# GROWTH & TRUST.

PUBLIC BANK

2025 INTEGRATED ANNUAL REPORT
FINANCIAL STATEMENTS

# INSIDE THIS REPORT

## GROWTH AND TRUST

The theme represents the enduring foundation of Public Bank, reflecting a legacy of disciplined, sustainable growth built on the unwavering trust of our customers, stakeholders and communities. For decades, trust has been our greatest strength, shaping every facet of our operations, from how we cultivate relationships to how we navigate complex economic cycles and consistently deliver value.

Our commitment to growth is defined not by scale alone, but by the tangible, long term impact we create. Guided by prudence, professionalism and strong governance, we focus on fostering financial inclusion, empowering local communities and supporting our customers throughout their lives and business journeys. This responsible stewardship ensures that our progress remains enduring, consistently reinforcing the confidence generations have placed in us.

As we look towards the future, *Growth and Trust* reflect both our proven track record and forward ambition. It is a reaffirmation of our pledge to remain a trusted leader in the financial sector, advancing collective progress and prosperity with integrity and excellence at our core.




2025 INTEGRATED ANNUAL REPORT
FINANCIAL STATEMENTS


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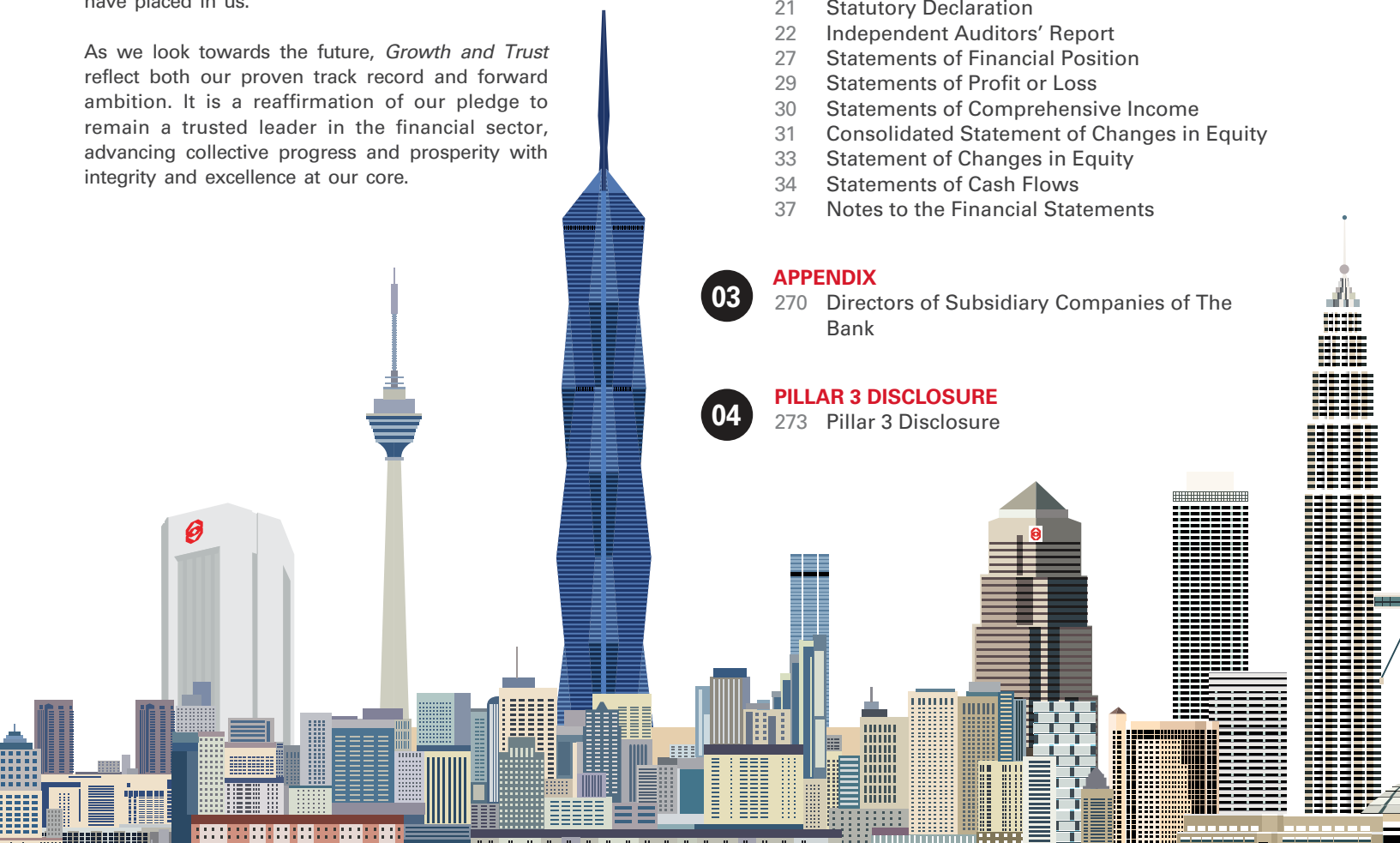
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# Corporate Mission

To sustain the position of being the most efficient, profitable and respected premier financial institution in Malaysia.

# Corporate Philosophy

**Public Bank Cares...**

**For Its**

## Customers

- By providing the most courteous and efficient service in every aspect of its business
- By being innovative in the development of new banking products and services

**For Its**

## Employees

- By promoting the well-being of its staff through attractive remuneration and fringe benefits
- By promoting good staff morale through proper staff training and development and provision of opportunities for career advancement

**For Its**

## Shareholders

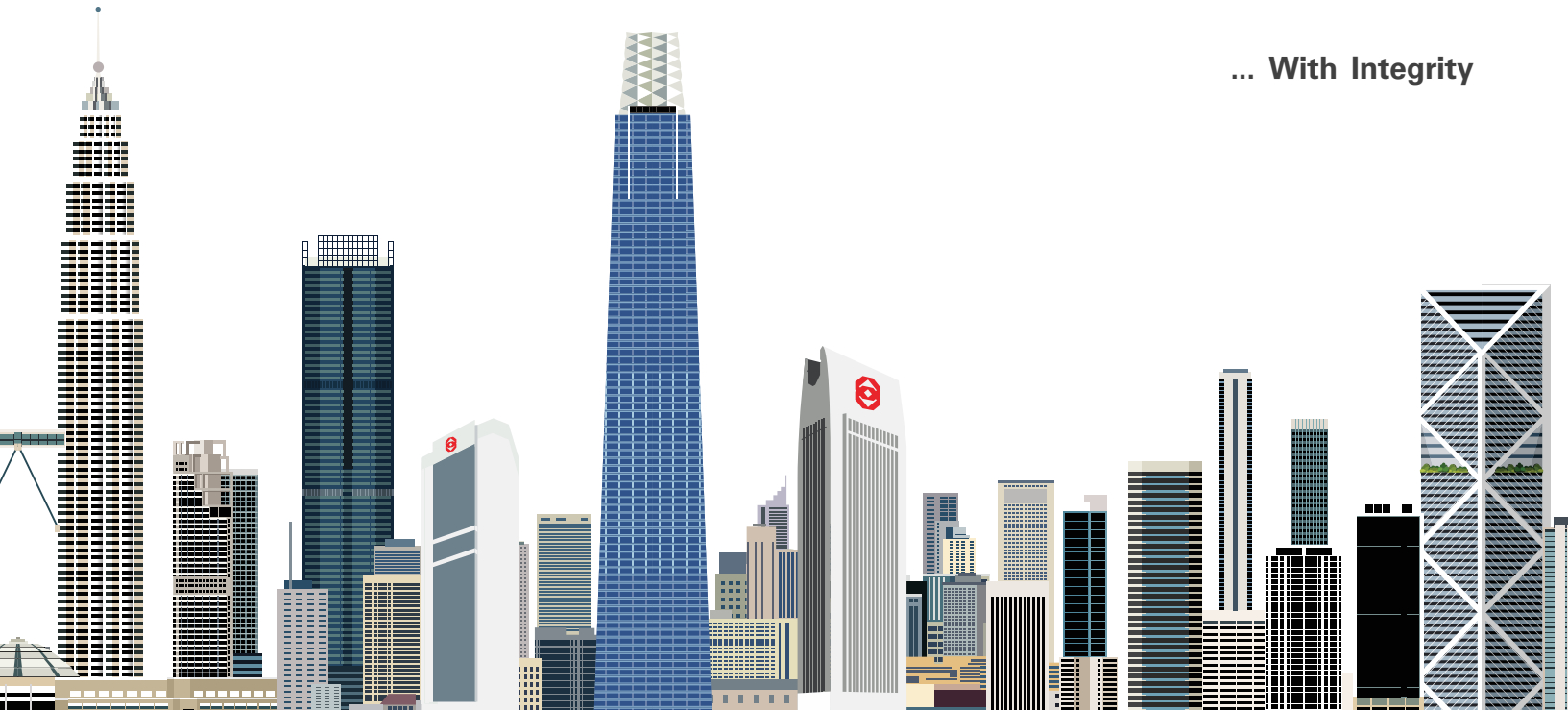
- By forging ahead and consolidating its position as a stable and progressive financial institution
- By generating profits and a fair return on their investment

**For the**

## Community it Serves

- By assuming its role as a socially responsible corporate citizen in a tangible manner
- By adhering closely to national policies and objectives thereby contributing towards the progress of the nation

**... With Integrity**



# **Financial** Highlights

| | Group | | Bank | |
|---|---|---|---|---|
| | **2025** | **2024** | **2025** | **2024** |
| **PROFITABILITY (RM'MILLION)** | | | | |
| Operating revenue | **29,510** | 27,205 | **19,473** | 18,839 |
| Operating profit | **9,566** | 9,183 | **7,821** | 7,186 |
| Profit before tax expense and zakat | **9,543** | 8,932 | **7,987** | 7,324 |
| Net profit attributable to equity holders of the Bank | **7,224** | 7,147 | **6,335** | 5,921 |
| **KEY BALANCE SHEET DATA (RM'MILLION)** | | | | |
| Total assets | **561,651** | 543,310* | **423,902** | 407,794 |
| Gross loans, advances and financing | **445,758** | 424,171 | **333,872** | 316,795 |
| Deposits from customers | **447,114** | 433,264 | **331,378** | 318,136 |
| Shareholders' equity | **59,938** | 57,335 | **48,185** | 45,872 |
| **FINANCIAL RATIOS (%)** | | | | |
| **Profitability Ratios** | | | | |
| Net interest margin on average interest bearing assets | **2.1** | 2.2 | **2.1** | 2.2 |
| Net return on equity[1] | **12.8** | 13.2 | **14.1** | 13.9 |
| Return on average assets | **1.7** | 1.7 | **1.9** | 1.8 |
| Return on average risk-weighted assets | **2.7** | 2.6 | **2.9** | 2.8 |
| **Capital Adequacy Ratio[2]** | | | | |
| Common Equity Tier I capital ratio | **13.9** | 14.2* | **12.0** | 12.2 |
| Tier I capital ratio | **13.9** | 14.2* | **12.0** | 12.2 |
| Total capital ratio | **16.6** | 17.0* | **14.9** | 15.3 |
| **Asset Quality Ratio** | | | | |
| Gross impaired loans ratio | **0.51** | 0.52 | **0.38** | 0.39 |

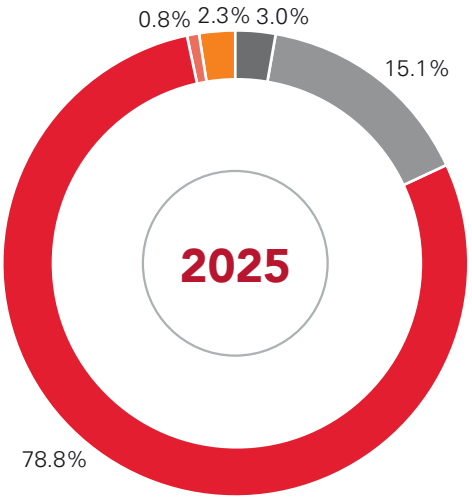
[1] *Based on average equity attributable to equity holders of the Bank, adjusted for dividend declared subsequent to year end.*

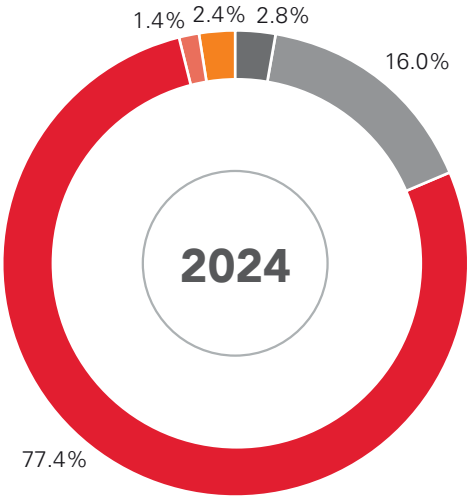
[2] *After deducting dividend declared subsequent to year end.*

* *Restated due to adjustments made retrospectively in relation to the purchase price allocation for the acquisition of LPI Capital Bhd and Public Bank Securities Vietnam Company Limited.*

# **Simplified Group** Balance Sheet

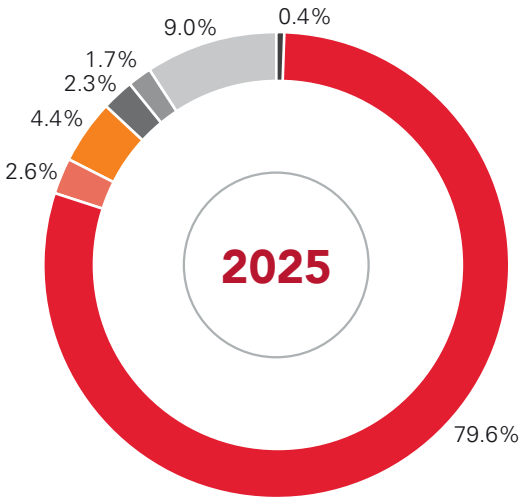
## ASSETS

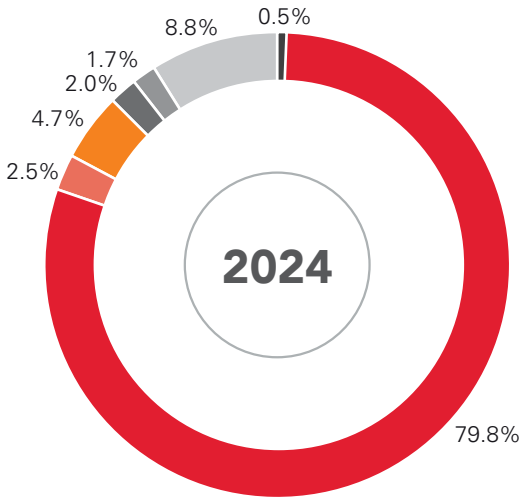



- Cash and balances with banks and reverse repurchase agreements
- Portfolio of financial investments
- Loans, advances and financing
- Statutory deposits with Central Banks
- Other assets (including intangible assets)

## LIABILITIES & EQUITY




- Deposit from customers
- Deposits from banks and other financial institutions
- Bills and acceptances payable and other liabilities
- Debt securities issued and other borrowed funds
- Share capital
- Reserves
- Non-controlling interests

# Five-Year Group Financial Summary

| Year Ended 31 December | 2025 | 2024 | 2023 | 2022 | 2021 |
|---|---|---|---|---|---|
| **OPERATING RESULTS (RM'MILLION)** | | | | | |
| Operating profit | **9,566** | 9,183 | 8,678 | 9,203 | 8,579 |
| Profit before tax expense and zakat | **9,543** | 8,932 | 8,539 | 8,831 | 7,367 |
| Net profit attributable to equity holders of the Bank | **7,224** | 7,147 | 6,649 | 6,119 | 5,657 |
| **KEY BALANCE SHEET DATA (RM'MILLION)** | | | | | |
| Total assets | **561,651** | 543,310* | 510,598 | 493,263 | 462,739 |
| Gross loans, advances and financing | **445,758** | 424,171 | 398,997 | 376,892 | 358,027 |
| Total liabilities | **499,210** | 483,380* | 454,218 | 441,737 | 413,314 |
| Deposits from customers | **447,114** | 433,264 | 412,897 | 394,719 | 380,394 |
| Core customer deposits | **382,169** | 374,500 | 342,033 | 335,570 | 325,770 |
| Share capital | **9,418** | 9,418 | 9,418 | 9,418 | 9,418 |
| Shareholders' equity | **59,938** | 57,335 | 54,674 | 50,179 | 48,163 |
| Commitments and contingencies | **138,684** | 131,892 | 121,326 | 104,722 | 102,643 |
| **SHARE INFORMATION AND VALUATION** | | | | | |
| **Share Information** | | | | | |
| Per share (sen) | | | | | |
| Basic/Diluted earnings | **37.4** | 36.8 | 34.3 | 31.5 | 29.1 |
| Dividend | **22.5** | 21.0 | 19.0 | 17.0 | 15.2 |
| Net assets | **310.3** | 296.9 | 281.7 | 258.5 | 248.1 |
| Share price as at 31 December (RM) | **4.54** | 4.56 | 4.29 | 4.32 | 4.16 |
| Market Capitalisation (RM'Million) | **88,125** | 88,513 | 83,272 | 83,854 | 80,748 |
| **Valuation** | | | | | |
| Dividend yield (%) | **5.0** | 4.6 | 4.4 | 3.9 | 3.7 |
| Dividend payout ratio (%) | **60.5** | 57.0 | 55.5 | 53.9 | 52.2 |
| Price to earnings multiple (times) | **12.1** | 12.4 | 12.5 | 13.7 | 14.3 |
| Price to book multiple (times) | **1.5** | 1.5 | 1.5 | 1.7 | 1.7 |

| Year Ended 31 December | 2025 | 2024 | 2023 | 2022 | 2021 |
|---|---|---|---|---|---|
| **FINANCIAL RATIOS (%)** | | | | | |
| **Profitability Ratios** | | | | | |
| Net interest margin on average interest bearing assets | **2.1** | 2.2 | 2.2 | 2.4 | 2.2 |
| Net return on equity[1] | **12.8** | 13.2 | 13.0 | 12.8 | 12.4 |
| Return on average assets | **1.7** | 1.7 | 1.7 | 1.8 | 1.6 |
| Return on average risk-weighted assets | **2.7** | 2.6 | 2.6 | 2.9 | 2.5 |
| Cost/income ratio | **34.9** | 34.5 | 33.7 | 31.5 | 31.6 |
| **Asset Quality Ratios** | | | | | |
| Gross loans to fund ratio | **95.6** | 94.3* | 92.9 | 91.4 | 90.1 |
| Gross loans to fund and equity ratio | **84.1** | 83.1* | 82.0 | 81.1 | 80.0 |
| Gross impaired loans ratio | **0.51** | 0.52 | 0.59 | 0.42 | 0.31 |
| Loan loss coverage | | | | | |
| – Exclude regulatory reserve | **149.9** | 166.2 | 181.8 | 272.0 | 360.7 |
| – Include regulatory reserve | **248.7** | 237.7 | 212.8 | 291.8 | 383.2 |
| **Capital Adequacy Ratio[2]** | | | | | |
| Common Equity Tier I ("CET I") capital ratio | **13.9** | 14.2* | 14.7 | 14.6 | 14.5 |
| Tier I capital ratio | **13.9** | 14.2* | 14.7 | 14.6 | 14.6 |
| Total capital ratio | **16.6** | 17.0* | 17.6 | 17.6 | 17.7 |
| **PRODUCTIVITY RATIOS** | | | | | |
| Number of employees | **21,571** | 21,125 | 19,827 | 19,188 | 19,364 |
| Gross loans per employee (RM'000) | **20,665** | 20,079 | 20,124 | 19,642 | 18,489 |
| Deposits per employee (RM'000) | **20,728** | 20,510 | 20,825 | 20,571 | 19,644 |
| Profit before tax per employee (RM'000) | **442** | 423 | 431 | 460 | 380 |
| **MARKET SHARE (%)** | | | | | |
| Domestic market share | | | | | |
| Loans, advances & financing | **17.8** | 17.7 | 17.5 | 17.4 | 17.4 |
| Deposits from customers | **16.4** | 16.5 | 16.3 | 16.3 | 16.2 |
| Core customer deposits | **16.6** | 16.9 | 16.4 | 16.8 | 17.2 |

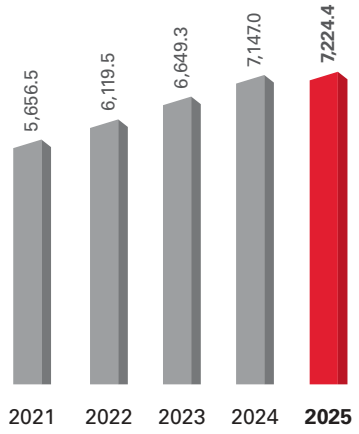
[1] *Based on equity attributable to equity holders of the Bank, adjusted for dividend declared subsequent to year end.*

[2] *After deducting dividend declared subsequent to year end.*

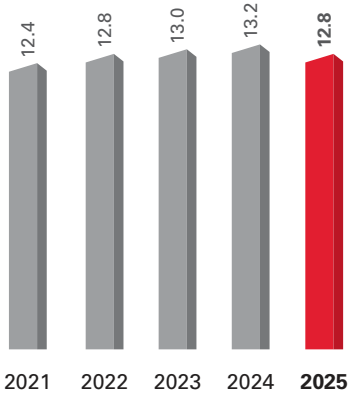
* *Restated due to adjustments made retrospectively in relation to the purchase price allocation for the acquisition of LPI Capital Bhd and Public Bank Securities Vietnam Company Limited.*

# Summary of Five-Year Group Growth

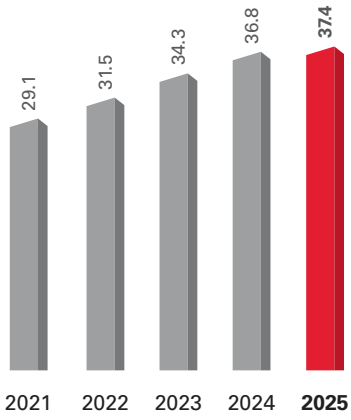
**NET PROFIT ATTRIBUTABLE TO EQUITY HOLDERS**
RM'Million



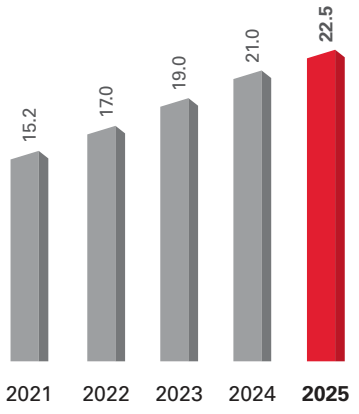

**NET RETURN ON EQUITY**
Percentage (%)



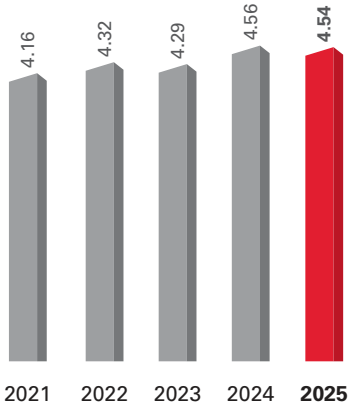

**EARNINGS PER SHARE**
Sen



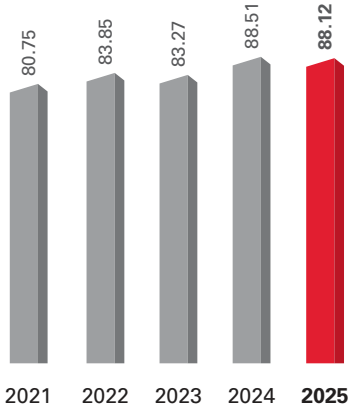

**DIVIDEND PER SHARE**
Sen




**SHARE PRICE**
RM



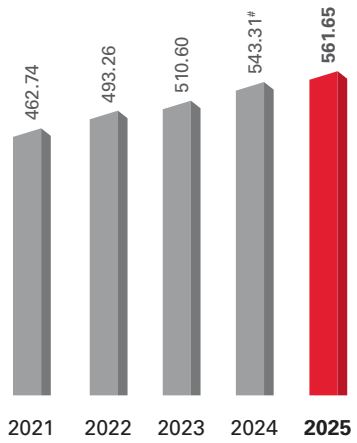

**MARKET CAPITALISATION**
RM'Billion



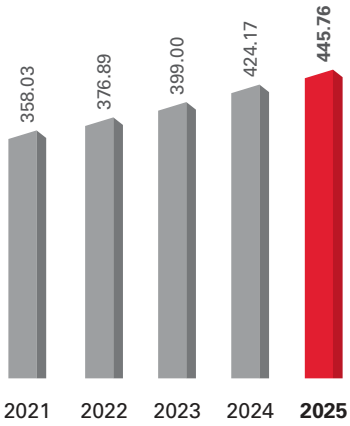

Public Bank's Ranking by Market Capitalisation on Bursa Malaysia Securities Berhad

| Year | 2025 | 2024 | 2023 | 2022 | 2021 |
|---|---|---|---|---|---|
| Ranking | **3rd** | 2nd | 2nd | 2nd | 2nd |

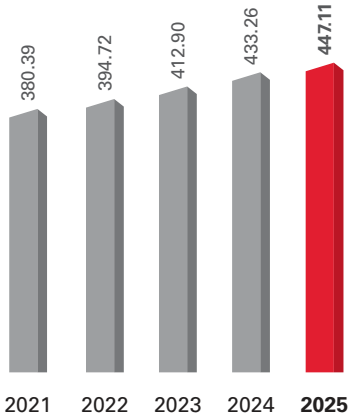
**TOTAL ASSETS**
RM'Billion



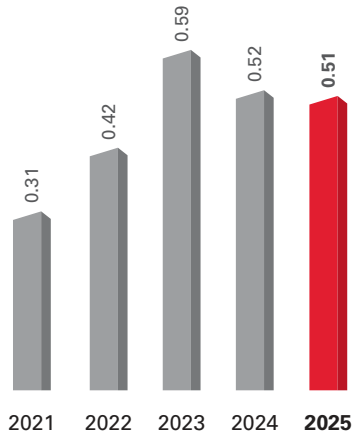

**GROSS LOANS, ADVANCES AND FINANCING**
RM'Billion



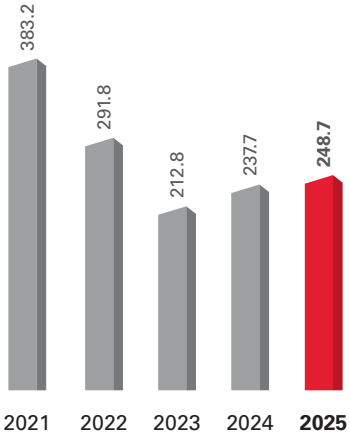

**CUSTOMER DEPOSITS**
RM'Billion



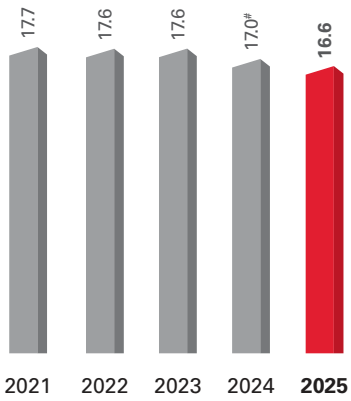

**GROSS IMPAIRED LOANS RATIO**
Percentage (%)




**LOAN LOSS COVERAGE***
Percentage (%)




**TOTAL CAPITAL RATIO****
Percentage (%)



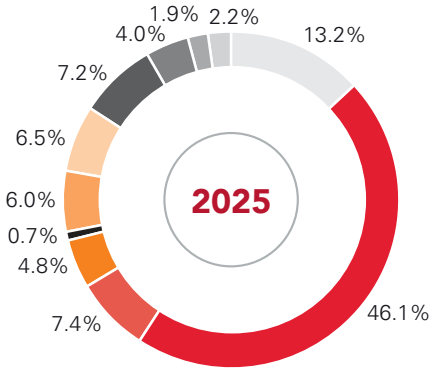

** Including regulatory reserves*
*** After deducting dividend declared subsequent to year end*
*# Restated due to adjustments made retrospectively in relation to the purchase price allocation for the acquisition of LPI Capital Bhd and Public Bank Securities Vietnam Company Limited.*

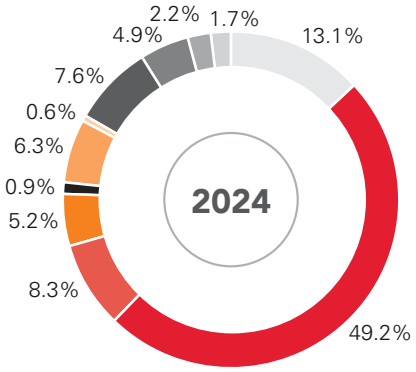
# Segmental Analysis

| | Operating Revenue | | Profit/(Loss) Before Tax | | Total Assets | |
|---|---|---|---|---|---|---|
| | **2025 (%)** | 2024 (%) | **2025 (%)** | 2024 (%) | **2025 (%)** | 2024 (%) |
| Hire Purchase | 13.2 | 13.1 | 7.0 | 11.7 | 11.7 | 11.0 |
| Retail operations | 46.1 | 49.2 | 49.0 | 49.8 | 49.2 | 50.1 |
| Corporate lending | 7.4 | 8.3 | 8.9 | 9.4 | 6.6 | 7.1 |
| Treasury and capital market operations | 4.8 | 5.2 | 3.2 | 3.3 | 15.6 | 14.9 |
| Investment banking | 0.7 | 0.9 | 0.7 | 1.0 | 0.4 | 0.4 |
| Fund management | 6.0 | 6.3 | 8.9 | 9.6 | 0.1 | 0.1 |
| General insurance | 6.5 | 0.6 | 4.1 | 0.4 | 0.7 | 0.7 |
| Others | 7.2 | 7.6 | 13.5 | 16.3 | 9.4 | 8.8 |
| **Total domestic** | **91.9** | **91.2** | **95.3** | **101.5** | **93.7** | **93.1** |
| Hong Kong SAR | 4.0 | 4.9 | 0.7 | (6.7) | 3.1 | 3.6 |
| Cambodia | 1.9 | 2.2 | 3.1 | 4.2 | 1.5 | 1.6 |
| Other countries | 2.2 | 1.7 | 0.9 | 1.0 | 1.7 | 1.7 |
| **Total overseas** | **8.1** | **8.8** | **4.7** | **(1.5)** | **6.3** | **6.9** |
| **Total** | **100.0** | **100.0** | **100.0** | **100.0** | **100.0** | **100.0** |

## OPERATING REVENUE

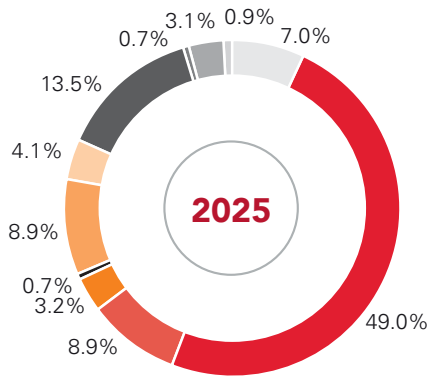
- Hire Purchase
- Retail operations
- Corporate lending
- Treasury and capital market operations
- Investment banking
- Fund management
- General insurance
- Others
- Hong Kong SAR
- Cambodia
- Other countries

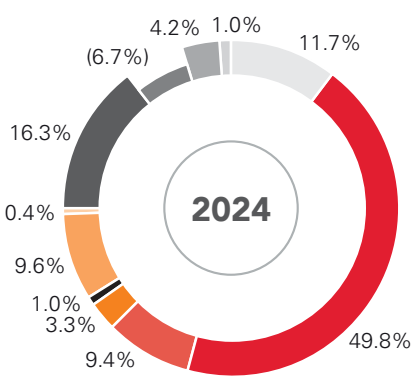



## PROFIT/(LOSS) BEFORE TAX

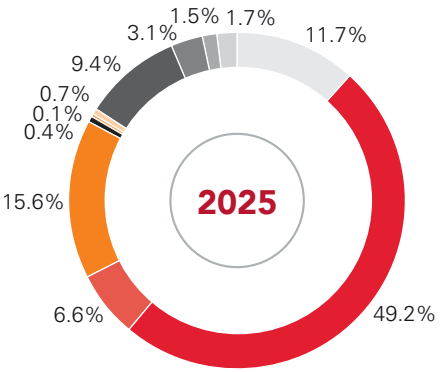
- Hire purchase
- Retail operations
- Corporate lending
- Treasury and capital market operations
- Investment banking
- Fund management
- General insurance
- Others
- Hong Kong SAR
- Cambodia
- Other countries

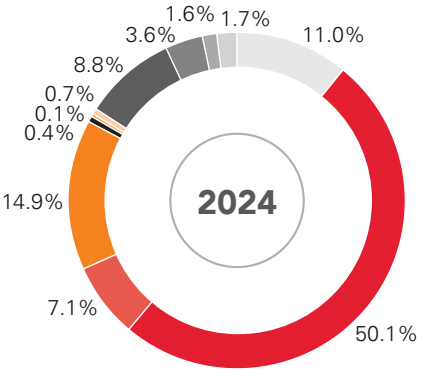



## TOTAL ASSETS

- Hire purchase
- Retail operations
- Corporate lending
- Treasury and capital market operations
- Investment banking
- Fund management
- General insurance
- Others
- Hong Kong SAR
- Cambodia
- Other countries



# Statement of Value Added

Value added is a measure of wealth created by the Public Bank Group through various business activities. The statement of value added shows the total wealth created and how it was distributed to stakeholders, including the Governments, as well as reinvestment for the replacement of assets and further expansion of the Group's business.

| Value Added | 2025 RM'000 | 2024 RM'000 |
|---|---|---|
| Net interest income | **9,583,686** | 9,451,106 |
| Net income from Islamic banking business | **1,839,388** | 1,707,000 |
| Other operating income | **3,272,080** | 2,852,568 |
| Other operating expenses excluding staff costs and depreciation | **(1,122,074)** | (945,667) |
| Allowance for impairment on loans, advances and financing | **(66,830)** | (565) |
| Allowance for impairment on other assets | **(12,790)** | (491,511) |
| Share of results of equity accounted associated companies | **56,021** | 241,163 |
| **Value added available for distribution** | **13,549,481** | 12,814,094 |

| Distribution of Value Added | 2025 RM'000 | 2024 RM'000 |
|---|---|---|
| **To employees:** | | |
| Personnel costs | **3,696,022** | 3,551,060 |
| **To the Governments:** | | |
| Taxation | **2,007,768** | 2,052,094 |
| **To providers of capital:** | | |
| Dividends paid to shareholders | **4,367,406** | 4,076,245 |
| Non-controlling interests | **182,687** | (127,967) |
| **To reinvest in the Group:** | | |
| Depreciation | **310,606** | 331,405 |
| Retained profits | **2,984,992** | 2,931,257 |
| **Total distributed** | **13,549,481** | 12,814,094 |

# **Statement of** Responsibility By Directors

In respect of the preparation of the annual audited financial statements

The Directors are responsible for ensuring that the annual audited financial statements of the Group and of the Bank are drawn up in accordance with MFRS Accounting Standards, IFRS Accounting Standards, the requirements of the Companies Act 2016 in Malaysia, Bank Negara Malaysia's Guidelines and Listing Requirements of Bursa Malaysia Securities Berhad.

The Directors are also responsible for ensuring that the annual audited financial statements of the Group and of the Bank are prepared with reasonable accuracy from the accounting records of the Group and of the Bank so as to give a true and fair view of the financial position of the Group and of the Bank as at 31 December 2025 and of their financial performance as well as cash flows for the year then ended.

In preparing the annual audited financial statements, the Directors have:

a. applied the appropriate and relevant accounting policies on a consistent basis;
b. made judgements and estimates that are reasonable and prudent; and
c. prepared the audited financial statements on a going concern basis.

The Directors also have a general responsibility to take reasonable steps to safeguard the assets of the Group and of the Bank, and to prevent and detect fraud as well as other irregularities.

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# Directors' Report

For the Financial Year Ended 31 December 2025

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

## PRINCIPAL ACTIVITIES

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

The principal activities of the subsidiary and associated companies are as disclosed in Notes 16 and 17 to the financial statements respectively.

There have been no significant changes to these principal activities during the financial year.

## FINANCIAL RESULTS

| | Group RM'000 | Bank RM'000 |
|---|---|---|
| Profit before tax expense and zakat | 9,542,853 | 7,987,020 |
| Tax expense and zakat | (2,135,744) | (1,651,663) |
| Profit for the year | 7,407,109 | 6,335,357 |
| Attributable to: | | |
| Equity holders of the Bank | 7,224,422 | 6,335,357 |
| Non-controlling interests | 182,687 | – |
| Profit for the year | 7,407,109 | 6,335,357 |

## DIVIDENDS

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

| | RM'000 |
|---|---|
| In respect of financial year ended 31 December 2024: | |
| Second interim dividend of 11.0 sen based on 19,410,691,735 ordinary shares paid on 24 March 2025 | 2,135,176 |
| In respect of financial year ended 31 December 2025: | |
| First interim dividend of 10.5 sen based on 19,410,691,735 ordinary shares paid on 24 September 2025 | 2,038,123 |
| | 4,173,299 |

Subsequent to the financial year end, on 25 February 2026 the Directors declared a second interim dividend of 12.0 sen per share, with the total amounting to approximately RM2,329,283,008 in respect of the current financial year. This is computed based on 19,410,691,735 ordinary shares in issue as at 31 December 2025, to be paid and distributed to shareholders whose names appear in the Record of Depositors at the close of business on 12 March 2026. The financial statements for the current financial year do not reflect these dividends. Upon declaration, this dividend payment will be accounted for in equity as an appropriation of retained earnings during the financial year ending 31 December 2026.

The Directors do not propose any final dividend for the financial year ended 31 December 2025.

# Directors' Report

For the Financial Year Ended 31 December 2025

## ISSUANCE OF SHARES AND DEBENTURES

There were no issuance of new shares by the Bank during the year.

During the year, the Group and the Bank made various issuances and redemptions of debt securities, as disclosed in Note 26 to the financial statements.

## SHARE BUY-BACK

There were no share buy-backs, shares held as treasury shares nor resale of treasury shares by the Bank during the year.

## RESERVES, PROVISIONS AND ALLOWANCES

There were no material transfers to or from reserves or provisions or allowances during the year other than those as disclosed in the statements of changes in equity and Notes 3, 7, 8, 9, 10, 11, 12, 27, 30 and 31 to the financial statements.

## DIRECTORS OF THE BANK

The Directors who served since the beginning of the financial year to the date of this report are:

Mr Lai Wan
Tan Sri Dato' Sri (Dr) Tay Ah Lek
Ms Cheah Kim Ling
Mr Lee Chin Guan
Dato' Mohd Hanif bin Sher Mohamed
Ms Tham Chai Fhong
Mr Lim Chao Li
Ms Gladys Leong
Ms Teoh Meow Choo

The names of the Directors of the Bank's subsidiary companies who served on the respective boards of the subsidiary companies since the beginning of the financial year to the date of this report are disclosed in the Appendix to the financial statements.

In accordance with Clause 107 of the Bank's Constitution, Mr Lai Wan and Ms Teoh Meow Choo retire by rotation at the forthcoming Annual General Meeting ("AGM") and, being eligible, offer themselves for re-election.

Mr Lee Chin Guan who also retires by rotation pursuant to Clause 107 of the Bank's Constitution, has expressed his intention not to seek re-election at the forthcoming AGM. Hence, he will retain office until the conclusion of the said AGM.

