



ALLIANCE ISLAMIC BANK

Alliance Islamic Bank Berhad 200701018870 (776882-V)

BASEL II PILLAR 3 REPORT

FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2025

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BASEL II PILLAR 3 REPORT
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2025

1.0 Overview

Bank Negara Malaysia's ("BNM") Capital Adequacy Framework require Alliance Islamic Bank Berhad ("Bank") 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. rate of return 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 period ended 30 September 2025 for the Bank is in accordance with BNM's Capital Adequacy Framework for Islamic Banks ("CAFIB") - Disclosures Requirements (Pillar 3).

Bank 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 at the Group's website at www.alliancebank.com.my/islamic/home and as a separate report in the annual and half-yearly financial reports.

1.2 Basis of Disclosure

The Bank'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 Bank's financial statements for the financial period ended 30 September 2025. Whilst this document discloses the Bank'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 period ended 30 September 2025 published by the Bank.

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

1.3 Comparative Information

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

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1.0 Overview (cont'd.)

1.4 Scope of Application

The Pillar 3 Disclosure provided in this document is in respect of the Bank, which is involved in Islamic banking financial services.

There are no significant restrictions or other major impediments on transfer of funds or regulatory capital between the Bank and its holding company, Alliance Bank Malaysia Berhad ("ABMB").

There were no capital deficiencies in the Bank as at the end of financial period.

2.0 Capital

The Bank 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 Bank'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.

2.0 Capital (cont'd.)

2.1 Capital Adequacy Ratios

Effective from 1 April 2024, the capital adequacy ratios of the Bank are computed in accordance with BNM'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 Bank are computed using the Standardised Approach for credit risk and market risk, and BNM's standard computation method for operational risk.

(a) The Bank has sufficient capital as follows:

	30 September 2025	31 March 2025
<u>Before Deducting Proposed Dividends</u>		
CET I Capital Ratio	13.319%	13.334%
Tier I Capital Ratio	14.115%	14.146%
Total Capital Ratio	17.128%	17.195%
<u>After Deducting Proposed Dividends</u>		
CET I Capital Ratio	13.062%	12.889%
Tier I Capital Ratio	13.858%	13.701%
Total Capital Ratio	16.871%	16.750%

The Bank's capital ratios comply with the prescribed capital adequacy ratios under BNM's Capital Adequacy Framework for Islamic Banks.

2.0 Capital (cont'd.)

2.2 Capital Structure

The following tables present the components of CET I, Tier I and Tier II capital under the Capital Adequacy Framework:

	30 September 2025 RM'000	31 March 2025 RM'000
<u>CET I Capital/Tier I Capital</u>		
Paid-up Share Capital	727,065	727,065
Retained Profits	996,724	970,783
Financial Investments at Fair Value Through Other Comprehensive Income (FVOCI) Reserves	11,124	(1,112)
	<u>1,734,913</u>	<u>1,696,736</u>
(Less)/Add: Regulatory Adjustments		
- Intangible Assets	(1,624)	(1,653)
- Deferred Tax Assets	(53,489)	(51,619)
- 55% of FVOCI reserves	<u>(6,117)</u>	<u>-</u>
Total CET I Capital	<u>1,673,683</u>	<u>1,643,464</u>
Additional Tier 1 Sukuk Wakalah	100,000	100,000
Total Additional Tier 1 Capital	<u>100,000</u>	<u>100,000</u>
Total Tier I Capital	<u><u>1,773,683</u></u>	<u><u>1,743,464</u></u>
<u>Tier II Capital</u>		
Subordinated Sukuk Murabahah	230,000	230,000
Expected Credit Losses (Note 1)	148,611	145,786
Total Tier II Capital	<u>378,611</u>	<u>375,786</u>
Total Capital	<u><u>2,152,294</u></u>	<u><u>2,119,250</u></u>

Note 1: Expected Credit Losses ("ECL") for S1 and S2 only.

2.0 Capital (cont'd.)

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

Regulatory Capital Requirements

The following table presents the minimum regulatory capital requirements of the Bank:

