



**ALLIANCE BANK**

**THE BANK FOR LIFE®**

**PILLAR 3 REPORT**

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2026



**ALLIANCE BANK**  
**Alliance Bank Malaysia Berhad**  
198201008390 (88103-W)

# BASEL II PILLAR 3 REPORT

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# BASEL II PILLAR 3 REPORT

## FOR THE FINANCIAL YEAR ENDED 31 MARCH 2026

### 1.0 OVERVIEW

Bank Negara Malaysia (“BNM”)’s Capital Adequacy Frameworks require Alliance Bank Malaysia Berhad (“Bank”) and its subsidiaries (“Group”) to maintain an adequate level of capital to withstand potential losses arising from its operations. BNM’s Capital Adequacy Frameworks cover three main aspects:

- (a) Pillar 1 – covers the calculation of risk-weighted assets for credit risk, market risk and operational risk;
- (b) Pillar 2 – involves assessment of other risks (e.g. interest rate risk in the banking book, liquidity risk and concentration risk) not covered under Pillar 1. This promotes the adoption of forward-looking approaches to capital management and stress testing/risk simulation techniques; and
- (c) Pillar 3 – covers disclosure and external communication of risk and capital information by banks.

The Pillar 3 Disclosure for the financial year ended 31 March 2026 for the Bank and the Group is in accordance with BNM’s Risk-Weighted Capital Adequacy Framework (“RWCAF”) – Disclosure Requirements (Pillar 3) and Capital Adequacy Framework for Islamic Banks (“CAFIB”) – Disclosures Requirements (Pillar 3).

The Group has adopted the Standardised Approach for credit risk and market risk; and BNM’s standard computation method for operational risk in determining the capital requirements of Pillar 1.

#### 1.1 Medium and Location of Disclosure

The Pillar 3 Disclosure will be made available under the Governance & Investor Relations section of the Group’s website at <http://www.alliancebank.com.my/home.aspx> and as a separate report in the annual and half-yearly financial reports.

#### 1.2 Basis of Disclosure

The Group’s Pillar 3 Disclosure is governed by the Bank’s Pillar 3 Disclosure Policy. This policy outlines the minimum disclosure standards, the approach for determining the appropriateness of information disclosed and the internal controls over the disclosure process. Pillar 3 Disclosure is to be read in conjunction with the Group’s and Bank’s financial statements for the financial year ended 31 March 2026. Whilst this document discloses the Group’s assets both in terms of exposures and capital requirements, the information disclosed herein may not be directly comparable with the information in the financial statements for the financial year ended 31 March 2026 published by the Group.

These disclosures have been reviewed and verified by Group Internal Audit and approved by the Board of Directors (“Board”) of the Group.

#### 1.3 Comparative Information

The corresponding Pillar 3 Disclosure in the preceding reporting period would be as at 31 March 2025.

## BASEL II PILLAR 3 REPORT FOR THE FINANCIAL YEAR ENDED 31 MARCH 2026

### 1.0 OVERVIEW (CONT'D)

#### 1.4 Scope of Application

The Pillar 3 Disclosure was prepared on a consolidated basis comprising information on Bank, its subsidiaries and joint ventures. The Group offers Conventional and Islamic banking services. The latter includes accepting deposits and providing financing under Shariah principles via the Bank's wholly-owned subsidiary, Alliance Islamic Bank Berhad ("AISB").

There were no significant events occurred within the reporting period as at 31 March 2026.

The basis of consolidation for the use of regulatory capital purposes is similar to that for financial accounting purposes. Investments in subsidiaries, associate companies and joint ventures are deducted from regulatory capital.

The Bank did not experience any significant restrictions or other major impediments on the transfer of funds or regulatory capital within the Group.

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

### 2.0 CAPITAL

The Group maintains a strong capital base to support its current activities and future growth, to meet regulatory capital requirements at all times and to buffer against potential losses.

The Group's Internal Capital Adequacy Assessment Process ("ICAAP") covers the following:

- (a) Assesses inherent risks in the business against risk captured under Pillar 1, and risks not sufficiently or not captured under Pillar 1;
- (b) Estimates the potential impact of extreme but plausible events on the Group's earnings, balance sheet and capital via stress testing;
- (c) Sets internal capital targets which include buffers to cushion potential stress losses and contingency plan(s) where warranted; and
- (d) Regularly monitors and reports portfolio risk profiles, required capital and available capital.

ICAAP results are regularly reported to Group Risk Management Committee ("GRMC") and the Board to facilitate proactive capital management.

## BASEL II PILLAR 3 REPORT FOR THE FINANCIAL YEAR ENDED 31 MARCH 2026

### 2.0 CAPITAL (CONT'D)

#### 2.1 Capital Adequacy Ratios

The capital adequacy ratios of the Group and the Bank are computed in accordance with Bank Negara Malaysia's Capital Adequacy Framework. The Framework sets out the approach for computing regulatory ratios, as well as the levels of those ratios at which banking institutions are required to operate. The framework is to strengthen capital adequacy standards, in line with the requirement set forth under Basel III. The risk-weighted assets of the Group and the Bank are computed using the Standardised Approach for credit risk and market risk, and BNM's standard computation method for operational risk.

(a) The Group and the Bank have sufficient capital as follows:

	GROUP		BANK	
	2026	2025	2026	2025
<u>Before Deducting Proposed Dividends</u>				
CET 1 Capital Ratio	<b>13.438%</b>	12.465%	<b>13.787%</b>	12.321%
Tier 1 Capital Ratio	<b>14.871%</b>	13.654%	<b>15.436%</b>	13.620%
Total Capital Ratio	<b>17.864%</b>	16.995%	<b>18.477%</b>	17.048%
<u>After Deducting Proposed Dividends</u>				
CET 1 Capital Ratio	<b>13.154%</b>	12.184%	<b>13.417%</b>	11.959%
Tier 1 Capital Ratio	<b>14.587%</b>	13.374%	<b>15.065%</b>	13.258%
Total Capital Ratio	<b>17.580%</b>	16.714%	<b>18.106%</b>	16.686%

(b) The capital adequacy ratios of the banking subsidiaries are as follows:

	ALLIANCE ISLAMIC BANK BERHAD	
	2026	2025
<u>Before Deducting Proposed Dividends</u>		
CET 1 Capital Ratio	<b>12.745%</b>	13.334%
Tier 1 Capital Ratio	<b>13.471%</b>	14.146%
Total Capital Ratio	<b>16.333%</b>	17.195%
<u>After Deducting Proposed Dividends</u>		
CET 1 Capital Ratio	<b>12.408%</b>	12.889%
Tier 1 Capital Ratio	<b>13.134%</b>	13.701%
Total Capital Ratio	<b>15.996%</b>	16.750%

The Group's and the Bank's capital ratios comply with the prescribed capital adequacy ratios under BNM's Capital Adequacy Framework.

## BASEL II PILLAR 3 REPORT

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### 2.0 CAPITAL (CONT'D)

#### 2.2 Capital Structure

The total regulatory capital of the Bank consists of eligible Tier 1 and Tier 2 capital satisfying the requirements laid out in BNM's Guideline on Capital Adequacy Framework (Capital Components). Common Equity Tier 1 (CET1), a component of Tier 1 capital, has the highest Loss-Absorption capability which consists of ordinary share capital, retained profit and reserves, net of regulatory adjustments. Other forms of regulatory capital maintained by the Bank (in addition to CET1) include additional Tier 1 capital instruments and Tier 2 capital such as subordinated obligations, surplus eligible provisions over expected losses and general provisions.

During the year, the Group carried out the following transactions:

- (i) The Group had on 27 October 2025 fully redeemed its existing RM400.0 million Sub-MTN which were issued on 27 October 2020 under RM2.0 billion Sub-MTN Programme.
- (ii) The Group had on 7 November 2025 issued RM200.0 million Sub-MTN in nominal value pursuant to existing RM2.0 billion Sub-MTN Programme.
- (iii) The Group had on 7 November 2025 issued RM200.0 million AT1 Capital Securities in nominal value pursuant to existing AT1 Capital Securities Programme.

The following tables present the components of CET 1, Tier 1 and Tier 2 capital:

	GROUP		BANK	
	2026 RM'000	2025 RM'000	2026 RM'000	2025 RM'000
<b>CET 1 Capital/Tier 1 Capital</b>				
Paid-Up Share Capital (Note 1)	2,150,903	1,548,106	2,150,903	1,548,106
Retained Profits	6,527,632	6,014,117	5,500,955	5,092,252
Regulatory Reserves (Note 2)	117,173	117,173	117,173	117,173
Other reserves (Note 3)	2,127	-	2,127	-
Financial Investments at Fair Value Through Other Comprehensive Income ("FVOCI") Reserves	12,054	(22,102)	8,836	(21,738)
Capital Reserves	10,018	10,018	-	-
	<b>8,819,907</b>	7,667,312	<b>7,779,994</b>	6,735,793
(Less): Regulatory Adjustments				
- Goodwill and Other Intangibles	(522,762)	(517,038)	(521,264)	(515,385)
- Deferred Tax Assets	(200,552)	(219,086)	(133,035)	(152,643)
- 55% of FVOCI Reserves	(6,630)	-	(4,860)	-
- Regulatory Reserves (Note 2)	(117,173)	(117,173)	(117,173)	(117,173)
- Investment in Subsidiaries, Associate and Joint Venture	(1,238)	(1,182)	(732,451)	(732,316)
Total CET 1 Capital	<b>7,971,552</b>	6,812,833	<b>6,271,211</b>	5,218,276
Additional Tier 1 Capital Securities	850,000	650,000	750,000	550,000
Total Additional Tier 1 Capital	<b>850,000</b>	650,000	<b>750,000</b>	550,000
Total Tier 1 Capital	<b>8,821,552</b>	7,462,833	<b>7,021,211</b>	5,768,276

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## 2.0 CAPITAL (CONT'D)

### 2.2 Capital Structure (cont'd)

	GROUP		BANK	
	2026 RM'000	2025 RM'000	2026 RM'000	2025 RM'000
<b>Tier 2 Capital</b>				
Subordinated Obligations	<b>1,100,000</b>	1,199,871	<b>1,000,000</b>	1,199,799
Expected Credit Losses and Regulatory Reserves (Note 2 & Note 4)	<b>675,455</b>	625,926	<b>513,139</b>	482,166
Less: Regulatory Adjustments				
- Investment in Tier 2 Capital Instruments	-	-	<b>(130,000)</b>	(230,000)
Total Tier 2 Capital	<b>1,775,455</b>	1,825,797	<b>1,383,139</b>	1,451,965
<b>Total Capital</b>	<b>10,597,007</b>	9,288,630	<b>8,404,350</b>	7,220,241

Note 1: As at 31 March 2026, the Bank has increased its issued and paid-up capital from 1,548,105,929 to 1,730,223,001 ordinary shares via a right issue exercise involving 182,117,072 new ordinary shares at RM3.33 per share, for a total consideration of RM602,797,400 after deducting directly attributable expenses of RM3,652,450 which includes non-audit related expenses i.e., auditors' remuneration of RM550,000.

Note 2: Regulatory reserves represent the Group's and the Bank's compliance with BNM Revised Policy Documents in Financial Reporting and Financial Reporting for Islamic Banking Institutions effective 1 April 2018 whereby the Bank and its banking subsidiaries must maintain in aggregate, loss allowance for non-credit-impaired exposures and regulatory reserves of no less than 1% of total credit exposures, net of loss allowance for credit-impaired exposures.

Note 3: The Bank implemented Long-Term Incentive Plan (LTIP) on 23 October 2025, which was approved by the shareholders at its Extraordinary General Meeting held on 30 July 2025. The salient detail of the LTIP are set out in Note 42 to the Financial Statements.

Note 4: Expected Credit Losses ("ECL") for S1 and S2 only.

## BASEL II PILLAR 3 REPORT

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2026

### 2.0 CAPITAL (CONT'D)

#### 2.3 Risk-Weighted Assets ("RWA") and Capital Requirements

##### Regulatory Capital Requirements

The following tables present the minimum regulatory capital requirements of the Group and the Bank:

GROUP 2026 Exposure Class	Gross Exposures RM'000	Net Exposures RM'000	Risk- Weighted Assets RM'000	Capital Requirements RM'000
(a) Credit Risk				
On-Balance Sheet Exposures:				
Sovereigns/Central Banks	11,191,525	11,191,525	8,062	645
Public Sector Entities	1,039,312	1,039,312	58,526	4,682
Banks, Development Financial Institutions ("DFIs") and Multilateral Development Banks	4,078,439	4,078,439	877,173	70,174
Insurance Companies, Securities Firms and Fund Managers	371,327	370,735	367,269	29,382
Corporates	34,288,054	31,684,744	25,186,119	2,014,889
Regulatory Retail	16,850,595	15,610,734	11,442,783	915,423
Residential Mortgages	21,073,400	21,057,953	8,803,205	704,256
Higher Risk Assets	4,331	4,331	6,496	520
Other Assets	1,755,956	1,755,956	1,459,236	116,739
Defaulted Exposures	622,590	619,448	549,076	43,926
<b>Total On-Balance Sheet Exposures</b>	<b>91,275,529</b>	<b>87,413,177</b>	<b>48,757,946</b>	<b>3,900,636</b>
Off-Balance Sheet Exposures:				
Credit-Related Off-Balance Sheet Exposures	6,353,659	5,579,254	4,596,565	367,725
Derivative Financial Instruments	2,514,556	2,514,556	675,529	54,042
Defaulted Exposures	4,721	4,720	6,322	506
<b>Total Off-Balance Sheet Exposures</b>	<b>8,872,936</b>	<b>8,098,530</b>	<b>5,278,416</b>	<b>422,273</b>
<b>Total On and Off-Balance Sheet Exposures</b>	<b>100,148,465</b>	<b>95,511,707</b>	<b>54,036,361</b>	<b>4,322,909</b>
(b) Market Risk				
	<b>Long Position</b>	<b>Short Position</b>		
Interest Rate Risk	66,356,030	(66,082,536)	975,566	78,045
Foreign Exchange Risk	8,317	(269,565)	269,565	21,565
	<b>66,364,347</b>	<b>(66,352,101)</b>		
Option Risk			-	-
<b>Total</b>			<b>1,245,131</b>	<b>99,610</b>
(c) Operational Risk	-	-	4,039,534	323,163
<b>Total</b>	<b>100,148,465</b>	<b>95,511,707</b>	<b>59,321,026</b>	<b>4,745,682</b>

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## 2.0 CAPITAL (CONT'D)

### 2.3 RWA and Capital Requirements (cont'd)

#### Regulatory Capital Requirements (cont'd)

The following tables present the minimum regulatory capital requirements of the Group and the Bank (cont'd):

BANK 2026 Exposure Class	Gross Exposures RM'000	Net Exposures RM'000	Risk- Weighted Assets RM'000	Capital Requirements RM'000
<b>(a) Credit Risk</b>				
On-Balance Sheet Exposures:				
Sovereigns/Central Banks	9,369,781	9,369,781	8,062	645
Public Sector Entities	703,209	703,209	26,522	2,122
Banks, DFIs and Multilateral Development Banks	3,073,213	3,073,213	678,309	54,265
Insurance Companies, Securities Firms and Fund Managers	296,523	295,931	294,714	23,577
Corporates	26,092,606	23,708,616	18,843,656	1,507,493
Regulatory Retail	12,419,878	11,303,348	7,972,789	637,823
Residential Mortgages	16,552,284	16,537,700	6,990,347	559,228
Higher Risk Assets	3,502	3,502	5,254	420
Other Assets	1,666,044	1,666,044	1,369,324	109,546
Defaulted Exposures	438,893	438,464	388,339	31,067
<b>Total On-Balance Sheet Exposures</b>	<b>70,615,933</b>	<b>67,099,808</b>	<b>36,577,316</b>	<b>2,926,186</b>
Off-Balance Sheet Exposures:				
Credit-Related Off-Balance Sheet Exposures	5,362,587	4,666,095	3,791,099	303,288
Derivative Financial Instruments	2,523,348	2,523,348	677,288	54,183
Defaulted Exposures	3,952	3,952	5,392	431
<b>Total Off-Balance Sheet Exposures</b>	<b>7,889,887</b>	<b>7,193,395</b>	<b>4,473,779</b>	<b>357,902</b>
<b>Total On and Off-Balance Sheet Exposures</b>	<b>78,505,820</b>	<b>74,293,203</b>	<b>41,051,095</b>	<b>3,284,088</b>
<b>(b) Market Risk</b>				
	<b>Long Position</b>	<b>Short Position</b>		
Interest Rate Risk	66,356,030	(66,082,536)	975,564	78,045
Foreign Exchange Risk	8,317	(268,774)	268,776	21,502
	<b>66,364,347</b>	<b>(66,351,310)</b>		
Option Risk			-	-
<b>Total</b>			<b>1,244,340</b>	<b>99,547</b>
<b>(c) Operational Risk</b>	-	-	<b>3,190,790</b>	<b>255,263</b>
<b>Total</b>	<b>78,505,820</b>	<b>74,293,203</b>	<b>45,486,225</b>	<b>3,638,898</b>

