bank 2024 RM'000
Financial guarantee recoverable	(i)	164,274	199,274
Allowance for impairment			
- Stage 3: Lifetime ECL credit impaired	(ii)	(82,635)	(61,591)
		81,639	137,683

(i) Movements in financial guarantee recoverable are as follows:

	Group and Bank 2025 RM'000	Group and Bank 2024 RM'000
At 1 January	199,274	199,274
Redemption during the year	(35,000)	-
At 31 December	164,274	199,274

(ii) Movements in the allowance for impairment of financial guarantee recoverable are as follows:

	Group and Bank 2025 RM'000	Group and Bank 2024 RM'000
At 1 January	61,591	61,591
Allowance made during the year (Note 44)	22,153	-
Writeback made during the year (Note 44)	(1,109)	-
At 31 December	82,635	61,591

11. Financial Guarantee Fee Receivables

	Note	Group and Bank 2025 RM'000	Group and Bank 2024 RM'000
Financial guarantee fee receivables		177,244	216,774
Less: Allowance for impairment of financial guarantee fee receivables	(i)	(17,747)	(17,747)
		159,497	199,027
Receivable within 12 months		35,074	36,554
Receivable after 12 months		124,423	162,473
		159,497	199,027

(i) Movements in the allowance for impairment of financial guarantee fee receivables are as follows:

	Group and Bank 2025 RM'000	Group and Bank 2024 RM'000
At 1 January	17,747	-
Allowance made during the year (Note 44)	-	17,747
At 31 December	17,747	17,747

12. Insurance Contract/Takaful Certificate Liabilities and Reinsurance Contract Assets

	Group 2025 RM'000	Group 2024 RM'000
Insurance contract/takaful certificate liabilities	(20,474)	-
Reinsurance contract assets	717	-
	(19,757)	-

Insurance contract/takaful certificate liabilities not under PAA

Group 2025	Liabilities for remaining coverage-Excluding loss component RM'000	Liabilities for remaining coverage-loss component RM'000	Liabilities for incurred claims RM'000	Total RM'000
At 1 January	-	-	-	-
Acquisition of subsidiaries	1,373	(5,861)	(14,423)	(18,911)
Insurance/Takaful revenue	1,987	-	-	1,987
Insurance/Takaful service expense	-	2,411	(257)	2,154
Insurance/Takaful finance expense	(45)	(72)	-	(117)
Premium/contribution received	(281)	-	-	(281)
At 31 December	3,034	(3,522)	(14,680)	(15,168)

12. Insurance Contract/Takaful Certificate Liabilities and Reinsurance Contract Assets (cont'd.)

Insurance contract/takaful certificate liabilities under PAA

Group **2025**	**Liabilities for remaining coverage RM'000**	**Liabilities for incurred claims RM'000**	**Total RM'000**
At 1 January	-	-	-
Acquisition of subsidiaries	(1,627)	(6,610)	(8,237)
Insurance/Takaful revenue	3,620	-	3,620
Insurance/Takaful service expense	-	(97)	(97)
Premium/contribution received	(592)	-	(592)
At 31 December	1,401	(6,707)	(5,306)

Reinsurance contract assets

Group **2025**	**Assets for remaining coverage RM'000**	**Amounts recoverable on incurred claims RM'000**	**Total RM'000**
At 1 January	-	-	-
Acquisition of subsidiaries	3,651	285	3,936
Net income or expense from reinsurance contracts held	(3,499)	111	(3,388)
Reinsurance finance expense	(164)	-	(164)
Premium/contribution paid	333	-	333
At 31 December	321	396	717

13. Other Assets

		Group		Bank	
		2025	2024	2025	2024
	Note	RM'000	RM'000	RM'000	RM'000
Sundry receivables, deposits and prepayments		63,783	13,070	17,411	8,044
Less: Allowance for doubtful debts	(i)	(2,877)	(2,696)	(257)	(76)
		60,906	10,374	17,154	7,968
Amount due from subsidiaries		-	-	3,522	10,921
Advances to a subsidiary	(ii)	-	-	13,011	-
Redeemable Convertible Cumulative Preference Shares ("RCCPS") dividend receivable	(iii)	-	-	113,782	-
Amount receivable from government in respect of compensation for:					
Infrastructure projects and dedicated schemes	(iv)	2,318	250,164	2,318	250,164
Tax recoverable		350,010	182,312	338,881	164,314
		413,234	442,850	488,668	433,367

(i) Allowance for doubtful debts

	Group		Bank	
	2025	2024	2025	2024
	RM'000	RM'000	RM'000	RM'000
At 1 January	2,696	283,044	76	219
Provision during the financial year:				
- Tenant	220	-	220	-
Writeback of ex-staff loan/ financing:				
Stage 3 - Lifetime ECL credit impaired, net	(39)	(143)	(39)	(143)
Written-off	-	(280,205)	-	-
At 31 December	2,877	2,696	257	76

13. Other Assets (cont'd.)

(i) Allowance for doubtful debts (cont'd.)

Included in the allowance for doubtful debts in the previous financial year was an impairment of amount due from Syarikat Borcos Shipping Sdn Bhd ("Borcos"), a former subsidiary of Global Maritime Ventures Berhad ("GMVB"), amounting to RM280,185,000. This amount has been written off following dissolution of Borcos.

(ii) The advances to a subsidiary is unsecured, bears interest at 3.79% per annum and is expected to be repayable in full within 1 year.

(iii) Following the acquisition of EXIM, the RCCPS dividend receivable from EXIM was novated to the Bank and forms a component of the purchase consideration as disclosed in Note 53.

(iv) The amount receivable from the government in respect of compensation for a dedicated scheme decreased due to set-off of RM244,483,192 against the amount payable by the Bank to MOF (Inc.) for the acquisition of EXIM. The set-off was applied in accordance with the terms of the purchase agreement with MOF (Inc.). Refer to Note 53 for the details of the acquisition.

14. Investments in Subsidiaries

	Bank	
	2025 RM'000	2024 RM'000
Unquoted shares, at cost	2,835,476	2,830,476
Waiver of debt	68,750	68,750
Acquisition of subsidiaries (Note 53)	2,824,633	-
	5,728,859	2,899,226
Less: Allowance for impairment on investments in subsidiaries	(806,026)	(806,019)
	4,922,833	2,093,207
Movement of allowance for impairment:		
At 1 January	806,019	803,376
Allowance made during the year	7	2,643
At 31 December	806,026	806,019

* Refer to Note 52 for the list of subsidiaries.

14. Investments in Subsidiaries (cont'd.)

(a) Subsidiary with significant non-controlling interest

The summarised financial information of Global Maritime Ventures Berhad ("GMVB") which have significant non-controlling interests to the Group is set out below. The summarised financial information presented below is the amount before inter-company elimination:

(i) Summarised statement of financial position

	GMVB 2025 RM'000	GMVB 2024 RM'000
Non current assets	657	5,989
Current assets	115,509	110,452
Total assets	116,166	116,441
Non current liabilities	-	-
Current liabilities	1,374	1,844
Total liabilities	1,374	1,844
Net assets	114,792	114,597
Equity attributable to the owners of the company	114,792	113,016
Carrying value of non-controlling interests	-	1,581

(ii) Summarised statement of comprehensive income

	GMVB 2025 RM'000	GMVB 2024 RM'000
Other income	4,276	11,139
Administrative expenses	(1,086)	(588)
Share of profit of joint ventures and associates	(37)	10
Profit before taxation	3,153	10,561
Taxation	(911)	(1,018)
Zakat	(11)	(18)
Net profit for the year	2,231	9,525

14. Investments in Subsidiaries (cont'd.)

(a) Subsidiary with significant non-controlling interest (cont'd.)

(ii) Summarised statement of comprehensive income (cont'd.)

	GMVB	
	2025	**2024**
	RM'000	**RM'000**
Other comprehensive loss:		
Other comprehensive loss to be reclassified to profit or loss in subsequent periods:		
Foreign currency translation reserve	(569)	(144)
	(569)	(144)
Total comprehensive income for the year	1,662	9,381
Profit for the year attributable to:		
Equity holders of the parent	2,174	9,467
Non-controlling interest	57	58
	2,231	9,525
Total comprehensive income attributable to:		
Equity holders of the parent	1,776	9,366
Non-controlling interest	(114)	15
	1,662	9,381

(iii) Summarised statement of cash flows

	GMVB	
	2025	**2024**
	RM'000	**RM'000**
Net cash generated from operating activities	6,647	3,248
Net cash used in investing activities	(2,160)	(1,530)
Net cash used in financing activities	(1,467)	-
Net increase in cash and cash equivalents	3,020	1,718
Cash and cash equivalents at beginning of the year	2,841	1,123
Cash and cash equivalents at the end of the year	5,861	2,841

14. Investments in Subsidiaries (cont'd.)

(b) Loss arising from dissolution of subsidiaries

2024

In the prior year, BPMB Urus Harta Sdn Bhd had been dissolved and deconsolidated on 8 April 2024. The deconsolidation resulted in a loss amounting to RM2,361,827 which has been recognised in the consolidated financial statements.

Details of the deconsolidation of the subsidiary as at the date of dissolution was as follows:

	Total RM'000
Assets	
Cash and bank balances	47
Deposits and placements with financial institutions	2,341
Tax recoverable	8
	2,396
Liabilities	
Other liabilities	34
Net assets	2,362

	At the date of dissolution RM'000
Loss arising from dissolution of subsidiaries	(2,362)

The effect of the dissolution on cash flows is as follows:

Cash and bank balances of dissolved subsidiary	(47)

15. Interest in Associates

	Group 2025 RM'000	Group 2024 RM'000
At cost:		
Unquoted ordinary shares	8,356	8,431
Less: Allowance for impairment losses	(8,056)	(8,131)
	300	300
Group's share of post acquisition reserve	357	393
	657	693

Details of the associates incorporated in Malaysia are as follows:

Name of Associates (Principal place of business in Malaysia)	Effective interest held by the Group 2025 %	Effective interest held by the Group 2024 %	Principal Activities
Held through GMVB, a subsidiary:			
Wawasan Bulk Services Sdn Bhd*	27.0	27.0	Ship management
Held through SME Growth Acceleration Fund Sdn Bhd ("SME GAF"), a subsidiary:			
Ambang Wibawa Sdn Bhd *[1]	26.0	26.0	Dormant
MS Time Ventures Sdn Bhd *	26.0	26.0	Dormant
Speedy Assays Sdn Bhd (f.k.a. Profound Kestrel Laboratories Sdn Bhd)*	49.0	49.0	Dormant

* Audited by firms of auditors other than Ernst & Young PLT, Malaysia.
[1] Placed under members' voluntary liquidation.

15. Interest in Associates (cont'd.)

The summarised financial statements of the associates not adjusted for the proportion of ownership interest held by the Group are as follows:

(a) Summarised statement of financial position

	Group	
	2025	**2024**
	RM'000	**RM'000**
Total assets	2,201	2,317
Total liabilities	10	4

(b) Summarised statement of profit or loss

	Group	
	2025	**2024**
	RM'000	**RM'000**
Revenue	-	-
(Loss)/profit for the year	(122)	38

(c) Reconciliation of the summarised financial information

Net assets at 1 January	2,313	2,275
(Loss)/profit for the financial year	(122)	38
Other comprehensive income	-	-
Net assets at 31 December	2,191	2,313
Interest in associates	30%	30%
Carrying value of Group's interest in associates	657	693

16. Interest in Joint Ventures

	Group	
	2025	**2024**
	RM'000	**RM'000**
At cost:		
Unquoted ordinary shares	9,781	9,781
Group’s share of post acquisition deficit	(9,781)	(9,781)
	-	-

16. Interest in Joint Ventures (cont'd.)

The advances to JV bear an interest of 5% (2024: 5%) per annum and are repayable on a quarterly basis over a period of 1 year.

Details of the JV are as follows:

Name of JV (Principal place of business in Malaysia)	Effective interest held by the Group		Principal Activities
	2025 %	2024 %	
Held through GMVB, a subsidiary:			
Alam Eksplorasi (M) Sdn Bhd^*	36.00	36.00	Ship-owning, ship operator, ship agency, chartering and other related to shipping industry
Alam Synergy I (L) Inc^*	36.00	36.00	Ship-owning, ship operator and charter hire of vessel
Alam Synergy II (L) Inc^*	36.00	36.00	Ship-owning, ship operator and charter hire of vessel
Alam Synergy III (L) Inc^*	36.00	36.00	Ship-owning, ship operator and charter hire of vessel

^ Collectively known as Alam Group.
* Placed under members' voluntary liquidation.

The aggregate current assets, current liabilities and result of the JV are as follows:

(a) Summarised statement of financial position

	2025 RM'000	2024 RM'000
Assets:		
Current assets	8	114
Total assets	8	114
Liabilities:		
Current liabilities	44,677	44,660
Total liabilities	44,677	44,660
Net liabilities	(44,669)	(44,546)

16. Interest in Joint Ventures (cont'd.)

The aggregate current assets, current liabilities and result of the JV are as follows (cont'd.):

(b) Summarised statement of profit or loss

	2025 RM'000	2024 RM'000
Revenue	-	-
Cost of sales	-	(2)
Gross loss	-	(2)
Other income	-	-
Operating expenses	(123)	-
Loss from operations	(123)	(2)
Finance costs	-	-
Loss before taxation	(123)	(2)
Taxation	-	-
Net loss for the year	(123)	(2)

(c) Reconciliation of the summarised financial information

	2025 RM'000	2024 RM'000
Net liabilities at 1 January	(44,546)	(44,544)
Loss for the year	(123)	(2)
Net liabilities at 31 December	(44,669)	(44,546)
Interests in joint ventures	26,801	26,729
Carrying value of Group's interest in joint ventures	(17,868)	(17,817)
Less: Cumulative unrecognised losses b/f	17,817	17,816
Share of unrecognised losses for the year	51	1
Net carrying value of Group's interest in joint ventures	-	-

17. Property, Plant and Equipment

Group **2025**	**Freehold land RM'000**	**Leasehold land and buildings RM'000**	**Furniture and equipment RM'000**	**Motor vehicles RM'000**	**Renovation RM'000**	**Mechanical and electricals RM'000**	**Capital work-in-progress RM'000**	**Total RM'000**
Cost								
At 1 January	58	409	61,819	2,066	4,749	62,916	598	132,615
Acquisition of subsidiaries	34,083	154,096	56,389	2,086	100,390	8,365	19,286	374,695
Additions	-	-	3,461	-	2,734	1,244	6,025	13,464
Disposals/write-off	-	-	(1,672)	-	(149)	(3)	-	(1,824)
Reclassifications	-	(109)	1,315	-	2,875	2,735	(6,816)	-
Transfer to intangible assets (Note 19)	-	-	-	-	-	-	(10,148)	(10,148)
Transfer to assets held for sale (Note 22)	-	-	(16,932)	-	(2,952)	(59,682)	-	(79,566)
At 31 December	34,141	154,396	104,380	4,152	107,647	15,575	8,945	429,236

17. Property, Plant and Equipment (cont'd.)

Group **2025**	**Freehold land RM'000**	**Leasehold land and buildings RM'000**	**Furniture and equipment RM'000**	**Motor vehicles RM'000**	**Renovation RM'000**	**Mechanical and electricals RM'000**	**Capital work-in-progress RM'000**	**Total RM'000**
Accumulated depreciation/ impairment loss								
At 1 January								
Accumulated depreciation	-	260	32,554	1,896	3,700	51,297	-	89,707
Accumulated impairment loss	-	-	24	-	-	-	-	24
	-	260	32,578	1,896	3,700	51,297	-	89,731
Acquisition of subsidiaries	-	52,603	42,721	2,009	87,786	8,041	-	193,160
Charge for the year	-	2,114	9,355	84	5,720	3,124	-	20,397
Disposals/write-off	-	-	(1,632)	(10)	(148)	(3)	-	(1,793)
Transfer to assets held for sale (Note 22)	-	-	(16,396)	-	(2,952)	(49,991)	-	(69,339)
Impairment loss	-	-	(24)	-	-	-	-	(24)
At 31 December								
Accumulated depreciation	-	54,977	66,602	3,979	94,106	12,468	-	232,132
Accumulated impairment loss	-	-	-	-	-	-	-	-
	-	54,977	66,602	3,979	94,106	12,468	-	232,132
Net carrying amount	34,141	99,419	37,778	173	13,541	3,107	8,945	197,104

17. Property, Plant and Equipment (cont'd.)

Group **2024**	**Freehold land RM'000**	**Leasehold land and buildings RM'000**	**Furniture and equipment RM'000**	**Motor vehicles RM'000**	**Renovation RM'000**	**Mechanical and electricals RM'000**	**Capital work-in-progress RM'000**	**Total RM'000**
Cost								
At 1 January	17,973	71,617	58,545	2,066	2,981	62,056	109	215,347
Additions	-	-	3,834	-	1,696	860	818	7,208
Reclassifications	-	-	149	-	72	-	(221)	-
Transfer to investment properties (Note 18)	(17,915)	(71,208)	-	-	-	-	-	(89,123)
Transfer to intangible assets (Note 19)	-	-	(709)	-	-	-	(108)	(817)
At 31 December	58	409	61,819	2,066	4,749	62,916	598	132,615

17. Property, Plant and Equipment (cont'd.)

Group **2024**	**Freehold land RM'000**	**Leasehold land and buildings RM'000**	**Furniture and equipment RM'000**	**Motor vehicles RM'000**	**Renovation RM'000**	**Mechanical and electricals RM'000**	**Capital work-in-progress RM'000**	**Total RM'000**
Accumulated depreciation/ impairment loss								
At 1 January								
Accumulated depreciation	-	22,448	26,979	1,780	2,979	48,297	-	102,483
Accumulated impairment loss	-	-	-	-	-	-	-	-
	-	22,448	26,979	1,780	2,979	48,297	-	102,483
Charge for the year	-	716	5,575	116	721	3,000	-	10,128
Transfer to investment properties (Note 18)	-	(22,904)	-	-	-	-	-	(22,904)
Impairment loss	-	-	24	-	-	-	-	24
At 31 December								
Accumulated depreciation	-	260	32,554	1,896	3,700	51,297	-	89,707
Accumulated impairment loss	-	-	24	-	-	-	-	24
	-	260	32,578	1,896	3,700	51,297	-	89,731
Net carrying amount	58	149	29,241	170	1,049	11,619	598	42,884

17. Property, Plant and Equipment (cont'd.)

Bank **2025**	**Freehold land RM'000**	**Buildings RM'000**	**Furniture and equipment RM'000**	**Motor vehicles RM'000**	**Renovation RM'000**	**Mechanical and electricals RM'000**	**Capital work-in-progress RM'000**	**Total RM'000**
Cost								
At 1 January	58	409	61,929	1,767	4,720	58,975	598	128,456
Additions	-	-	655	-	311	899	-	1,865
Disposals/write-off	-	-	(849)	-	-	-	-	(849)
Reclassifications	-	-	(4,891)	-	2,754	2,735	(598)	-
Transfer to assets held for sale (Note 22)	-	-	(16,932)	-	(2,952)	(59,682)	-	(79,566)
At 31 December	58	409	39,912	1,767	4,833	2,927	-	49,906

17. Property, Plant and Equipment (cont'd.)

Bank **2025**	**Freehold land** **RM'000**	**Buildings** **RM'000**	**Furniture and equipment** **RM'000**	**Motor vehicles** **RM'000**	**Renovation** **RM'000**	**Mechanical and electricals** **RM'000**	**Capital work-in-progress** **RM'000**	**Total** **RM'000**
Accumulated depreciation/ impairment loss								
At 1 January								
Accumulated depreciation	-	260	32,681	1,753	3,671	47,588	-	85,953
Accumulated impairment loss	-	-	24	-	-	-	-	24
	-	260	32,705	1,753	3,671	47,588	-	85,977
Charge for the year	-	8	5,182	4	1,588	3,011	-	9,793
Disposals/write-off	-	-	(824)	-	-	-	-	(824)
Transfer to assets held for sale (Note 22)	-	-	(16,396)	-	(2,952)	(49,991)	-	(69,339)
Impairment loss	-	-	(24)	-	-	-	-	(24)
At 31 December								
Accumulated depreciation	-	268	20,643	1,757	2,307	608	-	25,583
Accumulated impairment loss	-	-	-	-	-	-	-	-
	-	268	20,643	1,757	2,307	608	-	25,583
Net carrying amount	58	141	19,269	10	2,526	2,319	-	24,323

17. Property, Plant and Equipment (cont'd.)

Bank

2024	Freehold land RM'000	Buildings RM'000	Furniture and equipment RM'000	Motor vehicles RM'000	Renovation RM'000	Mechanical and electricals RM'000	Capital work-in-progress RM'000	Total RM'000
Cost								
At 1 January	17,973	71,617	58,704	1,767	2,952	58,115	109	211,237
Additions	-	-	3,785	-	1,696	860	818	7,159
Reclassifications	-	-	149	-	72	-	(221)	-
Transfer to investment properties (Note 18)	(17,915)	(71,208)	-	-	-	-	-	(89,123)
Transfer to intangible assets (Note 19)	-	-	(709)	-	-	-	(108)	(817)
At 31 December	58	409	61,929	1,767	4,720	58,975	598	128,456

17. Property, Plant and Equipment (cont'd.)

Bank 2024	Freehold land RM'000	Buildings RM'000	Furniture and equipment RM'000	Motor vehicles RM'000	Renovation RM'000	Mechanical and electricals RM'000	Capital work-in-progress RM'000	Total RM'000
Accumulated depreciation/ impairment loss								
At 1 January								
Accumulated depreciation	-	22,448	27,221	1,684	2,950	44,588	-	98,891
Accumulated impairment loss	-	-	-	-	-	-	-	-
	-	22,448	27,221	1,684	2,950	44,588	-	98,891
Charge for the year	-	716	5,460	69	721	3,000	-	9,966
Transfer to investment properties (Note 18)	-	(22,904)	-	-	-	-	-	(22,904)
Impairment loss	-	-	24	-	-	-	-	24
At 31 December								
Accumulated depreciation	-	260	32,681	1,753	3,671	47,588	-	85,953
Accumulated impairment loss	-	-	24	-	-	-	-	24
	-	260	32,705	1,753	3,671	47,588	-	85,977
Net carrying amount	58	149	29,224	14	1,049	11,387	598	42,479

18. Investment Properties

	Group 2025 RM'000	Group 2024 RM'000	Bank 2025 RM'000	Bank 2024 RM'000
Cost				
At 1 January	89,505	382	89,505	382
Acquisition of subsidiaries	193,118	-	-	-
Transfer from property, plant and equipment (Note 17)	-	89,123	-	89,123
Transfer to assets held for sale (Note 22)	(89,505)	-	(89,505)	-
At 31 December	193,118	89,505	-	89,505
Depreciation				
At 1 January	23,703	75	23,703	75
Acquisition of subsidiaries	88,147	-	-	-
Charge for the year	3,473	724	953	724
Transfer from property, plant and equipment (Note 17)	-	22,904	-	22,904
Transfer to assets held for sale (Note 22)	(24,656)	-	(24,656)	-
At 31 December	90,667	23,703	-	23,703
Carrying amount	102,451	65,802	-	65,802

	Group 2025 RM'000	Group 2024 RM'000	Bank 2025 RM'000	Bank 2024 RM'000
Included in the above are:				
Land and buildings	102,451	65,802	-	65,802

(i) The Group estimated the fair values of the investment properties to be RM417,780,000 (2024: RM80,370,000). The fair values were determined based on valuations performed by accredited independent valuers.

(ii) The Group has no restrictions on the realisability of its investment properties and no contractual obligations to purchase, construct or develop investment properties or for repairs, maintenance and enhancements.

(iii) During the financial year, the investment properties of the Group and of the Bank have been transferred to assets held for sale (see Note 22) following the commitment to sell the properties to third parties.

18. Investment Properties (cont'd.)

(iv) In the previous financial year, a property was transferred from property, plant and equipment to investment property (see Note 17), since it is leased to third parties and no longer for business use.

(v) Other income/expenses recognised in profit or loss in relation to investment properties.

	Group		Bank	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Lease income	8,460	-	-	1,548
Direct operating expenses	2,023	-	-	763

19. Intangible Assets

	Computer software			
	Group		Bank	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Cost				
At 1 January	72,019	70,435	66,395	66,341
Acquisition of subsidiaries	141,997	-	-	-
Addition	4,020	5,408	1,381	3,878
Disposals/write-off	(1,019)	-	(1,019)	-
Others	(45)	(4,641)	-	(4,641)
Transfer from property, plant and equipment (Note 17)	10,148	817	-	817
At 31 December	227,120	72,019	66,757	66,395
Amortisation				
At 1 January	47,043	40,157	42,659	36,066
Acquisition of subsidiaries	109,580	-	-	-
Amortisation charged	15,189	6,775	6,555	6,482
Disposals/write-off	(1,019)	-	(1,019)	-
Impairment	-	111	-	111
At 31 December	170,793	47,043	48,195	42,659
Carrying amount	56,327	24,976	18,562	23,736

20. Right-of-use Assets

(a) The carrying amounts of right-of-use assets recognised and the movements during the year:

Group 2025	Building RM'000	Other equipment RM'000	Enterprise centre RM'000	Motor vehicles RM'000	Total RM'000
Cost					
At 1 January	64,556	169	-	-	64,725
Acquisition of subsidiaries	2,208	5,411	29,285	5,533	42,437
Addition	57	114	-	-	171
Modification of leases	-	-	5,019	5,578	10,597
Matured	-	(117)	(434)	(4,995)	(5,546)
At 31 December	66,821	5,577	33,870	6,116	112,384
Depreciation					
At 1 January	5,636	130	-	-	5,766
Acquisition of subsidiaries	2,059	4,524	17,570	5,532	29,685
Charge for the year	6,308	727	2,291	559	9,885
Matured for the year	-	(117)	(433)	(4,995)	(5,545)
At 31 December	14,003	5,264	19,428	1,096	39,791
Carrying amount	52,818	313	14,442	5,020	72,593

2024	Building RM'000	Other equipment RM'000	Total RM'000
Cost			
At 1 January	-	374	374
Addition	64,556	-	64,556
Matured	-	(205)	(205)
At 31 December	64,556	169	64,725
Depreciation			
At 1 January	-	262	262
Charge for the year	5,636	73	5,709
Matured for the year	-	(205)	(205)
At 31 December	5,636	130	5,766
Carrying amount	58,920	39	58,959

20. Right-of-use Assets (cont'd.)

(a) The carrying amounts of right-of-use assets recognised and the movements during the year (cont'd.):

Bank

2025	Building RM'000	Other equipment RM'000	Total RM'000
Cost			
At 1 January	64,556	117	64,673
Addition	-	-	-
Matured	-	(117)	(117)
At 31 December	64,556	-	64,556
Depreciation			
At 1 January	5,636	115	5,751
Charge for the year	6,149	2	6,151
Matured for the year	-	(117)	(117)
At 31 December	11,785	-	11,785
Carrying amount	52,771	-	52,771

2024	Building RM'000	Other equipment RM'000	Total RM'000
Cost			
At 1 January	-	322	322
Addition	64,556	-	64,556
Matured	-	(205)	(205)
At 31 December	64,556	117	64,673
Depreciation			
At 1 January	-	257	257
Charge for the year	5,636	63	5,699
Matured for the year	-	(205)	(205)
At 31 December	5,636	115	5,751
Carrying amount	58,920	2	58,922

20. Right-of-use Assets (cont'd.)

(b) The following are the amounts recognised in profit or loss:

Group 2025	Building RM'000	Other equipment RM'000	Enterprise centre RM'000	Motor vehicles RM'000	Total RM'000
Depreciation expense of right-of-use assets	6,308	727	2,291	559	9,885
Finance cost on lease liabilities	3,447	21	305	60	3,833
Expense relating to leases of low-value assets (included in overhead expenses)	-	235	2,293	787	3,315
Total amount recognised in profit or loss	9,755	983	4,889	1,406	17,033

2024	Building RM'000	Other equipment RM'000	Total RM'000
Depreciation expense of right-of-use assets	5,636	73	5,709
Finance cost on lease liabilities	3,293	5	3,298
Expense relating to leases of low-value assets (included in overhead expenses)	-	357	357
Total amount recognised in profit or loss	8,929	435	9,364

20. Right-of-use Assets (cont'd.)

(b) The following are the amounts recognised in profit or loss (cont'd.):

Bank

2025	Building RM'000	Other equipment RM'000	Total RM'000
Depreciation expense of right-of-use assets	6,149	2	6,151
Finance cost on lease liabilities	3,443	-	3,443
Expense relating to leases of low-value assets (included in overhead expenses)	-	235	235
Total amount recognised in profit or loss	9,592	237	9,829

2024	Building RM'000	Other equipment RM'000	Total RM'000
Depreciation expense of right-of-use assets	5,636	63	5,699
Finance cost on lease liabilities	3,293	3	3,296
Expense relating to leases of low-value assets (included in overhead expenses)	-	357	357
Total amount recognised in profit or loss	8,929	423	9,352

21. Deferred Tax Assets/(Liabilities)

	Group		Bank	
	2025	2024	2025	2024
	RM'000	RM'000	RM'000	RM'000
At 1 January	432,475	534,217	432,304	534,046
Acquisition of subsidiaries	102,830	-	-	-
Recognised in statements of profit or loss	(43,186)	(93,686)	(28,665)	(93,686)
Recognised in other comprehensive income	(36,988)	(8,056)	(33,440)	(8,056)
At 31 December	455,131	432,475	370,199	432,304

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 when the deferred income taxes relate to the same fiscal authority. The net deferred tax assets and liabilities shown on the statements of financial position after appropriate offsettings are as follows:

	Group		Bank	
	2025	2024	2025	2024
	RM'000	RM'000	RM'000	RM'000
Deferred tax assets	455,619	432,603	370,199	432,304
Deferred tax liabilities	(488)	(128)	-	-
	455,131	432,475	370,199	432,304

Deferred tax assets and liabilities prior to offsetting are summarised as follows:

	Group		Bank	
	2025	2024	2025	2024
	RM'000	RM'000	RM'000	RM'000
Deferred tax assets	533,225	436,110	426,178	435,811
Deferred tax liabilities	(78,094)	(3,635)	(55,979)	(3,507)
	455,131	432,475	370,199	432,304

21. Deferred Tax Assets/(Liabilities) (cont'd.)

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

Deferred tax assets

Group 2025	Loan/ financing loss and allowances RM'000	Financial guarantee RM'000	Unutilised business losses and unabsorbed capital allowance RM'000	Financial investments at AC RM'000	Unrealised FVOCI reserve RM'000	Right-of-use assets and lease liabilities RM'000	Provisions and other temporary differences RM'000	Total RM'000
At 1 January	373,294	47,193	-	-	2,635	-	12,988	436,110
Acquisition of subsidiaries	57,076	-	29,040	35	-	94	39,813	126,058
Recognised in statements of profit or loss	(23,230)	1,628	(17,554)	8,484	(2,635)	(36)	4,400	(28,943)
At 31 December	407,140	48,821	11,486	8,519	-	58	57,201	533,225
2024								
At 1 January	464,462	49,816	-	-	12,014	-	9,170	535,462
Recognised in statements of profit or loss	(91,168)	(2,623)	-	-	(1,323)	-	3,818	(91,296)
Recognised in other comprehensive income	-	-	-	-	(8,056)	-	-	(8,056)
At 31 December	373,294	47,193	-	-	2,635	-	12,988	436,110

21. Deferred Tax Assets/(Liabilities) (cont'd.)

The components and movements of deferred tax assets and liabilities during the year prior to offsetting are as follows (cont'd.):

Deferred tax liabilities

Group 2025	Loan/ financing loss and allowances RM'000	Unrealised FVOCI reserve RM'000	Property, plant and equipment RM'000	Intangible assets RM'000	Right-of-use assets RM'000	Total RM'000
At 1 January	(56)	-	(3,579)	-	-	(3,635)
Acquisition of subsidiaries		(6,543)	(12,017)	(4,420)	(248)	(23,228)
Recognised in statements of profit or loss	14	(16,805)	1,475	904	169	(14,243)
Recognised in other comprehensive income	-	(36,988)	-	-	-	(36,988)
At 31 December	(42)	(60,336)	(14,121)	(3,516)	(79)	(78,094)
2024						
At 1 January	(56)	-	(1,189)	-	-	(1,245)
Recognised in statements of profit or loss	-	-	(2,390)	-	-	(2,390)
At 31 December	(56)	-	(3,579)	-	-	(3,635)

21. Deferred Tax Assets/(Liabilities) (cont'd.)

The components and movements of deferred tax assets and liabilities during the year prior to offsetting are as follows (cont'd.):

Deferred tax assets

Bank **2025**	**Loan/ financing loss and allowances RM'000**	**Financial guarantee RM'000**	**Financial investments at AC RM'000**	**Unrealised FVOCI reserve RM'000**	**Provisions and other temporary differences RM'000**	**Total RM'000**
At 1 January	373,294	47,193	-	2,635	12,689	435,811
Recognised in statements of profit or loss	(19,071)	1,628	8,505	(2,635)	1,940	(9,633)
At 31 December	354,223	48,821	8,505	-	14,629	426,178
2024						
At 1 January	464,462	49,816	-	12,014	8,871	535,163
Recognised in statements of profit or loss	(91,168)	(2,623)	-	(1,323)	3,818	(91,296)
Recognised in other comprehensive income	-	-	-	(8,056)	-	(8,056)
At 31 December	373,294	47,193	-	2,635	12,689	435,811

21. Deferred Tax Assets/(Liabilities) (cont'd.)

The components and movements of deferred tax assets and liabilities during the year prior to offsetting are as follows (cont'd.):

Deferred tax liabilities

Bank 2025	Unrealised FVOCI reserve RM'000	Property, plant and equipment RM'000	Total RM'000
At 1 January	-	(3,507)	(3,507)
Recognised in statements of profit or loss	(19,405)	373	(19,032)
Recognised in other comprehensive income	(33,440)	-	(33,440)
At 31 December	(52,845)	(3,134)	(55,979)
2024			
At 1 January	-	(1,117)	(1,117)
Recognised in statements of profit or loss	-	(2,390)	(2,390)
At 31 December	-	(3,507)	(3,507)

22. Assets Classified as Held for Sale

	Group		Bank	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
At 1 January	-	-	-	-
Acquisition of subsidiaries	11,441	-	-	-
Transfer from property, plant and equipment (Note 17)	10,227	-	10,227	-
Transfer from investment properties (Note 18)	64,849	-	64,849	-
Adjustment	183	-	-	-
Fair value adjustment	(140)	-	-	-
At 31 December	86,560	-	75,076	-

During the financial year, three properties were classified as assets held for sale following the commitment of the Group to sell the property to third parties.