30 September 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	1,963,060	1,963,060	-	-
Public Sector Entities Banks, Development Financial Institutions ("DFIs") and Multilateral Development Banks	234,268	234,268	11,515	921
Takaful Companies, Securities Firms and Fund Managers	1,143,626	1,143,626	227,708	18,217
Corporates	57,039	57,039	-	-
Regulatory Retail	6,761,956	6,571,857	54,639	4,371
Residential Real Estate ("RRE") Financing	4,648,084	4,531,811	5,071,459	405,716
Higher Risk Assets	4,462,099	4,461,247	3,651,111	292,089
Other Assets	841	841	1,748,821	139,906
Defaulted Exposures	115,512	115,512	1,261	101
Total On-Balance Sheet Exposures	194,289	194,182	179,057	14,325
	19,580,774	19,273,443	11,061,081	884,886
Off-Balance Sheet Exposures:				
Credit-Related Off-Balance Sheet Exposures	1,054,428	973,485	827,464	66,197
Derivative Financial Instruments	-	-	-	-
Defaulted Exposures	252	252	295	24
Total Off-Balance Sheet Exposures	1,054,680	973,737	827,759	66,221
Total On and Off-Balance Sheet Exposures	20,635,454	20,247,180	11,888,840	951,107
(b) <u>Market Risk (Section 4.0)</u>				
Profit Rate Risk	Long Position	Short Position	-	-
Foreign Exchange Risk	-	-	598	48
	-	(598)		
	-	(598)		
Option Risk			-	-
Total			598	48
(c) <u>Operational Risk</u>			676,504	54,120
Total	20,635,454	20,247,180	12,565,942	1,005,275

2.0 Capital (cont'd.)

2.3 RWA and Capital Requirements (cont'd.)

Regulatory Capital Requirements (cont'd.)

The following table presents the minimum regulatory capital requirements of the Bank (cont'd.):

31 March 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	2,564,382	2,564,382	-	-
Public Sector Entities	361,114	361,114	31,102	2,488
Banks, DFIs and Multilateral Development Banks	1,049,868	1,049,868	208,965	16,717
Takaful Companies, Securities Firms and Fund Managers	24,139	24,139	-	-
Corporates	6,281,830	6,122,546	24,139	1,931
Regulatory Retail	4,537,488	4,421,274	4,936,485	394,919
Residential Real Estate ("RRE") Financing	4,411,617	4,410,764	3,541,078	283,286
Higher Risk Assets	888	888	1,809,564	144,765
Other Assets	114,762	114,762	1,332	107
Defaulted Exposures	186,655	186,583	114,762	9,181
Total On-Balance Sheet Exposures	19,532,743	19,256,320	170,888	13,671
Off-Balance Sheet Exposures:				
Credit-Related Off-Balance Sheet Exposures	1,029,637	946,684	823,971	65,918
Derivative Financial Instruments	-	-	-	-
Defaulted Exposures	422	422	565	45
Total Off-Balance Sheet Exposures	1,030,059	947,106	824,536	65,963
Total On and Off-Balance Sheet Exposures	20,562,802	20,203,426	11,662,851	933,028
(b) <u>Market Risk (Section 4.0)</u>				
Profit Rate Risk	Long Position	Short Position	-	-
Foreign Exchange Risk	-	-	301	24
	-	(301)		
	-	(301)		
Option Risk			11,550	924
Total			11,851	948
(c) <u>Operational Risk</u>	-	-	650,216	52,017
Total	20,562,802	20,203,426	12,324,918	985,993

Note: The Bank does not use Profit-Sharing Investment Account ("PSIA") as a risk absorbent mechanism.

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

3.0 Credit Risk

3.1 Distribution of Credit Exposures

(a) Geographical Distribution

The following tables represent 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.

30 September 2025	Geographical Region					
	Northern RM'000	Central RM'000	Southern RM'000	Sabah RM'000	Sarawak RM'000	Total RM'000
Exposure Class						
On-Balance Sheet Exposures:						
Sovereigns/Central Banks	-	1,963,060	-	-	-	1,963,060
Public Sector Entities	-	184,200	-	50,068	-	234,268
Banks, DFIs and Multilateral Development Banks	-	1,139,621	-	-	4,005	1,143,626
Takaful Companies, Securities Firms and Fund Managers	-	57,039	-	-	-	57,039
Corporates	1,185,743	4,387,111	446,265	560,959	181,878	6,761,956
Regulatory Retail	714,045	2,942,998	494,169	365,160	131,712	4,648,084
RRE Financing	117,391	3,721,926	357,287	236,706	28,789	4,462,099
Higher Risk Assets	-	770	71	-	-	841
Other Assets	-	115,512	-	-	-	115,512
Defaulted Exposures	17,549	149,791	10,752	15,578	619	194,289
Total On-Balance Sheet Exposures	2,034,728	14,662,028	1,308,544	1,228,471	347,003	19,580,774
Off-Balance Sheet Exposures:						
Credit-Related Off-Balance Sheet Exposures	166,232	611,968	107,458	96,083	72,687	1,054,428
Derivative Financial Instruments	-	-	-	-	-	-
Defaulted Exposures	-	252	-	-	-	252
Total Off-Balance Sheet Exposures	166,232	612,220	107,458	96,083	72,687	1,054,680
Total Credit Exposures	2,200,960	15,274,248	1,416,002	1,324,554	419,690	20,635,454

3.0 Credit Risk (cont'd.)

3.1 Distribution of Credit Exposures (cont'd.)

(a) Geographical Distribution (cont'd.)

The following tables represent 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.).