## DIRECTORS' INTERESTS

According to the Register of Directors' Shareholdings, the interests of the Directors in office at the end of the financial year in shares of the Bank and in shares of its subsidiary companies during the financial year were as follows:

### Shares Held in the Bank

| | Number of Ordinary Shares | | | |
|---|---|---|---|---|
| | Balance at 1.1.2025 | Acquired | Disposed | Balance at 31.12.2025 |
| **Direct interests:** | | | | |
| Tan Sri Dato' Sri (Dr) Tay Ah Lek | 27,944,225 | – | – | 27,944,225 |
| Mr Lee Chin Guan | 1,000,150 | – | – | 1,000,150 |
| Ms Tham Chai Fhong | 73,500 | – | – | 73,500 |
| Mr Lim Chao Li | 151,710 | – | – | 151,710 |
| Ms Gladys Leong | 20,000 | – | – | 20,000 |
| Ms Teoh Meow Choo | 46,000 | – | – | 46,000 |
| **Deemed interests:** | | | | |
| Tan Sri Dato' Sri (Dr) Tay Ah Lek | 3,448,725 | – | – | 3,448,725 |
| Mr Lai Wan | 93,270 | – | – | 93,270 |
| Ms Cheah Kim Ling | 51,960 | – | – | 51,960 |

### Shares Held in a Subsidiary Company, LPI Capital Bhd

| | Number of Ordinary Shares | | | |
|---|---|---|---|---|
| | Balance at 1.1.2025 | Acquired | Disposed | Balance at 31.12.2025 |
| **Direct interests:** | | | | |
| Tan Sri Dato' Sri (Dr) Tay Ah Lek | 333,849 | – | – | 333,849 |
| Mr Lee Chin Guan | 2,300,000 | – | – | 2,300,000 |
| **Deemed interests:** | | | | |
| Tan Sri Dato' Sri (Dr) Tay Ah Lek | 87,552 | – | – | 87,552 |

### Shares Held in a Subsidiary Company, Public Financial Holdings Limited

| | Number of Ordinary Shares | | | |
|---|---|---|---|---|
| | Balance at 1.1.2025 | Acquired | Disposed | Balance at 31.12.2025 |
| **Direct interests:** | | | | |
| Tan Sri Dato' Sri (Dr) Tay Ah Lek | 350,000 | – | – | 350,000 |

Other than as disclosed above, none of the Directors in office at the end of the financial year had any interest in shares in the Bank or its related corporations during the financial year.

# Directors' Report

For the Financial Year Ended 31 December 2025

## DIRECTORS' BENEFITS

During and at the end of the financial year, no arrangements subsisted to which the Bank or its subsidiary companies is a party with the object of enabling Directors of the Bank to acquire benefits by means of the acquisition of shares in or debentures of the Bank or any other body corporate.

Since the end of the previous financial year, no Director of the Bank has received or become entitled to receive any benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the Directors or the fixed salary of a full time employee of the Bank) by reason of a contract made by the Bank or a related corporation with the Director or with a firm of which he is a member, or with a company in which he has substantial financial interest except for those transactions arising in the ordinary course of business as disclosed in Note 45(a) to the financial statements.

The remuneration in aggregate for Directors of the Bank and its subsidiary companies for the financial year are as follows:

| | Group RM'000 | Bank RM'000 |
|---|---|---|
| **Directors of the Bank:** | | |
| Directors' fees | 5,532 | 3,255 |
| Directors' salary, bonus and other emoluments | 68,141 | 66,252 |
| **Directors of the subsidiary companies:** | | |
| Directors' fees | 6,631 | – |
| Directors' salary, bonus and other emoluments | 27,706 | – |

Details of Directors' remuneration are set out in Note 39 to the financial statements.

## OTHER STATUTORY INFORMATION

(a) Before the statements of profit or loss and statements of financial position of the Group and of the Bank were made out, the Directors took reasonable steps:

  (i) to ascertain that actions had been taken in relation to the writing off of bad debts and financing and the making of allowance for doubtful debts and financing, and satisfied themselves that all known bad debts and financing had been written off and adequate allowance had been made for doubtful debts and financing; and

  (ii) to ensure that current assets, other than debts and financing, which were unlikely to be realised in the ordinary course of business at their values as shown in the accounting records of the Group and of the Bank have been written down to an amount which they might be expected to realise.

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

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

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

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

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

## OTHER STATUTORY INFORMATION (CONTINUED)

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

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

(ii) any contingent liability in respect of the Group or of the Bank that has arisen since the end of the financial year other than those incurred in the ordinary course of business of the Group and of the Bank.

(f) In the opinion of the Directors:

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

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

## SIGNIFICANT AND SUBSEQUENT EVENTS

The significant events during the financial year are as disclosed in Note 56 to the financial statements.

Other than as disclosed in Note 57 to the financial statements, there were no material events subsequent to the reporting date that require disclosure or adjustments to the financial statements.

## INDEMNIFICATION OF DIRECTORS

The Bank maintained on a group basis, insurance coverage up to an aggregate limit of RM460,000,000 (2024: RM435,000,000) against any legal liability incurred by the Directors and officers in the discharge of their duties while holding office for the Bank or for its subsidiary companies. The Directors and officers shall not be indemnified by such insurance for any deliberate negligence, fraud, intentional breach of law or breach of trust proven against them. The amount of insurance premium paid for the Directors and officers for the current financial year was RM11,180,000 (2024: RM11,380,000).

## BUSINESS REVIEW 2025

The global economy experienced moderate growth in 2025, with advanced economies stabilising as well as emerging markets and developing economies, particularly in Asia, sustaining global output. Resilient labour market, easing inflationary pressure, a more accommodative monetary stance in major advanced economies as well as supportive fiscal policy mitigated the impact of the United States of America ("US") tariffs on global trade flows and heightened supply chain uncertainties.

Malaysia's economy was supported by strong domestic demand, moderate inflation, a favourable labour market and sustained direct investment. Steady external trade and robust tourism activity also fuelled growth momentum. The Malaysian banking system remained resilient, backed by ample liquidity and healthy capital buffers.

As at the end of 2025, the Public Bank Group's total loans achieved commendable growth of 5.1%, driven mainly by residential property financing, hire purchase financing as well as small and medium enterprise ("SME") financing. The Group sustained its prominent market shares in residential property, commercial property and hire purchase financing, with market shares of 20.1%, 32.4% and 32.8% respectively.

The Public Bank Group's total customer deposits stood at RM447.1 billion as at the end of December 2025, representing a 3.2% growth from 2024. On the domestic front, total deposits grew by 3.8% to RM419.0 billion, supported by core deposits and wholesale deposits.

# Directors' Report

## For the Financial Year Ended 31 December 2025

### BUSINESS REVIEW 2025 (CONTINUED)

Net interest and financing income recorded a more moderate growth of 2.1% in 2025, due to net interest/financing margin compression arising from the intense competition in the loans and deposits markets.

The Public Bank Group's non-interest and non-financing income recorded a double-digit growth of 15.2% in 2025, supported by the newly acquired general insurance income, as well as investment and unit trust income which grew by 76.5% and 4.8% respectively.

The Public Bank Group's wholly owned unit trust management subsidiary, Public Mutual, retained its leading market share of 43.6% in the domestic retail private unit trust industry (excluding money market funds) as at the end 2025. Public Mutual posted profit before tax of RM850.6 million in 2025, contributing 8.9% to the Public Bank Group's profit for 2025.

In 2025, the Public Bank Group's newly acquired subsidiary LPI Capital Group ("LPI") contributed RM141.0 million to the Public Bank Group's net profit. The Group continued to leverage on LPI's agency network and the Group's broad customer base to expand cross-selling opportunities. Meanwhile, the Group's bancassurance business through its strategic partnership with AIA Berhad achieved commendable results, with growth in annualised new premium by 15.6% to RM616.7 million in 2025.

In terms of cost efficiency, the Public Bank Group maintained an efficient cost-to-income ratio of 34.9%, which was well below the banking industry's average of 45.2%. The Group stays committed to its prudent cost management.

As at the end of 2025, the Public Bank Group continued to uphold sound asset quality, maintaining a gross impaired loans ratio of 0.5% as compared to the banking industry's gross impaired loans ratio of 1.4%. The Group's loan loss coverage ratio stood at a prudent level of 149.9% as at the end of 2025, exceeding the banking industry's loan loss coverage ratio of 84.8%.

The Public Bank Group maintained healthy capital and liquidity positions. The Group's Common Equity Tier I capital ratio, Tier I capital ratio and total capital ratio stood at 13.9%, 13.9% and 16.6% respectively as at the end of 2025, well above the minimum regulatory requirements. The Group's average liquidity coverage ratio stood at a comfortable level of 127.7% in 2025, surpassing the minimum regulatory requirement of 100%.

For efficient service delivery, the Public Bank Group operates 314 branches and more than 2,000 units of self-service terminals in Malaysia, with a combined workforce of over 21,000 employees. The Group's regional presence comprises a network of 72 branches in Hong Kong, 5 in China, 32 in Cambodia, 40 in Vietnam, 4 in Laos, 3 in Sri Lanka and 1 in Singapore.

The Public Bank Group integrates sustainability within its business strategy and operations through a comprehensive range of environmental, social and governance initiatives, in line with the Group's steadfast commitment to decarbonisation, aiming to achieve Carbon Neutral status for Scope 1 and 2 emissions by 2030 and Net Zero Carbon by 2050. The Group launched *'PB Sustain'* in January 2025, a sustainable financing hub to support Public Bank's customers in adopting more sustainable business practices.

As part of the Public Bank Group's sustainability initiatives, the Group strategically collaborated with property developers to facilitate the financing of green and sustainable development projects across Malaysia. The Group offered attractive financing solutions for the purchase of low emission vehicles and solar panels, encouraging customers to transition towards a low-carbon economy. The Group has achieved over 77% of its target to mobilise RM100 billion of sustainable financing by 2030.

The Public Bank Group continued to integrate innovation and digital transformation across its operations in order to strengthen operational efficiency and resilience. Leveraging on modern technologies and forward-thinking strategies, the Group remains focused on improving customer experience coupled with its unwavering commitment in terms of security and reliability.

The Public Bank Group is fully committed to safeguarding cyber security as well as continues to invest in advanced information technology and enhance risk management capabilities to strengthen cyber resilience. Up to 31 December 2025, Public Bank had successfully protected over 1.5 million customers or more than 4.5 million transactions amounting to about RM2.0 billion from being fraudulently transferred into fraudsters' accounts.

## ECONOMIC OUTLOOK AND PROSPECTS FOR 2026

Global growth in 2026 is expected to be relatively moderate. Global economic risks for 2026 remain skewed to the downside, including renewed tariff escalations, geopolitical disruptions to energy and trade flows, persistent fiscal imbalances and heightened volatility in global financial markets. The US economy is expected to improve slightly, driven by solid domestic demand and investment sentiment, while supported by an accommodative monetary policy. Growth in the Euro area and Japan are projected to moderate, weighed by elevated uncertainties and higher tariffs. China's economy is expected to be moderate amid trade restrictions and subdued external demand, coupled with heightened risks from global trade tensions, supply chain disruptions and prolonged property sector weakness. Growth across emerging market and developing economies are anticipated to soften due to moderations in China and India.

Malaysia's economy is expected to maintain a resilient growth trajectory, anchored by strong domestic demand, stable labour market, a diversified economic structure and sound policy management against heightened global uncertainties. Investments in strategic sectors under the New Industrial Masterplan 2030, 13th Malaysia Plan and National Energy Transition Roadmap as well as targeted assistance programs will further support growth. Visit Malaysia 2026 is set to provide a boost to the services sector, particularly in retail, transportation and hospitality-related activities. The manufacturing and trade sector will also remain supportive of growth.

Domestic financial conditions in Malaysia remain conducive for financial intermediation, underpinned by ample liquidity and healthy capital buffers. Banks will remain proactive in monitoring asset quality and maintaining resilient credit quality. Banks in Malaysia will also continue to focus on enhancing operational and cost efficiencies as well as digital innovation.

## BUSINESS OUTLOOK FOR 2026

The business environment in Malaysia is expected to be supported by appropriate Government policies and reform initiatives that enhance business resilience and encourage domestic investments. Nevertheless, business growth will also continue to be highly dependent on overall macroeconomic developments.

The Public Bank Group continues to proactively grow its business by leveraging on its core strength in the retail banking segments. The Group's priorities will remain centred on the lending support to SMEs as well as property and vehicle financing segments.

The Public Bank Group will maintain prudence in its credit risk management, supported by strong corporate governance and sound risk management practices. The Group remains committed to preserving stakeholder interests as well as ensuring that it stays well capitalised and adequately funded to support sustainable business growth.

The Public Bank Group will continue to expand its deposit base, focusing on growing savings and demand deposits while optimising funding costs to support long term business sustainability. The Group also remains committed to offering a comprehensive selection of wealth management products to meet the increasingly diverse investment needs while deepening customer relationships.

The acquisition of LPI strengthens the Public Bank Group's presence in the general insurance segment in Malaysia. The Group will proactively collaborate with LPI to identify and pursue cooperative opportunities, including cross-selling, to improve the Group's non-interest income contributions.

Amid a volatile capital market, the Public Bank Group will maintain a vigilant and prudent approach in growing its treasury business, while further enhancing its risk management capabilities to navigate ongoing market uncertainties.

On digitalisation and technological innovation, the Public Bank Group remains committed to advancing innovation, inclusivity and sustainability through ongoing digital transformation initiatives. The Group's digital platforms will continue to be enhanced to ensure secure, efficient and user-centric digital banking services.

# Directors' Report

For the Financial Year Ended 31 December 2025

## BUSINESS OUTLOOK FOR 2026 (CONTINUED)

With market competition accelerating across the financial sector, the Public Bank Group will continue to leverage on the advancement of technology to enhance its service delivery standards and infrastructure for enriched customer experience. The Group remains committed to delivering integrated and seamless banking services across its multi-channel platforms, while enhancing service efficiency through its extensive network of physical and digital channels.

The Public Bank Group will continue to enhance scam awareness and fraud prevention efforts by delivering high-quality learning experience and leveraging on interactive engagement platforms. The Group will utilise multiple communication channels, including email communications, social media, online banking and mobile banking platforms as well as conducting public roadshows, to deliver insightful scam-related information to the public, with the aim of strengthening public awareness and building resilience against evolving scam threats.

As the Public Bank Group proactively grows its business, the Group remains committed to strengthening its sustainability agenda. Supported by its decarbonisation commitment, the Group aims to achieve a Carbon Neutral status by 2030 and Net Zero Carbon status by 2050. The Group has achieved over 77% of its target to mobilise RM100 billion of sustainable financing by 2030. The installations of solar panels at domestic branches owned by the Bank are scheduled to take place from 2025-2027, with about 40% installations completed as at the end of 2025.

Decarbonisation targets have been established for the cement, construction, palm oil and real estate sectors. At the same time, the Public Bank Group is piloting the Locate, Evaluate, Assess and Prepare approach under the Taskforce on Nature-related Financial Disclosures to strengthen the Group's capacity to manage nature-related risks and opportunities.

On overseas operations, the Public Bank Group will remain committed to strengthening and expanding its business and regional presence in Indochina and Hong Kong.

## AUDITORS

The retiring auditors, Messrs. Ernst & Young PLT, have indicated their willingness to accept re-appointment.

Auditors' remuneration is as follows:

| | Group RM'000 | Bank RM'000 |
|---|---|---|
| Ernst & Young | 8,127 | 3,439 |
| Other auditors | 2,041 | – |
| | 10,168 | 3,439 |

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

**LAI WAN**
Director

**TAN SRI DATO' SRI (DR) TAY AH LEK**
Director

Kuala Lumpur
Date: 25 February 2026

# Statement by Directors

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

We, LAI WAN and TAN SRI DATO' SRI (DR) TAY AH LEK, being two of the Directors of PUBLIC BANK BERHAD, do hereby state that, in the opinion of the Directors, the financial statements set out on pages 27 to 269 are properly drawn up in accordance with MFRS Accounting Standards, IFRS Accounting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Bank as at 31 December 2025 and of their financial performance and cash flows for the year then ended.

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

**LAI WAN**
Director

**TAN SRI DATO' SRI (DR) TAY AH LEK**
Director

Kuala Lumpur
Date: 25 February 2026

# Statutory Declaration

Pursuant to Section 251(1)(b) of the Companies Act 2016

I, YIK SOOK LING, being the officer primarily responsible for the financial management of PUBLIC BANK BERHAD, do solemnly and sincerely declare that the financial statements set out on pages 27 to 269, are to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the abovenamed YIK SOOK LING at KUALA LUMPUR in WILAYAH PERSEKUTUAN on 25 February 2026

**YIK SOOK LING**
MIA No.: CA 11419

BEFORE ME:

Commissioner for Oaths
Kuala Lumpur

# Independent Auditors' Report

To the Members of Public Bank Berhad (Incorporated in Malaysia)

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

### Opinion

We have audited the financial statements of Public Bank Berhad, which comprise the statements of financial position as at 31 December 2025 of the Group and of the Bank, and statements of profit or loss, statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Bank for the financial year then ended, and notes to the financial statements, including material accounting policy information, as set out on pages 27 to 269.

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

### Basis for opinion

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

### Independence and other ethical responsibilities

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

### Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the Group and of the Bank for the current financial year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Bank as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditors' responsibilities for the audit of the financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements of the Group and of the Bank. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis of our audit opinion on the accompanying financial statements.

**Key audit matters (continued)**

| Risk area and rationale | Our response |
|---|---|
| Impairment of goodwill and investment in subsidiaries | |
| As at 31 December 2025,<br>(i) the goodwill recognised in the financial statements of the Group and of the Bank are RM2,420 million and RM695 million respectively; and<br>(ii) the carrying amount of investment in subsidiaries in the financial statements of the Bank stood at RM8,982 million.<br><br>Goodwill impairment testing of cash generating units ("CGUs") relies on estimates of value-in-use ("VIU") based on estimated future cash flows. The Group and the Bank are required to annually test the amount of goodwill for impairment.<br><br>Similarly, we focused on impairment assessment of investment in subsidiaries as the impairment testing relies on VIU estimates based on estimated future cash flows.<br><br>These involve management judgment and are based on assumptions that are affected by expected future market and economic conditions.<br><br>*Refer to material accounting policy information in Note 2(iii)(l)(i) and Note 2(iii)(b)(i), significant accounting estimates and judgment in Note 2(iii)(a)(iv) and the disclosure of goodwill and investment in subsidiaries in Note 21 and Note 16 respectively to the financial statements.* | Our audit procedures included, among others, evaluating the assumptions and methodologies used by the Group and the Bank in performing the impairment assessment.<br><br>We tested the basis of preparing the cash flow forecasts taking into account the back testing results on the accuracy of previous forecasts and the historical evidence supporting underlying assumptions.<br><br>We assessed the appropriateness of the other key assumptions, such as the growth rates used to extrapolate the cash flows and the discount rates applied, by comparing against internal information, and external economic and market data.<br><br>We also assessed the sensitivity analysis performed by management on the key inputs to the impairment models, to understand the impact that reasonable alternative assumptions would have on the overall carrying amounts.<br><br>We reviewed the adequacy of the Group's and the Bank's disclosures within the financial statements about those key assumptions to which the outcome of the impairment test is most sensitive. |
| Expected credit losses of loans, advances and financing and investments not carried at fair value through profit or loss | |
| As at 31 December 2025, the loans, advances and financing represent 79% and 78% of the total assets of the Group and of the Bank respectively, and the investments carried at amortised cost and fair value through other comprehensive income represent 14% and 13% of the total assets of the Group and of the Bank respectively.<br><br>MFRS 9 requires the Group and the Bank to account for impairment losses on loans, advances and financing, investments carried at amortised cost and fair value through other comprehensive income using forward-looking expected credit loss ("ECL") approach. | Our audit procedures included the assessment of key controls over the origination, segmentation, ongoing internal credit quality assessments, recording and monitoring of the loans, advances and financing and investments.<br><br>We also assessed the processes and effectiveness of key controls over the transfer criteria (for the three stages of credit exposures under MFRS 9 in accordance with credit quality), impairment measurement methodologies, governance for development, maintenance and validation of ECL models, inputs, basis and assumptions used by the Group and the Bank in staging the credit exposures and calculating the ECL. |

# Independent Auditors' Report

## To the Members of Public Bank Berhad (Incorporated in Malaysia)

**Key audit matters (continued)**

| Risk area and rationale | Our response |
|---|---|
| Expected credit losses of loans, advances and financing and investments not carried at fair value through profit or loss (continued) | |
| The measurement of ECL requires the application of significant judgment and increased complexity which include the identification of on-balance sheet and off-balance sheet credit exposures with significant deterioration in credit quality, assumptions used in the ECL models and management overlays (for exposures assessed individually or collectively) such as the expected future cash flows, forward-looking macroeconomic factors and probability-weighted multiple scenarios.<br><br>*Refer to material accounting policy information in Note 2(iii)(h), significant accounting judgments, estimates and assumptions in Note 2(iii)(a)(ii) and Note 2(iii)(a)(iii), and disclosure of loans, advances and financing and investments in Notes 10, 7 and 8, disclosure of allowance for impairment on loans, advances and financing and investments in Note 40 and 41 and financial risk management disclosure relating to credit risk in Note 47 to the financial statements.* | For staging and identification of credit exposures with significant deterioration in credit quality, we assessed and tested the reasonableness of the transfer criteria applied by the Group and the Bank for different types of credit exposures. We evaluated if the transfer criteria are consistent with the Group's and the Bank's credit risk management practices.<br><br>For the measurement of ECL, we assessed and tested reasonableness of the Group's and the Bank's ECL models, including model input, model design, model performance and management overlays for significant portfolios. We challenged whether historical experience is representative of current circumstances, and of the recent losses incurred in the portfolios, and assessed the reasonableness of forward-looking adjustments, macroeconomic factor analysis, probability-weighted multiple scenarios, and the use of management overlays to cater for uncertainties from emerging risk which require substantial judgment.<br><br>We evaluated if changes in modelling approaches, parameters and assumptions are needed and if any changes made were appropriate. We also assessed and tested and monitored the sensitivity of the credit loss provisions to changes in modelling assumptions.<br><br>With respect to individually assessed ECL which are mainly in relation to the impaired assets in Stage 3, we reviewed and tested a sample of loans, advances and financing and investments to evaluate the timely identification by the Group and the Bank of exposures with significant deterioration in credit quality or which have been impaired. We included borrowers/customers which are more vulnerable to the current economic environment in our risk-based sampling approach to perform loan and financing review procedures. For cases where impairment has been identified, we assessed the Group's and the Bank's assumptions on the expected future cash flows, including the value of realisable collaterals based on available market information and the multiple scenarios considered. We also challenged the assumptions and compared estimates to external evidence where available.<br><br>We also assessed whether the financial statement disclosures appropriately reflect the Group's and the Bank's exposure to credit risk.<br><br>We involved our credit modelling specialists and information technology specialists in the performance of these procedures where their specific expertise was required. |

**Information other than the financial statements and auditors' report thereon**

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

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

In connection with our audit of the financial statements of the Group and of the Bank, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Bank or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

**Responsibilities of the directors for the financial statements**

The directors of the Bank are responsible for the preparation of the financial statements of the Group and of the Bank that give a true and fair view in accordance with MFRS Accounting Standards, IFRS Accounting Standards and the requirements of the Companies Act 2016 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements of the Group and of the Bank that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Bank, the directors are responsible for assessing the Group's and the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the Bank or to cease operations, or have no realistic alternative but to do so.

**Auditors' responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Bank as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Bank, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and of the Bank's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

# Independent Auditors' Report

## To the Members of Public Bank Berhad (Incorporated in Malaysia)

**Auditors' responsibilities for the audit of the financial statements (continued)**

- Conclude on the appropriateness of directors' use of the going concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Bank or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Bank, including the disclosures, and whether the financial statements of the Group and of the Bank represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the financial statements of the Group. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Bank for the current financial year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

**Report on other legal and regulatory requirements**

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors, are disclosed in Note 16 to the financial statements.

**Other matters**

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

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

**Ahmad Qadri bin Jahubar Sathik**
No. 03254/05/2026 J
Chartered Accountant

Kuala Lumpur, Malaysia
25 February 2026

# Statements of Financial Position

As at 31 December 2025

| | Note | Group 2025 RM'000 | Group 2024 RM'000 (Restated) | Bank 2025 RM'000 | Bank 2024 RM'000 |
|---|---|---|---|---|---|
| **ASSETS** | | | | | |
| Cash and balances with banks | 3 | **16,828,730** | 15,468,967 | **10,906,844** | 9,553,117 |
| Reverse repurchase agreements | 4(a) | **1,642** | 6,103 | **1,642** | 6,103 |
| Financial assets at fair value through profit or loss | 5 | **3,978,524** | 4,001,101 | **1,484,221** | 1,577,652 |
| Derivative financial assets | 6 | **224,574** | 568,069 | **221,437** | 559,676 |
| Financial investments at fair value through other comprehensive income | 7 | **50,198,502** | 53,918,467 | **30,756,059** | 32,494,267 |
| Financial investments at amortised cost | 8 | **30,821,009** | 29,003,179 | **23,460,678** | 22,659,739 |
| Reinsurance contract assets | 9 | **957,827** | 880,032 | **–** | – |
| Loans, advances and financing | 10 | **442,333,231** | 420,471,698 | **331,560,188** | 314,199,207 |
| Other assets | 11 | **4,692,208** | 3,902,053 | **4,176,571** | 3,275,800 |
| Statutory deposits with Central Banks | 13 | **4,441,274** | 7,650,252 | **2,810,417** | 5,125,363 |
| Deferred tax assets | 14 | **426,913** | 540,530 | **270,095** | 344,672 |
| Collective investments | 15 | **–** | – | **6,929,594** | 6,696,416 |
| Investment in subsidiary companies | 16 | **–** | – | **8,981,661** | 8,981,661 |
| Investment in associated companies | 17 | **441,227** | 384,051 | **67,500** | 67,500 |
| Investment properties | 18 | **694,875** | 770,954 | **–** | – |
| Right-of-use assets | 19(i)(a) | **1,215,244** | 1,225,507 | **1,004,196** | 1,008,006 |
| Property and equipment | 20 | **1,309,760** | 1,272,870 | **575,102** | 549,877 |
| Intangible assets | 21 | **3,085,617** | 3,246,055 | **695,393** | 695,393 |
| **TOTAL ASSETS** | | **561,651,157** | 543,309,888 | **423,901,598** | 407,794,449 |
| **LIABILITIES** | | | | | |
| Deposits from customers | 22 | **447,113,622** | 433,264,270 | **331,377,580** | 318,135,873 |
| Deposits from banks and other financial institutions | 23 | **14,625,343** | 13,457,604 | **15,864,450** | 16,370,053 |
| Obligations on securities sold under repurchase agreements | 4(b) | **5,624,576** | 8,129,570 | **5,191,515** | 7,250,654 |
| Bills and acceptances payable | 24 | **155,667** | 263,403 | **154,739** | 262,520 |
| Recourse obligations on loans and financing sold to Cagamas | 25 | **6,200,017** | 5,000,015 | **5,200,017** | 4,000,015 |
| Derivative financial liabilities | 6 | **641,642** | 353,146 | **637,745** | 364,631 |
| Insurance contract liabilities | 9 | **2,387,044** | 2,256,984 | **–** | – |
| Debt securities issued and other borrowed funds | 26 | **12,649,937** | 11,014,507 | **9,710,537** | 8,431,292 |
| Lease liabilities | 19(i)(b) | **906,189** | 918,482 | **1,081,534** | 1,074,472 |
| Other liabilities | 27 | **8,135,734** | 8,023,803 | **6,160,519** | 5,791,669 |
| Provision for tax expense and zakat | 28 | **467,561** | 396,176 | **337,895** | 241,336 |
| Deferred tax liabilities | 14 | **302,217** | 302,317 | **–** | – |
| **TOTAL LIABILITIES** | | **499,209,549** | 483,380,277 | **375,716,531** | 361,922,515 |

# Statements of Financial Position

As at 31 December 2025

| | Note | Group 2025 RM'000 | Group 2024 RM'000 (Restated) | Bank 2025 RM'000 | Bank 2024 RM'000 |
|---|---|---|---|---|---|
| **EQUITY** | | | | | |
| Share capital | 29 | **9,417,653** | 9,417,653 | **9,417,653** | 9,417,653 |
| Regulatory reserves | 30 | **2,257,273** | 1,591,435 | **1,794,651** | 1,263,013 |
| Other reserves | 31 | **1,492,268** | 1,949,712 | **805,105** | 653,841 |
| Retained profits | | **47,205,232** | 44,811,446 | **36,167,658** | 34,537,427 |
| Treasury shares | 32 | **(434,752)** | (434,752) | **–** | – |
| **Equity attributable to equity holders of the Bank** | | **59,937,674** | 57,335,494 | **48,185,067** | 45,871,934 |
| Non-controlling interests | | **2,503,934** | 2,594,117 | **–** | – |
| **TOTAL EQUITY** | | **62,441,608** | 59,929,611 | **48,185,067** | 45,871,934 |
| **TOTAL LIABILITIES AND EQUITY** | | **561,651,157** | 543,309,888 | **423,901,598** | 407,794,449 |
| **COMMITMENTS AND CONTINGENCIES** | 51 | **138,683,553** | 131,891,860 | **124,814,332** | 121,130,279 |
| **Net assets per share attributable to equity holders of the Bank (RM)** | | **3.10** | 2.97 | | |

The accompanying notes form an integral part of the financial statements

# Statements of Profit or Loss

For the year ended 31 December 2025

| | Note | Group 2025 RM'000 | Group 2024 RM'000 | Bank 2025 RM'000 | Bank 2024 RM'000 |
|---|---|---|---|---|---|
| Operating revenue | 2(iii)(p) | **29,509,548** | 27,205,162 | **19,472,966** | 18,839,341 |
| Interest income | 33 | **18,895,780** | 18,871,101 | **16,707,613** | 16,534,658 |
| Interest expense | 34 | **(9,312,094)** | (9,419,995) | **(8,748,769)** | (8,651,905) |
| Net interest income | | **9,583,686** | 9,451,106 | **7,958,844** | 7,882,753 |
| Net income from Islamic banking business | 59 | **1,839,388** | 1,707,000 | **–** | – |
| Insurance service result | | **347,677** | 35,434 | **–** | – |
| Net finance expense from insurance contracts issued and reinsurance contracts held | | **(40,542)** | (6,246) | **–** | – |
| | | **11,730,209** | 11,187,294 | **7,958,844** | 7,882,753 |
| Fee and commission income | 35(a) | **3,474,792** | 3,401,357 | **1,570,528** | 1,488,008 |
| Fee and commission expense | 35(b) | **(1,249,227)** | (1,214,337) | **(724,038)** | (685,301) |
| Net fee and commission income | 35 | **2,225,565** | 2,187,020 | **846,490** | 802,707 |
| Net gains and losses on financial instruments | 36 | **225,602** | 127,834 | **151,094** | 112,684 |
| Other operating income | 37 | **513,778** | 508,526 | **1,954,332** | 1,334,613 |
| Net income | | **14,695,154** | 14,010,674 | **10,910,760** | 10,132,757 |
| Other operating expenses | 38 | **(5,128,702)** | (4,828,132) | **(3,090,030)** | (2,947,142) |
| Operating profit before impairment losses | | **9,566,452** | 9,182,542 | **7,820,730** | 7,185,615 |
| (Allowance)/Writeback of allowance for impairment on loans, advances and financing | 40 | **(66,830)** | (565) | **175,541** | 154,554 |
| Allowance for impairment on other assets | 41 | **(12,790)** | (491,511) | **(9,251)** | (15,935) |
| | | **9,486,832** | 8,690,466 | **7,987,020** | 7,324,234 |
| Share of profit after tax of equity accounted associated companies | | **56,021** | 241,163 | **–** | – |
| Profit before tax expense and zakat | | **9,542,853** | 8,931,629 | **7,987,020** | 7,324,234 |
| Tax expense and zakat | 42 | **(2,135,744)** | (1,912,565) | **(1,651,663)** | (1,403,010) |
| Profit for the year | | **7,407,109** | 7,019,064 | **6,335,357** | 5,921,224 |
| Attributable to: | | | | | |
| Equity holders of the Bank | | **7,224,422** | 7,147,031 | **6,335,357** | 5,921,224 |
| Non-controlling interests | | **182,687** | (127,967) | **–** | – |
| Profit for the year | | **7,407,109** | 7,019,064 | **6,335,357** | 5,921,224 |
| Earnings per share: | | | | | |
| – basic/diluted (sen) | 43 | **37.41** | 36.84 | | |

The accompanying notes form an integral part of the financial statements

# Statements of Comprehensive Income

For the year ended 31 December 2025

| | Note | Group 2025 RM'000 | Group 2024 RM'000 | Bank 2025 RM'000 | Bank 2024 RM'000 |
|---|---|---|---|---|---|
| Profit for the year | | **7,407,109** | 7,019,064 | **6,335,357** | 5,921,224 |
| **Other comprehensive income:** | | | | | |
| Items that will not be reclassified subsequently to profit or loss: | | | | | |
| Gain on remeasurements of defined benefit plan | 12, 31 | **22,085** | 37,399 | **21,489** | 36,889 |
| Net change in revaluation of | | | | | |
| – Equity instruments | | **49,229** | 29,483 | **48,981** | 29,433 |
| – Property and equipment | 18 | **–** | 33,044 | **–** | – |
| | | **71,314** | 99,926 | **70,470** | 66,322 |
| Items that may be reclassified subsequently to profit or loss: | | | | | |
| Currency translation differences in respect of | | | | | |
| – Foreign operations | | **(1,066,633)** | (405,102) | **(16,754)** | 155,591 |
| – Net investment hedge | 6, 31 | **258,474** | 65,080 | **–** | – |
| Net finance expense from insurance contracts issued and reinsurance contracts held | | **(4,372)** | (413) | **–** | – |
| Net change in revaluation of financial investments at fair value through other comprehensive income | | **298,340** | 157,370 | **206,632** | 104,322 |
| Net change in cash flow hedges | 31 | **(83,821)** | (44,421) | **(69,509)** | (52,592) |
| | | **(598,012)** | (227,486) | **120,369** | 207,321 |
| Income tax effect | 14 | **(56,678)** | (39,711) | **(39,764)** | (21,635) |
| Share of changes in associated companies' reserves | 31 | **1,158** | 1,145 | **–** | – |
| Other comprehensive (loss)/income for the year, net of tax | | **(582,218)** | (166,126) | **151,075** | 252,008 |
| Total comprehensive income for the year | | **6,824,891** | 6,852,938 | **6,486,432** | 6,173,232 |
| Total comprehensive income/(loss) for the year attributable to: | | | | | |
| – Equity holders of the Bank | | **6,754,568** | 7,003,606 | **6,486,432** | 6,173,232 |
| – Non-controlling interests | | **70,323** | (150,668) | **–** | – |
| | | **6,824,891** | 6,852,938 | **6,486,432** | 6,173,232 |

The accompanying notes form an integral part of the financial statements

# Consolidated Statement of Changes in Equity

For the year ended 31 December 2025

| 2025 Group | Note | Attributable to Equity Holders of the Bank | | | | | | Non-controlling Interests RM'000 (Restated) | Total Equity RM'000 (Restated) |
|---|---|---|---|---|---|---|---|---|---|
| | | | Non-distributable Reserves | | Distributable Reserve | | | | |
| | | Share Capital RM'000 | Regulatory Reserves RM'000 | Other Reserves RM'000 | Retained Profits RM'000 | Treasury Shares RM'000 | Total Shareholders' Equity RM'000 | | |
| At 1 January 2025 (restated) | | 9,417,653 | 1,591,435 | 1,949,712 | 44,811,446 | (434,752) | 57,335,494 | 2,594,117 | 59,929,611 |
| Profit for the year | | – | – | – | 7,224,422 | – | 7,224,422 | 182,687 | 7,407,109 |
| Other comprehensive loss for the year | | – | – | (469,854) | – | – | (469,854) | (112,364) | (582,218) |
| Total comprehensive (loss)/income for the year | | – | – | (469,854) | 7,224,422 | – | 6,754,568 | 70,323 | 6,824,891 |
| Transactions with owners/ other equity movements: | | | | | | | | | |
| Net increase during the year | | – | – | – | – | – | – | 12,248 | 12,248 |
| Transfer to statutory reserves | | – | – | 12,410 | (12,410) | – | – | – | – |
| Transfer to regulatory reserves | | – | 665,838 | – | (665,838) | – | – | – | – |
| Dividends paid | 44 | – | – | – | (4,152,388) | – | (4,152,388) | (172,754) | (4,325,142) |
| | | – | 665,838 | 12,410 | (4,830,636) | – | (4,152,388) | (160,506) | (4,312,894) |
| At 31 December 2025 | | 9,417,653 | 2,257,273 | 1,492,268 | 47,205,232 | (434,752) | 59,937,674 | 2,503,934 | 62,441,608 |
| | | Note 29 | Note 30 | Note 31 | | Note 32 | | | |

The accompanying notes form an integral part of the financial statements

# Consolidated Statement of Changes in Equity

For the year ended 31 December 2025

| | | Attributable to Equity Holders of the Bank | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | | | Non-distributable Reserves | | Distributable Reserve | | | | |
| 2024 Group | Note | Share Capital RM'000 | Regulatory Reserves RM'000 | Other Reserves RM'000 | Retained Profits RM'000 | Treasury Shares RM'000 | Total Shareholders' Equity RM'000 | Non-controlling Interests RM'000 (Restated) | Total Equity RM'000 (Restated) |
| At 1 January 2024 | | 9,417,653 | 723,829 | 2,085,743 | 42,447,124 | – | 54,674,349 | 1,705,769 | 56,380,118 |
| Profit/(Loss) for the year | | – | – | – | 7,147,031 | – | 7,147,031 | (127,967) | 7,019,064 |
| Other comprehensive loss for the year | | – | – | (143,425) | – | – | (143,425) | (22,701) | (166,126) |
| Total comprehensive (loss)/income for the year | | – | – | (143,425) | 7,147,031 | – | 7,003,606 | (150,668) | 6,852,938 |
| Transactions with owners/ other equity movements: | | | | | | | | | |
| Acquisition through business combination (restated) | | – | – | – | (25,571) | (434,752) | (460,323) | 1,038,297 | 577,974 |
| Net increase during the year | | – | – | – | – | – | – | 10,880 | 10,880 |
| Transfer to statutory reserves | | – | – | 7,394 | (7,394) | – | – | – | – |
| Transfer to regulatory reserves | | – | 867,606 | – | (867,606) | – | – | – | – |
| Dividends paid | 44 | – | – | – | (3,882,138) | – | (3,882,138) | (10,161) | (3,892,299) |
| | | – | 867,606 | 7,394 | (4,782,709) | (434,752) | (4,342,461) | 1,039,016 | (3,303,445) |
| At 31 December 2024 | | 9,417,653 | 1,591,435 | 1,949,712 | 44,811,446 | (434,752) | 57,335,494 | 2,594,117 | 59,929,611 |
| | | Note 29 | Note 30 | Note 31 | | Note 32 | | | |

The accompanying notes form an integral part of the financial statements

# Statement of Changes in Equity

For the year ended 31 December 2025

| 2025 Bank | Note | Attributable to Equity Holders of the Bank | | | | |
|---|---|---|---|---|---|---|
| | | | Non-distributable Reserves | | Distributable Reserve | |
| | | Share Capital RM'000 | Regulatory Reserves RM'000 | Other Reserves RM'000 | Retained Profits RM'000 | Total Equity RM'000 |
| At 1 January 2025 | | **9,417,653** | **1,263,013** | **653,841** | **34,537,427** | **45,871,934** |
| Profit for the year | | **–** | **–** | **–** | **6,335,357** | **6,335,357** |
| Other comprehensive income for the year | | **–** | **–** | **151,075** | **–** | **151,075** |
| Total comprehensive income for the year | | **–** | **–** | **151,075** | **6,335,357** | **6,486,432** |
| Transactions with owners/other equity movements: | | | | | | |
| Transfer to statutory reserves | | **–** | **–** | **189** | **(189)** | **–** |
| Transfer to regulatory reserves | | **–** | **531,638** | **–** | **(531,638)** | **–** |
| Dividends paid | 44 | **–** | **–** | **–** | **(4,173,299)** | **(4,173,299)** |
| | | **–** | **531,638** | **189** | **(4,705,126)** | **(4,173,299)** |
| At 31 December 2025 | | **9,417,653** | **1,794,651** | **805,105** | **36,167,658** | **48,185,067** |
| | | Note 29 | Note 30 | Note 31 | | |

| 2024 Bank | Note | Attributable to Equity Holders of the Bank | | | | |
|---|---|---|---|---|---|---|
| | | | Non-distributable Reserves | | Distributable Reserve | |
| | | Share Capital RM'000 | Regulatory Reserves RM'000 | Other Reserves RM'000 | Retained Profits RM'000 | Total Equity RM'000 |
| At 1 January 2024 | | 9,417,653 | 682,723 | 401,415 | 33,079,049 | 43,580,840 |
| Profit for the year | | – | – | – | 5,921,224 | 5,921,224 |
| Other comprehensive income for the year | | – | – | 252,008 | – | 252,008 |
| Total comprehensive income for the year | | – | – | 252,008 | 5,921,224 | 6,173,232 |
| Transactions with owners/other equity movements: | | | | | | |
| Transfer to statutory reserves | | – | – | 418 | (418) | – |
| Transfer to regulatory reserves | | – | 580,290 | – | (580,290) | – |
| Dividends paid | 44 | – | – | – | (3,882,138) | (3,882,138) |
| | | – | 580,290 | 418 | (4,462,846) | (3,882,138) |
| At 31 December 2024 | | 9,417,653 | 1,263,013 | 653,841 | 34,537,427 | 45,871,934 |
| | | Note 29 | Note 30 | Note 31 | | |