23. Deposits from Customers

	Group		Bank	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
At amortised cost				
Fixed deposits and negotiable instruments of deposits	16,841,720	13,672,697	11,006,238	13,946,886
(a) The deposits are sourced from the following types of deposit:				
Tawarruq	16,841,720	13,672,697	11,006,238	13,946,886
(b) The deposits are sourced from the following types of customers:				
Business enterprises	7,113,146	7,323,149	5,088,611	7,597,338
Government and statutory bodies	8,270,083	6,349,548	5,917,627	6,349,548
Others	1,458,491	-	-	-
	16,841,720	13,672,697	11,006,238	13,946,886

23. Deposits from Customers (cont'd.)

	Group		Bank	
	2025	**2024**	**2025**	**2024**
	RM'000	**RM'000**	**RM'000**	**RM'000**
(c) The deposits maturity structure are as follows:				
Less than six months	14,698,433	12,231,225	10,444,706	12,425,857
Six months to one year	2,143,287	1,241,123	561,532	1,320,680
One year to three years	-	200,349	-	200,349
	16,841,720	13,672,697	11,006,238	13,946,886

24. Deposits and Placements from Financial Institutions

	Group		Bank	
	2025	**2024**	**2025**	**2024**
	RM'000	**RM'000**	**RM'000**	**RM'000**
At amortised cost				
Licensed banks	3,070,244	1,443,589	3,008,710	1,443,589
(a) The deposits maturity structure are as follows:				
Less than six months	2,884,115	1,443,589	3,008,710	1,443,589
Six months to one year	186,129	-	-	-
	3,070,244	1,443,589	3,008,710	1,443,589

25. Collateralised Commodity Murabahah

Collateralised Commodity Murabahah are securities which the Group and the Bank have sold from its portfolio, with a commitment to repurchase at future dates. Such financing and the obligations to repurchase the securities are reflected as a liability on the statements of financial position. The securities are not derecognised as the Group and the Bank retain substantially all of the risks and rewards of ownership of the securities.

26. Financial Guarantee Deferred Income

		Group		Bank	
		2025	2024	2025	2024
	Note	RM'000	RM'000	RM'000	RM'000
Deferred financial guarantee fee income	(i)	203,483	232,276	193,307	232,276
Deferred income from Danajamin Prihatin Guarantee Scheme	(ii)	67	140	67	140
		203,550	232,416	193,374	232,416

(i) Movement of deferred financial guarantee fee income:

	Group		Bank	
	2025	2024	2025	2024
	RM'000	RM'000	RM'000	RM'000
At 1 January	232,276	393,164	232,276	393,164
Acquisition of subsidiaries	9,033	-	-	-
Addition	5,786	-	-	-
Financial guarantee fee written	(3,381)	-	(3,381)	-
Financial guarantee fee earned	(39,927)	(52,132)	(35,284)	(52,132)
Financial guarantee fee early redeemed	(304)	(12,212)	(304)	(12,212)
Financial guarantee fee for event of default	-	(96,544)	-	(96,544)
At 31 December	203,483	232,276	193,307	232,276

(ii) Movement of deferred income from Danajamin Prihatin Guarantee Scheme:

	Group		Bank	
	2025	2024	2025	2024
	RM'000	RM'000	RM'000	RM'000
At 1 January	140	351	140	351
Financial guarantee fee written	239	316	239	316
Financial guarantee fee earned	(312)	(527)	(312)	(527)
At 31 December	67	140	67	140

27. Other Liabilities

	Group		Bank	
	2025 RM'000	**2024 RM'000**	**2025 RM'000**	**2024 RM'000**
Provision for taxation	1,439	148	-	-
Provision for zakat	16,316	13,717	13,059	11,479
Zakat payable	2,434	1,262	2,434	1,262
Fees received in advance	1,580	2,115	1,580	2,115
Trade creditors	2,737	281	-	-
Rental and security deposits	15,802	15,845	3,115	194
Sundry creditors and accruals	984,060	73,517	53,357	55,605
Islamic margin account (Note 27(a))	236,174	-	-	-
Sinking fund and debt services reserve accounts	183,803	-	-	-
Allowances for impairment losses on financial guarantee (Note 27(b))	110,265	560,446	104,153	560,446
Amount due to subsidiary (Note 27(c))	-	-	1,804,185	1,804,081
Amount due to Teraju (Note 27(d))	70,112	-	-	-
	1,624,722	667,331	1,981,883	2,435,182

(a) Islamic margin account refers to the cash collateral pledged by the Islamic banking customers of the Group. The amount will be repaid to the customers at the end of the financing tenure or will be offset with any overdue amount. The Group will pay a hibah/profit rate at 0.25% per annum to the eligible customers.

27. Other Liabilities (cont'd.)

(b) Movements in the allowance for impairment losses on financial guarantee are as follows:

Group		Lifetime ECL		
	12-Month ECL Stage 1 RM'000	Not Credit Impaired Stage 2 RM'000	Credit Impaired Stage 3 RM'000	Total RM'000
2025				
At 1 January	67,974	28,478	463,994	560,446
Acquisition of subsidiaries	5,515	1	-	5,516
Transfer to Lifetime ECL not credit impaired (Stage 2)	(2,686)	2,686	-	-
Transfer to loans, financing and advances	-	-	(514,908)	(514,908)
Remeasurement, net	9,150	(853)	50,914	59,211
At 31 December	79,953	30,312	-	110,265
2024				
At 1 January	100,643	120,754	-	221,397
Transfer to Lifetime ECL not credit impaired (Stage 2)	(899)	899	-	-
Transfer to Lifetime ECL credit impaired (Stage 3)	-	(89,274)	89,274	-
Remeasurement, net	(31,770)	(3,901)	374,720	339,049
At 31 December	67,974	28,478	463,994	560,446

27. Other Liabilities (cont'd.)

(b) Movements in the allowance for impairment losses on financial guarantee are as follows (cont'd.):

Bank		Lifetime ECL		
	12-Month ECL Stage 1 RM'000	Not Credit Impaired Stage 2 RM'000	Credit Impaired Stage 3 RM'000	Total RM'000
2025				
At 1 January	67,974	28,478	463,994	560,446
Transfer to Lifetime ECL not credit impaired (Stage 2)	(2,686)	2,686	-	-
Transfer to loans, financing and advances	-	-	(514,908)	(514,908)
Remeasurement, net	8,553	(852)	50,914	58,615
At 31 December	73,841	30,312	-	104,153
2024				
At 1 January	100,643	120,754	-	221,397
Transfer to Lifetime ECL not credit impaired (Stage 2)	(899)	899	-	-
Transfer to Lifetime ECL credit impaired (Stage 3)	-	(89,274)	89,274	-
Remeasurement, net	(31,770)	(3,901)	374,720	339,049
At 31 December	67,974	28,478	463,994	560,446

(c) The amount due to subsidiary is unsecured, interest free and repayable on demand.

(d) This fund represents advances received from The Bumiputera Agenda Steering Unit ("Teraju") under the Ministry of Economy as collateral for loan to be disbursed to Bumiputera Exporters and Small Medium Enterprise ("SMEs") companies as defined by the terms of the respective Teraju Programme. The collateral may be utilised to offset the outstanding loan balance. Conversely, if the collateral remains unutilised upon the maturity of the loan or upon completion of the programme, the Group is obligated to refund the unutilised amount to Teraju.

28. Redeemable Notes and Islamic Commercial Papers

		Group		Bank	
		2025	2024	2025	2024
	Note	RM'000	RM'000	RM'000	RM'000
Redeemable non-guaranteed notes					
Sukuk Murabahah	(i)	2,527,508	2,527,358	2,527,508	2,527,358
Sukuk Wakalah	(ii)	2,681,156	2,259,363	2,681,156	2,259,363
Sustainable Development Sukuk Wakalah	(iii)	453,214	453,311	453,214	453,311
Sustainable Sukuk Wakalah	(iv)	2,112,038	1,003,235	602,049	1,003,235
Medium term notes	(v)	1,848,613	-	-	-
		9,622,529	6,243,267	6,263,927	6,243,267
Redeemable guaranteed notes					
Sukuk Murabahah	(vi)	1,826,492	1,826,492	1,826,492	1,826,492
Islamic medium term notes	(vii)	453,806	-	-	-
Medium term notes	(viii)	255,672	255,672	255,672	255,672
		2,535,970	2,082,164	2,082,164	2,082,164
Islamic commercial papers ("ICPs")	(ix)	497,415	-	-	-
Infrastructure notes - nominal value	(x)	-	50,647	-	50,647
Less: Unaccreted discount		-	(336)	-	(336)
		-	50,311	-	50,311
		12,655,914	8,375,742	8,346,091	8,375,742

(i) These sukuk carry profit rates ranging between 4.50% and 4.98% (2024: 4.50% and 4.98%) per annum and for tenures of 10 years and 19 years (2024: 10 years and 19 years). These sukuk will mature in March 2027, 2032 and November 2026, 2031 and 2035 respectively.

(ii) These sukuk carry profit rates ranging between 3.00% and 4.05% (2024: 2.80% and 4.05%) per annum and for tenures of 3 years and 10 years (2024: 5 years and 10 years). These sukuk will mature in June 2026, 2028, 2031, September 2028 and October 2027 and 2030 respectively.

28. Redeemable Notes and Islamic Commercial Papers (cont'd.)

(iii) This sukuk carries a profit rate of 3.95% (2024: 3.95%) per annum with a tenure of 7 years (2024: 7 years). This sukuk will mature in October 2028.

(iv) These sukuk carry profit rates ranging between 3.10% and 4.05% (2024: 3.81% and 4.02%) per annum and for tenures of 5 years (2024: 2 years and 5 years). These sukuk will mature in July 2026, May 2028 and December 2028 respectively.

(v) These notes carry coupon rates ranging between 1.83% and 4.25% per annum and for tenures of 5 years and 15 years. These notes will mature in November 2026 and June 2029 respectively.

(vi) These sukuk carry profit rates ranging between 4.75% and 4.85% (2024: 4.75% and 4.85%) per annum and for tenures of 15 years and 20 years (2024: 15 years and 20 years). These sukuk will mature in September 2029 and 2034 respectively.

(vii) These notes carry profit rates ranging between 3.30% and 4.10% per annum and for tenures of 7 years. These notes will mature in March 2026 and April 2027 respectively.

(viii) These notes carry coupon rate of 5.08% (2024: 5.08%) per annum with a tenure of 15 years (2024: 15 years). These notes will mature in January 2031.

(ix) These commercial papers carry profit rate of 3.31% per annum with a tenure of 6 months. These commercial papers will mature in February 2026.

(x) This note carried coupon rate of 7.50% (2024: 7.50%) per annum with a tenure of 25 years, matured in October 2025.

28. Redeemable Notes and Islamic Commercial Papers (cont'd.)

The movements in the redeemable notes are as follows:

	Murabahah		Wakalah	
Group and Bank	**2025 RM'000**	**2024 RM'000**	**2025 RM'000**	**2024 RM'000**
Redeemable non-guaranteed notes				
Principal				
At 1 January	2,500,000	2,500,000	2,250,000	2,250,000
Issued during the year	-	-	800,000	-
Payment during the year	-	-	(385,000)	-
At 31 December	2,500,000	2,500,000	2,665,000	2,250,000
Accrued profit payable				
At 1 January	27,358	26,662	9,363	9,738
Charge for the year	118,915	119,461	82,699	76,329
Payment during the year	(118,765)	(118,765)	(75,906)	(76,704)
At 31 December	27,508	27,358	16,156	9,363
	2,527,508	2,527,358	2,681,156	2,259,363

	Sustainable Development Wakalah	
Group and Bank	**2025 RM'000**	**2024 RM'000**
Redeemable non-guaranteed notes		
Principal		
At 1 January	450,000	450,000
At 31 December	450,000	450,000
Accrued profit payable		
At 1 January	3,311	3,311
Charge for the year	17,775	17,824
Payment during the year	(17,872)	(17,824)
At 31 December	3,214	3,311
	453,214	453,311

28. Redeemable Notes and Islamic Commercial Papers (cont'd.)

The movements in the redeemable notes are as follows (cont'd.):

Group	Sustainable Wakalah 2025 RM'000	Sustainable Wakalah 2024 RM'000	Medium Term Notes 2025 RM'000	Medium Term Notes 2024 RM'000
Redeemable non-guaranteed notes				
Principal				
At 1 January	1,000,000	1,000,000	-	-
Acquisition of subsidiaries	2,000,000	-	2,031,941	-
Fair value movement	-	-	4,940	-
Capitalised cost/premium/ discount amortisation	-	-	995	-
Payment during the year	(900,000)	-	-	-
Exchange differences	-	-	(201,734)	-
At 31 December	2,100,000	1,000,000	1,836,142	-
Accrued profit payable				
At 1 January	3,235	3,343	-	-
Acquisition of subsidiaries	25,222	-	29,866	-
Charge for the year	80,968	39,468	30,017	-
Payment during the year	(97,387)	(39,576)	(44,798)	-
Exchange differences	-	-	(2,614)	-
At 31 December	12,038	3,235	12,471	-
	2,112,038	1,003,235	1,848,613	-

Bank	Sustainable Wakalah 2025 RM'000	Sustainable Wakalah 2024 RM'000
Redeemable non-guaranteed notes		
Principal		
At 1 January	1,000,000	1,000,000
Payment during the year	(400,000)	-
At 31 December	600,000	1,000,000
Accrued profit payable		
At 1 January	3,235	3,343
Charge for the year	38,066	39,468
Payment during the year	(39,252)	(39,576)
At 31 December	2,049	3,235
	602,049	1,003,235

28. Redeemable Notes and Islamic Commercial Papers (cont'd.)

The movements in the redeemable notes are as follows (cont'd.):

Group and Bank	Murabahah 2025 RM'000	Murabahah 2024 RM'000	Medium Term Notes 2025 RM'000	Medium Term Notes 2024 RM'000
Redeemable guaranteed notes				
Principal				
At 1 January	1,800,000	2,300,000	250,000	250,000
Payment during the year	-	(500,000)	-	-
At 31 December	1,800,000	1,800,000	250,000	250,000
Accrued interest/profit payable				
At 1 January	26,492	32,934	5,672	5,602
Charge for the year	86,400	101,858	12,700	12,735
Payment during the year	(86,400)	(108,300)	(12,700)	(12,665)
At 31 December	26,492	26,492	5,672	5,672
	1,826,492	1,826,492	255,672	255,672

Group	Islamic Medium Term Notes 2025 RM'000	Islamic Medium Term Notes 2024 RM'000	Islamic Commercial Papers 2025 RM'000	Islamic Commercial Papers 2024 RM'000
Redeemable guaranteed notes				
Principal				
At 1 January	-	-	-	-
Acquisition of subsidiaries	450,000	-	-	-
Issued during the year	-	-	500,000	-
At 31 December	450,000	-	500,000	-
Accrued interest/profit payable				
At 1 January	-	-	-	-
Acquisition of subsidiaries	989	-	-	-
Charge for the year	11,042	-	-	-
Amortisation for the year	-	-	(2,585)	-
Payment during the year	(8,225)	-	-	-
At 31 December	3,806	-	(2,585)	-
	453,806	-	497,415	-

28. Redeemable Notes and Islamic Commercial Papers (cont'd.)

The movements in the redeemable notes are as follows (cont'd.):

Group and Bank	2025 RM'000	2024 RM'000
Infrastructure notes		
Principal		
At 1 January	50,000	100,000
Repayment during the year	(50,000)	(50,000)
At 31 December	-	50,000
Unaccreted discount		
At 1 January	(336)	(744)
Accreted discount during the year	336	408
At 31 December	-	(336)
Accrued interest payable		
At 1 January	647	1,294
Charge for the year	3,103	6,873
Repayment during the year	(3,750)	(7,520)
At 31 December	-	647
	-	50,311

29. Borrowings and Funding

Group	Note	31 December 2025 Due after twelve months RM'000	31 December 2025 Due within twelve months RM'000	31 December 2024 Due after twelve months RM'000	31 December 2024 Due within twelve months RM'000
Loans from Employees Provident Fund ("EPF")					
Unsecured:	(a)				
Principal		150,000	-	150,000	-
Interest		-	2,540	-	2,540
		150,000	2,540	150,000	2,540
Other borrowings and funding					
Unsecured:	(b)				
Principal		1,909,510	1,326,646	-	-
Interest		-	16,550	-	-
Fair value		(117,178)	-	-	-
		1,792,332	1,343,196	-	-
Total borrowings and funding			3,288,068		152,540

Bank	Note	31 December 2025 Due after twelve months RM'000	31 December 2025 Due within twelve months RM'000	31 December 2024 Due after twelve months RM'000	31 December 2024 Due within twelve months RM'000
Loans from Employees Provident Fund ("EPF")					
Unsecured:	(a)				
Principal		150,000	-	150,000	-
Interest		-	2,540	-	2,540
		150,000	2,540	150,000	2,540
Total borrowings and funding			152,540		152,540

29. Borrowings and Funding (cont'd.)

The movements in borrowings and funding are as follows:

	Group Other borrowings and funding - unsecured		Group and Bank Loans from EPF	
	2025 RM'000	**2024 RM'000**	**2025 RM'000**	**2024 RM'000**
Unsecured:				
Principal				
At 1 January	-	-	150,000	150,000
Acquisition of subsidiaries	3,607,289	-	-	-
Issued during the year	162,143	-	-	-
Repayment during the year	(484,928)	-	-	-
Exchange differences	(48,348)	-	-	-
At 31 December	3,236,156	-	150,000	150,000
Accrued profit/interest payable				
At 1 January	-	-	2,540	2,520
Acquisition of subsidiaries	(116,244)	-	-	-
Charge for the year	49,614	-	7,299	7,319
Amortisation of fair value	28,670	-	-	-
Repayment during the year	(40,070)	-	(7,299)	(7,299)
Reclassification to government funds (day-1 impact)	(18,007)	-	-	-
Exchange differences	(4,591)	-	-	-
At 31 December	(100,628)	-	2,540	2,540
Total borrowings and funding	3,135,528	-	152,540	152,540

(a) Loan from EPF

	Group and Bank Principal	
	2025 RM'000	**2024 RM'000**
Loan	150,000	150,000
	150,000	150,000

The above loan which is guaranteed by the Government of Malaysia was drawn in different tranches and bear different interest rates ranging between 4.60% to 5.23% (2024: 4.60% to 5.23%) per annum. The loan is repayable in 3 instalments over a period of 2 years, commencing 2028.

29. Borrowings and Funding (cont'd.)

(b) Other borrowings and funding - unsecured

		Group Principal	
		2025	2024
	Note	RM'000	RM'000
Government of Malaysia ("GOM")	(i)	803,850	-
BNM	(ii)	1,637,328	-
Others	(iii) - (xv)	794,978	-
		3,236,156	-

(i) The weighted average interest/profit rate on the borrowings/fundings from the GOM range from 0% to 2.75% per annum.

(ii) Included in borrowings and funding from BNM is to provide financing to eligible SME customers with weighted average interest/profit rates range from 0% to 1.00% per annum.

(iii) Revolving multi-currency loan up to an aggregate of USD50,000,000 (approximately RM203,050,000). This facility is available for utilisation in USD, GBP, SGD and EUR.

The loan was obtained on 25 June 2009. The principal and interest of the loan was revised to USD100,000,000 and 0.80% respectively on March 2014, revised to USD150,000,000 on July 2014 and revised to USD50,000,000 on November 2022. Interest on the loan is charged at the rate of 0.80% per annum above Secured Overnight Financing Rate ("SOFR") for USD and 0.80% above Cost of Fund ("COF") for GBP, SGD and EUR.

(iv) Revolving multi-currency Islamic financing obtained on 10 November 2010 for USD30,000,000, renewed on 14 December 2011, 21 March 2014 and 2 March 2015 with additional amounts of USD10,000,000, USD30,000,000 and USD30,000,000 respectively. On 21 November 2019, the amount was reduced to USD50,000,000. Profit rate on the financing was charged at the rate of 0.80% and has been subsequently revised to 0.50% (2024: 0.50%) per annum above the Islamic COF since March 2014.

29. Borrowings and Funding (cont'd.)

(b) Other financing - unsecured (cont'd.)

(v) Revolving Euro loan of one (1) year up to an aggregate of EUR30,000,000 (approximately RM142,821,000).

The loan was obtained on 12 March 2012. Interest rate on the loan is charged at the rate of 0.80% (2024: 0.80%) per annum above Euro Interbank Offer Rate ("EURIBOR").

(vi) Commodity Murabahah Revolving Credit-i up to an aggregate of USD20,000,000 (approximately RM81,220,000) renewable after one (1) year.

The financing was obtained on 15 August 2013. Profit rate on the financing is charged at the rate of 0.75% per annum above the Islamic COF. On 27 July 2020, the financing amount was reduced to USD20,000,000.

(vii) Multi-Currency Murabahah Revolving Credit-i up to an aggregate of EUR120,000,000 (approximately RM571,284,000). On 25 September 2024, the amount was reduced to EUR45,000,000 This facility is available for utilisation in EUR, USD and GBP.

The financing was obtained on 18 September 2013. Profit rate on the financing is charged at the rate of 0.80% per annum above EURIBOR for EUR and 0.80% above COF for USD and GBP.

(viii) Multi-currency Commodity Murabahah Revolving Credit-i up to an aggregate of USD75,000,000 (approximately RM304,575,000). This facility is available for utilisation in USD, EUR and JPY.

The financing was obtained on 25 February 2016 and renewable yearly. Profit rate on the financing is charged at the rate of 0.75% per annum above the SOFR and CAS for USD, and 0.75% per annum above COF for EUR and JPY on 31 December 2025.

(ix) Commodity Murabahah Revolving Credit-i up to an aggregate of USD25,000,000 (approximately RM101,525,000).

The financing was obtained on 16 December 2016. Profit rate on the financing is charged at the rate of 0.80% per annum above SOFR.

29. Borrowings and Funding (cont'd.)

(b) Other financing - unsecured (cont'd.)

(x) Commodity Murabahah Revolving Credit-i up to an aggregate of USD50,000,000 (approximately RM203,050,000) renewable after one (1) year.

The financing was obtained on 14 November 2019. Profit rate on the financing is charged at the rate of 0.95% per annum above SOFR.

(xi) Revolving US Dollar loan up to a maximum facility of USD20,000,000 (approximately RM81,220,000).

The loan was obtained on 20 October 2020. Interest on loan is charged at the rate of 0.75% per annum above Cost of Fund. This facility was cancelled on 2 May 2025.

(xii) Revolving US Dollar loan up to a maximum facility of USD50,000,000 (approximately RM203,050,000).

The loan was obtained on 17 August 2023. Interest on loan is charged at the rate of 0.95% per annum above SOFR.

(xiii) Revolving US Dollar loan up to a maximum facility of USD25,000,000 (approximately RM101,525,000).

The loan was obtained on 8 December 2023. Interest on loan is charged at the rate of 0.75% per annum above SOFR.

(xiv) Term Financing Facility of GBP35,000,000 (approximately RM190,879,500).

The loan was obtained on 28 August 2023 and repayable after a period of 3 years. Profit on the financing is charged at 1.03% per annum above Term Sterling Overnight Index Average ("SONIA"). This financing has been fully repaid on 24 November 2025.

(xv) Commodity Murabahah Revolving Credit-i loan up to a maximum facility of RM50,000,000.

The financing was obtained on 21 June 2023. Profit rate is charged at the rate of 0.55% per annum above SOFR.

30. Derivative Financial Instruments

The notional amounts, recorded at gross, is the amount of derivatives' underlying asset, reference rate or index and is the basis upon which changes in the value of derivatives are measured. The notional amounts indicate the volume of transactions outstanding at the year end and are not indicative of the market risk nor the credit risk.

The following table shows the fair value of derivative financial instruments recorded as assets or liabilities together with their notional amounts. Derivative assets and derivative liabilities are disclosed on a gross basis as it is the Banks's practice to settle those derivative on a gross basis.

As at 31 December 2025, the Group has entered into the following derivative financial instruments:

	Group 2025		
	Fair value		Notional
	Assets	Liabilities	amount
	RM'000	RM'000	RM'000
Derivatives used in fair value hedges			
Interest/profit rate swaps	-	47,071	1,827,450
Derivative held for trading			
Forward foreign exchange contract	-	1,791	64,976
Total	-	48,862	1,892,426

At their inception, derivatives often involve only mutual exchange of promises with little or no transfer of consideration. However, these instruments frequently involve a high degree of leverage and are very volatile. A relatively small movement in the value of assets, rate or index underlying a derivative contract may have a significant impact on the profit or loss of the Group.

Over-the-counter derivative may expose the Group to the risks associated with absence of an exchange market on which to close out an open position.

Swaps

Swaps are contractual agreements between two parties to exchange streams of payments over-time based on specified notional amounts, in relation to movements in a specified underlying index such an interest/profit rate, foreign currency rate or equity index.

30. Derivative Financial Instruments (cont'd.)

Swaps (cont'd.)

Interest/profit rate swaps relate to contracts taken out by the Group with other financial institutions in which the Group either receives or pays a floating rate of interest/profit, respectively, in return for paying or receiving a fixed rate of interest/profit. The payment flows are usually netted against each other with the difference being paid by one party to the other.

In a cross currency interest/profit rate swap, the Group swaps their fixed coupon interest rate into a floating rate coupon in different currencies.

Forwards

The Group enters into Forward Exchange Contract to sell or buy a specific amount of currency at a specified exchange rate for settlement in the future. The contract is entered for the Group's own requirement or on behalf of customer based on approved foreign exchange line.

Fair values

Disclosure concerning the fair value of derivatives are provided in Note 55.

Fair value hedge

The financial instruments hedged for interest/profit rate risk and foreign currency risk consist of the Medium Term Notes ("MTN") and Multi-currency Sukuk Programme ("Sukuk") issued by the Group.

30. Derivative Financial Instruments (cont'd.)

Fair value hedge (cont'd.)

Full details of hedging as follows:

Group
2025

Notional amount	Hedging instrument: Interest/Profit Rate Swap	Hedged item: MTN/SUKUK	Hedging relationship	Nature of risk
USD50 million	Floating rate of 6 months SOFR + CAS + 0.388% p.a. (receive fixed USD semi-annually/pay float USD semi-annually)	Fixed 1.831% per annum (payable semi-annually)	Fair value hedge	Interest rate
USD50 million	Floating rate of 6 months SOFR + CAS + 0.375% p.a. (receive fixed USD semi-annually/pay float USD semi-annually)	Fixed 1.831% per annum (payable semi-annually)	Fair value hedge	Interest rate
USD100 million	Floating rate of 6 months SOFR + CAS + 0.385% p.a. (receive fixed USD semi-annually/pay float USD semi-annually)	Fixed 1.831% per annum (payable semi-annually)	Fair value hedge	Interest rate
USD100 million	Floating rate of 6 months SOFR + CAS + 0.373% p.a. (receive fixed USD semi-annually/pay float USD semi-annually)	Fixed 1.831% per annum (payable semi-annually)	Fair value hedge	Interest rate
USD25 million	Floating rate of 6 months SOFR + CAS + 0.397% p.a. (receive fixed USD semi-annually/pay float USD semi-annually)	Fixed 1.831% per annum (payable semi-annually)	Fair value hedge	Interest rate

30. Derivative Financial Instruments (cont'd.)

Fair value hedge (cont'd.)

Full details of hedging as follows (cont'd.):

Group
2025

Notional amount	Hedging instrument: Interest/Profit Rate Swap	Hedged item: MTN/SUKUK	Hedging relationship	Nature of risk
USD25 million	Floating rate of 6 months SOFR + CAS + 0.397% p.a. (receive fixed USD semi-annually/pay float USD semi-annually)	Fixed 1.831% per annum (payable semi-annually)	Fair value hedge	Interest rate
USD100 million	Floating rate of 3 months SOFR + CAS + 1.40% p.a. (receive fixed USD annually/pay float USD quarterly)	Fixed 4.25% per annum (payable annually)	Fair value hedge	Interest rate

Notional amount	Non-Hedging instrument: Forward FX contract	Start date	End date
USD10 million	Forward FX Contract	14-Aug-25	18-May-26
USD6 million	Forward FX Contract	03-Oct-25	03-Mar-26

Forward foreign exchange contracts are entered into to manage currency exposures. As these contracts do not qualify for hedge accounting, they are accounted for as financial instruments at fair value through profit or loss. The notional amounts and maturities of outstanding contracts as at 31 December 2025 are disclosed in the table above.

30. Derivative Financial Instruments (cont'd.)

Fair value hedge (cont'd.)

The unrealised (loss)/gain arising from the fair value hedges are as follows:

	Group 2025 RM'000
Unrealised fair value gain from hedging instruments	65,428
Unrealised fair value loss from hedged items	(65,559)
	(131)

31. Deferred Income

	Note	Group 2025 RM'000	Group 2024 RM'000	Bank 2025 RM'000	Bank 2024 RM'000
Infrastructure Support Fund	(i)				
At 1 January/31 December		218,613	218,613	218,613	218,613
Profit rate differentials	(ii)				
At 1 January		161,101	170,113	161,101	170,113
Received from government during the year		5,421	5,782	5,421	5,782
Utilised during the year		(14,753)	(14,794)	(14,753)	(14,794)
At 31 December		151,769	161,101	151,769	161,101
Government funds					
To finance:					
Investment properties	(iii)	94,307	-	-	-
Loans, financing and advances	(iv)	410,777	-	-	-
		875,466	379,714	370,382	379,714

(i) The amount relates to a financial assistance given by the Government of Malaysia to the Bank upon novation of a loan and the related borrowing. The Fund will be utilised to cover any future losses, costs and expenses incurred by the Bank upon the final settlement of the loans.

31. Deferred Income (cont'd.)

(ii) Relates to amount received from the Government of Malaysia for profit rate differentials on a financing given for a specific government infrastructure project.

(iii) To finance the purchase of investment properties:

Group **2025**	**Kompleks Kilang Bimbingan RM'000**
At 1 January	-
Acquisition of subsidiaries	96,674
Government fund released	(2,367)
At 31 December	94,307

(iv) Loans, financing and advances

The Government of Malaysia allocated government funds to a subsidiary of the Bank with the aim of enhancing the capacity of micro and small entrepreneurs to improve production capacity, expand market reach and strengthen business competitiveness.

Summary of the government funds are as follows:

Types of fund	**Purpose of fund**	**Source**	**Grant received RM'000**
(a) Tabung Usahawan Pahang	To provide loans/financing for furniture industry in Temerloh, Pahang	Pahang State Government	1,000
(b) Skim Perusahaan Kapal Tradisional	To promote ship making in Terengganu	Ministry of International Trade and Industry ("MITI")	3,000
(c) Skim Anjakan Usahawan ("SAU")	To promote business expansion for Bumiputera entrepreneur	MITI	90,000

31. Deferred Income (cont'd.)

(iv) Loans, financing and advances (cont'd.)

Summary of the government funds are as follows (cont'd.):

Types of fund	Purpose of fund	Source	Grant received RM'000
(d) Teraju Facilitation Fund	To finance project cost and acquisition of machinery for Bumiputera entrepreneur	Teraju Bumiputera Corporation ("TERAJU")	50,000
(e) Program Strategik Memperkasa Rakyat dan Ekonomi	To assist SMEs in the acquisition of machinery/equipment to encourage automation and reduce dependency on foreign workers	MOF (Inc.)	30,488
(f) Lestari Bumi Financing^	To provide financial assistance to micro and small enterprises to elevate their business to a higher level in terms of production capacity, market penetration and competitiveness	MITI	215,227
(g) Ekosistem Payung Fund^^	To provide financing facility to Bumiputera Micro, Small & Medium Enterprises under Umbrella Financing Program ("UFP")	MITI	50,000
(h) Kompleks Kilang Bimbingan	To provide premises for Bumiputera entrepreneurs industry	MITI	220,775

31. Deferred Income (cont'd.)

(iv) Loans, financing and advances (cont'd.)

Summary of the government funds are as follows (cont'd.):

^ Seven (7) funds that had undergo rationalisations and repurposed them for the Lestari Bumi Financing ("LBF") program inclusive of Soft Loan Scheme, Tabung Inkubator Pertanian Kelantan, Tabung Usahawan Siswazah, Dana Usahawan Negeri Terengganu, Program dan Skim Usahawan Batik, Basic Capital Scheme and Program dan Skim Usahawan Kraf.

^^ The allocation of RM50 million for Ekosistem Payung was repurposed from SAU fund balance.

The following funds are channelled from GOM and BNM to the Group to assist selected eligible SMEs. The funds received at below market rate were fair valued at inception using the market profit rate. The difference between the proceeds received and the fair value of the financing was recognised as government grants.

Types of fund	Purpose of fund	Outstanding balances 2025 RM'000
(i) Tabung Usahawan Siswazah	To encourage graduates into entrepreneurship	325
(j) Special Relief Facility	To help alleviate the short-term cash flow problems faced by SMEs adversely affected by the COVID-19 outbreak	6,650
(k) Penjana Tourism Financing	To support SMEs in the tourism sector	4,860
(l) Targeted Relief and Recovery Facility ("TRRF")	To provide relief and support recovery for SMEs in the services sector affected by reintroduction of containment measures, except tourism and tourism related subsectors	57,943
(m) High Tech and Green Facility ("HTGF")	To help SMEs and innovative start-ups to grow their businesses and invest in strategic sectors and technologies fields (digital tech, green tech and biotech) for a sustainable and entrenched economic recovery	13,225

31. Deferred Income (cont'd.)

(iv) Loans, financing and advances (cont'd.)

The following funds are channelled from GOM and BNM to the Group to assist selected eligible SMEs. The funds received at below market rate were fair valued at inception using the market profit rate. The difference between the proceeds received and the fair value of the financing was recognised as government grants (cont'd.).