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FOR THE FINANCIAL YEAR ENDED 31 MARCH 2026

### 2.0 CAPITAL (CONT'D)

#### 2.3 RWA and Capital Requirements (cont'd)

##### Regulatory Capital Requirements (cont'd)

The following tables present the minimum regulatory capital requirements of the Group and the Bank (cont'd):

GROUP 2025 Exposure Class	Gross Exposures RM'000	Net Exposures RM'000	Risk- Weighted Assets RM'000	Capital Requirements RM'000
(a) <u>Credit Risk</u>				
On-Balance Sheet Exposures:				
Sovereigns/Central Banks	11,977,081	11,977,081	-	-
Public Sector Entities	812,550	812,550	43,364	3,469
Banks, DFIs and Multilateral Development Banks	3,938,202	3,938,202	801,923	64,154
Insurance Companies, Securities Firms and Fund Managers	270,010	269,440	268,031	21,443
Corporates	30,168,273	27,871,846	22,541,381	1,803,311
Regulatory Retail	16,429,642	15,327,750	11,266,613	901,329
Residential Mortgages	19,083,993	19,071,852	8,198,923	655,914
Higher Risk Assets	4,595	4,595	6,893	551
Other Assets	1,507,547	1,507,547	1,238,255	99,060
Defaulted Exposures	637,070	634,800	603,365	48,269
<b>Total On-Balance Sheet Exposures</b>	<b>84,828,963</b>	<b>81,415,663</b>	<b>44,968,748</b>	<b>3,597,500</b>
Off-Balance Sheet Exposures:				
Credit-Related Off-Balance Sheet Exposures	6,546,524	5,789,668	4,695,459	375,637
Derivative Financial Instruments	1,492,233	1,492,233	407,505	32,600
Defaulted Exposures	1,737	1,736	2,384	191
<b>Total Off-Balance Sheet Exposures</b>	<b>8,040,494</b>	<b>7,283,637</b>	<b>5,105,348</b>	<b>408,428</b>
<b>Total On and Off-Balance Sheet Exposures</b>	<b>92,869,457</b>	<b>88,699,300</b>	<b>50,074,096</b>	<b>4,005,928</b>
(b) <u>Market Risk</u>				
	Long Position	Short Position		
Interest Rate Risk	44,160,852	(44,165,786)	694,076	55,526
Foreign Exchange Risk	22,889	(267,498)	267,498	21,400
	44,183,741	(44,433,284)		
Option Risk			11,550	924
<b>Total</b>			<b>973,124</b>	<b>77,850</b>
(c) <u>Operational Risk</u>	-	-	3,609,152	288,732
<b>Total</b>	<b>92,869,457</b>	<b>88,699,300</b>	<b>54,656,372</b>	<b>4,372,510</b>

## BASEL II PILLAR 3 REPORT

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2026

### 2.0 CAPITAL (CONT'D)

#### 2.3 RWA and Capital Requirements (cont'd)

##### Regulatory Capital Requirements (cont'd)

The following tables present the minimum regulatory capital requirements of the Group and the Bank (cont'd):

BANK 2025 Exposure Class	Gross Exposures RM'000	Net Exposures RM'000	Risk- Weighted Assets RM'000	Capital Requirements RM'000
(a) Credit Risk				
On-Balance Sheet Exposures:				
Sovereigns/Central Banks	9,412,699	9,412,699	-	-
Public Sector Entities	445,483	445,483	11,106	888
Banks, DFIs and Multilateral Development Banks	3,195,634	3,195,634	724,861	57,989
Insurance Companies, Securities Firms and Fund Managers	245,871	245,301	243,892	19,511
Corporates	23,585,154	21,460,793	17,358,371	1,388,669
Regulatory Retail	12,199,312	11,200,851	7,915,084	633,207
Residential Mortgages	14,672,374	14,661,088	6,389,359	511,149
Higher Risk Assets	3,708	3,708	5,562	445
Other Assets	1,485,121	1,485,120	1,215,828	97,266
Defaulted Exposures	450,416	448,217	432,477	34,599
<b>Total On-Balance Sheet Exposures</b>	<b>65,695,772</b>	<b>62,558,894</b>	<b>34,296,540</b>	<b>2,743,723</b>
Off-Balance Sheet Exposures:				
Credit-Related Off-Balance Sheet Exposures	5,516,887	4,842,984	3,867,458	309,397
Derivative Financial Instruments	1,492,233	1,492,233	407,505	32,600
Defaulted Exposures	1,314	1,314	1,820	146
<b>Total Off-Balance Sheet Exposures</b>	<b>7,010,434</b>	<b>6,336,531</b>	<b>4,276,783</b>	<b>342,143</b>
<b>Total On and Off-Balance Sheet Exposures</b>	<b>72,706,206</b>	<b>68,895,425</b>	<b>38,573,323</b>	<b>3,085,866</b>
(b) Market Risk				
	Long Position	Short Position		
Interest Rate Risk	44,160,852	(44,165,786)	694,076	55,526
Foreign Exchange Risk	22,889	(267,197)	267,198	21,376
	44,183,741	44,432,983		
Option Risk			-	-
Total			961,274	76,902
(c) Operational Risk	-	-	2,817,142	225,371
<b>Total</b>	<b>72,706,206</b>	<b>68,895,425</b>	<b>42,351,739</b>	<b>3,388,139</b>

Note: Under Islamic banking, the Group does not use Profit-Sharing Investment Account ("PSIA") as a risk absorbent mechanism.

The Group and the Bank do not have exposure to any Large Exposure Risk for equity holdings as specified under BNM's Guidelines on Investment in Shares, Interest-in-Shares and Collective Investment Schemes.

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### FOR THE FINANCIAL YEAR ENDED 31 MARCH 2026

### 3.0 RISK MANAGEMENT

The Board and the Management of Alliance Bank are committed to ensure that the Bank's corporate objectives are supported by a sound risk strategy with an effective risk management framework that is appropriate to the nature, scale and complexity of the Bank's activities.

#### 3.1 Risk Management Framework

The Bank's risk management framework recognises the diversity of the organisation's activities by balancing the Board's strong supervision with well-defined independent risk management functions within each business area. The Bank's Risk Management Framework is embedded in our respective business activities in order to integrate risk-taking and decision-making with prudent risk management principles. It provides a structured approach for the Bank to form a consolidated and aggregated view of all risks identified at entity, business segment and product levels; and to manage these risks in a holistic manner alongside business objectives and compliance requirements.

#### 3.2 Risk Governance and Organisation

The Bank adopts the Three Lines of Defence model in managing risks collectively. The Three Lines of Defence comprises the following:

- (a) 1<sup>st</sup> Line of Defence, whereby the risk taking role is played by Business Units and aided by Business Support functions;
- (b) 2<sup>nd</sup> Line of Defence, whereby the independent risk control role is played by Group Risk Management and Group Compliance (inclusive of the Shariah Review Team); and
- (c) 3<sup>rd</sup> Line of Defence, whereby the independent risk assurance role is played by Group Internal Audit.

The governance structure adopted within the Group provides a transparent and effective system that promotes active involvement from the Board and senior management in the risk management process to ensure a uniform view of risk across the Group.

The Board established the GRMC to assist the Board to oversee risk-related and compliance-related frameworks, strategies, policies and methodologies.

The Executive Risk Management Committee ("ERMC") and other Management Committees, oversee and advise the Management on risk-related matters including risk policies, to support the sustainability of the Bank.

#### 3.3 Risk Strategy

The Bank establishes appropriate risk governance, processes and controls in order to pursue its strategic business objectives with confidence, to protect its balance sheet and stakeholders' interest, and to deliver sustainable profitability. While it may not be possible or feasible to eliminate all inherent risks within the Bank, a set of risk mitigation techniques has been established to reduce the impact of these risks.

#### 3.4 Risk Appetite

Risk Appetite describes the high-level risk parameters and thresholds the Bank is willing to assume in pursuit of its strategic business objectives. These high level thresholds are then cascaded, where appropriate, into more granular limits and targets across the various portfolios and business units.

## BASEL II PILLAR 3 REPORT FOR THE FINANCIAL YEAR ENDED 31 MARCH 2026

### 3.0 RISK MANAGEMENT (CONT'D)

#### 3.5 Risk Culture

Our Board members, Senior Management and staff are all ambassadors of the Bank's risk culture. Hence, the Bank employs the key elements of leadership, supervision, guidance, counselling and communication to shape and cultivate a desirable risk culture.

#### 3.6 Risk Management Process

The Bank's risk management process embeds the Bank's culture and practices. It starts with risk identification, followed by risk assessment, risk mitigation and control, risk monitoring, risk reporting, escalation and disclosure. The risk management processes of different types of risk are explained in the following sections.

### 4.0 CREDIT RISK

Credit risk is the risk of financial loss resulting from the failure of the Bank's borrowers or counterparties to fulfil their contractual obligations to repay their loans or to settle financial commitments.

#### *Credit Risk Management*

The Board, via the GRMC, established a Master Credit Policy ("MCP") which outlines the broad principles for managing credit risk of the Group.

Credit approval is under the purview of the Executive Committee, Group Management Credit Committee and Credit Underwriters, depending on the size and complexity of the loans.

Retail loans are subject to portfolio reviews and corporate loans are subject to periodic individual borrower or group reviews. The Portfolio Review Committee for the respective lines of business, assisted by embedded risk units, helps to manage the portfolio quality, and formulates action plans to manage identified risks. The process also ensures alignment of business strategy with the Bank's risk appetite.

Potential problem loans or issues related to portfolios are identified through our Early Warning Framework and thematic reviews, where applicable. Impaired loans are recovered internally or through authorised agents.

In the aspect of credit risk measurement, quantitative tools such as application and behavioural scorecards (for retail loans) and credit rating model (for corporate loans) play an integral role in supporting risk informed pricing, underwriting and portfolio management strategies. In order to manage model risk and ensure that the models remain fit-for-purpose, periodic model validations of all credit models are carried out by an independent validation team within Group Risk Management. The broad principles and framework governing the validation of credit models are set out in the Independent Model Validation Framework. Validation covers both quantitative and qualitative aspects of the model, such as back-testing to assess model performance and accuracy, as well as qualitative evaluation of rating system operations, model design, governance and data quality.

Entity-level Risk Dashboards are escalated to the ERM (Senior Management Level), GRMC (Board Level) and the Board for deliberation and strategic direction.

Group Risk Management is responsible for assessing the adequacy and effectiveness of the risk management framework, policies and guidelines. Embedded risk units are responsible for monitoring business activities and ensuring that they are carried out within the approved policies and business models.

## BASEL II PILLAR 3 REPORT

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2026

### 4.0 CREDIT RISK (CONT'D)

#### ***Credit Risk Management (cont'd)***

Group Risk Management also performs periodic post approval credit reviews on sampling basis covering the Consumer, Small and Medium Enterprises (“SMEs”), Corporate and Commercial portfolios to independently assess the quality of credit practices across the Group. The review reports are presented to the GRMC and Group Audit Committee for their notation. Status of all outstanding issues are tracked until closure.

Stress testing is used to identify potential vulnerable risk areas of the Bank’s portfolios to stress events and assess the impact to earnings and capital. Stress tests are performed using a variety of market and economic assumptions to assess possible vulnerability and to formulate effective mitigation actions when required. Sensitivity analysis are conducted to assess the potential effect of individual risk factors.

Group Internal Audit reviews the Bank’s credit processes regularly and recommends corrective measures or enhancements.

#### ***Impaired Loans and Provisions***

Past due accounts are loan accounts with any payment of principal and/or interest due and not paid, but are not classified as impaired. Loans are classified as impaired if the mandatory impairment thresholds are exceeded or judgmentally impaired when there are reasonable grounds to believe that the borrower may not be able to repay the entire loan amount.

Provisions for ECL are carried out based on the MFRS 9 approach, loans with defined risk characteristics are transferred to Stage 2 and provisions are estimated based on potential losses for the remaining lifetime of the exposures. Impaired loans are classified as Stage 3 under MFRS 9. Loans that are not classified as Stage 2 or 3 will remain in Stage 1 where provisions will be estimated based on the probability of default over the next 12 months.

Please refer to Note 2(j)(i) of the audited financial statements for accounting policies on impairment of financial assets.

BASEL II PILLAR 3 REPORT  
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#### 4.0 CREDIT RISK (CONT'D)

##### 4.1 Distribution of Credit Exposures

###### (a) Geographical Distribution

The following tables represent the Group's and the Bank's major types of gross credit exposure by geographical distribution. Exposures are allocated to the region in which the branch is located and are disclosed before taking into account any collateral held or other credit enhancements and after allowance for impairment, where appropriate.

GROUP 2026	Geographical Region							Total RM'000
	Northern RM'000	Central RM'000	Southern RM'000	Sabah RM'000	Sarawak RM'000	Outside Malaysia RM'000		
<b>Exposure Class</b>								
Sovereigns/Central Banks	-	11,191,525	-	-	-	-	-	11,191,525
Public Sector Entities	-	889,019	-	150,293	-	-	-	1,039,312
Banks, DFIs and Multilateral Development Banks	-	3,733,173	-	50,005	-	295,261	-	4,078,439
Insurance Companies, Securities Firms and Fund Managers	96	371,082	64	42	43	-	-	371,327
Corporates	3,616,673	24,955,686	2,953,379	1,899,736	862,580	-	-	34,288,054
Regulatory Retail	1,642,765	11,080,048	2,246,664	1,270,788	610,330	-	-	16,850,595
Residential Mortgages	733,670	17,089,440	2,211,144	813,387	225,759	-	-	21,073,400
Higher Risk Assets	-	1,140	2,143	-	1,048	-	-	4,331
Other Assets	-	1,755,956	-	-	-	-	-	1,755,956
Defaulted Exposures	66,283	471,665	54,737	21,874	8,031	-	-	622,590
<b>Total On-Balance Sheet Exposures</b>	<b>6,059,487</b>	<b>71,538,734</b>	<b>7,468,131</b>	<b>4,206,125</b>	<b>1,707,791</b>	<b>295,261</b>	<b>-</b>	<b>91,275,529</b>
Credit-Related Off-Balance Sheet Exposures	558,937	4,479,530	745,071	329,844	240,277	-	-	6,353,659
Derivative Financial Instruments	-	2,514,556	-	-	-	-	-	2,514,556
Defaulted Exposures	399	3,746	196	5	375	-	-	4,721
<b>Total Off-Balance Sheet Exposures</b>	<b>559,336</b>	<b>6,997,832</b>	<b>745,267</b>	<b>329,849</b>	<b>240,652</b>	<b>-</b>	<b>-</b>	<b>8,872,936</b>
<b>Total Credit Exposures</b>	<b>6,618,823</b>	<b>78,536,566</b>	<b>8,213,398</b>	<b>4,535,974</b>	<b>1,948,443</b>	<b>295,261</b>	<b>-</b>	<b>100,148,465</b>

## BASEL II PILLAR 3 REPORT

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2026

## 4.0 CREDIT RISK (CONT'D)

## 4.1 Distribution of Credit Exposures (cont'd)

## (a) Geographical Distribution (cont'd)

The following tables represent the Group's and the Bank's major types of gross credit exposure by geographical distribution. Exposures are allocated to the region in which the branch is located and are disclosed before taking into account any collateral held or other credit enhancements and after allowance for impairment, where appropriate. (cont'd)

BANK 2026	Exposure Class	Geographical Region							Total RM'000
		Northern RM'000	Central RM'000	Southern RM'000	Sabah RM'000	Sarawak RM'000	Outside Malaysia RM'000		
	Sovereigns/Central Banks	-	9,369,781	-	-	-	-	-	9,369,781
	Public Sector Entities	-	703,202	-	7	-	-	-	703,209
	Banks, DFIs and Multilateral Development Banks	-	2,727,947	-	50,005	-	295,261	-	3,073,213
	Insurance Companies, Securities Firms and Fund Managers	96	296,278	64	42	43	-	-	296,523
	Corporates	2,307,563	19,491,095	2,412,755	1,284,326	596,867	-	-	26,092,606
	Regulatory Retail	988,583	8,222,728	1,782,344	930,675	495,548	-	-	12,419,878
	Residential Mortgages	619,163	13,294,137	1,863,767	576,908	198,309	-	-	16,552,284
	Higher Risk Assets	-	392	2,062	-	1,048	-	-	3,502
	Other Assets	-	1,666,044	-	-	-	-	-	1,666,044
	Defaulted Exposures	43,525	339,229	40,368	8,499	7,272	-	-	438,893
	<b>Total On-Balance Sheet Exposures</b>	<b>3,958,930</b>	<b>56,110,833</b>	<b>6,101,360</b>	<b>2,850,462</b>	<b>1,299,087</b>	<b>295,261</b>	<b>-</b>	<b>70,615,933</b>
	Credit-Related Off-Balance Sheet Exposures	381,393	3,914,811	636,121	257,612	172,650	-	-	5,362,587
	Derivative Financial Instruments	-	2,523,348	-	-	-	-	-	2,523,348
	Defaulted Exposures	399	2,993	180	5	375	-	-	3,952
	<b>Total Off-Balance Sheet Exposures</b>	<b>381,792</b>	<b>6,441,152</b>	<b>636,301</b>	<b>257,617</b>	<b>173,025</b>	<b>-</b>	<b>-</b>	<b>7,889,887</b>
	<b>Total Credit Exposures</b>	<b>4,340,722</b>	<b>62,551,985</b>	<b>6,737,661</b>	<b>3,108,079</b>	<b>1,472,112</b>	<b>295,261</b>	<b>-</b>	<b>78,505,820</b>