The accompanying notes form an integral part of the financial statements

# Statements of Cash Flows

For the year ended 31 December 2025

| | Note | Group | | Bank | |
|---|---|---|---|---|---|
| | | 2025 RM'000 | 2024 RM'000 | 2025 RM'000 | 2024 RM'000 |
| **Cash flows from operating activities** | | | | | |
| Profit before tax expense and zakat | | **9,542,853** | 8,931,629 | **7,987,020** | 7,324,234 |
| Adjustments for: | | | | | |
| Share of profit after tax of equity accounted associated companies | | **(56,021)** | (241,163) | **–** | – |
| Depreciation of right-of-use assets | 19(i)(a), 38 | **111,046** | 110,802 | **85,375** | 83,291 |
| Depreciation of property and equipment | 20, 38 | **210,264** | 221,491 | **132,524** | 144,455 |
| Amortisation of intangible assets | 21, 38 | **49,721** | 4,638 | **–** | – |
| Net gain on disposal of property and equipment | 37 | **(290)** | (587) | **(171)** | (207) |
| Net gain on disposal of foreclosed properties | 37 | **(572)** | (212) | **(572)** | (212) |
| Allowance/(Writeback of allowance) for impairment on loans, advances and financing | 40 | **269,753** | 203,721 | **(63,554)** | (53,491) |
| Net gain arising from disposal of financial investments at fair value through other comprehensive income | 31, 36 | **(164,967)** | (42,722) | **(150,033)** | (36,639) |
| Net gain arising from disposal of financial investments at amortised cost | 36 | **–** | (235) | **–** | – |
| Amortisation of cost and accretion of discount relating to debt securities issued and other borrowed funds | 26 | **4,159** | 3,002 | **4,137** | 2,385 |
| Unrealised loss/(gain) on revaluation of financial assets at fair value through profit or loss | 36 | **8,553** | (69,909) | **15,411** | (68,381) |
| Unrealised loss on revaluation of trading derivatives | 36 | **–** | 1 | **9** | 1 |
| (Gain)/Loss representing ineffective portions of hedging derivatives | 36 | **(2,773)** | 1,222 | **(1,861)** | 2,043 |
| Dividends from financial investments at fair value through other comprehensive income | 36 | **(6,851)** | (3,486) | **(6,220)** | (2,879) |
| Loss on deemed disposal of branches | 37 | **–** | – | **–** | 148,381 |
| Distributions from collective investments | 37 | **–** | – | **(233,450)** | (238,083) |
| Dividends from subsidiary companies | 37 | **–** | – | **(908,554)** | (697,373) |
| Gain on remeasurement of lease contracts | | **(3,098)** | – | **(2,919)** | (2,262) |
| Property and equipment written off | 20, 38 | **871** | 363 | **20** | 28 |
| Loss on revaluation of investment properties | 18, 37 | **38,236** | 29,424 | **–** | – |
| Allowance for impairment on other assets | 41 | **12,790** | 491,511 | **9,251** | 15,935 |
| Operating profit before working capital changes | | **10,013,674** | 9,639,490 | **6,866,413** | 6,621,226 |

| | Note | Group 2025 RM'000 | Group 2024 RM'000 | Bank 2025 RM'000 | Bank 2024 RM'000 |
|---|---|---|---|---|---|
| **Cash flows from operating activities (continued)** | | | | | |
| Decrease/(Increase) in operating assets: | | | | | |
| Placements with banks with original maturity more than three months | | **677,570** | 185,696 | **224,502** | (54,038) |
| Reverse repurchase agreements | | **4,461** | (5,252) | **4,461** | (5,252) |
| Financial assets at fair value through profit or loss | | **14,024** | 106,899 | **78,020** | (785,641) |
| Reinsurance contract assets | | **(74,788)** | 30,133 | **–** | – |
| Loans, advances and financing | | **(22,132,866)** | (25,909,832) | **(17,298,825)** | (18,406,724) |
| Other assets | | **(798,850)** | (314,138) | **(867,272)** | (238,542) |
| Statutory deposits with Central Banks | | **3,208,978** | (123,499) | **2,314,946** | 14,947 |
| Increase/(Decrease) in operating liabilities: | | | | | |
| Deposits from customers | | **13,849,352** | 20,367,303 | **13,241,707** | 13,489,073 |
| Deposits from banks and other financial institutions | | **1,167,739** | 855,175 | **(505,603)** | 2,562,493 |
| Obligations on securities sold under repurchase agreements | | **(2,504,994)** | 5,111,781 | **(2,059,139)** | 4,330,391 |
| Bills and acceptances payable | | **(107,736)** | 71,234 | **(107,781)** | 72,737 |
| Recourse obligations on loans and financing sold to Cagamas | | **1,200,002** | (100,000) | **1,200,002** | – |
| Insurance contract liabilities | | **128,164** | 3,629 | **–** | – |
| Other liabilities | | **904,219** | 387,995 | **662,466** | 146,471 |
| Cash generated from operations | | **5,548,949** | 10,306,614 | **3,753,897** | 7,747,141 |
| Income tax expense and zakat paid | | **(2,007,768)** | (2,052,094) | **(1,520,291)** | (1,575,837) |
| **Net cash generated from operating activities** | | **3,541,181** | 8,254,520 | **2,233,606** | 6,171,304 |
| **Cash flows from investing activities** | | | | | |
| Purchase of property and equipment | 20 | **(266,711)** | (183,281) | **(157,944)** | (106,038) |
| Addition to investment properties | 18 | **(25,645)** | (42,260) | **–** | – |
| Proceeds from disposal of property and equipment | | **309** | 747 | **175** | 216 |
| Proceeds from disposal of foreclosed properties | | **19,094** | 22,900 | **15,398** | 22,029 |
| Net sale of financial investments | | **2,426,196** | 1,609,730 | **1,343,194** | 688,660 |
| Additional investment in subsidiary companies | | **–** | – | **–** | (175,969) |
| Investment in collective investments by non-controlling interests | | **12,248** | 10,880 | **–** | – |
| Investment in collective investments by the Bank | | **–** | – | **(233,178)** | (239,314) |
| Distributions received from collective investments | | **–** | – | **233,178** | 239,314 |
| Dividends received from subsidiary companies | | **–** | – | **872,578** | 702,373 |
| Dividends received from financial investments at fair value through other comprehensive income | 36 | **6,851** | 3,486 | **6,220** | 2,879 |
| Net cash outflow on acquisition of LPI Capital Bhd | 16 | **–** | (1,504,980) | **–** | – |

# Statements of Cash Flows

For the year ended 31 December 2025

| | Note | Group 2025 RM'000 | Group 2024 RM'000 | Bank 2025 RM'000 | Bank 2024 RM'000 |
|---|---|---|---|---|---|
| **Cash flows from investing activities (continued)** | | | | | |
| Acquisition of equity interest in a subsidiary company | 16 | – | – | – | (1,723,781) |
| Net cash vested over to Public Bank Lao Limited | | – | – | – | (177,347) |
| Net cash outflows on acquisition of Public Bank Securities Vietnam Company Limited | 16 | – | (69,369) | – | – |
| **Net cash generated from/(used in) investing activities** | | **2,172,342** | (152,147) | **2,079,621** | (766,978) |
| **Cash flows from financing activities** | | | | | |
| Dividends paid to equity holders of the Bank | 44 | **(4,152,388)** | (3,882,138) | **(4,173,299)** | (3,882,138) |
| Dividends paid to non-controlling interests | | **(172,754)** | (10,161) | – | – |
| Repayment of lease liabilities | 19(i)(d) | **(96,605)** | (89,808) | **(70,905)** | (67,465) |
| Repayment of borrowings | 26 | **(626,822)** | – | – | – |
| Net proceeds from issuance of debt securities | 26 | **3,398,584** | 2,498,380 | **2,399,206** | 1,998,380 |
| Redemption of debt securities | 26 | **(890,000)** | (2,500,000) | **(890,000)** | (2,000,000) |
| **Net cash used in financing activities** | | **(2,539,985)** | (3,983,727) | **(2,734,998)** | (3,951,223) |
| Net increase in cash and cash equivalents | | **3,173,538** | 4,118,646 | **1,578,229** | 1,453,103 |
| Cash and cash equivalents at beginning of year | | **13,244,091** | 9,558,148 | **9,269,579** | 7,816,476 |
| Exchange differences on translation of opening balances | | **(1,136,026)** | (432,703) | – | – |
| **Cash and cash equivalents at end of year** | | **15,281,603** | 13,244,091 | **10,847,808** | 9,269,579 |
| Note: | | | | | |
| Cash and balances with banks | 3 | **16,828,730** | 15,468,967 | **10,906,844** | 9,553,117 |
| Less: Balances with banks with original maturity more than three months | | **(1,547,127)** | (2,224,876) | **(59,036)** | (283,538) |
| Cash and cash equivalents at end of year | | **15,281,603** | 13,244,091 | **10,847,808** | 9,269,579 |
| Non-cash changes: | | | | | |
| – Non-cash investing activities | 19(i)(a) | **85,209** | 75,214 | **60,848** | 59,204 |

The accompanying notes form an integral part of the financial statements

# Notes to the Financial Statements

– 31 December 2025

## 1. PRINCIPAL ACTIVITIES AND GENERAL INFORMATION

The Group is principally engaged in all aspects of commercial banking, investment banking, financing and Islamic banking business, stock-broking, provision of related financial services, management of unit trust funds and sale of trust units, underwriting of general insurance, trustee services and investment holding.

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

There have been no significant changes to these principal activities during the financial year.

The Bank is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Main Market of Bursa Malaysia Securities Berhad. The registered office of the Bank is located at 27th Floor, Menara Public Bank, 146, Jalan Ampang, 50450 Kuala Lumpur.

The financial statements were approved and authorised for issue by the Board of Directors on 25 February 2026.

## 2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The accounting policies adopted by the Group and the Bank are consistent with those adopted in the previous years except for the adoption of the following:

### (i) Amendments to MFRS Accounting Standards that were Early Adopted by the Group and the Bank

The Group and the Bank have adopted the following in the current financial year:

Effective for annual periods commencing on or after 1 January 2026

- Amendments to the Classification and Measurement of Financial Instruments (Amendments to MFRS 9 Financial Instruments and MFRS 7 Financial Instruments: Disclosures)
- Amendments to MFRS Accounting Standards contained in the document entitled "Annual Improvements to MFRS Accounting Standards – Volume 11"

**Amendments to the Classification and Measurement of Financial Instruments (Amendments to MFRS 9 Financial Instruments and MFRS 7 Financial Instruments: Disclosures)** – The amendments provided clarification on the classification of financial assets with environmental, social and corporate governance ("ESG") linked features via additional guidance on the assessment of contingent features. The amendments also clarify the date on which a financial asset or financial liability is derecognised. In addition, the amendments permit a company to derecognise a financial liability before it delivers cash on the settlement date if specified criteria are met.

New disclosure requirements are also introduced for financial instruments with contingent features and equity instruments classified at fair value through other comprehensive income.

**Amendments to MFRS Accounting Standards contained in the document entitled "Annual Improvements to MFRS Accounting Standards – Volume 11"** – The annual improvements include clarifications, simplifications, corrections and changes aimed at improving the consistency of the following MFRS accounting standards:

- Hedge accounting by a first-time adopter (Amendments to MFRS 1)
- Gain or loss on derecognition (Amendments to MFRS 7)
- Lessee derecognition of lease liabilities and transaction price (Amendments to MFRS 9)
- Determination of a 'de facto agent' (Amendments to MFRS 10)
- Cost method (Amendments to MFRS 107)

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

# Notes to the Financial Statements

– 31 December 2025

## 2. BASIS OF PREPARATION AND ACCOUNTING POLICIES (CONTINUED)

### (ii) MFRS Accounting Standard and Amendments to MFRS Accounting Standards that have been Issued but are Not Yet Effective to the Group and the Bank

The following MFRS Accounting Standard and Amendments to MFRS Accounting Standards have been issued by Malaysian Accounting Standards Board ("MASB") but are not yet effective to the Group and the Bank:

Effective for annual periods commencing on or after 1 January 2026

- Amendments to MFRS 9 Financial Instruments and MFRS 7 Financial Instruments: Disclosures – Contracts Referencing Nature-dependent Electricity

Effective for annual periods commencing on or after 1 January 2027

- MFRS 18 Presentation and Disclosure in Financial Statements
- Amendments to MFRS 19 Subsidiaries without Public Accountability: Disclosures
- Amendments to MFRS 121 The Effects of Changes in Foreign Exchange Rates – Translation to a Hyperinflationary Presentation Currency

Effective date of these Amendments to Standards has been deferred, pending further announcement

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

**Amendments to MFRS 9 Financial Instruments and MFRS 7 Financial Instruments: Disclosures – Contracts Referencing Nature-dependent Electricity** – The amendments include, but are not limited to, the following:

- clarify the application of the 'own-use' exception as per paragraph 2.4 of MFRS 9;
- permit an entity to apply hedge accounting in MFRS 9 when these contracts are used as hedging instruments; and
- introduce new disclosure requirements in MFRS 7 to help users of financial statements understand the effects these contracts have on the amount, timing and uncertainty of an entity's future cash flows and financial performance.

The adoption of these amendments to MFRS Accounting Standards is not expected to have any financial impact on the financial statements of the Group and of the Bank.

**MFRS 18 Presentation and Disclosure in Financial Statements** – The new standard introduces new requirements on presentation within the statement of profit or loss. It also requires disclosure of management-defined performance measures and includes enhanced principles on aggregation and disaggregation of financial information which apply to the primary financial statements and the notes. The adoption of MFRS 18 is not expected to have any financial impact on the financial statements of the Group and of the Bank as it only affects the presentation and disclosure in financial statements. The Group and the Bank are currently identifying the changes required.

**Amendments to MFRS 19 Subsidiaries without Public Accountability: Disclosures** – Amendments to MFRS 19 incorporate reduced disclosure requirements for new and amended MFRS Accounting Standards issued by the MASB as listed below, which reflect the changes that take effect up to 1 January 2027, when MFRS 19 will be applicable:

- MFRS 18 Presentation and Disclosure in Financial Statements
- Supplier Finance Arrangements (Amendments to MFRS 107 and MFRS 7)
- International Tax Reform—Pillar Two Model Rules (Amendments to MFRS 112)
- Lack of Exchangeability (Amendments to MFRS 121)
- Amendments to the Classification and Measurement of Financial Instruments (Amendments to MFRS 9 and MFRS 7)

The adoption of these amendments to MFRS Accounting Standards is not expected to have any financial impact on the financial statements of the Group and of the Bank.

## 2. BASIS OF PREPARATION AND ACCOUNTING POLICIES (CONTINUED)

### (ii) MFRS Accounting Standard and Amendments to MFRS Accounting Standards that have been Issued but are Not Yet Effective to the Group and the Bank (continued)

The following MFRS Accounting Standard and Amendments to MFRS Accounting Standards have been issued by MASB but are not yet effective to the Group and the Bank (continued):

**Amendments to MFRS 121 The Effects of Changes in Foreign Exchange Rates – Translation to a Hyperinflationary Presentation Currency** – These amendments address how entities should translate financial statements from a non-hyperinflationary currency into a hyperinflationary presentation currency. This aims to improve consistency and clarity in financial reporting under such conditions. The adoption of these amendments to MFRS Accounting Standard is not expected to have any financial impact on the financial statements of the Group and of the Bank.

**Amendments to MFRS 10 Consolidated Financial Statements and MFRS 128 Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture** – The amendments clarify that a full gain or loss is recognised when a transaction involves a business (whether it is housed in a subsidiary or not), as defined in MFRS 3 Business Combinations. A partial gain or loss is recognised when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary. The adoption of these amendments to MFRS Accounting Standards is not expected to have any financial impact on the financial statements of the Group and of the Bank.

### (iii) Material Accounting Policy Information

#### (a) Basis of Accounting

The financial statements of the Group and of the Bank have been prepared in accordance with MFRS Accounting Standards, IFRS Accounting Standards and the requirements of the Companies Act 2016 in Malaysia. The financial statements of the Group and of the Bank have been prepared on a historical cost basis unless otherwise indicated in the notes to the financial statements.

The financial statements incorporate all activities relating to the Islamic banking business which have been undertaken by the Group. Islamic banking business refers generally to the acceptance of deposits and granting of financing under the principles of Shariah.

The financial statements are presented in Ringgit Malaysia ("RM") and all values are rounded to the nearest thousand (RM'000), unless otherwise stated.

In the preparation of the financial statements, management is required to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the financial statements in the period in which the estimate is revised and in any future periods affected.

Significant areas of estimation, uncertainty and critical judgments used in applying accounting policies that have significant effect in determining the amounts recognised in the financial statements include the following:

(i) *Fair value estimation of financial instruments (Note 48)* – For financial instruments measured at fair value, where the fair values cannot be derived from active markets, these fair values are determined using a variety of valuation techniques, including the use of mathematical models. Whilst the Group and the Bank generally use widely recognised valuation models with market observable inputs, judgment is required where market observable data are not available. Such judgments normally incorporate assumptions that other market participants would use in their valuations, including assumptions about interest/profit rate yield curves, exchange rates, volatilities and prepayment and default rates.

# Notes to the Financial Statements

– 31 December 2025

## 2. BASIS OF PREPARATION AND ACCOUNTING POLICIES (CONTINUED)

### (iii) Material Accounting Policy Information (continued)

#### (a) Basis of Accounting (continued)

Significant areas of estimation, uncertainty and critical judgments used in applying accounting policies that have significant effect in determining the amounts recognised in the financial statements include the following (continued):

(ii) *Impairment losses on loans, advances and financing (Notes 10 and 40)* – The measurement of impairment losses on loans, advances and financing requires judgment. In particular, the estimation of the amount and timing of future cash flows, the assessment of a significant increase in credit risk and incorporation of forward-looking information in the measurement of impairment losses. These estimates are driven by a number of factors, changes in which can result in different levels of impairment losses.

The impairment losses computed based on the expected credit losses ("ECL") models are outputs of complex models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. A number of significant judgments are also required in applying the accounting requirements for measuring impairment losses, such as determining criteria for significant increase in credit risk, choosing appropriate models and assumptions for the measurement of impairment losses, establishing the segmentation of loans for purposes of measuring impairment losses on a collective basis, determining the number of economic inputs (e.g. gross domestic product growth rates, consumer price index, housing price index, etc.) as well as the effects on default rates and recovery rates, and selecting forward-looking macroeconomic scenarios and determining its probability-weightings.

The following are the values of the key domestic macroeconomic variables and latest available statistics/ projections, as published by the government and related agencies which have been considered by the Group and the Bank in the forward-looking models:

| | 2025 |
|---|---|
| Gross domestic product % | 4.0 – 4.5 |
| Consumer price index % | 1.5 |
| Housing price index | 238.3* |
| Unemployment rate % | 3.0 |

* Latest available statistics.

For credit-impaired loans, advances and financing ("loan(s)") which are individually assessed, judgment by management is required in the estimation of the amount and timing of future cash flows in the determination of impairment losses. In estimating these cash flows, judgments are made about the realisable value of collateral pledged and the borrower's financial position. These estimations are based on assumptions and the actual results may differ, hence resulting in changes to impairment losses recognised.

## 2. BASIS OF PREPARATION AND ACCOUNTING POLICIES (CONTINUED)

### (iii) Material Accounting Policy Information (continued)

#### (a) Basis of Accounting (continued)

Significant areas of estimation, uncertainty and critical judgments used in applying accounting policies that have significant effect in determining the amounts recognised in the financial statements include the following (continued):

(iii) *Management overlay for ECL of loans/financing (Note 40)* – The Group and the Bank have exercised judgment in the provision of management overlay for ECL of loans/financing which is estimated and adapted based on information on-hand. Management overlay is made in circumstances where the Group and the Bank believe that existing inputs, assumptions and modelling process have not captured existing or expected risk factors relevant to the loan/financing portfolio. Examples of such circumstances include emerging risks in the local or global macroeconomic, microeconomic or political events, and climate-related risks that have not been considered in the modelling process.

The Group and the Bank have made management overlay for potential deterioration in credit risks of its large corporate, retail and small and medium enterprises ("SME") portfolios. The factors associated with potential deterioration in credit risks include climate-related risks and economic uncertainty due to geopolitical tensions, rising inflation, rapidly increasing interest rates, alongside other factors, which may have potential ramifications to the economy. The potential deterioration in credit profile has yet to be fully reflected in modelling data, hence management overlay is provided.

(iv) *Impairment of goodwill and intangible assets (Note 21)* – The Group and the Bank perform an annual assessment of the carrying value of its goodwill and intangible assets against the recoverable amount of the cash-generating units ("CGU") to which the goodwill and intangible assets have been allocated. The measurement of the recoverable amount of CGUs are determined based on the value-in-use method, incorporating the present value of estimated future cash flows expected to arise from the respective CGU's ongoing operations. Management judgment is used in the determination of the assumptions made, particularly the cash flow projections, discount rates and the growth rates used. The estimation of pre-tax cash flows is sensitive to the periods for which the forecasts are available and to assumptions regarding the long-term sustainable cash flows, and reflect management's view of future performance.

(v) *Valuation of investment properties (Note 18)* – The measurement of the fair values for investment properties performed by management are determined with reference to quotations of market value provided by independent professional valuers.

(vi) *Deferred tax assets (Note 14)* – Deferred tax assets are recognised for all unutilised tax losses to the extent that it is probable that future taxable profit will be available against which the tax losses can be utilised. Management judgment is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits.

(vii) *Income taxes (Note 42)* – The Group and the Bank are subject to income taxes in many jurisdictions. Significant management judgment is required in estimating the provision for income taxes, as there may be differing interpretations of tax law for which the final outcome will not be established until a later date. Liabilities for taxation are recognised based on estimates of whether taxes will be payable. The estimation process may involve seeking the advice of experts, where appropriate. Where the final liability for taxation assessed by the tax authority is different from the amounts that were initially recorded, these differences will affect the income tax expense and deferred tax provisions in the period in which the estimate is revised or when the final tax liability is established.

# Notes to the Financial Statements

– 31 December 2025

## 2. BASIS OF PREPARATION AND ACCOUNTING POLICIES (CONTINUED)

### (iii) Material Accounting Policy Information (continued)

#### (a) Basis of Accounting (continued)

Significant areas of estimation, uncertainty and critical judgments used in applying accounting policies that have significant effect in determining the amounts recognised in the financial statements include the following (continued):

(viii) *Defined Benefit Plan (Note 12)* – The defined benefit obligation is determined based on an actuarial valuation. The actuarial valuation involves making assumptions regarding the discount rate, future salary increases and attrition rates. Due to the long term nature of the defined benefit plan, such estimates are subject to significant uncertainty. The amount of defined benefit asset recognised in the statement of financial position is limited to the present value of economic benefits in the form of refunds or reductions in future contributions to the fund. The levels of future contributions to the plan which are used to assess this limit are subject to some uncertainties due to other assumptions made regarding fund membership levels and future salary increases.

(ix) *Leases (Note 19)* – The measurement of leases requires management to make certain judgments and estimations. Critical judgments required include establishing whether or not it is reasonably certain that an extension option will be exercised or termination option will not be exercised and calculating the appropriate discount rate to use.

(x) *Insurance Contract Liabilities and Reinsurance Contract Assets (Note 9)* – The estimations and judgements include, estimates of future cash flows arising from insurance contracts, discount rates applied to present value calculations, risk adjustment for non-financial risk, contractual service margin ("CSM"), estimates for incurred claims liabilities, including claims incurred but not reported ("IBNR") and loss component, where applicable, for onerous contracts. Reinsurance contract assets are measured based on expected recoveries under reinsurance arrangements but remain subject to uncertainties in claims experience and reinsurer credit risk. Provisions for impairment are recognised when required.

#### (b) Basis of Consolidation

The consolidated financial statements include the financial statements of the Bank, its subsidiary companies and its controlled entities made up to the end of the financial year.

##### (i) Subsidiary Companies

Control is achieved when the Group:

- has power over the investee;
- is exposed, or has rights, to variable returns from the involvement with the investee; and
- has the ability to affect those returns through its power over investee.

The Group reassesses whether it controls an investee if facts and circumstances indicate that there are changes to one or more of these elements of control listed above.

When the Group has less than a majority of the voting rights but has rights that are sufficient to give it the practical ability to direct the relevant activities unilaterally, the Group considers all facts and circumstances in assessing whether or not the voting rights give it power, including:

- the size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Group, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

## 2. BASIS OF PREPARATION AND ACCOUNTING POLICIES (CONTINUED)

### (iii) Material Accounting Policy Information (continued)

#### (b) Basis of Consolidation (continued)

##### (i) Subsidiary Companies (continued)

Consolidation of entities in which the Group holds less than a majority of voting rights (de facto control)
The Group considers that it controls LPI Capital Bhd ("LPI"), even though it owns less than 50% of the voting rights. This is because the Group is the single largest shareholder of LPI with a 44.15% equity interest. The remaining 55.85% of the equity shares in LPI are widely held by many other shareholders, none of which individually hold more than 10% of the equity shares (as recorded in the company's shareholders' register on 4 December 2024. Since the date of acquisition of LPI on 4 December 2024, there has been no history of the other shareholders collaborating to exercise their votes collectively or to outvote the Group.

Subsidiary companies are consolidated from the date on which the Group controls, and ceases from the date that control ceases. The financial results of the subsidiary companies are included in the consolidated financial statements from the date that control is obtained until the date that the Group loses control.

The acquisition method of accounting is used to account for the purchase of subsidiary companies. The consideration transferred for the acquisition of a subsidiary company is measured at the fair value of the assets given, the equity instruments issued and liabilities incurred or assumed at the date of exchange, as well as any contingent consideration given. Acquisition-related costs are expensed off in profit or loss as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed are initially measured at fair value as at acquisition date.

Goodwill is measured as the excess of consideration transferred, any non-controlling interest and the acquisition-date fair value of any previously-held equity interest in the subsidiary company over the fair value of the Group's share of the identifiable net assets acquired. The accounting policy on goodwill is set out in Note 2(iii)(l)(i). In the event that the fair value of the Group's share of the identifiable net assets acquired exceeds the amount of consideration transferred, any non-controlling interest and the acquisition-date fair value of any previously-held equity interest (i.e. a bargain purchase), the entire resulting gain is recognised in profit or loss of the Group. Non-controlling interests represent the portion of profit or loss and net assets of subsidiary companies not attributable, directly or indirectly, to the Group. Non-controlling interests are presented separately in the consolidated statement of profit or loss and consolidated statement of comprehensive income, and within equity in the consolidated statement of financial position, separately from equity holders of the Bank. For each business combination, the Group will elect to measure the amount of non-controlling interests either at fair value or at the non-controlling interest's proportionate share of the subsidiary company's identifiable net assets.

In a business combination achieved in stages, the previously-held equity interest is remeasured at the acquisition-date fair value with the resulting gain or loss recognised in profit or loss. Changes in the Group's ownership interest in a subsidiary company which does not result in a loss of control are treated as transactions between equity holders and are reported in equity.

In preparing the consolidated financial statements, intragroup transactions and balances and intragroup gains on transactions between companies are eliminated in full. Intragroup losses are also eliminated unless the transaction provides evidence of impairment of the relevant asset. Consistent accounting policies are applied by the subsidiary companies for transactions and events in similar circumstances. The non-controlling interests' portion of total comprehensive income is attributed to non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

# Notes to the Financial Statements
– 31 December 2025

## 2. BASIS OF PREPARATION AND ACCOUNTING POLICIES (CONTINUED)

### (iii) Material Accounting Policy Information (continued)

#### (b) Basis of Consolidation (continued)

##### (i) Subsidiary Companies (continued)

If the Group loses control of a subsidiary company, the assets and liabilities of the subsidiary company, including any goodwill, and non-controlling interests are derecognised at their carrying value on the date that control is lost. Any remaining investment in the entity is recognised at fair value. The difference between the fair value of consideration received and the amounts derecognised and the remaining fair value of the investment is recognised as a gain or loss on disposal in the consolidated statement of profit or loss.

In the Bank's separate financial statements, investment in subsidiary companies is stated at cost less impairment losses, if any. On disposal of such investment, the difference between the net disposal proceeds and the net carrying value of the investment is recognised in profit or loss.

##### (ii) Collective Investments

Collective investments are those investments in unit trust funds which the Group is deemed to have control, and hence consolidates the financial results of the funds. The basis of consolidating the collective investments is similar to that used in the consolidation of the subsidiary companies.

In the Bank's separate financial statements, collective investments are stated at cost less impairment losses, if any. On disposal of such investments, the difference between the net disposal proceeds and the net carrying value of the investment is recognised in profit or loss.

##### (iii) Associated Companies

Associated companies are those entities in which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the associated companies but not control or joint control of those policies.

Investment in associated companies is accounted for in the consolidated financial statements using the equity method. The Group's investment in associated companies is initially recognised in the consolidated statement of financial position at cost. This initial carrying amount is increased or decreased to recognise the Group's share of post-acquisition net results and other changes to comprehensive income of the associated company less impairment loss, if any, determined on an individual basis. The Group's share of results of the associated company is recognised in profit or loss from the date that significant influence commences until the date that significant influence ceases. When the Group's share of losses in an associated company equals or exceeds its interest in the associated company, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associated company. Consistent accounting policies are applied for transactions and events in similar circumstances.

Goodwill, if any, relating to an associated company is included in the carrying amount of the investment. Any excess of the Group's share of the fair value of the associated company's net identifiable assets and contingent liabilities over the cost of the investment is excluded from the carrying amount of the investment and is instead included as income in the determination of the Group's share of the results of the associated company in the period in which the investment is acquired.

The gain or loss on disposal of an associated company is the difference between the net disposal proceeds and the Group's share of its net assets as of the date of disposal including the cumulative amount of any exchange differences that relate to the associated company being disposed. All gains or losses on disposal of associated companies are recognised in profit or loss.

## 2. BASIS OF PREPARATION AND ACCOUNTING POLICIES (CONTINUED)

### (iii) Material Accounting Policy Information (continued)

#### (b) Basis of Consolidation (continued)

##### (iii) Associated Companies (continued)

In the Bank's separate financial statements, the investment in associated companies is stated at cost less impairment losses, if any, determined on an individual basis. On disposal of such investment, the difference between the net disposal proceeds and the carrying amount of the investment is recognised in profit or loss.

#### (c) Foreign Currency

##### (i) Functional and Presentation Currency

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates, i.e. the functional currency. The financial statements of the Group and of the Bank are presented in RM, which is also the Bank's functional currency.

##### (ii) Foreign Currency Transactions and Balances

In preparing the financial statements of the individual entities, transactions in currencies other than each entity's functional currency, i.e. foreign currencies, are translated into the functional currency at exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the closing exchange rates ruling at the reporting date. Exchange differences arising on the settlement of monetary items or on translating monetary items at reporting date are recognised in profit or loss. Non-monetary items that are measured at historical cost in a foreign currency are translated at the exchange rate prevailing at the date of the initial transaction. Non-monetary items measured at fair value in a foreign currency are translated at exchange rates at the date when the fair value is determined. Any exchange component of a gain or loss on a non-monetary item is recognised directly in other comprehensive income if the gain or loss on the fair value of the non-monetary item is recognised directly in other comprehensive income. Any exchange component of a gain or loss on a non-monetary item is recognised directly in profit or loss if the gain or loss on the fair value of the non-monetary item is recognised in profit or loss.

##### (iii) Net Investment in Foreign Operations

In the Bank's separate financial statements, exchange differences arising from monetary items that form part of the Bank's net investment in foreign operations and that are denominated in the functional currency of the Bank or the foreign operations are recognised in profit or loss. In the consolidated financial statements, such exchange differences are recognised initially in other comprehensive income and will be reclassified to profit or loss only upon disposal of the net investment.

##### (iv) Consolidation of Financial Statements of Foreign Operations

The results and financial position of the Group's foreign operations and its subsidiary companies incorporated in the Federal Territory of Labuan, whose functional currencies are not the presentation currency or the currency of a hyperinflationary economy, are translated into the presentation currency at average exchange rates for the year and at the closing exchange rates as at reporting date respectively. All resulting exchange differences are recognised in other comprehensive income as a foreign currency translation reserve and are subsequently reclassified to profit or loss upon disposal of the foreign operation. Exchange differences arising from foreign currency borrowings and foreign currency forwards designated as hedges of a net investment in a foreign operation are recognised in the foreign currency translation reserve via other comprehensive income until the disposal of the net investment, at which time the accumulated translation differences are taken to profit or loss.

# Notes to the Financial Statements
– 31 December 2025

## 2. BASIS OF PREPARATION AND ACCOUNTING POLICIES (CONTINUED)

### (iii) Material Accounting Policy Information (continued)

#### (d) Cash and Cash Equivalents

Cash and cash equivalents consist of cash and bank balances with banks and other financial institutions, and short-term deposits with original maturity of less than three (3) months but excluding monies held-in-trust.

#### (e) Financial Assets and Liabilities

##### (i) Initial Recognition

Financial assets and financial liabilities are recognised when the Group and the Bank become a party to the contractual provisions of the instrument. At initial recognition, the Group and the Bank measure a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset or financial liability. Management also determines the classification of a financial asset and a financial liability at initial recognition.

Regular way purchases and sales of financial assets are recognised using settlement date accounting. The method used is applied consistently for all purchases and sales of financial assets that belong to the same category of financial assets.

##### (ii) Classification and Subsequent Measurement

###### (a) Financial Assets

The Group and the Bank classify financial assets in the following measurement categories – amortised cost, fair value through other comprehensive income ("FVOCI") or fair value through profit or loss ("FVTPL").

The classification requirements for debt and equity instruments are described below:

**(1) Debt instruments**

Debt instruments are those instruments that meet the definition of a financial liability from the issuer's perspective. Classification and subsequent measurement of debt instruments depend on the Group's and the Bank's business model for managing the asset and the cash flow characteristics of the asset. Based on these factors, the Group and the Bank classify its debt instruments into one of the following three (3) measurement categories:

**Amortised cost**

Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest/profit ("SPPI/SPPP"), and that are not designated at FVTPL, are measured at amortised cost using the effective interest method. The carrying amount of these assets is adjusted by impairment losses recognised and measured using the ECL models described in Note 2(iii)(h)(ii). Interest income on financial assets measured at amortised cost is recognised in "Interest income" in the statement of profit or loss. The losses arising from impairment on loans, advances and financing are recognised in the statement of profit or loss as "Allowance for impairment on loans, advances and financing". The losses arising from impairment on financial assets other than loans, advances and financing are recognised in the statement of profit or loss as "Allowance for impairment on other assets".

## 2. BASIS OF PREPARATION AND ACCOUNTING POLICIES (CONTINUED)

### (iii) Material Accounting Policy Information (continued)

#### (e) Financial Assets and Liabilities (continued)

##### (ii) Classification and Subsequent Measurement (continued)

###### (a) Financial Assets (continued)

**(1) Debt instruments (continued)**

**FVOCI**

Financial assets that are held for collection of contractual cash flows and for selling the assets, where the assets' cash flows represent SPPI/SPPP, and that are not designated at FVTPL, are measured at FVOCI. The changes in the fair value are recognised through other comprehensive income, except for the recognition of impairment losses measured using the ECL models as described in Note 2(iii)(h)(ii), interest income and foreign exchange gains or losses on the financial assets' amortised cost which are recognised in profit or loss. Interest earned whilst holding the assets are reported as "Interest income" using the effective interest method. When the financial asset is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified to profit or loss and recognised in "Net gains and losses on financial instruments".

**FVTPL**

Financial assets that do not meet the criteria for amortised cost or FVOCI, including financial assets held for trading and derivatives, are measured at FVTPL. Upon derecognition, the gain or loss on a financial asset that is subsequently measured at FVTPL and is not part of a hedging relationship is recognised in profit or loss and presented in "Net gains and losses on financial instruments". Interest earned whilst holding the assets are reported as "Interest income" using the effective interest method.

**Business model assessment**

The Group and the Bank make an assessment of the objective of a business model in which an asset is held at a portfolio level which best reflects the way the business is managed and information is provided to management. The factors considered include policies and objectives for the portfolio and the operation of those policies in practice. In particular, whether management's strategy focuses on earning contractual interest revenue, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realising cash flows through the sale of the assets. Other factors considered also include the frequency, volume and timing of sales in prior periods, how the asset's performance is evaluated and reported to key management personnel, and how risks are assessed and managed.

**Assessment whether contractual cash flows are solely payments of principal and interest/profit (the SPPI/SPPP test)**

Where the business model is to hold the financial assets to collect contractual cash flows, or to collect contractual cash flows and sell, the Group and the Bank assess whether the financial assets' contractual cash flows represent solely payment of principal and interest/profit. In applying the SPPI/SPPP test, the Group and the Bank consider whether the contractual cash flows are consistent with a basic lending arrangement, i.e. interest includes only consideration for time value of money, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial asset is classified and measured at FVTPL. Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest/profit.

# Notes to the Financial Statements
– 31 December 2025

## 2. BASIS OF PREPARATION AND ACCOUNTING POLICIES (CONTINUED)

### (iii) Material Accounting Policy Information (continued)

#### (e) Financial Assets and Liabilities (continued)

##### (ii) Classification and Subsequent Measurement (continued)

###### (a) Financial Assets (continued)

**(1) Debt instruments (continued)**

**Reclassification of debt investments**

The Group and the Bank reclassify debt instruments when and only when its business model for managing those assets changes. The Group and the Bank do not change the classification of the remaining financial assets held in that business model, but consider the circumstances leading to the model change when assessing newly originated or newly purchased financial assets going forward.

**(2) Equity instruments**

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

Upon initial recognition, the Group and the Bank may occasionally elect to classify irrevocably an equity investment that is not held for trading at FVOCI. Such classification is determined on an instrument-by-instrument basis. When this election is used, fair value gains and losses are recognised in other comprehensive income and are not subsequently reclassified to profit or loss, including on disposal. Dividends earned whilst holding the equity investment are recognised in "Net gains and losses on financial instruments" in the statement of profit or loss when the right to the payment has been established.

For equity instruments measured at FVTPL, the gains and losses, including dividends earned, are recognised in "Net gains and losses on financial instruments" in the statement of profit or loss.

**(b) Derecognition other than a modification of loan**

Financial assets, or a portion thereof, are derecognised when the contractual rights to receive the cash flows from the assets have expired, or when they have been transferred and either (i) the Group and the Bank transfer substantially all the risks and rewards of ownership, or (ii) the Group and the Bank neither transfer nor retain substantially all the risks and rewards of ownership and the Group and the Bank have not retained control.

Collateral furnished by the Group and the Bank under repurchase agreements are not derecognised as the Group and the Bank retain substantially all risks and rewards on the basis of the pre-determined repurchase price, and hence the criteria for derecognition are not met.

## 2. BASIS OF PREPARATION AND ACCOUNTING POLICIES (CONTINUED)

### (iii) Material Accounting Policy Information (continued)

#### (e) Financial Assets and Liabilities (continued)

##### (ii) Classification and Subsequent Measurement (continued)

###### (c) Financial Liabilities

The Group and the Bank classify financial liabilities in the following measurement categories – amortised cost or FVTPL. Financial liabilities are classified and subsequently measured at amortised cost, except for:

(i) financial liabilities at FVTPL; and
(ii) financial guarantee contracts and loan commitments.

**Amortised cost**

Financial liabilities issued by the Group and the Bank are classified as financial liabilities at amortised cost, where the substance of the contractual arrangement results in the Group and the Bank having an obligation either to deliver cash or another financial asset to the holder, or to satisfy the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of own equity shares.

Non-derivative financial liabilities are initially recognised at the fair value of consideration received less directly attributable transaction costs. Subsequent to initial recognition, non-derivative financial liabilities are measured at amortised cost using the effective interest method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. Financial liabilities measured at amortised cost include deposits from customers, deposits from banks and other financial institutions, repurchase agreements, lease liabilities and debt securities issued and other borrowed funds.

**FVTPL**

The classification and measurement of financial liabilities at FVTPL is applied to derivative financial instruments as described in Note 2(iii)(f). The Group and the Bank do not have any non-derivative financial liabilities designated at FVTPL.

**Derecognition of financial liabilities**

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expired.

##### (iii) Determination of Fair Value

All financial instruments are recognised initially at fair value. At initial recognition, the fair value of a financial instrument is generally the transaction price, i.e. the fair value of the consideration given or received. Subsequent to initial recognition, the fair value of financial instruments measured at fair value are measured in accordance with the valuation methodologies as set out in Note 48.

# Notes to the Financial Statements
– 31 December 2025

## 2. BASIS OF PREPARATION AND ACCOUNTING POLICIES (CONTINUED)

### (iii) Material Accounting Policy Information (continued)

#### (e) Financial Assets and Liabilities (continued)

##### (iv) Offsetting of Financial Instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and to settle the liability simultaneously. This is not generally the case for financial instruments with master netting agreements and therefore, the related assets and liabilities are presented on a gross basis in the statement of financial position.