Types of fund	Purpose of fund	Outstanding balances 2025 RM'000
(n) Disaster Relief Facility	To alleviate the financial burden of SMEs affected by the recent floods and facilitate the resumption of their business operations	3,033
(o) SME Automation & Digitalisation Facility ("ADF")	To enhance productivity and efficiency by purchase of equipment, machinery, computer hardware and software, IT solutions and services, technology support services, and other intangible assets	28,036
(p) Agrofood Facility	To support development of agrofood projects on capital expenditures and/or working capital	5,667
(q) Low Carbon Transition Facility ("LCTF")	To encourage and support SMEs to adopt sustainable practices for business resilience	639
(r) All Economic Sectors	To enhance access to financing for SMEs to support growth on capital expenditures and/or working capital	5,870

All the government grants are non-repayable and the credit risk pertaining to loans, advances and financing financed by the government grants are borne by the GOM.

31. Deferred Income (cont'd.)

(iv) Loans, financing and advances (cont'd.)

Summary of utilisation of the government funds are as follows:

31 December 2025 **Types of funds**	**Outstanding loans, advances and financing RM'000**	**No. of customers assisted**
(a) Tabung Usahawan Pahang	-	-
(b) Skim Perusahaan Kapal Tradisional	-	-
(c) SAU	71,365	37
(d) Teraju Facilitation Fund	14,944	10
(e) PEMERKASA	35,394	183
(f) LBF	4,553	35
(g) Ekosistem Payung Fund	1,807	8
Total	128,063	

	Fair value RM'000	**No. of tenants assisted**
(h) Kompleks Kilang Bimbingan	416,480	158

Notes to the Financial Statements - 31 December 2025

31. Deferred Income (cont'd.)

(iv) To finance loans, financing and advances:

Group

2025	Tabung Usahawan Pahang RM'000	Skim Perusahaan Kapal Tradisional RM'000	Skim Anjakan Usahawan RM'000	Teraju Facilitation Fund RM'000	Program Strategik Memperkasa Rakyat dan Ekonomi RM'000	Lestari Bumi Financing RM'000	Ekosistem Payung Fund RM'000	Balance c/f RM'000
At 1 January	-	-	-	-	-	-	-	-
Acquisition of subsidiaries	288	3,000	136,966	23,209	30,488	95,228	-	289,179
Additions^/Reclassification	-	-	(50,000)	-	-	(864)	50,000	(864)
Recoveries from loan/financing written-off	-	-	-	-	-	281	-	281
Utilisation to offset expenses	-	-	-	-	(623)	(3,444)	-	(4,067)
At 31 December	288	3,000	86,966	23,209	29,865	91,201	50,000	284,529

	Balance b/f RM'000	Tabung Usahawan Siswazah^ RM'000	Special Relief Facility^ RM'000	Penjana Tourism Financing^ RM'000	Targeted Relief and Recovery Facility^ RM'000	High Tech and Green Facility^ RM'000	Disaster Relief Facility^ RM'000	Balance c/f RM'000
At 1 January	-	-	-	-	-	-	-	-
Acquisition of subsidiaries	289,179	545	15,468	5,865	67,110	6,442	1,659	386,268
Additions^/Reclassification	(864)	-	-	-	-	7,383	1,602	8,121
Recoveries from loan/financing written-off	281	-	-	-	-	-	-	281
Utilisation to offset expenses	(4,067)	-	-	-	-	-	-	(4,067)
Amortisation	-	(220)	(8,818)	(1,005)	(9,167)	(600)	(228)	(20,038)
At 31 December	284,529	325	6,650	4,860	57,943	13,225	3,033	370,565

31. Deferred Income (cont'd.)

(iv) To finance loans, financing and advances (cont'd.)

Group

2025	**Balance b/f RM'000**	**SME Automation and Digitalisation Facility^ RM'000**	**Agrofood Facility^ RM'000**	**Low Carbon Transition Facility^ RM'000**	**All Economic Sectors^ RM'000**	**Total RM'000**
At 1 January	-	-	-	-	-	-
Acquisition of subsidiaries	386,268	23,169	3,673	471	6,731	420,312
Additions^/Reclassification	8,121	6,434	2,387	201	-	17,143
Recoveries from loan/financing written-off	281	-	-	-	-	281
Utilisation to offset expenses	(4,067)	-	-	-	-	(4,067)
Amortisation	(20,038)	(1,567)	(393)	(33)	(861)	(22,892)
At 31 December	370,565	28,036	5,667	639	5,870	410,777

^ The amount represent the benefits derived from the below-market interest element of the borrowings/fundings obtained from BNM as mentioned in Note 29.

32. Lease Liabilities

The carrying amounts of lease liabilities and the movements during the year:

Group **2025**	**Building** **RM'000**	**Other equipment** **RM'000**	**Enterprise centre** **RM'000**	**Motor vehicles** **RM'000**	**Total** **RM'000**
At 1 January	64,439	44	-	-	64,483
Acquisition of subsidiaries	151	897	11,919	189	13,156
Addition during the year	57	113	-	-	170
Modification of leases	-	-	4,731	5,578	10,309
Accretion of interest	3,447	21	305	60	3,833
Payments	(7,717)	(787)	(2,293)	(786)	(11,583)
At 31 December	60,377	288	14,662	5,041	80,368

2024	**Building** **RM'000**	**Other equipment** **RM'000**	**Total** **RM'000**
At 1 January	-	120	120
Addition during the year	64,556	-	64,556
Accretion of interest	3,293	5	3,298
Payments	(3,410)	(81)	(3,491)
At 31 December	64,439	44	64,483
Current	4,110	44	4,154
Non-current	60,329	-	60,329
	64,439	44	64,483

Bank **2025**	**Building** **RM'000**	**Other equipment** **RM'000**	**Total** **RM'000**
At 1 January	64,439	3	64,442
Accretion of interest	3,443	-	3,443
Payments	(7,552)	(3)	(7,555)
At 31 December	60,330	-	60,330

32. Lease Liabilities (cont'd.)

The carrying amounts of lease liabilities and the movements during the year (cont'd.):

Bank (cont'd.)

2024	Building RM'000	Other equipment RM'000	Total RM'000
At 1 January	-	71	71
Addition during the year	64,556	-	64,556
Accretion of interest	3,293	3	3,296
Payments	(3,410)	(71)	(3,481)
At 31 December	64,439	3	64,442

In the prior year, the Group and the Bank leased an office building that has a non-cancellable contract period of 3 years with an extension option exercisable by the Group and the Bank up to 7 years before the end of the non-cancellable contract period. Where practicable, the Group and the Bank seek to include extension options in new leases to provide operational flexibility. The extension options held are exercisable only by the Group and the Bank and not by the lessor. The Group and the Bank assess at lease commencement whether it is reasonably certain to exercise the extension option, and reassess whether it is reasonably certain to exercise the option if there is a significant event or significant change in circumstances within its control.

33. Share Capital

	Number of ordinary shares		Amount	
Group and Bank	**2025 '000**	**2024 '000**	**2025 RM'000**	**2024 RM'000**
Issued and fully paid, at no par value				
At 1 January	3,451,585	3,451,585	4,018,781	4,018,781
Issued during the year (Note 53 (a)(ii) and (b)(ii))	1,044,160	-	2,693,932	-
At 31 December	4,495,745	3,451,585	6,712,713	4,018,781

34. Reserves

		Group		Bank	
		2025	2024	2025	2024
	Note	RM'000	RM'000	RM'000	RM'000
Non-distributable:					
Capital reserve	(i)	1,000	1,000	-	-
Statutory reserve	(ii)	2,597,534	2,344,763	2,597,534	2,344,763
Merger deficit	(iii)	(46,968)	(20,188)	-	-
Unrealised FVOCI reserve	(iv)	124,490	210,504	150,138	228,012
Exchange translation reserve		33	445	-	-
		2,676,089	2,536,524	2,747,672	2,572,775
Distributable:					
Retained profits	35	3,234,995	2,823,513	2,655,424	2,553,653
		5,911,084	5,360,037	5,403,096	5,126,428

(i) The capital reserve of the Group arose from the capitalisation of bonus issue in certain subsidiaries in previous financial years.

(ii) The statutory reserves are maintained in compliance with the requirements of Section 39 of Development Financial Institution Act 2002 ("the Act") and are not distributable as cash dividends. As the statutory reserve is less than 50% of its paid up capital (2024: more than 50% but less than 100% of its paid up capital), the Bank is required to transfer at least 50% (2024: 25%) of its profit after tax to statutory reserve during the year.

(iii) Merger deficit represents the difference between the consideration given and the carrying value of net assets of subsidiaries acquired during the year under the merger accounting principle. Refer to Note 53(a)(iii) and Note 53(b)(iii).

34. Reserves (cont'd.)

(iv) Movements of the FVOCI reserve are as follows:

	Group		Bank	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
At 1 January	210,504	199,320	228,012	216,828
Unrealised gain on fair value changes	134,848	34,233	139,332	34,233
Changes in allowance for expected credit losses	(183,874)	(14,327)	(183,766)	(14,327)
Transfer to retained profits on the disposal of equity instruments at FVOCI	-	(666)	-	(666)
Deferred tax movement	(36,988)	(8,056)	(33,440)	(8,056)
At 31 December	124,490	210,504	150,138	228,012

35. Retained Profits

The retained profits of the Bank can be distributed as dividends under the single-tier system.

36. Interest Income

	Group		Bank	
	2025	**2024**	**2025**	**2024**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Loans and advances	98,172	72,965	49,085	71,372
Money at call and deposits placements with financial institutions #	21,188	3,101	5,143	2,891
Financial investments at FVOCI #	40,151	43,724	30,532	43,724
Financial investments at AC	1,160	-	-	-
	160,671	119,790	84,760	117,987
Accretion of discount less amortisation of premium	(5,157)	(6,772)	(4,648)	(6,772)
	155,514	113,018	80,112	111,215
Of which:				
Interest income earned on impaired loans and advances	4,826	1,010	4,721	1,010

These include Islamic deposits placements and financial investments at FVOCI purchased using conventional funds.

37. Interest Expense

	Group		Bank	
	2025	**2024**	**2025**	**2024**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Deposits and placements from financial institutions	167	897	167	897
Borrowings	17,854	7,319	7,299	7,319
Redeemable notes	47,151	20,016	16,139	20,016
Derivatives	36,342	-	-	-
Lease	-	2	-	-
	101,514	28,234	23,605	28,232

38. Insurance/Takaful Service Results

	Group 2025 RM'000	Group 2024 RM'000
Insurance revenue		
Contracts not measured under PAA		
Expected claims and insurance/Takaful service expense incurred in the period	1,357	-
Change in the risk adjustment for non-financial risk	630	-
Contracts measured under PAA	1,450	-
	3,437	-
Insurance service expenses		
Incurred claims and other service expense	(206)	-
Losses/ reversal of losses on onerous contracts	2,353	-
	2,147	-
Net expenses from reinsurance contracts held		
Amounts relating to changes in the assets for remaining coverage	(3,497)	-
Changes that relates to past service	(163)	-
	(3,660)	-
Insurance/Takaful service results	1,924	-
Insurance/Takaful finance expense		
Insurance/Takaful finance expenses from contracts issued	(117)	-
Reinsurance finance income from contracts held	286	-
	169	-
Net income from insurance/Takaful business	2,093	-

39. Non-Interest Income

	Group 2025 RM'000	Group 2024 RM'000	Bank 2025 RM'000	Bank 2024 RM'000
(a) Investment income:				
Net gain arising on financial investment at FVOCI:				
- net gain on disposal	11,187	64	11,187	64
Subsidiary				
- RCCPS dividend income	-	-	10,963	-
	11,187	64	22,150	64
(b) Other income:				
Fee income	12,634	49,646	11,165	48,287
Rental income	17	-	-	-
Gain on disposal of property, plant and equipment	1	-	-	-
Foreign exchange (loss)/gain				
- unrealised	(85,358)	-	-	-
- realised	144,515	-	-	-
Unrealised fair value gain/ (loss) on derivatives:				
- hedging	38,250	-	-	-
- non-hedging	(1,791)	-	-	-
Unrealised fair value loss on MTN/sukuk	(4,940)	-	-	-
Others	359	378	-	-
	103,687	50,024	11,165	48,287
Total non-interest income	114,874	50,088	33,315	48,351

40. Overhead Expenses

	Note	Group 2025 RM'000	Group 2024 RM'000	Bank 2025 RM'000	Bank 2024 RM'000
Personnel costs	(i)	308,113	129,566	133,482	127,788
Establishment related expenses	(ii)	86,426	40,560	37,211	38,986
Promotion and marketing expenses	(iii)	12,502	2,305	1,162	2,304
General administrative expenses	(iv)	84,836	46,530	30,833	44,267
		491,877	218,961	202,688	213,345
Overhead expenses charged to subsidiaries via Service Level Agreements ("SLA")		-	-	(3,225)	(2,924)
		491,877	218,961	199,463	210,421

	Group 2025 RM'000	Group 2024 RM'000	Bank 2025 RM'000	Bank 2024 RM'000
(i) Personnel costs				
Salaries, allowances and bonuses	236,152	91,991	107,586	91,065
Non-executive directors' fees and remuneration	2,340	1,126	1,454	980
Shariah Committees' fees and remuneration	347	357	347	357
Social security cost	1,945	664	693	650
Pension costs - Defined contribution plan	31,445	13,283	12,778	13,092
Other staff related expenses	35,884	22,145	10,624	21,644
	308,113	129,566	133,482	127,788

40. Overhead Expenses (cont'd.)

	Group		Bank	
	2025	2024	2025	2024
	RM'000	RM'000	RM'000	RM'000
(ii) Establishment related expenses				
Depreciation:				
Property, plant and equipment	20,397	10,128	9,793	9,966
Investment properties	3,473	724	953	724
Right-of-use assets	9,885	5,709	6,151	5,699
Amortisation of intangible assets	15,189	6,775	6,555	6,482
Rental expenses	57	-	-	-
Rental of equipment	300	-	-	-
Repairs and maintenance of property, plant and equipment	24,438	1,836	2,336	1,824
Information technology expenses	12,687	15,388	11,423	14,291
	86,426	40,560	37,211	38,986
(iii) Promotion and marketing expenses				
Advertisement and publicity	12,502	2,305	1,162	2,304
(iv) General administrative expenses				
General administrative expenses	79,831	43,988	29,156	42,171
Auditors' remuneration:				
- Statutory audit	4,651	1,298	1,649	904
- Tax fees	144	79	28	27
- Non-audit fees	210	1,165	-	1,165
	84,836	46,530	30,833	44,267

41. President/Group Chief Executive Officer, Directors' and Shariah Committees' Fees and Remuneration

The total remuneration (including benefits-in-kind) of the President/Group Chief Executive Officer, Directors and Shariah Committee Members of the Bank are as follows:

	Remuneration received and receivable from the Bank							Remuneration received and receivable from Subsidiary Companies			
2025	**Salary RM'000**	**Fees RM'000**	**Bonus RM'000**	**Pension cost RM'000**	**Other emoluments RM'000**	**Benefits-in-kind RM'000**	**Bank total RM'000**	**Fees RM'000**	**Other emoluments RM'000**	**Benefits-in-kind RM'000**	**Group total RM'000**
President/Group Chief Executive Officer											
Dato' Muzaffar bin Hisham	894	-	-	134	-	-	1,028	-	-	-	1,028
Roni Lihawa bin Abdul Wahab	307	-	190	80	-	-	577	-	-	-	577
	1,201	-	190	214	-	-	1,605	-	-	-	1,605
Non-Executive Directors:											
Dato' Sulaiman bin Mohd Tahir	-	240	-	-	132	-	372	-	-	-	372
Datuk Rashidah binti Mohd Sies	-	60	-	-	140	-	200	-	20	-	220
Ts. Dr Othman bin Abdullah	-	60	-	-	209	-	269	-	12	-	281
Tan Sri Datuk Seri Rashpal Singh Randhay	-	50	-	-	153	-	203	-	16	-	219
Imri Dolhadi bin Ab Wahab	-	60	-	-	111	-	171	-	-	-	171
Nor Darina binti Mohd Yusof	-	60	-	-	179	-	239	-	18	-	257
Dato' Charon Wardini Mokhzani	-	-	-	-	-	-	-	205	24	-	229
Zulkiflee bin Hashim	-	-	-	-	-	-	-	40	173	-	213
Rozainah binti Awang	-	-	-	-	-	-	-	40	148	-	188
Lee Eng Huat	-	-	-	-	-	-	-	190	-	-	190
	-	530	-	-	924	-	1,454	475	411	-	2,340

Notes to the Financial Statements - 31 December 2025

41. President/Group Chief Executive Officer, Directors' and Shariah Committees' Fees and Remuneration (cont'd.)

The total remuneration (including benefits-in-kind) of the President/Group Chief Executive Officer, Directors and Shariah Committee Members of the Bank are as follows (cont'd.):

	Remuneration received and receivable from the Bank							Remuneration received and receivable from Subsidiary Companies			
2025	**Salary RM'000**	**Fees RM'000**	**Bonus RM'000**	**Pension cost RM'000**	**Other emoluments RM'000**	**Benefits-in-kind RM'000**	**Bank total RM'000**	**Fees RM'000**	**Other emoluments RM'000**	**Benefits-in-kind RM'000**	**Group total RM'000**
Shariah Committees:											
Prof. Dato' Dr Aznan bin Hasan	-	60	-	-	64	-	124	-	-	-	124
Mohd Fadhly bin Md Yusoff	-	36	-	-	32	-	68	-	-	-	68
Prof. Dr Zurina binti Shafii	-	9	-	-	10	-	19	-	-	-	19
Prof. Dr Salina binti Kassim	-	36	-	-	32	-	68	-	-	-	68
Lokmanulhakim bin Hussain	-	36	-	-	32	-	68	-	-	-	68
	-	177	-	-	170	-	347	-	-	-	347
Total	1,201	707	190	214	1,094	-	3,406	475	411	-	4,292

Notes to the Financial Statements - 31 December 2025

41. President/Group Chief Executive Officer, Directors' and Shariah Committees' Fees and Remuneration (cont'd.)

The total remuneration (including benefits-in-kind) of the President/Group Chief Executive Officer, Directors and Shariah Committee Members of the Bank are as follows (cont'd.):

	Remuneration received and receivable from the Bank							Remuneration received and receivable from Subsidiary Companies			
2024	Salary RM'000	Fees RM'000	Bonus RM'000	Pension cost RM'000	Other emoluments RM'000	Benefits-in-kind RM'000	Bank total RM'000	Fees RM'000	Other emoluments RM'000	Benefits-in-kind RM'000	Group total RM'000
President/Group Chief Executive Officer											
Roni Lihawa bin Abdul Wahab	1,140	-	380	243	-	-	1,763	-	-	-	1,763
	1,140	-	380	243	-	-	1,763	-	-	-	1,763
Non-Executive Directors:											
Dato' Sulaiman bin Mohd Tahir	-	159	-	-	76	-	235	-	-	-	235
Norazilla binti Md Tahir	-	30	-	-	92	-	122	-	24	-	146
Datuk Rashidah binti Mohd Sies	-	48	-	-	65	-	113	-	4	-	117
Ts. Dr Othman bin Abdullah	-	48	-	-	134	-	182	-	21	-	203
Tan Sri Datuk Seri Rashpal Singh Randhay	-	48	-	-	103	-	151	36	20	-	207
Rosnah binti Kamarul Zaman	-	20	-	-	62	-	82	36	5	-	123
Imri Dolhadi bin Ab Wahab	-	29	-	-	29	-	58	-	-	-	58
Nor Darina binti Mohd Yusof	-	12	-	-	25	-	37	-	-	-	37
	-	394	-	-	586	-	980	72	74	-	1,126

Notes to the Financial Statements - 31 December 2025

41. President/Group Chief Executive Officer, Directors' and Shariah Committees' Fees and Remuneration (cont'd.)

The total remuneration (including benefits-in-kind) of the President/Group Chief Executive Officer, Directors and Shariah Committee Members of the Bank are as follows (cont'd.):

	Remuneration received and receivable from the Bank							Remuneration received and receivable from Subsidiary Companies			
2024	**Salary RM'000**	**Fees RM'000**	**Bonus RM'000**	**Pension cost RM'000**	**Other emoluments RM'000**	**Benefits-in-kind RM'000**	**Bank total RM'000**	**Fees RM'000**	**Other emoluments RM'000**	**Benefits-in-kind RM'000**	**Group total RM'000**
Shariah Committees:											
Prof. Dato' Dr Aznan bin Hasan	-	60	-	-	40	-	100	-	-	-	100
Mohd Fadhly bin Md Yusoff	-	36	-	-	20	-	56	-	-	-	56
Prof. Dr Zurina binti Shafii	-	36	-	-	20	-	56	-	-	-	56
Prof. Dr Salina binti Kassim	-	36	-	-	20	-	56	-	-	-	56
Assoc. Prof. Dr Yasmin Hanani binti Mohd Safian	-	21	-	-	12	-	33	-	-	-	33
Lokmanulhakim bin Hussain	-	36	-	-	20	-	56	-	-	-	56
	-	225	-	-	132	-	357	-	-	-	357
Total	1,140	619	380	243	718	-	3,100	72	74	-	3,246

42. Compensation to Key Management Personnel

Key management personnel are defined as President/Group Chief Executive Officer and directors of the Bank, executive and non-executive having authority and responsibility for planning, directing and controlling the activities of the Group and of the Bank directly or indirectly. The remuneration and compensation of the President/Group Chief Executive Officer and directors of the Group and of the Bank during the financial year are as follows:

		Group		Bank	
		2025	2024	2025	2024
	Note	RM'000	RM'000	RM'000	RM'000
Short-term employee benefits' (excluding benefits-in-kind)	41	4,292	3,246	3,406	3,100
Included in the above are:					
President/Group Chief Executive Officer and Executive Director's remuneration (excluding benefits-in-kind)	41	1,605	1,763	1,605	1,763

43. Allowance for/(Writeback of) Impairment Losses on Loans, Financing and Advances

	Group		Bank	
	2025	2024	2025	2024
	RM'000	RM'000	RM'000	RM'000
Stage 1 - 12-month ECL, net	(83,146)	(841,630)	(106,809)	(844,262)
Stage 2 - Lifetime ECL not credit impaired, net	39,082	439,902	47,291	442,351
Stage 3 - Lifetime ECL credit impaired, net	707,118	235,961	705,490	239,464
Impaired loans/financing:				
Written-off	212,755	43,929	187,721	43,820
Recovered	(114,450)	(113,267)	(51,668)	(112,835)
	761,359	(235,105)	782,025	(231,462)

44. (Writeback of)/Allowance for Impairment Losses on Other Assets

	Group		Bank	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Financial investments at FVOCI	(183,874)	51,720	(183,766)	51,720
Financial investments at AC	(143,662)	396	2,791	(1)
Financial guarantee fee receivable	-	17,747	-	17,747
Financial guarantee recoverable	21,044	-	21,044	-
Investments in subsidiaries	-	-	7	2,643
RCCPS dividend receivable	-	-	10,963	-
Investment in JV	-	(264)	-	-
Property, plant and equipment	-	24	-	24
Intangible assets	-	111	-	111
Corporate guarantees	-	(6,619)	-	-
Letter of credits	16	-	-	-
Other assets at AC	171	-	-	-
Allowance sundry debtors	(162)	-	-	-
Provision for tenants	220	-	220	-
Writeback of ex-staff loan/ financing:				
Stage 3 - Lifetime ECL credit impaired, net	(39)	(143)	(39)	(143)
	(306,286)	62,972	(148,780)	72,101

45. Taxation

	Group		Bank	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Income tax expense:				
Current income tax	118,942	119,475	108,115	109,207
Over provision in prior years	(63,466)	(73,297)	(64,174)	(73,297)
	55,476	46,178	43,941	35,910
Deferred tax expense:				
Reversal of temporary differences	49,943	78,592	35,424	78,592
(Over)/under provision in prior years	(6,757)	15,094	(6,759)	15,094
	43,186	93,686	28,665	93,686
Capital gain tax	18	34	18	34
Real property gains tax	117	-	-	-
	98,797	139,898	72,624	129,630

45. Taxation (cont'd.)

Domestic income tax is calculated at the Malaysian statutory tax rate of 24% (2024: 24%) of the estimated assessable profit for the financial year.

A reconciliation of income tax expense applicable to profit before taxation and zakat at the statutory income tax rate to income tax expense at the effective income tax rate of the Group and of the Bank are as follows:

	Group		Bank	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Profit before taxation and zakat	929,864	582,680	591,225	546,892
Tax using Malaysian tax rate of 24% (2024: 24%)	223,167	139,843	141,894	131,254
Income not subject to tax	(102,845)	(5,556)	(4,162)	(5,556)
Non-deductible expenses	34,148	63,780	5,807	62,101
Deferred tax assets not recognised on unutilised business losses	1,867	-	-	-
Utilisation of previously unrecognised tax losses	12,548	-	-	-
(Over)/under provision of deferred tax in prior years	(6,757)	15,094	(6,759)	15,094
Over provision of income tax in prior years	(63,466)	(73,297)	(64,174)	(73,297)
Capital gain tax	18	34	18	34
Real property gains tax	117	-	-	-
Taxation	98,797	139,898	72,624	129,630

46. Dividends

Dividends recognised in the current year by the Bank are:

	2025		2024	
	Sen per share	Total amount RM'000	Sen per share	Total amount RM'000
Final 2024 ordinary, net of tax	4.37	151,000	-	-
Final 2023 ordinary, net of tax	-	-	3.56	123,000
	4.37	151,000	3.56	123,000

At the forthcoming Annual General Meeting, a final single tier tax exempt dividend in respect of the financial year ended 31 December 2025, on 4,495,744,535 ordinary shares, amounting to RM245,000,000 (5.45 sen net per ordinary share) and a special single tier exempt dividend in respect of the financial year ended 31 December 2025, on 4,495,744,535 ordinary shares, amounting to RM50,000,000 (1.11 sen net per ordinary share) will be proposed for the shareholders' approval, with the proposed special dividend subject to approval from BNM. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained profits in the financial year ending 31 December 2026.

47. Earnings Per Share ("EPS")

The basic/diluted EPS of the Group are calculated by dividing the net profit for the financial year attributable to equity holders of the Bank by the weighted average number of ordinary shares in issue during the financial year.

	Group	
	2025	2024
Profit attributable to equity holders of the Bank (RM'000)		
- operations	815,253	428,118
Weighted average number of ordinary shares in issue ('000)	4,495,745	3,451,585
Basic/diluted EPS (sen):	18.13	12.40

48. Commitments and Contingencies

(a) Loan and financing related commitments and contingencies of the Group and of the Bank which are not included in these financial statements are as follows:

	Group		Bank	
	2025	**2024**	**2025**	**2024**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Undisbursed loans/financing	9,773,488	3,169,583	6,356,010	2,979,659
Secured guarantees on behalf of borrowers/ customers given to third parties	3,766,255	3,602,727	3,079,075	3,602,727
	13,539,743	6,772,310	9,435,085	6,582,386

(b) Capital commitments of the Group and of the Bank which are not included in these financial statements are as follows:

	Group		Bank	
	2025	**2024**	**2025**	**2024**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Capital expenditure:				
Approved but not contracted for	72,639	707	31,895	-
Contribution to Non-Profit Organisation	758	800	758	800

49. Capital Adequacy

Capital management

Capital policy

The overall objective of capital management is to maintain an adequate and strong capital position to ensure sustainability and to further enable the Group and the Bank to understand its capacity to undertake further business activities in supporting its mandated roles.

Regulatory capital

In order to support its mandated roles, the Group and the Bank must have strong and adequate capital to support its business activities on an on-going basis. In line with this objective, BNM has imposed several regulatory capital requirements whereby, the Group and the Bank must have an absolute minimum capital of RM300,000,000 and a minimum Risk Weighted Capital Ratio ("RWCR") of 8% at all times as per BNM's Capital Framework for Development Financial Institutions. The minimum capital funds refer to paid-up capital and reserves as defined in Section 3 of Development Financial Institution Act 2002.

The following table sets forth capital resources and capital adequacy for the Group and the Bank as at reporting date.

	Group		Bank	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Tier 1 capital				
Paid-up share capital	6,712,713	4,018,781	6,712,713	4,018,781
Other reserves	5,958,052	5,380,225	5,403,096	5,126,428
Less: Deferred tax asset	(455,619)	(432,603)	(370,199)	(432,304)
Total Tier 1 capital	12,215,146	8,966,403	11,745,610	8,712,905
Tier 2 capital				
Government support funds	875,466	379,714	370,382	379,714
Stage 1 and Stage 2 ECL	3,032,517	2,665,108	2,605,108	2,656,925
Total Tier 2 capital	3,907,983	3,044,822	2,975,490	3,036,639
Total capital	16,123,129	12,011,225	14,721,100	11,749,544
Less: Investment in subsidiaries	-	-	(4,922,833)	(2,093,207)
Total capital base	16,123,129	12,011,225	9,798,267	9,656,337

49. Capital Adequacy (cont'd.)

Capital management (cont'd.)

Regulatory capital (cont'd.)

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

	Group		Bank	
	2025	**2024**	**2025**	**2024**
	RM'000	**RM'000**	**RM'000**	**RM'000**
20%	749,269	514,904	327,447	513,343
50%	1,873,481	923,214	1,798,135	923,214
100%	38,675,064	27,644,893	25,743,207	27,360,414
	41,297,814	29,083,011	27,868,789	28,796,971

Without deducting proposed dividend:

	Group		Bank	
	2025	**2024**	**2025**	**2024**
	%	%	%	%
Core capital ratio	29.578	30.830	35.159	30.256
RWCR	39.041	41.300	35.159	33.532

After deducting proposed dividend:

	Group		Bank	
	2025	**2024**	**2025**	**2024**
	%	%	%	%
Core capital ratio	28.864	30.311	34.100	29.732
RWCR	38.327	40.781	34.100	33.008

Capital monitoring

The Group's and the Bank's capital are closely monitored and actively managed. In addition to the regulatory capital requirement of 8%, the Group and the Bank set an internal capital requirement limit as additional triggers above the regulatory capital requirement to ensure they maintain their "well capitalised" status. The Group and the Bank capital adequacy, relative to both internal capital limit and regulatory capital requirements, are closely monitored, regularly reviewed and reported to management and Board of Directors.

50. Significant Related Party Transactions and Balances

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

The Government of Malaysia ("GOM") is the shareholder of the Bank. Therefore, the GOM and entities directly controlled by GOM are collectively referred to as government-related entities to the Group and the Bank.

Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group and of the Bank either directly or indirectly. The key management personnel includes all the directors of the Bank as disclosed in Note 41.

The Group has related party relationships with its substantial shareholders, subsidiaries, associates and key management personnel.

Related party transactions have been entered into in the normal course of business under normal trade terms. The Group established credit policies, pricing strategy and approval process for loans/financing, which are independent of whether the counter parties are government-related entities or not. The significant related party transactions and balances of the Group and of the Bank are as follows:

50. Significant Related Party Transactions and Balances (cont'd.)

50.1 Significant balances and transactions with the Government of Malaysia

(a) Significant balances with the Government of Malaysia

	Group and Bank 2025 RM'000	Group and Bank 2024 RM'000
Other assets		
Amount receivable from government in respect of compensation for:		
Infrastructure projects	2,318	250,164

(b) Significant transactions with the Government of Malaysia

	Group and Bank 2025 RM'000	Group and Bank 2024 RM'000
Islamic		
Fee income from Unit Kerjasama Awam Swasta ("UKAS")	31	93

50.2 Significant balances and transactions with the Government of Malaysia's linked companies and bodies

(a) Significant balances with the Government of Malaysia's linked companies and bodies

	Group 2025 RM'000	Group 2024 RM'000	Bank 2025 RM'000	Bank 2024 RM'000
Assets				
Short term deposits	1,023,020	1,902,294	1,023,020	1,902,294
Deposits and placements with financial institutions	145,275	150,786	145,275	150,336
Financial investments at FVOCI	14,142,034	12,596,510	12,160,931	12,596,510
Financial investments at AC	512,681	-	-	-

50. Significant Related Party Transactions and Balances (cont'd.)

50.2 Significant balances and transactions with the Government of Malaysia's linked companies and bodies (cont'd.)

(a) Significant balances with the Government of Malaysia's linked companies and bodies (cont'd.)

	Group		Bank	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Liabilities				
Deposits from customers	13,287,646	13,654,719	10,935,190	13,928,908
Deposits and placements from financial institutions	2,807,735	1,042,888	2,807,735	1,042,888
Redeemable notes	8,346,091	8,375,742	8,346,091	8,375,742
Borrowings	969,091	152,540	152,540	152,540
Deferred income	681,073	379,714	370,382	379,714

(b) Significant transactions with the Government of Malaysia's linked companies and bodies

	Group		Bank	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Conventional				
Income				
Money at call and deposits placements with financial institutions	4,584	2,719	4,584	2,509
Financial investments at FVOCI	30,532	43,724	30,532	43,724
Amortisation of premium less accretion of discount	(4,648)	(6,772)	(4,648)	(6,772)

50. Significant Related Party Transactions and Balances (cont'd.)

50.2 Significant balances and transactions with the Government of Malaysia's linked companies and bodies (cont'd.)

(b) Significant transactions with the Government of Malaysia's linked companies and bodies (cont'd.)