	Geographical Region					
31 March 2025	Northern RM'000	Central RM'000	Southern RM'000	Sabah RM'000	Sarawak RM'000	Total RM'000
Exposure Class						
On-Balance Sheet Exposures:						
Sovereigns/Central Banks	-	2,564,382	-	-	-	2,564,382
Public Sector Entities	-	210,884	-	150,230	-	361,114
Banks, DFIs and Multilateral Development Banks	-	1,045,860	-	-	4,008	1,049,868
Takaful Companies, Securities Firms and Fund Managers	-	24,139	-	-	-	24,139
Corporates	1,094,011	3,924,604	443,103	631,649	188,463	6,281,830
Regulatory Retail	687,405	2,833,496	525,191	352,963	138,433	4,537,488
RRE Financing	126,499	3,634,483	370,311	250,997	29,327	4,411,617
Higher Risk Assets	-	792	96	-	-	888
Other Assets	-	114,762	-	-	-	114,762
Defaulted Exposures	19,923	143,210	11,353	11,406	763	186,655
Total On-Balance Sheet Exposures	1,927,838	14,496,612	1,350,054	1,397,245	360,994	19,532,743
Off-Balance Sheet Exposures:						
Credit-Related Off-Balance Sheet Exposures	196,379	595,763	106,516	66,372	64,607	1,029,637
Derivative Financial Instruments	-	-	-	-	-	-
Defaulted Exposures	20	384	-	18	-	422
Total Off-Balance Sheet Exposures	196,399	596,147	106,516	66,390	64,607	1,030,059
Total Credit Exposures	2,124,237	15,092,759	1,456,570	1,463,635	425,601	20,562,802

3.0 Credit Risk (cont'd.)

3.1 Distribution of Credit Exposures (cont'd.)

(b) Industry Distribution

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

30 September 2025	Government & Central Bank	Financial, Takaful & Business Services & Real Estate	Transport, Storage & Communication	Agriculture, Manufacturing, Wholesale & Retail Trade	Construction	Household	Others	Total
Exposure Class	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Sovereigns/Central Banks	1,963,060	-	-	-	-	-	-	1,963,060
Public Sector Entities	-	234,268	-	-	-	-	-	234,268
Banks, DFIs and Multilateral Development Banks	-	1,143,626	-	-	-	-	-	1,143,626
Takaful Companies, Securities Firms and Fund Managers	-	57,039	-	-	-	-	-	57,039
Corporates	-	2,092,434	679,807	3,361,010	511,237	25	117,443	6,761,956
Regulatory Retail	-	395,887	38,240	1,628,264	174,946	2,381,130	29,617	4,648,084
RRE Financing	-	-	-	-	-	4,462,099	-	4,462,099
Higher Risk Assets	-	-	-	-	-	841	-	841
Other Assets	-	-	-	-	-	-	115,512	115,512
Defaulted Exposures	-	1,025	482	20,647	1,459	168,114	2,562	194,289
Total On-Balance Sheet Exposures	1,963,060	3,924,279	718,529	5,009,921	687,642	7,012,209	265,134	19,580,774
Credit-Related Off-Balance Sheet Exposures	10,120	165,348	22,119	543,039	114,161	190,372	9,269	1,054,428
Derivative Financial Instruments	-	-	-	-	-	-	-	-
Defaulted Exposures	-	13	-	89	-	150	-	252
Total Off-Balance Sheet Exposures	10,120	165,361	22,119	543,128	114,161	190,522	9,269	1,054,680
Total Credit Exposures	1,973,180	4,089,640	740,648	5,553,049	801,803	7,202,731	274,403	20,635,454

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3.0 Credit Risk (cont'd.)

3.1 Distribution of Credit Exposures (cont'd.)

(b) Industry Distribution (cont'd.)

The following table represents 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.).

31 March 2025	Government & Central Bank RM'000	Financial, Takaful & 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
Exposure Class								
Sovereigns/Central Banks	2,556,475	7,907	-	-	-	-	-	2,564,382
Public Sector Entities	-	361,114	-	-	-	-	-	361,114
Banks, DFIs and Multilateral Development Banks	-	1,049,868	-	-	-	-	-	1,049,868
Takaful Companies, Securities Firms and Fund Managers	-	24,139	-	-	-	-	-	24,139
Corporates	-	1,796,734	554,433	3,389,063	428,477	59	113,064	6,281,830
Regulatory Retail	-	387,609	41,221	1,647,922	163,684	2,264,016	33,036	4,537,488
RRE Financing	-	-	-	-	-	4,411,617	-	4,411,617
Higher Risk Assets	-	-	-	-	-	888	-	888
Other Assets	-	-	-	-	-	-	114,762	114,762
Defaulted Exposures	-	651	484	23,293	1,946	156,998	3,283	186,655
Total On-Balance Sheet Exposures	2,556,475	3,628,022	596,138	5,060,278	594,107	6,833,578	264,145	19,532,743
Credit-Related Off-Balance Sheet Exposures	-	125,755	38,166	563,476	113,330	178,507	10,403	1,029,637
Derivative Financial Instruments	-	-	-	-	-	-	-	-
Defaulted Exposures	-	-	-	172	-	250	-	422
Total Off-Balance Sheet Exposures	-	125,755	38,166	563,648	113,330	178,757	10,403	1,030,059
Total Credit Exposures	2,556,475	3,753,777	634,304	5,623,926	707,437	7,012,335	274,548	20,562,802