#### (f) Derivative Financial Instruments and Hedge Accounting

The Group and the Bank had elected an accounting policy choice under MFRS 9 Financial Instruments to continue to apply the hedge accounting requirements under MFRS 139 Financial Instruments: Recognition and Measurement.

Derivative financial instruments are initially recognised at fair value and are subsequently remeasured at fair value. Derivatives are classified as financial assets when their fair values are positive and as financial liabilities when their fair values are negative.

Derivatives which are not designated in an effective hedge transaction are classified as FVTPL, with changes in fair value recognised in "Net gains and losses on financial instruments" in the statement of profit or loss. For derivative transactions which meet the specific criteria for hedge accounting, the Group and the Bank apply either fair value, cash flow or net investment hedge accounting.

At inception of the hedge relationship, the Group and the Bank formally document the relationship between the hedged item and the hedging instruments, including the nature of the risk, the objective and strategy for undertaking the hedge and the method that will be used to assess the effectiveness of the hedge relationship. Hedges are expected to be highly effective in offsetting the designated risk in the hedged item, and are assessed at inception of the hedge relationship and on an ongoing basis to ensure that they remain highly effective throughout the hedge period. A hedge is deemed as highly effective if the cumulative changes in the fair value or cash flows attributable to the hedged risk are expected to offset in a range of 80% to 125% during the period for which the hedge is designated.

The Group and the Bank will discontinue hedge accounting if the hedging instrument expires, is sold, terminated or exercised or if the hedge no longer meets the criteria for hedge accounting or is revoked.

##### (i) Fair Value Hedge

Fair value hedges are hedges against exposure to changes in the fair value of a recognised asset or liability, or an unrecognised firm commitment that is attributable to a particular risk, and could affect profit or loss. For designated and qualifying fair value hedges, changes in the fair value of the hedging instrument are recognised in profit or loss, together with any changes in the fair value of the hedged item that are attributable to the hedged risk. The net result is reported as hedge ineffectiveness under "Net gains and losses on financial instruments" in the statement of profit or loss.

If the hedging instrument is sold, terminated or exercised or where the hedge no longer meets the criteria for hedge accounting, the hedge relationship is terminated. For hedged items recorded at amortised cost, the difference between the carrying value of the hedged item on termination and the face value is amortised to profit or loss over the remaining period to maturity using the effective interest rate.

## 2. BASIS OF PREPARATION AND ACCOUNTING POLICIES (CONTINUED)

### (iii) Material Accounting Policy Information (continued)

#### (f) Derivative Financial Instruments and Hedge Accounting (continued)

##### (ii) Cash Flow Hedge

Cash flow hedges are hedges of the exposure to variability in future cash flows that is attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction and could affect profit or loss. For designated and qualifying cash flow hedges, the effective portion of the gain or loss on the hedging instrument is recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss.

Amounts accumulated in other comprehensive income are recycled to profit or loss in the periods when the hedged forecast cash flows affect the profit or loss. If the hedged forecast transaction results in the recognition of a non-financial asset or liability, the gain or loss previously recognised in other comprehensive income is adjusted to the initial cost of the asset or liability.

When a hedging instrument expires or is sold, terminated, exercised or where the hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to profit or loss as hedge ineffectiveness.

##### (iii) Net Investment Hedge

Net investment hedges are hedges against the exposure to exchange rate fluctuations on the net assets of the Group's foreign operations and are accounted for similarly to cash flow hedges. Any gain or loss on the hedging instrument relating to the effective portion of the hedge is recognised directly in the foreign currency translation reserve in equity via other comprehensive income while any gain or loss relating to the ineffective portion is recognised directly in profit or loss. On disposal of the foreign operation, the cumulative value of any such gains or losses recognised in other comprehensive income is transferred to profit or loss.

#### (g) Embedded Derivatives

Some hybrid financial instruments contain both an embedded derivative and a non-derivative component. Where the economic characteristics and risks of the embedded derivatives are not closely related to those of the host contract, and the host contract itself is not carried at fair value through profit or loss, the embedded derivative is bifurcated and separately accounted for at fair value, with changes in fair value recognised in profit or loss.

## 2. BASIS OF PREPARATION AND ACCOUNTING POLICIES (CONTINUED)

### (iii) Material Accounting Policy Information (continued)

#### (h) Impairment of Financial Assets

##### (i) Definition of Credit-impaired and Default

At each reporting date, the Group and the Bank assess whether financial assets are impaired. In general, a financial asset is impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Loans, advances and financing ("loan(s)") of the Group and of the Bank are classified as credit-impaired when they fulfil any of the following criteria:

(1) principal or interest/profit or both are past due for ninety (90) days or more; or
(2) outstanding amount is in excess of approved limit for ninety (90) days or more in the case of revolving facilities; or
(3) where a loan is in arrears or the outstanding amount has been in excess of the approved limit for less than ninety (90) days, the loan exhibits indications of significant credit weaknesses; or
(4) where a credit-impaired loan is rescheduled and restructured ("R&R"), the loan will remain as credit-impaired until repayments based on the revised and/or restructured terms have been continuously paid for a period of at least six (6) months and the account is less than ninety (90) days past due upon compliance of the required nursing period; or
(5) for repayments scheduled on intervals of ninety (90) days or more including bullet repayment, as soon as default occurs.

In making an assessment whether an investment in debt or sovereign debt is impaired, the Group and the Bank consider factors such as, but not limited to, market's assessment of creditworthiness as reflected in the bond yields, rating agencies' assessment of creditworthiness and country's ability to access the capital markets for new debt issuance.

As part of the assessment of impairment for financial assets under the ECL model, the default definition has been applied to model Probability of Default ("PD"), Exposure at Default ("EAD") and Loss Given Default ("LGD"). The definition of default largely aligns with the definition of impaired for regulatory reporting purposes except for immaterial exposures which are not considered defaulted as such defaults are not attributed to the credit risk of the exposures and certain exposures which are considered defaulted based on qualitative assessment.

##### (ii) Measurement of Impairment – Expected Credit Losses ("ECL")

The Group and the Bank assess on a forward-looking basis the ECL associated with its debt instrument assets carried at amortised cost and FVOCI and with the exposure arising from loan commitments and financial guarantee contracts. The Group and the Bank recognise a loss allowance for such losses at each reporting date. The measurement of ECL reflects an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes, the time value of money and reasonable as well as supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions. No impairment loss is recognised on equity investments.

## 2. BASIS OF PREPARATION AND ACCOUNTING POLICIES (CONTINUED)

### (iii) Material Accounting Policy Information (continued)

#### (h) Impairment of Financial Assets (continued)

##### (ii) Measurement of Impairment – Expected Credit Losses ("ECL") (continued)

The Group and the Bank assess whether the credit risk on an exposure has increased significantly on an individual or collective basis. The Group and the Bank first assess whether objective evidence of impairment exists for financial assets which are individually significant. If the Group and the Bank determine that objective evidence of impairment exists, i.e. credit-impaired, for an individually assessed financial asset, a lifetime ECL will be recognised for impairment loss which has been incurred. Financial assets which are collectively assessed are grouped on the basis of similar credit risk characteristics such as instrument type, credit risk ratings, credit utilisation, level of collateralisation, collateral type, remaining term to maturity and other relevant factors. Collectively, the individual assessment allowance and the collective assessment allowance form the total allowance for impairment on debt instruments, loans, advances and financing.

Allowance for impairment will be made based on the following three-stage approach which reflects the change in credit quality of the financial instrument since initial recognition:

(i) Stage 1: 12-month ECL – not credit-impaired
For exposures where there has not been a significant increase in credit risk since initial recognition and that are not credit-impaired upon origination, the ECL associated with the probability of default events occurring within next 12 months will be recognised.

(ii) Stage 2: Lifetime ECL – not credit-impaired
For exposures where there has been a significant increase in credit risk since initial recognition but that are not credit-impaired, a lifetime ECL will be recognised.

(iii) Stage 3: Lifetime ECL – credit-impaired
Financial assets are assessed as credit-impaired when one or more events that have detrimental impact on the estimated future cash flows of that asset have occurred. For financial assets that are credit-impaired, a lifetime ECL will be recognised.

**Significant increase in credit risk**

At each reporting date, the Group and the Bank assess whether there has been a significant increase in credit risk for exposures since initial recognition to determine whether the exposure is subject to 12-month ECL or lifetime ECL. This is performed by comparing the risk of default occurring over the remaining expected life from the reporting date and the date of initial recognition. When determining whether the risk of default has increased significantly since initial recognition, the Group and the Bank consider both quantitative and qualitative information and analysis based on the Group's and the Bank's historical experience and expert credit risk assessment, including forward-looking information.

# Notes to the Financial Statements
– 31 December 2025

## 2. BASIS OF PREPARATION AND ACCOUNTING POLICIES (CONTINUED)

### (iii) Material Accounting Policy Information (continued)

#### (h) Impairment of Financial Assets (continued)

##### (ii) Measurement of Impairment – Expected Credit Losses ("ECL") (continued)

**Significant increase in credit risk (continued)**

The criteria for determining whether credit risk has increased significantly vary by portfolio and include quantitative factors such as delinquency, historical delinquency trend, changes in credit ratings and qualitative factors as well as a backstop based on delinquency. For retail portfolio, a combination of delinquency, historical delinquency trend and qualitative factors are used to determine significant increase in credit risk. For non-retail portfolio, internally derived credit ratings have been identified as representing the best available determinant of credit risk whilst for debt securities, external ratings attributed by external agencies are used. The Group and the Bank assign each counterparty, debt securities and financial instrument, credit rating at initial recognition based on available information about the counterparty, debt securities and financial instrument. Credit risk is deemed to have increased significantly if the credit rating has significantly deteriorated at the reporting date relative to the credit rating at the date of initial recognition. Nevertheless, regardless of the change in credit rating, a backstop is applied and a financial asset is considered to have experienced a significant increase in credit risk if the financial asset is more than 30 days past due on its contractual payments. In addition, the Group and the Bank may determine that an exposure has demonstrated a significant increase in credit risk based on certain qualitative factors using its expert credit judgment and, where possible, relevant historical experience that are considered to be indicative of such increase and whose effect may not otherwise be fully reflected in its quantitative factors.

The Group and the Bank have not used the low credit risk exemption for any financial assets in the current financial year.

**Measurement of ECL**

ECL are measured using three components, i.e. a PD, a LGD and an EAD. These parameters are derived from internally developed statistical models and adjusted to reflect forward-looking information as described below.

The 12-month and lifetime PD represent the expected point-in-time probability of default over the next 12 months and remaining lifetime of the financial instrument respectively, based on conditions existing at the reporting date and future economic conditions that affect credit risk. The LGD represents the expected loss if a default event occurs at a given time, taking into account the mitigating effect of collateral, its expected value when realised and the time value of money. The EAD represents the expected exposure at default, taking into account the repayment of principal and interest from the reporting date to the default event together with any expected drawdown of a facility. The 12-month ECL is equal to the discounted sum over the next 12 months of monthly PD multiplied by LGD and EAD. Lifetime ECL is calculated using the discounted sum of monthly PD over the remaining life multiplied by LGD and EAD. The discount rate used in the ECL measurement is the original effective interest rate or an approximation thereof.

## 2. BASIS OF PREPARATION AND ACCOUNTING POLICIES (CONTINUED)

### (iii) Material Accounting Policy Information (continued)

#### (h) Impairment of Financial Assets (continued)

##### (ii) Measurement of Impairment – Expected Credit Losses ("ECL") (continued)

**Forward-looking information**

The Group and the Bank have developed methodologies for the application of macro-economic variables ("MEV") which comprise economic indicators and industry statistics in the measurement of ECL. This involves the incorporation of MEVs into the estimation of the PD and LGD via an application of a scale. The process of formulating a scale involves developing the correlation of MEVs to default rates and recovery rates for various portfolios of financial assets based on analysis of historical data. This correlation is then used to form the predicted effect (reflected via a scalar) between the MEVs and PD as well as LGD, taking into account the projections of MEVs.

The MEVs taken into consideration include, but are not limited to, gross domestic product growth rates, consumer price index as well as housing price index, and require an evaluation of both the current and forecast of the economic environment. The projections of the MEVs are made based on a most-likely outcome (the "base economic scenario") and a more favourable ("upside") as well as a more unfavourable outcome ("downside") as compared to the base economic scenario. The base economic scenario represents a most-likely outcome and is aligned with information used by the Group and the Bank for other purposes such as budgeting. The projections based on the respective economic scenarios are approved by the Bank's Assets and Liabilities Management Committee and are provided once a year. However, the projections will be reviewed and updated if economic conditions have changed significantly. Scenario weightings for each economic scenario are also determined via a statistical analysis with reference to external forecasts. The scenario weightings will be used to derive a single probability-weighted scalar for each portfolio which will be used to adjust the PD and LGD of the respective portfolio.

The carrying amount of the asset (other than debt instrument measured at FVOCI) is reduced through the use of an allowance account and the loss is recognised in profit or loss. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. The impairment loss for a debt instrument measured at FVOCI does not reduce the carrying amount of the financial asset which remains at fair value. Instead, an amount equal to the allowance that would arise if the asset was measured at amortised cost is recognised in other comprehensive income as an accumulated impairment amount, with a corresponding charge to profit or loss. The accumulated loss recognised in other comprehensive income is recycled to the profit or loss upon the derecognition of the financial asset.

For loan commitments and financial guarantee contracts, the loss allowance is recognised as allowance for impairment on loan commitments and financial guarantees which is reported under "Other liabilities" in the statement of financial position.

## 2. BASIS OF PREPARATION AND ACCOUNTING POLICIES (CONTINUED)

### (iii) Material Accounting Policy Information (continued)

#### (h) Impairment of Financial Assets (continued)

##### (iii) Write-off

Where a loan is uncollectible, it is written off against the related allowance for loan impairment. Such loans are written off after the necessary procedures have been completed and the amount of the loss has been determined. Subsequent recoveries of the amounts previously written off are recognised in profit or loss.

##### (iv) Modification of Loans

Where a loan shows evidence of significant credit weaknesses, the Group and the Bank sometimes renegotiate or otherwise modify the contractual cash flows of the loan rather than take possession of the collateral. When this happens, the Group and the Bank assess whether the new terms are substantially different from the original terms. The Group and the Bank consider, among others, the following factors:

(a) If the borrower is in financial difficulty, whether the modification merely reduces the contractual cash flows to amounts the borrower is expected to be able to pay;
(b) Whether any substantial new terms are introduced that substantially affect the risk profile of the loan;
(c) Significant extension of the loan term;
(d) Significant change in the interest/profit rate; and
(e) Insertion of collateral, other security or credit enhancements that significantly affect the credit risk associated with the loan.

The Group and the Bank derecognise a loan when the terms and conditions have been renegotiated to the extent that, substantially, it becomes a new loan and recalculates a new effective interest/profit rate for the loan. The date of renegotiation is consequently considered to be the date of initial recognition for impairment calculation purposes, including for the purpose of determining whether a significant increase in credit risk has occurred. However, the Group and the Bank also assess whether the new loan recognised is deemed to be credit-impaired at initial recognition, especially in circumstances where the renegotiation was driven by the debtor being unable to make the originally agreed payments.

If the terms are not substantially different, the renegotiation or modification does not result in derecognition and impairment continues to be assessed for significant increase in credit risk compared to the credit risk at initial origination.

#### (i) Investment Properties

Investment properties are properties which are held to earn rental income or for capital appreciation or both. Properties that are occupied by companies in the Group for conduct of business operations are accounted for as owner-occupied rather than as investment properties upon consolidation.

The Group has adopted the fair value method in measuring investment properties. Investment properties are measured initially at cost, including transaction cost. Subsequent to initial recognition, all properties are measured at fair value, with any changes recognised in profit or loss.

The fair values are based on market values, being the estimated amount for which a property could be exchanged on the date of the valuation between a willing buyer and a willing seller in an arm's length transaction. Fair values of investment properties are determined with reference to quotations of market value provided by independent professional valuers.

## 2. BASIS OF PREPARATION AND ACCOUNTING POLICIES (CONTINUED)

### (iii) Material Accounting Policy Information (continued)

#### (i) Investment Properties (continued)

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. For a transfer from owner-occupied property to investment property, any difference arising at the date of transfer between the carrying amount of the item immediately prior to transfer and its fair value is recognised directly in other comprehensive income as a property revaluation reserve. If a fair value gain reverses a previously recognised impairment loss, the gain is recognised in profit or loss. Upon disposal of the investment property, any surplus previously recorded in revaluation reserve is transferred to retained profits.

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

#### (j) Leases

##### (i) Recognition of Leases as a Lessee

The Group and the Bank consider whether a contract is, or contains a lease. A lease is defined as a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration. To apply this definition, the Group and the Bank assess whether:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Group and the Bank;
- the Group and the Bank have the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract; and
- the Group and the Bank have the right to direct the use of the identified asset throughout the period of use. The Group and the Bank assess whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

##### (ii) Measurement of Leases as a Lessee

At lease commencement date, the Group and the Bank recognise a right-of-use asset (other than leasehold land) and a lease liability on the statement of financial position. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Group and the Bank, an estimate of any costs to dismantle and remove the asset or to restore the asset or the site on which it is located at the end of the lease, and any lease payments made in advance of the lease commencement date, less any lease incentives received.

The right-of-use asset (other than leasehold land) is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, and adjusted for certain remeasurements of the lease liability, if any.

The lease liability is measured at amortised cost using effective interest method, and is initially measured at the present value of the lease payments unpaid at the commencement date, discounted using the incremental borrowing rates of the Bank and of the respective entities within the Group.

Lease payments included in the measurement of the lease liability are made up of fixed payments (including in-substance fixed payments) and payments arising from options reasonably certain to be exercised.

## 2. BASIS OF PREPARATION AND ACCOUNTING POLICIES (CONTINUED)

### (iii) Material Accounting Policy Information (continued)

#### (j) Leases (continued)

##### (ii) Measurement of Leases as a Lessee (continued)

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

Subsequent to initial measurement, the lease liability will be reduced for payments made and increased for interest accrued. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group and the Bank present right-of-use assets that do not meet the definition of investment property and lease liabilities separately in the statement of financial position.

The Group and the Bank have elected not to recognise right-of-use assets and lease liabilities for leases with lease term of less than 12 months and leases of low value assets. The lease payments associated with these leases are recognised as an expense on a straight-line basis over the lease term.

Leasehold land is recognised at cost on initial measurement. Subsequent to initial recognition, leasehold land is stated at cost less accumulated depreciation and accumulated impairment loss, if any. The policy for the recognition and measurement of impairment losses is in accordance with Note 2(iii)(m).

Leasehold land is depreciated over the remaining leasehold period. When the use of leasehold land changes from owner-occupied to investment property, the leasehold land is remeasured to fair value and reclassified as investment property.

##### (iii) Recognition and Measurement of Leases as a Lessor

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of the underlying asset, and classified as an operating lease if it does not.

Rental income from operating leases is recognised on a straight-line basis over the lease term.

#### (k) Property and Equipment and Depreciation

All items of property and equipment are initially recorded at cost. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the Bank and the cost of the item can be measured reliably. The carrying amount of replaced parts are derecognised. All other repairs and maintenance are charged to profit or loss when they are incurred.

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

Subsequent to initial recognition, property and equipment other than freehold land are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Freehold land is stated at cost less accumulated impairment losses, if any. The policy for the recognition and measurement of impairment losses is in accordance with Note 2(iii)(m).

## 2. BASIS OF PREPARATION AND ACCOUNTING POLICIES (CONTINUED)

### (iii) Material Accounting Policy Information (continued)

#### (k) Property and Equipment and Depreciation (continued)

Freehold land with an indefinite useful life and work-in-progress which are not yet available for use are not depreciated. Depreciation of other property and equipment is provided on a straight-line basis calculated to write off the cost of each asset to its residual value over the term of its estimated useful lives, summarised as follows:

| | |
|---|---|
| Buildings | 50 years |
| Renovations | Over the term of the leases ranging from 2 – 10 years |
| Office equipment, furniture and fittings | 3 – 10 years |
| Computer equipment and software | 2 – 6 years |
| Motor vehicles | 5 – 6 years |

The residual values, useful lives and depreciation method are reviewed at each financial year end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property and equipment.

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

When the use of a property changes from owner-occupied to investment property, the property is remeasured to fair value and reclassified as investment property.

#### (l) Intangible Assets

##### (i) Goodwill

Goodwill is measured as the excess of consideration transferred, any non-controlling interests and the acquisition-date fair value of any previously-held equity interest over the fair value of the Group's share of the identifiable net assets acquired.

Goodwill is stated at cost less any accumulated impairment losses. For the purpose of impairment assessment, goodwill is allocated to cash-generating units ("CGU") which are expected to benefit from the synergies of the business combination. Each CGU represents the lowest level at which the goodwill is monitored for internal management purposes and is not larger than an operating segment in accordance with MFRS 8 Operating Segments. The carrying amount of goodwill is assessed annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired, by comparing the recoverable amount from the CGU against the carrying amount of its net assets, including attributable goodwill. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Where the fair value of the Group's share of the identifiable net assets acquired exceeds the amount of consideration transferred, any non-controlling interests and the acquisition-date fair value of any previously-held equity interest, the entire resulting gain is recognised immediately in profit or loss.

# Notes to the Financial Statements

– 31 December 2025

## 2. BASIS OF PREPARATION AND ACCOUNTING POLICIES (CONTINUED)

### (iii) Material Accounting Policy Information (continued)

#### (l) Intangible Assets (continued)

##### (ii) Intangible Assets

Intangible assets acquired separately are measured at cost on initial recognition. The cost of intangible assets acquired in a business combination is their fair values as at the date of acquisition. Intangible assets are recognised only when the identifiability and economic benefit probability criterion are met.

Intangible assets with an indefinite useful life are not amortised but are reviewed annually for impairment or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. Intangible assets with an indefinite useful life are reviewed annually to determine whether the indefinite useful life assumption continues to be supportable.

Intangible assets with a finite useful life will be amortised on a straight-line basis over the estimated useful life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

#### (m) Impairment of Non-Financial Assets

Non-financial assets other than goodwill, such as right-of-use assets, property and equipment, investments in subsidiary and associated companies and foreclosed properties, are assessed for impairment annually, or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Where such indications exist, the carrying amount of the asset is written down to its recoverable amount, which is the higher of the fair value less costs to sell and the value-in-use.

The impairment loss is recognised in profit or loss, and is reversed only if there is a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of an asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying value that would have been determined (net of amortisation and depreciation) had no impairment loss been recognised for the asset in prior years.

Impairment of goodwill is discussed under the accounting policy on goodwill in Note 2(iii)(l)(i).

#### (n) Repurchase and Reverse Repurchase Agreements

Securities purchased under resale agreements (i.e. reverse repurchase agreements) at a specified future date are not recognised in the statement of financial position. The consideration paid, including accrued interest, is recognised in "reverse repurchase agreements" in the statement of financial position, reflecting the transaction's economic substance as a collateralised loan by the Group and the Bank. The difference between the purchase and resale prices is recognised in "Interest income" in the statement of profit or loss and is accrued over the life of the agreement using the effective interest method.

Securities sold under repurchase agreements (i.e. repurchase agreements) at a specified future date are not derecognised from the statement of financial position as the Group and the Bank retain substantially all the risks and rewards of ownership. The consideration received is recognised as an asset with the corresponding obligation, including accrued interest as a liability, reflecting the transaction's economic substance as a collateralised loan given to the Group and the Bank. The difference between the sale and the repurchase prices is recognised in "Interest expense" in the statement of profit or loss and is accrued over the life of the agreement using the effective interest method.

## 2. BASIS OF PREPARATION AND ACCOUNTING POLICIES (CONTINUED)

### (iii) Material Accounting Policy Information (continued)

#### (o) Insurance Contracts Acquired/Issued and Reinsurance Contracts Acquired/Held

##### (i) Recognition

The Group recognises groups of insurance contracts that it issues from the earliest of the following:

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

The Group recognises a group of reinsurance contracts held it has entered into from the earliest of the following:

- The beginning of the coverage period of the group of reinsurance contracts held. However, the Group delays the recognition of a group of reinsurance contracts that provide proportionate coverage until the date when any underlying insurance contract is initially recognised, if that date is later than beginning of the coverage period of the group of reinsurance contracts held; and
- The date the Group recognises an onerous group of underlying insurance contracts if the Group entered into the related reinsurance contracts held in the group of reinsurance contracts held at or before that date.

##### (ii) Measurement

**Insurance contracts issued and reinsurance contracts held**

The Group presents separately in the statement of financial position the carrying amount of groups of insurance contracts issued that are assets, groups of insurance contracts issued that are liabilities, groups of reinsurance contracts held that are assets and groups of reinsurance contracts held that are liabilities.

**General Measurement Model ("GMM")**

This is the default measurement model for insurance contracts which measures a group of insurance contracts as the total of:

- Fulfilment cash flows, and
- A Contractual Service Margin ("CSM") which represents the unearned profit the Group will recognise as it provides service under the insurance contracts in the group.

Fulfilment cash flows comprise unbiased and probability-weighted estimates of future cash flows, discounted to present value to reflect the time value of money and financial risks, plus a risk adjustment for non-financial risk.

MFRS 17 introduces a discounted measurement approach as the GMM for all insurance contracts. The Group has determined that it will apply GMM to all its insurance contracts issued and reinsurance contracts held.

##### (iii) Estimates of Future Cash Flows

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

# Notes to the Financial Statements

– 31 December 2025

## 2. BASIS OF PREPARATION AND ACCOUNTING POLICIES (CONTINUED)

### (iii) Material Accounting Policy Information (continued)

#### (o) Insurance Contracts Acquired/Issued and Reinsurance Contracts Acquired/Held (continued)

##### (iii) Estimates of Future Cash Flows (continued)

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

Cash flows within the boundary of a contract are those that relate directly to the fulfilment of the contract, including those for which the Group has discretion over the amount or timing. These include payments to (or on behalf of) policyholders, insurance acquisition cash flows and other costs that are incurred in fulfilling contracts. Insurance acquisition cash flows and other costs that are incurred in fulfilling contracts comprise both direct costs and an allocation of fixed and variable overheads.

Cash flows are attributed to acquisition activities and other fulfilment activities either directly or estimated based on the type of activities performed by the respective business function. Cash flows attributable to acquisition and other fulfilment activities are allocated to groups of contracts using methods that are systematic and rational and are consistently applied to all costs that have similar characteristics, such as based on total premiums, number of policies or number of claims.

##### (iv) Discount Rates

The Group generally determines risk-free discount rates using the observed yield curves of government securities. The yield curve is interpolated between the last available market data point and an ultimate forward rate, which reflects long-term interest rate and inflation expectations. Although the ultimate forward rate is subject to revision, it is expected to be updated only on significant changes on long-term expectations. No adjustments for illiquidity premium is required given the relatively liquid nature of insurance payout on policy cancellation or insurance claim.

##### (v) Risk Adjustments for Non-financial Risk

Risk adjustments for non-financial risk are determined to reflect the compensation that the Group would require for bearing non-financial risk and its degree of risk aversion. The Group applies a confidence level technique to determine the risk adjustments for non-financial risk of both its insurance contracts and reinsurance contracts held. Under a confidence level technique, the Group estimates the probability distribution of the expected value of the future cash flows at each reporting date and calculate the risk adjustment for non-financial risk as the excess of the value at risk at the target confidence level over the expected present value of the future cash flows allowing for the associated risks over all future years. The target confidence level is the 75th percentile, in line with the regulatory requirements of Bank Negara Malaysia under the Risk-Based Capital Framework for Insurers.

The Group disaggregates the change in the risk adjustment for non-financial risk between insurance service result and insurance finance income or expense.

##### (vi) Contractual Service Margin

The CSM of a group of contracts is recognised in profit or loss to reflect services provided in each year, by identifying the coverage units in the group, allocating the CSM remaining at the end of the year (before any allocation) equally to each coverage unit provided in the year and expected to be provided in future years, and recognising in profit or loss the amount of the CSM allocated to coverage units provided in the year. The number of coverage units is the quantity of services provided by the contracts in the group, determined by considering for each contract the quantity of the benefits provided and its expected coverage period. The coverage units will be reviewed and updated at each reporting date.

## 2. BASIS OF PREPARATION AND ACCOUNTING POLICIES (CONTINUED)

### (iii) Material Accounting Policy Information (continued)

#### (o) Insurance Contracts Acquired/Issued and Reinsurance Contracts Acquired/Held (continued)

##### (vii) Estimates of Assets and Liabilities for Incurred Claims

For general insurance contracts, estimates have to be made for both the expected ultimate cost of claims reported at the end of the reporting period and for the expected ultimate cost of claims incurred but not yet reported ("IBNR") at the end of the reporting period for gross and reinsurance basis.

It can take a significant period of time before the ultimate claims costs can be established with certainty and for some type of policies, IBNR claims form the majority of the statement of financial position liability. The ultimate cost of outstanding claims is estimated by using a range of standard actuarial claims projection techniques, such as Chain Ladder and Bornheutter-Ferguson methods.

The main assumption underlying these techniques is that the Group's past claims development experience can be used to project future claims development and hence, ultimate claims costs. As such, these methods extrapolate the development of paid and incurred losses, average costs per claim and claim numbers based on the observed development of earlier years and expected loss ratios.

Historical claims development is mainly analysed by accident years, but can also be further analysed by geographical areas, as well as by significant business lines and claims type. Large claims are usually separately addressed, either by being reserved at the face value of loss adjustor estimates or separately projected in order to reflect their future development. In most cases, no explicit assumptions are made regarding future rates of claims inflation or loss ratios. Instead, the assumptions used are those implicit in the historic claims development data on which the projections are based. The final reserves are discounted to derive the liabilities for incurred claims by explicitly considering the payment patterns.

Additional qualitative judgment is used to assess the extent to which past trends may not apply in future (for example, to reflect one-off occurrences, changes in external or market factors such as public attitudes to claiming, economic conditions, levels of claims inflation, judicial decisions and legislation, as well as internal factors such as portfolio mix, policy features and claims handling procedures) in order to arrive at the estimated ultimate cost of claims that present the likely outcome from the range of possible outcomes, taking account of all the uncertainties involved.

##### (viii) Loss Components

The Group establishes a loss component of the liabilities for remaining coverage for onerous groups of insurance contracts. The loss component determines the amounts of fulfilment cash flows that are subsequently presented in profit or loss as reversals of losses on onerous contracts and are excluded from insurance revenue when they occur. When the fulfilment cash flows are incurred, they are allocated between the loss component and the liabilities for remaining coverage excluding the loss component on a systematic basis.

The systematic basis is determined by the proportion of the loss component relative to the total estimate of the present value of the future cash outflows plus the risk adjustment for non-financial risk at the beginning of each year (or on initial recognition if a group of contracts is initially recognised in the year).

If the loss component is reduced to zero, then any excess over the amount allocated to the loss component creates a new CSM for the group of contracts.

# Notes to the Financial Statements

– 31 December 2025

## 2. BASIS OF PREPARATION AND ACCOUNTING POLICIES (CONTINUED)

### (iii) Material Accounting Policy Information (continued)

#### (o) Insurance Contracts Acquired/Issued and Reinsurance Contracts Acquired/Held (continued)

##### (ix) Modification and Derecognition

Except for policy cancellations, which are not categorised as policy modifications, the Group does not expect any of its policy endorsements to meet any modification conditions stated in the MFRS 17 unless facts and circumstances indicate otherwise. Therefore, by default, changes in cash flows due to policy endorsement shall be treated as changes in estimates of fulfilment cash flows as and when they occur.

The Group derecognises a contract when it is extinguished – i.e., when the specified obligations in the contract expire or are discharged or cancelled.

#### (p) Operating Revenue

Operating revenue of the Group comprises all types of revenue derived from commercial banking, investment banking, financing and other Islamic banking activities, stock-broking, general insurance, trustee services, management of unit trust funds and sale of trust units but excluding all related company transactions.

Operating revenue of the Bank comprises gross interest income, commissions earned and other income derived from commercial banking operations.

#### (q) Interest and Financing Income and Expense

For all financial instruments measured at amortised cost and interest/profit-bearing financial assets classified as FVTPL and FVOCI, interest and financing income and expense are recognised under "Interest income", "Interest expense" and "Net income from Islamic banking business" respectively in the statement of profit or loss using the effective interest/profit method.

The effective interest/profit method is a method of calculating the amortised cost of a financial asset or liability and of allocating the interest/financing income or expense over the relevant period. The effective interest/profit rate is the rate that exactly discounts the estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or liability. The calculation takes into account all contractual terms of the financial instrument (for example, prepayment options) but does not consider future credit losses. Significant fees and transaction costs integral to the effective interest/profit rate, as well as premiums or discounts are also considered.

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

#### (r) Fee and Commission Income

The Group and the Bank earn fee and commission income from a diverse range of services provided to its customers. Such income are generally recognised on an accrual basis based on performance obligations satisfied.

Fees earned for the provision of services over a period of time, such as asset management and loan arrangement and management, are accrued over the period. Fee income from the provision of transaction services, such as funds remittances and stock-broking, are recognised upon completion of the underlying transaction. Fees that are linked to the performance of a certain activity or service, such as corporate advisory services, are recognised upon completion of the performance criteria.

## 2. BASIS OF PREPARATION AND ACCOUNTING POLICIES (CONTINUED)

### (iii) Material Accounting Policy Information (continued)

#### (s) Insurance Service Result

Insurance service result comprises of insurance revenue and insurance service expenses and net expenses from reinsurance contracts held.

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

Net expenses from reinsurance contracts held comprise an allocation of reinsurance premiums paid less amounts recovered from reinsurers.

#### (t) Net finance Income/Expenses from Insurance Contracts Issued and Reinsurance Contracts Held

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

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

#### (u) Employee Benefits

##### (i) Short Term Employee Benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees of the Group and of the Bank. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increases their entitlement to future compensated absences, and short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

##### (ii) Defined Contribution Plan

As required by law, companies in Malaysia make contributions to the state pension scheme, the Employees' Provident Fund ("EPF"). Overseas subsidiary companies make contributions to their respective countries' statutory pension schemes. Such contributions are recognised as an expense in profit or loss as incurred.

##### (iii) Defined Benefit Plan

The Bank and certain subsidiary companies contribute to a fully-funded defined benefit plan approved by the Inland Revenue Board known as the Public Bank Group Officers' Retirement Benefits Fund (the "Fund") for its eligible employees. The obligations under the Fund are determined based on actuarial valuation where the amount of benefit that employees have earned in return for their service in the current and prior years are estimated. The benefit is calculated using the Projected Unit Credit Method in order to determine its present value. Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding interest), are recognised immediately in defined benefit reserve via other comprehensive income and are not subsequently recycled to profit or loss. Past service costs, whether unvested or already vested, are recognised immediately in profit or loss as incurred. Net interest income or cost is calculated by applying the discount rate to the net defined benefit asset or liability. The Group recognises the changes in the net defined benefit obligation which includes current service costs, past service costs and net interest expense or income under "Personnel costs" in the statement of profit or loss.

The amount recognised in the statements of financial position represents the actual deficit or surplus in the Fund. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from or reductions in future contributions to the Fund.

# Notes to the Financial Statements

– 31 December 2025

## 2. BASIS OF PREPARATION AND ACCOUNTING POLICIES (CONTINUED)

### (iii) Material Accounting Policy Information (continued)

#### (v) Tax Expense

Tax expense comprises current and deferred tax. Tax expense is calculated on the basis of the applicable tax law in the respective jurisdictions and is recognised as an expense in profit or loss except to the extent that it relates to items that are charged or credited in other comprehensive income or directly to equity. In such cases, tax expense is charged or credited to other comprehensive income or to equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of prior years.

Deferred tax is recognised using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences and unutilised tax losses to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and unutilised tax losses can be utilised. Deferred tax is not provided for goodwill which is not deductible for tax purposes and the initial recognition of assets and liabilities that at the time of transaction, affects neither accounting nor taxable profit. Deferred tax relating to fair value remeasurement of financial investments at FVOCI and cash flow hedges, which are recognised in other comprehensive income, is also charged or credited directly to other comprehensive income, and is subsequently recognised in profit or loss only when the deferred fair value gain or loss is recognised in profit or loss.

For investment properties which are carried at fair value, the amount of deferred tax recognised is measured using the tax rates that would apply on sale of those assets at their carrying value at the reporting date unless the property is depreciable and is held with the objective to consume substantially all of the economic benefits embodied in the property over time, rather than through sale. In all other cases, the amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the reporting date. Deferred tax assets and liabilities are not discounted.

Deferred tax assets and deferred tax liabilities are offset if there is a legally enforceable right to set-off under the same taxable entity and taxation authority. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted at the reporting date.

#### (w) Government Financing Scheme and Government Financing Facility

Financing under a government scheme is recognised and measured in accordance with MFRS 9 Financial Instruments, with the benefit at a below market and concession rate is measured as the difference between the initial carrying amount or fair value of the financing and the amount received. Government financing facility is measured in accordance with the amount received.

The benefit of a financing or a facility under a government scheme that addresses identified costs or expenses incurred by the Group and the Bank is recognised in the profit or loss in the same financial period when the costs or expenses are recognised, when the required conditions are fulfilled.

## 3. CASH AND BALANCES WITH BANKS

| | Group | | Bank | |
|---|---|---|---|---|
| | **2025 RM'000** | **2024 RM'000** | **2025 RM'000** | **2024 RM'000** |
| Cash and bank balances | **6,374,514** | 5,460,222 | **3,369,849** | 3,088,755 |
| Money market deposit placements: | | | | |
| – maturing within one month | **7,381,761** | 6,507,606 | **7,360,543** | 5,136,290 |
| – maturing after one month | **3,073,458** | 3,502,058 | **176,452** | 1,328,072 |
| | **10,455,219** | 10,009,664 | **7,536,995** | 6,464,362 |
| Allowance for expected credit losses ("ECL") | | | | |
| – 12-Month ECL (Stage 1) | **(1,003)** | (919) | **–** | – |
| | **16,828,730** | 15,468,967 | **10,906,844** | 9,553,117 |

The monies held-in-trust for clients of the Group as at reporting date are approximately RM210,227,000 (2024: RM196,184,000). These amounts are excluded from the cash and balances with banks of the Group in accordance with FRSIC 19.

## 4. REVERSE REPURCHASE AGREEMENTS AND OBLIGATIONS ON SECURITIES SOLD UNDER REPURCHASE AGREEMENTS

a) Reverse Repurchase Agreements:

| | Group | | Bank | |
|---|---|---|---|---|
| | **2025 RM'000** | **2024 RM'000** | **2025 RM'000** | **2024 RM'000** |
| **At amortised cost** | | | | |
| Foreign government treasury bills | **1,642** | 6,103 | **1,642** | 6,103 |

The fair value of securities accepted as collateral under reverse repurchase agreements that the Group and the Bank are permitted to sell or repledge in the absence of default by their owners was RM1,642,000 (2024 – RM6,104,000) respectively, of which none has been resold (2024 – None).

b) Obligations on Securities Sold under Repurchase Agreements:

| | Group | | Bank | |
|---|---|---|---|---|
| | **2025 RM'000** | **2024 RM'000** | **2025 RM'000** | **2024 RM'000** |
| **At amortised cost** | | | | |
| Financial investments at: | | | | |
| – fair value through other comprehensive income | **776,431** | 8,129,442 | **343,370** | 7,250,526 |
| – amortised cost | **4,848,145** | 128 | **4,848,145** | 128 |
| | **5,624,576** | 8,129,570 | **5,191,515** | 7,250,654 |

# Notes to the Financial Statements

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

| | Group | | Bank | |
|---|---|---|---|---|
| | 2025 RM'000 | 2024 RM'000 | 2025 RM'000 | 2024 RM'000 |
| **At fair value** | | | | |
| **Government securities and treasury bills:** | | | | |
| Malaysian Government Securities | **171,756** | 779,759 | **171,756** | 779,759 |
| Malaysian Government Investment Issues | **918,611** | 387,659 | **918,611** | 387,659 |
| | **1,090,367** | 1,167,418 | **1,090,367** | 1,167,418 |
| **Money market instruments:** | | | | |
| Negotiable instruments of deposit and negotiable Islamic debt certificates | **1,044,829** | 993,555 | – | – |
| **Non-money market instruments:** | | | | |
| Equity securities | | | | |
| – Quoted shares, mutual funds and loan stocks in Malaysia | **3,797** | 3,630 | – | – |
| – Quoted shares, mutual funds and loan stocks outside Malaysia | **9,454** | 7,757 | – | – |
| – Unquoted shares in Malaysia | **419,411** | 436,760 | **393,854** | 410,234 |
| Unit trusts | **1,116,736** | 1,064,816 | – | – |
| Debt securities | | | | |
| – Cagamas bonds/sukuk | **10,219** | 10,192 | – | – |
| – Unquoted corporate bonds/sukuk | **283,711** | 316,973 | – | – |
| | **1,843,328** | 1,840,128 | **393,854** | 410,234 |
| | **3,978,524** | 4,001,101 | **1,484,221** | 1,577,652 |

## 6. DERIVATIVE FINANCIAL ASSETS/LIABILITIES

Derivative financial instruments are financial instruments whose values change in response to changes in prices or rates (such as foreign exchange rates, interest/profit rates and equity prices) of the underlying instruments. These instruments further allow the Group and the Bank to transfer, modify or reduce its foreign exchange and interest/profit rate risks via designated hedge relationships. Derivative financial instruments that are entered into for hedging purposes but which do not meet the hedge effectiveness criteria or which relate to customers' transactions are classified as trading derivatives. The Group and the Bank may also take conservative positions, within certain pre-set limits, with the expectation to make arbitrage gains from favourable movements in prices or rates via its trading derivatives.