BASEL II PILLAR 3 REPORT  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2026

#### 4.0 CREDIT RISK (CONT'D)

##### 4.1 Distribution of Credit Exposures (cont'd)

###### (a) Geographical Distribution (cont'd)

The following tables represent the Group's and the Bank's major types of gross credit exposure by geographical distribution. Exposures are allocated to the region in which the branch is located and are disclosed before taking into account any collateral held or other credit enhancements and after allowance for impairment, where appropriate. (cont'd)

GROUP 2025	Geographical Region							Total RM'000
	Northern RM'000	Central RM'000	Southern RM'000	Sabah RM'000	Sarawak RM'000	Outside Malaysia RM'000		
<b>Exposure Class</b>								
Sovereigns/Central Banks	-	11,977,081	-	-	-	-	-	11,977,081
Public Sector Entities	-	662,287	-	150,263	-	-	-	812,550
Banks, DFIs and Multilateral Development Banks	-	3,728,288	-	30,036	-	4,008	175,870	3,938,202
Insurance Companies, Securities Firms and Fund Managers	10	269,907	-	62	31	-	-	270,010
Corporates	3,291,464	21,381,944	2,755,930	1,907,144	831,791	-	-	30,168,273
Regulatory Retail	1,643,227	10,941,214	2,083,779	1,174,838	586,584	-	-	16,429,642
Residential Mortgages	694,190	15,349,160	2,060,738	793,103	186,802	-	-	19,083,993
Higher Risk Assets	-	1,245	2,266	-	1,084	-	-	4,595
Other Assets	-	1,507,547	-	-	-	-	-	1,507,547
Defaulted Exposures	61,007	500,376	49,354	21,656	4,677	-	-	637,070
<b>Total On-Balance Sheet Exposures</b>	5,689,898	66,319,049	6,952,067	4,077,102	1,614,977	175,870	-	84,828,963
Credit-Related Off-Balance Sheet Exposures	595,198	4,627,747	806,953	323,933	192,693	-	-	6,546,524
Derivative Financial Instruments	-	1,492,233	-	-	-	-	-	1,492,233
Defaulted Exposures	391	949	4	31	362	-	-	1,737
<b>Total Off-Balance Sheet Exposures</b>	595,589	6,120,929	806,957	323,964	193,055	-	-	8,040,494
<b>Total Credit Exposures</b>	6,285,487	72,439,978	7,759,024	4,401,066	1,808,032	175,870	-	92,869,457

## BASEL II PILLAR 3 REPORT

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2026

### 4.0 CREDIT RISK (CONT'D)

#### 4.1 Distribution of Credit Exposures (cont'd)

##### (a) Geographical Distribution (cont'd)

The following tables represent the Group's and the Bank's major types of gross credit exposure by geographical distribution. Exposures are allocated to the region in which the branch is located and are disclosed before taking into account any collateral held or other credit enhancements and after allowance for impairment, where appropriate. (cont'd)

BANK 2025	Geographical Region							Total RM'000
	Northern RM'000	Central RM'000	Southern RM'000	Sabah RM'000	Sarawak RM'000	Outside Malaysia RM'000		
<b>Exposure Class</b>								
Sovereigns/Central Banks	-	9,412,699	-	-	-	-	-	9,412,699
Public Sector Entities	-	445,450	-	33	-	-	-	445,483
Banks, DFIs and Multilateral Development Banks	-	2,989,728	-	30,036	-	175,870	-	3,195,634
Insurance Companies, Securities Firms and Fund Managers	10	245,768	-	62	31	-	-	245,871
Corporates	2,140,634	17,327,937	2,262,879	1,239,044	614,660	-	-	23,585,154
Regulatory Retail	1,012,640	8,242,991	1,608,536	858,326	476,819	-	-	12,199,312
Residential Mortgages	567,691	11,714,673	1,690,427	542,107	157,476	-	-	14,672,374
Higher Risk Assets	-	454	2,170	-	1,084	-	-	3,708
Other Assets	-	1,485,121	-	-	-	-	-	1,485,121
Defaulted Exposures	41,084	357,167	38,000	10,251	3,914	-	-	450,416
<b>Total On-Balance Sheet Exposures</b>	<b>3,762,059</b>	<b>52,221,988</b>	<b>5,602,012</b>	<b>2,679,859</b>	<b>1,253,984</b>	<b>175,870</b>	<b>-</b>	<b>65,695,772</b>
Credit-Related Off-Balance Sheet Exposures	398,819	4,031,984	700,437	257,561	128,086	-	-	5,516,887
Derivative Financial Instruments	-	1,492,233	-	-	-	-	-	1,492,233
Defaulted Exposures	371	565	3	13	362	-	-	1,314
<b>Total Off-Balance Sheet Exposures</b>	<b>399,190</b>	<b>5,524,782</b>	<b>700,440</b>	<b>257,574</b>	<b>128,448</b>	<b>-</b>	<b>-</b>	<b>7,010,434</b>
<b>Total Credit Exposures</b>	<b>4,161,249</b>	<b>57,746,770</b>	<b>6,302,452</b>	<b>2,937,433</b>	<b>1,382,432</b>	<b>175,870</b>	<b>-</b>	<b>72,706,206</b>

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FOR THE FINANCIAL YEAR ENDED 31 MARCH 2026

#### 4.0 CREDIT RISK (CONT'D)

##### 4.1 Distribution of Credit Exposures (cont'd)

##### (b) Industry Distribution

The following tables represent the Group's and the Bank's major types of gross credit exposure by sector. The analysis is based on the sector in which the customers are engaged.

GROUP 2026	Government & Central Bank RM'000	Financial, Insurance, Business Services & Real Estate RM'000	Transport, Storage & Communication RM'000	Agriculture Manufacturing, Wholesale & Retail Trade RM'000	Construction RM'000	Household RM'000	Others RM'000	Total RM'000
<b>Exposure Class</b>								
Sovereigns/Central Banks	11,127,822	-	-	-	-	-	63,703	11,191,525
Public Sector Entities	-	1,039,308	-	3	-	-	1	1,039,312
Banks, DFIs and Multilateral Development Banks	-	4,078,439	-	-	-	-	-	4,078,439
Insurance Companies, Securities Firms and Fund Managers	-	371,327	-	-	-	-	-	371,327
Corporates	-	12,990,050	2,221,702	14,115,690	2,241,448	2,084,422	634,742	34,288,054
Regulatory Retail	-	1,412,119	180,210	5,373,644	424,732	9,275,274	184,616	16,850,595
Residential Mortgages	-	-	-	-	-	21,073,400	-	21,073,400
Higher Risk Assets	-	-	-	-	-	4,331	-	4,331
Other Assets	-	402,306	-	-	-	-	1,353,650	1,755,956
Defaulted Exposures	-	17,026	2,799	164,986	42,168	389,452	6,159	622,590
<b>Total On-Balance Sheet Exposures</b>	<b>11,127,822</b>	<b>20,310,575</b>	<b>2,404,711</b>	<b>19,654,323</b>	<b>2,708,348</b>	<b>32,826,879</b>	<b>2,242,871</b>	<b>91,275,529</b>
Credit-Related Off-Balance Sheet Exposures	-	944,244	92,346	2,034,468	634,739	2,515,784	132,078	6,353,659
Derivative Financial Instruments	62,040	2,349,377	-	-	-	-	103,139	2,514,556
Defaulted Exposures	-	215	67	1,514	1,578	1,347	-	4,721
<b>Total Off-Balance Sheet Exposures</b>	<b>62,040</b>	<b>3,293,836</b>	<b>92,413</b>	<b>2,035,982</b>	<b>636,317</b>	<b>2,517,131</b>	<b>235,217</b>	<b>8,872,936</b>
<b>Total Credit Exposures</b>	<b>11,189,862</b>	<b>23,604,411</b>	<b>2,497,124</b>	<b>21,690,305</b>	<b>3,344,665</b>	<b>35,344,010</b>	<b>2,478,088</b>	<b>100,148,465</b>

## BASEL II PILLAR 3 REPORT

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2026

## 4.0 CREDIT RISK (CONT'D)

## 4.1 Distribution of Credit Exposures (cont'd)

## (b) Industry Distribution (cont'd)

The following tables represent the Group's and the Bank's major types of gross credit exposure by sector. The analysis is based on the sector in which the customers are engaged. (cont'd)

BANK 2026	Government & Central Bank RM'000	Financial, Insurance, Business Services & Real Estate RM'000			Transport, Storage & Communication RM'000	Agriculture Manufacturing, Wholesale & Retail Trade RM'000		Household RM'000	Others RM'000	Total RM'000
		RM'000	RM'000	RM'000		RM'000	RM'000			
<b>Exposure Class</b>										
Sovereigns/Central Banks	9,306,078	-	-	-	-	-	-	-	63,703	9,369,781
Public Sector Entities	-	703,205	-	-	3	-	-	-	1	703,209
Banks, DFIs and Multilateral Development Banks	-	3,073,213	-	-	-	-	-	-	-	3,073,213
Insurance Companies, Securities Firms and Fund Managers	-	296,523	-	-	-	-	-	-	-	296,523
Corporates	-	10,081,167	1,586,280	10,223,209	1,627,386	2,080,087	494,477	26,092,606		
Regulatory Retail	-	1,036,442	134,898	3,864,087	284,145	6,944,134	156,172	12,419,878		
Residential Mortgages	-	-	-	-	-	16,552,284	-	16,552,284		
Higher Risk Assets	-	-	-	-	-	3,502	-	3,502		
Other Assets	-	339,446	-	-	-	-	1,326,598	1,666,044		
Defaulted Exposures	-	16,082	2,530	126,026	40,748	249,913	3,594	438,893		
<b>Total On-Balance Sheet Exposures</b>	<b>9,306,078</b>	<b>15,546,078</b>	<b>1,723,708</b>	<b>14,213,325</b>	<b>1,952,279</b>	<b>25,829,920</b>	<b>2,044,545</b>	<b>70,615,933</b>		
Credit-Related Off-Balance Sheet Exposures	-	810,081	73,568	1,497,253	510,394	2,348,072	123,219	5,362,587		
Derivative Financial Instruments	62,040	2,358,169	-	-	-	-	103,139	2,523,348		
Defaulted Exposures	-	215	67	967	1,579	1,124	-	3,952		
<b>Total Off-Balance Sheet Exposures</b>	<b>62,040</b>	<b>3,168,465</b>	<b>73,635</b>	<b>1,498,220</b>	<b>511,973</b>	<b>2,349,196</b>	<b>226,358</b>	<b>7,889,887</b>		
<b>Total Credit Exposures</b>	<b>9,368,118</b>	<b>18,714,543</b>	<b>1,797,343</b>	<b>15,711,545</b>	<b>2,464,252</b>	<b>28,179,116</b>	<b>2,270,903</b>	<b>78,505,820</b>		

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#### 4.0 CREDIT RISK (CONT'D)

##### 4.1 Distribution of Credit Exposures (cont'd)

##### (b) Industry Distribution (cont'd)

The following tables represent the Group's and the Bank's major types of gross credit exposure by sector. The analysis is based on the sector in which the customers are engaged. (cont'd)

GROUP 2025	Government & Central Bank RM'000	Financial, Insurance, Business Services & Real Estate RM'000	Transport, Storage & Communication RM'000	Agriculture		Household RM'000	Others RM'000	Total RM'000
				Retail Trade RM'000	Manufacturing, Wholesale & Retail Trade RM'000			
<b>Exposure Class</b>								
Sovereigns/Central Banks	11,969,174	7,907	-	-	-	-	-	11,977,081
Public Sector Entities	-	812,549	-	-	-	-	1	812,550
Banks, DFIs and Multilateral Development Banks	-	3,938,202	-	-	-	-	-	3,938,202
Insurance Companies, Securities Firms and Fund Managers	-	270,010	-	-	-	-	-	270,010
Corporates	-	10,429,557	1,928,169	13,604,726	1,985,898	1,736,576	483,347	30,168,273
Regulatory Retail	-	1,350,383	186,549	5,377,058	423,377	8,916,474	175,801	16,429,642
Residential Mortgages	-	-	-	-	-	19,083,993	-	19,083,993
Higher Risk Assets	-	-	-	-	-	4,595	-	4,595
Other Assets	-	303,811	-	-	-	-	1,203,736	1,507,547
Defaulted Exposures	-	24,737	3,475	134,297	95,268	365,477	13,816	637,070
<b>Total On-Balance Sheet Exposures</b>	11,969,174	17,137,156	2,118,193	19,116,081	2,504,543	30,107,115	1,876,701	84,828,963
Credit-Related Off-Balance Sheet Exposures	44,119	902,020	121,746	2,054,307	568,537	2,755,254	100,541	6,546,524
Derivative Financial Instruments	7,691	1,358,149	-	-	-	-	126,393	1,492,233
Defaulted Exposures	-	72	-	970	219	476	-	1,737
<b>Total Off-Balance Sheet Exposures</b>	51,810	2,260,241	121,746	2,055,277	568,756	2,755,730	226,934	8,040,494
<b>Total Credit Exposures</b>	12,020,984	19,397,397	2,239,939	21,171,358	3,073,299	32,862,845	2,103,635	92,869,457

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FOR THE FINANCIAL YEAR ENDED 31 MARCH 2026

## 4.0 CREDIT RISK (CONT'D)

## 4.1 Distribution of Credit Exposures (cont'd)

## (b) Industry Distribution (cont'd)

The following tables represent the Group's and the Bank's major types of gross credit exposure by sector. The analysis is based on the sector in which the customers are engaged. (cont'd)

BANK 2025	Government & Central Bank RM'000	Financial, Insurance, Business Services & Real Estate RM'000	Transport, Storage & Communication RM'000	Agriculture		Household RM'000	Others RM'000	Total RM'000
				Retail Trade RM'000	Wholesale & RM'000			
<b>Exposure Class</b>								
Sovereigns/Central Banks	9,412,699	-	-	-	-	-	-	9,412,699
Public Sector Entities	-	445,482	-	-	-	-	1	445,483
Banks, DFIs and Multilateral Development Banks	-	3,195,634	-	-	-	-	-	3,195,634
Insurance Companies, Securities Firms and Fund Managers	-	245,871	-	-	-	-	-	245,871
Corporates	-	8,583,299	1,373,482	9,989,105	1,736,517	368,922	-	23,585,154
Regulatory Retail	-	1,011,835	145,583	3,955,694	6,652,459	150,456	-	12,199,312
Residential Mortgages	-	-	-	-	14,672,374	-	-	14,672,374
Higher Risk Assets	-	-	-	-	3,708	-	-	3,708
Other Assets	-	303,811	-	-	-	1,181,310	-	1,485,121
Defaulted Exposures	-	24,086	2,992	111,004	208,479	10,533	-	450,416
<b>Total On-Balance Sheet Exposures</b>	9,412,699	13,810,018	1,522,057	14,055,803	23,273,537	1,711,222	65,695,772	
Credit-Related Off-Balance Sheet Exposures	44,119	776,265	83,580	1,490,831	2,576,747	90,138	-	5,516,887
Derivative Financial Instruments	7,691	1,358,149	-	-	-	126,393	-	1,492,233
Defaulted Exposures	-	72	-	798	225	-	-	1,314
<b>Total Off-Balance Sheet Exposures</b>	51,810	2,134,486	83,580	1,491,629	2,576,972	216,531	-	7,010,434
<b>Total Credit Exposures</b>	9,464,509	15,944,504	1,605,637	15,547,432	25,850,509	1,927,753	-	72,706,206

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#### 4.0 CREDIT RISK (CONT'D)

##### 4.1 Distribution of Credit Exposures (cont'd)

###### (c) Residual Contractual Maturity

The following tables represent the residual contractual maturity for major types of gross credit exposure for on-balance sheet financial assets of the Group and the Bank.