3.0 Credit Risk (cont'd.)

3.1 Distribution of Credit Exposures (cont'd.)

(c) Residual Contractual Maturity

The following table represents the residual contractual maturity for major types of gross credit exposure for on-balance sheet financial assets of the Bank:

	<u>Up to 1 month</u>	<u>>1-3 months</u>	<u>>3-6 months</u>	<u>>6-12 months</u>	<u>>1 year</u>	<u>Total</u>
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
30 September 2025						
Exposure Class						
Sovereigns/Central Banks	364,793	-	-	58,925	1,539,342	1,963,060
Public Sector Entities	50,068	-	-	7,265	176,935	234,268
Banks, DFIs and Multilateral						
Development Banks	354,926	550,508	197,108	-	41,084	1,143,626
Takaful Companies, Securities						
Firms and Fund Managers	50,039	-	-	-	7,000	57,039
Corporates	1,026,638	597,640	216,603	99,193	4,821,882	6,761,956
Regulatory Retail	564,760	150,549	59,696	25,761	3,847,318	4,648,084
RRE Financing	292,622	19	105	642	4,168,711	4,462,099
Higher Risk Assets	-	-	-	-	841	841
Other Assets	2,085	1,053	486	147	111,741	115,512
Defaulted Exposures	12,610	508	1,174	481	179,516	194,289
Total On-Balance Sheet Exposures	2,718,541	1,300,277	475,172	192,414	14,894,370	19,580,774
31 March 2025						
Exposure Class						
Sovereigns/Central Banks	671,421	-	10,115	41,138	1,841,708	2,564,382
Public Sector Entities	150,230	-	-	-	210,884	361,114
Banks, DFIs and Multilateral						
Development Banks	649,103	354,858	-	-	45,907	1,049,868
Takaful Companies, Securities						
Firms and Fund Managers	20,010	-	-	-	4,129	24,139
Corporates	1,075,953	540,467	193,243	92,335	4,379,832	6,281,830
Regulatory Retail	542,510	154,583	67,947	31,689	3,740,759	4,537,488
RRE Financing	324,883	32	132	445	4,086,125	4,411,617
Higher Risk Assets	-	-	-	-	888	888
Other Assets	6,882	544	816	1,292	105,228	114,762
Defaulted Exposures	17,212	285	52	1,855	167,251	186,655
Total On-Balance Sheet Exposures	3,458,204	1,050,769	272,305	168,754	14,582,711	19,532,743

3.0 Credit Risk (cont'd.)

3.2 Impaired Financing and Advances and Allowance for ECL Analysis

Impaired financing and advances are exposures where the customers have failed to make a principal and/or profit 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 Financing and Advances Analysis

Past due but not impaired financing and advances are exposures where the customers have failed to make a principal and/or profit payment when contractually due, and include exposures 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 exposures that are structured to pay principal and/or profit at quarterly intervals or longer, a default of payment will trigger an impairment.

Impaired and Past Due Financing and Advances and Allowance for ECL - Industry Analysis

	Impaired Financing, Advances and Financing RM'000	Past Due Financing 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
30 September 2025							
Financial, Takaful & Business							
Services and Real Estate	2,630	6,648	4,449	8,621	1,651	328	-
Transport, Storage & Communication	689	-	1,178	723	352	(98)	-
Agriculture, Manufacturing, Wholesale & Retail Trade	34,664	14,789	26,957	25,425	14,792	(311)	(607)
Construction	11,554	5,822	3,650	5,271	10,105	136	-
Household	240,950	206,355	69,933	170,587	72,556	42,900	(42,375)
Others	3,754	443	268	1,012	1,192	(356)	(418)
Total	294,241	234,057	106,435	211,639	100,648	42,599	(43,400)
31 March 2025							
Financial, Takaful & Business							
Services and Real Estate	1,925	28,326	3,332	6,154	1,322	262	-
Transport, Storage & Communication	928	-	737	1,010	450	141	(60)
Agriculture, Manufacturing, Wholesale & Retail Trade	38,382	22,778	22,009	21,690	15,710	2,858	(6,379)
Construction	11,904	1,964	2,498	4,636	9,968	207	-
Household	229,172	440,647	66,667	152,138	72,033	75,494	(87,662)
Others	5,091	1,005	461	1,126	1,966	328	(464)
Total	287,402	494,720	95,704	186,754	101,449	79,290	(94,565)