The following tables show the Group's and the Bank's derivative financial instruments measured at their fair values together with their corresponding contract/notional amounts as at the reporting date. The notional amounts of these derivative financial instruments refer to the underlying contract value on which changes in the value of the derivatives are measured. The notional amounts indicate the volume of transactions outstanding at the year end but are not indicative of either the market risk or credit risk inherent in the derivative contracts. The risks associated with the use of derivative financial instruments, as well as management's policy for controlling these risks are set out in Note 47.

## 6. DERIVATIVE FINANCIAL ASSETS/LIABILITIES (CONTINUED)

| Group | 2025 | | | 2024 | | |
|---|---|---|---|---|---|---|
| | Contract/ Notional Amount RM'000 | Fair Value | | Contract/ Notional Amount RM'000 | Fair Value | |
| | | Assets RM'000 | Liabilities RM'000 | | Assets RM'000 | Liabilities RM'000 |
| **At fair value** | | | | | | |
| **Trading derivatives:** | | | | | | |
| Foreign exchange contracts | | | | | | |
| – Currency forwards | **1,056,566** | **4,025** | **3,298** | 1,555,443 | 9,001 | 2,255 |
| – Currency swaps | **40,788,243** | **96,199** | **618,430** | 37,014,670 | 428,907 | 341,250 |
| – Currency options | **88,773** | **293** | **293** | 158,115 | 137 | 137 |
| Interest rate related contracts | | | | | | |
| – Interest rate swaps | **410,453** | **3,149** | **3,149** | – | – | – |
| Precious metal contracts | | | | | | |
| – Forwards | **4,561** | **10** | **19** | 774 | – | – |
| | **42,348,596** | **103,676** | **625,189** | 38,729,002 | 438,045 | 343,642 |
| **Hedging derivatives:** | | | | | | |
| **Fair value hedge** | | | | | | |
| Interest rate related contracts | | | | | | |
| – Interest rate swaps | **428,639** | **6,786** | **7,594** | 532,019 | 17,499 | – |
| **Cash flow hedge** | | | | | | |
| Foreign exchange contracts | | | | | | |
| – Cross currency interest rate swaps | **573,514** | **–** | **621** | 426,849 | – | 4,018 |
| Interest/profit rate related contracts | | | | | | |
| – Interest/profit rate swaps | **6,355,570** | **34,556** | **8,238** | 6,317,178 | 112,436 | 836 |
| **Net investment hedge** | | | | | | |
| Foreign exchange contracts | | | | | | |
| – Forwards | **954,868** | **79,556** | **–** | 1,053,622 | 89 | 4,650 |
| | **8,312,591** | **120,898** | **16,453** | 8,329,668 | 130,024 | 9,504 |
| **Total** | **50,661,187** | **224,574** | **641,642** | 47,058,670 | 568,069 | 353,146 |

# Notes to the Financial Statements

– 31 December 2025

## 6. DERIVATIVE FINANCIAL ASSETS/LIABILITIES (CONTINUED)

| Bank | 2025 | | | 2024 | | |
|---|---|---|---|---|---|---|
| | Contract/ Notional Amount RM'000 | Fair Value | | Contract/ Notional Amount RM'000 | Fair Value | |
| | | Assets RM'000 | Liabilities RM'000 | | Assets RM'000 | Liabilities RM'000 |
| **At fair value** | | | | | | |
| **Trading derivatives:** | | | | | | |
| Foreign exchange contracts | | | | | | |
| – Currency forwards | **1,037,703** | **4,019** | **3,290** | 1,526,782 | 8,958 | 2,227 |
| – Currency swaps | **39,504,149** | **89,328** | **617,947** | 36,006,801 | 426,030 | 332,839 |
| – Currency options | **88,773** | **293** | **293** | 158,115 | 137 | 137 |
| Interest rate related contracts | | | | | | |
| – Interest rate swaps | **410,453** | **3,149** | **3,149** | – | – | – |
| Precious metal contracts | | | | | | |
| – Forwards | **4,561** | **10** | **19** | 774 | – | – |
| | **41,045,639** | **96,799** | **624,698** | 37,692,472 | 435,125 | 335,203 |
| **Hedging derivatives:** | | | | | | |
| **Cash flow hedge** | | | | | | |
| Foreign exchange contracts | | | | | | |
| – Cross currency interest rate swaps | **573,514** | **–** | **621** | 426,849 | – | 4,018 |
| Interest rate related contracts | | | | | | |
| – Interest rate swaps | **9,993,570** | **45,082** | **12,426** | 10,317,178 | 124,462 | 20,760 |
| **Net investment hedge at Group level** | | | | | | |
| Foreign exchange contracts | | | | | | |
| – Forwards | **954,868** | **79,556** | **–** | 1,053,622 | 89 | 4,650 |
| | **11,521,952** | **124,638** | **13,047** | 11,797,649 | 124,551 | 29,428 |
| **Total** | **52,567,591** | **221,437** | **637,745** | 49,490,121 | 559,676 | 364,631 |

With the exception of options contracts, the fair values of derivative financial instruments are normally zero or negligible at inception. The subsequent change in fair value is either favourable or unfavourable as a result of fluctuations in the underlying market interest/profit rates and/or foreign exchange rates relative to the terms of the respective contracts.

The fair value at inception of options contracts purchased represents the consideration paid for these contracts, with subsequent changes in the fair value dependent on the movements in the value of the underlying asset and/or index.

As at 31 December 2025, the Group and the Bank have positions in the following types of derivative financial instruments:

**Forwards**

Forwards are contractual agreements to buy or sell a specified financial instrument at a specific price and date in the future. Forwards are customised contracts transacted in the over-the-counter market.

**Swaps**

Swaps are contractual agreements between two parties to exchange exposures in foreign currency or interest/profit rates.

## 6. DERIVATIVE FINANCIAL ASSETS/LIABILITIES (CONTINUED)

### Options

Options are contractual agreements under which the seller grants the purchaser the right, but not the obligation, either to buy (a call option) or sell (a put option) at or by a set date during a set period, a specific amount of an underlying asset at a pre-determined price. The seller receives a premium from the purchaser in consideration of risk. Options may be either exchange-traded or negotiated between the purchaser and the seller in the over-the-counter market.

Over-the-counter derivatives may expose the Group and the Bank to the risks associated with the absence of an exchange to close out an open position. This credit risk represents the potential cost to replace the derivative contracts if counterparties fail to fulfil their obligation. To control the level of credit risk, the Group and the Bank continually monitor and assess the credit standing of these counterparties.

### Hedge Accounting

Where derivatives of the Group and of the Bank have been designated for the purpose of hedging and meet the hedge effectiveness criteria, the accounting treatment of these derivatives will depend on the nature of the instrument hedged and the type of hedge transaction, as described in Note 2(iii)(f). The Group and the Bank apply hedge accounting in three separate hedging strategies, namely fair value hedge, cash flow hedge and net investment hedge.

### Fair Value Hedge

The Group and the Bank use fair value hedges to protect against changes in the fair value of fixed-rate long-term financial instruments due to movements in market interest rates. The financial instruments hedged for interest rate risk include the Bank's financial investments at fair value through other comprehensive income ("FVOCI"). The Group and the Bank primarily use interest rate swaps as hedges of interest rate risk.

The Group and the Bank only hedge the interest rate risk element and other risks such as credit risk, are managed but not hedged by the Group and the Bank. The interest rate risk component is determined as the change in fair value of the long-term fixed rate bonds (assets), i.e. the hedged items, arising solely from changes in United States ("US") Dollar 3-month Secured Overnight Financing Rate ("SOFR") (the benchmark rates of interest). Such changes are usually the largest component of the overall change in fair value. This strategy is designated as a fair value hedge and its effectiveness is assessed by comparing changes in the fair value of the hedged items attributable to the changes in benchmark SOFR with changes in the fair value of the interest rate swaps (hedging instruments).

The accounting policies for fair value hedge are as disclosed in Note 2(iii)(f).

The Group and the Bank establish the hedging ratio by matching the notional of the derivatives with the principal of the hedged items. The main potential sources of hedge ineffectiveness are as follows:

(i) Counterparty credit risk which impacts the fair value of the interest rate swaps but not the hedged items; and
(ii) Mismatches in the terms of hedged items and hedging instruments such as the frequency and the timing of when the interest rates are reset.

# Notes to the Financial Statements

– 31 December 2025

## 6. DERIVATIVE FINANCIAL ASSETS/LIABILITIES (CONTINUED)

**Fair Value Hedge (continued)**

The following tables show the notional amount of derivatives designated in fair value hedge relationships in time bands based on the maturity of the derivatives:

| | 2025 | | | | 2024 | | | |
|---|---|---|---|---|---|---|---|---|
| Interest rate swaps | 3 – 12 Months RM'000 | 1 – 5 Years RM'000 | > 5 Years RM'000 | Total RM'000 | 3 – 12 Months RM'000 | 1 – 5 Years RM'000 | > 5 Years RM'000 | Total RM'000 |
| **Group** | | | | | | | | |
| Hedge of USD bonds (Pay fixed) | **60,915** | **186,806** | **180,918** | **428,639** | 259,303 | 201,184 | 71,532 | 532,019 |
| Average fixed interest rate (%) | **3.18** | **4.34** | **5.34** | | 3.43 | 4.30 | 3.38 | |

The carrying amount of hedged items in fair value hedge relationships, and the accumulated amount of fair value hedge adjustments included in these carrying amounts are as follows:

| | Group | | | |
|---|---|---|---|---|
| | 2025 | | 2024 | |
| | Carrying Amount RM'000 | Fair Value Hedge Adjustments* RM'000 | Carrying Amount RM'000 | Fair Value Hedge Adjustments* RM'000 |
| Financial investments at FVOCI | **428,639** | **(808)** | 532,019 | 17,499 |

* The carrying amount of financial investments at FVOCI does not include a fair value adjustment as the hedged item is measured at fair value. The accounting for the hedge relationships results in a transfer from other comprehensive income to the profit or loss.

Fair value hedge relationships resulted in the following changes in value used as the basis for recognising hedge ineffectiveness during the year:

| | Group | |
|---|---|---|
| | 2025 RM'000 | 2024 RM'000 |
| Loss on hedging instruments | **(18,306)** | (5,920) |
| Gain on hedged items attributable to the hedged risk | **19,176** | 6,746 |
| Exchange differences | **42** | (5) |
| Ineffectiveness charged to profit or loss (Note 36) | **912** | 821 |

The gains and losses on the ineffective portions of the Group's and of the Bank's fair value hedges are recognised immediately in the statement of profit or loss under "Net gains and losses on financial instruments".

## 6. DERIVATIVE FINANCIAL ASSETS/LIABILITIES (CONTINUED)

**Cash Flow Hedge**

The Group and the Bank principally use interest/profit rate and cross currency interest rate swaps to protect against exposures to variability in future cash flows on non-trading financial assets and liabilities which bear interest/profit at variable rates. The derivatives are entered into after taking into consideration of the interest rate risk from a portfolio of exposures, such as portfolio of assets or portfolio of liabilities.

To qualify for hedge accounting purpose, derivatives are designated in a cash flow hedge relationships to manage the profit and loss volatility associated with the derivatives which would otherwise measured at fair value through profit or loss. This requires identification of eligible assets and liabilities, and designation of derivatives to obtain hedge accounting, which involves designating derivatives as hedges of the variability in highly probable forecast future cash flows attributable to interest/profit rate risk from the benchmark interest rate on variable rate assets and liabilities. The accounting policies for cash flow hedge are as disclosed in Note 2(iii)(f).

To test hedge effectiveness, a comparison is performed to ensure the expected interest/profit cash flows from the portfolio exceed those of the hedging instruments. The main potential source of hedge ineffectiveness from cash flow hedges is the mismatches in the terms of hedged items and hedging instruments such as the frequency and the timing of when the interest rates are reset.

The following tables show the notional amount of derivatives designated in cash flow hedge relationships in time bands based on the maturity of the derivatives:

| | 2025 | | | | 2024 | | | |
|---|---|---|---|---|---|---|---|---|
| | 3 – 12 Months RM'000 | 1 – 5 Years RM'000 | > 5 Years RM'000 | Total RM'000 | 3 – 12 Months RM'000 | 1 – 5 Years RM'000 | > 5 Years RM'000 | Total RM'000 |
| **Group** | | | | | | | | |
| Interest/profit rate swaps | | | | | | | | |
| – Pay fixed | **150,000** | **5,003,570** | **200,000** | **5,353,570** | – | 6,117,178 | 200,000 | 6,317,178 |
| – Receive fixed | **–** | **136,000** | **866,000** | **1,002,000** | – | – | – | – |
| | **150,000** | **5,139,570** | **1,066,000** | **6,355,570** | – | 6,117,178 | 200,000 | 6,317,178 |
| **Bank** | | | | | | | | |
| Interest rate swaps | | | | | | | | |
| – Pay fixed | **150,000** | **5,003,570** | **200,000** | **5,353,570** | – | 6,117,178 | 200,000 | 6,317,178 |
| – Receive fixed | **–** | **3,574,000** | **1,066,000** | **4,640,000** | – | 3,800,000 | 200,000 | 4,000,000 |
| | **150,000** | **8,577,570** | **1,266,000** | **9,993,570** | – | 9,917,178 | 400,000 | 10,317,178 |

There were no cash flow hedges that were discontinued as a result of the hedged cash flows no longer expected to occur.

The gains and losses on the ineffective portions of such derivatives are recognised immediately in the statement of profit or loss under "Net gains and losses on financial instruments". During the financial year, a gain of RM1,861,000 (2024 – loss of RM2,043,000) (Note 36) was recognised by the Group and the Bank.

# Notes to the Financial Statements

– 31 December 2025

## 6. DERIVATIVE FINANCIAL ASSETS/LIABILITIES (CONTINUED)

**Net Investment Hedge**

The Group's statement of financial position is affected by gains and losses as a result of the translation of net assets of its subsidiary companies denominated in currencies other than its functional currency. The Group hedges its exposures to foreign exchange risk via the designation of liabilities (certain short-term interbank borrowing funding pools) and forward foreign exchange contracts.

Hedges of net investments in foreign operations are accounted for similarly to cash flow hedges. The accounting policies for net investment hedge are as disclosed in Note 2(iii)(f).

For hedging instruments which are liabilities, effectiveness is assessed by comparing changes in the carrying amount of the liabilities with changes in the investment in foreign operations which is due to movement in the spot exchange rate.

For hedging instruments which are forward foreign exchange contracts, the Group only designates the spot element of the derivatives as hedging instruments. Changes in the fair value of the hedging instruments attributable to changes in forward points are recognised directly in profit or loss under "Other operating income – foreign exchange profit" and these amounts are not included in the assessment of hedge effectiveness.

Ineffectiveness may also arise if there are significant losses recorded in the net assets of the foreign operations.

The following table shows the notional amount of financial instruments designated as net investment hedge relationships in time bands based on the maturity of the financial instruments:

| | 2025 | | | | | 2024 | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| Group | Foreign Currency FCY'000 | Up to 3 Months RM'000 | 3 – 12 Months RM'000 | 1 – 3 Years RM'000 | Total RM'000 | Foreign Currency FCY'000 | Up to 3 Months RM'000 | 3 – 12 Months RM'000 | 1 – 3 Years RM'000 | Total RM'000 |
| USD Short-term interbank borrowings | **589,000** | **2,391,929** | **–** | **–** | **2,391,929** | 589,000 | 2,633,272 | – | – | 2,633,272 |
| HKD:MYR Forward foreign exchange contracts | **1,830,026** | **–** | **954,868** | **–** | **954,868** | 1,830,026 | – | – | 1,053,622 | 1,053,622 |
| | | **2,391,929** | **954,868** | **–** | **3,346,797** | | 2,633,272 | – | 1,053,622 | 3,686,894 |

## 6. DERIVATIVE FINANCIAL ASSETS/LIABILITIES (CONTINUED)

**Net Investment Hedge (continued)**

The amounts relating to items designated as hedging instruments are as follows:

| | Notional Amount RM'000 | Carrying Amount Liabilities RM'000 | Change in Fair Value Used for Calculating Hedge Ineffectiveness RM'000 | Change in the Value of the Hedging Instruments Recognised in Other Comprehensive Income RM'000 |
|---|---|---|---|---|
| **2025** | | | | |
| USD Short–term interbank borrowings | **–** | **2,391,929** | **183,420** | **183,420** |
| HKD:MYR Forward foreign exchange contracts | **954,868** | **–** | **75,054** | **75,054** |
| | **954,868** | **2,391,929** | **258,474** | **258,474** |
| | | | | Note 31 |
| **2024** | | | | |
| USD Short–term interbank borrowings | – | 2,633,272 | 53,381 | 53,381 |
| HKD:MYR Forward foreign exchange contracts | 1,053,622 | – | 11,699 | 11,699 |
| | 1,053,622 | 2,633,272 | 65,080 | 65,080 |
| | | | | Note 31 |

# Notes to the Financial Statements

– 31 December 2025

## 7. FINANCIAL INVESTMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME ("FVOCI")

| | Group | | Bank | |
|---|---|---|---|---|
| | 2025 RM'000 | 2024 RM'000 | 2025 RM'000 | 2024 RM'000 |
| **At fair value** | | | | |
| **Government securities and treasury bills:** | | | | |
| Malaysian Government Securities | **15,289,266** | 17,665,862 | **14,543,341** | 16,906,800 |
| Malaysian Government Investment Issues | **26,104,447** | 27,817,529 | **13,967,642** | 13,609,014 |
| Foreign Government Treasury Bills | **1,734,306** | 1,657,130 | **–** | – |
| Other foreign government securities | **58,318** | 30,466 | **–** | – |
| | **43,186,337** | 47,170,987 | **28,510,983** | 30,515,814 |
| **Money market instruments:** | | | | |
| Negotiable instruments of deposit and negotiable Islamic debt certificates | **1,193,351** | 773,354 | **1,378,033** | 1,295,242 |
| **Non-money market instruments:** | | | | |
| Equity securities | | | | |
| – Quoted shares, mutual funds and loan stocks in Malaysia | **52,505** | – | **–** | – |
| – Quoted shares, mutual funds and loan stocks outside Malaysia | **1,758** | 1,529 | **–** | – |
| – Unquoted shares in Malaysia | **488,459** | 443,385 | **485,484** | 440,429 |
| – Unquoted shares outside Malaysia | **6,432** | 6,150 | **2,266** | 2,121 |
| Debt securities | | | | |
| – Quoted corporate bonds/sukuk outside Malaysia | **233,023** | 147,205 | **–** | – |
| – Cagamas bonds/sukuk | **254,834** | 116,905 | **182,434** | – |
| – Unquoted corporate bonds/sukuk in Malaysia | **4,216,763** | 4,844,894 | **196,859** | 240,661 |
| – Unquoted corporate bonds/sukuk outside Malaysia | **565,040** | 414,058 | **–** | – |
| | **5,818,814** | 5,974,126 | **867,043** | 683,211 |
| | **50,198,502** | 53,918,467 | **30,756,059** | 32,494,267 |

## 7. FINANCIAL INVESTMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME ("FVOCI") (CONTINUED)

Included in financial investments at FVOCI are the following securities sold under repurchase agreements (Note 4(b)):

| | Group | | Bank | |
|---|---|---|---|---|
| | **2025 RM'000** | **2024 RM'000** | **2025 RM'000** | **2024 RM'000** |
| Malaysian Government Securities | **412,489** | 5,999,851 | **202,552** | 5,756,266 |
| Malaysian Government Investment Issues | **386,792** | 2,352,952 | **151,728** | 1,811,797 |
| Other government treasury bills | **–** | 137,652 | **–** | – |
| | **799,281** | 8,490,455 | **354,280** | 7,568,063 |

The following expected credit losses ("ECL") for debt instruments are recognised in other comprehensive income. Such ECL do not reduce the carrying amount in the statement of financial position as the carrying amount of debt instruments at FVOCI is equivalent to their fair value:

| | | Lifetime ECL | | |
|---|---|---|---|---|
| **Group** | **12-Month ECL (Stage 1) RM'000** | **Not Credit-Impaired (Stage 2) RM'000** | **Credit-Impaired (Stage 3) RM'000** | **Total RM'000** |
| At 1 January 2024 | 11,669 | – | – | 11,669 |
| Acquisition through business combination | 3 | – | – | 3 |
| Net allowance written back (Note 41) | (218) | – | – | (218) |
| New financial investments purchased | 3,718 | – | – | 3,718 |
| Allowance written back | (1,230) | – | – | (1,230) |
| Amount derecognised | (3,432) | – | – | (3,432) |
| Change in models/risk parameters | 726 | – | – | 726 |
| Exchange differences | (9) | – | – | (9) |
| At 31 December 2024 | 11,445 | – | – | 11,445 |
| Net allowance written back (Note 41) | **(2,657)** | **–** | **–** | **(2,657)** |
| New financial investments purchased | **5,549** | **–** | **–** | **5,549** |
| Allowance written back | **(1,319)** | **–** | **–** | **(1,319)** |
| Amount derecognised | **(6,228)** | **–** | **–** | **(6,228)** |
| Change in models/risk parameters | **(659)** | **–** | **–** | **(659)** |
| Exchange differences | **(39)** | **–** | **–** | **(39)** |
| At 31 December 2025 | **8,749** | **–** | **–** | **8,749** |

# Notes to the Financial Statements

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## 7. FINANCIAL INVESTMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME ("FVOCI") (CONTINUED)

The following ECL for debt instruments are recognised in other comprehensive income. Such ECL do not reduce the carrying amount in the statement of financial position as the carrying amount of debt instruments at FVOCI is equivalent to their fair value (continued):

| | | Lifetime ECL | | |
|---|---|---|---|---|
| **Bank** | **12-Month ECL (Stage 1) RM'000** | **Not Credit-Impaired (Stage 2) RM'000** | **Credit-Impaired (Stage 3) RM'000** | **Total RM'000** |
| At 1 January 2024 | 5,810 | – | – | 5,810 |
| Net allowance written back (Note 41) | (327) | – | – | (327) |
| New financial investments purchased | 2,533 | – | – | 2,533 |
| Allowance written back | (179) | – | – | (179) |
| Amount derecognised | (2,681) | – | – | (2,681) |
| At 31 December 2024 | 5,483 | – | – | 5,483 |
| Net allowance written back (Note 41) | **(355)** | **–** | **–** | **(355)** |
| New financial investments purchased | **4,389** | **–** | **–** | **4,389** |
| Allowance written back | **(50)** | **–** | **–** | **(50)** |
| Amount derecognised | **(4,694)** | **–** | **–** | **(4,694)** |
| At 31 December 2025 | **5,128** | **–** | **–** | **5,128** |

## 8. FINANCIAL INVESTMENTS AT AMORTISED COST

| | Group | | Bank | |
|---|---|---|---|---|
| | **2025 RM'000** | **2024 RM'000** | **2025 RM'000** | **2024 RM'000** |
| **At amortised cost** | | | | |
| **Government securities and treasury bills:** | | | | |
| Malaysian Government Securities | **7,162,584** | 7,029,662 | **7,025,179** | 6,903,116 |
| Malaysian Government Investment Issues | **11,023,871** | 9,741,103 | **6,380,279** | 5,339,822 |
| Foreign government treasury bills | **64,376** | 100,185 | **27,928** | 60,050 |
| Other foreign government securities | **151,025** | 271,681 | **–** | – |
| | **18,401,856** | 17,142,631 | **13,433,386** | 12,302,988 |
| **Money market instruments:** | | | | |
| Negotiable instruments of deposit and negotiable Islamic debt certificates | **1,267,444** | 1,363,291 | **1,117,661** | 1,846,390 |
| **Non-money market instruments:** | | | | |
| Debt securities | | | | |
| – Quoted corporate bonds/sukuk outside Malaysia | **175,289** | 161,325 | **–** | – |
| – Cagamas bonds/sukuk | **8,328,668** | 7,012,771 | **7,017,619** | 5,797,410 |
| – Unquoted corporate bonds/sukuk in Malaysia | **2,385,229** | 2,943,459 | **1,896,010** | 2,716,879 |
| – Unquoted corporate bonds/sukuk outside Malaysia | **267,601** | 384,517 | **–** | – |
| | **11,156,787** | 10,502,072 | **8,913,629** | 8,514,289 |
| Allowance for impairment | **(5,078)** | (4,815) | **(3,998)** | (3,928) |
| | **30,821,009** | 29,003,179 | **23,460,678** | 22,659,739 |

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## 8. FINANCIAL INVESTMENTS AT AMORTISED COST (CONTINUED)

Movements in allowances for impairment on debt instruments which reflect the ECL model on impairment are as follows:

| Group | 12-Month ECL (Stage 1) RM'000 | Lifetime ECL Not Credit-Impaired (Stage 2) RM'000 | Lifetime ECL Credit-Impaired (Stage 3) RM'000 | Total RM'000 |
|---|---|---|---|---|
| At 1 January 2024 | 4,854 | – | 19 | 4,873 |
| Acquisition through business combination | 2 | – | – | 2 |
| Net allowance written back (Note 41) | (55) | – | – | (55) |
| New financial investments purchased | 1,476 | – | – | 1,476 |
| Allowance written back | (86) | – | – | (86) |
| Amount derecognised | (1,449) | – | – | (1,449) |
| Change in models/risk parameters | 4 | – | – | 4 |
| Exchange differences | (5) | – | – | (5) |
| At 31 December 2024 | 4,796 | – | 19 | 4,815 |
| Net allowance made (Note 41) | **289** | **–** | **–** | **289** |
| New financial investments purchased | **1,089** | **–** | **–** | **1,089** |
| Allowance written back | **(15)** | **–** | **–** | **(15)** |
| Amount derecognised | **(776)** | **–** | **–** | **(776)** |
| Change in models/risk parameters | **(9)** | **–** | **–** | **(9)** |
| Amount written off | **–** | **–** | **(7)** | **(7)** |
| Exchange differences | **(19)** | **–** | **–** | **(19)** |
| At 31 December 2025 | **5,066** | **–** | **12** | **5,078** |

| Bank | 12-Month ECL (Stage 1) RM'000 | Lifetime ECL Not Credit-Impaired (Stage 2) RM'000 | Lifetime ECL Credit-Impaired (Stage 3) RM'000 | Total RM'000 |
|---|---|---|---|---|
| At 1 January 2024 | 3,715 | – | 19 | 3,734 |
| Net allowance made (Note 41) | 194 | – | – | 194 |
| New financial investments purchased | 908 | – | – | 908 |
| Allowance made | 13 | – | – | 13 |
| Amount derecognised | (727) | – | – | (727) |
| At 31 December 2024 | 3,909 | – | 19 | 3,928 |
| Net allowance made (Note 41) | **77** | **–** | **–** | **77** |
| New financial investments purchased | **644** | **–** | **–** | **644** |
| Allowance written back | **(65)** | **–** | **–** | **(65)** |
| Amount derecognised | **(502)** | **–** | **–** | **(502)** |
| Amount written off | **–** | **–** | **(7)** | **(7)** |
| At 31 December 2025 | **3,986** | **–** | **12** | **3,998** |

## 8. FINANCIAL INVESTMENTS AT AMORTISED COST (CONTINUED)

Included in financial investments at amortised cost are the following securities sold under repurchase agreements (Note 4(b)):

| | Group | | Bank | |
|---|---|---|---|---|
| | 2025 RM'000 | 2024 RM'000 | 2025 RM'000 | 2024 RM'000 |
| Malaysian Government Securities | **1,924,946** | – | **1,924,946** | – |
| Malaysian Government Investment Issues | **3,059,141** | – | **3,059,141** | – |
| Foreign government treasury bills | **164** | 133 | **164** | 133 |
| | **4,984,251** | 133 | **4,984,251** | 133 |

## 9. INSURANCE CONTRACTS ACQUIRED/ISSUED AND REINSURANCE CONTRACTS ACQUIRED/HELD

| | Estimate of Present Value of Future Cash Flows | | | Contractual Service Margin ("CSM") | | | |
|---|---|---|---|---|---|---|---|
| Group 2025 | Excluding Loss Component RM'000 | Loss Component RM'000 | Risk Adjustment for Non-financial Risk RM'000 | Contracts under Modified Retrospective Transition Approach RM'000 | Other Contracts RM'000 | Subtotal RM'000 | Total RM'000 |
| **Insurance contracts acquired:** | | | | | | | |
| Liabilities for remaining coverage | (875,802) | (3,638) | (104,333) | (16,579) | (26,254) | (42,833) | (1,026,606) |
| Liabilities for incurred claims | (252,227) | – | (29,840) | – | – | – | (282,067) |
| **Insurance contracts issued:** | | | | | | | |
| Liabilities for remaining coverage | (292,145) | (42,252) | (67,112) | – | (263,448) | (263,448) | (664,957) |
| Liabilities for incurred claims | (368,541) | – | (44,873) | – | – | – | (413,414) |
| Total insurance contract liabilities | (1,788,715) | (45,890) | (246,158) | (16,579) | (289,702) | (306,281) | (2,387,044) |
| **Reinsurance contracts acquired:** | | | | | | | |
| Assets for remaining coverage | 479,648 | 106 | 70,833 | 5,820 | 16,639 | 22,459 | 573,046 |
| Assets for incurred claims | 106,612 | – | 15,405 | – | – | – | 122,017 |
| **Reinsurance contracts held:** | | | | | | | |
| Assets for remaining coverage | (65,701) | 1,104 | 20,421 | – | 116,898 | 116,898 | 72,722 |
| Assets for incurred claims | 165,969 | – | 24,073 | – | – | – | 190,042 |
| Total reinsurance contract assets | 686,528 | 1,210 | 130,732 | 5,820 | 133,537 | 139,357 | 957,827 |

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## 9. INSURANCE CONTRACTS ACQUIRED/ISSUED AND REINSURANCE CONTRACTS ACQUIRED/HELD (CONTINUED)

| Group 2024 | Estimate of Present Value of Future Cash Flows | | Risk Adjustment for Non-financial Risk | Contractual Service Margin ("CSM") | | | |
|---|---|---|---|---|---|---|---|
| | Excluding Loss Component RM'000 | Loss Component RM'000 | RM'000 | Contracts under Modified Retrospective Transition Approach RM'000 | Other Contracts RM'000 | Subtotal RM'000 | Total RM'000 |
| **Insurance contracts acquired:** | | | | | | | |
| Liabilities for remaining coverage | (1,571,635) | (47,461) | (240,464) | (18,491) | (229,637) | (248,128) | (2,107,688) |
| **Insurance contracts issued:** | | | | | | | |
| Liabilities for remaining coverage | (36,304) | (15,528) | (7,965) | – | (22,541) | (22,541) | (82,338) |
| Liabilities for incurred claims | (59,507) | – | (7,451) | – | – | – | (66,958) |
| Total insurance contract liabilities | (1,667,446) | (62,989) | (255,880) | (18,491) | (252,178) | (270,669) | (2,256,984) |
| **Reinsurance contracts acquired:** | | | | | | | |
| Assets for remaining coverage | 596,258 | 922 | 131,628 | 6,597 | 114,992 | 121,589 | 850,397 |
| **Reinsurance contracts held:** | | | | | | | |
| Assets for remaining coverage | 4,630 | 744 | 1,634 | – | 6,303 | 6,303 | 13,311 |
| Assets for incurred claims | 14,083 | – | 2,241 | – | – | – | 16,324 |
| Total reinsurance contract assets | 614,971 | 1,666 | 135,503 | 6,597 | 121,295 | 127,892 | 880,032 |

The Group expects to recognise approximately RM271,000,000 (2024 – RM239,000,000) of CSM from insurance contracts acquired and issued, and approximately RM122,000,000 (2024 – RM114,000,000) of CSM from reinsurance contracts acquired and held, within 1 year after the reporting date in profit or loss. The remaining CSM is to be recognised beyond one year after the reporting date in profit or loss.

## 10. LOANS, ADVANCES AND FINANCING

| | Group | | Bank | |
|---|---|---|---|---|
| | **2025 RM'000** | **2024 RM'000** | **2025 RM'000** | **2024 RM'000** |
| **At amortised cost** | | | | |
| Overdrafts | **9,027,894** | 9,229,619 | **5,594,082** | 5,751,374 |
| Term loans/financing | | | | |
| – Housing loans/financing | **182,581,798** | 172,492,855 | **134,460,000** | 127,177,515 |
| – Syndicated term loans/financing | **3,245,374** | 4,078,228 | **1,263,510** | 1,143,954 |
| – Hire purchase receivables | **82,691,270** | 75,582,454 | **62,254,097** | 58,054,631 |
| – Other term loans/financing | **149,792,888** | 144,453,671 | **115,624,797** | 110,761,221 |
| Credit card receivables | **3,364,507** | 3,082,142 | **3,147,599** | 2,897,667 |
| Bills receivables | **100,779** | 92,528 | **94,883** | 79,667 |
| Trust receipts | **95,801** | 129,197 | **64,487** | 95,123 |
| Claims on customers under acceptance credits | **3,335,381** | 3,288,631 | **3,068,704** | 3,017,826 |
| Revolving credits | **9,304,489** | 9,502,129 | **6,451,497** | 5,943,690 |
| Staff loans* | **2,217,897** | 2,239,517 | **1,847,859** | 1,872,590 |
| Gross loans, advances and financing | **445,758,078** | 424,170,971 | **333,871,515** | 316,795,258 |
| Less: Allowance for impairment on loans, advances and financing | | | | |
| – Expected credit losses | **(3,424,847)** | (3,699,273) | **(2,311,327)** | (2,596,051) |
| – Stage 1: 12-Month ECL | **(810,646)** | (1,037,711) | **(496,196)** | (692,802) |
| – Stage 2: Lifetime ECL not credit-impaired | **(1,884,886)** | (2,027,053) | **(1,346,911)** | (1,493,720) |
| – Stage 3: Lifetime ECL credit-impaired | **(729,315)** | (634,509) | **(468,220)** | (409,529) |
| Net loans, advances and financing | **442,333,231** | 420,471,698 | **331,560,188** | 314,199,207 |

* Included in staff loans of the Group and of the Bank are loans to directors of subsidiary companies amounting to RM7,084,000 (2024 – RM7,603,000) and RM6,560,000 (2024 – RM7,018,000) respectively.

Gross loans, advances and financing presented by class of financial instruments are as follows:

| | Group | | Bank | |
|---|---|---|---|---|
| | **2025 RM'000** | **2024 RM'000** | **2025 RM'000** | **2024 RM'000** |
| Retail loans/financing* | | | | |
| – Housing loans/financing | **182,581,798** | 172,492,856 | **134,460,000** | 127,177,515 |
| – Hire purchase | **82,417,934** | 75,307,305 | **62,254,097** | 58,054,631 |
| – Credit cards | **3,364,507** | 3,082,142 | **3,147,599** | 2,897,667 |
| – Other loans/financing^ | **128,168,983** | 121,839,925 | **95,813,203** | 89,148,240 |
| | **396,533,222** | 372,722,228 | **295,674,899** | 277,278,053 |
| Corporate loans/financing | **49,224,856** | 51,448,743 | **38,196,616** | 39,517,205 |
| | **445,758,078** | 424,170,971 | **333,871,515** | 316,795,258 |

* Included in retail loans/financing are loans/financing granted to individual borrowers and mid-market commercial enterprises.

^ Included in other loans/financing are term loans, trade financing, overdrafts and revolving credits.