GROUP 2026	Up to 1 month RM'000	>1-3 months RM'000	>3-6 months RM'000	>6-12 months RM'000	>1 year RM'000	Total RM'000
<b>Exposure Class</b>						
Sovereigns/Central Banks	1,347,413	-	318,895	30,711	9,494,506	11,191,525
Public Sector Entities	150,293	20,296	65,269	54,568	748,886	1,039,312
Banks, DFIs and Multilateral Development Banks	2,008,475	1,307,470	474,931	92,807	194,756	4,078,439
Insurance Companies, Securities Firms and Fund Managers	249,482	-	-	111,925	9,920	371,327
Corporates	7,270,651	2,190,952	967,196	476,690	23,382,565	34,288,054
Regulatory Retail	2,931,968	414,183	197,940	133,254	13,173,250	16,850,595
Residential Mortgages	453,674	450	975	3,860	20,614,441	21,073,400
Higher Risk Assets	-	-	-	-	4,331	4,331
Other Assets	342,729	12,542	11,885	8,676	1,380,124	1,755,956
Defaulted Exposures	93,292	1,169	2,420	3,744	521,965	622,590
<b>Total On-Balance Sheet Exposures</b>	<b>14,847,977</b>	<b>3,947,062</b>	<b>2,039,511</b>	<b>916,235</b>	<b>69,524,744</b>	<b>91,275,529</b>
<b>BANK 2026</b>						
<b>Exposure Class</b>						
Sovereigns/Central Banks	1,274,555	-	260,338	30,711	7,804,177	9,369,781
Public Sector Entities	7	20,296	50,247	30,080	602,579	703,209
Banks, DFIs and Multilateral Development Banks	1,473,049	747,671	375,908	82,664	393,921	3,073,213
Insurance Companies, Securities Firms and Fund Managers	181,351	-	-	111,925	3,247	296,523
Corporates	6,064,536	1,571,889	661,231	367,052	17,427,898	26,092,606
Regulatory Retail	2,417,483	290,410	138,453	107,704	9,465,828	12,419,878
Residential Mortgages	189,889	437	744	3,120	16,358,094	16,552,284
Higher Risk Assets	-	-	-	-	3,502	3,502
Other Assets	367,178	12,360	11,617	8,319	1,266,570	1,666,044
Defaulted Exposures	75,126	460	1,170	2,713	359,424	438,893
<b>Total On-Balance Sheet Exposures</b>	<b>12,043,174</b>	<b>2,643,523</b>	<b>1,499,708</b>	<b>744,288</b>	<b>53,685,240</b>	<b>70,615,933</b>

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### 4.0 CREDIT RISK (CONT'D)

#### 4.1 Distribution of Credit Exposures (cont'd)

##### (c) Residual Contractual Maturity (cont'd)

The following tables represent the residual contractual maturity for major types of gross credit exposure for on-balance sheet financial assets of the Group and the Bank. (cont'd)

<b>GROUP 2025</b>	<b>Up to 1 month RM'000</b>	<b>&gt;1-3 months RM'000</b>	<b>&gt;3-6 months RM'000</b>	<b>&gt;6-12 months RM'000</b>	<b>&gt;1 year RM'000</b>	<b>Total RM'000</b>
<b>Exposure Class</b>						
Sovereigns/Central Banks	1,700,468	-	182,192	545,236	9,549,185	11,977,081
Public Sector Entities	150,263	-	39,493	5,777	617,017	812,550
Banks, DFIs and Multilateral Development Banks	2,788,170	656,754	12,346	-	480,932	3,938,202
Insurance Companies, Securities Firms and Fund Managers	151,604	-	-	-	118,406	270,010
Corporates	6,170,904	2,428,459	873,149	500,980	20,194,781	30,168,273
Regulatory Retail	2,714,330	421,564	190,395	174,814	12,928,539	16,429,642
Residential Mortgages	556,397	351	1,053	3,785	18,522,407	19,083,993
Higher Risk Assets	-	-	-	22	4,573	4,595
Other Assets	278,098	10,277	11,601	7,794	1,199,777	1,507,547
Defaulted Exposures	137,256	349	6,581	13,205	479,679	637,070
<b>Total On-Balance Sheet Exposures</b>	<b>14,647,490</b>	<b>3,517,754</b>	<b>1,316,810</b>	<b>1,251,613</b>	<b>64,095,296</b>	<b>84,828,963</b>
<b>BANK 2025</b>						
<b>Exposure Class</b>						
Sovereigns/Central Banks	1,029,047	-	172,077	504,098	7,707,477	9,412,699
Public Sector Entities	33	-	39,493	-	405,957	445,483
Banks, DFIs and Multilateral Development Banks	2,211,545	301,896	12,346	-	669,847	3,195,634
Insurance Companies, Securities Firms and Fund Managers	131,594	-	-	-	114,277	245,871
Corporates	5,045,739	1,863,336	672,208	405,503	15,598,368	23,585,154
Regulatory Retail	2,227,363	291,638	130,147	146,267	9,403,897	12,199,312
Residential Mortgages	231,514	319	920	3,340	14,436,281	14,672,374
Higher Risk Assets	-	-	-	22	3,686	3,708
Other Assets	363,474	9,734	10,786	6,502	1,094,625	1,485,121
Defaulted Exposures	120,044	64	6,529	11,351	312,428	450,416
<b>Total On-Balance Sheet Exposures</b>	<b>11,360,353</b>	<b>2,466,987</b>	<b>1,044,506</b>	<b>1,077,083</b>	<b>49,746,843</b>	<b>65,695,772</b>

## BASEL II PILLAR 3 REPORT FOR THE FINANCIAL YEAR ENDED 31 MARCH 2026

### 4.0 CREDIT RISK (CONT'D)

#### 4.2 Impaired Loans, Advances and Financing and Allowance for ECL Analysis

Impaired loans, advances and financing are exposures where the customers have failed to make a principal and/or interest payment for more than three months. In addition, where customers are deemed incapable of continuing repayment obligations, the exposures will be judgmentally impaired. Where exposures are restructured or rescheduled due to increase in credit risk, the exposures are also classified as impaired.

##### Past Due but Not Impaired Loans, Advances and Financing Analysis

Past due but not impaired loans, advances and financing are loans where the customers have failed to make a principal and/or interest payment when contractually due, and include loans which are due one or more days after the contractual due date but not more than three months. Under MFRS 9, exposures more than 30 days past due are transferred to Stage 2. For loans that are structured to pay principal and/or interest at quarterly intervals or longer, a default of payment will trigger an impairment.

##### Impaired and Past Due Loans, Advances and Financing and Allowance for ECL – Industry Analysis

GROUP 2026	Impaired Loans, Advances and Financing RM'000	Past Due Loan RM'000	12 months ECL (Stage 1) RM'000	Lifetime ECL Not-credit Impaired (Stage 2) RM'000	Lifetime ECL Credit Impaired (Stage 3) RM'000	Stage 3 ECL charged/ (write-back) (net) RM'000	Stage 3 write-off (net) RM'000
Financial, Insurance & Business Services and Real Estate	47,117	132,191	21,799	39,763	30,404	3,100	(1,177)
Transport, Storage & Communication	7,830	19,001	5,086	2,426	5,495	(198)	(225)
Agriculture, Manufacturing, Wholesale & Retail Trade	319,425	227,026	64,996	136,592	158,089	48,291	(32,226)
Construction	188,958	20,766	10,281	15,378	147,163	(8,680)	(7,744)
Household	587,084	1,571,851	132,058	336,605	197,521	198,550	(169,548)
Others	11,293	16,497	1,642	2,614	5,487	1,679	(754)
<b>Total</b>	<b>1,161,707</b>	<b>1,987,332</b>	<b>235,862</b>	<b>533,378</b>	<b>544,159</b>	<b>242,742</b>	<b>(211,674)</b>
<b>BANK 2026</b>							
Financial, Insurance & Business Services and Real Estate	44,483	108,595	16,710	31,206	28,668	2,686	(1,177)
Transport, Storage & Communication	7,229	18,414	3,685	2,426	5,017	(226)	(225)
Agriculture, Manufacturing, Wholesale & Retail Trade	254,956	201,755	45,808	111,685	131,867	36,853	(31,298)
Construction	177,313	14,820	7,407	9,144	136,917	(8,959)	(7,744)
Household	372,849	1,047,096	71,452	168,943	122,901	112,055	(85,639)
Others	7,397	3,516	1,341	733	4,156	1,896	(336)
<b>Total</b>	<b>864,227</b>	<b>1,394,196</b>	<b>146,403</b>	<b>324,137</b>	<b>429,526</b>	<b>144,305</b>	<b>(126,419)</b>

## BASEL II PILLAR 3 REPORT

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2026

### 4.0 CREDIT RISK (CONT'D)

#### 4.2 Impaired Loans, Advances and Financing and Allowance for ECL Analysis (cont'd)

##### Impaired and Past Due Loans, Advances and Financing and Allowance for ECL - Industry Analysis (cont'd)

<b>GROUP 2025</b>	<b>Impaired Loans, Advances and Financing RM'000</b>	<b>Past Due Loan RM'000</b>	<b>12 months ECL (Stage 1) RM'000</b>	<b>Lifetime ECL Not-credit Impaired (Stage 2) RM'000</b>	<b>Lifetime ECL Credit Impaired (Stage 3) RM'000</b>	<b>Stage 3 ECL charged/ (write-back) (net) RM'000</b>	<b>Stage 3 write-off (net) RM'000</b>
Financial, Insurance & Business Services and Real Estate	52,824	101,088	19,407	18,481	28,482	12,351	(13,092)
Transport, Storage & Communication	9,158	2,534	3,888	2,617	5,918	701	(112)
Agriculture, Manufacturing, Wholesale & Retail Trade	272,716	234,315	76,575	99,063	142,024	29,587	(29,263)
Construction	257,900	9,440	6,504	13,405	163,587	31,858	(121)
Household	534,260	1,279,374	146,597	316,400	168,518	143,563	(197,355)
Others	18,172	5,529	1,769	2,921	4,562	2,050	(2,044)
<b>Total</b>	<b>1,145,030</b>	<b>1,632,280</b>	<b>254,740</b>	<b>452,887</b>	<b>513,091</b>	<b>220,110</b>	<b>(241,987)</b>
<b>BANK 2025</b>							
Financial, Insurance & Business Services and Real Estate	50,899	72,762	16,075	12,327	27,159	12,089	(13,092)
Transport, Storage & Communication	8,231	2,534	3,151	1,606	5,468	560	(52)
Agriculture, Manufacturing, Wholesale & Retail Trade	234,334	211,537	54,566	77,373	126,313	26,729	(22,885)
Construction	245,996	7,476	4,006	8,769	153,619	31,651	(121)
Household	305,088	838,727	79,932	164,263	96,486	68,069	(109,692)
Others	13,080	4,524	1,307	1,795	2,595	1,722	(1,580)
<b>Total</b>	<b>857,628</b>	<b>1,137,560</b>	<b>159,037</b>	<b>266,133</b>	<b>411,640</b>	<b>140,820</b>	<b>(147,422)</b>

BASEL II PILLAR 3 REPORT  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2026

#### 4.0 CREDIT RISK (CONT'D)

##### 4.2 Impaired Loans, Advances and Financing and Allowance for ECL Analysis (cont'd)

###### Impaired and Past Due Loans, Advances and Financing and Allowance for ECL – Geographical

GROUP 2026	Impaired Loans, Advances and Financing RM'000	Past Due Loan RM'000	12 months ECL (Stage 1) RM'000	Lifetime ECL Not-credit Impaired (Stage 2) RM'000	Lifetime ECL Credit Impaired (Stage 3) RM'000	Stage 3 ECL charged / (write-back) (net) RM'000	Stage 3 write-off (net) RM'000
Northern Region	124,281	105,378	25,247	40,192	58,764	25,803	(14,703)
Central Region	884,384	1,554,013	172,954	409,495	415,955	193,650	(183,403)
Southern Region	100,189	164,262	20,616	38,473	46,362	16,803	(10,376)
Sabah Region	37,285	145,582	10,232	31,515	15,433	4,217	(2,132)
Sarawak Region	15,568	18,097	6,813	13,703	7,645	2,269	(1,060)
<b>Total</b>	<b>1,161,707</b>	<b>1,987,332</b>	<b>235,862</b>	<b>533,378</b>	<b>544,159</b>	<b>242,742</b>	<b>(211,674)</b>
<b>BANK</b>							
<b>2026</b>							
Northern Region	82,644	82,165	13,822	24,675	39,824	17,742	(7,036)
Central Region	673,254	1,060,737	106,215	240,813	336,428	111,481	(109,655)
Southern Region	76,411	118,723	14,287	24,799	37,044	9,322	(7,293)
Sabah Region	17,404	118,469	7,311	23,628	8,927	3,570	(1,612)
Sarawak Region	14,514	14,102	4,768	10,222	7,303	2,190	(823)
<b>Total</b>	<b>864,227</b>	<b>1,394,196</b>	<b>146,403</b>	<b>324,137</b>	<b>429,526</b>	<b>144,305</b>	<b>(126,419)</b>

## BASEL II PILLAR 3 REPORT

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2026

### 4.0 CREDIT RISK (CONT'D)

#### 4.2 Impaired Loans, Advances and Financing and Allowance for ECL Analysis (cont'd)

##### Impaired and Past Due Loans, Advances and Financing and Allowance for ECL – Geographical (cont'd)

<b>GROUP 2025</b>	<b>Impaired Loans, Advances and Financing RM'000</b>	<b>Past Due Loan RM'000</b>	<b>12 months ECL (Stage 1) RM'000</b>	<b>Lifetime ECL Not-credit Impaired (Stage 2) RM'000</b>	<b>Lifetime ECL Credit Impaired (Stage 3) RM'000</b>	<b>Stage 3 ECL charged / (write-back) (net) RM'000</b>	<b>Stage 3 write-off (net) RM'000</b>
Northern Region	107,547	106,074	27,964	38,548	47,665	18,946	(17,020)
Central Region	903,382	1,250,039	185,310	349,685	405,707	184,891	(190,249)
Southern Region	88,426	144,180	22,544	30,796	39,935	9,300	(18,468)
Sabah Region	34,792	115,150	12,334	25,582	13,348	3,550	(13,757)
Sarawak Region	10,883	16,837	6,588	8,276	6,436	3,423	(2,493)
<b>Total</b>	<b>1,145,030</b>	<b>1,632,280</b>	<b>254,740</b>	<b>452,887</b>	<b>513,091</b>	<b>220,110</b>	<b>(241,987)</b>
<b>BANK 2025</b>							
Northern Region	69,133	81,765	16,205	22,142	29,118	11,653	(9,202)
Central Region	689,628	846,085	114,503	203,423	334,602	113,478	(111,247)
Southern Region	72,143	108,059	15,997	17,651	35,015	9,229	(11,093)
Sabah Region	17,004	87,471	7,471	18,627	6,969	3,046	(13,434)
Sarawak Region	9,720	14,180	4,861	4,290	5,936	3,414	(2,446)
<b>Total</b>	<b>857,628</b>	<b>1,137,560</b>	<b>159,037</b>	<b>266,133</b>	<b>411,640</b>	<b>140,820</b>	<b>(147,422)</b>

BASEL II PILLAR 3 REPORT  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2026

#### 4.0 CREDIT RISK (CONT'D)

##### 4.2 Impaired Loans, Advances and Financing and Allowance for ECL Analysis (cont'd)

Movements in the allowance for ECL on loans, advances and financing are as follows:

	12 months ECL (Stage 1) RM'000	Lifetime ECL Not-credit Impaired (Stage 2) RM'000	Lifetime ECL Credit Impaired (Stage 3) RM'000	Total RM'000
<b>GROUP</b>				
At 1 April 2025	254,740	452,887	513,091	1,220,718
Transfer to Stage 1	110,880	(358,877)	(11,091)	(259,088)
Transfer to Stage 2	(176,730)	754,901	(181,813)	396,358
Transfer to Stage 3	(414)	(328,800)	385,274	56,060
New financial assets originated or purchased	125,759	131,569	2,998	260,326
Financial assets derecognised other than write-off	(85,854)	(144,175)	(21,291)	(251,320)
Changes due to change in credit risk	7,620	30,092	15,537	53,249
Other adjustment	(69)	(31)	-	(100)
	<b>(18,808)</b>	<b>84,679</b>	<b>189,614</b>	<b>255,485</b>
Unwinding of discount	-	-	53,128	53,128
Total charge to/(write-back from) income statement	<b>(18,808)</b>	<b>84,679</b>	<b>242,742</b>	<b>308,613</b>
Write-off	<b>(70)</b>	<b>(4,188)</b>	<b>(211,674)</b>	<b>(215,932)</b>
At 31 March 2026	<b>235,862</b>	<b>533,378</b>	<b>544,159</b>	<b>1,313,399</b>
At 1 April 2024	223,351	426,406	534,968	1,184,725
Transfer to Stage 1	138,821	(364,749)	(2,268)	(228,196)
Transfer to Stage 2	(140,015)	663,390	(193,859)	329,516
Transfer to Stage 3	(226)	(311,159)	382,537	71,152
New financial assets originated or purchased	133,337	100,806	4,463	238,606
Financial assets derecognised other than write-off	(79,211)	(112,061)	(21,868)	(213,140)
Changes due to change in credit risk	(21,415)	54,403	2,963	35,951
Other adjustment	112	(45)	-	67
	31,403	30,585	171,968	233,956
Unwinding of discount	-	-	48,142	48,142
Total charge to/(write-back from) income statement	31,403	30,585	220,110	282,098
Write-off	(14)	(4,104)	(241,987)	(246,105)
At 31 March 2025	254,740	452,887	513,091	1,220,718

Note: The transfers between stages are inclusive of net remeasurement of allowances.