3.0 Credit Risk (cont'd.)

3.2 Impaired Financing and Advances and Allowance for ECL Analysis (cont'd.)

Impaired and Past Due Financing and Advances and Allowance for ECL - Geographical

	Impaired Financing, Advances and Financing RM'000	Past Due Financing 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
30 September 2025							
Northern Region	35,368	14,336	13,542	20,695	17,881	2,631	(3,295)
Central Region	220,114	189,925	76,978	168,238	70,934	37,862	(38,032)
Southern Region	15,546	23,899	7,487	13,582	4,707	1,440	(1,654)
Sabah Region	22,110	4,584	5,869	7,271	6,542	582	(419)
Sarawak Region	1,103	1,313	2,559	1,853	584	84	-
Total	294,241	234,057	106,435	211,639	100,648	42,599	(43,400)
31 March 2025							
Northern Region	38,414	24,309	11,759	16,406	18,546	7,292	(7,818)
Central Region	213,754	403,953	70,807	146,262	71,103	71,413	(79,001)
Southern Region	16,283	36,122	6,548	13,145	4,920	72	(7,374)
Sabah Region	17,788	27,679	4,863	6,955	6,380	504	(324)
Sarawak Region	1,163	2,657	1,727	3,986	500	9	(48)
Total	287,402	494,720	95,704	186,754	101,449	79,290	(94,565)

Credit Risk (cont'd.)

3.2 Impaired Financing and Advances and Allowance for ECL Analysis (cont'd.)

Movements in allowance for ECL on financing and advances 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
At 1 April 2025	95,704	186,754	101,449	383,907
Transfer to Stage 1	22,667	(73,215)	(374)	(50,922)
Transfer to Stage 2	(37,954)	152,414	(32,534)	81,926
Transfer to Stage 3	(249)	(61,620)	70,792	8,923
New financial assets originated or purchased	27,430	14,805	1,175	43,410
Financial assets derecognised other than write-off	(14,987)	(18,320)	(6,413)	(39,720)
Changes due to change in credit risk	13,844	12,093	2,570	28,507
	10,751	26,157	35,216	72,124
Unwinding of discount	-	-	7,383	7,383
Total charge to / (write-back from) income statement	10,751	26,157	42,599	79,507
Write-off	(20)	(1,272)	(43,400)	(44,692)
At 30 September 2025	106,435	211,639	100,648	418,722

At 1 April 2024	89,606	165,847	116,724	372,177
Transfer to Stage 1	63,784	(152,531)	(917)	(89,664)
Transfer to Stage 2	(61,683)	279,025	(73,355)	143,987
Transfer to Stage 3	(18)	(120,527)	148,238	27,693
New financial assets originated or purchased	45,337	28,825	3,118	77,280
Financial assets derecognised other than write-off	(25,772)	(34,557)	(12,218)	(72,547)
Changes due to change in credit risk	(15,541)	22,451	2,710	9,620
	6,107	22,686	67,576	96,369
Unwinding of discount	-	-	11,714	11,714
Total charge to / (write-back from) income statement	6,107	22,686	79,290	108,083
Write-off	(9)	(1,779)	(94,565)	(96,353)
At 31 March 2025	95,704	186,754	101,449	383,907

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

3.0 Credit Risk (cont'd.)

3.3 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:

	Exposures after netting and credit risk mitigation										
	Takaful									Total	
	Sovereigns	Public	Banks,	Companies,				Higher		Exposures	Total
	/Central	Sector	DFIs and	Firms and		Regulatory	RRE	Risk	Other	Netting and	Risk-
30 September 2025			Multilateral	Securities						Credit Risk	Weighted
			Development	Fund							
	<u>Banks</u>	<u>Entities</u>	<u>Banks</u>	<u>Managers</u>	<u>Corporates</u>	<u>Retail</u>	<u>Financing</u>	<u>Assets</u>	<u>Assets</u>	<u>Mitigation</u>	<u>Assets</u>
<u>Weights</u>	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
0%	1,973,180	176,692	5,085	2,400	879,023	218,944	795	-	4	3,256,123	-
20%	-	81,576	1,138,540	-	806,273	82,314	1,340	-	-	2,110,043	422,008
35%	-	-	-	-	-	-	3,717,521	-	-	3,717,521	1,301,133
50%	-	-	200	-	2,012	15,490	653,417	-	-	671,119	335,561
75%	-	-	-	-	-	2,671,897	227	-	-	2,672,124	2,004,091
100%	-	-	-	58,239	5,527,944	1,846,229	260,735	-	115,509	7,808,656	7,808,656
150%	-	-	-	-	5,343	4,731	352	1,168	-	11,594	17,391
Total Exposures	1,973,180	258,268	1,143,825	60,639	7,220,595	4,839,605	4,634,387	1,168	115,513	20,247,180	11,888,840
Risk-Weighted Assets by Exposures	-	16,315	227,808	58,239	5,698,219	3,881,456	1,889,542	1,752	115,509	11,888,840	
Average Risk Weight	0%	6%	20%	96%	79%	80%	41%	150%	100%	59%	
Deduction from Capital Base	-	-	-	-	-	-	-	-	-	-	