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## 10. LOANS, ADVANCES AND FINANCING (CONTINUED)

The maturity structure of gross loans, advances and financing by residual contractual maturity is as follows:

| | Group | | Bank | |
|---|---|---|---|---|
| | **2025 RM'000** | **2024 RM'000** | **2025 RM'000** | **2024 RM'000** |
| Maturity within one year | **35,075,782** | 38,257,687 | **25,246,653** | 25,491,231 |
| More than one year to three years | **29,518,189** | 28,749,849 | **23,624,973** | 22,956,945 |
| More than three years to five years | **38,085,253** | 34,319,705 | **29,978,142** | 28,459,290 |
| More than five years | **343,078,854** | 322,843,730 | **255,021,747** | 239,887,792 |
| | **445,758,078** | 424,170,971 | **333,871,515** | 316,795,258 |

Gross loans, advances and financing analysed by type of customer are as follows:

| | Group | | Bank | |
|---|---|---|---|---|
| | **2025 RM'000** | **2024 RM'000** | **2025 RM'000** | **2024 RM'000** |
| Banking institutions | **436** | – | **–** | – |
| Non-bank financial institutions | | | | |
| – Stock-broking companies | **158,986** | 3,816 | **3,552** | 3,816 |
| – Others | **19,470,428** | 19,451,258 | **16,527,319** | 16,638,790 |
| Business enterprises | | | | |
| – Small and medium enterprises | **83,221,288** | 76,133,564 | **68,448,775** | 61,354,677 |
| – Others | **26,214,048** | 28,568,770 | **15,102,291** | 17,040,853 |
| Government and statutory bodies | **1,036,153** | 2,038,198 | **18,357** | 20,444 |
| Individuals | **305,794,976** | 288,239,833 | **225,545,532** | 213,913,063 |
| Other entities | **53,622** | 35,336 | **21,621** | 22,873 |
| Foreign entities | **9,808,141** | 9,700,196 | **8,204,068** | 7,800,742 |
| | **445,758,078** | 424,170,971 | **333,871,515** | 316,795,258 |

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

| | Group | | Bank | |
|---|---|---|---|---|
| | **2025 RM'000** | **2024 RM'000** | **2025 RM'000** | **2024 RM'000** |
| Malaysia | **421,024,390** | 397,656,400 | **333,778,966** | 316,709,567 |
| Hong Kong SAR and the People's Republic of China | **13,226,524** | 14,129,875 | **–** | – |
| Cambodia | **5,762,157** | 6,679,564 | **–** | – |
| Other countries | **5,745,007** | 5,705,132 | **92,549** | 85,691 |
| | **445,758,078** | 424,170,971 | **333,871,515** | 316,795,258 |

## 10. LOANS, ADVANCES AND FINANCING (CONTINUED)

Gross loans, advances and financing analysed by interest rate/rate of return sensitivity are as follows:

| | Group | | Bank | |
|---|---|---|---|---|
| | **2025 RM'000** | **2024 RM'000** | **2025 RM'000** | **2024 RM'000** |
| Fixed rate | | | | |
| – Housing loans/financing | **2,194,287** | 1,897,904 | **50,859** | 52,149 |
| – Hire purchase receivables | **77,977,847** | 72,727,404 | **59,953,769** | 57,776,443 |
| – Other fixed rate loans/financing | **23,786,288** | 24,916,049 | **11,708,606** | 11,592,505 |
| Variable rate | | | | |
| – Base rate/Base lending rate plus | **288,301,563** | 269,491,929 | **229,557,552** | 214,070,240 |
| – Cost plus | **40,701,250** | 41,651,698 | **32,535,186** | 33,246,720 |
| – Other variable rates | **12,796,843** | 13,485,987 | **65,543** | 57,201 |
| | **445,758,078** | 424,170,971 | **333,871,515** | 316,795,258 |

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

| | Group | | Bank | |
|---|---|---|---|---|
| | **2025 RM'000** | **2024 RM'000** | **2025 RM'000** | **2024 RM'000** |
| Purchase of securities | **3,599,964** | 3,539,677 | **2,988,193** | 2,843,230 |
| Purchase of transport vehicles | **82,914,320** | 75,817,038 | **62,463,582** | 58,272,923 |
| Purchase of properties | **283,959,268** | 267,238,176 | **218,377,288** | 204,993,513 |
| (of which: – residential | **188,080,315** | 178,005,677 | **138,970,611** | 131,699,106 |
| – non-residential) | **95,878,953** | 89,232,499 | **79,406,677** | 73,294,407 |
| Purchase of fixed assets (excluding properties) | **368,219** | 369,245 | **93,150** | 85,979 |
| Personal use | **14,721,755** | 16,335,889 | **8,630,944** | 9,939,742 |
| Credit card | **3,364,507** | 3,082,142 | **3,147,599** | 2,897,667 |
| Purchase of consumer durables | **534** | 576 | **71** | 109 |
| Construction | **7,242,667** | 6,791,093 | **4,454,177** | 4,176,067 |
| Mergers and acquisitions | **66,482** | 30,066 | **36,416** | – |
| Working capital | **47,792,466** | 48,191,392 | **32,172,836** | 31,392,082 |
| Other purpose | **1,727,896** | 2,775,677 | **1,507,259** | 2,193,946 |
| | **445,758,078** | 424,170,971 | **333,871,515** | 316,795,258 |

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## 10. LOANS, ADVANCES AND FINANCING (CONTINUED)

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

| | Group | | Bank | |
|---|---|---|---|---|
| | **2025 RM'000** | **2024 RM'000** | **2025 RM'000** | **2024 RM'000** |
| Agriculture, hunting, forestry and fishing | **2,910,769** | 3,071,772 | **2,469,370** | 2,502,950 |
| Mining and quarrying | **251,600** | 191,872 | **171,918** | 147,392 |
| Manufacturing | **13,671,867** | 12,655,423 | **10,020,993** | 9,640,659 |
| Electricity, gas and water | **107,874** | 128,902 | **35,747** | 36,716 |
| Construction | **18,241,357** | 18,453,217 | **14,538,547** | 14,373,877 |
| Wholesale & retail trade and restaurants & hotels | **39,157,707** | 35,716,971 | **31,072,677** | 28,211,615 |
| Transport, storage and communication | **5,274,033** | 5,003,465 | **2,511,850** | 2,434,832 |
| Finance, insurance and business services | **24,301,583** | 23,670,356 | **20,746,445** | 20,248,979 |
| Real estate | **23,742,933** | 22,752,178 | **18,084,541** | 16,679,528 |
| Community, social and personal services | **3,557,545** | 4,617,490 | **2,015,513** | 1,994,516 |
| Households | **313,753,947** | 295,998,683 | **232,200,723** | 220,520,435 |
| Others | **786,863** | 1,910,642 | **3,191** | 3,759 |
| | **445,758,078** | 424,170,971 | **333,871,515** | 316,795,258 |

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

| | Group | | Bank | |
|---|---|---|---|---|
| | **2025 RM'000** | **2024 RM'000** | **2025 RM'000** | **2024 RM'000** |
| At 1 January | **2,225,493** | 2,335,372 | **1,243,812** | 1,270,729 |
| Amount transferred to Public Bank Lao Ltd | **–** | – | **–** | (30,667) |
| Impaired during the year | **2,283,749** | 2,912,705 | **1,264,043** | 1,581,125 |
| Reclassified as non-impaired | **(1,092,582)** | (1,491,453) | **(686,867)** | (991,765) |
| Recoveries | **(564,149)** | (752,712) | **(339,377)** | (324,139) |
| Amount written off | **(496,954)** | (720,356) | **(221,674)** | (240,518) |
| Loans/financing converted to foreclosed properties | **(1,484)** | (28,212) | **(117)** | (21,301) |
| Exchange differences | **(69,500)** | (29,851) | **(209)** | 348 |
| At 31 December | **2,284,573** | 2,225,493 | **1,259,611** | 1,243,812 |
| Gross impaired loans/financing as percentage of gross loans, advances and financing | **0.51%** | 0.52% | **0.38%** | 0.39% |

## 10. LOANS, ADVANCES AND FINANCING (CONTINUED)

Impaired loans/financing analysed by geographical distribution are as follows:

| | Group | | Bank | |
|---|---|---|---|---|
| | **2025 RM'000** | **2024 RM'000** | **2025 RM'000** | **2024 RM'000** |
| Malaysia | **1,521,919** | 1,528,059 | **1,255,273** | 1,242,215 |
| Hong Kong SAR and the People's Republic of China | **371,067** | 324,289 | **–** | – |
| Cambodia | **233,004** | 204,175 | **–** | – |
| Other countries | **158,583** | 168,970 | **4,338** | 1,597 |
| | **2,284,573** | 2,225,493 | **1,259,611** | 1,243,812 |

Impaired loans/financing analysed by economic purpose are as follows:

| | Group | | Bank | |
|---|---|---|---|---|
| | **2025 RM'000** | **2024 RM'000** | **2025 RM'000** | **2024 RM'000** |
| Purchase of securities | **2,566** | 3,181 | **–** | 7 |
| Purchase of transport vehicles | **273,066** | 244,722 | **146,827** | 126,232 |
| Purchase of properties | **1,416,730** | 1,354,011 | **960,648** | 945,965 |
| (of which: – residential | **717,365** | 759,535 | **388,701** | 409,770 |
| – non-residential) | **699,365** | 594,476 | **571,947** | 536,195 |
| Purchase of fixed assets (excluding properties) | **9,868** | 11,528 | **–** | 209 |
| Personal use | **152,838** | 161,909 | **21,478** | 26,862 |
| Credit card | **12,774** | 11,878 | **10,834** | 10,353 |
| Purchase of consumer durables | **1** | 4 | **1** | 4 |
| Construction | **10,658** | 7,415 | **714** | 1,056 |
| Working capital | **402,647** | 429,528 | **115,713** | 131,834 |
| Other purpose | **3,425** | 1,317 | **3,396** | 1,290 |
| | **2,284,573** | 2,225,493 | **1,259,611** | 1,243,812 |

# Notes to the Financial Statements

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## 10. LOANS, ADVANCES AND FINANCING (CONTINUED)

Impaired loans/financing analysed by sector are as follows:

| | Group | | Bank | |
|---|---|---|---|---|
| | **2025 RM'000** | **2024 RM'000** | **2025 RM'000** | **2024 RM'000** |
| Agriculture, hunting, forestry and fishing | **29,639** | 25,103 | **4,989** | 1,647 |
| Mining and quarrying | **490** | 5,320 | **490** | 839 |
| Manufacturing | **76,165** | 74,614 | **43,988** | 35,847 |
| Electricity, gas and water | **2,824** | 5,722 | **93** | 479 |
| Construction | **70,141** | 70,561 | **54,592** | 53,129 |
| Wholesale & retail trade and restaurants & hotels | **283,827** | 289,654 | **77,525** | 105,908 |
| Transport, storage and communication | **15,432** | 19,340 | **9,917** | 13,247 |
| Finance, insurance and business services | **31,734** | 37,420 | **13,721** | 14,362 |
| Real estate | **562,427** | 443,770 | **462,590** | 418,658 |
| Community, social and personal services | **4,320** | 3,517 | **2,309** | 1,520 |
| Households | **1,196,957** | 1,223,886 | **589,397** | 598,176 |
| Others | **10,617** | 26,586 | **–** | – |
| | **2,284,573** | 2,225,493 | **1,259,611** | 1,243,812 |

## 10. LOANS, ADVANCES AND FINANCING (CONTINUED)

Movements in loss allowance for loans/financing by class which reflect the expected credit losses ("ECL") model on impairment are as follows:

| | Retail Loans/Financing | | | | | |
|---|---|---|---|---|---|---|
| **Group 2025** | **Housing Loans/ Financing RM'000** | **Hire Purchase RM'000** | **Credit Cards RM'000** | **Other Loans/ Financing RM'000** | **Corporate Loans/ Financing RM'000** | **Total RM'000** |
| **Stage 1: 12-Month ECL** | | | | | | |
| At 1 January 2025 | **226,469** | **143,994** | **23,936** | **463,455** | **179,857** | **1,037,711** |
| Changes due to loans, advances and financing recognised as at 1 January 2025 | **53,395** | **24,089** | **4,726** | **84,361** | **11,870** | **178,441** |
| – Transfer to Stage 1: 12-Month ECL | **54,334** | **28,253** | **5,594** | **95,265** | **14,295** | **197,741** |
| – Transfer to Stage 2: Lifetime ECL not credit-impaired | **(869)** | **(3,461)** | **(789)** | **(8,804)** | **(2,424)** | **(16,347)** |
| – Transfer to Stage 3: Lifetime ECL credit-impaired | **(70)** | **(703)** | **(79)** | **(2,100)** | **(1)** | **(2,953)** |
| New loans, advances and financing originated | **6,260** | **23,276** | **1,501** | **57,599** | **26,641** | **115,277** |
| Net remeasurement due to changes in credit risk | **(169,381)** | **(27,560)** | **2,491** | **(79,719)** | **(134,344)** | **(408,513)** |
| Loans, advances and financing derecognised (other than write-off) | **(1,634)** | **(7,510)** | **(422)** | **(26,731)** | **(11,556)** | **(47,853)** |
| Modifications to contractual cash flows of loans, advances and financing | **(160)** | **–** | **(48)** | **(180)** | **(1,004)** | **(1,392)** |
| Changes in models/risk parameters | **(13,652)** | **(3,365)** | **(15,154)** | **(12,776)** | **(5,164)** | **(50,111)** |
| Amount written off | **–** | **(669)** | **–** | **–** | **–** | **(669)** |
| Exchange differences | **(1,752)** | **(2,594)** | **(9)** | **(7,415)** | **(475)** | **(12,245)** |
| At 31 December 2025 | **99,545** | **149,661** | **17,021** | **478,594** | **65,825** | **810,646** |

# Notes to the Financial Statements

– 31 December 2025

## 10. LOANS, ADVANCES AND FINANCING (CONTINUED)

Movements in loss allowance for loans/financing by class which reflect the ECL model on impairment are as follows (continued):

| Group 2025 | Retail Loans/Financing | | | | Corporate Loans/ Financing RM'000 | Total RM'000 |
|---|---|---|---|---|---|---|
| | Housing Loans/ Financing RM'000 | Hire Purchase RM'000 | Credit Cards RM'000 | Other Loans/ Financing RM'000 | | |
| **Stage 2: Lifetime ECL not credit-impaired** | | | | | | |
| At 1 January 2025 | **541,317** | **392,682** | **7,260** | **609,526** | **476,268** | **2,027,053** |
| Changes due to loans, advances and financing recognised as at 1 January 2025 | **(40,865)** | **(25,648)** | **(3,437)** | **(89,199)** | **(11,913)** | **(171,062)** |
| – Transfer to Stage 1: 12-Month ECL | **(47,246)** | **(25,985)** | **(4,506)** | **(89,689)** | **(14,295)** | **(181,721)** |
| – Transfer to Stage 2: Lifetime ECL not credit-impaired | **13,231** | **7,276** | **1,570** | **19,154** | **2,424** | **43,655** |
| – Transfer to Stage 3: Lifetime ECL credit-impaired | **(6,850)** | **(6,939)** | **(501)** | **(18,664)** | **(42)** | **(32,996)** |
| New loans, advances and financing originated | **3,524** | **6,750** | **434** | **41,583** | **69,290** | **121,581** |
| Net remeasurement due to changes in credit risk | **2,152** | **76,280** | **7,286** | **86,077** | **(149,066)** | **22,729** |
| Loans, advances and financing derecognised (other than write-off) | **(4,382)** | **(4,888)** | **(1,214)** | **(22,670)** | **(27,426)** | **(60,580)** |
| Modifications to contractual cash flows of loans, advances and financing | **8,677** | **(345)** | **663** | **6,297** | **(352)** | **14,940** |
| Changes in models/risk parameters | **(13,954)** | **(2,478)** | **(4,755)** | **(21,259)** | **(20,700)** | **(63,146)** |
| Exchange differences | **(289)** | **(1,075)** | **(3)** | **(4,908)** | **(354)** | **(6,629)** |
| At 31 December 2025 | **496,180** | **441,278** | **6,234** | **605,447** | **335,747** | **1,884,886** |

## 10. LOANS, ADVANCES AND FINANCING (CONTINUED)

Movements in loss allowance for loans/financing by class which reflect the ECL model on impairment are as follows (continued):

| | Retail Loans/Financing | | | | | |
|---|---|---|---|---|---|---|
| **Group 2025** | **Housing Loans/ Financing RM'000** | **Hire Purchase RM'000** | **Credit Cards RM'000** | **Other Loans/ Financing RM'000** | **Corporate Loans/ Financing RM'000** | **Total RM'000** |
| **Stage 3: Lifetime ECL credit-impaired** | | | | | | |
| At 1 January 2025 | **85,001** | **163,893** | **9,340** | **163,399** | **212,876** | **634,509** |
| Changes due to loans, advances and financing recognised as at 1 January 2025 | **(12,530)** | **1,559** | **(1,289)** | **4,838** | **43** | **(7,379)** |
| – Transfer to Stage 1: 12-Month ECL | **(7,088)** | **(2,268)** | **(1,088)** | **(5,576)** | **–** | **(16,020)** |
| – Transfer to Stage 2: Lifetime ECL not credit-impaired | **(12,362)** | **(3,815)** | **(781)** | **(10,350)** | **–** | **(27,308)** |
| – Transfer to Stage 3: Lifetime ECL credit-impaired | **6,920** | **7,642** | **580** | **20,764** | **43** | **35,949** |
| New loans, advances and financing originated* | **1,455** | **12,271** | **300** | **50,557** | **98** | **64,681** |
| Net remeasurement due to changes in credit risk | **82,102** | **178,587** | **18,234** | **201,204** | **8,197** | **488,324** |
| Loans, advances and financing derecognised (other than write-off) | **(2,380)** | **(15,688)** | **(1,043)** | **(7,576)** | **(188)** | **(26,875)** |
| Modifications to contractual cash flows of loans, advances and financing | **32,490** | **3,904** | **4,358** | **14,797** | **44,953** | **100,502** |
| Changes in models/risk parameters | **292** | **(88)** | **3** | **78** | **–** | **285** |
| Amount written off | **(101,248)** | **(132,519)** | **(19,397)** | **(243,789)** | **(1)** | **(496,954)** |
| Exchange differences | **(802)** | **(8,824)** | **(83)** | **(16,680)** | **(1,135)** | **(27,524)** |
| Amount transferred to allowance for impairment loss on foreclosed properties | **–** | **–** | **–** | **(254)** | **–** | **(254)** |
| At 31 December 2025 | **84,380** | **203,095** | **10,423** | **166,574** | **264,843** | **729,315** |
| Total ECL as at 31 December 2025 | **680,105** | **794,034** | **33,678** | **1,250,615** | **666,415** | **3,424,847** |

* New loans, advances and financing originated during the year which were not credit-impaired at origination but subsequently the credit risk has deteriorated.

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## 10. LOANS, ADVANCES AND FINANCING (CONTINUED)

Movements in loss allowance for loans/financing by class which reflect the ECL model on impairment are as follows (continued):

| | Retail Loans/Financing | | | | | |
|---|---|---|---|---|---|---|
| **Group 2024** | **Housing Loans/ Financing RM'000** | **Hire Purchase RM'000** | **Credit Cards RM'000** | **Other Loans/ Financing RM'000** | **Corporate Loans/ Financing RM'000** | **Total RM'000** |
| **Stage 1: 12-Month ECL** | | | | | | |
| At 1 January 2024 | 139,027 | 235,656 | 27,706 | 549,443 | 231,715 | 1,183,547 |
| Changes due to loans, advances and financing recognised as at 1 January 2024 | 84,776 | 50,041 | 8,305 | 98,276 | 53,472 | 294,870 |
| – Transfer to Stage 1: 12-Month ECL | 85,550 | 56,075 | 8,959 | 108,594 | 55,034 | 314,212 |
| – Transfer to Stage 2: Lifetime ECL not credit-impaired | (713) | (5,161) | (598) | (7,901) | (1,559) | (15,932) |
| – Transfer to Stage 3: Lifetime ECL credit-impaired | (61) | (873) | (56) | (2,417) | (3) | (3,410) |
| New loans, advances and financing originated | 7,038 | 23,877 | 2,728 | 50,331 | 20,254 | 104,228 |
| Net remeasurement due to changes in credit risk | (6,045) | (23,931) | (14,477) | (216,517) | (70,079) | (331,049) |
| Loans, advances and financing derecognised (other than write-off) | (1,277) | (12,678) | (270) | (27,200) | (5,993) | (47,418) |
| Modifications to contractual cash flows of loans, advances and financing | (593) | (115) | (24) | (789) | (46,336) | (47,857) |
| Changes in models/risk parameters | 4,480 | (127,531) | (3) | 13,056 | (3,060) | (113,058) |
| Amount written off | – | (643) | – | – | – | (643) |
| Exchange differences | (937) | (682) | (29) | (3,145) | (116) | (4,909) |
| At 31 December 2024 | 226,469 | 143,994 | 23,936 | 463,455 | 179,857 | 1,037,711 |

## 10. LOANS, ADVANCES AND FINANCING (CONTINUED)

Movements in loss allowance for loans/financing by class which reflect the ECL model on impairment are as follows (continued):

| Group 2024 | Retail Loans/Financing | | | | Corporate Loans/ Financing RM'000 | Total RM'000 |
|---|---|---|---|---|---|---|
| | Housing Loans/ Financing RM'000 | Hire Purchase RM'000 | Credit Cards RM'000 | Other Loans/ Financing RM'000 | | |
| **Stage 2: Lifetime ECL not credit-impaired** | | | | | | |
| At 1 January 2024 | 493,281 | 530,617 | 9,187 | 723,157 | 740,909 | 2,497,151 |
| Changes due to loans, advances and financing recognised as at 1 January 2024 | (69,465) | (57,186) | (2,801) | (112,088) | (44,086) | (285,626) |
| – Transfer to Stage 1: 12-Month ECL | (77,217) | (53,184) | (5,216) | (102,068) | (55,034) | (292,719) |
| – Transfer to Stage 2: Lifetime ECL not credit-impaired | 18,654 | 9,768 | 2,801 | 15,667 | 11,249 | 58,139 |
| – Transfer to Stage 3: Lifetime ECL credit-impaired | (10,902) | (13,770) | (386) | (25,687) | (301) | (51,046) |
| New loans, advances and financing originated | 3,251 | 5,614 | 559 | 36,520 | 45,231 | 91,175 |
| Net remeasurement due to changes in credit risk | 96,662 | (30,230) | (536) | (20,056) | (212,690) | (166,850) |
| Loans, advances and financing derecognised (other than write-off) | (3,946) | (5,280) | (944) | (27,020) | (24,638) | (61,828) |
| Modifications to contractual cash flows of loans, advances and financing | 15,242 | (881) | 1,802 | 8,902 | (15,520) | 9,545 |
| Changes in models/risk parameters | 6,296 | (49,690) | (7) | 1,311 | (12,858) | (54,948) |
| Exchange differences | (4) | (282) | – | (1,200) | (80) | (1,566) |
| At 31 December 2024 | 541,317 | 392,682 | 7,260 | 609,526 | 476,268 | 2,027,053 |

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## 10. LOANS, ADVANCES AND FINANCING (CONTINUED)

Movements in loss allowance for loans/financing by class which reflect the ECL model on impairment are as follows (continued):

| | ← Retail Loans/Financing → | | | | | |
|---|---|---|---|---|---|---|
| **Group 2024** | **Housing Loans/ Financing RM'000** | **Hire Purchase RM'000** | **Credit Cards RM'000** | **Other Loans/ Financing RM'000** | **Corporate Loans/ Financing RM'000** | **Total RM'000** |
| **Stage 3: Lifetime ECL credit-impaired** | | | | | | |
| At 1 January 2024 | 85,304 | 124,994 | 15,768 | 141,613 | 198,241 | 565,920 |
| Changes due to loans, advances and financing recognised as at 1 January 2024 | (15,311) | 7,145 | (5,504) | 13,812 | (9,386) | (9,244) |
| – Transfer to Stage 1: 12-Month ECL | (8,333) | (2,891) | (3,743) | (6,526) | – | (21,493) |
| – Transfer to Stage 2: Lifetime ECL not credit-impaired | (17,941) | (4,607) | (2,203) | (7,766) | (9,690) | (42,207) |
| – Transfer to Stage 3: Lifetime ECL credit-impaired | 10,963 | 14,643 | 442 | 28,104 | 304 | 54,456 |
| New loans, advances and financing originated* | 611 | 5,447 | 200 | 56,007 | 202 | 62,467 |
| Net remeasurement due to changes in credit risk | 86,922 | 171,084 | 14,587 | 222,733 | 114,957 | 610,283 |
| Loans, advances and financing derecognised (other than write-off) | (3,395) | (11,670) | (989) | (6,277) | (44) | (22,375) |
| Modifications to contractual cash flows of loans, advances and financing | 51,435 | 3,802 | 2,798 | 27,750 | 73,387 | 159,172 |
| Changes in models/risk parameters | – | 851 | 1 | 34 | – | 886 |
| Amount written off | (119,936) | (136,138) | (17,497) | (285,199) | (161,586) | (720,356) |
| Exchange differences | (629) | (1,622) | (24) | (7,066) | (2,895) | (12,236) |
| Amount transferred to allowance for impairment loss on foreclosed properties | – | – | – | (8) | – | (8) |
| At 31 December 2024 | 85,001 | 163,893 | 9,340 | 163,399 | 212,876 | 634,509 |
| Total ECL as at 31 December 2024 | 852,787 | 700,569 | 40,536 | 1,236,380 | 869,001 | 3,699,273 |

* New loans, advances and financing originated during the year which were not credit-impaired at origination but subsequently the credit risk has deteriorated.

## 10. LOANS, ADVANCES AND FINANCING (CONTINUED)

Movements in loss allowance for loans/financing by class which reflect the ECL model on impairment are as follows (continued):

| Bank 2025 | Retail Loans | | | | Corporate Loans | Total |
|---|---|---|---|---|---|---|
| | Housing Loans RM'000 | Hire Purchase RM'000 | Credit Cards RM'000 | Other Loans RM'000 | RM'000 | RM'000 |
| **Stage 1: 12-Month ECL** | | | | | | |
| At 1 January 2025 | **164,955** | **84,939** | **22,513** | **259,148** | **161,247** | **692,802** |
| Changes due to loans and advances recognised as at 1 January 2025 | **36,689** | **15,775** | **4,307** | **68,633** | **12,026** | **137,430** |
| – Transfer to Stage 1: 12-Month ECL | **37,304** | **18,232** | **5,101** | **75,279** | **13,762** | **149,678** |
| – Transfer to Stage 2: Lifetime ECL not credit-impaired | **(567)** | **(2,259)** | **(721)** | **(6,506)** | **(1,736)** | **(11,789)** |
| – Transfer to Stage 3: Lifetime ECL credit-impaired | **(48)** | **(198)** | **(73)** | **(140)** | **–** | **(459)** |
| New loans and advances originated | **4,617** | **16,359** | **1,333** | **22,596** | **19,496** | **64,401** |
| Net remeasurement due to changes in credit risk | **(130,134)** | **(8,978)** | **2,269** | **(71,553)** | **(123,981)** | **(332,377)** |
| Loans and advances derecognised (other than write-off) | **(1,239)** | **(5,406)** | **(374)** | **(5,656)** | **(9,001)** | **(21,676)** |
| Modifications to contractual cash flows of loans and advances | **(116)** | **–** | **(47)** | **(102)** | **(1,003)** | **(1,268)** |
| Changes in models/risk parameters | **(10,456)** | **(2,564)** | **(14,164)** | **(10,684)** | **(4,471)** | **(42,339)** |
| Amount written off | **–** | **(598)** | **–** | **–** | **–** | **(598)** |
| Exchange differences | **–** | **–** | **–** | **(179)** | **–** | **(179)** |
| At 31 December 2025 | **64,316** | **99,527** | **15,837** | **262,203** | **54,313** | **496,196** |

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## 10. LOANS, ADVANCES AND FINANCING (CONTINUED)

Movements in loss allowance for loans/financing by class which reflect the ECL model on impairment are as follows (continued):

| | Retail Loans | | | | | |
|---|---|---|---|---|---|---|
| **Bank 2025** | **Housing Loans RM'000** | **Hire Purchase RM'000** | **Credit Cards RM'000** | **Other Loans RM'000** | **Corporate Loans RM'000** | **Total RM'000** |
| **Stage 2: Lifetime ECL not credit-impaired** | | | | | | |
| At 1 January 2025 | **367,522** | **276,119** | **6,523** | **441,159** | **402,397** | **1,493,720** |
| Changes due to loans and advances recognised as at 1 January 2025 | **(28,613)** | **(15,891)** | **(3,126)** | **(67,265)** | **(12,026)** | **(126,921)** |
| – Transfer to Stage 1: 12-Month ECL | **(32,849)** | **(16,609)** | **(4,112)** | **(72,534)** | **(13,762)** | **(139,866)** |
| – Transfer to Stage 2: Lifetime ECL not credit-impaired | **8,750** | **5,080** | **1,427** | **10,950** | **1,736** | **27,943** |
| – Transfer to Stage 3: Lifetime ECL credit-impaired | **(4,514)** | **(4,362)** | **(441)** | **(5,681)** | **–** | **(14,998)** |
| New loans and advances originated | **2,417** | **4,377** | **378** | **27,278** | **37,540** | **71,990** |
| Net remeasurement due to changes in credit risk | **(9,430)** | **46,277** | **6,417** | **59,072** | **(114,477)** | **(12,141)** |
| Loans and advances derecognised (other than write-off) | **(3,118)** | **(2,312)** | **(1,061)** | **(13,960)** | **(26,941)** | **(47,392)** |
| Modifications to contractual cash flows of loans and advances | **5,435** | **(239)** | **616** | **5,650** | **4,390** | **15,852** |
| Changes in models/risk parameters | **(9,185)** | **(1,693)** | **(4,216)** | **(16,273)** | **(16,830)** | **(48,197)** |
| At 31 December 2025 | **325,028** | **306,638** | **5,531** | **435,661** | **274,053** | **1,346,911** |

## 10. LOANS, ADVANCES AND FINANCING (CONTINUED)

Movements in loss allowance for loans/financing by class which reflect the ECL model on impairment are as follows (continued):

| Bank 2025 | Retail Loans | | | | Corporate Loans | Total |
|---|---|---|---|---|---|---|
| | Housing Loans RM'000 | Hire Purchase RM'000 | Credit Cards RM'000 | Other Loans RM'000 | RM'000 | RM'000 |
| **Stage 3: Lifetime ECL credit-impaired** | | | | | | |
| At 1 January 2025 | **58,145** | **74,894** | **8,501** | **57,287** | **210,702** | **409,529** |
| Changes due to loans and advances recognised as at 1 January 2025 | **(8,076)** | **116** | **(1,181)** | **(1,368)** | **–** | **(10,509)** |
| – Transfer to Stage 1: 12-Month ECL | **(4,455)** | **(1,623)** | **(989)** | **(2,745)** | **–** | **(9,812)** |
| – Transfer to Stage 2: Lifetime ECL not credit-impaired | **(8,183)** | **(2,821)** | **(706)** | **(4,444)** | **–** | **(16,154)** |
| – Transfer to Stage 3: Lifetime ECL credit-impaired | **4,562** | **4,560** | **514** | **5,821** | **–** | **15,457** |
| New loans and advances originated* | **891** | **3,103** | **243** | **1,141** | **–** | **5,378** |
| Net remeasurement due to changes in credit risk | **58,856** | **105,893** | **16,094** | **44,870** | **(10,571)** | **215,142** |
| Loans and advances derecognised (other than write-off) | **(1,132)** | **(8,716)** | **(967)** | **(4,124)** | **–** | **(14,939)** |
| Modifications to contractual cash flows of loans and advances | **22,993** | **2,729** | **4,124** | **10,298** | **44,953** | **85,097** |
| Changes in models/risk parameters | **200** | **(67)** | **3** | **60** | **–** | **196** |
| Amount written off | **(75,464)** | **(87,881)** | **(17,726)** | **(40,602)** | **(1)** | **(221,674)** |
| At 31 December 2025 | **56,413** | **90,071** | **9,091** | **67,562** | **245,083** | **468,220** |
| Total ECL as at 31 December 2025 | **445,757** | **496,236** | **30,459** | **765,426** | **573,449** | **2,311,327** |

* New loans and advances originated during the year which were not credit-impaired at origination but subsequently the credit risk has deteriorated.

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## 10. LOANS, ADVANCES AND FINANCING (CONTINUED)

Movements in loss allowance for loans/financing by class which reflect the ECL model on impairment are as follows (continued):

| | Retail Loans | | | | | |
|---|---|---|---|---|---|---|
| **Bank 2024** | **Housing Loans RM'000** | **Hire Purchase RM'000** | **Credit Cards RM'000** | **Other Loans RM'000** | **Corporate Loans RM'000** | **Total RM'000** |
| **Stage 1: 12-Month ECL** | | | | | | |
| At 1 January 2024 | 96,006 | 178,875 | 26,011 | 276,050 | 211,694 | 788,636 |
| Changes due to loans and advances recognised as at 1 January 2024 | 62,447 | 37,143 | 7,783 | 73,401 | 53,315 | 234,089 |
| – Transfer to Stage 1: 12-Month ECL | 62,930 | 41,279 | 8,394 | 79,309 | 54,864 | 246,776 |
| – Transfer to Stage 2: Lifetime ECL not credit-impaired | (449) | (3,774) | (559) | (5,802) | (1,549) | (12,133) |
| – Transfer to Stage 3: Lifetime ECL credit-impaired | (34) | (362) | (52) | (106) | – | (554) |
| Amount transferred to Public Bank Lao Ltd | – | – | – | (1,738) | – | (1,738) |
| New loans and advances originated | 5,103 | 17,357 | 2,293 | 18,055 | 18,637 | 61,445 |
| Net remeasurement due to changes in credit risk | (574) | (37,787) | (13,305) | (113,601) | (68,438) | (233,705) |
| Loans and advances derecognised (other than write-off) | (977) | (10,173) | (243) | (4,016) | (5,058) | (20,467) |
| Modifications to contractual cash flows of loans and advances | (490) | (86) | (23) | (195) | (46,330) | (47,124) |
| Changes in models/risk parameters | 3,440 | (99,814) | (3) | 11,101 | (2,573) | (87,849) |
| Amount written off | – | (576) | – | – | – | (576) |
| Exchange differences | – | – | – | 91 | – | 91 |
| At 31 December 2024 | 164,955 | 84,939 | 22,513 | 259,148 | 161,247 | 692,802 |

## 10. LOANS, ADVANCES AND FINANCING (CONTINUED)

Movements in loss allowance for loans/financing by class which reflect the ECL model on impairment are as follows (continued):

| Bank 2024 | Retail Loans | | | | Corporate Loans RM'000 | Total RM'000 |
|---|---|---|---|---|---|---|
| | Housing Loans RM'000 | Hire Purchase RM'000 | Credit Cards RM'000 | Other Loans RM'000 | | |
| **Stage 2: Lifetime ECL not credit-impaired** | | | | | | |
| At 1 January 2024 | 282,802 | 372,997 | 8,432 | 491,991 | 645,908 | 1,802,130 |
| Changes due to loans and advances recognised as at 1 January 2024 | (53,582) | (38,651) | (2,604) | (77,163) | (43,926) | (215,926) |
| – Transfer to Stage 1: 12-Month ECL | (57,985) | (39,193) | (4,830) | (78,148) | (54,864) | (235,020) |
| – Transfer to Stage 2: Lifetime ECL not credit-impaired | 12,607 | 7,101 | 2,588 | 10,947 | 11,239 | 44,482 |
| – Transfer to Stage 3: Lifetime ECL credit-impaired | (8,204) | (6,559) | (362) | (9,962) | (301) | (25,388) |
| Amount transferred to Public Bank Lao Ltd | – | – | – | (1,118) | – | (1,118) |
| New loans and advances originated | 2,414 | 3,697 | 473 | 24,481 | 45,196 | 76,261 |
| Net remeasurement due to changes in credit risk | 124,589 | (22,344) | (466) | 14,288 | (198,357) | (82,290) |
| Loans and advances derecognised (other than write-off) | (3,172) | (3,894) | (844) | (20,314) | (24,130) | (52,354) |
| Modifications to contractual cash flows of loans and advances | 10,225 | (559) | 1,539 | 7,081 | (11,622) | 6,664 |
| Changes in models/risk parameters | 4,246 | (35,127) | (7) | 1,913 | (10,672) | (39,647) |
| At 31 December 2024 | 367,522 | 276,119 | 6,523 | 441,159 | 402,397 | 1,493,720 |

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## 10. LOANS, ADVANCES AND FINANCING (CONTINUED)

Movements in loss allowance for loans/financing by class which reflect the ECL model on impairment are as follows (continued):

| | Retail Loans | | | | | |
|---|---|---|---|---|---|---|
| **Bank 2024** | **Housing Loans RM'000** | **Hire Purchase RM'000** | **Credit Cards RM'000** | **Other Loans RM'000** | **Corporate Loans RM'000** | **Total RM'000** |
| **Stage 3: Lifetime ECL credit-impaired** | | | | | | |
| At 1 January 2024 | 56,110 | 80,307 | 14,726 | 45,605 | 117,849 | 314,597 |
| Changes due to loans and advances recognised as at 1 January 2024 | (8,865) | 1,508 | (5,179) | 3,762 | (9,389) | (18,163) |
| – Transfer to Stage 1: 12-Month ECL | (4,945) | (2,086) | (3,564) | (1,161) | – | (11,756) |
| – Transfer to Stage 2: Lifetime ECL not credit-impaired | (12,158) | (3,327) | (2,029) | (5,145) | (9,690) | (32,349) |
| – Transfer to Stage 3: Lifetime ECL credit-impaired | 8,238 | 6,921 | 414 | 10,068 | 301 | 25,942 |
| Amount transferred to Public Bank Lao Ltd | – | – | – | (1,087) | – | (1,087) |
| New loans and advances originated* | 358 | 3,921 | 143 | 3,895 | – | 8,317 |
| Net remeasurement due to changes in credit risk | 53,897 | 79,457 | 13,852 | 46,845 | 32,967 | 227,018 |
| Loans and advances derecognised (other than write-off) | (2,064) | (8,758) | (946) | (3,172) | (9) | (14,949) |
| Modifications to contractual cash flows of loans and advances | 39,740 | 3,089 | 2,655 | 14,765 | 73,387 | 133,636 |
| Changes in models/risk parameters | – | 655 | 1 | 22 | – | 678 |
| Amount written off | (81,031) | (85,285) | (16,751) | (53,348) | (4,103) | (240,518) |
| At 31 December 2024 | 58,145 | 74,894 | 8,501 | 57,287 | 210,702 | 409,529 |
| Total ECL as at 31 December 2024 | 590,622 | 435,952 | 37,537 | 757,594 | 774,346 | 2,596,051 |

* New loans and advances originated during the year which were not credit-impaired at origination but subsequently the credit risk has deteriorated.

## 10. LOANS, ADVANCES AND FINANCING (CONTINUED)

Financial assets that are purchased or originated and credit-impaired

The Group and the Bank do not purchase or originate credit-impaired loans, advances and financing.

Write-off of loans, advances and financing which are still under enforcement activity

The contractual amount outstanding on loans, advances and financing that were written off during the year and that are still subject to enforcement activity for the Group and the Bank are RM496,954,000 (2024 – RM720,356,000) and RM221,674,000 (2024 – RM240,518,000) respectively.

Information about the nature and effect of modification on the measurement of allowance for impairment on loans/financing

The amortised costs prior to modification of loans, advances and financing of the Group and of the Bank that were modified but not derecognised during the year for which allowance for impairment was measured at an amount equal to lifetime ECL are RM2,774,963,000 (2024 – RM2,536,684,000) and RM1,883,552,000 (2024 – RM1,676,376,000) respectively.

Gross carrying amount of previously modified loans, advances and financing for which loss allowance has changed to 12-Month ECL measurement during the year for the Group and the Bank are RM1,123,194,000 (2024 – RM1,581,648,000) and RM808,213,000 (2024 – RM1,146,947,000) respectively as at the end of the year.

Collateral and other credit enhancements

The Group's and the Bank's policies regarding obtaining collateral have not significantly changed during the year and there has been no significant change in the overall quality of the collateral held by the Group and the Bank since the end of the previous financial year.

In line with the Group's and the Bank's ECL model, no loss allowance was recognised for certain loans, advances and financing which were individually assessed where the expected realisable value of the underlying collateral were higher than the exposure at default at the reporting date. The carrying amount of such financial assets for the Group and the Bank are RM172,081,000 (2024 – RM95,660,000) and RM76,769,000 (2024 – RM70,415,000) respectively as at the end of the year.

Impact of movements in gross carrying amount of loans, advances and financing on allowance for loans, advances and financing

The following explains the key changes in the allowance for impairment of loans, advances and financing as well as how significant changes in the gross carrying amount of loans, advances and financing during the financial year have contributed to the changes in the allowance for impairment on loans, advances and financing for the Group and the Bank.

Overall, the total allowance for impairment on loans, advances and financing for the Group and the Bank decreased by RM274.4 million and RM284.7 million respectively, due to the following:

a) 12-month ECL (Stage 1) – decreased by RM227.1 million and RM196.6 million respectively for the Group and the Bank, mainly due to:

   – reversal of management overlay provided to cater for potential deterioration of credit risk for loans, advances and financing;
   – recalibration of forward-looking macro-economic variables used in the Group's models; and
   – loans, advances and financing derecognised due to full settlement;

   partially offset by
   – loans, advances and financing that were newly originated.

b) Lifetime ECL Not Credit-Impaired (Stage 2) – decreased by RM142.2 million and RM146.8 million respectively for the Group and the Bank, mainly due to:

   – reversal of management overlay provided to cater for potential deterioration of credit risk for loans, advances and financing; and
   – recalibration of forward-looking macro-economic variables used in the Group's models.

# Notes to the Financial Statements

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## 10. LOANS, ADVANCES AND FINANCING (CONTINUED)

Impact of movements in gross carrying amount of loans, advances and financing on allowance for loans, advances and financing (continued)

c) Lifetime ECL Credit-Impaired (Stage 3) – increased by RM94.8 million and RM58.7 million respectively for the Group and the Bank, mainly due to:

– loans, advances and financing that migrated to Stage 3 due to deterioration in credit quality;

partially offset by
– loans, advances and financing that were written off; and
– reversal of management overlay provided to cater for potential deterioration of credit risk for loans, advances and financing.

## 11. OTHER ASSETS

| | | Group | | Bank | |
|---|---|---|---|---|---|
| | Note | 2025 RM'000 | 2024 RM'000 | 2025 RM'000 | 2024 RM'000 |
| Deferred handling fees | (i) | **353,117** | 335,377 | **247,593** | 248,779 |
| Interest/Income receivable | | **103,761** | 124,064 | **19,075** | 42,016 |
| Other receivables, deposits and prepayments | | **3,098,662** | 2,405,044 | **2,649,061** | 1,973,114 |
| Collateral pledged for derivative transactions | | **364,825** | 151,679 | **364,825** | 151,679 |
| Employee benefits | 12 | **75,991** | 52,642 | **74,817** | 51,852 |
| Amount due from trust funds | (ii) | **294,008** | 301,464 | **–** | – |
| Foreclosed properties# | | **200,331** | 219,140 | **159,546** | 183,973 |
| Outstanding contracts on clients' accounts | (iii) | **201,513** | 312,643 | **–** | – |
| Amount due from subsidiary companies | (iv) | **–** | – | **40,868** | 39,850 |
| Distribution receivable from collective investments | 45(b) | **–** | – | **35,510** | 35,237 |
| Dividend receivable from subsidiary companies | 45(b) | **–** | – | **585,276** | 549,300 |
| | | **4,692,208** | 3,902,053 | **4,176,571** | 3,275,800 |
| # Stated net of accumulated allowance for impairment loss | | **99,266** | 90,913 | **87,576** | 81,181 |

(i) This represents the unamortised balance of handling fees paid to motor vehicle dealers for hire purchase loans/financing.

(ii) This balance refers to amount due from trust funds managed by the fund management subsidiary company in respect of cancellation and creation of trust units. It also includes management fee receivable from trust funds.

(iii) This balance represents outstanding purchase contracts in respect of the stock-broking business of the subsidiary companies entered into on behalf of clients where settlements have yet to be made by clients.

(iv) These balances are unsecured, non-interest bearing and are repayable on demand.

## 12. EMPLOYEE BENEFITS

### Defined Benefit Plan

The Bank and certain subsidiary companies contribute to a defined benefit plan known as the Public Bank Group Officers' Retirement Benefits Fund ("the Fund") for its eligible employees. Under the Fund, eligible employees are entitled to one month of the final or last drawn salary for each completed year of service with the Group upon attainment of retirement age. Effective from 1 July 2013, the normal retirement age was raised from 55 years to 60 years in accordance with Malaysia's Minimum Retirement Age Act 2012, and an optional retirement age, from 55 years to anytime prior to 60 years was introduced. For employees who leave before the attainment of the normal retirement age or the optional retirement age, the retirement benefit will be computed based on the scale rate stipulated in the rules of the Fund.