## BASEL II PILLAR 3 REPORT

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2026

### 4.0 CREDIT RISK (CONT'D)

#### 4.2 Impaired Loans, Advances and Financing and Allowance for ECL Analysis (cont'd)

Movements in the allowance for ECL on loans, advances and financing are as follows: (cont'd)

	12 months ECL (Stage 1) RM'000	Lifetime ECL Not-credit Impaired (Stage 2) RM'000	Lifetime ECL Credit Impaired (Stage 3) RM'000	Total RM'000
<b>BANK</b>				
At 1 April 2025	159,037	266,133	411,640	836,810
Transfer to Stage 1	64,702	(205,071)	(10,622)	(150,991)
Transfer to Stage 2	(102,460)	445,302	(114,085)	228,757
Transfer to Stage 3	(154)	(190,753)	233,337	42,430
New financial assets originated or purchased	75,067	101,963	596	177,626
Financial assets derecognised other than write-off	(57,212)	(108,105)	(11,002)	(176,319)
Changes due to change in credit risk	7,526	15,996	7,330	30,852
Other adjustment	(69)	(31)	-	(100)
	(12,600)	59,301	105,554	152,255
Unwinding of discount	-	-	38,751	38,751
Total charge to/(write-back from) income statement	(12,600)	59,301	144,305	191,006
Write-off	(34)	(1,297)	(126,419)	(127,750)
At 31 March 2026	146,403	324,137	429,526	900,066
At 1 April 2024	133,745	260,560	418,242	812,547
Transfer to Stage 1	75,037	(212,218)	(1,352)	(138,533)
Transfer to Stage 2	(78,332)	384,365	(120,503)	185,530
Transfer to Stage 3	(208)	(190,632)	234,299	43,459
New financial assets originated or purchased	88,001	71,981	1,346	161,328
Financial assets derecognised other than write-off	(53,439)	(77,504)	(9,650)	(140,593)
Changes due to change in credit risk	(5,874)	31,952	253	26,331
Other adjustment	111	(45)	-	66
	25,296	7,899	104,393	137,588
Unwinding of discount	-	-	36,427	36,427
Total charge to/(write-back from) income statement	25,296	7,899	140,820	174,015
Write-off	(4)	(2,326)	(147,422)	(149,752)
At 31 March 2025	159,037	266,133	411,640	836,810

Note: The transfers between stages are inclusive of net remeasurement of allowances.

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#### 4.0 CREDIT RISK (CONT'D)

##### 4.3 Assignment of Risk-Weights for Portfolios Under the Standardised Approach

The following tables represent the credit exposures by risk-weights and after credit risk mitigation:

GROUP 2026 Risk- Weights	Exposures after netting and credit risk mitigation											Total Exposures after Netting and Credit Risk Mitigation RM'000	Total Risk- Weighted Assets RM'000							
	Sovereigns /Central Banks			Public Sector Entities		Banks Development		DFIs and Multilateral Banks		Insurance Companies, Securities Firms and Fund Managers				Regulatory Retail Mortgages		Higher Risk Assets		Other Assets		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000			RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
0%	11,161,210	746,684	5,073	3,201	2,933,022	816,398	74,224	-	296,124	-	-	-	-	-	-	-	-	16,035,936	-	
20%	102,349	368,546	5,796,000	331	4,593,955	718,081	4,625	-	745	-	-	-	-	-	-	-	-	11,584,632	2,316,926	
35%	-	-	-	-	-	-	15,511,618	-	-	-	-	-	-	-	-	-	-	15,511,618	5,429,065	
50%	-	-	742,231	-	87,043	62,025	4,333,638	-	-	-	-	-	-	-	-	-	-	5,224,937	2,612,469	
75%	-	-	-	-	-	14,046,522	1,612	-	-	-	-	-	-	-	-	-	-	14,048,134	10,536,101	
100%	-	-	45	391,875	26,761,140	2,958,578	1,465,027	-	1,459,087	-	-	-	-	-	-	-	-	33,035,752	33,035,752	
150%	-	-	-	-	29,044	32,359	3,532	5,763	-	-	-	-	-	-	-	-	-	70,698	106,048	
<b>Total</b>	<b>11,263,559</b>	<b>1,115,230</b>	<b>6,543,349</b>	<b>395,407</b>	<b>34,404,204</b>	<b>18,633,963</b>	<b>21,394,276</b>	<b>5,763</b>	<b>1,755,956</b>	<b>5,763</b>	<b>1,459,087</b>	<b>21,394,276</b>	<b>9,068,343</b>	<b>8,645</b>	<b>1,459,087</b>	<b>1,755,956</b>	<b>95,511,707</b>	<b>54,036,361</b>	<b>54,036,361</b>	
Risk- Weighted assets by Exposures	20,470	73,709	1,530,361	391,941	27,767,019	13,716,637	9,068,343	8,645	1,459,236	8,645	1,459,236	9,068,343	8,645	1,459,236	8,645	1,459,236	95,511,707	54,036,361	54,036,361	
Average Risk- Weight	0%	7%	23%	99%	81%	74%	42%	150%	83%	150%	83%	42%	150%	83%	83%	83%	57%	57%	57%	
Deduction from Capital Base	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

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## 4.0 CREDIT RISK (CONT'D)

## 4.3 Assignment of Risk-Weights for Portfolios Under the Standardised Approach (cont'd)

The following tables represent the credit exposures by risk-weights and after credit risk mitigation: (cont'd)

BANK 2026 Risk- Weights	Exposures after netting and credit risk mitigation										Total Exposures after Netting and Credit Risk Mitigation RM'000	Total Risk- Weighted Assets RM'000
	Sovereigns /Central Banks RM'000	Public Sector Entities RM'000	Banks, DFIs and Multilateral Development Banks RM'000	Insurance Companies, Securities Firms and Fund Managers RM'000	Corporates RM'000	Regulatory Retail Mortgages RM'000	Residential Mortgages RM'000	Higher Risk Assets RM'000	Other Assets RM'000	Netting Credit Risk Mitigation RM'000		
0%	9,339,466	570,600	-	952	1,988,009	604,541	73,453	-	296,124	12,873,145	-	
20%	102,349	204,527	4,800,748	331	3,696,624	617,001	3,429	-	745	9,425,754	1,885,151	
35%	-	-	-	-	-	-	11,875,343	-	-	11,875,343	4,156,369	
50%	-	-	746,122	-	82,390	46,909	3,594,634	-	-	4,470,055	2,235,028	
75%	-	-	-	-	-	11,611,307	1,386	-	-	11,612,693	8,709,520	
100%	-	-	45	319,300	19,958,673	1,140,190	1,191,202	-	1,369,175	23,978,585	23,978,585	
150%	-	-	-	-	22,566	27,760	2,678	4,624	-	57,628	86,442	
Total Exposures	9,441,815	775,127	5,546,915	320,583	25,748,262	14,047,708	16,742,125	4,624	1,666,044	74,293,203	41,051,095	
Risk- Weighted assets by Exposures	20,470	40,905	1,333,256	319,366	20,773,042	10,037,165	7,150,631	6,936	1,369,324	41,051,095		
Average Risk- Weight	0%	5%	24%	100%	81%	71%	43%	150%	82%	55%		
Deduction from Capital Base	-	-	-	-	-	-	-	-	-	-	-	

## BASEL II PILLAR 3 REPORT

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2026

## 4.0 CREDIT RISK (CONT'D)

## 4.3 Assignment of Risk-Weights for Portfolios Under the Standardised Approach (cont'd)

The following tables represent the credit exposures by risk-weights and after credit risk mitigation: (cont'd)

GROUP	Exposures after netting and credit risk mitigation											Total Exposures after Netting and Credit Risk Mitigation RM'000	Total Risk-Weighted Assets RM'000			
	Sovereigns /Central Banks		Public Sector Entities		Banks, DFIs and Multilateral Development Banks		Insurance Companies, Securities Firms and Fund Managers		Regulatory Retail Mortgages		Higher Risk Assets			Other Assets		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000			RM'000	RM'000	RM'000
0%	12,021,199	595,731	1,144	2,545,806	727,627	-	269,179	-	-	-	-	-	-	-	16,165,731	-
20%	7,691	311,278	413	3,552,033	784,373	5,572	142	-	-	-	-	-	-	-	9,705,115	1,941,023
35%	-	-	-	-	-	14,314,720	-	-	-	-	-	-	-	-	14,314,720	5,010,152
50%	-	-	262	58,413	47,415	3,426,525	-	-	-	-	-	-	-	-	3,871,833	1,935,917
75%	-	-	-	-	14,078,406	3,501	-	-	-	-	-	-	-	-	14,081,907	10,561,430
100%	-	-	300,221	24,133,476	2,964,286	1,792,614	-	-	-	-	-	-	-	-	30,428,834	30,428,834
150%	-	-	-	107,875	15,466	1,762	6,057	-	-	-	-	-	-	-	131,160	196,740
<b>Total Exposures</b>	<b>12,028,890</b>	<b>907,009</b>	<b>302,040</b>	<b>30,397,603</b>	<b>18,617,573</b>	<b>19,544,694</b>	<b>6,057</b>	<b>1,507,547</b>	<b>9,086</b>	<b>1,238,226</b>	<b>1,507,547</b>	<b>6,057</b>	<b>1,507,547</b>	<b>88,699,300</b>	<b>50,074,096</b>	
Risk-Weighted assets by Exposures	1,538	62,256	300,435	25,034,902	13,726,871	8,522,411	9,086	1,238,254	50,074,096							
Average Risk-Weight	0%	7%	99%	82%	74%	44%	150%	82%	56%							
Deduction from Capital Base	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

## BASEL II PILLAR 3 REPORT

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2026

### 4.0 CREDIT RISK (CONT'D)

#### 4.3 Assignment of Risk-Weights for Portfolios Under the Standardised Approach (cont'd)

The following tables represent the credit exposures by risk-weights and after credit risk mitigation: (cont'd)

BANK 2025 Risk- Weights	Exposures after netting and credit risk mitigation										Total Exposures after Netting and Credit Risk Mitigation RM'000	Total Risk- Weighted Assets RM'000
	Sovereigns /Central Banks RM'000	Public Sector Entities RM'000	Banks, DFIs and Multilateral Development Banks RM'000	Insurance Companies, Securities Firms and Fund Managers RM'000	Corporates RM'000	Regulatory Retail Mortgages RM'000	Residential RM'000	Higher Risk Assets RM'000	Other Assets RM'000	Netting and Credit Risk Mitigation RM'000		
0%	9,456,818	389,953	-	1,144	1,821,200	574,169	-	-	269,179	12,512,463	-	
20%	7,691	145,995	4,071,283	413	2,894,983	689,338	4,019	-	142	7,813,864	1,562,773	
35%	-	-	-	-	-	-	10,779,071	-	-	10,779,071	3,772,674	
50%	-	-	572,825	262	53,173	34,796	2,754,112	-	-	3,415,168	1,707,584	
75%	-	-	-	-	-	11,614,536	3,156	-	-	11,617,692	8,713,269	
100%	-	-	11	266,482	18,460,545	1,268,502	1,426,115	-	1,215,800	22,637,455	22,637,455	
150%	-	-	-	-	101,410	12,681	779	4,842	-	119,712	179,568	
Total Exposures	9,464,509	535,948	4,644,119	268,301	23,331,311	14,194,022	14,967,252	4,842	1,485,121	68,895,425	38,573,323	
Risk- Weighted assets by Exposures	1,538	29,199	1,100,680	266,696	19,218,243	10,153,691	6,580,185	7,263	1,215,828	38,573,323		
Average Risk- Weight	0%	5%	24%	99%	82%	72%	44%	150%	82%	56%		
Deduction from Capital Base	-	-	-	-	-	-	-	-	-	-	-	

## BASEL II PILLAR 3 REPORT

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### 4.0 CREDIT RISK (CONT'D)

#### 4.3 Assignment of Risk-Weights for Portfolios Under the Standardised Approach (cont'd)

For the purpose of determining counterparty risk-weights, the Group uses external credit assessments from Rating Agency Malaysia (“RAM”), Malaysian Rating Corporation Berhad (“MARC”), Standard and Poor’s (“S&P”), Moody’s, Fitch Ratings, and Rating and Investment Information, Inc. (“R&I” [Refer to Note 1]). In the context of the Group’s portfolio, external credit assessments are mainly applicable to banks/financial institutions and rated corporations. The Group follows the process prescribed under BNM’s Capital Adequacy Framework to map the ratings to the relevant risk-weights. The ratings are monitored and updated regularly to ensure that the latest and most appropriate risk-weights are applied in the capital computation.

The following tables show the rated credit exposures according to ratings by approved External Credit Assessment Institutions (“ECAIs”) or as prescribed under the RWCAF:

##### Long-Term Rating

Rating Category	S&P	Moody’s	Fitch	RAM	MARC	R&I*
1	AAA to AA-	Aaa to Aa3	AAA to AA-	AAA to AA3	AAA to AA-	AAA to AA-
2	A+ to A-	A1 to A3	A+ to A-	A+ to A3	A+ to A-	A+ to A-
3	BBB+ to BB-	Baa1 to Ba3	BBB+ to BB-	BBB1 to BB3	BBB+ to BB-	BBB+ to BB-
4	B+ to D	B1 to C	B+ to D	B to D	B+ to D	B+ to D
5	Unrated					

##### Short-Term Rating

Rating Category	S&P	Moody’s	Fitch	RAM	MARC	R&I*
1	A-1	P-1	F1+, F1	P-1	MARC-1	a-1+, a-1
2	A-2	P-2	F2+, F2	P-2	MARC-2	a-2
3	A-3	P-3	F3	P-3	MARC-3	a-3
4	Others	Others	B to D	NP	MARC-4	b, c
5	Unrated					

\* Note 1: R&I rating is not recognised for Islamic debt securities.

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### 4.0 CREDIT RISK (CONT'D)

#### 4.3 Assignment of Risk-Weights for Portfolios Under the Standardised Approach (cont'd)

The following tables show the rated credit exposures according to ratings by approved ECAs or as prescribed under the RWCAF: (cont'd)

#### GROUP 2026

Exposure Class	Rating Categories					Total RM'000
	1	2	3	4	5	
	RM'000	RM'000	RM'000	RM'000	RM'000	
<b>On and Off-Balance Sheet Exposures</b>						
<b>(i) Exposures risk-weighted using Sovereigns and Central Banks rating</b>						
Public Sector Entities	-	746,684	-	-	-	746,684
Sovereigns and Central Banks (Refer to Note 1)	-	11,263,559	-	-	-	11,263,559
Corporates	-	1,824,392	-	-	-	1,824,392
Banks, DFIs and Multilateral Development Banks	-	5,073	-	-	-	5,073
<b>Total</b>	-	13,839,708	-	-	-	13,839,708
<b>(ii) Exposures risk-weighted using Banking Institutions long-term rating</b>						
Banks, DFIs and Multilateral Development Banks	5,033,046	1,045,604	4,626	-	445,030	6,528,306
<b>Exposures risk-weighted using Banking Institutions short-term rating</b>						
Banks, DFIs and Multilateral Development Banks	9,970	-	-	-	-	9,970
<b>Total</b>	5,043,016	1,045,604	4,626	-	445,030	6,538,276
<b>(iii) Exposures risk-weighted using Corporate long-term rating</b>						
Public Sector Entities	137,645	-	-	-	230,901	368,546
Corporates	4,400,773	49,034	9,789	-	31,069,120	35,528,716
Insurance Companies, Securities Firms & Fund Managers	-	-	-	-	396,256	396,256
<b>Exposures risk-weighted using Corporate short-term rating</b>						
Public Sector Entities	-	-	-	-	-	-
Corporates	-	-	-	-	-	-
Insurance Companies, Securities Firms & Fund Managers	-	-	-	-	-	-
<b>Total</b>	4,538,418	49,034	9,789	-	31,696,277	36,293,518

Note 1: The Federal Government and Central Bank of Malaysia are accorded 0% risk weight as provided under the Capital Adequacy Framework.

## BASEL II PILLAR 3 REPORT

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### 4.0 CREDIT RISK (CONT'D)

#### 4.3 Assignment of Risk-Weights for Portfolios Under the Standardised Approach (cont'd)

The following tables show the rated credit exposures according to ratings by approved ECAIs or as prescribed under the RWCAF: (cont'd)

#### BANK 2026

Exposure Class	Rating Categories					Total
	1	2	3	4	5	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>On and Off-Balance Sheet Exposures</b>						
<b>(i) Exposures risk-weighted using Sovereigns and Central Banks rating</b>						
Public Sector Entities	-	570,600	-	-	-	570,600
Sovereigns and Central Banks (Refer to Note 1)	-	9,441,815	-	-	-	9,441,815
Corporates	-	1,272,657	-	-	-	1,272,657
Banks, DFIs and Multilateral Development Banks	-	-	-	-	-	-
<b>Total</b>	-	11,285,072	-	-	-	11,285,072
<b>(ii) Exposures risk-weighted using Banking Institutions long-term rating</b>						
Banks, DFIs and Multilateral Development Banks	4,047,764	1,049,495	4,626	-	445,030	5,546,915
<b>Exposures risk-weighted using Banking Institutions short-term rating</b>						
Banks, DFIs and Multilateral Development Banks	-	-	-	-	-	-
<b>Total</b>	4,047,764	1,049,495	4,626	-	445,030	5,546,915
<b>(iii) Exposures risk-weighted using Corporate long-term rating</b>						
Public Sector Entities	132,374	-	-	-	72,153	204,527
Corporates	3,549,373	49,034	3 89	-	23,541,265	27,140,061
Insurance Companies, Securities Firms & Fund Managers	-	-	-	-	321,432	321,432
<b>Exposures risk-weighted using Corporate short-term rating</b>						
Public Sector Entities	-	-	-	-	-	-
Corporates	-	-	-	-	-	-
Insurance Companies, Securities Firms & Fund Managers	-	-	-	-	-	-
<b>Total</b>	3,681,747	49,034	389	-	23,934,850	27,666,020

Note 1: The Federal Government and Central Bank of Malaysia are accorded 0% risk weight as provided under the Capital Adequacy Framework.