3.0 Credit Risk (cont'd.)

3.3 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) :

31 March 2025 Risk- Weights	Exposures after netting and credit risk mitigation Takaful									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	Companies, Securities Firms and Fund Managers RM'000	Corporates RM'000	Regulatory Retail RM'000	RRE Financing RM'000	Higher Risk Assets RM'000	Other Assets RM'000		
0%	2,564,382	205,603	5,045	-	689,325	188,977	-	-	-	3,653,332	-
20%	-	159,506	1,044,823	-	648,215	103,870	1,553	-	-	1,957,967	391,593
35%	-	-	-	-	-	-	3,535,648	-	-	3,535,648	1,237,477
50%	-	-	1,200	-	3,353	14,505	672,412	-	-	691,470	345,735
75%	-	-	-	-	-	2,730,401	345	-	-	2,730,746	2,048,059
100%	-	-	-	33,739	5,411,997	1,695,817	366,500	-	114,762	7,622,815	7,622,815
150%	-	-	-	-	6,465	2,785	983	1,215	-	11,448	17,172
Total Exposures	2,564,382	365,109	1,051,068	33,739	6,759,355	4,736,355	4,577,441	1,215	114,762	20,203,426	11,662,851
Risk-Weighted Assets by Exposures	-	31,901	209,565	33,739	5,553,014	3,775,822	1,942,226	1,822	114,762	11,662,851	
Average Risk Weight	0%	9%	20%	100%	82%	80%	42%	150%	100%	58%	
Deduction from Capital Base	-	-	-	-	-	-	-	-	-	-	

3.0 Credit Risk (cont'd.)

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

For the purpose of determining counterparty risk-weights, the Bank 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 Bank's portfolio, external credit assessments are mainly applicable to banks/financial institutions and rated corporations. The Bank follows the process prescribed under BNM Capital Adequacy Framework for Islamic Banks (CAFIB)-Basel II 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 CAFIB:

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	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.

30 September 2025

Exposure Class	Rating Categories					Total
	1	2	3	4	5	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
On and Off-Balance Sheet Exposures						
(i) Exposures risk-weighted using Sovereigns and Central Banks rating						
Sovereigns and Central Banks (Refer to Note 2)	-	1,973,180	-	-	-	1,973,180
Public Sector Entities	-	176,692	-	-	-	176,692
Corporates	-	612,023	-	-	-	612,023
Banks, DFIs and Multilateral Development Banks	-	5,085	-	-	-	5,085
Total	-	2,766,980	-	-	-	2,766,980
(ii) Exposures risk-weighted using Banking Institutions long-term rating						
Banks, DFIs and Multilateral Development Banks	1,134,536	-	-	-	4,205	1,138,741
Exposures risk-weighted using Banking Institutions short-term rating						
Banks, DFIs and Multilateral Development Banks	-	-	-	-	-	-
Total	1,134,536	-	-	-	4,205	1,138,741
(iii) Exposures risk-weighted using Corporate long-term rating						
Public Sector Entities	5,299	-	-	-	76,277	81,576
Corporates	785,216	-	9,400	-	6,069,108	6,863,724
Takaful Companies, Securities Firms & Fund Managers	-	-	-	-	60,639	60,639
Exposures risk-weighted using Corporate short-term rating						
Public Sector Entities	-	-	-	-	-	-
Corporates	-	-	-	-	-	-
Takaful Companies, Securities Firms & Fund Managers	-	-	-	-	-	-
Total	790,515	-	9,400	-	6,206,024	7,005,939

Note 2: The Federal Government and Central Bank of Malaysia are accorded 0% risk weight as provided under the Capital Adequacy Framework.

3.0 Credit Risk (cont'd.)

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

The following table shows the rated credit exposures according to ratings by approved ECAs (cont'd) :