The defined benefit plan is a tax exempt fund, fully funded by the Bank and certain subsidiary companies which are participating companies of the plan. Employees are not required to contribute to the plan. The funding requirements are based on a separate actuarial valuation for funding purposes for which the assumptions may differ from the assumptions as set out below. The latest actuarial valuation for funding purposes was made as at 31 December 2023 by Actuarial Partners Consulting Sdn. Bhd ("Actuary") with certain assumptions being updated to position as at 31 December 2025.

As at 31 December 2025, the plan is in surplus of RM75,991,000 (31 December 2024: RM52,642,000). Cash contributions were made to the plan during the financial year by the Bank and the participating subsidiary companies. The Actuary has projected that the cash contributions are required to be made in the coming year until the next actuarial valuation in 2026.

The assets of the Fund are held separately from the assets of the Group and of the Bank and are administered by a board of trustees. There are three (3) trustees currently of which the appointment of one (1) trustee is pending the approval of the authority, one (1) of the trustees is a member of the Board of Directors of the Bank, one (1) trustee is a member of senior management of the Bank and the remaining one (1) trustee is a member of management of the Bank.

The defined benefit plan exposes the Group and the Bank to actuarial risks such as market (investment) risk, interest rate risk and salary risk. Market risk arises from investments delivering an inadequate return; changes in interest rate would affect the cost of borrowings as well as valuation of plan obligations; salary risk arises from higher than expected salary increase leading to higher plan obligations.

The investments of the plan comply with the requirement of the income tax ruling for tax exempt funds that 80% of the plan assets (gross) are invested in specified assets with at least 20% of plan assets (gross) in government issued securities. The strategic investment policy of the defined benefit plan can be summarised as plan asset mix based on 30% to 40% of investment properties, 20% to 25% of government securities and 40% to 50% in a combination of equities, corporate bonds, unit trusts and cash.

Compliance with investment policies is reported quarterly to the Board of Trustees.

The amounts recognised in the statements of financial position are determined as follows:

| | | Group | | Bank | |
|---|---|---|---|---|---|
| | Note | 2025 RM'000 | 2024 RM'000 | 2025 RM'000 | 2024 RM'000 |
| Present value of funded obligations | | **(1,653,880)** | (1,514,786) | **(1,628,327)** | (1,492,059) |
| Fair value of plan assets | | **1,729,871** | 1,567,428 | **1,703,144** | 1,543,911 |
| Net assets | 11 | **75,991** | 52,642 | **74,817** | 51,852 |

# Notes to the Financial Statements

– 31 December 2025

## 12. EMPLOYEE BENEFITS (CONTINUED)

**Defined Benefit Plan (continued)**

Movements in the present value of funded obligations are as follows:

| | Group | | Bank | |
|---|---|---|---|---|
| | **2025 RM'000** | **2024 RM'000** | **2025 RM'000** | **2024 RM'000** |
| Obligation at 1 January | **1,514,786** | 1,402,791 | **1,492,059** | 1,381,609 |
| Recognised in profit or loss | | | | |
| – current service cost | **89,784** | 86,500 | **88,397** | 85,202 |
| – interest cost | **65,039** | 62,999 | **64,034** | 62,054 |
| – allocation adjustment | **–** | – | **(677)** | 135 |
| Benefits paid – the Fund | **(61,263)** | (66,237) | **(60,316)** | (65,243) |
| Remeasurements recognised in other comprehensive income | | | | |
| – effects of changes in financial assumptions | **45,534** | 28,733 | **44,830** | 28,302 |
| Obligation at 31 December | **1,653,880** | 1,514,786 | **1,628,327** | 1,492,059 |

Movements in the fair value of plan assets are as follows:

| | Group | | Bank | |
|---|---|---|---|---|
| | **2025 RM'000** | **2024 RM'000** | **2025 RM'000** | **2024 RM'000** |
| Fair value at 1 January | **1,567,428** | 1,419,870 | **1,543,911** | 1,398,430 |
| Recognised in profit or loss | | | | |
| – interest income | **69,025** | 65,532 | **67,958** | 64,549 |
| – allocation adjustment | **–** | – | **129** | 542 |
| Contributions made | **87,062** | 82,131 | **85,143** | 80,442 |
| Benefits paid – the Fund | **(61,263)** | (66,237) | **(60,316)** | (65,243) |
| Remeasurements recognised in other comprehensive income | | | | |
| – remeasurements on plan assets | **67,619** | 66,132 | **66,574** | 65,140 |
| – allocation adjustment | **–** | – | **(255)** | 51 |
| Fair value at 31 December | **1,729,871** | 1,567,428 | **1,703,144** | 1,543,911 |

## 12. EMPLOYEE BENEFITS (CONTINUED)

**Defined Benefit Plan (continued)**

The fair value of plan assets constitutes the following:

| | Group | | Bank | |
|---|---|---|---|---|
| | **2025 RM'000** | **2024 RM'000** | **2025 RM'000** | **2024 RM'000** |
| Deposit placements and cash | **482** | 850 | **474** | 838 |
| Government securities | **607,875** | 584,896 | **598,483** | 576,121 |
| Unquoted corporate bonds | **220,100** | 269,346 | **216,699** | 265,304 |
| Quoted equity securities[1] | **993,863** | 957,899 | **978,507** | 943,527 |
| Unit trust funds[2] | **58,533** | 53,783 | **57,629** | 52,976 |
| Properties[3] | **975,559** | 943,676 | **960,487** | 929,517 |
| Plan assets (gross) | **2,856,412** | 2,810,450 | **2,812,279** | 2,768,283 |
| Other liabilities (net) | **(14,041)** | (13,522) | **(13,824)** | (13,319) |
| Borrowings | **(1,112,500)** | (1,229,500) | **(1,095,311)** | (1,211,053) |
| | **1,729,871** | 1,567,428 | **1,703,144** | 1,543,911 |

[1] Quoted equity securities analysed by sector are as follows:

| | Group | | Bank | |
|---|---|---|---|---|
| | **2025 RM'000** | **2024 RM'000** | **2025 RM'000** | **2024 RM'000** |
| Financial institutions* | **659,063** | 661,893 | **648,880** | 651,962 |
| Insurance companies* | **280,357** | 235,695 | **276,025** | 232,159 |
| Property companies | **54,419** | 60,288 | **53,578** | 59,383 |
| Commercial/trading companies | **24** | 23 | **24** | 23 |
| | **993,863** | 957,899 | **978,507** | 943,527 |

* Included in the fair value of equity securities of the Fund are ordinary shares of the Bank and its 44.15% owned subsidiary company, LPI Capital Bhd with a fair value of RM656,402,000 (2024 – RM659,294,000) and RM280,357,000 (2024 – RM235,695,000) respectively.

[2] Unit trust funds analysed by type of fund are as follows:

| | Group | | Bank | |
|---|---|---|---|---|
| | **2025 RM'000** | **2024 RM'000** | **2025 RM'000** | **2024 RM'000** |
| Equity funds | **58,533** | 53,783 | **57,629** | 52,976 |

# Notes to the Financial Statements
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## 12. EMPLOYEE BENEFITS (CONTINUED)

**Defined Benefit Plan (continued)**

[3] Properties* analysed by type of property are as follows:

| | Group | | Bank | |
|---|---|---|---|---|
| | **2025 RM'000** | **2024 RM'000** | **2025 RM'000** | **2024 RM'000** |
| Terraced shop offices | **912,189** | 880,228 | **898,096** | 867,021 |
| Stratified office lots | **34,500** | 34,823 | **33,967** | 34,301 |
| Commercial buildings | **27,160** | 26,960 | **26,740** | 26,555 |
| Residential buildings | **1,710** | 1,665 | **1,684** | 1,640 |
| | **975,559** | 943,676 | **960,487** | 929,517 |

* All the properties held as plan assets of the Group and of the Bank are occupied by the Bank and certain subsidiary companies of the Bank. Certain floors in the commercial buildings and terraced shop offices are tenanted by external parties of which they contributed about 1.7% (2024: 1.7%) of the total rental income from properties.

The amounts recognised under other operating expenses in the statement of profit or loss are as follows:

| | | Group | | Bank | |
|---|---|---|---|---|---|
| | **Note** | **2025 RM'000** | **2024 RM'000** | **2025 RM'000** | **2024 RM'000** |
| Current service cost | | **89,784** | 86,500 | **88,397** | 85,202 |
| Interest cost | | **65,039** | 62,999 | **64,034** | 62,054 |
| Interest income | | **(69,025)** | (65,532) | **(67,958)** | (64,549) |
| Allocation adjustment | | **–** | – | **(806)** | (407) |
| Amount included under "personnel costs – pension costs" | 38 | **85,798** | 83,967 | **83,667** | 82,300 |

Remeasurements recognised in other comprehensive income are as follows:

| | | Group | | Bank | |
|---|---|---|---|---|---|
| | **Note** | **2025 RM'000** | **2024 RM'000** | **2025 RM'000** | **2024 RM'000** |
| Present value of funded obligations: | | | | | |
| – effects of changes in financial assumptions | | **(45,534)** | (28,733) | **(44,830)** | (28,302) |
| Fair value of plan assets: | | | | | |
| – remeasurements on plan assets | | **67,619** | 66,132 | **66,574** | 65,140 |
| – allocation adjustment | | **–** | – | **(255)** | 51 |
| | 31 | **22,085** | 37,399 | **21,489** | 36,889 |

## 12. EMPLOYEE BENEFITS (CONTINUED)

### Defined Benefit Plan (continued)

Actual return on plan assets is as follows:

| | Group | | Bank | |
|---|---|---|---|---|
| | 2025 RM'000 | 2024 RM'000 | 2025 RM'000 | 2024 RM'000 |
| Interest income on plan assets | **69,025** | 65,532 | **67,958** | 64,549 |
| Remeasurements on plan assets | **67,619** | 66,132 | **66,574** | 65,140 |
| Allocation adjustment | **–** | – | **(126)** | 593 |
| Actual return on plan assets | **136,644** | 131,664 | **134,406** | 130,282 |

#### (i) Actuarial Assumptions

Principal actuarial assumptions used at the reporting date (expressed as weighted averages) are as follows:

| | Group and Bank | |
|---|---|---|
| | 2025 | 2024 |
| Discount rate | **4.10%** | 4.40% |
| Expected rate of salary increases | **6.00%** | 6.00% |

The discount rate used in the actuarial assumptions is based on a blend of yields of long term high quality corporate bonds. The expected rate of salary increases takes into account the increases in salaries from factors such as inflation, productivity and promotions.

As at 31 December 2025, the weighted average duration of the defined benefit obligation was 10.0 years.

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## 12. EMPLOYEE BENEFITS (CONTINUED)

**Defined Benefit Plan (continued)**

**(ii) Sensitivity Analysis**

The effect of changes in the principal actuarial assumptions on the present value of funded obligations are as follows:

| | 2025 Sensitivity | | 2024 Sensitivity | |
|---|---|---|---|---|
| | +1% RM'000 | -1% RM'000 | +1% RM'000 | -1% RM'000 |
| **Group** | | | | |
| (Decrease)/Increase in present value of funded obligations: | | | | |
| – Discount rate | **(129,944)** | **182,515** | (136,279) | 157,045 |
| – Expected salary | **210,983** | **(156,746)** | 166,787 | (147,289) |
| **Bank** | | | | |
| (Decrease)/Increase in present value of funded obligations: | | | | |
| – Discount rate | **(127,936)** | **179,695** | (134,234) | 154,688 |
| – Expected salary | **207,723** | **(154,324)** | 164,284 | (145,080) |

The sensitivity analysis presented above may not be representative of the actual change in the present value of funded obligations as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

## 13. STATUTORY DEPOSITS WITH CENTRAL BANKS

| | Group | | Bank | |
|---|---|---|---|---|
| | 2025 RM'000 | 2024 RM'000 | 2025 RM'000 | 2024 RM'000 |
| Bank Negara Malaysia | **3,773,469** | 7,022,598 | **2,810,000** | 5,125,000 |
| Other central banks | **667,805** | 627,654 | **417** | 363 |
| | **4,441,274** | 7,650,252 | **2,810,417** | 5,125,363 |

The non-interest bearing statutory deposits are maintained with Bank Negara Malaysia ("BNM") in compliance with Section 26(2)(c) of the Central Bank of Malaysia Act, 2009. The amount of the Statutory Reserve Requirement ("SRR") is determined based on a set percentage of total eligible liabilities.

The statutory deposits of the overseas subsidiary companies and overseas branches are denominated in foreign currencies and are maintained with the central banks of the respective countries, in compliance with the applicable legislations in the respective countries.

## 14. DEFERRED TAX

| | Group | | Bank | |
|---|---|---|---|---|
| | **2025 RM'000** | **2024 RM'000 (Restated)** | **2025 RM'000** | **2024 RM'000** |
| At 1 January | **238,213** | 473,108 | **344,672** | 356,565 |
| Acquisition through business combination (restated) | **–** | (204,635) | **–** | – |
| Recognised in profit or loss (net) (Note 42) | | | | |
| – relating to origination and reversal of temporary differences | **(52,384)** | 31,937 | **(30,710)** | 16,752 |
| – over provision of net deferred tax assets | **(4,207)** | (21,532) | **(4,103)** | (7,010) |
| Recognised in equity (net) | **(56,678)** | (39,711) | **(39,764)** | (21,635) |
| Exchange differences | **(248)** | (954) | **–** | – |
| At 31 December | **124,696** | 238,213 | **270,095** | 344,672 |

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set-off current tax assets against current tax liabilities in respect of each entity and when the deferred income taxes relate to the same tax authority. The net deferred tax assets and liabilities shown on the statements of financial position after appropriate offsetting are as follows:

| | Group | | Bank | |
|---|---|---|---|---|
| | **2025 RM'000** | **2024 RM'000 (Restated)** | **2025 RM'000** | **2024 RM'000** |
| Deferred tax assets, net | **426,913** | 540,530 | **270,095** | 344,672 |
| Deferred tax liabilities, net | **(302,217)** | (302,317) | **–** | – |
| | **124,696** | 238,213 | **270,095** | 344,672 |

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

| | Group | | Bank | |
|---|---|---|---|---|
| | **2025 RM'000** | **2024 RM'000 (Restated)** | **2025 RM'000** | **2024 RM'000** |
| Deferred tax assets | **931,385** | 993,036 | **788,989** | 818,473 |
| Deferred tax liabilities | **(806,689)** | (754,823) | **(518,894)** | (473,801) |
| | **124,696** | 238,213 | **270,095** | 344,672 |

# Notes to the Financial Statements

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## 14 DEFERRED TAX (CONTINUED)

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

| Deferred tax assets of the Group | Allowance for Losses on Loans and Financing RM'000 | Other Temporary Differences* RM'000 | Total RM'000 |
|---|---|---|---|
| At 1 January 2024 | 510,818 | 462,778 | 973,596 |
| Acquisition through business combination | – | 8,225 | 8,225 |
| Recognised in profit or loss (Note 42) | | | |
| – relating to origination and reversal of temporary differences | (23,699) | 50,587 | 26,888 |
| – over provision | (237) | (13,257) | (13,494) |
| Exchange differences | (1,568) | (611) | (2,179) |
| At 31 December 2024 | 485,314 | 507,722 | 993,036 |
| Recognised in profit or loss (Note 42) | | | |
| – relating to origination and reversal of temporary differences | **(61,397)** | **9,400** | **(51,997)** |
| – over provision | **(147)** | **(4,585)** | **(4,732)** |
| Exchange differences | **(2,919)** | **(2,003)** | **(4,922)** |
| At 31 December 2025 | **420,851** | **510,534** | **931,385** |

* Mainly consist of temporary differences in respect of provision for other operating expenses.

## 14 DEFERRED TAX (CONTINUED)

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

| Deferred tax liabilities of the Group | Defined Benefit Assets RM'000 | Revaluation Reserves RM'000 | Excess of Capital Allowances Over Depreciation RM'000 (Restated) | Hedging Reserves RM'000 | Other Temporary Differences RM'000 (Restated) | Total RM'000 (Restated) |
|---|---|---|---|---|---|---|
| At 1 January 2024 | 4,000 | (59,092) | 105,706 | 37,013 | 412,861 | 500,488 |
| Acquisition through business combination (restated) | – | 7,326 | 22 | – | 205,512 | 212,860 |
| Recognised in profit or loss (Note 42) | | | | | | |
| – relating to origination and reversal of temporary differences | (564) | – | (959) | – | (3,526) | (5,049) |
| – (over)/under provision | – | – | (362) | – | 8,400 | 8,038 |
| Recognised in equity | 8,965 | 41,508 | – | (10,661) | (101) | 39,711 |
| Exchange differences (restated) | – | (117) | (679) | – | (429) | (1,225) |
| At 31 December 2024 (restated) | 12,401 | (10,375) | 103,728 | 26,352 | 622,717 | 754,823 |
| Recognised in profit or loss (Note 42) | | | | | | |
| – relating to origination and reversal of temporary differences | **311** | **–** | **12,020** | **–** | **(11,944)** | **387** |
| – over provision | **–** | **–** | **(525)** | **–** | **–** | **(525)** |
| Recognised in equity | **5,287** | **72,490** | **–** | **(20,117)** | **(982)** | **56,678** |
| Exchange differences | **(1)** | **–** | **(3,450)** | **–** | **(1,223)** | **(4,674)** |
| At 31 December 2025 | **17,998** | **62,115** | **111,773** | **6,235** | **608,568** | **806,689** |

| Deferred tax assets of the Bank | Allowance for Losses on Loans RM'000 | Other Temporary Differences* RM'000 | Total RM'000 |
|---|---|---|---|
| At 1 January 2024 | 361,778 | 444,744 | 806,522 |
| Recognised in profit or loss (Note 42) | | | |
| – relating to origination and reversal of temporary differences | (19,877) | 31,757 | 11,880 |
| – (over)/under provision | (20) | 91 | 71 |
| At 31 December 2024 | 341,881 | 476,592 | 818,473 |
| Recognised in profit or loss (Note 42) | | | |
| – relating to origination and reversal of temporary differences | **(50,425)** | **25,531** | **(24,894)** |
| – over provision | **(131)** | **(4,459)** | **(4,590)** |
| At 31 December 2025 | **291,325** | **497,664** | **788,989** |

* Mainly consist of temporary differences in respect of provision for other operating expenses.

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– 31 December 2025

## 14 DEFERRED TAX (CONTINUED)

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

| Deferred tax liabilities of the Bank | Defined Benefit Assets RM'000 | Revaluation Reserves RM'000 | Excess of Capital Allowances Over Depreciation RM'000 | Hedging Reserves RM'000 | Other Temporary Differences RM'000 | Total RM'000 |
|---|---|---|---|---|---|---|
| At 1 January 2024 | 3,944 | (37,031) | 49,024 | 37,051 | 396,969 | 449,957 |
| Recognised in profit or loss (Note 42) | | | | | | |
| – relating to origination and reversal of temporary differences | (569) | – | (4,921) | – | 618 | (4,872) |
| – (over)/under provision | – | – | (70) | – | 7,151 | 7,081 |
| Recognised in equity (Note 31) | 8,853 | 25,404 | – | (12,622) | – | 21,635 |
| At 31 December 2024 | 12,228 | (11,627) | 44,033 | 24,429 | 404,738 | 473,801 |
| Recognised in profit or loss (Note 42) | | | | | | |
| – relating to origination and reversal of temporary differences | **356** | **–** | **6,010** | **–** | **(550)** | **5,816** |
| – over provision | **–** | **–** | **(487)** | **–** | **–** | **(487)** |
| Recognised in equity (Note 31) | **5,157** | **51,289** | **–** | **(16,682)** | **–** | **39,764** |
| At 31 December 2025 | **17,741** | **39,662** | **49,556** | **7,747** | **404,188** | **518,894** |

Deferred tax assets have not been recognised in respect of the following items as it is not probable that the respective subsidiary companies will generate sufficient future taxable profits available against which these can be utilised:

| | Group | |
|---|---|---|
| | 2025 RM'000 | 2024 RM'000 |
| Unutilised tax losses | **7,418** | 8,876 |
| Unutilised capital allowances | **21,370** | 21,273 |

Subject to the agreement by the relevant tax authorities, the Group has unabsorbed tax losses and unabsorbed capital allowances carried forward of RM7,418,000 (2024 – RM8,876,000) and RM21,370,000 (2024 – RM21,273,000) respectively which give rise to the recognised and unrecognised deferred tax assets in respect of the above unutilised tax losses and unutilised capital allowances.

## 15. COLLECTIVE INVESTMENTS

Details of the collective investments of the Bank are as follows:

| Name of Funds | Principal Activities | Place of Incorporation | Effective Interest 2025 % | Effective Interest 2024 % |
|---|---|---|---|---|
| Public Institutional Bond Fund | Bond fund | Malaysia | **99.9** | 100.0 |
| Public Wholesale Income Fund | Wholesale income fund | Malaysia | **93.5** | 93.6 |
| Public Islamic Wholesale Income Fund | Wholesale income fund | Malaysia | **94.1** | 94.1 |

The collective investments have been consolidated in accordance with MFRS 10 Consolidated Financial Statements.

## 16. INVESTMENT IN SUBSIDIARY COMPANIES

| Bank | 2025 Cost RM'000 | 2025 Market Value RM'000 | 2024 Cost RM'000 | 2024 Market Value RM'000 |
|---|---|---|---|---|
| **At cost:** | | | | |
| Quoted shares in Malaysia | **1,723,781** | **2,627,886** | 1,723,781 | 2,209,254 |
| Quoted shares outside Malaysia | | | | |
| – Quoted shares in Hong Kong SAR | **1,672,194** | **570,546** | 1,672,194 | 675,844 |
| Unquoted shares | | | | |
| – In Malaysia | **3,630,459** | | 3,630,459 | |
| – Outside Malaysia | **1,955,657** | | 1,955,657 | |
| | **8,982,091** | | 8,982,091 | |
| Less: Accumulated impairment losses | **(430)** | | (430) | |
| | **8,981,661** | | 8,981,661 | |

# Notes to the Financial Statements

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## 16. INVESTMENT IN SUBSIDIARY COMPANIES (CONTINUED)

Details of the subsidiary companies are as follows:

| Name | Principal Activities | Place of Incorporation | Effective Interest 2025 % | Effective Interest 2024 % |
|---|---|---|---|---|
| Public Islamic Bank Berhad | Islamic banking | Malaysia | **100.0** | 100.0 |
| Public Investment Bank Berhad | Investment banking | Malaysia | **100.0** | 100.0 |
| Public Invest Nominees (Tempatan) Sdn. Bhd. | Nominee services | Malaysia | **100.0** | 100.0 |
| Public Invest Nominees (Asing) Sdn. Bhd. | Nominee services | Malaysia | **100.0** | 100.0 |
| Public Consolidated Holdings Sdn. Bhd. | Investment holding | Malaysia | **100.0** | 100.0 |
| Public Mutual Berhad | Sale and management of unit trust funds and private retirement schemes | Malaysia | **100.0** | 100.0 |
| LPI Capital Bhd[1,2] | Investment holding | Malaysia | **44.2** | 44.2 |
| Lonpac Insurance Bhd[1] | Underwriting of general insurance | Malaysia | **44.2** | 44.2 |
| Lonpac Insurance Singapore Pte. Ltd.[1] | Dormant | Singapore | **44.2** | – |
| Public Holdings Sdn. Bhd. | Property holding | Malaysia | **100.0** | 100.0 |
| Public Nominees (Tempatan) Sdn. Bhd. | Nominee services | Malaysia | **100.0** | 100.0 |
| Public Nominees (Asing) Sdn. Bhd. | Nominee services | Malaysia | **100.0** | 100.0 |
| Public Bank (L) Ltd. | Labuan banking | Labuan, Malaysia | **100.0** | 100.0 |
| PB Trustee Services Berhad | Trustee services | Malaysia | **100.0** | 100.0 |
| PB Venture Capital Sdn. Bhd. | Investment holding | Malaysia | **100.0** | 100.0 |
| Public Leasing & Factoring Sdn. Bhd. | Leasing and factoring | Malaysia | **100.0** | 100.0 |
| PB International Factors Sdn. Bhd. | Investment holding | Malaysia | **100.0** | 100.0 |

## 16. INVESTMENT IN SUBSIDIARY COMPANIES (CONTINUED)

Details of the subsidiary companies are as follows (continued):

| Name | Principal Activities | Place of Incorporation | Effective Interest 2025 % | Effective Interest 2024 % |
|---|---|---|---|---|
| Cambodian Public Bank Plc[3] | Banking | Cambodia | **100.0** | 100.0 |
| Campu Securities Plc[3] | Securities dealing and underwriting | Cambodia | **100.0** | 100.0 |
| Campu Lonpac Insurance Plc[3] | Underwriting of general insurance | Cambodia | **74.9** | 74.9 |
| Public Financial Holdings Limited[3,4] | Investment and property holding | Bermuda | **73.2** | 73.2 |
| Public Bank (Hong Kong) Limited[3] | Banking | Hong Kong | **73.2** | 73.2 |
| Public Finance Limited[3] | Deposit-taking and finance | Hong Kong | **73.2** | 73.2 |
| Public Financial Limited[3] | Investment holding | Hong Kong | **73.2** | 73.2 |
| Public Securities Limited[3] | In member's voluntary winding-up | Hong Kong | – | 73.2 |
| Public Securities (Nominees) Limited[3] | In member's voluntary winding-up | Hong Kong | – | 73.2 |
| Public Financial Securities Limited[3] | Securities brokerage | Hong Kong | **73.2** | 73.2 |
| Public Bank (Nominees) Limited[3] | Nominee services | Hong Kong | **73.2** | 73.2 |
| Public Futures Limited[3] | Dormant | Hong Kong | **73.2** | 73.2 |
| Winton (B.V.I.) Limited[3] | Investment holding | British Virgin Islands | **73.2** | 73.2 |
| Winton Financial Limited[3] | Provision of financing | Hong Kong | **73.2** | 73.2 |
| Winton Motors, Limited[3] | Trading of taxi cabs and taxi licences, and leasing of taxis | Hong Kong | **73.2** | 73.2 |
| Public Bank Vietnam Limited[1] | Banking | Vietnam | **100.0** | 100.0 |
| Public Bank Securities Vietnam Company Limited[1] | Securities brokerage and investment banking | Vietnam | **100.0** | 100.0 |
| Public Bank Lao Limited[3] | Banking | Laos | **100.0** | 100.0 |

[1] Audited by firms of auditors other than Ernst & Young Global.
[2] Shares quoted on Bursa Malaysia Securities Bhd.
[3] Audited by other member firms of Ernst & Young Global.
[4] Shares quoted on The Stock Exchange of Hong Kong Limited.

**(a) Member's Voluntary Winding-up**

Public Securities Limited and Public Securities (Nominees) Limited which were dormant and 73.2% owned indirect subsidiary companies of the Bank, commenced Members' Voluntary Winding-up on 26 August 2025. The winding-up proceedings have no material effect on the earnings and net assets of the Group for the year ended 31 December 2025.

# Notes to the Financial Statements

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## 16. INVESTMENT IN SUBSIDIARY COMPANIES (CONTINUED)

**(b) Incorporation of a Subsidiary Company, Lonpac Insurance Singapore Pte. Ltd.**

The Bank's 44.15% owned indirect subsidiary company, Lonpac Insurance Berhad ("Lonpac") had on 2 September 2025 incorporated a wholly-owned subsidiary company in Singapore, Lonpac Insurance Singapore Pte. Ltd ("Lonpac Singapore") with the intention to carry out the general insurance business to be transferred from Lonpac's Singapore Branch. Lonpac Singapore is currently dormant with issued and paid-up capital of SGD1,000 (equivalent to approximately RM3,000).

**(c) Acquisition of Subsidiary Companies in the Prior Year**

In the previous year, the Bank and its wholly-owned banking subsidiary company, Public Bank Vietnam Limited completed the acquisition of LPI Capital Bhd ("LPI") and Public Bank Securities Vietnam Company Limited ("PBSVN") respectively. As allowed by MFRS 3 Business Combinations, the Group had previously accounted for the acquisition of assets and liabilities of LPI and PBSVN using provisional fair values.

Following the completion of the final purchase price allocation during the current year, adjustments were made to the provisional fair values of LPI and PBSVN.

## 16. INVESTMENT IN SUBSIDIARY COMPANIES (CONTINUED)

### (c) Acquisition of Subsidiary Companies in the Prior Year (continued)

(i) Accounting for acquisition of LPI

| | Provisional fair value recognised on acquisition RM'000 | Fair value adjustments RM'000 | Adjusted fair value RM'000 |
|---|---|---|---|
| **Assets** | | | |
| Cash and balances with banks | 1,053,362 | – | 1,053,362 |
| Financial assets at fair value through profit or loss | 1,450,443 | – | 1,450,443 |
| Financial investments at fair value through other comprehensive income | 1,012,990 | – | 1,012,990 |
| Financial investments at amortised cost | 172,506 | – | 172,506 |
| Reinsurance contract assets | 910,764 | – | 910,764 |
| Loans, advances and financing | 13,783 | – | 13,783 |
| Other assets | 62,151 | – | 62,151 |
| Investment in associated companies | 45,743 | – | 45,743 |
| Investment properties | 32,138 | – | 32,138 |
| Right-of-use assets | 34,296 | – | 34,296 |
| Property and equipment | 8,251 | – | 8,251 |
| Intangible assets | – | 665,837 | 665,837 |
| | 4,796,427 | 665,837 | 5,462,264 |
| **Liabilities** | | | |
| Insurance contract liabilities | (2,253,541) | – | (2,253,541) |
| Lease liabilities | (36,658) | – | (36,658) |
| Other liabilities | (51,046) | – | (51,046) |
| Provision for tax expense | (40,737) | – | (40,737) |
| Deferred tax liabilities | (40,565) | (159,801) | (200,366) |
| | (2,422,547) | (159,801) | (2,582,348) |
| Total identifiable net assets at fair value | 2,373,880 | 506,036 | 2,879,916 |
| Non-controlling interest | (1,325,812) | (282,621) | (1,608,433) |
| Goodwill arising on acquisition | 675,713 | (223,415) | 452,298 |
| Purchase consideration transferred | 1,723,781 | – | 1,723,781 |
| Net cash outflow on acquisition | 1,504,980 | – | 1,504,980 |

Included in the financial investments at fair value through other comprehensive income is LPI's investment in Public Bank Berhad's ordinary shares amounting to RM984,716,000 (Treasury Shares (Note 32)).

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## 16. INVESTMENT IN SUBSIDIARY COMPANIES (CONTINUED)

### (c) Acquisition of Subsidiary Companies in the Prior Year (continued)

(ii) Accounting for acquisition of PBSVN

| | Provisional fair value recognised on acquisition RM'000 | Fair value adjustments RM'000 | Adjusted fair value RM'000 |
|---|---|---|---|
| **Assets** | | | |
| Cash and balances with banks | 11,046 | – | 11,046 |
| Loans, advances and financing | 18,689 | – | 18,689 |
| Other assets | 611 | – | 611 |
| Property and equipment | 1,835 | 111 | 1,946 |
| Intangible assets | – | 21,232 | 21,232 |
| | 32,181 | 21,343 | 53,524 |
| **Liabilities** | | | |
| Short term borrowings | (2,250) | – | (2,250) |
| Other liabilities | (304) | (369) | (673) |
| Deferred tax liabilities | – | (4,269) | (4,269) |
| | (2,554) | (4,638) | (7,192) |
| Total identifiable net assets at fair value | 29,627 | 16,705 | 46,332 |
| Goodwill arising on acquisition | 39,703 | (16,705) | 22,998 |
| Purchase consideration transferred | 69,330 | – | 69,330 |
| The effect of the acquisition on cash flows is as follows: | | | |
| Purchase consideration satisfied by cash | (69,330) | (369) | (69,699) |
| Direct costs attributable to the acquisition (included in cash flows from operating activities) | (519) | – | (519) |
| Cash and cash equivalents of subsidiary acquired | 480 | – | 480 |
| Net cash outflow of the Group | (69,369) | (369) | (69,738) |

There are no significant restrictions on the ability of the subsidiary companies to transfer funds to the Group in the form of cash dividends or repayment of loans and advances. Generally, for all subsidiary companies which are not wholly-owned by the Bank, non-controlling shareholders hold protective rights restricting the Bank's ability to use the assets of the subsidiary companies and settle the liabilities of the Group, unless approval is obtained from non-controlling shareholders.

The Bank's subsidiary companies which have non-controlling interests are not material individually or in aggregate to the financial position, financial performance and cash flows of the Group.

## 17. INVESTMENT IN ASSOCIATED COMPANIES

| | Group | | Bank | |
|---|---|---|---|---|
| | 2025 RM'000 | 2024 RM'000 | 2025 RM'000 | 2024 RM'000 |
| Unquoted shares, at cost | **135,010** | 135,010 | **67,500** | 67,500 |
| Share of post-acquisition reserves | **306,217** | 249,041 | **–** | – |
| | **441,227** | 384,051 | **67,500** | 67,500 |
| Represented by: | | | | |
| Group's share of net assets | **441,227** | 384,051 | | |

The summarised financial information of associated companies is as follows:

| | Group | |
|---|---|---|
| | 2025 RM'000 | 2024 RM'000 |
| Total assets | **5,633,596** | 4,872,801 |
| Total liabilities | **4,173,197** | 3,537,872 |
| Operating revenue | **1,237,264** | 1,380,541 |
| Profit after tax | **186,736** | 803,875 |
| Total comprehensive income | **190,595** | 807,693 |

Details of the associated companies, all of which are unquoted, are as follows:

| | | | Effective Interest | |
|---|---|---|---|---|
| Name | Principal Activities | Place of Incorporation | 2025 % | 2024 % |
| AIA PUBLIC Takaful Berhad | Family takaful | Malaysia | **30.0** | 30.0 |
| CPB Properties Co., Ltd. | Property holding | Cambodia | **49.0** | 49.0 |

There are no significant restrictions on the ability of the associated companies to transfer funds to the Group in the form of cash dividends.

The Group's associated companies are not material individually or in aggregate to the financial position, financial performance and cash flows of the Group.

# Notes to the Financial Statements

– 31 December 2025

## 18. INVESTMENT PROPERTIES

| | Note | Group 2025 RM'000 | Group 2024 RM'000 |
|---|---|---|---|
| **At fair value** | | | |
| At 1 January | | **770,954** | 744,960 |
| Acquisition through business combination | | **–** | 32,138 |
| Transfer (to)/from owner-occupied property | | | |
| – Right-of-use assets | 19(i)(a) | **(29,409)** | 4,374 |
| – Property and equipment | 20 | **(1,910)** | (50,501) |
| Fair valuation loss recognised in profit or loss | 37 | **(38,236)** | (29,424) |
| Fair valuation gain recognised in other comprehensive income as a result of transfer from owner-occupied property | | **–** | 33,044 |
| Addition | | **25,645** | 42,260 |
| Exchange differences | | **(32,169)** | (5,897) |
| At 31 December | | **694,875** | 770,954 |
| Included in the above are: | | | |
| Freehold land and building | | **387,200** | 384,600 |
| Short term leasehold land and building | | **151,305** | 198,653 |
| Long term leasehold land and building | | **156,370** | 187,701 |
| | | **694,875** | 770,954 |

The Group's investment properties are stated at fair value and are situated in Malaysia, Singapore and Hong Kong SAR. The investment properties in Malaysia and Singapore amounting to RM388,400,000 (2024 – RM385,800,000) and RM33,348,000 (2024 – RM32,604,000) respectively, have been determined with reference to quotations of market value provided by independent professional valuers, Raine & Horne International Zaki + Partners Sdn Bhd for properties in Malaysia, and Asian Appraisal Company Pte Ltd for properties in Singapore. The investment properties in Hong Kong SAR amounting to RM273,127,000 (2024 – RM352,550,000) have been revalued by CS Surveyors Limited, a firm of independent professionally qualified valuers, on an open market value based on their existing use. The Group has assessed that the highest and best use of its properties do not differ from their existing use. The decrease in the fair values of RM38,236,000 (2024 – decrease in fair values of RM29,424,000) (Note 37) has been recognised in profit or loss during the year.

The investment properties held by the Group are let under operating leases to third parties, from which the Group earned rental income of RM20,597,000 (2024 – RM22,855,000) (Note 37) during the year.

No investment properties were pledged as security for banking facilities at the reporting date.

## 19. LEASES

### (i) As a Lessee

The Group and the Bank lease various assets including leasehold land, land and buildings and office equipment. Information about leases for which the Group and the Bank are the lessees is presented below:

#### (a) Right-of-use assets

| Group | Short term leasehold land RM'000 | Long term leasehold land RM'000 | Land and Buildings RM'000 | Office Equipment RM'000 | Total RM'000 |
|---|---|---|---|---|---|
| At 1 January 2024 | 137,079 | 243,973 | 862,384 | – | 1,243,436 |
| Additions | – | – | 75,080 | 134 | 75,214 |
| Acquisition through business combination | – | – | 12,568 | 818 | 13,386 |
| Depreciation charge for the year (Note 38) | (5,809) | (685) | (104,262) | (46) | (110,802) |
| Transfer to investment properties (Note 18) | (200) | (4,174) | – | – | (4,374) |
| Remeasurements | – | – | 17,588 | (4) | 17,584 |
| Exchange differences | (2,652) | (4,744) | (1,541) | – | (8,937) |
| At 31 December 2024 | 128,418 | 234,370 | 861,817 | 902 | 1,225,507 |
| Additions | **14,023** | **–** | **71,186** | **–** | **85,209** |
| Depreciation charge for the year (Note 38) | **(6,174)** | **(613)** | **(103,908)** | **(351)** | **(111,046)** |
| Transfer from investment properties (Note 18) | **29,409** | **–** | **–** | **–** | **29,409** |
| Remeasurements | **–** | **–** | **25,308** | **676** | **25,984** |
| Exchange differences | **(11,726)** | **(21,341)** | **(6,720)** | **(32)** | **(39,819)** |
| At 31 December 2025 | **153,950** | **212,416** | **847,683** | **1,195** | **1,215,244** |

| Bank | Long term leasehold land RM'000 | Land and Buildings RM'000 | Total RM'000 |
|---|---|---|---|
| At 1 January 2024 | 109 | 1,010,982 | 1,011,091 |
| Amount transferred to Public Bank Lao Ltd | – | (1,921) | (1,921) |
| Additions | – | 59,204 | 59,204 |
| Depreciation charge for the year (Note 38) | (1) | (83,290) | (83,291) |
| Remeasurements | – | 22,822 | 22,822 |
| Exchange differences | – | 101 | 101 |
| At 31 December 2024 | 108 | 1,007,898 | 1,008,006 |
| Additions | **–** | **60,848** | **60,848** |
| Depreciation charge for the year (Note 38) | **(2)** | **(85,373)** | **(85,375)** |
| Remeasurements | **–** | **20,935** | **20,935** |
| Exchange differences | **–** | **(218)** | **(218)** |
| At 31 December 2025 | **106** | **1,004,090** | **1,004,196** |

# Notes to the Financial Statements

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## 19. LEASES (CONTINUED)

### (i) As a Lessee (continued)

The Group and the Bank lease various assets including leasehold land, land and buildings and office equipment. Information about leases for which the Group and the Bank are the lessees is presented below (continued):

#### (b) Lease liabilities

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

| | Group | | Bank | |
|---|---|---|---|---|
| | **2025 RM'000** | **2024 RM'000** | **2025 RM'000** | **2024 RM'000** |
| Within one year | **123,829** | 129,819 | **117,613** | 114,330 |
| Between one and five years | **406,688** | 408,566 | **467,596** | 454,784 |
| More than five years | **638,848** | 650,141 | **824,373** | 846,864 |
| | **1,169,365** | 1,188,526 | **1,409,582** | 1,415,978 |
| Lease liabilities included in the statement of financial position | **906,189** | 918,482 | **1,081,534** | 1,074,472 |

#### (c) Amount recognised in the profit or loss

| | Note | Group | | Bank | |
|---|---|---|---|---|---|
| | | **2025 RM'000** | **2024 RM'000** | **2025 RM'000** | **2024 RM'000** |
| Depreciation charge of right-of-use assets* | | | | | |
| – Leasehold land | | **6,787** | 6,494 | **2** | 1 |
| – Land and buildings | | **103,908** | 104,262 | **85,373** | 83,290 |
| – Office equipment | | **351** | 46 | **–** | – |
| | 19(i)(a) | **111,046** | 110,802 | **85,375** | 83,291 |
| Interest expense | | **38,299** | 39,004 | **45,651** | 46,223 |
| Financing expense | | **715** | 731 | **–** | – |
| | | **39,014** | 39,735 | **45,651** | 46,223 |
| Variable lease payments not included in the measurement of lease liabilities (included in marketing expenses) | | **3** | 81 | **3** | 81 |

* Included depreciation charge of RM7,031,000 (2024: 575,000) which was deducted as direct expenses in the insurance service result.