	Group		Bank	
	2025	2024	2025	2024
	RM'000	RM'000	RM'000	RM'000
Conventional (cont'd.)				
Expenses				
Interest expense on:				
Deposits from customers and financial institutions	(166)	(897)	(166)	(897)
Borrowings	(4,045)	(7,319)	(7,299)	(7,319)
Redeemable notes	(16,139)	(20,016)	(16,139)	(20,016)
Islamic				
Income				
Finance income from deposits and placements with financial institutions	31,853	31,017	31,853	31,017
Financial investments at FVOCI	519,158	443,392	472,664	443,392
Accretion of discount less amortisation of premium	(39,396)	(36,707)	(35,457)	(36,707)
Rental income	1,028	1,527	1,028	1,795
Expenses				
Income attributable to the depositors:				
Deposits from customers and financial institutions	(448,351)	(451,730)	(507,242)	(461,580)
Sukuk	(343,856)	(354,940)	(343,856)	(354,940)
Borrowings	6,391	-	-	-

50. Significant Related Party Transactions and Balances (cont'd.)

50.3 Significant balances and transactions with subsidiaries, associates and JVs

(a) Significant balances with subsidiaries, associates and JVs

	Bank	
	2025 RM'000	2024 RM'000
Conventional		
Loans to subsidiaries	89	82
Payment on behalf of subsidiary	3,432	10,839
Amount due to subsidiary	1,804,185	1,803,826

(b) Significant transactions with subsidiaries, associates and JVs

	Bank	
	2025 RM'000	2024 RM'000
Conventional		
Income		
Rental income from subsidiaries	152	268
Fee Income from subsidiaries	3,225	2,924
Expenses		
Management fee expense from subsidiaries	(12)	(12)

50.4 Significant balances and transactions with Group's related parties

(a) Significant balances with the Group's related parties

	Group	
	2025 RM'000	2024 RM'000
Other assets		
Trade receivables due from related parties	-	5,296

50. Significant Related Party Transactions and Balances (cont'd.)

The credit exposures above are based on paragraph 9.1 of BNM revised Guidelines on Credit Transactions and Exposures with related parties as follows:

(i) Directors of the Bank and their close relatives;

(ii) Controlling shareholder of the Bank and his close relatives;

(iii) Executive officer, being a member of management having authority and responsibility for planning, directing and/or controlling activities of the Bank and his close relatives;

(iv) Officers who are responsible for or have authority to appraise and/or approve credit transactions or review the status of existing credit transactions, either as a member of a committee or individually and their close relatives;

(v) Firms, partnerships, companies or any legal entities which control, or are controlled by any person listed in (i) to (iv) above, or in which they have an interest, as a director, partner, executive officer, agent or guarantor, and their subsidiaries or entities controlled by them;

(vi) Any person for whom the persons listed in (i) to (iv) above is a guarantor; and

(vii) Subsidiary of an entity controlled by the Bank and its connected parties.

Credit transactions and exposures to connected parties as disclosed above include the extension of credit facilities and/or off-balance sheet credit exposures such as guarantees, trade-related facilities and loan/financing commitments.

51. Loans/Financing Facilities with Connected Parties

	Group			
	2025		2024	
	Total Exposure RM'000	Impaired RM'000	Total Exposure RM'000	Impaired RM'000
Credit facility and leasing (except guarantee)	3,209,184	558,736	3,098,923	436,271
Off-balance sheet exposures	846,600	-	613,600	-
Equities and private debt securities ("PDS") held	824,174	210,710	660,880	-
Total	4,879,958	769,446	4,373,403	436,271
Total exposure to connected parties as % of total capital	30%	5%	37%	4%
Total exposure to connected parties as % of total outstanding financial exposure	9%	1%	10%	1%

	Bank			
	2025		2024	
	Total Exposure RM'000	Impaired RM'000	Total Exposure RM'000	Impaired RM'000
Credit facility and leasing (except guarantee)	2,560,266	407,022	3,098,923	436,271
Off-balance sheet exposures	646,600	-	613,600	-
Equities and private debt securities ("PDS") held	539,498	-	660,880	-
Total	3,746,364	407,022	4,373,403	436,271
Total exposure to connected parties as % of total capital	32%	3%	37%	4%
Total exposure to connected parties as % of total outstanding financial exposure	11%	1%	10%	1%

The above disclosure on loans/financing facilities with connected parties is presented in accordance with para 14.1 as per BNM's policy on loans/financing facilities with connected parties, which became effective on 13 July 2016.

52. Companies in the Group

(a) The subsidiaries, all incorporated in Malaysia, are as follows:

Subsidiary	Effective interest held by the Bank 2025 %	2024 %	Principal activities	Principal place of business
BPMB Dana Sdn Bhd (formerly known as Ecologitec Sdn Bhd)	100.00	100.00	Investment holding	Malaysia
Danajamin Nasional Berhad @	100.00	100.00	Dormant	Malaysia
Emerald Upline Sdn Bhd	100.00	100.00	Dormant	Malaysia
Export-Import Bank of Malaysia Berhad (Note 53)	99.99	-	Banking in export and import	Malaysia
Global Maritime Ventures Berhad	90.00	90.00	Venture capital investment	Malaysia
Maju Nominees (Tempatan) Sdn Bhd	100.00	100.00	Nominee for the holding company	Malaysia
Pembangunan Leasing Corporation Sdn Bhd	100.00	100.00	Leasing and investment holding	Malaysia
Small Medium Enterprise Development Bank Malaysia Berhad^ (Note 53)	100.00	-	Development banking	Malaysia
SME Growth Acceleration Fund Sdn Bhd	100.00	100.00	Dormant	Malaysia

52. Companies in the Group (cont'd.)

(b) Details of subsidiary companies of Small Medium Enterprise Development Bank Malaysia Berhad, all of which are incorporated in Malaysia, are as follows:

Subsidiary	Effective interest held by the Bank 2025 %	2024 %	Principal activities	Principal place of business
SMEB Asset Management Sdn Bhd ("SAM")	100.00	-	Asset management company, debts recovery agents, advisory and consultancy provider on distressed loan/financing and debt recovery	Malaysia
Centre for Entrepreneur Development and Research Sdn Bhd ("CEDAR")	100.00	-	Providing training, consultancy services, research, development and publication	Malaysia
BI Nominees (Tempatan) Sdn Bhd	100.00	-	Nominee services	Malaysia

(c) Details of subsidiary companies of Export-Import Bank of Malaysia Berhad, all of which are incorporated in Malaysia, are as follows:

Subsidiary	Effective interest held by the Bank 2025 %	2024 %	Principal activities	Principal place of business
Malaysia Export Credit Insurance Berhad	99.99	-	Dormant	Malaysia

52. Companies in the Group (cont'd.)

(c) Details of subsidiary companies of Export-Import Bank of Malaysia Berhad, all of which are incorporated in Malaysia, are as follows (cont'd.):

Subsidiary	Effective interest held by the Bank 2025 %	2024 %	Principal activities	Principal place of business
EXIM Sukuk Malaysia Berhad	99.99	-	Special Purpose Vehicle for sukuk issuance	Malaysia

(d) Details of subsidiary companies of Global Maritime Ventures Berhad, all of which are incorporated in Malaysia, are as follows:

Subsidiary	Effective interest held by the Bank 2025 %	2024 %	Principal activities	Principal place of business
Glory Incentive Sdn Bhd	90.00	90.00	Investment holding	Malaysia
GMV-Alam Sdn Bhd	90.00	90.00	Investment holding	Malaysia
GMV-Bahtera Sdn Bhd	90.00	90.00	Investment holding	Malaysia
GMV-Borcos Sdn Bhd #	90.00	90.00	Investment holding	Malaysia
GMV-Regional Sdn Bhd	90.00	90.00	Dormant	Malaysia
GMV-Offshore Sdn Bhd	90.00	90.00	Investment holding	Malaysia

52. Companies in the Group (cont'd.)

(e) Details of subsidiary companies of Glory Incentive Sdn Bhd ("GISB"), all of which are incorporated in Malaysia, are as follows:

Subsidiary	Effective interest held by the Bank 2025 %	Effective interest held by the Bank 2024 %	Principal activities	Principal place of business
Ayu Navigation Sdn Bhd @*	63.00	63.00	Dormant	Malaysia

(f) Details of subsidiary companies of Pembangunan Leasing Corporation Sdn Bhd ("PLC"), all of which are incorporated in Malaysia, are as follows:

Subsidiary	Effective interest held by the Bank 2025 %	Effective interest held by the Bank 2024 %	Principal activities	Principal place of business
PLC Credit & Factoring Sdn Bhd	100.00	100.00	Hire purchase financing, confirming factoring, insurance agency and letting out properties	Malaysia
BI Credit & Leasing Berhad	100.00	100.00	Credit and leasing	Malaysia

@ Placed under members' voluntary liquidation.
# Placed under creditors voluntary liquidation.
* Represents companies under Wawasan Group.
^ Audited by firms of auditors other than Ernst & Young PLT, Malaysia.

53. Acquisition of Subsidiaries

On 1 May 2025, the Bank acquired 100% equity interest in SMEB and 99.99% equity interest in EXIM, from MOF (Inc.) and the Federal Lands Commissioner. In EXIM, one Special Rights Redeemable Share ("Special Rights") was retained by MOF (Inc.), resulting in the Bank holding 99.99% equity interest.

The acquisitions were effected via:

- an additional issuance of 1,044,159,548 ordinary shares at an issue price of RM2.58;
- accrued RCCPS dividends of RM113,781,998 relating to the RCCPS of EXIM acquired by the Bank and transferred from MOF (Inc.); and
- a set-off against amounts owing by the MOF (Inc.) to the Bank of RM244,483,192.

The acquisition was accounted for using the carrying value method of accounting under the merger accounting principle.

Assets acquired and liabilities

(a) The carrying values of the identifiable assets and liabilities of SMEB as at the date of acquisition were:

(i) Net Tangible Assets ("NTA")

The computation of carrying values of NTA is as follows:

		RM'000
Assets		
Cash and cash equivalents		59,303
Deposits and placements with financial institutions		805,624
Financial Investments at FVTPL		101,666
Financial Investments at FVOCI		2,033,748
Financial Investments at AC		1,022,984
Loans, financing and advances		8,834,919
Other assets		29,831
Property, plant and equipment		124,114
Investment properties		104,217
Intangible assets		28,720
Right-of-use assets		11,716
Deferred tax assets		102,830
		13,259,672
Assets classified as held for sale		11,441
Total assets	(a)	13,271,113

53. Acquisition of Subsidiaries (cont'd.)

Assets acquired and liabilities

(a) The carrying values of the identifiable assets and liabilities of SMEB as at the date of acquisition were (cont'd.):

(i) Net Tangible Assets ("NTA")

The computation of carrying values of NTA is as follows (cont'd.):

		RM'000
Liabilities		
Deposits from customers		5,320,766
Deposits and placements from financial institutions		144,025
Other liabilities		1,064,732
Redeemable notes/sukuk		2,476,211
Borrowings		2,249,047
Government funds		516,987
Lease liabilities		12,108
Total liabilities	(b)	11,783,876
NTA	(c) = (a)-(b)	1,487,237

(ii) Purchase considerations

Share swap	(d)	1,433,144

(iii) Merger reserve

The computation of merger reserve arising from the acquisition of SMEB is as follows:

		RM'000
Carrying values of NTA	(c)	1,487,237
Purchase considerations	(d)	1,433,144
Merger reserve	(e) = (c)-(d)	54,093

53. Acquisition of Subsidiaries (cont'd.)

(b) The carrying values of the identifiable assets and liabilities of EXIM as at the date of acquisition were:

(i) Net Tangible Assets ("NTA")

The computation of carrying values of NTA is as follows:

		RM'000
Assets		
Cash and cash equivalents		58,725
Deposits and placements with financial institutions		1,396,782
Financial Investments at FVTPL		4,555
Financial Investments at FVOCI		719,871
Financial Investments at AC		234,564
Loans, financing and advances		2,666,383
Reinsurance contract assets		3,936
Other assets		41,777
Property, plant and equipment		57,421
Investment properties		754
Intangible assets		3,697
Right-of-use assets		1,036
Total assets	(a)	5,189,501
Liabilities		
Deposits from customers		80,126
Financial guarantee deferred income		9,033
Insurance contract/takaful certificate liabilities		27,148
Takaful participants fund		6,894
Other liabilities		329,796
Redeemable notes/sukuk		2,061,807
Borrowings		1,241,998
Derivative financial instruments		121,035
Lease liabilities		1,048
Total liabilities	(b)	3,878,885
NTA	(c) = (a)-(b)	1,310,616

53. Acquisition of Subsidiaries (cont'd.)

(b) The carrying values of the identifiable assets and liabilities of EXIM as at the date of acquisition were (cont'd.):

(ii) Purchase considerations

Share swap		1,260,788
Accrued RCCPS dividend		(113,782)
Amount owing by the MOF (Inc.)		244,483
	(d)	1,391,489

(iii) Merger deficit

The computation of merger deficit arising from the acquisition of EXIM is as follows:

		RM'000
Carrying values of NTA	(c)	1,310,616
Purchase considerations	(d)	1,391,489
Merger deficit	(e) = (c)-(d)	(80,873)

54. Financial Instruments Risk

Financial risk management objectives and policies

The Group’s and the Bank's financial risk management policies seek to enhance shareholders' value. The Group and the Bank focus on the enterprise wide risk exposure, which include credit, market, liquidity and operational risk and seek to minimise potential adverse effects on the financial performance of the Group and the Bank. As part of the Group’s and of the Bank's strategy to integrate the management and control of risks across the various risk segments, a dedicated function known as the Group Risk Management had been established.

Financial risk management is carried out through risk assessment and reviews, internal control systems and adherence to Group financial risk management policies, which are reported to and approved by the Board of Directors ("BOD"). The BOD also approves the treasury policies, which cover the management of these risks.

The main areas of financial risks faced by the Group and the Bank are set out as follows:

(a) Credit risk

Credit risk is the potential loss of revenue, either principal or profit or both, arising from customers or counterparties’ failure or unwillingness to honour their contractual financial obligations in accordance with the agreed terms. It arises primarily from financing activities through financing as well as commitments to support customers’ obligations to third parties i.e. guarantee. Trading and investing the surplus funds of the Group and of the Bank, such as trading or holding of debt securities and deposits placements also expose the Group and the Bank to credit risk.

Credit risk management activities conducted by the Bank are within Credit Risk Management policy approved by the Board of Directors, which entails the entire credit value chain starting from credit risk assessment, credit approval, credit risk measurement, credit risk monitoring, credit concentration, problem credits, credit risk reporting and independent review.

Credit risk is principally managed through the establishment of financing directions, internal controls, risk appetite, policies and guidelines to enhance financing asset quality. Credit processes are structured to ensure adherence to credit policies and to establish impartiality in financing origination, approval, documentation, disbursement and settlement. The Bank has been proactively managing its credit risk exposures within acceptable parameters to enable the Bank to pursue its business directions sustainably.

54. Financial Instruments Risk (cont'd.)

Financial risk management objectives and policies (cont'd.)

(a) Credit risk (cont'd.)

All credit proposals are rated using an internal two dimensional credit rating system, which include the estimate of PD, LGD and EAD for all credit exposures to measure each customer's risk of default and facility risk. The Bank's internal credit rating scorecards have been periodically updated to ensure that the credit rating model remained robust and relevant with the changing business environment. The Bank embraces prudent credit decision making and only viable financing proposals with well-mitigated risk are considered for financing.

Credit reviews on existing customers are performed at least once a year and more frequent on watch-list accounts to proactively manage any delinquencies, maximise recoveries and to ensure timely recognition of asset impairment and/or provisions. The staging of accounts are assessed according to the established triggers for MFRS 9 accounting standard in identifying significant increase in customer's credit risk.

In addition, the Bank has in place the Early Warning Signal ("EWS") guidelines which serve as an overarching document/process for assessing and monitoring credit risk to safeguard the Bank's assets.

Prudential limits are established according to various categories such as customer and industry sector to minimise concentration risk. Single Customer Limit ("SCL") captures Group exposure to manage the Bank's and subsidiaries' concentration risk to common group of customers at group level.

Sector limit for commercial financing is being observed to monitor undesirable concentration which could expose the Bank to higher risk of financing. Meanwhile, counterparty limits are in place to control over exposure to a single financial institution.

Collateral is taken whenever possible to reduce exposure at default. The value of collateral is monitored periodically through updated valuation. Policies and processes are in place to monitor collateral value.

The overall credit risk management is subject to an ongoing process for reviewing and enhancement from time to time so as to be in line with regulatory requirements. Audit is periodically performed by the Group Internal Audit to ensure that credit policies and procedures are complied with.

Credit oversight is provided by the Board Credit Committee ("BCC") while credit risk oversight is provided by the Board Risk Management Committee ("BRMC"). For application of financing for connected parties, such application is subject to the approval from the BOD.

Notes to the Financial Statements - 31 December 2025

54. Financial Instruments Risk (cont'd.)

(a) Credit risk (cont'd.)

(i) Credit exposure

	Note	Group 2025 RM'000	Group 2024 RM'000	Bank 2025 RM'000	Bank 2024 RM'000
On balance sheet:					
Cash and short term deposits	4	2,547,916	1,919,059	1,025,718	1,904,930
Deposits and placements with financial institutions	5	860,157	150,786	145,275	150,336
Financial investments at FVTPL	6	67,446	10,090	10,619	10,090
Financial investments at FVOCI	7	15,268,051	12,682,127	12,293,798	12,682,127
Financial investments at AC	8	1,448,720	64,086	592,284	59,410
Loans, financing and advances	9	30,548,155	18,427,053	17,988,303	18,160,642
Financial guarantee recoverable	10	81,639	137,683	81,639	137,683
Financial guarantee fee receivables	11	159,497	199,027	159,497	199,027
Reinsurance contract assets	12	717	-	-	-
Other assets	13	63,224	260,538	149,787	269,053
		51,045,522	33,850,449	32,446,920	33,573,298
Other assets not subject to credit risk		1,321,321	808,229	5,802,645	2,880,764
		52,366,843	34,658,678	38,249,565	36,454,062
Off balance sheet:					
Commitments and Contingencies	48(a)	13,539,743	6,772,310	9,435,085	6,582,386
		65,906,586	41,430,988	47,684,650	43,036,448

54. Financial Instruments Risk (cont'd.)

(a) Credit risk (cont'd.)

(ii) The following table sets out the credit risk concentration by economic sectors:

Group 2025	Short-term deposits, and placements with financial institutions RM'000	Financial investments at FVTPL RM'000	Financial investments at FVOCI RM'000	Financial investments at AC RM'000	Loans, financing and advances RM'000	Financial guarantee recoverable RM'000	Financial guarantee fee receivables RM'000
Accommodation and food services activities	-	-	-	-	3,420,080	-	-
Construction	-	-	181,846	71,197	3,906,813	-	-
Education, health and others	-	-	-	-	444,996	-	-
Electrical, gas and water supply	-	-	488,140	30,181	414,307	-	3,331
Finance, insurance/takaful and business	3,408,073	56,827	10,820,505	262,246	1,307,251	-	6,209
Government	-	-	2,159,450	562,034	-	-	-
Infrastructure	-	-	747,888	-	9,376,867	-	135,333
Manufacturing	-	-	255,980	-	3,792,519	-	-
Mining and quarrying	-	-	-	-	136,786	-	-
Other community, social and personal service activities	-	-	-	-	575,167	81,639	-
Primary agriculture	-	-	156,514	20,385	10,565	-	-
Professional, scientific and technical activities	-	-	-	-	12,660	-	-
Real estate	-	-	343,760	502,677	2,034,877	-	14,624
Shipping	-	10,619	-	-	-	-	-
Transport, storage and communications	-	-	78,282	-	5,105,807	-	-
Others	-	-	-	-	9,460	-	-
	3,408,073	67,446	15,232,365	1,448,720	30,548,155	81,639	159,497
Other assets not subject to credit risk	-	-	35,686	-	-	-	-
	3,408,073	67,446	15,268,051	1,448,720	30,548,155	81,639	159,497

Notes to the Financial Statements - 31 December 2025

54. Financial Instruments Risk (cont'd.)

(a) Credit risk (cont'd.)

(ii) The following table sets out the credit risk concentration by economic sectors (cont'd.):

Group 2025	Reinsurance contract assets RM'000	Other assets RM'000	Total RM'000	Commitments and contingencies RM'000
Accommodation and food services activities	-	-	3,420,080	817,522
Construction	-	-	4,159,856	1,473,547
Education, health and others	-	-	444,996	64,425
Electrical, gas and water supply	-	-	935,959	293,906
Finance, insurance/takaful and business	717	-	15,861,828	630,482
Government	-	-	2,721,484	-
Infrastructure	-	-	10,260,088	5,234,694
Manufacturing	-	-	4,048,499	1,143,952
Mining and quarrying	-	-	136,786	191,316
Other community, social and personal service activities	-	-	656,806	329,337
Primary agriculture	-	-	187,464	973
Professional, scientific and technical activities	-	-	12,660	14,811
Real estate	-	-	2,895,938	797,137
Shipping	-	-	10,619	-
Transport, storage and communications	-	-	5,184,089	2,547,641
Others	-	63,224	72,684	-
	717	63,224	51,009,836	13,539,743
Other assets not subject to credit risk	-	1,321,321	1,357,007	-
	717	1,384,545	52,366,843	13,539,743

Notes to the Financial Statements - 31 December 2025

54. Financial Instruments Risk (cont'd.)

(a) Credit risk (cont'd.)

(ii) The following table sets out the credit risk concentration by economic sectors (cont'd.):

Group 2024	Short-term deposits, and placements with financial institutions RM'000	Financial investments at FVTPL RM'000	Financial investments at FVOCI RM'000	Financial investments at AC RM'000	Loans, financing and advances RM'000	Financial guarantee recoverable RM'000	Financial guarantee fee receivables RM'000
Accommodation and food services activities	-	-	-	-	926,284	-	-
Construction	-	-	45,685	-	1,835,025	-	254
Electrical, gas and water supply	-	-	296,091	-	995,148	-	5,533
Finance, insurance/takaful and business	2,069,845	-	10,406,010	64,086	12,008	-	10,417
Housing	-	-	-	-	1,308	-	-
Infrastructure	-	-	783,119	-	8,539,982	-	162,493
Manufacturing	-	-	101,469	-	786,136	-	-
Other community, social and personal service activities	-	-	-	-	375,447	137,683	-
Primary agriculture	-	-	50,150	-	-	-	-
Real estate	-	-	968,103	-	2,225,723	-	20,330
Shipping	-	10,090	-	-	-	-	-
Transport, storage and communications	-	-	31,500	-	2,729,992	-	-
Others	-	-	-	-	-	-	-
	2,069,845	10,090	12,682,127	64,086	18,427,053	137,683	199,027
Other assets not subject to credit risk	-	-	-	-	-	-	-
	2,069,845	10,090	12,682,127	64,086	18,427,053	137,683	199,027

Notes to the Financial Statements - 31 December 2025

54. Financial Instruments Risk (cont'd.)

(a) Credit risk (cont'd.)

(ii) The following table sets out the credit risk concentration by economic sectors (cont'd.):

Group **2024**	**Other assets RM'000**	**Total RM'000**	**Commitments and contingencies RM'000**
Accommodation and food services activities	-	926,284	367,618
Construction	-	1,880,964	266,935
Electrical, gas and water supply	-	1,296,772	444,113
Finance, insurance/takaful and business	-	12,562,366	-
Housing	-	1,308	-
Infrastructure	-	9,485,594	3,678,496
Manufacturing	-	887,605	174,566
Other community, social and personal service activities	-	513,130	204,600
Primary agriculture	-	50,150	-
Real estate	-	3,214,156	587,959
Shipping	-	10,090	-
Transport, storage and communications	-	2,761,492	958,023
Others	260,538	260,538	90,000
	260,538	33,850,449	6,772,310
Other assets not subject to credit risk	808,229	808,229	-
	1,068,767	34,658,678	6,772,310

Notes to the Financial Statements - 31 December 2025

54. Financial Instruments Risk (cont'd.)

(a) Credit risk (cont'd.)

(ii) The following table sets out the credit risk concentration by economic sectors (cont'd.):

Bank 2025	Short-term deposits, and placements with financial institutions RM'000	Financial investments at FVTPL RM'000	Financial investments at FVOCI RM'000	Financial investments at AC RM'000	Loans, financing and advances RM'000	Financial guarantee recoverable RM'000	Financial guarantee fee receivables RM'000
Accommodation and food services activities	-	-	-	-	685,172	-	-
Construction	-	-	51,245	-	1,681,567	-	-
Electrical, gas and water supply	-	-	348,915	30,181	75,684	-	3,331
Finance, insurance/takaful and business	1,170,993	-	10,623,730	59,426	-	-	6,209
Infrastructure	-	-	732,427	-	9,376,867	-	135,333
Manufacturing	-	-	102,409	-	815,497	-	-
Other community, social and personal service activities	-	-	-	-	313,357	81,639	-
Primary agriculture	-	-	151,491	-	-	-	-
Real estate	-	-	251,483	502,677	1,856,973	-	14,624
Shipping	-	10,619	-	-	-	-	-
Transport, storage and communications	-	-	32,098	-	3,182,163	-	-
Others	-	-	-	-	1,023	-	-
	1,170,993	10,619	12,293,798	592,284	17,988,303	81,639	159,497
Other assets not subject to credit risk	-	-	-	-	-	-	-
	1,170,993	10,619	12,293,798	592,284	17,988,303	81,639	159,497

Notes to the Financial Statements - 31 December 2025

54. Financial Instruments Risk (cont'd.)

(a) Credit risk (cont'd.)

(ii) The following table sets out the credit risk concentration by economic sectors (cont'd.):

Bank 2025	Other assets RM'000	Total RM'000	Commitments and contingencies RM'000
Accommodation and food services activities	-	685,172	441,617
Construction	-	1,732,812	393,902
Electrical, gas and water supply	-	458,111	205,000
Finance, insurance/takaful and business	-	11,860,358	85,000
Infrastructure	-	10,244,627	5,234,694
Manufacturing	-	917,906	216,381
Other community, social and personal service activities	-	394,996	204,600
Primary agriculture	-	151,491	-
Real estate	-	2,625,757	725,973
Shipping	-	10,619	-
Transport, storage and communications	-	3,214,261	1,927,918
Others	149,787	150,810	-
	149,787	32,446,920	9,435,085
Other assets not subject to credit risk	5,802,645	5,802,645	-
	5,952,432	38,249,565	9,435,085

54. Financial Instruments Risk (cont'd.)

(a) Credit risk (cont'd.)

(ii) The following table sets out the credit risk concentration by economic sectors (cont'd.):

Bank **2024**	**Short-term deposits, and placements with financial institutions RM'000**	**Financial investments at FVTPL RM'000**	**Financial investments at FVOCI RM'000**	**Financial investments at AC RM'000**	**Loans, financing and advances RM'000**	**Financial guarantee recoverable RM'000**	**Financial guarantee fee receivables RM'000**
Accommodation and food services activities	-	-	-	-	844,074	-	-
Construction	-	-	45,685	-	1,812,860	-	254
Electrical, gas and water supply	-	-	296,091	-	995,148	-	5,533
Finance, insurance/takaful and business	2,055,266	-	10,406,010	59,410	-	-	10,417
Infrastructure	-	-	783,119	-	8,539,982	-	162,493
Manufacturing	-	-	101,469	-	764,608	-	-
Other community, social and personal service activities	-	-	-	-	269,587	137,683	-
Primary agriculture	-	-	50,150	-	-	-	-
Real estate	-	-	968,103	-	2,225,723	-	20,330
Shipping	-	10,090	-	-	-	-	-
Transport, storage and communications	-	-	31,500	-	2,707,352	-	-
Others	-	-	-	-	1,308	-	-
	2,055,266	10,090	12,682,127	59,410	18,160,642	137,683	199,027
Other assets not subject to credit risk	-	-	-	-	-	-	-
	2,055,266	10,090	12,682,127	59,410	18,160,642	137,683	199,027

Notes to the Financial Statements - 31 December 2025

54. Financial Instruments Risk (cont'd.)

(a) Credit risk (cont'd.)

(ii) The following table sets out the credit risk concentration by economic sectors (cont'd.):

Bank **2024**	**Other assets RM'000**	**Total RM'000**	**Commitments and contingencies RM'000**
Accommodation and food services activities	-	844,074	367,618
Construction	-	1,858,799	266,935
Electrical, gas and water supply	-	1,296,772	444,113
Finance, insurance/takaful and business	-	12,531,103	-
Infrastructure	-	9,485,594	3,678,496
Manufacturing	-	866,077	174,566
Other community, social and personal service activities	-	407,270	204,600
Primary agriculture	-	50,150	-
Real estate	-	3,214,156	587,959
Shipping	-	10,090	-
Transport, storage and communications	-	2,738,852	768,099
Others	269,053	270,361	90,000
	269,053	33,573,298	6,582,386
Other assets not subject to credit risk	2,880,764	2,880,764	-
	3,149,817	36,454,062	6,582,386

54. Financial Instruments Risk (cont'd.)

(a) Credit risk (cont'd.)

(iii) Gross loans, financing and advances are rated based on internal rating by the Bank:

	2025				2024			
Group	Neither past due nor impaired RM'000	Past due but not impaired RM'000	Impaired RM'000	Total RM'000	Neither past due nor impaired RM'000	Past due but not impaired RM'000	Impaired RM'000	Total RM'000
Very low	1,107,023	3,232	-	1,110,255	-	-	-	-
Low	4,466,446	47,304	-	4,513,750	13,779	-	-	13,779
Medium	9,070,920	118,417	-	9,189,337	5,497,189	1,898	-	5,499,087
Substantial	11,223,740	19,432	-	11,243,172	10,032,668	26,037	-	10,058,705
High	5,735,742	339,376	-	6,075,118	4,514,179	-	-	4,514,179
Unrated	9,122	320	-	9,442	-	-	-	-
Impaired	-	-	3,709,371	3,709,371	-	-	2,269,398	2,269,398
	31,612,993	528,081	3,709,371	35,850,445	20,057,815	27,935	2,269,398	22,355,148
Bank								
Low	1,029	-	-	1,029	1,323	-	-	1,323
Medium	5,254,682	-	-	5,254,682	5,360,087	-	-	5,360,087
Substantial	10,267,398	14,697	-	10,282,095	9,935,567	-	-	9,935,567
High	4,291,451	136,947	-	4,428,398	4,514,179	-	-	4,514,179
Impaired	-	-	2,233,716	2,233,716	-	-	2,245,707	2,245,707
	19,814,560	151,644	2,233,716	22,199,920	19,811,156	-	2,245,707	22,056,863

54. Financial Instruments Risk (cont'd.)

(a) Credit risk (cont'd.)

(iv) Aging analysis of impaired and past due but not impaired loans, financing and advances

Analysis of loans, financing and advances that are impaired and past due but not impaired based on the Group's and the Bank's internal credit rating system are as follows:

	Group		Bank	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Impaired:				
0 month overdue	1,326,723	798,799	1,215,601	798,799
1 month overdue	25,814	-	-	-
2 months overdue	41,851	8,106	-	8,106
3 months overdue	26,841	-	-	-
> 3 months overdue	2,288,142	1,462,493	1,018,115	1,438,802
	3,709,371	2,269,398	2,233,716	2,245,707
Past due but not impaired:				
1 Month Overdue	357,101	24,229	151,644	-
2 Months Overdue	170,980	3,706	-	-
	528,081	27,935	151,644	-

(v) Collateral and credit enhancement for loans, financing and advances

Collateral represents the asset pledged by a borrower/customer and/or a third party on behalf of the borrower/customer, in whole or in part, to secure a credit exposure and/or potential credit exposure with the Group and the Bank, and subject to seizure in the event of default. Collateral provides the Group and the Bank with a secondary repayment/payment source, i.e. a source of fund to help recover its investment if the borrower/customer is unable to repay/pay the facility obtained from the Group and the Bank.

The Group and the Bank would consider accepting the collateral based on its marketability, measurability, stability, transferability, speed in realising the collateral value, enforceability and free from encumbrances. The collateral amounts and types held by the Group and the Bank are as in the next page:

54. Financial Instruments Risk (cont'd.)

(a) Credit risk (cont'd.)

(v) Collateral and credit enhancement for loans, financing and advances (cont'd.)

<u>Collateral by amount</u>

	2025				2024			
Group	**Secured RM'000**	**Unsecured RM'000**	**Total RM'000**	**Total Estimated fair value of collateral RM'000**	**Secured RM'000**	**Unsecured RM'000**	**Total RM'000**	**Total Estimated fair value of collateral RM'000**
Past due but not impaired	519,671	8,410	528,081	644,674	-	27,935	27,935	-
Impaired	1,941,584	1,767,787	3,709,371	2,464,924	990,048	1,279,350	2,269,398	2,060,662
	2,461,255	1,776,197	4,237,452	3,109,598	990,048	1,307,285	2,297,333	2,060,662
Bank								
Past due but not impaired	151,644	-	151,644	341,896	-	-	-	-
Impaired	755,376	1,478,340	2,233,716	1,540,772	990,048	1,255,659	2,245,707	2,060,662
	907,020	1,478,340	2,385,360	1,882,668	990,048	1,255,659	2,245,707	2,060,662

54. Financial Instruments Risk (cont'd.)

(a) Credit risk (cont'd.)

(v) Collateral and credit enhancement for loans, financing and advances (cont'd.)

Collateral by type

	2025					2024			
Group	**Cash RM'000**	**Guarantee RM'000**	**Properties and equipment RM'000**	**Vessels RM'000**	**Total RM'000**	**Guarantee RM'000**	**Properties and equipment RM'000**	**Vessels RM'000**	**Total RM'000**
Past due but not impaired	12,723	126,986	501,919	3,046	644,674	-	-	-	-
Impaired	20,763	397,346	1,874,589	172,226	2,464,924	4,074	1,678,221	378,367	2,060,662
	33,486	524,332	2,376,508	175,272	3,109,598	4,074	1,678,221	378,367	2,060,662
Bank									
Past due but not impaired	-	-	341,896	-	341,896	-	-	-	-
Impaired	-	-	1,373,076	167,696	1,540,772	4,074	1,678,221	378,367	2,060,662
	-	-	1,714,972	167,696	1,882,668	4,074	1,678,221	378,367	2,060,662

54. Financial Instruments Risk (cont'd.)

(a) Credit risk (cont'd.)

(vi) Restructured loans/financing

Restructured loans/financing refer to the financial assets that would otherwise be past due or impaired where there are fundamental revision in the principal terms and conditions of the facilities. Restructuring shall be considered when the customer's business is still viable and is expected to remain viable after the restructuring. The total restructured loans/financing held by the Group and the Bank stood at RM12,016.7 million (2024: RM8,175.6 million) and RM8,676.9 million (2024: RM8,175.6 million) respectively.

(vii) Credit quality for treasury credit risk exposures

The table below shows treasury credit risk exposures by the current counterparties' rating:

	Group		Bank	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Financial investments at FVOCI				
Sovereign	11,753,577	9,514,699	9,699,313	9,514,699
Government guaranteed	41,278	-	-	-
AAA	1,723,909	1,585,355	1,536,386	1,585,355
AA	1,578,765	783,512	1,058,099	783,512
-1	134,836	-	-	-
Non-rated	30,890	798,561	-	798,561
	15,263,255	12,682,127	12,293,798	12,682,127

	Group		Bank	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Financial investments at AC				
Sovereign	465,748	-	-	-
Government guaranteed	96,561	-	-	-
AAA	608,412	-	502,678	-
AA	182,635	-	30,181	-
Non-rated	95,364	64,086	59,425	59,410
	1,448,720	64,086	592,284	59,410

54. Financial Instruments Risk (cont'd.)

(b) Market risk

(i) Interest/profit rate risk

Interest/profit rate risk is the impact to earnings and economic value of the Group and of the Bank due to fluctuations in interest/profit rates.