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FOR THE FINANCIAL YEAR ENDED 31 MARCH 2026

### 4.0 CREDIT RISK (CONT'D)

#### 4.3 Assignment of Risk-Weights for Portfolios Under the Standardised Approach (cont'd)

The following tables show the rated credit exposures according to ratings by approved ECAs or as prescribed under the RWCAF: (cont'd)

#### GROUP 2025

Exposure Class	Rating Categories					Total
	1	2	3	4	5	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>On and Off-Balance Sheet Exposures</b>						
<b>(i) Exposures risk-weighted using Sovereigns and Central Banks rating</b>						
Public Sector Entities	-	595,731	-	-	-	595,731
Sovereigns and Central Banks (Refer to Note 1)	-	12,028,890	-	-	-	12,028,890
Corporates	-	1,541,686	-	-	-	1,541,686
Banks, DFIs and Multilateral Development Banks	-	5,045	-	-	-	5,045
<b>Total</b>	-	14,171,352	-	-	-	14,171,352
<b>(ii) Exposures risk-weighted using Banking Institutions long-term rating</b>						
Banks, DFIs and Multilateral Development Banks	3,461,974	1,122,167	3,567	-	740,554	5,328,262
<b>Exposures risk-weighted using Banking Institutions short-term rating</b>						
Banks, DFIs and Multilateral Development Banks	54,580	-	-	-	-	54,580
<b>Total</b>	3,516,554	1,122,167	3,567	-	740,554	5,382,842
<b>(iii) Exposures risk-weighted using Corporate long-term rating</b>						
Public Sector Entities	21,125	-	-	-	250,661	271,786
Corporates	3,350,232	8,901	1	-	28,124,702	31,483,836
Insurance Companies, Securities Firms & Fund Managers	-	-	-	-	302,845	302,845
<b>Exposures risk-weighted using Corporate short-term rating</b>						
Public Sector Entities	39,493	-	-	-	-	39,493
Corporates	19,840	-	-	-	-	19,840
Insurance Companies, Securities Firms & Fund Managers	-	-	-	-	-	-
<b>Total</b>	3,430,690	8,901	1	-	28,678,208	32,117,800

Note 1: The Federal Government and Central Bank of Malaysia are accorded 0% risk weight as provided under the Capital Adequacy Framework.

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#### 4.0 CREDIT RISK (CONT'D)

##### 4.3 Assignment of Risk-Weights for Portfolios Under the Standardised Approach (cont'd)

The following tables show the rated credit exposures according to ratings by approved ECAs or as prescribed under the RWCAF: (cont'd)

#### BANK 2025

Exposure Class	Rating Categories					Total
	1	2	3	4	5	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>On and Off-Balance Sheet Exposures</b>						
<b>(i) Exposures risk-weighted using Sovereigns and Central Banks rating</b>						
Public Sector Entities	-	3 89,953	-	-	-	3 89,953
Sovereigns and Central Banks (Refer to Note 1)	-	9,464,509	-	-	-	9,464,509
Corporates	-	1,096,768	-	-	-	1,096,768
Banks, DFIs and Multilateral Development Banks	-	-	-	-	-	-
<b>Total</b>	-	1 0,951,230	-	-	-	10,951,230
<b>(ii) Exposures risk-weighted using Banking Institutions long-term rating</b>						
Banks, DFIs and Multilateral Development Banks	2,543,761	1,356,974	3,567	-	685,237	4,589,539
<b>Exposures risk-weighted using Banking Institutions short-term rating</b>						
Banks, DFIs and Multilateral Development Banks	54,580	-	-	-	-	54,580
<b>Total</b>	2,598,341	1,356,974	3,567	-	685,237	4,644,119
<b>(iii) Exposures risk-weighted using Corporate long-term rating</b>						
Public Sector Entities	15,844	-	-	-	9 0,659	106,503
Corporates	2,730,025	8,901	1	-	21,880,543	24,619,470
Insurance Companies, Securities Firms & Fund Managers	-	-	-	-	269,107	269,107
<b>Exposures risk-weighted using Corporate short-term rating</b>						
Public Sector Entities	39,493	-	-	-	-	39,493
Corporates	19,840	-	-	-	-	19,840
Insurance Companies, Securities Firms & Fund Managers	-	-	-	-	-	-
<b>Total</b>	2,805,202	8,901	1	-	22,240,309	25,054,413

Note 1: The Federal Government and Central Bank of Malaysia are accorded 0% risk weight as provided under the Capital Adequacy Framework.

There is no outstanding securitisation contract in the Bank that requires disclosure of ratings and short-term rating of securitisation by approved ECAs.

## BASEL II PILLAR 3 REPORT

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### 4.0 CREDIT RISK (CONT'D)

#### 4.4 Credit Risk Mitigation ("CRM")

The Group generally does not extend credit solely based on collateral. Instead, credit facilities are granted based on borrowers' creditworthiness. Collaterals that are eligible for credit risk mitigation will be accepted only after their marketability, liquidity, legal enforceability, transferability and stability of values are accessed in accordance with the Group's policy on collateral valuation. The policy also prescribes the frequency of valuation for different collateral/security types, based on liquidity and volatility of the collateral value and the underlying product or risk exposures.

As a practical approach towards mitigating credit risk, the Group accepts a wide range of collaterals. The main types of collateral acceptable to the Group include cash, guarantees, commercial and residential real estate, and physical collateral/financial collateral, e.g. motor vehicles or shares. Guarantees are accepted only when the financial standing of the guarantors have been ascertained.

However, for capital computation purposes, the BNM's Capital Adequacy Framework applies more restrictive rules on collaterals that qualify as credit risk mitigants. As a result, not all of the collaterals accepted by the Group can be used to reduce our capital adequacy requirement.

The following tables represent the Group's/Bank's credit exposure including off-balance sheet items under the standardised approach, the total exposure (after, where applicable, eligible netting benefits) that is covered by eligible guarantees and credit derivatives; and eligible collateral after haircuts, allowed under the Capital Adequacy Framework.

<b>GROUP 2026</b>	<b>Exposures before CRM RM'000</b>	<b>Exposures covered by guarantees/ credit derivatives (Note 1) RM'000</b>	<b>Exposures covered by eligible financial collateral RM'000</b>	<b>Exposures covered by other eligible collateral RM'000</b>
<b>Credit Risk</b>				
<b>Exposure Class</b>				
On-Balance Sheet Exposures:				
Sovereigns/Central Banks	11,191,525	-	-	-
Public Sector Entities	1,039,312	-	-	-
Banks, DFIs and Multilateral Development Banks	4,078,439	-	-	-
Insurance Companies, Securities Firms and Fund Managers	371,327	3,533	592	-
Corporates	34,288,054	1,232,676	2,603,310	-
Regulatory Retail	16,850,595	1,496,366	1,239,861	-
Residential Mortgages	21,073,400	78,849	15,446	-
Higher Risk Assets	4,331	-	-	-
Other Assets	1,755,956	-	-	-
Defaulted Exposures	622,590	37,889	3,142	-
<b>Total On-Balance Sheet Exposures</b>	<b>91,275,529</b>	<b>2,849,313</b>	<b>3,862,351</b>	<b>-</b>
Off-Balance Sheet Exposures:				
Off-Balance Sheet Exposures other than Over The Counter ("OTC") Derivatives or Credit Derivatives	8,868,215	69,359	774,405	-
Defaulted Exposures	4,721	-	2	-
<b>Total Off-Balance Sheet Exposures</b>	<b>8,872,936</b>	<b>69,359</b>	<b>774,407</b>	<b>-</b>
<b>Total On and Off-Balance Sheet Exposures</b>	<b>100,148,465</b>	<b>2,918,672</b>	<b>4,636,758</b>	<b>-</b>

Note 1: The exposures covered by guarantees/credit derivative refer to the exposures guaranteed by eligible guarantors.

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#### 4.0 CREDIT RISK (CONT'D)

##### 4.4 Credit Risk Mitigation ("CRM") (cont'd)

BANK 2026	Exposures before CRM RM'000	Exposures covered by guarantees/ credit derivatives (Note 1) RM'000	Exposures covered by eligible financial collateral RM'000	Exposures covered by other eligible collateral RM'000
<b>Credit Risk</b>				
<b>Exposure Class</b>				
On-Balance Sheet Exposures:				
Sovereigns/Central Banks	9,369,781	-	-	-
Public Sector Entities	703,209	-	-	-
Banks, DFIs and Multilateral Development Banks	3,073,213	-	-	-
Insurance Companies, Securities Firms and Fund Managers	296,523	1,284	592	-
Corporates	26,092,606	822,699	2,383,990	-
Regulatory Retail	12,419,878	1,193,862	1,116,530	-
Residential Mortgages	16,552,284	76,882	14,584	-
Higher Risk Assets	3,502	-	-	-
Other Assets	1,666,044	-	-	-
Defaulted Exposures	438,893	28,965	429	-
<b>Total On-Balance Sheet Exposures</b>	<b>70,615,933</b>	<b>2,123,692</b>	<b>3,516,125</b>	<b>-</b>
Off-Balance Sheet Exposures:				
Off-Balance Sheet Exposures other than OTC Derivatives or Credit Derivatives	7,885,935	38,618	696,492	-
Defaulted Exposures	3,952	-	-	-
<b>Total Off-Balance Sheet Exposures</b>	<b>7,889,887</b>	<b>38,618</b>	<b>696,492</b>	<b>-</b>
<b>Total On and Off-Balance Sheet Exposures</b>	<b>78,505,820</b>	<b>2,162,310</b>	<b>4,212,617</b>	<b>-</b>

Note 1: The exposures covered by guarantees/credit derivative refer to the exposures guaranteed by eligible guarantors.

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## 4.0 CREDIT RISK (CONT'D)

## 4.4 Credit Risk Mitigation ("CRM") (cont'd)

GROUP 2025	Exposures before CRM RM'000	Exposures covered by guarantees/ credit derivatives (Note 1) RM'000	Exposures covered by eligible financial collateral RM'000	Exposures covered by other eligible collateral RM'000
<b>Credit Risk</b>				
<b>Exposure Class</b>				
On-Balance Sheet Exposures:				
Sovereigns/Central Banks	11,977,081	-	-	-
Public Sector Entities	812,550	-	-	-
Banks, DFIs and Multilateral Development Banks	3,938,202	-	-	-
Insurance Companies, Securities Firms and Fund Managers	270,010	1,491	570	-
Corporates	30,168,273	1,133,751	2,296,428	-
Regulatory Retail	16,429,642	1,476,180	1,101,892	-
Residential Mortgages	19,083,993	5,572	12,141	-
Higher Risk Assets	4,595	-	-	-
Other Assets	1,507,547	-	-	-
Defaulted Exposures	637,070	27,095	2,270	-
Total On-Balance Sheet Exposures	84,828,963	2,644,089	3,413,301	-
Off-Balance Sheet Exposures:				
Off-Balance Sheet Exposures other than OTC Derivatives or Credit Derivatives	8,038,757	61,119	756,856	-
Defaulted Exposures	1,737	1	-	-
Total Off-Balance Sheet Exposures	8,040,494	61,120	756,856	-
Total On and Off-Balance Sheet Exposures	92,869,457	2,705,209	4,170,157	-

Note 1: The exposures covered by guarantees/credit derivative refer to the exposures guaranteed by eligible guarantors.

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#### 4.0 CREDIT RISK (CONT'D)

##### 4.4 Credit Risk Mitigation ("CRM") (cont'd)

BANK 2025	Exposures before CRM RM'000	Exposures covered by guarantees/ credit derivatives (Note 1) RM'000	Exposures covered by eligible financial collateral RM'000	Exposures covered by other eligible collateral RM'000
<b>Credit Risk</b>				
<b>Exposure Class</b>				
On-Balance Sheet Exposures:				
Sovereigns/Central Banks	9,412,699	-	-	-
Public Sector Entities	445,483	-	-	-
Banks, DFIs and Multilateral Development Banks	3,195,634	-	-	-
Insurance Companies, Securities Firms and Fund Managers	245,871	1,491	570	-
Corporates	23,585,154	839,451	2,124,361	-
Regulatory Retail	12,199,312	1,236,270	998,461	-
Residential Mortgages	14,672,374	4,019	11,287	-
Higher Risk Assets	3,708	-	-	-
Other Assets	1,485,121	-	-	-
Defaulted Exposures	450,416	23,251	2,199	-
<b>Total On-Balance Sheet Exposures</b>	<b>65,695,772</b>	<b>2,104,482</b>	<b>3,136,878</b>	<b>-</b>
Off-Balance Sheet Exposures:				
Off-Balance Sheet Exposures other than OTC Derivatives or Credit Derivatives	7,009,120	34,153	673,903	-
Defaulted Exposures	1,314	-	-	-
<b>Total Off-Balance Sheet Exposures</b>	<b>7,010,434</b>	<b>34,153</b>	<b>673,903</b>	<b>-</b>
<b>Total On and Off-Balance Sheet Exposures</b>	<b>72,706,206</b>	<b>2,138,635</b>	<b>3,810,781</b>	<b>-</b>

Note 1: The exposures covered by guarantees/credit derivative refer to the exposures guaranteed by eligible guarantors.

## BASEL II PILLAR 3 REPORT

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### 4.0 CREDIT RISK (CONT'D)

#### 4.5 Off-Balance Sheet Exposures and Counterparty Credit Risk

Counterparty Credit Risk ("CCR") is the risk that the counterparty to a transaction involving financial instruments such as foreign exchange and derivatives could default before the final settlement of the transaction's cash flows. Unlike a loan where the credit risk is unilateral i.e. only the lending bank faces the risk of loss, CCR on derivatives creates bilateral risk of loss. This means either party of the transaction can incur losses depending on the market value of the derivative, which can vary over time with the movement of underlying market factors.

For derivatives, the Group is not exposed to credit risk for the full face value of the contracts. CCR is limited to the potential cost of replacing the cash-flow if the counterparty defaults. As such, the credit equivalent amount will depend, inter alia, on the maturity of the contract and on the volatility of the rates underlying that type of instrument.

Derivatives are mainly utilised for hedging purposes with minimal trading exposures. CCR arising from the derivatives is managed via counterparty limits, which is set based on the counterparty's size and credit rating. These limits are monitored daily by Group Risk Management.

CCR is further mitigated via netting agreements, e.g. under the International Swaps and Derivatives Association ("ISDA") master agreement. The ISDA agreement contractually binds both parties to apply close-out netting across all outstanding transactions covered by this agreement should either party default or other such predetermined credit events occur.

CCR is measured via the current exposure method whereby the credit equivalent exposure for derivatives is the sum of the positive mark-to-market exposure plus the potential future exposure which is equivalent to an add-on factor multiplied by the notional amount. The add-on factors are as stipulated by BNM.