31 March 2025

Exposure Class	Rating Categories					Total
	1	2	3	4	5	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
On and Off-Balance Sheet Exposures						
(i) Exposures risk-weighted using Sovereigns and Central Banks rating						
Sovereigns and Central Banks (Refer to Note 2)	-	2,564,382	-	-	-	2,564,382
Public Sector Entities	-	205,603	-	-	-	205,603
Corporates	-	444,456	-	-	-	444,456
Banks, DFIs and Multilateral Development Banks	-	5,045	-	-	-	5,045
Total	-	3,219,486	-	-	-	3,219,486
(ii) Exposures risk-weighted using Banking Institutions long-term rating						
Banks, DFIs and Multilateral Development Banks	918,214	72,493	-	-	55,316	1,046,023
Exposures risk-weighted using Banking Institutions short-term rating						
Banks, DFIs and Multilateral Development Banks	-	-	-	-	-	-
Total	918,214	72,493	-	-	55,316	1,046,023
(iii) Exposures risk-weighted using Corporate long-term rating						
Public Sector Entities	5,281	-	-	-	154,225	159,506
Corporates	620,208	-	-	-	5,921,275	6,541,483
Takaful Companies, Securities Firms & Fund Managers	-	-	-	-	33,739	33,739
Exposures risk-weighted using Corporate short-term rating						
Public Sector Entities	-	-	-	-	-	-
Corporates	-	-	-	-	-	-
Takaful Companies, Securities Firms & Fund Managers	-	-	-	-	-	-
Total	625,489	-	-	-	6,109,239	6,734,728

Note 2: 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.

3.0 Credit Risk (cont'd.)

3.4 Credit Risk Mitigation ("CRM")

As a practical approach towards mitigating credit risk, the Bank accepts a wide range of collaterals. The main types of collateral acceptable to the Bank include cash, guarantees, commercials and residential real estates, and physical/financial collaterals, 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 apply more restrictive rules on collaterals that qualify as credit risk mitigants. As a result, not all of the collaterals accepted by the Bank can be used to reduce the Bank's capital adequacy requirements.

The following tables represent the 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 collaterals after haircut, allowed under the Capital Adequacy Framework for Islamic Banks.

30 September 2025 Exposure Class	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
<u>Credit Risk</u>				
On-Balance Sheet Exposures:				
Sovereigns/Central Banks	1,963,060	-	-	-
Public Sector Entities	234,268	-	-	-
Banks, DFIs and Multilateral Development Banks	1,143,626	-	-	-
Takaful Companies, Securities Firms and Fund Managers	57,039	2,400	-	-
Corporates	6,761,956	264,393	190,099	-
Regulatory Retail	4,648,084	291,974	116,273	-
RRE Financing	4,462,099	2,137	852	-
Higher Risk Assets	841	-	-	-
Other Assets	115,512	-	-	-
Defaulted Exposures	194,289	3,941	107	-
Total On-Balance Sheet Exposures	19,580,774	564,845	307,331	-
Off-Balance Sheet Exposures:				
Off-Balance Sheet Exposures Other than Over The Counter ("OTC")				
Derivatives or Credit Derivatives	1,054,428	29,007	80,943	-
Defaulted Exposures	252	1	-	-
Total Off-Balance Sheet Exposures	1,054,680	29,008	80,943	-
Total On and Off-Balance Sheet Exposures	20,635,454	593,853	388,274	-

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

3.0 Credit Risk (cont'd.)

3.4 Credit Risk Mitigation ("CRM") (cont'd.)

31 March 2025 Exposure Class	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
<u>Credit Risk</u>				
On-Balance Sheet Exposures:				
Sovereigns/Central Banks	2,564,382	-	-	-
Public Sector Entities	361,114	-	-	-
Banks, DFIs and Multilateral Development Banks	1,049,868	-	-	-
Takaful Companies, Securities Firms and Fund Managers	24,139	-	-	-
Corporates	6,281,830	251,040	159,285	-
Regulatory Retail	4,537,488	283,872	116,214	-
RRE Financing	4,411,617	1,553	854	-
Higher Risk Assets	888	-	-	-
Other Assets	114,762	-	-	-
Defaulted Exposures	186,655	3,843	71	-
Total On-Balance Sheet Exposures	19,532,743	540,308	276,424	-
Off-Balance Sheet Exposures:				
Off-Balance Sheet Exposures Other than OTC Derivatives or Credit Derivatives	1,029,637	26,966	82,953	-
Defaulted Exposures	422	1	-	-
Total Off-Balance Sheet Exposures	1,030,059	26,967	82,953	-
Total On and Off-Balance Sheet Exposures	20,562,802	567,275	359,377	-

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

3.0 Credit Risk (cont'd.)

3.5 Off-Balance Sheet Exposures and Counterparty Credit Risk

Off-balance sheet exposures of the Bank are mainly from the commitments to extend credit including the unutilised or undrawn portions of credit facilities.