Interest/profit rate exposure arises from the differences in the maturities and repricing dates of assets, liabilities and off-balance sheet items. These mismatches are actively monitored and managed as part of the overall interest/profit rate risk management process which is conducted in accordance with the Group's policies as approved by the BOD.

The table below shows the Group's and the Bank's net interest/finance income sensitivity based on possible parallel shift in interest/profit rate.

	Group			
	Impact on interest/ profit 2025 RM'000	Impact on interest/ profit 2024 RM'000	Impact on equity 2025 RM'000	Impact on equity 2024 RM'000
Interest/profit rate				
- parallel shift				
+ 50 basis points	30,048	(9,197)	(319,565)	(383,303)
- 50 basis points	(30,048)	9,197	319,565	383,303

	Bank			
	Impact on interest/ profit 2025 RM'000	Impact on interest/ profit 2024 RM'000	Impact on equity 2025 RM'000	Impact on equity 2024 RM'000
Interest/profit rate				
- parallel shift				
+ 50 basis points	9,630	(9,197)	(305,861)	(383,303)
- 50 basis points	(9,630)	9,197	305,861	383,303

54. Financial Instruments Risk (cont'd.)

(b) Market risk (cont'd.)

(i) Interest/profit rate risk (cont'd.)

The table below summarises the Group's and the Bank's exposure to interest/profit rate risk. The table indicates effective average interest/profit rates at the reporting date and the periods in which the financial instruments reprice or mature, whichever is earlier.

Group 2025	<--- Non-trading book					--->		
	Up to 1 month RM'000	>1 - 3 months RM'000	>3 - 12 months RM'000	>1 - 5 years RM'000	Over 5 years RM'000	Non-interest/profit sensitive RM'000	Total RM'000	Effective interest/ profit rate %
Assets								
Cash and short term deposits	1,858,788	-	-	-	-	689,128	2,547,916	2.95
Deposits and placements with financial institutions	355,749	469,368	35,040	-	-	-	860,157	3.32
Financial investments at FVTPL	-	-	-	-	-	67,446	67,446	-
Financial investments at FVOCI	258,447	442,620	1,055,989	4,018,167	9,457,142	35,686	15,268,051	4.19
Financial investments at AC	4,332	-	132,388	1,101,471	280,334	(69,805)	1,448,720	4.00
Loans, financing and advances								
- non-impaired	1,908,676	397,528	2,309,621	7,950,909	15,600,423	3,973,917	32,141,074	6.16
- impaired *	-	-	-	-	-	(1,592,919)	(1,592,919)	-
Financial guarantee recoverable	-	-	-	-	-	81,639	81,639	-
Financial guarantee fee receivables	12,808	-	31,358	74,601	40,730	-	159,497	-
Reinsurance contract assets	-	7	637	-	-	73	717	-
Other assets	-	-	-	-	-	413,234	413,234	-
Total assets	4,398,800	1,309,523	3,565,033	13,145,148	25,378,629	3,598,399	51,395,532	

* This is arrived at after deducting Stage 1, Stage 2 and Stage 3 ECL from the outstanding gross impaired loans/financing.

54. Financial Instruments Risk (cont'd.)

(b) Market risk (cont'd.)

(i) Interest/profit rate risk (cont'd.)

Group 2025 (cont'd.)	Non-trading book: Up to 1 month RM'000	>1 - 3 months RM'000	>3 - 12 months RM'000	>1 - 5 years RM'000	Over 5 years RM'000	Non-interest/profit sensitive RM'000	Total RM'000	Effective interest/ profit rate %
Equity and liabilities								
Deposits from customers	6,917,562	5,160,925	4,763,233	-	-	-	16,841,720	3.48
Deposits and placements from financial institutions	2,493,710	180,393	207,462	188,679	-	-	3,070,244	3.23
Collateralised Commodity Murabahah	831,236	182,972	-	-	-	-	1,014,208	3.29
Insurance contract/takaful certificate liabilities	-	117	1,470	-	-	18,887	20,474	-
Redeemable notes/sukuk	81,091	705,989	3,502,984	5,385,850	2,980,000	-	12,655,914	4.15
Borrowings and funding	493,907	329,636	507,574	1,356,997	581,526	18,428	3,288,068	1.93
Derivative financial instruments	-	-	44,293	4,569	-	-	48,862	3.71
Lease liabilities	340	681	3,110	15,248	354	60,635	80,368	-
Total liabilities	10,817,846	6,560,713	9,030,126	6,951,343	3,561,880	97,950	37,019,858	
Total interest/profit sensitivity gap	(6,419,046)	(5,251,190)	(5,465,093)	6,193,805	21,816,749	3,500,449	14,375,674	

Notes to the Financial Statements - 31 December 2025

54. Financial Instruments Risk (cont'd.)

(b) Market risk (cont'd.)

(i) Interest/profit rate risk (cont'd.)

Group 2024	<--- Non-trading book --- Up to 1 month RM'000	>1 - 3 months RM'000	>3 - 12 months RM'000	>1 - 5 years RM'000	Over 5 years RM'000	Non-interest/profit sensitive RM'000 --->	Total RM'000	Effective interest/ profit rate %
Assets								
Cash and short term deposits	1,907,307	-	-	-	-	11,752	1,919,059	3.02
Deposits and placements with financial institutions	336	150,450	-	-	-	-	150,786	3.72
Financial investments at FVTPL	-	-	-	-	-	10,090	10,090	-
Financial investments at FVOCI	134,181	35,009	657,206	3,881,561	7,974,170	-	12,682,127	4.32
Financial investments at AC	1,358	-	-	-	124,098	(61,370)	64,086	5.19
Loans, financing and advances								
- non-impaired	1,759,317	171,931	720,025	5,320,523	12,373,703	(259,749)	20,085,750	6.10
- impaired *	-	-	-	-	-	(1,658,697)	(1,658,697)	-
Financial guarantee recoverable	-	-	-	-	-	137,683	137,683	-
Financial guarantee fee receivables	16,790	-	32,041	94,509	55,687	-	199,027	-
Other assets	-	-	-	-	-	442,850	442,850	-
Total assets	3,819,289	357,390	1,409,272	9,296,593	20,527,658	(1,377,441)	34,032,761	

* This is arrived at after deducting Stage 1, Stage 2 and Stage 3 ECL from the outstanding gross impaired loans/financing.

Notes to the Financial Statements - 31 December 2025

54. Financial Instruments Risk (cont'd.)

(b) Market risk (cont'd.)

(i) Interest/profit rate risk (cont'd.)

Group 2024 (cont'd.)	<---- Non-trading book ---- Up to 1 month RM'000	>1 - 3 months RM'000	>3 - 12 months RM'000	>1 - 5 years RM'000	Over 5 years RM'000	Non-interest/profit sensitive RM'000 ---->	Total RM'000	Effective interest/ profit rate %
Equity and liabilities								
Deposits from customers	5,805,378	4,141,722	3,526,708	198,889	-	-	13,672,697	4.00
Deposits and placements from financial institutions	1,348,589	95,000	-	-	-	-	1,443,589	3.40
Collateralised Commodity Murabahah	278,342	-	-	-	-	-	278,342	3.18
Redeemable notes/Sukuk	76,078	-	834,664	4,205,000	3,260,000	-	8,375,742	4.28
Borrowings and funding	2,540	-	-	150,000	-	-	152,540	4.88
Lease liabilities	-	-	-	-	-	64,483	64,483	-
Total liabilities	7,510,927	4,236,722	4,361,372	4,553,889	3,260,000	64,483	23,987,393	
Total interest/profit sensitivity gap	(3,691,638)	(3,879,332)	(2,952,100)	4,742,704	17,267,658	(1,441,924)	10,045,368	

Notes to the Financial Statements - 31 December 2025

54. Financial Instruments Risk (cont'd.)

(b) Market risk (cont'd.)

(i) Interest/profit rate risk (cont'd.)

	<---------- Non-trading book					---------->		
Bank	**Up to 1 month**	**>1 - 3 months**	**>3 - 12 months**	**>1 - 5 years**	**Over 5 years**	**Non-interest/profit sensitive**	**Total**	**Effective interest/ profit rate**
2025	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**%**
Assets								
Cash and short term deposits	1,023,020	-	-	-	-	2,698	1,025,718	2.85
Deposits and placements with financial institutions	275	145,000	-	-	-	-	145,275	3.30
Financial investments at FVTPL	-	-	-	-	-	10,619	10,619	-
Financial investments at FVOCI	123,611	230,301	630,380	2,586,316	8,723,190	-	12,293,798	4.24
Financial investments at AC	4,244	-	-	510,022	146,855	(68,837)	592,284	3.61
Loans, financing and advances								
- non-impaired	1,886,704	171,702	770,901	5,603,696	11,816,864	(283,663)	19,966,204	5.80
- impaired *	-	-	-	-	-	(1,977,901)	(1,977,901)	-
Financial guarantee recoverable	-	-	-	-	-	81,639	81,639	-
Financial guarantee fee receivables	12,808	-	31,358	74,601	40,730	-	159,497	-
Other assets	-	-	-	-	-	488,668	488,668	-
Total assets	3,050,662	547,003	1,432,639	8,774,635	20,727,639	(1,746,777)	32,785,801	

* This is arrived at after deducting Stage 1, Stage 2 and Stage 3 ECL from the outstanding gross impaired loans/financing.

Notes to the Financial Statements - 31 December 2025

54. Financial Instruments Risk (cont'd.)

(b) Market risk (cont'd.)

(i) Interest/profit rate risk (cont'd.)

Bank	<-------	-------	-------	**Non-trading book**	-------	------->		
2025 (cont'd.)	**Up to 1 month RM'000**	**>1 - 3 months RM'000**	**>3 - 12 months RM'000**	**>1 - 5 years RM'000**	**Over 5 years RM'000**	**Non-interest/profit sensitive RM'000**	**Total RM'000**	**Effective interest/ profit rate %**
Equity and liabilities								
Deposits from customers	5,333,831	3,737,159	1,935,248	-	-	-	11,006,238	3.58
Deposits and placements from financial institutions	2,528,710	400,000	80,000	-	-	-	3,008,710	3.10
Collateralised Commodity Murabahah	831,236	182,972	-	-	-	-	1,014,208	3.29
Redeemable notes/Sukuk	81,091	-	1,550,000	3,735,000	2,980,000	-	8,346,091	4.27
Borrowings and funding	2,540	-	-	150,000	-	-	152,540	4.87
Lease liabilities	-	-	-	-	-	60,330	60,330	-
Total liabilities	8,777,408	4,320,131	3,565,248	3,885,000	2,980,000	60,330	23,588,117	
Total interest/profit sensitivity gap	(5,726,746)	(3,773,128)	(2,132,609)	4,889,635	17,747,639	(1,807,107)	9,197,684	

54. Financial Instruments Risk (cont'd.)

(b) Market risk (cont'd.)

(i) Interest/profit rate risk (cont'd.)

Bank 2024	<------ Non-trading book ------ Up to 1 month RM'000	>1 - 3 months RM'000	>3 - 12 months RM'000	>1 - 5 years RM'000	Over 5 years RM'000	Non-interest/profit sensitive RM'000 ------>	Total RM'000	Effective interest/ profit rate %
Assets								
Cash and short term deposits	1,902,294	-	-	-	-	2,636	1,904,930	3.02
Deposits and placements with financial institutions	336	150,000	-	-	-	-	150,336	3.72
Financial investments at FVTPL	-	-	-	-	-	10,090	10,090	-
Financial investments at FVOCI	134,181	35,009	657,206	3,881,561	7,974,170	-	12,682,127	4.32
Financial investments at AC	1,358	-	-	-	124,098	(66,046)	59,410	4.71
Loans, financing and advances								
- non-impaired	1,744,998	163,848	719,951	5,076,588	12,373,703	(267,932)	19,811,156	6.06
- impaired *	-	-	-	-	-	(1,650,514)	(1,650,514)	-
Financial guarantee recoverable	-	-	-	-	-	137,683	137,683	-
Financial guarantee fee receivables	16,790	-	32,041	94,509	55,687	-	199,027	-
Other assets	-	-	-	-	-	433,367	433,367	-
Total assets	3,799,957	348,857	1,409,198	9,052,658	20,527,658	(1,400,716)	33,737,612	

* This is arrived at after deducting Stage 1, Stage 2 and Stage 3 ECL from the outstanding gross impaired loans/financing.

Notes to the Financial Statements - 31 December 2025

54. Financial Instruments Risk (cont'd.)

(b) Market risk (cont'd.)

(i) Interest/profit rate risk (cont'd.)

	<---- Non-trading book					---->		
Bank	**Up to 1 month**	**>1 - 3 months**	**>3 - 12 months**	**>1 - 5 years**	**Over 5 years**	**Non-interest/profit sensitive**	**Total**	**Effective interest/ profit rate**
2024 (cont'd.)	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**%**
Equity and liabilities								
Deposits from customers	5,974,637	4,150,682	3,622,678	198,889	-	-	13,946,886	4.00
Deposits and placements from financial institutions	1,348,589	95,000	-	-	-	-	1,443,589	3.40
Collateralised Commodity Murabahah	278,342	-	-	-	-	-	278,342	3.18
Redeemable notes/Sukuk	76,078	-	834,664	4,205,000	3,260,000	-	8,375,742	4.28
Borrowings and funding	2,540	-	-	150,000	-	-	152,540	4.88
Lease liabilities	-	-	-	-	-	64,442	64,442	-
Total liabilities	7,680,186	4,245,682	4,457,342	4,553,889	3,260,000	64,442	24,261,541	
Total interest/profit sensitivity gap	(3,880,229)	(3,896,825)	(3,048,144)	4,498,769	17,267,658	(1,465,158)	9,476,071	

54. Financial Instruments Risk (cont'd.)

(c) Liquidity risk

Liquidity risk is the risk that the Group and the Bank will encounter difficulty in raising funds to meet its current and future payment obligations associated with financial obligations when they fall due. The liquidity and cash flow risks are managed by maintaining a diversity of funding sources and spreading debt repayments/financing payment over a range of maturities.

The Group and the Bank manage their liquidity requirement on a day-to-day basis to ensure that funds are readily available for its operational needs, withdrawals of deposits and repayments/payments to fund providers. The Group and the Bank may raise funds locally and globally either through government-to-government arrangements or direct negotiations. Other sources of funding through the capital market are being explored on an on-going basis to ensure a diversity of funding source.

54. Financial Instruments Risk (cont'd.)

(c) Liquidity risk (cont'd.)

(i) Contractual maturity of total assets and liabilities

The following table shows the maturity analysis of the Group's and of the Bank's assets and liabilities based on remaining contractual maturities. The contractual maturity profile often does not reflect the actual behavioural patterns. In particular, the Group and the Bank have a significant amount of "core deposits" of non-bank customers which are contractually at call (included in the "Up to 3 months" time band) but historically a stable source of long-term funding for the Group and the Bank.

	<---------- Non-trading book					---------->	
Group	**Up to 1 month**	**>1 - 3 months**	**>3 - 12 months**	**>1 - 5 years**	**Over 5 years**	**Non-specific maturity**	**Total**
2025	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Assets							
Cash and short term deposits	2,547,916	-	-	-	-	-	2,547,916
Deposits and placements with financial institutions	-	860,157	-	-	-	-	860,157
Financial investments at FVTPL	-	-	-	-	-	67,446	67,446
Financial investments at FVOCI	134,836	445,696	1,060,828	4,068,358	9,522,647	35,686	15,268,051
Financial investments at AC	-	-	132,469	1,104,304	281,753	(69,806)	1,448,720
Loans, financing and advances							
- non-impaired	154,863	926,987	1,680,483	8,001,397	17,218,664	4,158,680	32,141,074
- impaired *	-	-	-	-	-	(1,592,919)	(1,592,919)
Financial guarantee recoverable	-	-	-	-	-	81,639	81,639
Financial guarantee fee receivables	-	-	35,036	81,531	42,930	-	159,497
Reinsurance contract assets	-	7	637	-	-	73	717
Other assets	-	-	-	-	-	413,234	413,234
Total assets	2,837,615	2,232,847	2,909,453	13,255,590	27,065,994	3,094,033	51,395,532

* This is arrived at after deducting Stage 1, Stage 2 and Stage 3 ECL from the outstanding gross impaired loans/financing.

54. Financial Instruments Risk (cont'd.)

(c) Liquidity risk (cont'd.)

(i) Contractual maturity of total assets and liabilities (cont'd.)

Group 2025 (cont'd.)	<---- Non-trading book ---- Up to 1 month RM'000	>1 - 3 months RM'000	>3 - 12 months RM'000	>1 - 5 years RM'000	Over 5 years RM'000	Non-specific maturity RM'000 ---->	Total RM'000
Equity and liabilities							
Deposits from customers	6,878,932	5,178,911	4,783,877	-	-	-	16,841,720
Deposits and placements from financial institutions	2,312,487	151,127	606,630	-	-	-	3,070,244
Collateralised Commodity Murabahah	830,390	183,818	-	-	-	-	1,014,208
Insurance contract/takaful certificate liabilities	-	117	1,470	-	-	18,887	20,474
Redeemable notes/sukuk	-	705,989	2,061,349	6,871,748	3,016,828	-	12,655,914
Borrowings and funding	8,778	16,531	777,019	1,904,213	581,527	-	3,288,068
Derivative financial instruments	-	-	44,293	4,569	-	-	48,862
Lease liabilities	703	1,413	6,497	39,382	32,068	305	80,368
Total liabilities	10,031,290	6,237,906	8,281,135	8,819,912	3,630,423	19,192	37,019,858
Net maturity mismatches	(7,193,675)	(4,005,059)	(5,371,682)	4,435,678	23,435,571	3,074,841	14,375,674

Notes to the Financial Statements - 31 December 2025

54. Financial Instruments Risk (cont'd.)

(c) Liquidity risk (cont'd.)

(i) Contractual maturity of total assets and liabilities (cont'd.)

	<-------------		Non-trading book			------------->	
Group	**Up to 1 month**	**>1 - 3 months**	**>3 - 12 months**	**>1 - 5 years**	**Over 5 years**	**Non-specific maturity**	**Total**
2024	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Assets							
Cash and short term deposits	1,919,059	-	-	-	-	-	1,919,059
Deposits and placements with financial institutions	-	150,786	-	-	-	-	150,786
Financial investments at FVTPL	-	-	-	-	-	10,090	10,090
Financial investments at FVOCI	5,069	35,376	663,897	3,920,336	8,057,449	-	12,682,127
Financial investments at AC	-	-	-	-	64,086	-	64,086
Loans, financing and advances							
- non-impaired	180,862	171,931	722,824	5,325,620	13,944,263	(259,750)	20,085,750
- impaired *	-	-	-	-	-	(1,658,697)	(1,658,697)
Financial guarantee recoverable	-	-	-	-	-	137,683	137,683
Financial guarantee fee receivables	-	-	36,524	103,385	59,118	-	199,027
Other assets	-	-	-	-	-	442,850	442,850
Total assets	2,104,990	358,093	1,423,245	9,349,341	22,124,916	(1,327,824)	34,032,761

* This is arrived at after deducting Stage 1, Stage 2 and Stage 3 ECL from the outstanding gross impaired loans/financing.

Notes to the Financial Statements - 31 December 2025

54. Financial Instruments Risk (cont'd.)

(c) Liquidity risk (cont'd.)

(i) Contractual maturity of total assets and liabilities (cont'd.)

Group	<---	---	Non-trading book	---	---	--->	
	Up to 1 month	>1 - 3 months	>3 - 12 months	>1 - 5 years	Over 5 years	Non-specific maturity	Total
2024 (cont'd.)	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Equity and liabilities							
Deposits from customers	5,765,140	4,157,953	3,549,255	200,349	-	-	13,672,697
Deposits and placements from financial institutions	1,348,393	95,196	-	-	-	-	1,443,589
Collateralised Commodity Murabahah	278,342	-	-	-	-	-	278,342
Redeemable notes/sukuk	-	-	838,897	4,238,260	3,298,585	-	8,375,742
Borrowings and funding	-	-	-	152,540	-	-	152,540
Lease liabilities	2	1	4,151	21,642	38,687	-	64,483
Total liabilities	7,391,877	4,253,150	4,392,303	4,612,791	3,337,272	-	23,987,393
Net maturity mismatches	(5,286,887)	(3,895,057)	(2,969,058)	4,736,550	18,787,644	(1,327,824)	10,045,368

Notes to the Financial Statements - 31 December 2025

54. Financial Instruments Risk (cont'd.)

(c) Liquidity risk (cont'd.)

(i) Contractual maturity of total assets and liabilities (cont'd.)

Bank	<---- Non-trading book					---->	
	Up to 1 month	>1 - 3 months	>3 - 12 months	>1 - 5 years	Over 5 years	Non-specific maturity	Total
2025	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Assets							
Cash and short term deposits	1,025,718	-	-	-	-	-	1,025,718
Deposits and placements with financial institutions	-	145,275	-	-	-	-	145,275
Financial investments at FVTPL	-	-	-	-	-	10,619	10,619
Financial investments at FVOCI	-	233,377	635,304	2,612,465	8,812,652	-	12,293,798
Financial investments at AC	-	-	-	512,848	148,273	(68,837)	592,284
Loans, financing and advances							
- non-impaired	132,891	171,702	770,901	5,615,962	13,558,411	(283,663)	19,966,204
- impaired *	-	-	-	-	-	(1,977,901)	(1,977,901)
Financial guarantee recoverable	-	-	-	-	-	81,639	81,639
Financial guarantee fee receivables	-	-	35,036	81,531	42,930	-	159,497
Other assets	-	-	-	-	-	488,668	488,668
Total assets	1,158,609	550,354	1,441,241	8,822,806	22,562,266	(1,749,475)	32,785,801

* This is arrived at after deducting Stage 1, Stage 2 and Stage 3 ECL from the outstanding gross impaired loans/financing.

Notes to the Financial Statements - 31 December 2025

54. Financial Instruments Risk (cont'd.)

(c) Liquidity risk (cont'd.)

(i) Contractual maturity of total assets and liabilities (cont'd.)

Bank	<---- Non-trading book					---->	
	Up to 1 month	>1 - 3 months	>3 - 12 months	>1 - 5 years	Over 5 years	Non-specific maturity	Total
2025 (cont'd.)	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Equity and liabilities							
Deposits from customers	5,292,874	3,755,462	1,957,902	-	-	-	11,006,238
Deposits and placements from financial institutions	2,527,487	401,127	80,096	-	-	-	3,008,710
Collateralised Commodity Murabahah	830,390	183,818	-	-	-	-	1,014,208
Redeemable notes/sukuk	-	-	1,556,128	3,773,135	3,016,828	-	8,346,091
Borrowings and funding	-	2,540	-	150,000	-	-	152,540
Lease liabilities	363	732	3,387	24,134	31,714	-	60,330
Total liabilities	8,651,114	4,343,679	3,597,513	3,947,269	3,048,542	-	23,588,117
Net maturity mismatches	(7,492,505)	(3,793,325)	(2,156,272)	4,875,537	19,513,724	(1,749,475)	9,197,684

54. Financial Instruments Risk (cont'd.)

(c) Liquidity risk (cont'd.)

(i) Contractual maturity of total assets and liabilities (cont'd.)

Bank 2024	Non-trading book: Up to 1 month RM'000	>1 - 3 months RM'000	>3 - 12 months RM'000	>1 - 5 years RM'000	Over 5 years RM'000	Non-specific maturity RM'000	Total RM'000
Assets							
Cash and short term deposits	1,904,930	-	-	-	-	-	1,904,930
Deposits and placements with financial institutions	-	150,336	-	-	-	-	150,336
Financial investments at FVTPL	-	-	-	-	-	10,090	10,090
Financial investments at FVOCI	5,069	35,376	663,897	3,920,336	8,057,449	-	12,682,127
Financial investments at AC	-	-	-	-	59,410	-	59,410
Loans, financing and advances							
- non-impaired	166,543	163,848	722,750	5,081,685	13,944,263	(267,933)	19,811,156
- impaired *	-	-	-	-	-	(1,650,514)	(1,650,514)
Financial guarantee recoverable	-	-	-	-	-	137,683	137,683
Financial guarantee fee receivables	-	-	36,524	103,385	59,118	-	199,027
Other assets	-	-	-	-	-	433,367	433,367
Total assets	2,076,542	349,560	1,423,171	9,105,406	22,120,240	(1,337,307)	33,737,612

* This is arrived at after deducting Stage 1, Stage 2 and Stage 3 ECL from the outstanding gross impaired loans/financing.

Notes to the Financial Statements - 31 December 2025

54. Financial Instruments Risk (cont'd.)

(c) Liquidity risk (cont'd.)

(i) Contractual maturity of total assets and liabilities (cont'd.)

Bank	<---- Non-trading book					---->	
	Up to 1 month	>1 - 3 months	>3 - 12 months	>1 - 5 years	Over 5 years	Non-specific maturity	Total
2024 (cont'd.)	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Equity and liabilities							
Deposits from customers	5,932,765	4,167,223	3,646,549	200,349	-	-	13,946,886
Deposits and placements from financial institutions	1,348,393	95,196	-	-	-	-	1,443,589
Collateralised Commodity Murabahah	278,342	-	-	-	-	-	278,342
Redeemable notes/sukuk	-	-	838,897	4,238,260	3,298,585	-	8,375,742
Borrowings and funding	-	-	-	152,540	-	-	152,540
Lease liabilities	2	1	4,109	21,642	38,688	-	64,442
Total liabilities	7,559,502	4,262,420	4,489,555	4,612,791	3,337,273	-	24,261,541
Net maturity mismatches	(5,482,960)	(3,912,860)	(3,066,384)	4,492,615	18,782,967	(1,337,307)	9,476,071

54. Financial Instruments Risk (cont'd.)

(c) Liquidity risk (cont'd.)

(ii) Contractual maturity of financial liabilities on an undiscounted basis

The tables below present the cash flows payable by the Group and the Bank under financial liabilities by remaining contractual maturities as at 31 December 2025 and 31 December 2024. The amounts disclosed in the table will not agree to the carrying amounts reported in the statements of financial positions as the amounts incorporated all contractual cash flows, on an undiscounted basis, relating to both principal and interest/profit analysis. The Group and the Bank manage interest liquidity risk based on discounted expected cash flows.

	<------ Non-trading book ------>						
Group	**Up to 1 month**	**>1 - 3 months**	**>3 - 12 months**	**>1 - 5 years**	**Over 5 years**	**Non-specific maturity**	**Total**
2025	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Liabilities							
Deposits from customers	6,989,577	5,226,227	5,022,821	-	-	-	17,238,625
Deposits and placements from financial institutions	2,530,321	613,525	323,739	70,000	-	-	3,537,585
Collateralised Commodity Murabahah	830,390	183,818	-	-	-	-	1,014,208
Redeemable notes/sukuk	-	711,793	3,651,891	6,032,200	4,068,520	-	14,464,404
Borrowings and funding	8,754	17,837	1,315,143	1,366,181	754,358	-	3,462,273
Derivative financial instruments	-	-	53,032	6,063	-	-	59,095
Lease liabilities	1,026	2,052	335,396	140,545	35,452	-	514,471
Total liabilities	10,360,068	6,755,252	10,702,022	7,614,989	4,858,330	-	40,290,661

Notes to the Financial Statements - 31 December 2025

54. Financial Instruments Risk (cont'd.)

(c) Liquidity risk (cont'd.)

(ii) Contractual maturity of financial liabilities on an undiscounted basis (cont'd.)

Group 2024	Non-trading book Up to 1 month RM'000	>1 - 3 months RM'000	>3 - 12 months RM'000	>1 - 5 years RM'000	Over 5 years RM'000	Non-specific maturity RM'000	Total RM'000
Liabilities							
Deposits from customers	5,941,990	4,192,190	3,728,788	208,981	-	-	14,071,949
Deposits and placements from financial institutions	1,350,432	95,738	-	-	-	-	1,446,170
Collateralised Commodity Murabahah	278,342	-	-	-	-	-	278,342
Redeemable notes/sukuk	-	-	920,294	4,801,340	4,540,549	-	10,262,183
Borrowings and funding	-	3,679	3,620	171,826	-	-	179,125
Lease liabilities	5	4	7,561	32,760	44,024	-	84,354
Total liabilities	7,570,769	4,291,611	4,660,263	5,214,907	4,584,573	-	26,322,123

Notes to the Financial Statements - 31 December 2025

54. Financial Instruments Risk (cont'd.)

(c) Liquidity risk (cont'd.)

(ii) Contractual maturity of financial liabilities on an undiscounted basis (cont'd.)

Bank	**<---- Non-trading book ----**					**---->**	
	Up to 1 month	**>1 - 3 months**	**>3 - 12 months**	**>1 - 5 years**	**Over 5 years**	**Non-specific maturity**	**Total**
2025	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Liabilities							
Deposits from customers	5,301,120	3,777,710	1,993,963	-	-	-	11,072,793
Deposits and placements from financial institutions	2,530,321	403,132	80,896	-	-	-	3,014,349
Collateralised Commodity Murabahah	830,390	183,818	-	-	-	-	1,014,208
Redeemable notes/sukuk	-	-	1,588,250	4,242,255	4,068,520	-	9,899,025
Borrowings and funding	-	3,679	3,620	164,527	-	-	171,826
Lease liabilities	640	1,280	5,769	34,006	35,089	-	76,784
Total liabilities	8,662,471	4,369,619	3,672,498	4,440,788	4,103,609	-	25,248,985
2024							
Liabilities							
Deposits from customers	5,941,990	4,192,190	3,728,788	208,981	-	-	14,071,949
Deposits and placements from financial institutions	1,350,432	95,738	-	-	-	-	1,446,170
Collateralised Commodity Murabahah	278,342	-	-	-	-	-	278,342
Redeemable notes/sukuk	-	-	920,294	4,801,340	4,540,549	-	10,262,183
Borrowings and funding	-	3,679	3,620	171,826	-	-	179,125
Lease liabilities	4	2	7,552	32,760	44,024	-	84,342
Total liabilities	7,570,768	4,291,609	4,660,254	5,214,907	4,584,573	-	26,322,111

55. Fair Values Measurements

(a) Financial assets and liabilities measured at fair value

Determination of fair value and the fair value hierarchy

Fair value is the amount at which a financial asset could be exchanged or a financial liability settled, between knowledgeable and willing parties in an arm's length transaction.

The Group and the Bank classify their financial assets and financial liabilities which are measured at fair value according to the following hierarchy, reflecting the significance of inputs used in making the fair value measurements:

Level 1 - Quoted market prices: quoted prices (unadjusted) in active markets for identical assets and liabilities instruments;

Level 2 - Valuation techniques based on observable inputs: inputs other than quoted prices included within Level 1 that are observable for the instrument, whether directly (i.e. prices) or indirectly (i.e. derived from prices), are used; and

Level 3 - Valuation techniques using significant unobservable inputs: inputs used are not based on observable market data and the unobservable inputs have a significant impact on the valuation of the financial instruments and non-financial assets.

Financial instruments are classified as Level 1 if their value is observable in an active market. Such instruments are valued by reference to unadjusted quoted prices for identical assets or liabilities in active markets where the quoted prices is readily available, and the price represents actual and regularly occurring market transactions. An active market is one in which transactions occur with sufficient volume and frequency to provide pricing information on an on-going basis. These would include actively traded listed equities and actively exchange-traded derivatives.

Where fair value is determined using unquoted market prices in less active markets or quoted prices for similar assets and liabilities, such instruments are generally classified as Level 2. In cases where quoted prices are generally not available, the Group and the Bank then determine fair value based upon valuation techniques that use as inputs, market parameters including but not limited to yield curves, volatilities and foreign exchange rates. The majority of valuation techniques employ only observable market data and so reliability of the fair value measurement is high. These would include certain government sukuk and corporate sukuk, financing, derivatives and investment properties.

55. Fair Values Measurements (cont'd.)

(a) Financial assets and liabilities measured at fair value (cont'd.)

Determination of fair value and the fair value hierarchy (cont'd.)

Financial instruments are classified as Level 3 if their valuation incorporates significant inputs that are not based on observable market data (unobservable inputs). Such inputs are generally determined based on observable inputs of a similar nature, historical observations on the level of the input or other analytical techniques.

55. Fair Values Measurements (cont'd.)

(a) Financial assets and liabilities measured at fair value (cont'd.)

Determination of fair value and the fair value hierarchy (cont'd.)

The following table provides the fair value measurement hierarchy of the Group's and of the Bank's assets and liabilities.

Group	2025 Level 1 RM'000	2025 Level 2 RM'000	2025 Level 3 RM'000	2025 Total RM'000	2024 Level 1 RM'000	2024 Level 2 RM'000	2024 Level 3 RM'000	2024 Total RM'000
Assets measured at fair value:								
Financial investments at FVTPL	43,827	23,619	-	67,446	-	10,090	-	10,090
Financial investments at FVOCI	-	15,263,255	4,796	15,268,051	-	12,682,127	-	12,682,127
Total financial assets carried at fair value				15,335,497				12,692,217
Liabilities measured at fair value:								
Redeemable notes/sukuk	-	-	1,848,613	1,848,613	-	-	-	-
Derivative financial instruments	-	-	48,862	48,862	-	-	-	-
Total financial assets carried at fair value				1,897,475				-

55. Fair Values Measurements (cont'd.)

(a) Financial assets and liabilities measured at fair value (cont'd.)

Determination of fair value and the fair value hierarchy (cont'd.)

The following table provides the fair value measurement hierarchy of the Group's and of the Bank's assets and liabilities. (cont'd.)