## BASEL II PILLAR 3 REPORT

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2026

### 4.0 CREDIT RISK (CONT'D)

#### 4.5 Off-Balance Sheet Exposures and Counterparty Credit Risk (cont'd)

The off-balance sheet exposures and their related CCR of the Group and the Bank are as follows:

GROUP 2026	Principal Amount RM'000	Positive Fair Value of Derivative Contracts RM'000	Credit Equivalent Amount RM'000	Risk- Weighted Assets RM'000
<u>Credit-Related Exposures</u>				
Direct Credit Substitutes	574,267	-	574,214	411,679
Transaction-Related Contingent Items	734,301	-	365,840	208,649
Short-Term Self-Liquidating Trade-Related Contingencies	135,651	-	27,130	20,658
Forward Asset Purchase	9,993	-	9,993	-
Lending of banks' securities or the posting of securities as collateral by banks, including instances where these arise out of repo-style transactions. (i.e. repurchase/reverse repurchase and securities lending/borrowing transactions.)	904,941	-	63,665	24,456
Irrevocable Commitments to Extend Credit:				
- Maturity exceeding one year	4,341,791	-	2,167,871	1,677,688
- Maturity not exceeding one year	13,404,501	-	2,680,758	1,904,236
Unutilised Credit Card Lines	2,344,608	-	468,909	355,521
	<b>22,450,053</b>	<b>-</b>	<b>6,358,380</b>	<b>4,602,887</b>
<u>Derivative Financial Instruments</u>				
Foreign Exchange Related Contracts:				
- One year or less	23,805,928	216,133	530,573	138,651
- Over one year to three years	109,591	4,857	10,498	4,817
- Over three years	-	-	-	-
Interest Rate Related Contracts:				
- One year or less	2,675,335	6,697	24,944	6,480
- Over one year to three years	12,864,101	25,858	287,255	82,839
- Over three years	26,055,549	95,370	1,607,413	428,031
Equity Related Contracts:				
- One year or less	592,600	1,050	39,356	11,275
- Over one year to three years	171,879	42	14,517	3,436
	<b>66,274,983</b>	<b>350,007</b>	<b>2,514,556</b>	<b>675,529</b>
	<b>88,725,036</b>	<b>350,007</b>	<b>8,872,936</b>	<b>5,278,416</b>

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### 4.0 CREDIT RISK (CONT'D)

#### 4.5 Off-Balance Sheet Exposures and Counterparty Credit Risk (cont'd)

The off-balance sheet exposures and their related CCR of the Group and the Bank are as follows: (cont'd)

<b>BANK 2026</b>	<b>Principal Amount RM'000</b>	<b>Positive Fair Value of Derivative Contracts RM'000</b>	<b>Credit Equivalent Amount RM'000</b>	<b>Risk- Weighted Assets RM'000</b>
<u>Credit-Related Exposures</u>				
Direct Credit Substitutes	482,358	-	482,358	340,679
Transaction-Related Contingent Items	594,703	-	296,239	176,535
Short-Term Self-Liquidating Trade-Related Contingencies	109,994	-	21,999	17,376
Forward Asset Purchase	9,993	-	9,993	-
Lending of banks' securities or the posting of securities as collateral by banks, including instances where these arise out of repo-style transactions. (i.e. repurchase/reverse repurchase and securities lending/borrowing transactions.)	904,941	-	63,665	24,456
Irrevocable Commitments to Extend Credit:				
- Maturity exceeding one year	3,787,043	-	1,890,847	1,451,206
- Maturity not exceeding one year	10,663,351	-	2,132,528	1,431,043
Unutilised Credit Card Lines	2,344,608	-	468,910	355,196
	<b>18,896,991</b>	<b>-</b>	<b>5,366,539</b>	<b>3,796,491</b>
<u>Derivative Financial Instruments</u>				
Foreign Exchange Related Contracts:				
- One year or less	23,805,928	216,133	530,572	138,649
- Over one year to three years	109,591	4,857	10,498	4,817
- Over three years	-	-	-	-
Interest Rate Related Contracts:				
- One year or less	2,675,335	6,697	24,944	6,480
- Over one year to three years	13,264,101	25,858	296,048	84,598
- Over three years	26,055,549	95,370	1,607,413	428,032
Equity Related Contracts:				
- One year or less	592,600	1,050	39,356	11,276
- Over one year to three years	171,879	42	14,517	3,436
	<b>66,674,983</b>	<b>350,007</b>	<b>2,523,348</b>	<b>677,288</b>
	<b>85,571,974</b>	<b>350,007</b>	<b>7,889,887</b>	<b>4,473,779</b>

BASEL II PILLAR 3 REPORT  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2026

#### 4.0 CREDIT RISK (CONT'D)

##### 4.5 Off-Balance Sheet Exposures and Counterparty Credit Risk (cont'd)

The off-balance sheet exposures and their related CCR of the Group and the Bank are as follows: (cont'd)

GROUP 2025	Principal Amount RM'000	Positive Fair Value of Derivative Contracts RM'000	Credit Equivalent Amount RM'000	Risk- Weighted Assets RM'000
<u>Credit-Related Exposures</u>				
Direct Credit Substitutes	536,155	-	536,155	407,873
Transaction-Related Contingent Items	714,231	-	352,638	207,065
Short-Term Self-Liquidating Trade-Related Contingencies	118,673	-	23,735	18,336
Forward Asset Purchase	-	-	-	-
Lending of banks' securities or the posting of securities as collateral by banks, including instances where these arise out of repo-style transactions. (i.e. repurchase/reverse repurchase and securities lending/borrowing transactions.)	1,689,046	-	104,059	11,988
Irrevocable Commitments to Extend Credit:				
- Maturity exceeding one year	5,051,678	-	2,524,478	1,922,647
- Maturity not exceeding one year	12,923,384	-	2,584,093	1,808,673
Unutilised Credit Card Lines	2,115,549	-	423,103	321,261
	23,148,716	-	6,548,261	4,697,843
<u>Derivative Financial Instruments</u>				
Foreign Exchange Related Contracts:				
- One year or less	14,982,172	68,906	257,351	75,368
- Over one year to three years	400,299	3,945	26,542	14,985
- Over three years	8,862	-	709	709
Interest Rate Related Contracts:				
- One year or less	4,118,349	5,609	74,671	18,241
- Over one year to three years	8,601,276	20,050	249,034	67,970
- Over three years	14,298,218	52,660	856,512	223,224
Equity Related Contracts:				
- One year or less	316,353	91	19,451	4,884
- Over one year to three years	98,607	-	7,963	2,124
	42,824,136	151,261	1,492,233	407,505
	65,972,852	151,261	8,040,494	5,105,348

## BASEL II PILLAR 3 REPORT

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2026

### 4.0 CREDIT RISK (CONT'D)

#### 4.5 Off-Balance Sheet Exposures and Counterparty Credit Risk (cont'd)

The off-balance sheet exposures and their related CCR of the Group and the Bank are as follows: (cont'd)

<b>BANK 2025</b>	<b>Principal Amount RM'000</b>	<b>Positive Fair Value of Derivative Contracts RM'000</b>	<b>Credit Equivalent Amount RM'000</b>	<b>Risk- Weighted Assets RM'000</b>
<u>Credit-Related Exposures</u>				
Direct Credit Substitutes	448,167	-	448,167	338,065
Transaction-Related Contingent Items	579,231	-	285,138	175,234
Short-Term Self-Liquidating Trade-Related Contingencies	103,660	-	20,732	16,634
Forward Asset Purchase	-	-	-	-
Lending of banks' securities or the posting of securities as collateral by banks, including instances where these arise out of repo-style transactions. (i.e. repurchase/reverse repurchase and securities lending/borrowing transactions.)	1,689,046	-	104,059	11,988
Irrevocable Commitments to Extend Credit:				
- Maturity exceeding one year	4,466,785	-	2,232,317	1,691,954
- Maturity not exceeding one year	10,023,710	-	2,004,685	1,314,479
Unutilised Credit Card Lines	2,115,549	-	423,103	320,924
	19,426,148	-	5,518,201	3,869,278
<u>Derivative Financial Instruments</u>				
Foreign Exchange Related Contracts:				
- One year or less	14,982,172	68,906	257,351	75,368
- Over one year to three years	400,299	3,945	26,542	14,985
- Over three years	8,862	-	709	709
Interest Rate Related Contracts:				
- One year or less	4,118,349	5,609	74,671	18,241
- Over one year to three years	8,601,276	20,050	249,034	67,970
- Over three years	14,298,218	52,660	856,512	223,224
Equity Related Contracts:				
- One year or less	316,353	91	19,451	4,884
- Over one year to three years	98,607	-	7,963	2,124
	42,824,136	151,261	1,492,233	407,505
	62,250,284	151,261	7,010,434	4,276,783

## BASEL II PILLAR 3 REPORT

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2026

### 5.0 MARKET RISK

Market risk defined as the potential risk of losses in on- or off-balance sheet positions arising from systemic risk caused by adverse movements in market prices such as interest rate/profit rates, foreign exchange rates, commodity prices and equity prices.

#### 5.1 Market Risk Management

The Board, via the GRMC provides oversight on market risk management activities. Its responsibilities include reviewing and approving risk management policies, risk exposures and limits whilst ensuring the necessary infrastructure and resources are in place.

At Senior Management level, the Group Assets and Liabilities Management Committee (“GALCO”) manages the Group’s market risk by reviewing and recommending market risk frameworks and policies; ensuring that market risk limits and parameters are within the approved thresholds; and aligning market risk management with business strategy and planning.

Organisationally, market risks are managed collectively via the Three Lines of Defence concept. Group Financial Markets, as the risk taking unit assumes ownership of the risk and manages the risk within the approved policies, risk limits and parameters as set by the GRMC or GALCO. The risk control function is undertaken by Group Risk Management which provides independent monitoring, valuation and reporting of the market exposures. This is supplemented by periodic review by Group Internal Audit.

The Group’s Market Risk Management (“MRM”) Framework has been established to manage risks from proprietary trading, treasury Asset Liability Management (“ALM”), and strategic investments, ensuring that market-taking activities align with long-term sustainable business objectives and safeguard capital stability.

Acting as the second line of defence, Group Risk Management provides independent oversight by monitoring and reporting portfolio exposures against the Risk Appetite Statements (“RAS”) and ensuring any triggers or breaches are promptly escalated to senior management for resolution. This is supplemented by periodic review by Group Internal Audit.

#### 5.2 Traded Market Risk

For the Group, market risk is managed using an integrated approach which involves the following processes:

- (a) Identification of market risk in new products and changes in risk profiles of existing exposure;
- (b) Assessment of the type and magnitude of market risks which takes into account the activity and market role undertaken;
- (c) Adoption of various market risk measurement tools and techniques to quantify market risk exposure; and
- (d) Scheduled and exception reporting on market risk exposures.

The Group’s market risk exposures are primarily in fixed income securities, foreign exchange and financial derivatives, under Group Financial Markets. Trading positions are held intentionally for short-term resale and with the intent of benefiting from actual or expected short-term price movements while banking book positions are held until maturity or as available-for-sale. Hence, these positions are susceptible to market movements.

## BASEL II PILLAR 3 REPORT

### FOR THE FINANCIAL YEAR ENDED 31 MARCH 2026

#### 5.0 MARKET RISK (CONT'D)

##### 5.2 Traded Market Risk (cont'd)

###### **Risk Governance**

These exposures are governed by approved policies, risk limits and parameters which are set in relation to the Group's risk appetite and strategy. Besides that, treasury activities are monitored and reported independently by Group Market Risk Management on a daily basis. Market risk limits, exposures as well as any limit breaches or exceptions are reported to GALCO, ERMC and GRMC. The risk measurement tools are outlined below:

The Group uses the following risk measurement tools which are outlined below:

- (a) Value-at-Risk ("VaR"): The Group has adopted the historical simulation approach where historical scenarios are generated based on actual past market movements from End-of-Day ("EoD") position. The VaR estimation is derived by calculating the maximum potential loss of a portfolio over one-day horizon at 99% confidence level with the assumption that returns follow a normal distribution. The Group currently adopts the hypothetical Profit & Loss ("P&L") approach to back-test and validate the VaR model. Hypothetical P&L refers to the simulated P&L that is generated by applying the day's price movements to the previous day's EoD portfolio.
- (b) Price Value of a Basis Point ("PV01") Limit: PV01 measures the sensitivity of the portfolio to adverse movements in interest rates. This limit is expressed in terms of potential losses to the entire portfolio for an adverse one basis point movement in interest rates.
- (c) The Total Net Open Position ("NOP"): The NOP limits represent the maximum permissible amount of net open position that the FX Spot & Swap Trading Desk dealers can maintain at any point in time.
- (d) Gamma and Vega Limits for FX and Interest Options: Gamma value parameter of an option is a risk parameter that measures the changes of the portfolio Delta due to changes in the underlying Spot value. Vega risk of an option measures and computes the changes in portfolio value due to parallel shift in volatility surface.
- (e) Others: Other limits include Stop Loss Limits, Tenure Limits and Transaction Limits. These limits provide additional control on the trading portfolio. In addition, stress testing is conducted to gauge and identify potential vulnerability risk areas of a bank's portfolio in accordance with a range of stressed scenarios or sensitivity analysis. It provides a forward looking assessment of risk exposures under stressed conditions which enables the Bank to assess potential worst case scenarios and develop appropriate management actions and contingency plans.

###### **Hedging Policies and Strategies**

The Group had established a policy which outlines the broad principles and policies governing hedging activities by the Group. Generally, the Group enters into hedges to manage or reduce risk exposures. All hedging strategies in the trading and banking book are approved by the GALCO and monitored independently by Group Market Risk Management. Further, all hedging strategies are designated upfront and recorded separately under the hedging portfolios. Hedging positions and effectiveness, if any, are monitored and reported monthly to Senior Management.

The following actions describe the financial hedges that may be entered into to mitigate the interest rate risk exposures of the Group and Bank.

- (a) Fair value hedge  
The Group and the Bank use interest rate swaps to hedge its exposure to change in the fair value of bonds.
- (b) Cash flow hedge  
The Group and the Bank use foreign currency swaps (hedging instrument) to hedge the foreign exchange risks (USD) arising from the foreign currency interbank borrowing (hedged item) denominated in USD.

Please refer to Note 9(a) of the audited financial statements for fair value hedge for further details.

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## 5.0 MARKET RISK (CONT'D)

### 5.2 Traded Market Risk (cont'd)

#### *Market Risk Capital Charge*

The Market Risk Capital Charge (“MRCC”) is computed based on the standardised approach which are largely from exposures in fixed income securities, foreign exchange and financial derivatives portfolios, if any.

#### **Regulatory Capital Requirements**

The Risk-Weighted Assets (“RWA”) and capital requirements for market risk are as follows:

	GROUP		BANK	
	Risk- Weighted Assets RM'000	Capital Requirements RM'000	Risk- Weighted Assets RM'000	Capital Requirements RM'000
<b>2026</b>				
Interest Rate Risk				
- General Interest Rate Risk	975,452	78,036	975,451	78,036
- Specific Interest Rate Risk	114	9	113	9
	<b>975,566</b>	<b>78,045</b>	<b>975,564</b>	<b>78,045</b>
Foreign Exchange Risk	269,565	21,565	268,776	21,502
Option Risk	-	-	-	-
	<b>1,245,131</b>	<b>99,610</b>	<b>1,244,340</b>	<b>99,547</b>
<b>2025</b>				
Interest Rate Risk				
- General Interest Rate Risk	693,746	55,500	693,746	55,500
- Specific Interest Rate Risk	330	26	330	26
	694,076	55,526	694,076	55,526
Foreign Exchange Risk	267,498	21,400	267,198	21,376
Option Risk	11,550	924	-	-
	973,124	77,850	961,274	76,902

## BASEL II PILLAR 3 REPORT

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## 5.0 MARKET RISK (CONT'D)

## 5.3 Non-Traded Market Risk

Non-traded market risk is the inherent risks arising from banking book activities. The primary risk factors in the banking book include interest rate risk/rate of return risk in the banking book.

## 5.3.1 Interest Rate Risk/Rate of Return Risk in the Banking Book (“IRR/RORBB”)

Interest Rate Risk/Rate of Return risk in the banking book (“IRR/RORBB”) is the risk that occurs when movements in interest rates affect a banking organisation’s earnings or economic value. Interest rate/profit rate changes affect the Group’s earnings by altering interest rate-sensitive income and expenses, affecting its net interest income (“NII”). It also affects the underlying value of banking assets, liabilities and off-balance sheet instruments as the present value of future cash flows changes when there are changes in the interest rate/profit rate.

**Risk Governance**

IRR/RORBB is managed collectively by GALCO, Group Financial Markets, Group Finance and Group Risk Management. Each of these parties has clearly defined roles and responsibilities to provide oversight and manage IRR/RORBB within the defined framework and structure as approved by the GRMC/Board. GALCO assumes the overall responsibility in managing IRR/RORBB by setting the directions, strategy and risk limits/parameters for the Bank/Group. Group Financial Markets is tasked to execute the strategies as approved by GALCO to manage the assets/liabilities as well as the funding and liquidity needs of the Bank/Group where the Group and its entities have operated above the minimum regulatory requirements for Liquidity Coverage Ratio (“LCR”) and Net Stable Funding Ratio (“NSFR”). Group Finance and Group Risk Management provides support in respect of risk monitoring and reporting of the banking book exposures and ensuring regulatory as well as accounting requirements are met.

Group Risk Management performs independent monitoring of the interest rate/profit rate benchmarks guided by BNM’s guidelines and Basel standards on management of IRR/RORBB to protect the Group’s capital and earnings from the interest rates risk that may impact the assets and liabilities in banking book. Any exceptions are reported to Senior Management, GRMC, and the Board and appropriate remedial actions are taken, where necessary.

**IRR/RORBB Management**

The guiding principle in managing IRR/RORBB include:

- (a) Adopting a prudent approach in managing IRR/RORBB by establishing framework and policies, commensurate with the Group’s size and business activities. This is complemented by active monitoring and reporting;
- (b) Assessment and quantification of risks to ensure accuracy and that any emerging risks are identified, monitored and escalated to governance and management committees;
- (c) Establish risk mitigation or control plan i.e set up ALM limits monitoring such as Economic Value Evaluation (“EVE”) impact over Tier 1 Capital and Earning at Risk (“EaR”) impact over NII to monitor on a regular basis; and
- (d) Practice comprehensive IRR/RORBB reporting and review process, with aggregated information and supporting details to facilitate the assessment of the Group’s sensitivity to changes in market conditions.