The off-balance sheet exposures and their related counterparty credit risk of the Bank are as follows:

	Principal Amount RM'000	Credit Equivalent Amount RM'000	Risk- Weighted Assets RM'000
30 September 2025			
<u>Credit-Related Exposures</u>			
Direct Credit Substitutes	87,359	87,359	68,075
Transaction-Related Contingent Items	140,205	70,102	32,771
Short-Term Self-Liquidating Trade- Related Contingencies	23,048	4,610	2,819
Forward Assets Purchase	10,120	10,120	-
Irrevocable Commitments to Extend Credit:			
- Maturity exceeding one year	603,966	301,711	241,620
- Maturity not exceeding one year	2,903,889	580,778	482,474
	<u>3,768,587</u>	<u>1,054,680</u>	<u>827,759</u>
31 March 2025			
<u>Credit-Related Exposures</u>			
Direct Credit Substitutes	87,989	87,989	69,205
Transaction-Related Contingent Items	134,999	67,500	31,787
Short-Term Self-Liquidating Trade- Related Contingencies	15,013	3,003	1,702
Forward Assets Purchase	-	-	-
Irrevocable Commitments to Extend Credit:			
- Maturity exceeding one year	584,893	292,160	230,635
- Maturity not exceeding one year	2,899,674	579,407	491,207
	<u>3,722,568</u>	<u>1,030,059</u>	<u>824,536</u>

4.0 Market Risk

4.1 Traded Market Risk

Regulatory capital requirements

The risk-weighted assets and capital requirements for the various categories of risk under market risk are as follows:

	Risk-Weighted Assets RM'000	Capital Requirements RM'000
30 September 2025		
Profit Rate Risk		
- General Profit Rate Risk	-	-
- Specific Profit Rate Risk	-	-
	<u>-</u>	<u>-</u>
Foreign Exchange Risk	598	48
Option Risk	-	-
	<u>598</u>	<u>48</u>
31 March 2025		
Profit Rate Risk		
- General Profit Rate Risk	-	-
- Specific Profit Rate Risk	-	-
	<u>-</u>	<u>-</u>
Foreign Exchange Risk	301	24
Option Risk	11,550	924
	<u>11,851</u>	<u>948</u>

4.0 Market Risk (cont'd.)

4.2 Non-Traded Market Risk

4.2.1 Rate of Return Risk in the Banking Book

The following tables present the Bank's projected sensitivity shock based on standard scenario as outlined in BNM's Reporting Requirements for Rate of Return Risk in the Banking Book Policy Document issued on 30 June 2020 across all maturities applied on the Bank's rate of return sensitivity gap as at reporting date.

	MYR RM'000	USD RM'000	SGD RM'000	Other Foreign Currencies ("FCY") RM'000	TOTAL RM'000
30 September 2025					
Impact on Net Profit Income ("NPI")					
Parallel 200 bps up	60,974	-	-	-	60,974
Parallel 200 bps down	(60,974)	-	-	-	(60,974)
Impact on Economic Value ("EV")					
Parallel 200 bps up	(105,769)	-	-	-	(105,769)
Parallel 200 bps down	105,769	-	-	-	105,769
Steepener	(124,524)	-	-	-	(124,524)
Flattener	104,306	-	-	-	104,306
Short Rate Up	(15,282)	-	-	-	(15,282)
Short Rate Down	15,282	-	-	-	15,282
	MYR RM'000	USD RM'000	SGD RM'000	Other FCY RM'000	TOTAL RM'000
31 March 2025					
Impact on NPI					
Parallel 200 bps up	50,661	-	-	-	50,661
Parallel 200 bps down	(50,661)	-	-	-	(50,661)
Impact on EV					
Parallel 200 bps up	(86,605)	-	-	-	(86,605)
Parallel 200 bps down	86,605	-	-	-	86,605
Steepener	(105,928)	-	-	-	(105,928)
Flattener	89,561	-	-	-	89,561
Short Rate Up	(10,914)	-	-	-	(10,914)
Short Rate Down	10,914	-	-	-	10,914

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 rate of return 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 NPI and EV are measured on a monthly basis for the Bank and quarterly for the Group, both of which are reported to GALCO and GRMC.

4.0 Market Risk (cont'd.)

4.2 Non-Traded Market Risk

4.2.2 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 Net Stable Funding Ratio ("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 Oct 2024 to Sept 2025.

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.

	30 September 2025	31 March 2025
In RM'000		
Average HQLA	3,557,389	3,529,099
Average Cash Outflow	2,523,421	2,414,760
Average Cash Inflow	560,509	493,541
Average Net Cash Outflow	1,962,913	1,921,219
Average LCR Ratio %	181.23%	183.69%

5.0 Shariah Governance Disclosures

Shariah Non-Compliant Income and Events

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

In addition to the above, there was an SNCE which materialised in FY2024 pertaining to AIS house financing product based on BBA for properties under construction that breached BNM's Murabahah Policy Document and Circular on Implementation of Shariah Advisory Council's Resolution on Bai' Inah. The remediation and purification actions are currently in progress. As of 30 September 2025, the Bank had successfully remediated 99% of affected active accounts and had purified RM2,553,380 of the Shariah non-compliant income generated from closed accounts to charitable or religious bodies. A total of RM12,696,859 of profit had been provisioned for contingencies related to the remediation action.