	2025				2024			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Group	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Assets for which fair values are disclosed (Note 55(b)):								
Financial investments at AC	-	1,494,508	-	1,494,508	-	66,022	-	66,022
Loans, financing and advances	-	-	30,684,589	30,684,589	-	-	18,692,027	18,692,027
Liabilities for which fair values are disclosed (Note 55(b)):								
Redeemable notes/sukuk	-	2,408,977	8,392,086	10,801,063	-	-	8,446,108	8,446,108
Borrowings	-	-	3,131,112	3,131,112	-	-	159,079	159,079

55. Fair Values Measurements (cont'd.)

(a) Financial assets and liabilities measured at fair value (cont'd.)

Determination of fair value and the fair value hierarchy (cont'd.)

The following table provides the fair value measurement hierarchy of the Group's and of the Bank's assets and liabilities. (cont'd.)

Bank	2025 Level 1 RM'000	2025 Level 2 RM'000	2025 Level 3 RM'000	2025 Total RM'000	2024 Level 1 RM'000	2024 Level 2 RM'000	2024 Level 3 RM'000	2024 Total RM'000
Assets measured at fair value:								
Financial investments at FVTPL	-	10,619	-	10,619	-	10,090	-	10,090
Financial investments at FVOCI	-	12,293,798	-	12,293,798	-	12,682,127	-	12,682,127
Total financial assets carried at fair value				12,304,417				12,692,217
Assets for which fair values are disclosed (Note 55(b)):								
Financial investments at AC	-	661,122	-	661,122	-	61,346	-	61,346
Loans, financing and advances	-	-	18,140,828	18,140,828	-	-	18,380,669	18,380,669
Liabilities for which fair values are disclosed (Note 55(b)):								
Redeemable notes/sukuk	-	-	8,392,086	8,392,086	-	-	8,446,108	8,446,108
Borrowings	-	-	148,553	148,553	-	-	159,079	159,079

55. Fair Values Measurements (cont'd.)

(a) Financial assets and liabilities measured at fair value (cont'd.)

Determination of fair value and the fair value hierarchy (cont'd.)

There have been no transfer between Level 1 and Level 2 during the financial year. The fair value of loans, financing and advances that are valued at Level 3 is estimated by discounting the estimated future cash flows at a discount rate between 3.00% to 9.55% (2024: 2.37% to 5.92%) whilst the fair value of redeemable notes/sukuk and term loans that are valued at Level 3 is estimated by discounting the estimated future cash flows at a discount rate between 1.83% to 5.40% (2024: 2.80% to 6.30%).

(b) Financial assets and liabilities not carried at fair value

The following table summarises the carrying amounts and the estimated fair values of those financial assets and financial liabilities not presented on the Group's and the Bank's statements of financial position at their fair value.

	Group		Bank	
2025	**Carrying value RM'000**	**Fair value RM'000**	**Carrying value RM'000**	**Fair value RM'000**
Financial assets				
Financial investments at AC	1,448,720	1,494,508	592,284	661,122
Loans, financing and advances	30,548,155	30,684,589	17,988,303	18,140,828
Financial liabilities				
Redeemable notes and Islamic commercial papers	10,807,301	10,801,063	8,346,091	8,392,086
Borrowings and funding	3,288,068	3,131,112	152,540	148,553
2024				
Financial assets				
Financial investments at AC	64,086	66,022	59,410	61,346
Loans, financing and advances	18,427,053	18,692,027	18,160,642	18,380,669
Financial liabilities				
Redeemable notes	8,375,742	8,446,108	8,375,742	8,446,108
Borrowings and funding	152,540	159,079	152,540	159,079

55. Fair Values Measurements (cont'd.)

(b) Financial assets and liabilities not carried at fair value (cont'd.)

The following methods and assumptions are used to estimate the fair value of each class of financial instruments:

(i) Financial investments - Amortised cost

Fair values of securities that are actively traded is determined by quoted bid prices. For non-actively traded securities, independent broker quotations are obtained. Fair values of equity securities are estimated using a number of methods, including earning multiples and discounted cash flows analysis. Where discounted cash flows technique is used, the estimated future cash flows are discounted using applicable prevailing market or indicative rates of similar instruments at the reporting date.

(ii) Loans, financing and advances

Loans, financing and advances to borrowers/customers, where such market prices are not available, various methodologies have been used to estimate the approximate fair values of such instruments. These methodologies are significantly affected by the assumptions used and judgments made regarding risk characteristics of various financial instruments, discount rates, estimates of future cash flows, future expected loss experience and other factors. Changes in the assumptions could significantly affect these estimates and the resulting fair value estimates. Therefore, for a significant portion of the Group's and of the Bank’s financial instruments, including loans, financing and advances to customers, their respective fair value estimates do not purport to represent, nor should they be construed to represent, the amount that the Group and the Bank could realise in a sale transaction at the reporting date.

The fair values of variable rate loans/financing are estimated to approximate their carrying values. For fixed rate loans/financing, the fair values are estimated based on expected future cash flows of contractual instalment payments, discounted at applicable and prevailing rates at reporting date offered for similar facilities to new borrowers/customers with similar credit profiles. In respect of impaired loans/financing, the fair values are deemed to approximate the carrying values which are net of impairment allowances.

(iii) Redeemable notes/sukuk and borrowings

The fair values of capital securities are estimated by discounting the expected future cash flows using the applicable prevailing interest/profit rates for securities as at reporting date.

56. Insurance Risks

The principal underwriting risk to which the Group is exposed is credit risk in connection with credit, guarantee and political risk insurance underwriting activities. Management has established underwriting processes and limits to manage this risk by performing credit review on its policy holders and buyers.

The underwriting function undertakes qualitative and quantitative risk assessments on all buyers and clients before deciding on an approved insured amount. Policies in riskier markets may be rejected or charged at a higher premium rate accompanied by stringent terms and conditions to commensurate the risks.

Concentration limits are set to avoid heavy concentration within a specific region or country. Maximum limits are set for buyer credit limits and client facility limits for prudent risk mitigation.

For the monitoring of buyer risks, the Group takes into consideration both qualitative and quantitative factors and conducts regular reviews on the buyers' credit standing and payment performance to track any deterioration in their financial position that may result in a loss to the Group.

On country risk, the Group periodically reviews the economic and political conditions of the insured markets so as to revise its guidelines, wherever appropriate. In order to mitigate the insurance risk, the Group may cede or transfer the risk to another insurer company. The ceding arrangement minimises the net loss to the Group arising from potential claims.

Key assumptions

The sensitivity analysis is based upon the assumptions set out in the actuarial report and is subject to the reliance's and limitations contained within the report. One particular reliance is that the net sensitivity results assume that all reinsurance recoveries are receivable in full.

The sensitivity items shown are independent of each other. In practice, a combination of adverse and favourable changes could occur.

The sensitivity results are not intended to capture all possible outcomes. Significantly more adverse or favourable results are possible.

Sensitivity analysis

The independent actuarial firm engaged by the Group re-runs its valuation models on various bases. An analysis of sensitivity around various scenarios provides an indication of the adequacy of the Group's estimation process in respect of its Insurance contracts and Takaful certificates. The table presented below demonstrates the sensitivity of the Insurance contract liabilities and Takaful certificates estimates to particular movements in assumptions used in the estimation process.

56. Insurance Risks (cont'd.)

The analysis below is performed for reasonably possible movements in key assumptions with all other assumptions held constant, showing the impact on gross and net liabilities. The correlation of assumptions will have a significant effect in determining the ultimate claims liabilities, but to demonstrate the impact due to changes in assumptions, assumptions had to be changed on an individual basis.

	2025 Net RM'000	2024 Net RM'000
Estimated Liabilities for incurred claims ("LIC")	18,814	-

Claim liability sensitivity analysis

(a) Change in claim costs

Changing the claim costs by 10% will give the following results.

	2025 Net RM'000 High +10%	 RM'000 Low -10%	2024 Net RM'000 High +10%	 RM'000 Low -10%
Estimated LIC	18,850	18,778	-	-

(b) Change in claims severity

Changing the claims severity by 10% will give the following results.

	2025 Net RM'000 High +10%	 RM'000 Low -10%	2024 Net RM'000 High +10%	 RM'000 Low -10%
Estimated LIC	18,855	18,773	-	-

56. Insurance Risks (cont'd.)

Claim liability sensitivity analysis (cont'd.)

(c) Change in Claim Handling Expenses ("CHE")

Changing the CHE by 10% will give the following results.

	2025 Net		2024 Net	
	RM'000 High +10%	RM'000 Low -10%	RM'000 High +10%	RM'000 Low -10%
Estimated LIC	18,816	18,814	-	-

(d) Change in risk adjustment

Changing the risk adjustment by 10% will give the following results.

	2025 Net		2024 Net	
	RM'000 High +10%	RM'000 Low -10%	RM'000 High +10%	RM'000 Low -10%
Estimated LIC	18,821	18,807	-	-

	2025 Net RM'000	2024 Net RM'000
Estimated Liabilities for Remaining Coverage ("LRC")	943	-

Liability for remaining coverage

(a) Change in claim frequency

Changing the claim frequency by 10% will give the following results.

	2025 Net		2024 Net	
	RM'000 High +10%	RM'000 Low -10%	RM'000 High +10%	RM'000 Low -10%
Estimated LRC	945	941	-	-

56. Insurance Risks (cont'd.)

Liability for remaining coverage (cont'd.)

(b) Change in claims severity

Changing the claims severity by 10% will give the following results.

	2025 Net RM'000 High +10%	2025 Net RM'000 Low -10%	2024 Net RM'000 High +10%	2024 Net RM'000 Low -10%
Estimated LRC	945	941	-	-

(c) Change in credit rating for medium/long term policies

The medium/long term policies were assumed a credit rating based on their shipment destination countries by Fitch respectively. Changing this rating assumption to a lower rating (less trustworthy - for the "High" Scenario) and a higher rating (more trustworthy - for the "Low" scenario) will give the following results.

	2025 Net RM'000 High +10%	2025 Net RM'000 Low -10%	2024 Net RM'000 High +10%	2024 Net RM'000 Low -10%
Estimated LRC	802	911	-	-

(d) Change in Maintenance Expenses ("ME")

Changing the ME by 10% will give the following results.

	2025 Net RM'000 High +10%	2025 Net RM'000 Low -10%	2024 Net RM'000 High +10%	2024 Net RM'000 Low -10%
Estimated LRC	1,051	821	-	-

56. Insurance Risks (cont'd.)

Liability for remaining coverage (cont'd.)

(e) Change in risk adjustment

Changing the risk adjustment by 10% will give the following results.

	2025 Net		2024 Net	
	RM'000 High +10%	RM'000 Low -10%	RM'000 High +10%	RM'000 Low -10%
Estimated LRC	1,007	866	-	-

57. Islamic Finance Business

The state of affairs as at 31 December 2025 and results for the financial year ended on this date under the Islamic finance business of the Group and of the Bank included in the Group financial statements are summarised as follows:

Statements of Financial Position
As at 31 December 2025

		Group		Bank	
		2025	2024	2025	2024
	Note	RM'000	RM'000	RM'000	RM'000
Assets					
Cash and short term deposits	(a)	1,924,037	1,560,043	626,458	1,554,983
Deposits and placements with financial institutions	(b)	605,748	150,336	145,275	150,336
Financial investments at FVTPL	(c)	67,446	10,090	10,619	10,090
Financial investments at FVOCI	(d)	14,607,709	11,687,003	11,948,944	11,687,003
Financial investments at AC	(e)	1,407,868	64,086	592,284	59,410
Financing and advances	(f)	28,626,724	17,602,870	16,946,381	17,358,229
Financial guarantee recoverable	(g)	81,639	103,792	81,639	103,792
Financial guarantee fee receivables	(h)	150,450	181,701	150,450	181,701
Reinsurance contract assets		65	-	-	-
Other assets	(i)	204,505	407,552	184,569	417,618
Investments in subsidiaries		-	-	2,829,633	-
Property, plant and equipment		141,028	44,123	24,323	42,479
Investment properties		101,709	65,802	-	65,802
Intangible assets		52,941	23,736	18,562	23,736
Right-of-use assets		73,359	58,923	52,771	58,922
Deferred tax assets		445,394	437,160	363,073	437,160
		48,490,622	32,397,217	33,974,981	32,151,261
Assets classified as held for sale		86,560	-	75,076	-
Total assets		48,577,182	32,397,217	34,050,057	32,151,261

57. Islamic Finance Business (cont'd.)

Statements of Financial Position
As at 31 December 2025 (cont'd.)

		Group		Bank	
		2025	2024	2025	2024
	Note	RM'000	RM'000	RM'000	RM'000
Liabilities					
Deposits from customers	(j)	16,841,720	13,820,672	11,006,238	13,946,886
Deposits and placements from financial institutions	(k)	3,070,244	1,443,589	3,008,710	1,443,589
Collateralised Commodity Murabahah		1,014,208	278,342	1,014,208	278,342
Financial guarantee deferred income	(l)	189,857	211,850	181,900	211,850
Insurance contract/takaful certificate liabilities		5,166	-	-	-
Takaful participants fund	(m)	7,484	-	-	-
Other liabilities	(n)	4,308,025	2,132,013	1,392,448	1,909,410
Sukuk and Islamic commercial papers	(o)	10,551,629	8,069,759	8,090,419	8,069,759
Funding	(p)	2,557,689	-	-	-
Deferred income		875,466	379,714	370,382	379,714
Lease liabilities		81,231	64,442	60,330	64,442
Total liabilities		39,502,719	26,400,381	25,124,635	26,303,992
Equity					
Capital funds		6,298,874	3,718,724	6,298,874	3,718,724
Reserves	(q)	2,775,589	2,278,112	2,626,548	2,128,545
Total equity		9,074,463	5,996,836	8,925,422	5,847,269
Total liabilities and equity		48,577,182	32,397,217	34,050,057	32,151,261
Commitments and contingencies	(z)	12,950,984	6,178,750	9,082,929	6,178,750

57. Islamic Finance Business (cont'd.)

Statements of Profit or Loss
For the Financial Year Ended 31 December 2025

		Group		Bank	
		2025	2024	2025	2024
	Note	RM'000	RM'000	RM'000	RM'000
Income derived from investment of depositors' funds	(r)	651,295	413,634	363,587	413,634
Income derived from investment of shareholders' funds	(s)	1,752,956	1,275,372	1,416,176	1,255,334
Modification loss		(20,452)	(17,756)	(17,565)	(17,764)
Allowance for impairment losses on financing and advances	(t)	(588,242)	(177,233)	(503,168)	(177,066)
Writeback of/(allowance for) impairment losses on financial guarantee		451,502	(344,208)	452,644	(344,208)
Writeback of/(allowance for) impairment losses on other assets	(u)	305,008	(71,524)	158,633	(71,127)
Total distributable income		2,552,067	1,078,285	1,870,307	1,058,803
Income attributable to depositors and others	(v)	(1,131,504)	(828,524)	(883,085)	(838,374)
Total net income		1,420,563	249,761	987,222	220,429
Overhead expenses	(w)	(465,151)	(217,184)	(199,368)	(210,410)
Finance cost	(x)	(3,810)	(3,296)	(3,443)	(3,296)
Profit before taxation and zakat		951,602	29,281	784,411	6,723
Taxation		(62,196)	(73,009)	(41,580)	(72,988)
Zakat	(y)	(15,622)	(13,697)	(13,059)	(11,479)
Profit/(loss) for the year		873,784	(57,425)	729,772	(77,744)

57. Islamic Finance Business (cont'd.)

Statements of Comprehensive Income
For the Financial Year Ended 31 December 2025

	Group		Bank	
	2025	2024	2025	2024
	RM'000	RM'000	RM'000	RM'000
Profit/(loss) for the year	873,784	(57,425)	729,772	(77,744)
Other comprehensive income/(loss)				
Items that will not be reclassified to profit or loss:				
Net change in revaluation of equity instruments at fair value through other comprehensive income	(3,307)	241	-	241
Items that may be reclassified to profit or loss:				
Debt instruments at fair value through other comprehensive income:				
- Net change in fair value during the year	136,248	28,300	135,520	28,300
- Changes in expected credit losses	(183,872)	(12,694)	(183,764)	(12,694)
	(50,931)	15,847	(48,244)	15,847
Income tax effect	(31,906)	(6,792)	(32,525)	(6,792)
	(31,906)	(6,792)	(32,525)	(6,792)
Other comprehensive (loss)/ income for the year, net of tax	(82,837)	9,055	(80,769)	9,055
Total comprehensive income/ (loss) for the year	790,947	(48,370)	649,003	(68,689)
Total comprehensive income/ (loss) attributable to:				
Shareholders of the Bank	790,947	(48,370)	649,003	(68,689)
	790,947	(48,370)	649,003	(68,689)

57. Islamic Finance Business (cont'd.)

	Group 2025 RM'000	Group 2024 RM'000	Bank 2025 RM'000	Bank 2024 RM'000
Net income from Islamic finance business:				
Income derived from investment of depositors' funds	651,295	413,634	363,587	413,634
Income derived from investment of shareholders' funds	1,752,956	1,275,372	1,416,176	1,255,334
Modification loss	(20,452)	(17,756)	(17,565)	(17,764)
Income attributable to depositors and others	(1,131,504)	(828,524)	(883,085)	(838,374)
Finance cost	(3,810)	(3,296)	(3,443)	(3,296)
Net income from Islamic finance business reported in the statements of profit or loss	1,248,485	839,430	875,670	809,534

57. Islamic Finance Business (cont'd.)

Consolidated Statement of Changes in Equity
For the Financial Year Ended 31 December 2025

Group	Capital funds RM'000	Statutory reserve RM'000	Merger deficit RM'000	Unrealised FVOCI reserve RM'000	Retained profits RM'000	Total RM'000
At 1 January 2025	3,718,724	443,483	-	222,752	1,611,877	5,996,836
Profit for the year	-	-	-	-	873,784	873,784
Other comprehensive loss for the year	-	-	-	(82,837)	-	(82,837)
Total comprehensive (loss)/income for the year	-	-		(82,837)	873,784	790,947
Issuance of shares	2,580,150	-		-	-	2,580,150
Arising from acquisition of subsidiaries	-	-	(142,470)	-	-	(142,470)
Dividend paid	-	-		-	(151,000)	(151,000)
At 31 December 2025	6,298,874	443,483	(142,470)	139,915	2,334,661	9,074,463
At 1 January 2024	3,718,724	443,483	-	213,938	1,792,061	6,168,206
Loss for the year	-	-	-	-	(57,425)	(57,425)
Other comprehensive income for the year	-	-	-	9,055	-	9,055
Total comprehensive income/(loss) for the year	-	-	-	9,055	(57,425)	(48,370)
Transfer to retained profits on the disposal of equity instruments at FVOCI	-	-	-	(241)	241	-
Dividend paid	-	-	-	-	(123,000)	(123,000)
At 31 December 2024	3,718,724	443,483	-	222,752	1,611,877	5,996,836

Bank Pembangunan Malaysia Berhad
(Incorporated in Malaysia)

Notes to the Financial Statements - 31 December 2025

57. Islamic Finance Business (cont'd.)

Statement of Changes in Equity
For the Financial Year Ended 31 December 2025

Bank	Capital funds RM'000	Statutory reserve RM'000	Unrealised FVOCI reserve RM'000	Retained profits RM'000	Total RM'000
At 1 January 2025	3,718,724	443,483	222,752	1,462,310	5,847,269
Profit for the year	-	-	-	729,772	729,772
Other comprehensive loss for the year	-	-	(80,769)	-	(80,769)
Total comprehensive (loss)/income for the year	-	-	(80,769)	729,772	649,003
Issuance of shares	2,580,150	-	-	-	2,580,150
Dividend paid	-	-	-	(151,000)	(151,000)
At 31 December 2025	6,298,874	443,483	141,983	2,041,082	8,925,422
At 1 January 2024	3,718,724	443,483	213,938	1,662,813	6,038,958
Loss for the year	-	-	-	(77,744)	(77,744)
Other comprehensive income for the year	-	-	9,055	-	9,055
Total comprehensive income/(loss) for the year	-	-	9,055	(77,744)	(68,689)
Transfer to retained profits on the disposal of equity instruments at FVOCI	-	-	(241)	241	-
Dividend paid	-	-	-	(123,000)	(123,000)
At 31 December 2024	3,718,724	443,483	222,752	1,462,310	5,847,269

57. Islamic Finance Business (cont'd.)

Statements of Cash Flows
For the Financial Year Ended 31 December 2025

	Group		Bank	
	2025	2024	2025	2024
	RM'000	RM'000	RM'000	RM'000
Cash flows from operating activities				
Profit before taxation and zakat	951,602	29,281	784,411	6,723
Adjustments for:				
Depreciation of property, plant and equipment (Note 57(w)(ii))	18,524	10,127	9,793	9,966
Depreciation of investment properties (Note 57(w)(ii))	3,461	724	953	724
Amortisation of intangible assets (Note 57(w)(ii))	14,038	6,775	6,555	6,482
Depreciation of right-of-use assets (Note 57(w)(ii))	9,141	5,699	6,151	5,699
Gain on disposal of property, plant and equipment (Note 57(s))	(98)	-	-	-
Net gain on sale of financial investments at FVOCI (Note 57(s))	(73,777)	(10,718)	(71,983)	(10,718)
Net gain on disposal of financial investment at FVTPL (Note 57(s))	(1,351)	(1,315)	(685)	(1,315)
Accretion of discount less amortisation of premium of financial investments (Note 57(s))	33,221	36,707	32,755	36,707
(Writeback of)/allowance for impairment losses on:				
Financial investments at FVOCI (Note 57(u))	(183,872)	53,353	(183,764)	53,353
Financial investments at AC (Note 57(u))	(143,663)	396	2,791	(1)
Letter of credits (Note 57(u))	16	-	-	-
Other assets at AC (Note 57(u))	171	-	-	-
Provision for tenants (Note 57(u))	220	-	220	-
Allowance for impairment losses on financing and advances, net (Note 57(t))	612,712	193,222	483,740	193,055
Balance carried forward	1,240,345	324,251	1,070,937	300,675

57. Islamic Finance Business (cont'd.)

Statements of Cash Flows
For the Financial Year Ended 31 December 2025 (cont'd.)

	Group		Bank	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Cash flows from operating activities (cont'd.)				
Balance brought forward	1,240,345	324,251	1,070,937	300,675
Allowance for impairment losses on financial guarantee recoverable (Note 57(u))	22,153	-	22,153	-
(Writeback of)/allowance for impairment losses on financial guarantee (Note 57(n))	(451,502)	344,208	(452,644)	344,208
Allowance for impairment losses on financial guarantee fee receivable (Note 57(u))	-	17,747	-	17,747
Impaired financing assets written off (Note 57(t))	68,843	16,455	68,350	16,455
Writeback of ex-staff financing (Note 57(u))	(33)	(107)	(33)	(107)
Allowance for impairment losses on property, plant and equipment (Note 57(u))	-	24	-	24
Allowance for impairment losses on intangible asset (Note 57(u))	-	111	-	111
Modification loss	20,452	17,756	17,565	17,764
Unrealised loss/(gain) on financial investments at FVTPL (Note 57(s))	67,395	(2,973)	(735)	(2,973)
Profit expense on sukuk (Note 57(v)	434,509	354,940	343,856	354,940
Profit expense on funding (Note 57(p)	43,015	-	-	-
Amortisation of Islamic commercial papers	2,585	-	-	-
Finance cost on lease liabilities (Note 57(x))	3,810	3,296	3,443	3,296
Unrealised foreign exchange loss (Note 57(s))	190,297	-	-	-
Operating cash flows before working capital changes	1,641,869	1,075,708	1,072,892	1,052,140

57. Islamic Finance Business (cont'd.)

Statements of Cash Flows
For the Financial Year Ended 31 December 2025 (cont'd.)

	Group		Bank	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Cash flows from operating activities (cont'd.)				
Decrease/(increase) in operating assets:				
Deposits and placements with financial institutions	902,283	(150,336)	5,061	(150,336)
Financing and advances	(949,538)	(1,665,998)	(157,807)	(2,107,887)
Financial guarantee fee receivables	31,251	(251,569)	31,251	(259,597)
Reinsurance contract assets	(65)	-	-	-
Other assets	1,194,106	492,354	(32,252)	378,249
	1,178,037	(1,575,549)	(153,747)	(2,139,571)
(Decrease)/increase in operating liabilities:				
Deposits from customers	(2,379,718)	4,765,551	(2,940,648)	4,891,765
Deposits and placements from financial institutions	1,482,630	656,097	1,565,121	656,097
Financial guarantee deferred income	(21,993)	(50,666)	(29,950)	(50,666)
Insurance contract/takaful certificate liabilities	5,166	-	-	-
Takaful participants funds	7,484	-	-	-
Other liabilities	(185,021)	(40,146)	(76,419)	510,258
	(1,091,452)	5,330,836	(1,481,896)	6,007,454
Cash generated from/(used in) operating activities	1,728,454	4,830,995	(562,751)	4,920,023
Zakat paid	(14,507)	(10,807)	(10,307)	(10,289)
Net cash generated from/(used in) operating activities	1,713,947	4,820,188	(573,058)	4,909,734
Cash flows from investing activities				
Acquisition of subsidiaries, net of cash and short term deposits	85,311	-	-	-
Purchase of financial investments at FVOCI	(4,581,325)	(4,648,257)	(4,321,325)	(4,648,257)
Balance carried forward	(4,496,014)	(4,648,257)	(4,321,325)	(4,648,257)

57. Islamic Finance Business (cont'd.)

Statements of Cash Flows
For the Financial Year Ended 31 December 2025 (cont'd.)

	Group		Bank	
	2025	**2024**	**2025**	**2024**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Cash flows from investing activities (cont'd.)				
Balance brought forward	(4,496,014)	(4,648,257)	(4,321,325)	(4,648,257)
Purchase of financial investments at AC	(915,104)	(3,136)	(530,104)	1,937
Purchase of property, plant and equipment	(12,095)	(6,341)	(1,865)	(6,341)
Purchase of intangible assets	(4,020)	(6,225)	(1,381)	(4,695)
Proceeds from disposal of financial investments at FVTPL	95,811	1,694	891	1,694
Proceeds from disposal of financial investments at FVOCI	4,289,452	1,110,906	4,244,202	1,110,906
Net cash used in investing activities	(1,041,970)	(3,551,359)	(609,582)	(3,544,756)
Cash flows from financing activities				
Repayment of sukuk (Note 57(o))	(1,285,000)	(500,000)	(785,000)	(500,000)
Sukuk issuance (Note 57(o))	1,300,000	-	800,000	-
Issuance/(repayment) of funding (Note 57(p))	(265,510)	-	-	-
Profit paid for sukuk (Note 57(o))	(404,556)	(361,169)	(338,196)	(361,169)
Profit paid for funding (Note 57(p))	(36,840)	-	-	-
Increase in Collateralised Commodity Murabahah	735,866	278,342	735,866	278,342
Payment of lease liabilities	(10,646)	(3,481)	(7,555)	(3,481)
Dividends paid	(151,000)	(123,000)	(151,000)	(123,000)
Net cash (used in)/generated from financing activities	(117,686)	(709,308)	254,115	(709,308)
Net increase/(decrease) in cash and equivalents	554,291	559,521	(928,525)	655,670
Net foreign exchange difference	(190,297)	-	-	-
Cash and cash equivalents at beginning of the year	1,560,043	1,000,522	1,554,983	899,313
Cash and cash equivalents at end of the year	1,924,037	1,560,043	626,458	1,554,983

57. Islamic Finance Business (cont'd.)

Statements of Cash Flows
For the Financial Year Ended 31 December 2025 (cont'd.)

	Group		Bank	
	2025	2024	2025	2024
	RM'000	RM'000	RM'000	RM'000
Cash and cash equivalents comprise:				
Cash and short term deposits (Note 57(a))	1,924,037	1,560,043	626,458	1,554,983

(a) Cash and Short Term Deposits

	Group		Bank	
	2025	2024	2025	2024
	RM'000	RM'000	RM'000	RM'000
Cash and bank balances with financial institutions	648,160	2,624	2,669	2,576
Money at call and deposits placements maturing within one month	1,275,877	1,557,419	623,789	1,552,407
	1,924,037	1,560,043	626,458	1,554,983

(b) Deposits and Placements with Financial Institutions

	Group		Bank	
	2025	2024	2025	2024
	RM'000	RM'000	RM'000	RM'000
Licensed banks	605,748	150,336	145,275	150,336

(c) Financial Investments at FVTPL

	Group		Bank	
	2025	2024	2025	2024
	RM'000	RM'000	RM'000	RM'000
At fair value				
Equity Securities:				
Quoted shares	19,495	-	-	-
Unquoted shares	47,951	10,090	10,619	10,090
Total financial investments at FVTPL	67,446	10,090	10,619	10,090

57. Islamic Finance Business (cont'd.)

(d) Financial Investments at FVOCI

	Group		Bank	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
At fair value				
Money market instruments:				
Government investment issues	9,043,930	6,863,990	7,104,105	6,863,990
Commercial papers	134,836	-	-	-
	9,178,766	6,863,990	7,104,105	6,863,990
Quoted securities:				
Sukuk	52,151	-	-	-
Unquoted securities:				
Sukuk	5,371,996	4,823,013	4,844,839	4,823,013
Shares	4,313	-	-	-
Other investments	483	-	-	-
	5,376,792	4,823,013	4,844,839	4,823,013
Total financial investments at FVOCI	14,607,709	11,687,003	11,948,944	11,687,003

(i) Changes in gross carrying amount of financial investments at FVOCI and ECL movement for the Group were mainly due to the following:

As at 31 December 2025

- The Group's overall gross carrying amount of financial investments at FVOCI increased following the acquisition of subsidiaries, with a RM110,000,000 Stage 3 exposure, which has been fully provided for. However, ECL decreased mainly due to the full redemption of a Stage 2 financial investment at FVOCI.

As at 31 December 2024

- The Group's overall gross carrying amount increased due to newly purchased financial investments at FVOCI. However, ECL decreased mainly due to reclassification to financial investments at amortised cost arising from a change in business model. This was partially offset by deterioration in credit risk, which resulted in an increase in ECL.

57. Islamic Finance Business (cont'd.)

(d) Financial Investments at FVOCI (cont'd)

Movements in allowances for impairment which reflect the ECL allowance are as follows:

Group		Lifetime ECL		
	12-Month ECL Stage 1	Not Credit Impaired Stage 2	Credit Impaired Stage 3	Total
2025	**RM'000**	**RM'000**	**RM'000**	**RM'000**
At 1 January	809	183,662	-	184,471
Acquisition of subsidiaries	188	-	110,000	110,188
Net writeback	(210)	(183,662)	-	(183,872)
New financial investments purchased	308	-	-	308
Financial investments derecognised	(36)	(158,090)	-	(158,126)
Net writeback	(482)	(25,572)	-	(26,054)
Written-off	-	-	(10,000)	(10,000)
At 31 December	787	-	100,000	100,787
2024				
At 1 January	2,476	194,689	-	197,165
Reclassified to amortised costs	(1,949)	(64,098)	-	(66,047)
Net allowance made	282	53,071	-	53,353
New financial investments purchased	268	-	-	268
Net allowance made	14	53,071	-	53,085
At 31 December	809	183,662	-	184,471

(ii) Changes in gross carrying amount of financial investments at FVOCI and ECL movement for the Bank were mainly due to the following:

As at 31 December 2025

- The Bank's overall gross carrying amount of financial investments at FVOCI decreased due mainly due to full redemption of a Stage 2 financial investment at FVOCI, resulting in a corresponding reduction in overall ECL.

57. Islamic Finance Business (cont'd.)

(d) Financial Investments at FVOCI (cont'd)

(ii) Changes in gross carrying amount of financial investments at FVOCI and ECL movement for the Bank were mainly due to the following (cont'd.):

As at 31 December 2024

- The Bank's overall gross carrying amount increased due to newly purchased financial investments at FVOCI. However, ECL decreased mainly due to reclassification to financial investments at amortised cost arising from a change in business model. This was partially offset by deterioration in credit risk, which resulted in an increase in ECL.

Movements in allowances for impairment which reflect the ECL allowance are as follows:

Bank		**Lifetime ECL**		
	12-Month ECL Stage 1 RM'000	**Not Credit Impaired Stage 2 RM'000**	**Credit Impaired Stage 3 RM'000**	**Total RM'000**
2025				
At 1 January	809	183,662	-	184,471
Net writeback	(102)	(183,662)	-	(183,764)
New financial investments purchased	260	-	-	260
Financial investment derecognised	(36)	(158,090)	-	(158,126)
Net writeback	(326)	(25,572)	-	(25,898)
At 31 December	707	-	-	707
2024				
At 1 January	2,476	194,689	-	197,165
Reclassified to amortised costs	(1,949)	(64,098)	-	(66,047)
Net allowance made	282	53,071	-	53,353
New financial investments purchased	268	-	-	268
Net allowance made	14	53,071	-	53,085
At 31 December	809	183,662	-	184,471

57. Islamic Finance Business (cont'd.)

(e) Financial Investments at AC

	Group 2025 RM'000	Group 2024 RM'000	Bank 2025 RM'000	Bank 2024 RM'000
At amortised cost				
Money market instruments:				
Malaysian government securities	284,004	-	-	-
Quoted securities:				
Sukuk	20,164	-	-	-
Unquoted securities:				
Sukuk	1,281,005	125,456	661,121	125,456
Peer-to-peer ("P2P")	5,037	5,073	-	-
	1,590,210	130,529	661,121	125,456
Less: ECL	(182,342)	(66,443)	(68,837)	(66,046)
	1,407,868	64,086	592,284	59,410

(i) Changes in gross carrying amount of financial investments at AC and ECL movement for the Group were mainly due to the following:

As at 31 December 2025

- The Group's overall gross carrying amount of financial investments at AC increased following the acquisition of subsidiaries, including RM334,408,000 Stage 3 exposure with an ECL of RM279,948,000. Subsequently, there was a writeback of Stage 3 ECL due to credit improvement, partially offset by a slight increase in Stage 2 ECL driven by higher exposure.

As at 31 December 2024

- The Group's overall gross carrying amount of financial investments at AC increased due to newly purchased financial investments at AC and reclassification from financial investments at FVOCI following a change in business model, which resulted in a corresponding increase in ECL.

57. Islamic Finance Business (cont'd.)

(e) Financial Investments at AC (cont'd.)