## BASEL II PILLAR 3 REPORT FOR THE FINANCIAL YEAR ENDED 31 MARCH 2026

### 5.0 MARKET RISK (CONT'D)

#### 5.3 Non-Traded Market Risk (cont'd)

##### 5.3.1 Interest Rate Risk/Rate of Return Risk in the Banking Book ("IRR/RORBB") (cont'd)

###### *IRR/RORBB Management (cont'd)*

The Group uses a range of tools, including the following primary measures to quantify and monitor IRR/RORBB:

- (a) Repricing gap analysis to measure interest rate/profit rate from the earnings perspective, i.e. impact of interest rate/profit rate changes to earnings in the short-term;
- (b) NII simulations to assess the impact of interest rate/profit rate changes on short term earnings volatility;
- (c) Economic value ("EV") simulations that measures the asset-liability impact of adverse interest rate/profit rate movements on the economic value of the Bank's capital; and
- (d) Product behavioural testing is applied regularly to ensure the risk assessment is able to withstand any market interest rate changes within the risk tolerance of the Bank.

The measures rely on key assumptions such as the behaviour of interest rates, the re-pricing characteristics and stability of indeterminate or non-maturity deposits and loans as well as changes in loan and deposit product balances influenced by various behavioural characteristics under different interest rate scenarios.

## BASEL II PILLAR 3 REPORT

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2026

### 5.0 MARKET RISK (CONT'D)

#### 5.3 Non-Traded Market Risk (cont'd)

##### 5.3.1 Interest Rate Risk/Rate of Return Risk in the Banking Book ("IRR/RORBB") (cont'd)

###### IRR/RORBB Management (cont'd)

The following tables present the Group's and the Bank's projected sensitivity shock based on standard scenario as outlined in BNM's Reporting Requirements for IRR/RORBB Policy Document issued on 30 June 2020 across all maturities applied on the Group's and the Bank's interest sensitivity gap as at reporting date.

GROUP 2026	MYR RM'000	USD RM'000	SGD RM'000	Other Foreign Currencies ("FCY") RM'000	Total RM'000
<b>Impact on Net Interest Income ("NII")</b>					
Parallel 200 bps up	291,155	(14,438)	(10,511)	(27,840)	238,366
Parallel 200 bps down	(291,155)	14,438	10,511	27,840	(238,366)
<b>Impact on Economic Value ("EV")</b>					
Parallel 200 bps up	(552,276)	1,701	2,998	4,108	(543,469)
Parallel 200 bps down	552,276	(1,701)	(2,998)	(4,108)	543,469
Steeper	(481,073)	(1,192)	(1,520)	(3,403)	(487,188)
Flattener	417,638	1,575	1,970	4,327	425,510
Short Rate Up	(149,373)	2,128	2,609	5,614	(139,022)
Short Rate Down	149,373	(2,128)	(2,609)	(5,614)	139,022
<b>BANK 2026</b>					
<b>Impact on NII</b>					
Parallel 200 bps up	241,328	(14,438)	(10,511)	(25,221)	188,539
Parallel 200 bps down	(241,328)	14,438	10,511	25,221	(188,539)
<b>Impact on EV</b>					
Parallel 200 bps up	(447,836)	1,701	2,998	4,108	(439,029)
Parallel 200 bps down	447,836	(1,701)	(2,998)	(4,108)	439,029
Steeper	(388,393)	(1,192)	(1,520)	(3,403)	(394,508)
Flattener	342,636	1,575	1,970	4,327	350,508
Short Rate Up	(124,064)	2,128	2,609	5,614	(113,713)
Short Rate Down	124,064	(2,128)	(2,609)	(5,614)	113,713

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## 5.0 MARKET RISK (CONT'D)

### 5.3 Non-Traded Market Risk (cont'd)

#### 5.3.1 Interest Rate Risk/Rate of Return Risk in the Banking Book ("IRR/RORBB") (cont'd)

##### IRR/RORBB Management (cont'd)

The following tables present the Group's and the Bank's projected sensitivity shock based on standard scenario as outlined in BNM's Reporting Requirements for IRR/RORBB Policy Document issued on 30 June 2020 across all maturities applied on the Group's and the Bank's interest sensitivity gap as at reporting date. (cont'd)

GROUP 2025	MYR RM'000	USD RM'000	SGD RM'000	Other Foreign Currencies ("FCY") RM'000	Total RM'000
<b>Impact on NII</b>					
Parallel 200 bps up	249,918	14,334	(11,629)	(25,221)	227,402
Parallel 200 bps down	(249,918)	(14,334)	11,629	25,221	(227,402)
<b>Impact on EV</b>					
Parallel 200 bps up	(280,568)	633	2,886	3,580	(273,469)
Parallel 200 bps down	280,568	(633)	(2,886)	(3,580)	273,469
Steepener	(376,208)	(331)	(1,576)	(2,975)	(381,090)
Flattener	337,830	474	2,009	3,780	344,093
Short Rate Up	(17,169)	690	2,613	4,901	(8,965)
Short Rate Down	17,169	(690)	(2,613)	(4,901)	8,965
<b>BANK 2025</b>					
<b>Impact on NII</b>					
Parallel 200 bps up	199,257	14,334	(11,629)	(25,221)	176,741
Parallel 200 bps down	(199,257)	(14,334)	11,629	25,221	(176,741)
<b>Impact on EV</b>					
Parallel 200 bps up	(193,964)	633	2,886	3,580	(186,865)
Parallel 200 bps down	193,964	(633)	(2,886)	(3,580)	186,865
Steepener	(270,280)	(331)	(1,576)	(2,975)	(275,162)
Flattener	248,270	474	2,009	3,780	254,533
Short Rate Up	(6,255)	690	2,613	4,901	1,949
Short Rate Down	6,255	(690)	(2,613)	(4,901)	(1,949)

The reported amounts do not capture the impact of business growth or of management actions as the impact is based on the balance sheet as at reporting date. In reality, GALCO seeks to proactively change the profit attributable to interest rate risk to minimise losses and maximise revenue.

Actual dates may differ from contractual dates for both financing and deposit owing to prepayments/premature withdrawals. When possible and material, financing prepayments and deposit premature withdrawals are generally estimated based on past statistics and trends. The impact on NII and EV are measured on a monthly basis for the Bank and quarterly for the Group, both of which are reported to GALCO and the GRMC.

## BASEL II PILLAR 3 REPORT

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2026

### 5.0 MARKET RISK (CONT'D)

#### 5.3 Non-Traded Market Risk (cont'd)

##### 5.3.2 BNM Liquidity Coverage Ratio ("LCR")

Liquidity risk can be defined as the risk where an entity is unable to fund increases in assets and meet financial obligations as they come due without incurring unacceptable losses. Liquidity risk measures are usually expressed in the form of various liquidity risk measurement ratios and triggers.

It is essential to adopt a conservative and prudent approach in the measurement of liquidity risk. This is achieved by the establishment of robust liquidity risk management policies, measures and strategies that are complemented by regular monitoring and reporting process.

The liquidity risk management references BNM's LCR to gauge its liquidity exposure, complemented with BNM's NSFR which requires the Group to maintain sufficient liquidity, including a cushion of unencumbered, High Quality Liquid Assets ("HQLA") to withstand a range of stress events.

The Group is in compliance with the minimum regulatory requirements ratio to LCR and NSFR within the period from April 2025 to March 2026.

The following tables show the LCR and NSFR positions and are presented on average basis. The average position is calculated as the simple average of past 12 monthly observations in that financial period.

	GROUP		BANK	
	2026	2025	2026	2025
In RM'000				
Average HQLA	<b>15,082,648</b>	12,668,160	<b>11,687,887</b>	9,138,512
Average Cash Outflow	<b>11,718,633</b>	11,040,494	<b>9,069,071</b>	8,644,740
Average Cash Inflow	<b>2,554,529</b>	3,069,141	<b>1,896,972</b>	2,576,254
Average Net Cash Outflow	<b>9,164,104</b>	7,971,353	<b>7,172,099</b>	6,068,486
Average LCR Ratio %	<b>164.58%</b>	158.92%	<b>162.96%</b>	150.59%
In RM'000				
Average Available Stable Funding (ASF)	<b>63,654,065</b>	56,883,432		
Average Required Stable Funding (RSF)	<b>54,314,125</b>	49,397,016		
Average NSFR Ratio %	<b>117.20%</b>	115.16%		

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### 5.0 MARKET RISK (CONT'D)

#### 5.4 Equity Exposures in Banking Book

The Group holds equity positions in the banking book as a result of debt to equity conversion, for social-economic purposes, or to maintain strategic relationships. All equities are held at fair value. For quoted equities, fair value is estimated based on quoted or observable market price at the end of the reporting period. For unquoted equities, the fair value is estimated using approved valuation techniques.

Any gains and losses arising from the returns and changes in fair value of these equities holdings are reflected in the revaluation reserve and statement of income accordingly.

The following table shows the equity exposures in banking book:

	GROUP		BANK	
	Gross credit exposures RM'000	Risk-weighted assets RM'000	Gross credit exposures RM'000	Risk-weighted assets RM'000
<b>2026</b>				
<b>Publicly Traded</b>				
Holding of Equity Investments	10	10	10	10
<b>Privately Held</b>				
For Socio-Economic Purposes	337,256	337,256	337,256	337,256
Not for Socio-Economic Purposes	-	-	-	-
	<b>337,266</b>	<b>337,266</b>	<b>337,266</b>	<b>337,266</b>
<b>2025</b>				
<b>Publicly Traded</b>				
Holding of Equity Investments	14	14	14	14
<b>Privately Held</b>				
For Socio-Economic Purposes	303,798	303,798	303,798	303,798
Not for Socio-Economic Purposes	-	-	-	-
	303,812	303,812	303,812	303,812

## BASEL II PILLAR 3 REPORT

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2026

### 5.0 MARKET RISK (CONT'D)

#### 5.4 Equity Exposures in Banking Book (cont'd)

##### Gains and Losses on Equity Exposures in the Banking Book

The table below presents the gains and losses on equity exposures in banking book:

	GROUP		BANK	
	2026 RM'000	2025 RM'000	2026 RM'000	2025 RM'000
<b>Publicly Traded</b>				
Unrealised gains/(losses) recognised in revaluation reserve	(4)	(2)	(4)	(2)
	(4)	(2)	(4)	(2)
<b>Privately Held</b>				
<b>For Socio-Economic Purposes</b>				
- Acquisition during the year	-	200	-	200
- Disposal during the year	-	-	-	-
- Unrealised gains recognised in the statement of comprehensive income	33,458	25,625	33,458	25,625
	33,458	25,825	33,458	25,825
- Realised gains recognised in the statement of comprehensive income	-	-	-	-
<b>Not for Socio-Economic Purposes</b>				
- Write off during the year	-	-	-	-

### 6.0 OPERATIONAL RISK

Operational risk is the risk of direct or indirect financial loss resulting from inadequate or failed internal processes, people and systems or from external events. It includes legal risk but excludes strategic and reputational risks.

#### Operational Risk Management

Management, escalation and reporting of operational risks are instituted through the Group Operational and Technology Risk Management Committee ("GOTRC"), ERM, GRMC as well as the Board.

The Board, via GRMC provides oversight on operational risk management activities.

At Senior Management level, GOTRC manages the day-to-day operational risk exposures. The roles and responsibilities of GOTRC include:

- Providing strategic guidance on operational issues and monitoring the implementation of the Operational Risk Management ("ORM") Framework;
- Reviewing and monitoring operational risk issues, reports and action plans;
- Evaluating and agreeing on initiatives to strengthen operational processes or infrastructure; and
- Promoting risk awareness and operational risk management culture.

## BASEL II PILLAR 3 REPORT

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2026

### 6.0 OPERATIONAL RISK (CONT'D)

#### **Operational Risk Management (cont'd)**

The Group practises operational risk management as outlined in the ORM Framework, in accordance with Basel and regulatory guidelines. The Group applies operational risk tools and methodologies in the identification, assessment, measurement, control and monitoring of operational risks. Other efforts by the Group include the ORM awareness training which is given to all staff, and regular business continuity and disaster recovery plans.

The Group's operational risk management process is depicted in the table below:

<b>Identification</b>	Identify the various risks inherent to each product, process and activity, as well as adverse trends of risk parameters
<b>Assessment</b>	<ul style="list-style-type: none"> <li>- Risk Control Self-Assessment ("RCSA")</li> <li>- Control Testing ("CT")</li> <li>- Key Risk Indicators ("KRI")</li> <li>- Loss Event Data ("LED")</li> <li>- Scenario Analysis ("SA")</li> </ul>
<b>Mitigation &amp; Control</b>	<ul style="list-style-type: none"> <li>- Setting risk mitigation measures and controls</li> <li>- Insurance / takaful</li> <li>- Outsourcing</li> <li>- Business Continuity Management</li> </ul>
<b>Reporting</b>	<ul style="list-style-type: none"> <li>- Escalate and highlight regular operational risk reports to Senior Management and the Board</li> <li>- Highlight new/emerging risk areas and the controls in place</li> </ul>
<b>Disclosure</b>	Provide regular risk disclosure to regulators through the Pillar 3 disclosure report and regulatory reports on operational risk, e.g. Operational Risk Reporting ("ORR") reporting

The customary tools employed by the Group for the management of operational risk are:

- (a) RCSA - An operational risk tool that is used to identify and assess risks inherent in the Group's operations and to evaluate the overall effectiveness of the internal controls in mitigating the identified risks;
- (b) CT - Complements the RCSA process by validating the effectiveness of the controls measures identified and highlight control lapses;
- (c) KRI - A quantitative and statistical parameter, often financial in nature and focuses on business processes and activities to identify emerging risks and potential changes in operational risk profiles;
- (d) LED - The process of collecting, evaluating, monitoring and reporting operational risk events, loss amount and irregularities; and
- (e) SA - Assessment made to identify potential operational risk events and potential outcomes including identifying potential significant operational risks and the need for additional risk management controls or mitigation solutions.

For operational risk capital charge, the Group applies BNM's standard computation as per the Capital Adequacy Framework (Operational Risk) policy document.

## BASEL II PILLAR 3 REPORT

### FOR THE FINANCIAL YEAR ENDED 31 MARCH 2026

#### 7.0 SHARIAH GOVERNANCE DISCLOSURES

Shariah Non-Compliance Risk is the risk of loss that arises from failure to comply with Shariah rules and principles as determined by the Shariah Advisory Council of BNM and the Bank's Shariah Committee. To manage the risks, the Bank has adopted the following guiding principles:

- (a) A sound Shariah Compliance Framework which governs the operations of the Bank and outlines the roles of key functionalities within the Bank, including but not limited to the Shariah risk management process. This is in line with the Shariah governance policy document issued by BNM;
- (b) The Board of Directors, assisted by the Shariah Committee and Senior Management, provides oversight on Shariah compliance aspects of the Bank's overall operations. This, amongst others, includes:
  - Oversight and implementation of the Shariah Compliance Framework;
  - Regular review of Shariah non-compliant income and issues;
  - Addressing Shariah non-compliance findings; and
  - Ensuring compliance with regulatory and internal requirements including disclosures.
- (c) Appointment of a qualified Shariah Committee member who also serves as AIS Board member; serving as a 'bridge' between the Board and the Shariah Committee;
- (d) Ongoing Shariah reviews and training to raise risk awareness and ensure compliance to Shariah rules and principles. This includes:
  - Regular assessment on Shariah compliance in the activities and operations of the Bank. The findings of the review are reported to the Shariah Committee for deliberation and decision;
  - Performing research and studies on Shariah issues, including providing day-to-day Shariah advice and consultancy to relevant parties; and
  - Conducting Shariah-related training and ongoing engagement with relevant parties to raise awareness on Shariah non-compliance risk.
- (e) Escalation and reporting processes of Shariah non-compliant income and issues governed through designated escalation channels, which include the Board and the Shariah Committee; and
- (f) Periodic engagement between the Board and the Shariah Committee to discuss Shariah research, Shariah compliance and the views of scholars on Islamic banking activities.

#### ***Shariah Non-Compliant Income and Events***

During the period under review, there were no Shariah non-compliance events ("SNCE") detected.

With reference to the previous SNCE reported in FY2024, involving the house financing product of Alliance Islamic Bank (the Bank) based on Bai' Bithaman Ajil (BBA) for properties under construction that breached BNM's Murabahah Policy Document and Circular on Implementation of Shariah Advisory Council (SAC)'s Resolution on Bai 'Inah, the remediation exercise for the affected accounts has been duly completed. Approximately 99% of the affected active accounts have been successfully remediated, while the remaining 1% could not be remedied, thereby requiring the purification of the income derived from those accounts in accordance with Shariah requirements.

Meanwhile, the purification actions are currently still in progress. For the financial year ended 31 March 2026, the Bank had purified RM3,698,320, bringing the cumulative purification amount to RM4,778,920 of the Shariah non-compliant income generated from closed accounts to charitable and religious bodies. A remaining total of RM6,000,998 of profit had been provisioned for future purification exercise.