Movements in allowances for impairment which reflect the ECL allowance are as follows:

Group		Lifetime ECL		
	12-Month ECL Stage 1	Not Credit Impaired Stage 2	Credit Impaired Stage 3	Total
2025	**RM'000**	**RM'000**	**RM'000**	**RM'000**
At 1 January	2,337	64,106	-	66,443
Acquisition of subsidiaries	144	-	270,035	270,179
Transfer to Lifetime ECL not credit impaired (Stage 2)	(6)	6	-	-
Transfer to Lifetime ECL credit impaired (Stage 3)	(13)	(20)	33	-
Net (writeback)/allowance made	(45)	2,746	(146,363)	(143,662)
New financial investments purchased	581	-	-	581
Financial investments derecognised	(509)	-	-	(509)
Net (writeback)/allowance made	(117)	2,746	(146,363)	(143,734)
Exchange differences	-	-	(10,618)	(10,618)
At 31 December	2,417	66,838	113,087	182,342
2024				
At 1 January	-	-	-	-
Reclassified from FVOCI	1,949	64,098	-	66,047
Net allowance made	388	8	-	396
New financial investments purchased	389	8	-	397
Net writeback	(1)	-	-	(1)
At 31 December	2,337	64,106	-	66,443

57. Islamic Finance Business (cont'd.)

(e) Financial Investments at AC (cont'd.)

(ii) Changes in gross carrying amount of financial investments at AC and ECL movement for the Bank were mainly due to the following:

As at 31 December 2025

- The Bank's overall gross carrying amount of financial investments at AC increased, resulting in a corresponding increase in overall ECL.

As at 31 December 2024

- The Bank's overall gross carrying amount of financial investments at AC increased due to reclassification from financial investments at FVOCI following a change in business model, resulting in a corresponding increase in ECL.

Movements in allowances for impairment which reflect the ECL allowance are as follows:

Bank		**Lifetime ECL**		
	12-Month ECL Stage 1 RM'000	**Not Credit Impaired Stage 2 RM'000**	**Credit Impaired Stage 3 RM'000**	**Total RM'000**
2025				
At 1 January	1,948	64,098	-	66,046
Net allowance made	87	2,704	-	2,791
New financial investments purchased	217	-	-	217
Net (writeback)/allowance made	(130)	2,704	-	2,574
At 31 December	2,035	66,802	-	68,837
2024				
At 1 January	-	-	-	-
Reclassified from FVOCI	1,949	64,098	-	66,047
Net writeback	(1)	-	-	(1)
At 31 December	1,948	64,098	-	66,046

57. Islamic Finance Business (cont'd.)

(f) Financing and Advances

	Group		Bank	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Bai' Bithaman Ajil	23	256	-	-
Bai' 'Inah	4,867	-	-	-
Bai Dayn Bi Al-Sila'	71,578	52,509	-	-
Ijarah Muntahiyah bi Tamlik	23,074	43,725	-	-
Ijarah Thumma Al-Bai	702,334	161,972	-	-
Istisna'	389,204	629,201	362,179	629,201
Murabahah	640,347	-	-	-
Tawarruq	31,211,254	20,021,491	20,283,422	20,012,105
Wakalah	44,490	-	-	-
Staff financing	9,742	1,256	998	1,256
Gross financing and advances	33,096,913	20,910,410	20,646,599	20,642,562
Allowance for impairment on financing and advances:				
- Stage 1: 12-Month ECL	(812,470)	(750,334)	(604,887)	(743,622)
- Stage 2: Lifetime ECL not credit impaired	(1,958,597)	(1,786,158)	(1,794,959)	(1,786,114)
- Stage 3: Lifetime ECL credit impaired	(1,699,122)	(771,048)	(1,300,372)	(754,597)
	(4,470,189)	(3,307,540)	(3,700,218)	(3,284,333)
Net financing and advances	28,626,724	17,602,870	16,946,381	17,358,229

Notes to the Financial Statements - 31 December 2025

57. Islamic Finance Business (cont'd.)

(f) Financing and Advances (cont'd.)

(i) Financing and advances analysed by type and Shariah contract are as follows:

Group 2025	Bai' Bithaman Ajil RM'000	Bai'inah RM'000	Murabahah RM'000	Istisna' RM'000	Ijarah Muntahiyah bi Tamlik RM'000	Ijarah Thumma Al-Bai RM'000	Wakalah RM'000
At amortised cost							
Term facility							
Sale-based financing	23	4,560	508,555	388,964	-	229,866	-
Lease-based financing	-	-	104,048	-	23,074	443,435	44,490
Working capital facility							
Sale-based financing	-	-	-	-	-	-	-
Revolving facility							
Sale-based financing	-	307	27,744	240	-	-	-
Lease-based financing	-	-	-	-	-	29,033	-
Staff financing	998	-	8,437	-	-	-	-
Gross financing and advances	1,021	4,867	648,784	389,204	23,074	702,334	44,490
Allowance for impairment on financing and advances:							
Stage 1: 12-Month ECL	-	(45)	(50,689)	(597)	(59)	(16,583)	(1,794)
Stage 2: Lifetime ECL not credit impaired	-	(9)	(10,619)	(28,831)	(418)	(3,559)	-
Stage 3: Lifetime ECL credit impaired	(23)	(360)	(34,346)	(799)	-	(18,483)	-
Net financing and advances	998	4,453	553,130	358,977	22,597	663,709	42,696

57. Islamic Finance Business (cont'd.)

(f) Financing and Advances (cont'd.)

(i) Financing and advances analysed by type and Shariah contract are as follows:

Group **2025**	**Tawarruq** **RM'000**	**Bai Dayn** **Bi Al-Sila'** **RM'000**	**Total** **RM'000**
At amortised cost			
Term facility			
Sale-based financing	24,843,879	71,578	26,047,425
Lease-based financing	1,242,659	-	1,857,706
Working capital facility			
Sale-based financing	781,661	-	781,661
Revolving facility			
Sale-based financing	4,341,919	-	4,370,210
Lease-based financing	1,136		30,169
Staff financing	307	-	9,742
Gross financing and advances	31,211,561	71,578	33,096,913
Allowance for impairment on financing and advances:			
Stage 1: 12-Month ECL	(736,465)	(6,240)	(812,472)
Stage 2: Lifetime ECL not credit impaired	(1,915,149)	-	(1,958,585)
Stage 3: Lifetime ECL credit impaired	(1,645,121)	-	(1,699,132)
Net financing and advances	26,914,826	65,338	28,626,724

57. Islamic Finance Business (cont'd.)

(f) Financing and advances (cont'd.)

(i) Financing and advances analysed by type and Shariah contract are as follows (cont'd.):

Group 2024	Bai' Bithaman Ajil RM'000	Istisna' RM'000	Ijarah Muntahiyah bi Tamlik RM'000	Tawarruq RM'000	Bai Dayn Bi Al-Sila' RM'000	Ijarah Thumma Al-Bai RM'000	Total RM'000
At amortised cost							
Term facility							
Sale-based financing	256	629,201	-	19,233,860	52,509	-	19,915,826
Lease-based financing	-	-	43,725	-	-	161,972	205,697
Working capital facility							
Sale-based financing	-	-	-	691,465	-	-	691,465
Revolving facility							
Sale-based financing	-	-	-	96,166	-	-	96,166
Staff financing	1,256	-	-	-	-	-	1,256
Gross financing and advances	1,512	629,201	43,725	20,021,491	52,509	161,972	20,910,410
Allowance for impairment on financing and advances:							
Stage 1: 12-Month ECL	(14)	(429)	(897)	(743,195)	(5,053)	(746)	(750,334)
Stage 2: Lifetime ECL not credit impaired	-	(39,274)	-	(1,746,852)	-	(32)	(1,786,158)
Stage 3: Lifetime ECL credit impaired	-	(19,642)	(57)	(743,315)	(8,034)	-	(771,048)
Net financing and advances	1,498	569,856	42,771	16,788,129	39,422	161,194	17,602,870

57. Islamic Finance Business (cont'd.)

(f) Financing and advances (cont'd.)

(i) Financing and advances analysed by type and Shariah contract are as follows (cont'd.):

Bank **2025**	**Bai' Bithaman Ajil RM'000**	**Istisna' RM'000**	**Tawarruq RM'000**	**Total RM'000**
At amortised cost				
Term facility				
Sale-based financing	-	362,179	19,503,726	19,865,905
Working capital facility				
Sale-based financing	-	-	646,248	646,248
Revolving facility				
Sale-based financing	-	-	133,448	133,448
Staff financing	998	-	-	998
Gross financing and advances	998	362,179	20,283,422	20,646,599
Allowance for impairment on financing and advances:				
Stage 1: 12-Month ECL	-	(295)	(604,592)	(604,887)
Stage 2: Lifetime ECL not credit impaired	-	(28,831)	(1,766,128)	(1,794,959)
Stage 3: Lifetime ECL credit Impaired	-	-	(1,300,372)	(1,300,372)
Net financing and advances	998	333,053	16,612,330	16,946,381

Notes to the Financial Statements - 31 December 2025

57. Islamic Finance Business (cont'd.)

(f) Financing and advances (cont'd.)

(i) Financing and advances analysed by type and Shariah contract are as follows (cont'd.):

Bank **2024**	**Bai' Bithaman Ajil** **RM'000**	**Istisna'** **RM'000**	**Tawarruq** **RM'000**	**Total** **RM'000**
At amortised cost				
Term facility				
Sale-based financing	-	629,201	19,224,474	19,853,675
Working capital facility				
Sale-based financing	-	-	691,465	691,465
Revolving facility				-
Sale-based financing	-	-	96,166	96,166
Staff financing	1,256	-	-	1,256
Gross financing and advances	1,256	629,201	20,012,105	20,642,562
Allowance for impairment on financing and advances:				
Stage 1: 12-Month ECL	(14)	(433)	(743,175)	(743,622)
Stage 2: Lifetime ECL not credit impaired	-	(39,262)	(1,746,852)	(1,786,114)
Stage 3: Lifetime ECL credit Impaired	-	(19,651)	(734,946)	(754,597)
Net financing and advances	1,242	569,855	16,787,132	17,358,229

57. Islamic Finance Business (cont'd.)

(f) Financing and Advances (cont'd.)

(ii) Financing and advances analysed by type of customers are as follows:

	Group		Bank	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Domestic business enterprises	32,280,636	20,909,154	20,645,601	20,641,306
Foreign entities	806,535	-	-	-
Individual	9,742	1,256	998	1,256
	33,096,913	20,910,410	20,646,599	20,642,562

(iii) Financing and advances analysed by profit rate sensitivity are as follows:

	Group		Bank	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Fixed rate:				
Staff financing	9,742	1,512	998	1,256
Hire purchase receivable	383,407	161,972	-	-
Other fixed rate financing	8,211,957	6,553,151	3,562,736	6,447,531
Variable rate:				
Cost plus	9,460,557	3,660,338	7,626,874	3,660,338
Other variable rates	15,031,250	10,533,437	9,455,991	10,533,437
	33,096,913	20,910,410	20,646,599	20,642,562

(iv) Financing and advances analysed by geographical distribution are as follows:

	Group		Bank	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Malaysia	32,290,378	20,910,410	20,646,599	20,642,562
East Asia	496,259	-	-	-
South Asia	16,330	-	-	-
Middle East	133,278	-	-	-
Europe	115,507	-	-	-
Oceania	45,161	-	-	-
	33,096,913	20,910,410	20,646,599	20,642,562

57. Islamic Finance Business (cont'd.)

(f) Financing and Advances (cont'd.)

(v) Financing and advances analysed by industry are as follows:

	Group		Bank	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Accommodation and food services activities	3,862,539	953,757	883,245	890,068
Construction	4,248,278	2,023,642	1,922,069	2,001,537
Education, health and others	472,586	-	-	-
Electricity, gas and water supply	458,303	1,318,395	261,509	1,318,321
Finance, takaful and business	1,287,830	-	-	-
Infrastructure	10,676,366	9,878,575	10,676,366	9,868,178
Housing	1,305	1,256	998	1,256
Manufacturing	3,902,197	935,589	953,096	914,061
Mining and quarrying	141,407	-	-	-
Primary agriculture	10,888	-	-	-
Other community, social and personal service activities	381,315	364,121	293,011	242,581
Real estate	2,096,514	2,271,231	1,947,526	2,262,325
Transport, storage and communication	5,548,948	3,163,844	3,708,779	3,144,235
Others	8,437	-	-	-
	33,096,913	20,910,410	20,646,599	20,642,562

(vi) The maturity structure of financing and advances are as follows:

	Group		Bank	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Maturity within one year	5,481,558	1,120,082	1,189,761	1,059,618
One year to three years	3,999,184	3,480,618	2,774,474	3,438,889
Three years to five years	5,107,077	1,877,934	2,790,440	1,766,450
Over five years	18,509,094	14,431,776	13,891,924	14,377,605
	33,096,913	20,910,410	20,646,599	20,642,562

57. Islamic Finance Business (cont'd.)

(f) Financing and Advances (cont'd.)

(vii) Movements in gross financing and advances are as follows:

Group		**Lifetime ECL**		
	12-Month ECL Stage 1 RM'000	**Not Credit Impaired Stage 2 RM'000**	**Credit Impaired Stage 3 RM'000**	**Total RM'000**
2025				
At 1 January	11,765,646	7,778,926	1,365,838	20,910,410
Acquisition of subsidiaries	8,782,746	1,364,644	1,650,978	11,798,368
Transfer to 12-month ECL (Stage 1)	337,641	(328,909)	(8,732)	-
Transfer to Lifetime ECL not credit impaired (Stage 2)	(362,542)	500,655	(138,113)	-
Transfer to Lifetime ECL credit impaired (Stage 3)	(102,054)	(287,454)	389,508	-
Transfer from Bank Guarantee Lifetime ECL credit impaired (Stage 3)	-	-	514,908	514,908
Remeasurement, net	(1,263,270)	469,693	(122,816)	(916,393)
Newly originated accounts	4,498,051	92,226	9,115	4,599,392
Settled accounts	(2,798,687)	(72,459)	(104,932)	(2,976,078)
Exchange differences	(69,523)	(79,861)	55,094	(94,290)
Written-off	-	-	(739,404)	(739,404)
At 31 December	20,788,008	9,437,461	2,871,444	33,096,913
2024				
At 1 January	14,150,070	3,534,668	1,108,723	18,793,461
Transfer to 12-month ECL (Stage 1)	180	(180)	-	-
Transfer to Lifetime ECL not credit impaired (Stage 2)	(2,684,725)	2,684,725	-	-
Transfer to Lifetime ECL credit impaired (Stage 3)	(35,775)	(278,205)	313,980	-
Remeasurement, net	(237,765)	266,796	114,461	143,492
Newly originated accounts	969,034	1,888,056	-	2,857,090
Settled accounts	(395,373)	(316,934)	(154,871)	(867,178)
Written-off	-	-	(16,455)	(16,455)
At 31 December	11,765,646	7,778,926	1,365,838	20,910,410

57. Islamic Finance Business (cont'd.)

(f) Financing and Advances (cont'd.)

(vii) Movements in gross financing and advances are as follows (cont'd.):

Bank		**Lifetime ECL**		
	12-Month ECL Stage 1	**Not Credit Impaired Stage 2**	**Credit Impaired Stage 3**	**Total**
2025	**RM'000**	**RM'000**	**RM'000**	**RM'000**
At 1 January	11,514,426	7,778,758	1,349,378	20,642,562
Transfer to Lifetime ECL not credit impaired (Stage 2)	(40,417)	40,417	-	-
Transfer to Lifetime ECL credit impaired (Stage 3)	-	(73,351)	73,351	-
Transfer from Bank Guarantee Lifetime ECL credit impaired (Stage 3)	-	-	514,908	514,908
Remeasurement, net	(1,327,429)	524,333	(56,406)	(859,502)
Newly originated accounts	675,331	50,764	-	726,095
Settled accounts	(200,617)	(25,482)	(15,160)	(241,259)
Written-off	-	-	(136,205)	(136,205)
At 31 December	10,621,294	8,295,439	1,729,866	20,646,599
2024				
At 1 January	13,928,060	3,532,114	1,092,125	18,552,299
Transfer to Lifetime ECL not credit impaired (Stage 2)	(2,684,725)	2,684,725	-	-
Transfer to Lifetime ECL credit impaired (Stage 3)	(35,552)	(278,205)	313,757	-
Remeasurement, net	(213,417)	268,272	105,782	160,637
Newly originated accounts	684,516	1,888,056	-	2,572,572
Settled accounts	(164,456)	(316,204)	(145,831)	(626,491)
Written-off	-	-	(16,455)	(16,455)
At 31 December	11,514,426	7,778,758	1,349,378	20,642,562

57. Islamic Finance Business (cont'd.)

(f) Financing and Advances (cont'd.)

(viii) Impaired financing and advances analysed by industry are as follows:

	Group		Bank	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Accommodation and food services activities	796,939	281,573	317,687	281,573
Construction	477,120	455,067	327,976	455,067
Education, health and others	46,845	-	-	-
Electricity, gas and water supply	256,954	291,663	254,605	291,588
Finance, takaful and business	67,471	7,960	-	-
Infrastructure	682,742	120,070	682,742	120,070
Manufacturing	213,119	-	-	-
Real estate	146,856	147,111	146,856	139,290
Mining and quarrying	12,616	-	-	-
Primary agriculture	599	-	-	-
Other community, social and personal service activities	-	8,366	-	8,107
Transport, storage and communication	170,183	54,028	-	53,683
	2,871,444	1,365,838	1,729,866	1,349,378
Gross impaired financing and advances as a % of gross financing and advances	8.68%	6.53%	8.38%	6.54%

57. Islamic Finance Business (cont'd.)

(f) Financing and Advances (cont'd.)

(ix) Movements in the allowance for impairment of financing and advances are as follows:

Group		Lifetime ECL		
	12-Month ECL Stage 1 RM'000	Not Credit Impaired Stage 2 RM'000	Credit Impaired Stage 3 RM'000	Total RM'000
2025				
At 1 January	750,334	1,786,158	771,048	3,307,540
Acquisition of subsidiaries	158,318	171,307	714,595	1,044,220
Transfer to 12-month ECL (Stage 1)	32,994	(26,570)	(6,424)	-
Transfer to Lifetime ECL not credit impaired (Stage 2)	(44,945)	88,563	(43,618)	-
Transfer to Lifetime ECL credit impaired (Stage 3)	(2,076)	(74,961)	77,037	-
Transfer from Bank Guarantee Lifetime ECL credit impaired (Stage 3)	-	-	514,908	514,908
Remeasurement, net	(82,155)	14,100	165,859	97,804
Exchange differences			(15,912)	(15,912)
Written-off	-	-	(478,371)	(478,371)
At 31 December	812,470	1,958,597	1,699,122	4,470,189
2024				
At 1 January	1,580,270	1,034,378	499,670	3,114,318
Transfer to 12-month ECL (Stage 1)	12	(12)	-	-
Transfer to Lifetime ECL not credit impaired (Stage 2)	(587,249)	587,249	-	-
Transfer to Lifetime ECL credit impaired (Stage 3)	(14,409)	(228,845)	243,254	-
Remeasurement, net	(228,290)	393,388	28,124	193,222
At 31 December	750,334	1,786,158	771,048	3,307,540

57. Islamic Finance Business (cont'd.)

(f) Financing and Advances (cont'd.)

(ix) Movements in the allowance for impairment of financing and advances are as follows (cont'd.):

Bank		Lifetime ECL		
	12-Month ECL	Not Credit Impaired	Credit Impaired	
	Stage 1	Stage 2	Stage 3	Total
2025	RM'000	RM'000	RM'000	RM'000
At 1 January	743,622	1,786,114	754,597	3,284,333
Transfer to Lifetime ECL not credit impaired (Stage 2)	(35,572)	35,572	-	-
Transfer to Lifetime ECL credit impaired (Stage 3)	-	(34,518)	34,518	-
Transfer from Bank Guarantee Lifetime ECL credit impaired (Stage 3)	-	-	514,908	514,908
Remeasurement, net	(103,163)	7,791	64,204	(31,168)
Amount written off	-	-	(67,855)	(67,855)
At 31 December	604,887	1,794,959	1,300,372	3,700,218
2024				
At 1 January	1,574,105	1,034,102	483,071	3,091,278
Transfer to Lifetime ECL not credit impaired (Stage 2)	(587,249)	587,249	-	-
Transfer to Lifetime ECL credit impaired (Stage 3)	(14,399)	(228,845)	243,244	-
Remeasurement, net	(228,835)	393,608	28,282	193,055
At 31 December	743,622	1,786,114	754,597	3,284,333

57. Islamic Finance Business (cont'd.)

(g) Financial Guarantee Recoverable

	Note	Group and Bank 2025 RM'000	Group and Bank 2024 RM'000
Financial guarantee recoverable	(i)	164,274	164,274
Allowance for impairment			
- Stage 3: Lifetime ECL credit impaired	(ii)	(82,635)	(60,482)
		81,639	103,792

(i) Movements in financial guarantee recoverable are as follows:

	Group and Bank 2025 RM'000	Group and Bank 2024 RM'000
At 1 January	164,274	164,274
Stage 3: Lifetime ECL credit impaired during the year	-	-
At 31 December	164,274	164,274

(ii) Movements in the allowance for impairment of financial guarantee recoverable are as follows:

	Group and Bank 2025 RM'000	Group and Bank 2024 RM'000
At 1 January	60,482	60,482
Allowance made during the year	22,153	-
At 31 December	82,635	60,482

57. Islamic Finance Business (cont'd.)

(h) Financial Guarantee Fee Receivables

	Note	Group and Bank 2025 RM'000	2024 RM'000
Financial guarantee fee receivables		168,197	199,448
Less: Allowance for impairment of financial guarantee fee receivables	(i)	(17,747)	(17,747)
		150,450	181,701
Receivable within 12 months		30,699	30,654
Receivable after 12 months		119,751	151,047
		150,450	181,701

(i) Movements in the allowance for impairment of financial guarantee fee receivables are as follows:

	Group and Bank 2025 RM'000	2024 RM'000
At 1 January	17,747	17,747
Allowance made during the year (Note 57(u))	-	-
At 31 December	17,747	17,747

57. Islamic Finance Business (cont'd.)

(i) Other Assets

	Note	Group 2025 RM'000	Group 2024 RM'000	Bank 2025 RM'000	Bank 2024 RM'000
Sundry receivables, deposits and prepayments		199,436	157,435	169,474	167,501
Less: Allowance for doubtful debts	(i)	(234)	(47)	(234)	(47)
		199,202	157,388	169,240	167,454
Advances to a subsidiary		-	-	13,011	-
Amount receivable from government in respect of compensation for:					
Infrastructure projects and dedicated schemes		2,318	250,164	2,318	250,164
Tax recoverable		2,985	-	-	-
		204,505	407,552	184,569	417,618

(i) Allowance for doubtful debts

	Group 2025 RM'000	Group 2024 RM'000	Bank 2025 RM'000	Bank 2024 RM'000
At 1 January	47	154	47	154
Provision during the financial year				
- Tenant	220	-	220	-
Writeback of ex-staff financing				
Stage 3 - Lifetime ECL credit impaired, net	(33)	(107)	(33)	(107)
At 31 December	234	47	234	47

57. Islamic Finance Business (cont'd.)

(j) Deposits from Customers

	Group 2025 RM'000	Group 2024 RM'000	Bank 2025 RM'000	Bank 2024 RM'000
At amortised cost				
Fixed deposits and negotiable instruments of deposits	16,841,720	13,820,672	11,006,238	13,946,886

(a) The deposits are sourced from the following types of deposit:

	Group 2025 RM'000	Group 2024 RM'000	Bank 2025 RM'000	Bank 2024 RM'000
Tawarruq	16,841,720	13,820,672	11,006,238	13,946,886

(b) The deposits are sourced from the following types of customers:

	Group 2025 RM'000	Group 2024 RM'000	Bank 2025 RM'000	Bank 2024 RM'000
Business enterprises	7,113,146	7,471,124	5,088,611	7,597,338
Government and statutory bodies	8,270,083	6,349,548	5,917,627	6,349,548
Others	1,458,491	-	-	-
	16,841,720	13,820,672	11,006,238	13,946,886

(c) The deposits maturity structure are as follows:

	Group 2025 RM'000	Group 2024 RM'000	Bank 2025 RM'000	Bank 2024 RM'000
Less than six months	14,698,433	12,379,200	10,444,706	12,425,857
Six months to one year	2,143,287	1,241,123	561,532	1,320,680
One year to three years	-	200,349	-	200,349
	16,841,720	13,820,672	11,006,238	13,946,886

57. Islamic Finance Business (cont'd.)

(k) Deposits and Placements from Financial Institutions

	Group 2025 RM'000	Group 2024 RM'000	Bank 2025 RM'000	Bank 2024 RM'000
At amortised cost				
Licensed banks	3,070,244	1,443,589	3,008,710	1,443,589
(a) The deposits maturity structure are as follows:				
Less than six months	2,884,115	1,443,589	3,008,710	1,443,589
Six months to one year	186,129	-	-	-
	3,070,244	1,443,589	3,008,710	1,443,589

(l) Financial Guarantee Deferred Income

	Note	Group 2025 RM'000	Group 2024 RM'000	Bank 2025 RM'000	Bank 2024 RM'000
Deferred financial guarantee fee income	(i)	189,857	211,850	181,900	211,850

(i) Movement of deferred financial guarantee fee income:

	Group 2025 RM'000	Group 2024 RM'000	Bank 2025 RM'000	Bank 2024 RM'000
At 1 January	211,850	359,059	211,850	359,059
Acquisition of subsidiaries	6,243	-	-	-
Addition	5,786	-	-	-
Financial guarantee fee earned	(33,996)	(39,064)	(29,924)	(39,064)
Financial guarantee fee early redeemed	(26)	(11,602)	(26)	(11,602)
Financial guarantee fee for event of default	-	(96,543)	-	(96,543)
As at 31 December	189,857	211,850	181,900	211,850

57. Islamic Finance Business (cont'd.)

(m) Takaful Participants Fund

	Note	Group 2025 RM'000	Group 2024 RM'000
Takaful participants fund			
Accumulated surplus	(i)	7,484	-
		7,484	-

The deficit in the Takaful participant fund is covered by the Qard from Shareholders' funds. Qard represents a benevolent financing to the Takaful participants fund to make good any underwriting deficit experienced during a financial period. The amount is unsecured, not subject to any profit elements and has no fixed terms of repayment. The management expects to recover the balance from future profits of Takaful participants fund.

Measurement and impairment of Qard

Any deficit in the Takaful fund is made good via a benevolent financing, or Qard, granted by the Islamic business fund. Qard is stated at cost less any accumulated impairment losses in the Islamic business fund. In the Takaful fund, Qard is stated at cost. The Qard shall be repaid from future surpluses of the Takaful fund.

Qard is tested for impairment on an annual basis via an assessment of the estimated surpluses or cash flows from the Takaful fund to determine whether there is objective evidence of impairment. If the Qard is impaired, an amount comprising the difference between its carrying amount and its recoverable amount, less any impairment loss previously recognised, is recognised in the statements of profit or loss.

Impairment losses are subsequently reversed in the statements of profit or loss if objective evidence exists that the Qard is no longer impaired.

	Group 2025 RM'000	Group 2024 RM'000
(i) Accumulated surplus		
At 1 January	-	-
Acquisition of subsidiaries	6,894	-
Net surplus of the Takaful fund	590	-
At 31 December	7,484	-

57. Islamic Finance Business (cont'd.)

(n) Other Liabilities

		Group		Bank	
	Note	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Provision for zakat		16,305	13,697	13,059	11,479
Zakat payable		2,434	1,262	2,434	1,262
Fee received in advance		1,504	2,015	1,504	2,015
Rental and security deposit		6,540	194	3,115	194
Sundry creditors and accruals		2,130,149	80,719	53,268	55,484
Islamic margin account	(i)	236,174	-	-	-
Allowances for impairment losses on financial guarantee	(ii)	87,300	534,305	81,661	534,305
Interfund payables	(iii)	1,757,507	1,499,821	1,237,407	1,304,671
Amount due to Teraju	(iv)	70,112	-	-	-
		4,308,025	2,132,013	1,392,448	1,909,410

(i) Islamic margin account refers to the cash collateral pledged by the Islamic banking customers of the Group. The amount will be repaid to the customers at the end of the financing tenure or will be offset with any overdue amount. The Group will pay a hibah/profit rate at 0.25% per annum to the eligible customers.

57. Islamic Finance Business (cont'd.)

(n) Other Liabilities (cont'd.)

(ii) Movements in the allowance for impairment losses on financial guarantee are as follows:

Group		Lifetime ECL		
	12-Month ECL Stage 1	Not Credit Impaired Stage 2	Credit Impaired Stage 3	Total
2025	**RM'000**	**RM'000**	**RM'000**	**RM'000**
At 1 January	67,850	2,461	463,994	534,305
Acquisition of subsidiaries	4,496	1	-	4,497
Transfer to Lifetime ECL not credit impaired (Stage 2)	(2,686)	2,686	-	-
Transfer to loans, financing and advances	-	-	(514,908)	(514,908)
Remeasurement, net	8,287	4,205	50,914	63,406
At 31 December	77,947	9,353	-	87,300
2024				
At 1 January	98,703	91,394	-	190,097
Transfer to Lifetime ECL not credit impaired (Stage 2)	(899)	899	-	-
Transfer to Lifetime ECL credit impaired (Stage 3)	-	(89,274)	89,274	-
Remeasurement, net	(29,954)	(558)	374,720	344,208
At 31 December	67,850	2,461	463,994	534,305

57. Islamic Finance Business (cont'd.)

(n) Other Liabilities (cont'd.)

(ii) Movements in the allowance for impairment losses on financial guarantee are as follows (cont'd.):

Bank		Lifetime ECL		
	12-Month ECL Stage 1	Not Credit Impaired Stage 2	Credit Impaired Stage 3	Total
2025	RM'000	RM'000	RM'000	RM'000
At 1 January	67,850	2,461	463,994	534,305
Transfer to Lifetime ECL not credit impaired (Stage 2)	(2,686)	2,686	-	-
Transfer to loans, financing and advances	-	-	(514,908)	(514,908)
Remeasurement, net	7,144	4,206	50,914	62,264
At 31 December	72,308	9,353	-	81,661
2024				
At 1 January	98,703	91,394	-	190,097
Transfer to Lifetime ECL not credit impaired (Stage 2)	(899)	899	-	-
Transfer to Lifetime ECL credit impaired (Stage 3)	-	(89,274)	89,274	-
Remeasurement, net	(29,954)	(558)	374,720	344,208
At 31 December	67,850	2,461	463,994	534,305

(iii) Interfund payables are unsecured, profit free and are repayable on demand.

(iv) This fund represents advances received from The Bumiputera Agenda Steering Unit ("Teraju") under the Ministry of Economy as collateral for loan to be disbursed to Bumiputera Exporters and Small Medium Enterprise ("SMEs") companies as defined by the terms of the respective Teraju Programme. The collateral may be utilised to offset the outstanding loan balance. Conversely, if the collateral remains unutilised upon the maturity of the loan or upon completion of the programme, the Group is obligated to refund the unutilised amount to Teraju.

57. Islamic Finance Business (cont'd.)

(o) Sukuk and Islamic Commercial Papers

		Group		Bank	
		2025	**2024**	**2025**	**2024**
	Note	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Non-guaranteed					
Sukuk Murabahah	(i)	2,527,508	2,527,358	2,527,508	2,527,358
Sukuk Wakalah	(ii)	2,681,156	2,259,363	2,681,156	2,259,363
Sustainable Development Sukuk Wakalah	(iii)	453,214	453,311	453,214	453,311
Sustainable Sukuk Wakalah	(iv)	2,112,038	1,003,235	602,049	1,003,235
		7,773,916	6,243,267	6,263,927	6,243,267
Guaranteed					
Sukuk Murabahah	(v)	1,826,492	1,826,492	1,826,492	1,826,492
Islamic medium term notes	(vi)	453,806	-	-	-
		2,280,298	1,826,492	1,826,492	1,826,492
Islamic commercial papers ("ICPs")	(vii)	497,415	-	-	-
		10,551,629	8,069,759	8,090,419	8,069,759

(i) These sukuk carry profit rates ranging between 4.50% and 4.98% (2024: 4.50% and 4.98%) per annum and for tenures of 10 years and 19 years (2024: 10 years and 19 years). These sukuk will mature in March 2027, 2032 and November 2026, 2031 and 2035 respectively.

(ii) These sukuk carry profit rates ranging between 3.00% and 4.05% (2024: 2.80% and 4.05%) per annum and for tenures of 3 years and 10 years (2024: 5 years and 10 years). These sukuk will mature in June 2026, 2028, 2031, September 2028 and October 2027 and 2030 respectively.

(iii) This sukuk carries a profit rate of 3.95% (2024: 3.95%) per annum with a tenure of 7 years (2024: 7 years). This sukuk will mature in October 2028.

(iv) These sukuk carry profit rates ranging between 3.10% and 4.05% (2024: 3.81% and 4.02%) per annum and for tenures of 5 years (2024: 2 years and 5 years). These sukuk will mature in July 2026, May 2028 and December 2028 respectively.

(v) These sukuk carry profit rates ranging between 4.75% and 4.85% (2024: 4.75% and 4.85%) per annum and for tenures of 15 years and 20 years (2024: 15 and 20 years). These sukuk will mature in September 2029 and 2034 respectively.

57. Islamic Finance Business (cont'd.)

(o) Sukuk and Islamic Commercial Papers (cont'd.)

(vi) These notes carry profit rates ranging between 3.30% and 4.10% per annum and for tenures of 7 years. These notes will mature in March 2026 and April 2027 respectively.

(vii) These commercial papers carry profit rate of 3.31% per annum with a tenure of 6 months. These commercial papers will mature in February 2026.

The movements in the sukuk are as follows:

	Murabahah		Wakalah	
Group and Bank	**2025 RM'000**	**2024 RM'000**	**2025 RM'000**	**2024 RM'000**
Non-guaranteed				
Principal				
At 1 January	2,500,000	2,500,000	2,250,000	2,250,000
Issued during the year	-	-	800,000	-
Payment during the year	-	-	(385,000)	-
At 31 December	2,500,000	2,500,000	2,665,000	2,250,000
Accrued profit payable				
At 1 January	27,358	26,662	9,363	9,738
Charge for the year	118,915	119,461	82,700	76,329
Payment during the year	(118,765)	(118,765)	(75,907)	(76,704)
At 31 December	27,508	27,358	16,156	9,363
	2,527,508	2,527,358	2,681,156	2,259,363

	Sustainable Development Wakalah	
Group and Bank	**2025 RM'000**	**2024 RM'000**
Non-guaranteed		
Principal		
At 1 January	450,000	450,000
Payment during the year	-	-
At 31 December	450,000	450,000
Accrued profit payable		
At 1 January	3,311	3,311
Charge for the year	17,775	17,824
Payment during the year	(17,872)	(17,824)
At 31 December	3,214	3,311
	453,214	453,311

57. Islamic Finance Business (cont'd.)

(o) Sukuk and Islamic Commercial Papers (cont'd.)

The movements in the sukuk are as follows (cont'd.):

Group	Sustainable Wakalah 2025 RM'000	Sustainable Wakalah 2024 RM'000	Islamic Medium Term Notes 2025 RM'000	Islamic Medium Term Notes 2024 RM'000
Non-guaranteed				
Principal				
At 1 January	1,000,000	1,000,000	-	-
Acquisition of subsidiaries	2,000,000	-	450,000	-
Payment during the year	(900,000)	-	-	-
At 31 December	2,100,000	1,000,000	450,000	-
Accrued profit payable				
At 1 January	3,235	3,343	-	-
Acquisition of subsidiaries	25,222	-	989	-
Charge for the year	80,968	39,468	11,042	-
Payment during the year	(97,387)	(39,576)	(8,225)	-
At 31 December	12,038	3,235	3,806	-
	2,112,038	1,003,235	453,806	-

Bank	Sustainable Wakalah 2025 RM'000	Sustainable Wakalah 2024 RM'000
Non-guaranteed		
Principal		
At 1 January	1,000,000	1,000,000
Payment during the year	(400,000)	-
At 31 December	600,000	1,000,000
Accrued profit payable		
At 1 January	3,235	3,343
Charge for the year	38,066	39,468
Payment during the year	(39,252)	(39,576)
At 31 December	2,049	3,235
	602,049	1,003,235

57. Islamic Finance Business (cont'd.)

(o) Sukuk and Islamic Commercial Papers (cont'd.)

The movements in the sukuk are as follows (cont'd.):

	Murabahah	
Group and Bank	**2025 RM'000**	**2024 RM'000**
Guaranteed		
Principal		
At 1 January	1,800,000	2,300,000
Payment during the year	-	(500,000)
At 31 December	1,800,000	1,800,000
Accrued profit payable		
At 1 January	26,492	32,934
Charge for the year	86,400	101,858
Payment during the year	(86,400)	(108,300)
At 31 December	26,492	26,492
	1,826,492	1,826,492

	Islamic Commercial Papers	
Group	**2025 RM'000**	**2024 RM'000**
Guaranteed		
Principal		
At 1 January	-	-
Issued during the year	500,000	-
At 31 December	500,000	-
Accrued profit payable		
At 1 January	-	-
Amortisation for the year	(2,585)	-
At 31 December	(2,585)	-
	497,415	-

57. Islamic Finance Business (cont'd.)

(p) Funding

	Group 31 December 2025 Due after twelve months RM'000	Group 31 December 2025 Due within twelve months RM'000
Other financing		
Unsecured:		
Principal	1,597,945	1,065,799
Profit	-	10,423
Fair value (below market rate)	(116,478)	-
	1,481,467	1,076,222
Total funding		2,557,689

The movements in fundings are as follows:

	Group Financing 31 December 2025 RM'000
Unsecured:	
Principal	
At 1 January 2025	-
Acquisition of subsidiaries	3,054,259
Issued during the year	690,520
Repayment during the period/year	(956,030)
Exchange differences	(125,005)
At end of the financial period/year	2,663,744
Accrued profit/interest payable	
At 1 January 2025	-
Acquisition of subsidiaries	(119,918)
Charge for the year	43,015
Amortisation of fair value	28,670
Repayment during the period/ year	(36,840)
Reclassification to government funds (day-1 impact)	(18,007)
Exchange differences	(2,975)
At end of the financial period/year	(106,055)
Total fundings	2,557,689

57. Islamic Finance Business (cont'd.)

(q) Reserves

	Note	Group 2025 RM'000	Group 2024 RM'000	Bank 2025 RM'000	Bank 2024 RM'000
Non-distributable:					
Statutory reserve	(i)	443,483	443,483	443,483	443,483
Unrealised FVOCI reserve	(ii)	139,915	222,752	141,983	222,752
Merger reserve		(142,470)	-	-	-
		440,928	666,235	585,466	666,235
Distributable:					
Retained profits		2,334,661	1,611,877	2,041,082	1,462,310
		2,775,589	2,278,112	2,626,548	2,128,545

(i) The statutory reserves are maintained in compliance with the requirements of Section 39 of Development Financial Institution Act 2002 ("the Act") and are not distributable as cash dividends. As the statutory reserves is more than 50% but less than 100% of its paid up capital, the Bank is required to transfer at least 25% of its profit after tax.

(ii) Movements of the FVOCI reserve are as follows:

	Group 2025 RM'000	Group 2024 RM'000	Bank 2025 RM'000	Bank 2024 RM'000
At 1 January	222,752	213,938	222,752	213,938
Unrealised gain on fair value changes	132,941	28,541	135,520	28,541
Changes in allowance for expected credit loss	(183,872)	(12,694)	(183,764)	(12,694)
Transfer from retained profits on the disposal of equity instruments at FVOCI	-	(241)	-	(241)
Income tax effect	(31,906)	(6,792)	(32,525)	(6,792)
At 31 December	139,915	222,752	141,983	222,752

57. Islamic Finance Business (cont'd.)

(r) Income Derived from Investment of Depositors' Funds

	Group		Bank	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Finance Income				
Financing and advances	625,174	374,772	345,417	374,772
Other income:				
Fee income	24,368	38,761	18,061	38,761
Ta'widh	1,753	101	109	101
	651,295	413,634	363,587	413,634
Of which:				
Finance income earned on impaired financing and advances	37,410	13,573	12,184	13,573

(s) Income Derived from Investment of Shareholders' Funds

	Group		Bank	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Finance Income				
Financing and advances	964,270	641,764	723,201	627,675
Compensation from the government	98,534	92,399	93,874	92,399
Deposits and placements with financial institutions	60,178	31,111	32,785	31,111
Financial investments at FVOCI	541,489	458,185	477,817	458,185
Financial investments at FVTPL	325	-	-	-
Financial assets at amortised cost	35,578	4,038	6,786	3,911
	1,700,374	1,227,497	1,334,463	1,213,281
Accretion of discount less amortisation of premium	(33,221)	(36,707)	(32,755)	(36,707)
	1,667,153	1,190,790	1,301,708	1,176,574

57. Islamic Finance Business (cont'd.)

(s) Income Derived from Investment of Shareholders' Funds (cont'd.)

	Group		Bank	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Other income:				
Net (loss)/gain arising on financial investment at FVTPL:				
- unrealised revaluation (loss)/gain	(67,395)	2,973	735	2,973
- net gain on disposal	1,351	1,315	685	1,315
Net gain arising on financial investment at FVOCI:				
- net gain on disposal	73,777	10,718	71,983	10,718
Foreign exchange (loss)/gain				
- unrealised	(190,297)	-	-	-
- realised	166,998	-	1,855	-
Gain on disposal of property, plant and equipment	98	-	-	-
Government fund released	29,047	-	-	-
Rental income				
- Others	9,695	1,527	1,028	1,795
Fee income	56,075	67,718	37,815	61,738
Ta'widh	2,513	190	229	190
Others	3,941	141	138	31
	1,752,956	1,275,372	1,416,176	1,255,334
Of which:				
Finance income earned on impaired financing and advances	40,014	22,732	25,510	22,732

57. Islamic Finance Business (cont'd.)

(t) Allowances for Impairment Losses of Financing and Advances

	Group 2025 RM'000	Group 2024 RM'000	Bank 2025 RM'000	Bank 2024 RM'000
Stage 1 - 12-month ECL, net	(96,182)	(829,936)	(138,735)	(830,483)
Stage 2 - Lifetime ECL not credit impaired, net	1,132	751,780	8,845	752,012
Stage 3 - Lifetime ECL credit impaired, net	707,762	271,378	613,630	271,526
Impaired financing:				
Written-off	68,843	16,455	68,350	16,455
Recovered	(93,313)	(32,444)	(48,922)	(32,444)
	588,242	177,233	503,168	177,066

(u) (Writeback of)/Allowance for Impairment Losses on Other Assets

	Group 2025 RM'000	Group 2024 RM'000	Bank 2025 RM'000	Bank 2024 RM'000
Financial investments at FVOCI	(183,872)	53,353	(183,764)	53,353
Financial investments at AC	(143,663)	396	2,791	(1)
Financial guarantee fee receivable	-	17,747	-	17,747
Financial guarantee recoverable	22,153	-	22,153	-
Letter of credits	16	-	-	-
Other assets at AC	171	-	-	-
Provision for tenants	220	-	220	-
Property, plant and equipment	-	24	-	24
Intangible assets	-	111	-	111
Writeback of ex-staff financing:				
Stage 3 - Lifetime ECL credit impaired, net	(33)	(107)	(33)	(107)
	(305,008)	71,524	(158,633)	71,127

57. Islamic Finance Business (cont'd.)

(v) Income Attributable to Depositors and Others

	Group 2025 RM'000	Group 2024 RM'000	Bank 2025 RM'000	Bank 2024 RM'000
Deposits from customers	552,585	419,946	437,585	429,796
Deposits and placements from financial institutions	86,082	53,425	84,690	53,425
Sukuk	434,509	354,940	343,856	354,940
Term financing/funding	35,061	-	-	-
Islamic commercial paper	5,758	-	-	-
Collateralised Commodity Murabahah	16,954	213	16,954	213
Others	555	-	-	-
	1,131,504	828,524	883,085	838,374

(w) Overhead Expenses

	Note	Group 2025 RM'000	Group 2024 RM'000	Bank 2025 RM'000	Bank 2024 RM'000
Personnel costs	(i)	307,739	129,473	133,482	127,788
Establishment related expenses	(ii)	77,467	39,667	37,211	38,986
Promotion and marketing expenses	(iii)	11,474	2,304	1,162	2,304
General administrative expenses	(iv)	68,471	45,740	30,738	44,256
		465,151	217,184	202,593	213,334
Overhead expenses charged to subsidiaries via SLA		-	-	(3,225)	(2,924)
		465,151	217,184	199,368	210,410

57. Islamic Finance Business (cont'd.)

(w) Overhead Expenses (cont'd.)

	Group		Bank	
	2025	**2024**	**2025**	**2024**
	RM'000	**RM'000**	**RM'000**	**RM'000**
(i) Personnel costs				
Salaries, allowances and bonuses	236,105	92,058	107,586	91,065
Non-executive Directors' fees and remuneration	2,340	1,028	1,454	980
Shariah Committees' fees and remuneration	347	357	347	357
Social security cost	1,945	662	693	650
Pension costs - Defined contribution plan	31,444	13,264	12,778	13,092
Other staff related expenses	35,558	22,104	10,624	21,644
	307,739	129,473	133,482	127,788
(ii) Establishment related expenses				
Depreciation:				
Property, plant and equipment	18,524	10,127	9,793	9,966
Investment properties	3,461	724	953	724
Right-of-use assets	9,141	5,699	6,151	5,699
Amortisation of intangible asset	14,038	6,775	6,555	6,482
Rental expenses	57	-	-	-
Repairs and maintenance of property, plant and equipment	20,708	1,825	2,336	1,824
Information technology expenses	11,538	14,517	11,423	14,291
	77,467	39,667	37,211	38,986
(iii) Promotion and marketing expenses				
Advertisement and publicity	11,474	2,304	1,162	2,304

57. Islamic Finance Business (cont'd.)

(w) Overhead Expenses (cont'd.)

	Group		Bank	
	2025	2024	2025	2024
	RM'000	RM'000	RM'000	RM'000
(iv) General administrative expenses				
General administrative expenses	64,817	43,633	29,061	42,160
Auditors' remuneration:				
- Statutory audit	3,332	912	1,649	904
- Tax fees	112	30	28	27
- Non-audit fees	210	1,165	-	1,165
	68,471	45,740	30,738	44,256

(x) Finance Cost

	Group		Bank	
	2025	2024	2025	2024
	RM'000	RM'000	RM'000	RM'000
Lease liabilities	3,810	3,296	3,443	3,296

(y) Zakat

	Group		Bank	
	2025	2024	2025	2024
	RM'000	RM'000	RM'000	RM'000
Zakat	15,622	13,697	13,059	11,479

Zakat represents business zakat payable by the Group and the Bank to comply with the principles of Shariah and as endorsed by the Shariah Committee. The Group and the Bank only pay zakat on its business and does not pay zakat on behalf of depositors or shareholders. The zakat on business for the financial year has been computed using the capital growth computation method at the rate of 2.5775% (2024: 2.5775%).

The zakat amount is paid to the states' zakat management agencies and eligible beneficiaries (asnaf) in Malaysia. The proposals of distribution of zakat fund by the Group and the Bank to eligible beneficiaries (asnaf) were approved by the Shariah Committee.

57. Islamic Finance Business (cont'd.)

(z) Commitments and Contingencies

Financing related commitments and contingencies of the Group and of the Bank which are not included in these financial statements are as follows:

	Group		Bank	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Undisbursed of financing and advances	9,566,171	2,979,659	6,356,010	2,979,659
Secured guarantees on behalf of customers given to third parties	3,384,813	3,199,091	2,726,919	3,199,091
	12,950,984	6,178,750	9,082,929	6,178,750

(aa) Capital Adequacy

Capital management

Regulatory capital

The following table sets forth capital resources and capital adequacy for the Group and the Bank as at reporting date.

	Group		Bank	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Tier 1 capital				
Capital funds	6,298,874	3,718,724	6,298,874	3,718,724
Other reserves	2,918,059	2,278,112	2,626,548	2,128,545
Less: Deferred tax asset	(445,394)	(437,160)	(363,073)	(437,160)
Total Tier 1 capital	8,771,539	5,559,676	8,562,349	5,410,109
Tier 2 capital				
Government support funds	875,466	379,714	370,382	379,714
Stage 1 and Stage 2 ECL	2,858,367	2,606,803	2,481,507	2,600,047
Total Tier 2 capital	3,733,833	2,986,517	2,851,889	2,979,761
Total capital	12,505,372	8,546,193	11,414,238	8,389,870
Less: Investment in subsidiaries	-	-	(2,829,633)	-
Total capital base	12,505,372	8,546,193	8,584,605	8,389,870

57. Islamic Finance Business (cont'd.)

(aa) Capital Adequacy (cont'd.)

Capital management (cont'd.)

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

	Group		Bank	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
20%	501,766	443,523	246,723	442,511
50%	1,726,296	922,031	1,677,740	922,031
100%	35,775,820	26,116,452	23,851,247	25,875,558
	38,003,882	27,482,006	25,775,710	27,240,100

Without deducting proposed dividend:

	Group		Bank	
	2025 %	2024 %	2025 %	2024 %
Core capital ratio	23.081	20.230	33.219	19.861
RWCR	32.906	31.097	33.305	30.800

58. Government Funds and Schemes

As a development financial institution, the Group and the Bank perform its mandated roles to promote strategic sectors identified by the Government of Malaysia.

The Group and the Bank act as a financier that bear the credit risk and recognise its credit losses in the financial statements. All these funds are internally sourced by the Bank and not from government. The schemes allocated by the Bank are as follows:

(a) Tourism Infrastructure Fund

The objective of the tourism infrastructure fund is to provide financial assistance to existing and new companies dealing with or involved in tourism related activities and services.

58. Government Funds and Schemes (cont'd.)

(b) Tourism Infrastructure Development Fund

The objective of the tourism infrastructure development fund is to provide financial assistance to existing and new companies dealing with or involved in tourism related activities and services.

(c) Maritime Fund

The objective of the maritime fund is to provide financial assistance to existing and new companies dealing with or involved in maritime related activities and services.

(d) Maritime Development Fund

The objective of the maritime development fund is to provide financial assistance to existing and new companies dealing with or involved in maritime related activities and services.

(e) Public Transport Fund

The objective of the public transport fund is to increase the utilisation of public transport by funding the improvements and growth of public transport coverage and services.

(f) Transportation and Logistics Programme

The objective of the transportation and logistics programme is to support the development of logistics and transportation industry (including maritime, aerospace, oil and gas industry) and its related activities.

(g) Digital Infrastructure & High Impact Sectors Programme

The objective of the digital infrastructure & high impact sectors programme is to support business activities in adopting digital and advanced technologies.

(h) Sustainable Development and Transition Programme

The objective of the sustainable development and transition programme is to support the development of green economy and Malaysia’s transition towards a lower carbon and sustainable economy.

58. Government Funds and Schemes (cont'd.)

(i) Madani Development Programme

The objective of the Madani development programme is to support the government’s vision and implementation of the MADANI Economy Framework and 12th Malaysia Plan (2021-2025) which focuses on 3 key themes namely re-setting the economy, strengthening security, wellbeing and inclusivity and advancing sustainability.

(j) Renewable Energy and Transition Programme

The objective of the renewable energy and transition programme is to support the energy related activities under the National Energy Transition Roadmap (NETR).

(k) Bumiputera Economic Development Programme

The objective of the bumiputera economic development programme is to support the government’s Bumiputera Economic Transformation Plan 2035 (PuTERA35) which provides financing to companies that are involved in and/or projects that support the government’s Bumiputera Economic Transformation Plan 2035 (PuTERA35) that will focus (amongst others) on halal ecosystem and supply chain related activities.

(l) Rehabilitation and Support through Equity Scheme ("RESET")

The objective of RESET is to facilitate companies by providing equity support to rehabilitate its operations and/or to improve their balance sheet.

(m) Matching Funding Platform

The objective is to facilitate SMEs seeking funding through peer-to-peer (P2P) funding platforms.

Notes to the Financial Statements - 31 December 2025

58. Government Funds and Schemes (cont'd.)

58.1 Performance of the schemes

	2025							
Group	Sustainable Development & Transition Programme (Formerly known as Sustainable Development Financing Scheme) RM'000	Digital Infrastructure & High Impact Sectors Programme (Formerly known as Industry Digitalisation Transformation Scheme) RM'000	Transportation and Logistics Programme (Formerly known as Maritime and Logistics Scheme) RM'000	MADANI Development Programme (Formerly known as National Development Scheme) RM'000	Renewable Energy and Transition Programme RM'000	Bumiputera Economic Development Programme RM'000	Working Capital Scheme RM'000	Subtotal 1 RM'000
Allocated funds	2,367,949	1,522,472	2,324,293	3,620,040	500,000	500,000	500,000	11,334,754
Net approved	(1,115,036)	(872,472)	(1,786,533)	(3,270,069)	-	(200,000)	(30,000)	(7,274,110)
Fund available	1,252,913	650,000	537,760	349,971	500,000	300,000	470,000	4,060,644
Loans, financing and advances:								
Disbursement	459,689	410,921	1,119,461	1,214,535	-	162,319	29,883	3,396,808
Payment/repayment	(367,573)	(31,629)	(301,432)	(11,941)	-	(5,998)	-	(718,573)
Outstanding	92,116	379,292	818,029	1,202,594	-	156,321	29,883	2,678,235
Number of beneficiaries	15	10	14	19	-	1	1	60
Expiry	Dec 26	Dec 26	Dec 26	Dec 25	Dec 26	Dec 26	Dec 25	

Note: Funds allocated to each scheme and its expiry dates have been revised respectively following announcement of National Budget 2025.

Notes to the Financial Statements - 31 December 2025

58. Government Funds and Schemes (cont'd.)

58.1 Performance of the funds

	2025							
Group	**Tourism Infrastructure Fund RM'000**	**Tourism Infrastructure Development Fund RM'000**	**Maritime Fund RM'000**	**Maritime Development Fund RM'000**	**Public Transport Fund RM'000**	**Public Transport Scheme RM'000**	**Tourism Infrastructure Scheme 2.0 RM'000**	**Subtotal 2 RM'000**
Allocated funds	2,400,000	2,000,000	4,494,258	3,000,000	1,000,000	100,000	1,669,800	14,664,058
Net approved	(1,849,114)	(1,135,024)	(2,983,696)	(741,272)	(326,043)	(9,954)	(905,983)	(7,951,086)
Fund available	550,886	864,976	1,510,562	2,258,728	673,957	90,046	763,817	6,712,972
Loans, financing and advances:								
Disbursement	1,847,359	1,106,088	2,983,696	741,272	326,043	9,954	568,880	7,583,292
Payment/repayment	(1,439,883)	(385,463)	(2,746,010)	(401,378)	(323,371)	(7,096)	(177,587)	(5,480,788)
Outstanding	407,476	720,625	237,686	339,894	2,672	2,858	391,293	2,102,504
Number of beneficiaries	57	15	41	7	107	4	13	244
Expiry	Dec 18	Dec 18	Dec 18	Dec 18	Dec 18	Dec 23	Dec 24	

Notes: The expiry dates above refer to the deadline for applicants to apply for the respective funds and schemes offered by the Group and the Bank. The Group and the Bank continue to be eligible to claim profit subsidies, on the outstanding amount, from the government under the aforementioned schemes, until the loans, financing and advances have reached its original maturity date.

58. Government Funds and Schemes (cont'd.)

58.1 Performance of the funds (cont'd.)

Group	Tourism Infrastructure Scheme 2.0 RM'000	Maritime Logistics and Transportation Scheme (Formerly known as Maritime and Logistics Scheme) RM'000	Industry Digitalisation Transformation Scheme RM'000	Sustainable Development Financing Scheme RM'000	MADANI Development Scheme (Formerly known as National Development Scheme) RM'000	Working Capital Scheme RM'000	Subtotal 1 RM'000
	2024						
Allocated funds	1,669,800	1,343,990	1,612,633	2,415,319	2,391,540	500,000	9,933,282
Net approved	(905,983)	(1,324,300)	(922,472)	(967,949)	(1,620,040)	(30,000)	(5,770,744)
Fund available	763,817	19,690	690,161	1,447,370	771,500	470,000	4,162,538
Loans, financing and advances:							
Disbursement	433,474	627,324	330,559	460,165	327,104	29,847	2,208,473
Payment/repayment	(44,468)	(256,578)	(50,038)	(262,200)	(36,846)	-	(650,130)
Outstanding	389,006	370,746	280,521	197,965	290,258	29,847	1,558,343
Number of beneficiaries	13	13	5	11	8	1	51
Expiry	Dec 25	Dec 25	Dec 25	Dec 25	Dec 25	Dec 25	

Notes: Funds allocated to each scheme and its expiry dates have been revised respectively following the announcement of National Budget 2024.

Notes to the Financial Statements - 31 December 2025

58. Government Funds and Schemes (cont'd.)

58.1 Performance of the funds (cont'd.)

	2024						
Group	**Tourism Infrastructure Fund RM'000**	**Tourism Infrastructure Development Fund RM'000**	**Maritime Fund RM'000**	**Maritime Development Fund RM'000**	**Public Transport Fund RM'000**	**Public Transport Scheme RM'000**	**Subtotal 2 RM'000**
Allocated funds	2,400,000	2,000,000	4,494,258	3,000,000	1,000,000	100,000	12,994,258
Net approved	(1,849,114)	(1,135,024)	(2,983,696)	(741,272)	(326,043)	(9,954)	(7,045,103)
Fund available	550,886	864,976	1,510,562	2,258,728	673,957	90,046	5,949,155
Loans, financing and advances:							
Disbursement	1,847,359	1,106,088	2,983,696	741,272	326,043	9,954	7,014,412
Payment/repayment	(1,411,942)	(338,976)	(2,652,765)	(337,516)	(322,860)	(6,310)	(5,070,369)
Outstanding	435,417	767,112	330,931	403,756	3,183	3,644	1,944,043
Number of beneficiaries	57	15	41	7	107	4	231
Expiry	Dec 18	Dec 18	Dec 18	Dec 18	Dec 18	Dec 23	

Notes: The expiry dates above refer to the deadline for applicants to apply for the respective funds and schemes offered by the Group and the Bank. The Group and the Bank continue to be eligible to claim profit subsidies, on the outstanding amount, from the government under the aforementioned schemes, until the loans, financing and advances have reached its original maturity date.

Notes to the Financial Statements - 31 December 2025

58. Government Funds and Schemes (cont'd.)

58.1 Performance of the funds and schemes

	2025			2024		
Group	**Subtotal 1 RM'000**	**Subtotal 2 RM'000**	**Total RM'000**	**Subtotal 1 RM'000**	**Subtotal 2 RM'000**	**Total RM'000**
Allocated funds	11,334,754	14,664,058	25,998,812	9,933,282	12,994,258	22,927,540
Net approved	(7,274,110)	(7,951,086)	(15,225,196)	(5,770,744)	(7,045,103)	(12,815,847)
Fund available	4,060,644	6,712,972	10,773,616	4,162,538	5,949,155	10,111,693
Loans, financing and advances:						
Disbursement	3,396,808	7,583,292	10,980,100	2,208,473	7,014,412	9,222,885
Payment/repayment	(718,573)	(5,480,788)	(6,199,361)	(650,130)	(5,070,369)	(5,720,499)
Outstanding	2,678,235	2,102,504	4,780,739	1,558,343	1,944,043	3,502,386
Number of beneficiaries	60	244	304	51	231	282

Notes to the Financial Statements - 31 December 2025

58. Government Funds and Schemes (cont'd.)

58.1 Performance of the schemes (cont'd.)

	2025							
Bank	Sustainable Development & Transition Programme (Formerly known as Sustainable Development Financing Scheme) RM'000	Digital Infrastructure & High Impact Sectors Programme (Formerly known as Industry Digitalisation Transformation Scheme) RM'000	Transportation and Logistics Programme (Formerly known as Maritime and Logistics Scheme) RM'000	MADANI Development Programme (Formerly known as National Development Scheme) RM'000	Renewable Energy and Transition Programme RM'000	Bumiputera Economic Development Programme RM'000	Working Capital Scheme RM'000	Subtotal 1 RM'000
Allocated funds	2,367,949	1,522,472	2,324,293	3,620,040	500,000	500,000	500,000	11,334,754
Net approved	(1,115,036)	(872,472)	(1,786,533)	(3,270,069)	-	(200,000)	(30,000)	(7,274,110)
Fund available	1,252,913	650,000	537,760	349,971	500,000	300,000	470,000	4,060,644
Loans, financing and advances:								
Disbursement	459,689	410,921	1,119,461	1,214,535	-	162,319	29,883	3,396,808
Payment/repayment	(367,573)	(31,629)	(301,432)	(11,941)	-	(5,998)	-	(718,573)
Outstanding	92,116	379,292	818,029	1,202,594	-	156,321	29,883	2,678,235
Number of beneficiaries	15	10	14	19	-	1	1	60
Expiry	Dec 26	Dec 26	Dec 26	Dec 25	Dec 26	Dec 26	Dec 25	

Notes: Funds allocated to each scheme and its expiry dates have been revised respectively following the announcement of National Budget 2025.

Notes to the Financial Statements - 31 December 2025

58. Government Funds and Schemes (cont'd.)

58.1 Performance of the funds (cont'd.)

	2025							
Bank	**Tourism Infrastructure Fund RM'000**	**Tourism Infrastructure Development Fund RM'000**	**Maritime Fund RM'000**	**Maritime Development Fund RM'000**	**Public Transport Fund RM'000**	**Public Transport Scheme RM'000**	**Tourism Infrastructure Scheme 2.0 RM'000**	**Subtotal 2 RM'000**
Allocated funds	2,400,000	2,000,000	4,494,258	3,000,000	5,742	100,000	1,669,800	13,669,800
Net approved	(1,849,114)	(1,135,024)	(2,983,696)	(741,272)	-	-	(905,983)	(7,615,089)
Fund available	550,886	864,976	1,510,562	2,258,728	5,742	100,000	763,817	6,054,711
Loans, financing and advances:								
Disbursement	1,847,359	1,106,088	2,983,696	741,272	5,661	-	568,880	7,252,956
Payment/repayment	(1,439,883)	(385,463)	(2,746,010)	(401,378)	(5,661)	-	(177,587)	(5,155,982)
Outstanding	407,476	720,625	237,686	339,894	-	-	391,293	2,096,974
Number of beneficiaries	57	15	41	7	1	-	13	134
Expiry	Dec 18	Dec 18	Dec 18	Dec 18	Dec 18	Dec 23	Dec 24	

Notes: The expiry dates above refer to the deadline for applicants to apply for the respective funds and schemes offered by the Group and the Bank. The Group and the Bank continue to be eligible to claim profit subsidies, on the outstanding amount, from the government under the aforementioned schemes, until the loans, financing and advances have reached its original maturity date.

58. Government Funds and Schemes (cont'd.)

58.1 Performance of the funds (cont'd.)

	2024						
Bank	**Tourism Infrastructure Scheme 2.0 RM'000**	**Maritime Logistics and Transportation Scheme (Formerly known as Maritime and Logistics Scheme) RM'000**	**Industry Digitalisation Transformation Scheme RM'000**	**Sustainable Development Financing Scheme RM'000**	**MADANI Development Scheme (Formerly known as National Development Scheme) RM'000**	**Working Capital Scheme RM'000**	**Subtotal 1 RM'000**
Allocated funds	1,669,800	1,343,990	1,612,633	2,415,319	2,391,540	500,000	9,933,282
Net approved	(905,983)	(1,324,300)	(922,472)	(967,949)	(1,620,040)	(30,000)	(5,770,744)
Fund available	763,817	19,690	690,161	1,447,370	771,500	470,000	4,162,538
Loans, financing and advances:							
Disbursement	433,474	627,324	330,559	460,165	327,104	29,847	2,208,473
Payment/repayment	(44,468)	(256,578)	(50,038)	(262,200)	(36,846)	-	(650,130)
Outstanding	389,006	370,746	280,521	197,965	290,258	29,847	1,558,343
Number of beneficiaries	13	13	5	11	8	1	51
Expiry	Dec 25	Dec 25	Dec 25	Dec 25	Dec 25	Dec 25	

Notes: All schemes were created on 1 January 2019 except for National Development Scheme which was created on 1 September 2021 and Working Capital Scheme which was created on 14 November 2023. The expiry dates for all schemes were extended to December 2025. The government has revised the fund allocated in National Budget 2024.

Notes to the Financial Statements - 31 December 2025

58. Government Funds and Schemes (cont'd.)

58.1 Performance of the funds (cont'd.)

	2024						
Bank	**Tourism Infrastructure Fund RM'000**	**Tourism Infrastructure Development Fund RM'000**	**Maritime Fund RM'000**	**Maritime Development Fund RM'000**	**Public Transport Fund RM'000**	**Public Transport Scheme RM'000**	**Subtotal 2 RM'000**
Allocated funds	2,400,000	2,000,000	4,494,258	3,000,000	5,742	100,000	12,000,000
Net approved	(1,849,114)	(1,135,024)	(2,983,696)	(741,272)	-	-	(6,709,106)
Fund available	550,886	864,976	1,510,562	2,258,728	5,742	100,000	5,290,894
Loans, financing and advances:							
Disbursement	1,847,359	1,106,088	2,983,696	741,272	5,661	-	6,684,076
Payment/repayment	(1,411,942)	(338,976)	(2,652,765)	(337,516)	(5,661)	-	(4,746,860)
Outstanding	435,417	767,112	330,931	403,756	-	-	1,937,216
Number of beneficiaries	57	15	41	7	1	-	121
Expiry	Dec 18	Dec 18	Dec 18	Dec 18	Dec 18	Dec 23	

Notes: The expiry dates above refer to the deadline for applicants to apply for the respective funds and schemes offered by the Group and the Bank. The Group and the Bank continue to be eligible to claim profit subsidies, on the outstanding amount, from the government under the aforementioned schemes, until the loans, financing and advances have reached its original maturity date.

Notes to the Financial Statements - 31 December 2025

58. Government Funds and Schemes (cont'd.)

58.1 Performance of the funds and schemes (cont'd.)

Bank	2025 Subtotal 1 RM'000	2025 Subtotal 2 RM'000	2025 Total RM'000	2024 Subtotal 1 RM'000	2024 Subtotal 2 RM'000	2024 Total RM'000
Allocated funds	11,334,754	13,669,800	25,004,554	9,933,282	12,000,000	21,933,282
Net approved	(7,274,110)	(7,615,089)	(14,889,199)	(5,770,744)	(6,709,106)	(12,479,850)
Fund available	4,060,644	6,054,711	10,115,355	4,162,538	5,290,894	9,453,432
Loans, financing and advances:						
Disbursement	3,396,808	7,252,956	10,649,764	2,208,473	6,684,076	8,892,549
Payment/repayment	(718,573)	(5,155,982)	(5,874,555)	(650,130)	(4,746,860)	(5,396,990)
Outstanding	2,678,235	2,096,974	4,775,209	1,558,343	1,937,216	3,495,559
Number of beneficiaries	60	134	194	51	121	172

59. Significant and Subsequent Events

a) Acquisition of SMEB and EXIM

In the Budget 2024 speech on 13 October 2023, the Prime Minister announced plans to restructure Malaysia's Development Financial Institutions ("DFIs") through the merger of BPMB, SMEB and EXIM.

This initiative aims to enhance the efficiency and synergy of these institutions while further strengthening the development finance ecosystem. The corporate exercise was completed on 1 May 2025, via a combination of share swap comprising 1,044,159,548 ordinary shares at an issue price of RM2.58, accrued RCCPS dividend of RM113,781,998 and a reduction of an amount owing by the MOF (Inc.) of RM244,483,192.

b) Impact on United States Tariffs

During the financial year ended 31 December 2025, global trade developments, including the implementation of tariff measures by the United States ("US"), have resulted in increased economic uncertainty in global trade conditions.

The Group and the Bank have considered these conditions in the assessment of key estimates and judgements. Based on information available as at 31 December 2025, the financial impact on the Group's and the Bank's financial position is not material.

c) Impact on Geopolitical Developments

Subsequent to the reporting date, ongoing geopolitical developments have contributed to increased global economic uncertainty and market volatility.

These developments represent non-adjusting events as the underlying conditions did not exist as at 31 December 2025. Accordingly, no adjustments have been made to the financial statements.

The Group and the Bank are in the process of assessing the potential financial impact of these developments. At this stage, the financial effects, if any, cannot be reliably estimated.