## 19. LEASES (CONTINUED)

### (i) As a Lessee (continued)

The Group and the Bank lease various assets including leasehold land, land and buildings and office equipment. Information about leases for which the Group and the Bank are the lessees is presented below (continued):

#### (d) Amount recognised in the statements of cash flows

| | Group | | Bank | |
|---|---|---|---|---|
| | 2025 RM'000 | 2024 RM'000 | 2025 RM'000 | 2024 RM'000 |
| Total cash outflow for leases | **(96,605)** | (89,808) | **(70,905)** | (67,465) |

#### (e) Leasing activities

Real estate leases

The Group and the Bank lease various premises from which they conduct business. Rental contracts are typically made for fixed periods of 3 years. Most leases include an option to renew the lease for an additional period of the same duration after the end of the contract term as described in Note 19(i)(f) below.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements generally do not impose any covenants other than to keep those properties in a good state of repair and return the properties in their original condition at the end of the lease. Leases are either non-cancellable or may only be cancelled by giving 2 or 3 months notice before the termination date.

The lease payments are adjusted upon renewal of the lease contract, based on the current market rentals. Rental incremental rate was capped at between 5% and 10% for most of the lease contracts.

Gateway server and electronic terminal with variable lease payments based on usage

The Bank has lease agreements with certain vendors to provide gateway server and electronic terminal to facilitate the acceptance of digital wallet which contain variable lease payments that are based on number of usage and the number of terminals being leased during the period.

The Bank has elected not to recognise right-of-use assets and lease liabilities for these leases. Payments made under these leases are expensed as incurred and recognised in the profit or loss as marketing expenses as disclosed in Note 19(i)(c) above.

Other leases

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

The Bank did not enter into any lease contracts that are short-term and/or leases of low value items.

# Notes to the Financial Statements
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## 19. LEASES (CONTINUED)

### (i) As a Lessee (continued)

The Group and the Bank lease various assets including leasehold land, land and buildings and office equipment. Information about leases for which the Group and the Bank are the lessees is presented below (continued):

#### (f) Extension options

Most leases of the Group's and the Bank's premises contain extension options exercisable by the Group and the Bank and not by the lessors. The Group and the Bank assess at lease commencement whether it is reasonably certain to exercise the extension options. The Group and the Bank reassess whether it is reasonably certain to exercise the options if there is a significant event or significant change in circumstances within its control.

All the extension options in premises leases have been included in the lease liability as the Group and the Bank are reasonably certain that the leases will be extended based on its past practice.

### (ii) As a Lessor

The Group leases out its investment properties under operating leases with the term of the leases ranging from one to five years. None of the leases includes contingent rentals.

Rental income received during the year is as disclosed in Note 37.

Total future minimum lease payments under these non-cancellable operating leases are as follows:

| | Group | |
|---|---|---|
| | **2025 RM'000** | **2024 RM'000** |
| Within one year | **14,183** | 19,794 |
| Between one and five years | **9,789** | 13,972 |
| | **23,972** | 33,766 |

The Group and the Bank do not have any leases under finance lease.

## 20. PROPERTY AND EQUIPMENT

| Group 2025 | Note | Freehold land RM'000 | Buildings RM'000 | Renovations RM'000 | Office equipment, furniture & fittings RM'000 | Computer equipment & software RM'000 | Motor vehicles RM'000 | Work-in-Progress RM'000 | Total RM'000 |
|---|---|---|---|---|---|---|---|---|---|
| **Cost** | | | | | | | | | |
| At 1 January 2025 | | 179,815 | 896,948 | 439,892 | 665,483 | 1,800,035 | 38,090 | 601 | 4,020,864 |
| Additions | | – | 1,570 | 33,125 | 35,539 | 194,560 | 845 | 1,072 | 266,711 |
| Disposals | | – | – | (4) | (1,611) | (7,310) | (490) | – | (9,415) |
| Transfer from investment properties | 18 | – | 1,910 | – | – | – | – | – | 1,910 |
| Reclassification | | – | – | (11,824) | 10,375 | 2,540 | – | (1,091) | – |
| Write-offs | 38 | – | – | (1,422) | (2,617) | (15,530) | (142) | – | (19,711) |
| Exchange differences | | – | (14,810) | (15,869) | (8,778) | (35,732) | (2,300) | – | (77,489) |
| At 31 December 2025 | | 179,815 | 885,618 | 443,898 | 698,391 | 1,938,563 | 36,003 | 582 | 4,182,870 |
| **Accumulated depreciation** | | | | | | | | | |
| At 1 January 2025 | | – | 375,881 | 369,865 | 530,933 | 1,437,034 | 29,460 | – | 2,743,173 |
| Depreciation charge for the year* | 38 | – | 21,686 | 15,224 | 34,897 | 135,570 | 2,887 | – | 210,264 |
| Disposals | | – | – | (4) | (1,610) | (7,308) | (474) | – | (9,396) |
| Write-offs | 38 | – | – | (1,422) | (2,509) | (14,767) | (142) | – | (18,840) |
| Exchange differences | | – | (9,503) | (12,659) | (7,509) | (25,418) | (1,823) | – | (56,912) |
| At 31 December 2025 | | – | 388,064 | 371,004 | 554,202 | 1,525,111 | 29,908 | – | 2,868,289 |
| **Accumulated impairment loss** | | | | | | | | | |
| At 1 January/31 December 2025 | | 1,064 | 3,757 | – | – | – | – | – | 4,821 |
| **Carrying amounts** | | | | | | | | | |
| At 31 December 2025 | | 178,751 | 493,797 | 72,894 | 144,189 | 413,452 | 6,095 | 582 | 1,309,760 |

# Notes to the Financial Statements

– 31 December 2025

## 20. PROPERTY AND EQUIPMENT (CONTINUED)

| Group 2024 | Note | Freehold land RM'000 | Buildings RM'000 | Renovations RM'000 (Restated) | Office equipment, furniture & fittings RM'000 | Computer equipment & software RM'000 (Restated) | Motor vehicles RM'000 | Work-in-Progress RM'000 | Total RM'000 (Restated) |
|---|---|---|---|---|---|---|---|---|---|
| **Cost** | | | | | | | | | |
| At 1 January 2024 | | 166,423 | 821,683 | 422,772 | 624,763 | 1,666,273 | 34,857 | 27,728 | 3,764,499 |
| Acquisition through business combination (restated) | | – | – | 12,530 | 9,936 | 48,660 | 4,080 | 587 | 75,793 |
| Additions | | – | 2,040 | 20,552 | 33,365 | 123,929 | 1,759 | 1,636 | 183,281 |
| Disposals | | – | – | – | (1,423) | (28,259) | (1,256) | – | (30,938) |
| Transfer from investment properties | 18 | 13,392 | 47,771 | 331 | – | – | – | – | 61,494 |
| Reclassification | | – | 29,350 | (5,850) | 5,560 | 290 | – | (29,350) | – |
| Write-offs | 38 | – | – | (3,228) | (2,351) | (1,390) | (134) | – | (7,103) |
| Exchange differences (restated) | | – | (3,896) | (7,215) | (4,367) | (9,468) | (1,216) | – | (26,162) |
| At 31 December 2024 (restated) | | 179,815 | 896,948 | 439,892 | 665,483 | 1,800,035 | 38,090 | 601 | 4,020,864 |
| **Accumulated depreciation** | | | | | | | | | |
| At 1 January 2024 | | – | 346,018 | 349,032 | 493,814 | 1,285,141 | 27,589 | – | 2,501,594 |
| Acquisition through business combination | | – | – | 11,552 | 9,412 | 43,446 | 1,186 | – | 65,596 |
| Depreciation charge for the year* | 38 | – | 21,369 | 17,316 | 35,100 | 144,769 | 2,937 | – | 221,491 |
| Disposals | | – | – | – | (1,417) | (28,162) | (1,199) | – | (30,778) |
| Transfer from investment properties | 18 | – | 10,993 | – | – | – | – | – | 10,993 |
| Reclassification | | – | – | – | (26) | 26 | – | – | – |
| Write-offs | 38 | – | – | (3,076) | (2,326) | (1,204) | (134) | – | (6,740) |
| Exchange differences | | – | (2,499) | (4,959) | (3,624) | (6,982) | (919) | – | (18,983) |
| At 31 December 2024 | | – | 375,881 | 369,865 | 530,933 | 1,437,034 | 29,460 | – | 2,743,173 |
| **Accumulated impairment loss** | | | | | | | | | |
| At 1 January/31 December 2024 | | 1,064 | 3,757 | – | – | – | – | – | 4,821 |
| **Carrying amounts** | | | | | | | | | |
| At 31 December 2024 (restated) | | 178,751 | 517,310 | 70,027 | 134,550 | 363,001 | 8,630 | 601 | 1,272,870 |

* Included depreciation charge of RM3,673,000 (2024: RM313,000) which was deducted as direct expenses in the insurance service result.

## 20. PROPERTY AND EQUIPMENT (CONTINUED)

| Bank 2025 | Note | Freehold land RM'000 | Buildings RM'000 | Renovations RM'000 | Office equipment, furniture & fittings RM'000 | Computer equipment & software RM'000 | Motor vehicles RM'000 | Total RM'000 |
|---|---|---|---|---|---|---|---|---|
| **Cost** | | | | | | | | |
| At 1 January 2025 | | 81,092 | 262,042 | 220,736 | 531,735 | 1,315,017 | 12,130 | 2,422,752 |
| Additions | | – | – | 28,420 | 24,644 | 104,858 | 22 | 157,944 |
| Disposals | | – | – | – | (1,498) | (6,134) | (18) | (7,650) |
| Reclassification | | – | – | (11,872) | 10,360 | 1,512 | – | – |
| Write-offs | 38 | – | – | – | (1,631) | (9,790) | – | (11,421) |
| Exchange differences | | – | – | (169) | (125) | (1,056) | (53) | (1,403) |
| At 31 December 2025 | | 81,092 | 262,042 | 237,115 | 563,485 | 1,404,407 | 12,081 | 2,560,222 |
| **Accumulated depreciation** | | | | | | | | |
| At 1 January 2025 | | – | 152,313 | 189,146 | 422,659 | 1,097,341 | 11,416 | 1,872,875 |
| Depreciation charge for the year | 38 | – | 5,225 | 3,912 | 26,205 | 96,849 | 333 | 132,524 |
| Disposals | | – | – | – | (1,496) | (6,132) | (18) | (7,646) |
| Write-offs | 38 | – | – | – | (1,627) | (9,774) | – | (11,401) |
| Exchange differences | | – | – | (126) | (112) | (941) | (53) | (1,232) |
| At 31 December 2025 | | – | 157,538 | 192,932 | 445,629 | 1,177,343 | 11,678 | 1,985,120 |
| **Carrying amounts** | | | | | | | | |
| At 31 December 2025 | | 81,092 | 104,504 | 44,183 | 117,856 | 227,064 | 403 | 575,102 |

# Notes to the Financial Statements

– 31 December 2025

## 20. PROPERTY AND EQUIPMENT (CONTINUED)

| Bank 2024 | Note | Freehold land RM'000 | Buildings RM'000 | Renovations RM'000 | Office equipment, furniture & fittings RM'000 | Computer equipment & software RM'000 | Motor vehicles RM'000 | Total RM'000 |
|---|---|---|---|---|---|---|---|---|
| **Cost** | | | | | | | | |
| At 1 January 2024 | | 81,092 | 262,042 | 219,526 | 504,981 | 1,278,618 | 12,672 | 2,358,931 |
| Amount transferred to Public Bank Lao Ltd | | – | – | (4,852) | (1,092) | (5,655) | (588) | (12,187) |
| Additions | | – | – | 11,853 | 24,965 | 69,042 | 178 | 106,038 |
| Disposals | | – | – | – | (1,206) | (27,529) | (25) | (28,760) |
| Reclassification | | – | – | (5,850) | 5,754 | 96 | – | – |
| Write-offs | 38 | – | – | (26) | (1,729) | (75) | (134) | (1,964) |
| Exchange differences | | – | – | 85 | 62 | 520 | 27 | 694 |
| At 31 December 2024 | | 81,092 | 262,042 | 220,736 | 531,735 | 1,315,017 | 12,130 | 2,422,752 |
| **Accumulated depreciation** | | | | | | | | |
| At 1 January 2024 | | – | 147,088 | 187,464 | 400,572 | 1,021,238 | 11,234 | 1,767,596 |
| Amount transferred to Public Bank Lao Ltd | | – | – | (2,848) | (1,011) | (4,774) | (433) | (9,066) |
| Depreciation charge for the year | 38 | – | 5,225 | 4,493 | 25,960 | 108,027 | 750 | 144,455 |
| Disposals | | – | – | – | (1,199) | (27,527) | (25) | (28,751) |
| Write-offs | 38 | – | – | (26) | (1,717) | (59) | (134) | (1,936) |
| Exchange differences | | – | – | 63 | 54 | 436 | 24 | 577 |
| At 31 December 2024 | | – | 152,313 | 189,146 | 422,659 | 1,097,341 | 11,416 | 1,872,875 |
| **Carrying amounts** | | | | | | | | |
| At 31 December 2024 | | 81,092 | 109,729 | 31,590 | 109,076 | 217,676 | 714 | 549,877 |

No land and buildings of the Group and of the Bank were pledged as security for banking facilities at the reporting date.

## 21. INTANGIBLE ASSETS

| | ← Finite Useful Life → | | ← Indefinite Useful Lives → | | |
|---|---|---|---|---|---|
| **Group** | **Agency Force RM'000 (Restated)** | **Core Deposits Intangible RM'000** | **Goodwill RM'000 (Restated)** | **Share-broking Licence and Stock Exchange Trading Rights RM'00 (Restated)** | **Total RM'000 (Restated)** |
| At 1 January 2024 | – | 10,436 | 2,552,839 | 26,325 | 2,589,600 |
| Acquisition through business combination (restated) | 665,837 | – | 475,296 | 21,232 | 1,162,365 |
| Amortisation during the year (Note 38) | – | (4,638) | – | – | (4,638) |
| Impairment during the year (Note 41) | – | – | (473,761) | – | (473,761) |
| Exchange differences | – | – | (26,367) | (1,144) | (27,511) |
| At 31 December 2024 (restated) | 665,837 | 5,798 | 2,528,007 | 46,413 | 3,246,055 |
| Amortisation during the year (Note 38) | **(45,083)** | **(4,638)** | **–** | **–** | **(49,721)** |
| Exchange differences | **–** | **–** | **(108,301)** | **(2,416)** | **(110,717)** |
| At 31 December 2025 | **620,754** | **1,160** | **2,419,706** | **43,997** | **3,085,617** |
| | ← Note (a) → | | ← Note (b) → | | |

| **Bank** | **Goodwill RM'000** |
|---|---|
| 1 January/31 December 2025 | **695,393** |
| 1 January/31 December 2024 | 695,393 |

# Notes to the Financial Statements

– 31 December 2025

## 21. INTANGIBLE ASSETS (CONTINUED)

### (a) Intangible Assets with Finite Useful Life

Core deposits intangible arises from the acquisition of Public Bank Vietnam Limited, and is deemed to have a finite useful life of 10 years and is amortised based on a straight-line method.

Agency force arises from the acquisition of LPI Capital Berhad, and is deemed to have a finite useful life of 16 years and is amortised based on a straight-line method.

### (b) Goodwill and Intangible Assets with Indefinite Useful Lives

For purposes of impairment assessment, goodwill and intangible assets with indefinite useful lives have been allocated to the Group's cash-generating units ("CGU"), which are either operating segments or at a level not larger than an operating segment, as follows:

| As at 31 December 2025 | Group RM'000 | Bank RM'000 | Discount rate % | Nominal growth rate beyond initial cash flow projections % |
|---|---|---|---|---|
| **Cash-generating Unit:** | | | | |
| Goodwill | | | | |
| Hire purchase financing | **395,953** | **395,953** | **12.3** | **4.5** |
| East Malaysia operations (in respect of business acquired from the former Hock Hua Bank) | **299,440** | **299,440** | **11.3** | **4.5** |
| Hong Kong operations | **1,087,356** | **–** | **9.7** | **2.8** |
| Fund management | **19,555** | **–** | **11.3** | **4.5** |
| Investment banking | **28,053** | **–** | **12.3** | **4.5** |
| Vietnam operations | **137,051** | **–** | **8.5** | **6.2** |
| General insurance | **452,298** | **–** | **n/a** | **n/a** |
| | **2,419,706** | **695,393** | | |
| Share-broking Licence and Stock Exchange Trading Rights | | | | |
| Hong Kong operations | **60** | **–** | **9.7** | **2.8** |
| Vietnam operations | **17,687** | **–** | **8.5** | **6.2** |
| Investment banking | **26,250** | **–** | **12.3** | **4.5** |
| | **43,997** | **–** | | |
| | **2,463,703** | **695,393** | | |

## 21. INTANGIBLE ASSETS (CONTINUED)

### (b) Goodwill and Intangible Assets with Indefinite Useful Lives (continued)

For purposes of impairment assessment, goodwill and intangible assets with indefinite useful lives have been allocated to the Group's cash-generating units ("CGU"), which are either operating segments or at a level not larger than an operating segment, as follows (continued):

| As at 31 December 2024 | Group RM'000 (Restated) | Bank RM'000 | Discount rate % | Nominal growth rate beyond initial cash flow projections % |
|---|---|---|---|---|
| **Cash-generating Unit:** | | | | |
| Goodwill | | | | |
| Hire purchase financing | 395,953 | 395,953 | 12.3 | 4.6 |
| East Malaysia operations (in respect of business acquired from the former Hock Hua Bank) | 299,440 | 299,440 | 11.3 | 4.6 |
| Hong Kong operations | 1,193,362 | – | 9.7 | 2.8 |
| Fund management | 19,555 | – | 11.3 | 4.6 |
| Investment banking | 28,053 | – | 12.3 | 4.6 |
| Vietnam operations (restated) | 139,346 | – | 8.5 | 6.2 |
| General insurance (restated) | 452,298 | – | n/a | n/a |
| | 2,528,007 | 695,393 | | |
| Share-broking Licence and Stock Exchange Trading Rights | | | | |
| Hong Kong operations | 73 | – | 9.7 | 2.8 |
| Vietnam operations (restated) | 20,090 | – | n/a | n/a |
| Investment banking | 26,250 | – | 12.3 | 4.6 |
| | 46,413 | – | | |
| | 2,574,420 | 695,393 | | |

Goodwill is allocated to the Group's CGUs expected to benefit from the synergies of the acquisitions. For annual impairment assessment purposes, the recoverable amount of the general insurance CGU is based on the quoted market price in an active market. The recoverable amount of other CGUs, in the absence of available quoted market prices in an active market, are determined based on their value-in-use ("VIU"). The VIU calculations apply a discounted cash flow model using cash flow projections based on financial forecasts approved by management. The key assumptions for the computation of VIU include the discount rates and growth rates applied. Discount rates used are based on the pre-tax weighted average cost of capital plus an appropriate risk premium, where applicable, at the date of assessment of the respective CGU. Cash flow projections are based on three (3) years' or five (5) years' financial projections approved by management. Cash flows beyond the periods under projections are extrapolated using terminal growth rate which does not exceed the average of the last twenty (20) years' inflation-adjusted Gross Domestic Product growth rates of the respective countries where the CGUs operate. The forecast period is based on the Group's long-term perspective with respect to the operation of these units. Impairment is recognised in profit or loss when the carrying amount of a CGU exceeds its recoverable amount.

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– 31 December 2025

## 21. INTANGIBLE ASSETS (CONTINUED)

### (b) Goodwill and Intangible Assets with Indefinite Useful Lives (continued)

The intangible assets with indefinite useful lives consist of a share-broking licence and stock exchange trading rights which are deemed to have indefinite useful lives as there are no expiry dates. The recoverable amount of the intangible assets have been assessed using the VIU method, by discounting the estimated cash flows from their CGUs. Impairment is recognised in profit or loss when the carrying amounts of the CGUs exceed their recoverable amounts.

Management believes that any reasonably possible change in the key assumptions would not cause the carrying amount of the goodwill and intangible assets to exceed the recoverable amount of the CGUs. Based on this review, there is no evidence of impairment on the Group's and the Bank's goodwill and intangible assets.

## 22. DEPOSITS FROM CUSTOMERS

| | Group | | Bank | |
|---|---|---|---|---|
| | 2025 RM'000 | 2024 RM'000 | 2025 RM'000 | 2024 RM'000 |
| **At amortised cost** | | | | |
| Core deposits: | | | | |
| – Demand deposits | **76,320,819** | 71,911,208 | **62,249,684** | 58,202,289 |
| – Savings deposits | **48,993,911** | 48,413,761 | **34,385,046** | 34,019,158 |
| – Fixed deposits | **256,854,259** | 254,175,002 | **177,377,673** | 175,961,025 |
| | **382,168,989** | 374,499,971 | **274,012,403** | 268,182,472 |
| Money market deposits | **64,855,573** | 58,669,269 | **57,311,653** | 49,901,597 |
| Other deposits | **89,060** | 95,030 | **53,524** | 51,804 |
| | **447,113,622** | 433,264,270 | **331,377,580** | 318,135,873 |

Certain deposits from customers of the Bank and its wholly-owned Islamic banking subsidiary company, Public Islamic Bank Berhad are insured by Perbadanan Insurans Deposit Malaysia ("PIDM"), up to a maximum limit of RM250,000 per depositor per PIDM member bank. The deposit insurance covers all Ringgit Malaysia and foreign currency deposits held under current accounts, savings accounts and fixed deposits, inclusive of Islamic deposits. This guarantee excludes money market deposits and negotiable instruments of deposit.

Included in deposits from customers of the Group and of the Bank are deposits of RM4,927,740,000 (2024 – RM6,486,527,000) and RM3,765,295,000 (2024 – RM5,441,184,000) respectively held as collateral for loans, advances and financing.

The maturity structure of fixed deposits, negotiable instruments of deposit and money market deposits are as follows:

| | Group | | Bank | |
|---|---|---|---|---|
| | 2025 RM'000 | 2024 RM'000 | 2025 RM'000 | 2024 RM'000 |
| Due within six months | **263,287,578** | 244,259,365 | **193,174,362** | 176,855,847 |
| More than six months to one year | **57,664,726** | 68,133,983 | **41,488,401** | 48,952,026 |
| More than one year to three years | **753,445** | 444,664 | **23,700** | 51,154 |
| More than three years to five years | **4,083** | 6,259 | **2,863** | 3,595 |
| | **321,709,832** | 312,844,271 | **234,689,326** | 225,862,622 |

## 22. DEPOSITS FROM CUSTOMERS (CONTINUED)

The deposits are sourced from the following types of customers:

| | Group | | Bank | |
|---|---|---|---|---|
| | **2025 RM'000** | **2024 RM'000** | **2025 RM'000** | **2024 RM'000** |
| Federal and state governments | **5,224,098** | 4,708,428 | **692,049** | 442,738 |
| Local government and statutory authorities | **5,602,418** | 3,621,085 | **2,082,023** | 1,104,715 |
| Business enterprises | **129,445,019** | 115,802,078 | **101,801,571** | 91,093,446 |
| Individuals | **221,024,077** | 226,451,151 | **163,534,636** | 167,857,302 |
| Foreign customers | **23,665,681** | 24,335,602 | **18,867,683** | 19,416,502 |
| Others | **62,152,329** | 58,345,926 | **44,399,618** | 38,221,170 |
| | **447,113,622** | 433,264,270 | **331,377,580** | 318,135,873 |

## 23. DEPOSITS FROM BANKS AND OTHER FINANCIAL INSTITUTIONS

| | Group | | Bank | |
|---|---|---|---|---|
| | **2025 RM'000** | **2024 RM'000** | **2025 RM'000** | **2024 RM'000** |
| **At amortised cost** | | | | |
| Licensed banks | **8,347,429** | 6,489,937 | **5,174,731** | 4,667,706 |
| Licensed Islamic banks | **850,000** | 100,000 | **–** | – |
| Licensed investment banks | **780,557** | 522,317 | **378,147** | 454,324 |
| Bank Negara Malaysia* | **2,276,169** | 2,237,883 | **2,208,533** | 2,171,400 |
| Other financial institutions | **2,371,188** | 4,107,467 | **8,103,039** | 9,076,623 |
| | **14,625,343** | 13,457,604 | **15,864,450** | 16,370,053 |

* Included RM2,132,781,000 (2024: RM2,107,881,000) and RM2,073,850,000 (2024: RM2,049,827,000) in the Group and the Bank respectively are amount received under a government financing scheme for the purpose of SME lending at a below market and concession rate with remaining tenures to maturity of more than a year. The fair value gain arising from the placement of funds with the Group and the Bank is applied to address the financial and accounting impact incurred from lending at concession rates to SMEs and for COVID-19 related relief measures.

## 24. BILLS AND ACCEPTANCES PAYABLE

Bills and acceptances payable represents the Group's and the Bank's own bills and acceptances rediscounted and outstanding in the market. These financial liabilities are stated at amortised cost.

## 25. RECOURSE OBLIGATIONS ON LOANS AND FINANCING SOLD TO CAGAMAS

This represents the proceeds received from housing loans and Islamic house financing sold directly to Cagamas Berhad with recourse to the Bank and its wholly-owned subsidiary company, Public Islamic Bank Berhad. Under these agreements, the Bank and its subsidiary company undertake to administer the loans and financing on behalf of Cagamas Berhad and to buy-back any loans and financing which are regarded as defective based on prudential criteria set by Cagamas Berhad. These financial liabilities are stated at amortised cost.

# Notes to the Financial Statements

– 31 December 2025

## 26. DEBT SECURITIES ISSUED AND OTHER BORROWED FUNDS

| | Note | Group 2025 RM'000 | Group 2024 RM'000 | Bank 2025 RM'000 | Bank 2024 RM'000 |
|---|---|---|---|---|---|
| **At amortised cost** | | | | | |
| Borrowings | (a) | **2,312,320** | 3,177,362 | **2,312,320** | 2,544,147 |
| Commercial papers | (b) | **801,513** | – | **801,513** | – |
| Senior Medium Term Notes/Sukuk Murabahah | (c) | **3,583,602** | 1,884,983 | **1,599,202** | 889,983 |
| Subordinated Notes/Sukuk Murabahah | (d) | **5,952,502** | 5,952,162 | **4,997,502** | 4,997,162 |
| | | **10,337,617** | 7,837,145 | **7,398,217** | 5,887,145 |
| | | **12,649,937** | 11,014,507 | **9,710,537** | 8,431,292 |

Movements in debt securities issued and other borrowed funds are as follows:

| | Group 2025 RM'000 | Group 2024 RM'000 | Bank 2025 RM'000 | Bank 2024 RM'000 |
|---|---|---|---|---|
| At 1 January | **11,014,507** | 11,144,016 | **8,431,292** | 8,498,499 |
| Addition/Issuance: | | | | |
| – Commercial papers | **800,061** | – | **800,061** | – |
| – Senior Medium Term Notes/Sukuk Murabahah | **2,598,523** | – | **1,599,145** | – |
| – Subordinated Notes/Sukuk Murabahah | **–** | 2,498,380 | **–** | 1,998,380 |
| Repayment/Redemption: | | | | |
| – Borrowings | **(626,822)** | – | **–** | – |
| – Senior Medium Term Notes/Sukuk Murabahah | **(890,000)** | – | **(890,000)** | – |
| – Subordinated Notes/Sukuk Murabahah | **–** | (2,500,000) | **–** | (2,000,000) |
| Transaction costs | **(540)** | – | **(540)** | – |
| Amortisation of cost/Accretion of discount | **4,159** | 3,002 | **4,137** | 2,385 |
| Elimination of inter-company transactions | **(10,000)** | (50,000) | **–** | – |
| Exchange differences | **(239,951)** | (80,891) | **(233,558)** | (67,972) |
| | **12,649,937** | 11,014,507 | **9,710,537** | 8,431,292 |

## 26. DEBT SECURITIES ISSUED AND OTHER BORROWED FUNDS (CONTINUED)

### (a) Borrowings

| | Group | | Bank | |
|---|---|---|---|---|
| | 2025 RM'000 | 2024 RM'000 | 2025 RM'000 | 2024 RM'000 |
| Unsecured: | | | | |
| Hong Kong Dollar term loan | – | 631,638 | – | – |
| United States Dollar term loan | **809,028** | 890,978 | **809,028** | 890,978 |
| United States Dollar syndicated term loan | **1,497,085** | 1,648,692 | **1,497,085** | 1,648,692 |
| | **2,306,113** | 3,171,308 | **2,306,113** | 2,539,670 |
| Cumulative amortisation of transaction costs | **6,207** | 6,054 | **6,207** | 4,477 |
| | **2,312,320** | 3,177,362 | **2,312,320** | 2,544,147 |

The unsecured Hong Kong Dollar term loan with interest at HIBOR plus 0.87% (2024 – HIBOR plus 0.87%) has been fully settled during the year.

The unsecured United States Dollar term loan is maturing in 2 years with interest at SOFR plus 0.95% (2024 – SOFR plus 0.95%).

The unsecured United States Dollar syndicated term loan is maturing in 2 years with interest at SOFR plus 0.98% (2024 – SOFR plus 0.98%).

### (b) Commercial Papers ("CPs")

| | Group | | Bank | |
|---|---|---|---|---|
| | 2025 RM'000 | 2024 RM'000 | 2025 RM'000 | 2024 RM'000 |
| Issued under the RM10.0 billion CPs Programme: | | | | |
| RM400 million due in 2026 | **396,866** | – | **396,866** | – |
| RM410 million due in 2026 | **403,195** | – | **403,195** | – |
| | **800,061** | – | **800,061** | – |
| Cumulative amortisation of transaction costs | **10** | – | **10** | – |
| Accretion of discount | **1,442** | – | **1,442** | – |
| | **801,513** | – | **801,513** | – |

The CPs issued by the Bank are under a CPs Programme of up to RM10.0 billion in nominal value. The tenure of the CPs Programme will be up to seven (7) years from the date of first issuance. Each of the CPs issued under the CPs Programme shall have a tenure of at least one (1) month and not more than twelve (12) months, provided that no CPs shall mature after the expiry of the CPs Programme. The CPs may be issued at a discount to its nominal value, which shall be determined prior to the issuance.

# Notes to the Financial Statements

– 31 December 2025

## 26. DEBT SECURITIES ISSUED AND OTHER BORROWED FUNDS (CONTINUED)

### (c) Senior Medium Term Notes ("MTNs")/Sukuk Murabahah

| | Group | | Bank | |
|---|---|---|---|---|
| | **2025 RM'000** | **2024 RM'000** | **2025 RM'000** | **2024 RM'000** |
| Issued under the RM20.0 billion Senior MTNs Programme: | | | | |
| RM890 million due in 2025 | – | 889,555 | – | 889,555 |
| RM1,300 million due in 2032 | **1,299,155** | – | **1,299,155** | – |
| RM300 million due in 2030 | **299,989** | – | **299,989** | – |
| Issued under the RM5.0 billion Sukuk Murabahah Programme: | | | | |
| RM1,000 million due in 2027 | **995,000** | 995,000 | – | – |
| RM500 million due in 2030 | **500,000** | – | – | – |
| RM500 million due in 2032 | **489,377** | – | – | – |
| | **3,583,521** | 1,884,555 | **1,599,144** | 889,555 |
| Cumulative amortisation of transaction costs | **81** | 428 | **58** | 428 |
| | **3,583,602** | 1,884,983 | **1,599,202** | 889,983 |

Senior MTNs issued by the Bank

The Senior MTNs issued by the Bank are under a Senior MTNs Programme of up to RM20.0 billion in nominal value. The tenure of the Senior MTNs Programme will be up to thirty (30) years from the date of first issuance. Each issuance of the Senior MTNs shall have a tenure of more than one (1) year provided that the Senior MTNs shall mature on or prior to the expiry of the Senior MTNs Programme. Each issuance will bear interest at a rate to be determined prior to the issuance, payable semi-annually in arrears.

On 15 July 2025, the Bank issued the eighth (8th) tranche RM1,300 million (due on 15 July 2032) and the ninth (9th) tranche RM300 million (due on 15 July 2030) in nominal value of Senior MTNs.

The Senior MTNs bear interest rates ranging from 3.66% to 3.73% (2024: 4.60%) per annum.

Senior Sukuk Murabahah

The Senior Sukuk Murabahah issued by the Bank's wholly owned subsidiary company, Public Islamic Bank Berhad ("PIBB") is under a Sukuk Murabahah Programme which is for the purpose of facilitating the issuance of Senior Sukuk Murabahah and/or Subordinated Sukuk Murabahah of up to RM5.0 billion in nominal value. The tenure of the Sukuk Murabahah Programme will be up to thirty (30) years from the date of first issuance. Each issuance of the Senior Sukuk Murabahah shall have a tenure of more than one (1) year provided that the Senior Sukuk Murabahah shall mature on or prior to the expiry of the Sukuk Murabahah Programme. Each issuance will bear profit at a rate to be determined prior to the issuance, payable semi-annually in arrears.

## 26. DEBT SECURITIES ISSUED AND OTHER BORROWED FUNDS (CONTINUED)

### (c) Senior Medium Term Notes ("MTNs")/Sukuk Murabahah (continued)

Senior Sukuk Murabahah (continued)
On 30 September 2025, PIBB issued the third (3rd) tranche RM500 million and the fourth (4th) tranche RM500 million in nominal value of Senior Sukuk Murabahah which are due on 30 September 2030 and 30 September 2032 respectively.

The Senior Sukuk Murabahah bear profits ranging from 3.54% to 4.50% (2024: 4.50%) per annum.

The Senior MTNs/Sukuk Murabahah constitute direct unsecured liabilities of the Group and of the Bank, and rank at least pari passu with all other present and future unsecured liabilities of the Group and of the Bank, except for those liabilities preferred by law.

### (d) Subordinated Notes/Sukuk Murabahah

| | Note | Group | | Bank | |
|---|---|---|---|---|---|
| | | **2025 RM'000** | **2024 RM'000** | **2025 RM'000** | **2024 RM'000** |
| (i) Issued under the RM20.0 billion Subordinated Medium Term Notes Programme: | | | | | |
| First tranche: RM1,000 million 4.27% Subordinated Notes 2033/2028 | (a) | **978,845** | 978,845 | **998,845** | 998,845 |
| Second tranche: RM1,500 million 4.00% Subordinated Notes 2034/2029 | (b) | **1,493,380** | 1,493,380 | **1,498,380** | 1,498,380 |
| Third tranche: RM500 million 4.00% Subordinated Notes 2034/2029 | (c) | **499,460** | 500,000 | **499,460** | 500,000 |
| Cumulative amortisation of transaction costs | | **1,085** | 416 | **1,085** | 416 |
| | | **2,972,770** | 2,972,641 | **2,997,770** | 2,997,641 |
| (ii) Issued under the RM10.0 billion Subordinated Medium Term Notes Programme: | | | | | |
| Eighth tranche: RM2,000 million 3.93% Subordinated Notes 2032/2027 | | **1,988,940** | 1,988,940 | **1,998,940** | 1,998,940 |
| Cumulative amortisation of transaction costs | | **792** | 581 | **792** | 581 |
| | | **1,989,732** | 1,989,521 | **1,999,732** | 1,999,521 |

# Notes to the Financial Statements

– 31 December 2025

## 26. DEBT SECURITIES ISSUED AND OTHER BORROWED FUNDS (CONTINUED)

### (d) Subordinated Notes/Sukuk Murabahah (continued)

| | Note | Group 2025 RM'000 | Group 2024 RM'000 | Bank 2025 RM'000 | Bank 2024 RM'000 |
|---|---|---|---|---|---|
| (iii) Issued under the RM5.0 billion Sukuk Murabahah Programme: | | | | | |
| Fourth tranche: RM500 million 4.40% Subordinated Sukuk Murabahah 2032/2027 | (a) | **490,000** | 490,000 | – | – |
| Fifth tranche: RM500 million 3.90% Subordinated Sukuk Murabahah 2034/2029 | (b) | **500,000** | 500,000 | – | – |
| | | **990,000** | 990,000 | – | – |
| | | **5,952,502** | 5,952,162 | **4,997,502** | 4,997,162 |

(i) Issued under the RM20.0 billion Subordinated Medium Term Notes ("Sub-Notes") Programme

The RM20.0 billion Sub-Notes Programme have a tenure of thirty (30) years from the date of first issuance of the Sub-Notes. The Sub-Notes to be issued under the Sub-Notes Programme are Basel III-compliant and qualified as Tier II capital for the computation of the regulatory capital of the Group and of the Bank in accordance with Bank Negara Malaysia ("BNM")'s Capital Adequacy Framework (Capital Components).

The Bank has issued the following tranches of Sub-Notes:

(a) On 25 October 2023, the Bank issued the first tranche of RM1,000 million in aggregate nominal amount of Sub-Notes due in 2033 callable in 2028. The Notes bear interest at 4.27% per annum.

(b) On 25 July 2024, the Bank issued the second tranche of RM1,500 million in aggregate nominal amount of Sub-Notes due in 2034 callable in 2029. The Notes bear interest at 4.00% per annum.

(c) On 11 December 2024, the Bank issued the third tranche of RM500 million in aggregate nominal amount of Sub-Notes due in 2034 callable in 2029. The Notes bear interest at 4.00% per annum.

(ii) Issued under the RM10.0 billion Sub-Notes Programme

The RM10.0 billion Sub-Notes Programme have a tenure of thirty (30) years from the date of first issuance of the Sub-Notes. The Sub-Notes to be issued under the Sub-Notes Programme are Basel III-compliant and qualified as Tier II capital for the computation of the regulatory capital of the Group and of the Bank in accordance with BNM's Capital Adequacy Framework (Capital Components).

On 7 April 2022, the Bank issued the eighth tranche of RM2,000 million in aggregate nominal amount of Subordinated Notes due in 2032 callable in 2027. The Notes bear interest at 3.93% per annum.

## 26. DEBT SECURITIES ISSUED AND OTHER BORROWED FUNDS (CONTINUED)

### (d) Subordinated Notes/Sukuk Murabahah (continued)

(iii) Issued under the RM5.0 billion Sukuk Murabahah Programme

The RM5.0 billion Sukuk Murabahah Programme was established by the Bank's wholly-owned Islamic banking subsidiary company, PIBB under the Shariah principle of Murabahah to facilitate the issuance of Senior Sukuk Murabahah and/or Subordinated Sukuk Murabahah of up to RM5.0 billion in nominal value. The Sukuk Murabahah Programme have a tenure of thirty (30) years from the date of first issuance of the Sukuk Murabahah.

The Subordinated Sukuk Murabahah to be issued under the Sukuk Murabahah Programme are Basel III-compliant and qualified as Tier II capital for the computation of the regulatory capital of the Group and PIBB in accordance with BNM's Capital Adequacy Framework for Islamic Banks (Capital Components).

PIBB has issued the following tranches of Subordinated Sukuk Murabahah:

(a) On 28 July 2022, PIBB issued the fourth tranche of RM500 million in nominal value of Subordinated Sukuk Murabahah due in 2032 callable in 2027. The Subordinated Sukuk Murabahah bear profit at 4.40% per annum.

(b) On 23 October 2024, PIBB issued the fifth tranche of RM500 million in nominal value of Subordinated Sukuk Murabahah due in 2034 callable in 2029. The Subordinated Sukuk Murabahah bear profit at 3.90% per annum.

The Bank and/or PIBB may, subject to the prior consent of BNM, redeem these Subordinated Notes/Sukuk Murabahah in whole or in part, on the first call date or at any subsequent interest/profit payment date.

The above Subordinated Notes/Sukuk Murabahah constitute unsecured liabilities/obligations of the Bank and PIBB respectively, and are subordinated in right of payment upon the occurrence of any winding up proceeding to the prior payment in full of all deposit liabilities and all other liabilities of the Bank and PIBB, other than the Additional Tier I capital securities, which are subordinated to the Subordinated Notes/Sukuk Murabahah, in accordance with the terms and conditions of the Subordinated Notes/Sukuk Murabahah.

### (e) Additional Tier I Capital Securities ("ATICS")

The RM10.0 billion ATICS Programme is perpetual. The ATICS to be issued under the ATICS Programme are Basel III-compliant and qualified as Additional Tier I capital of the Group and of the Bank and shall comply with the BNM's Capital Adequacy Framework (Capital Components).

The Bank may, subject to the prior consent of BNM, redeem the ATICS in whole or in part, on the first call date or at any subsequent distribution payment date.

The ATICS are direct and unsecured obligations of the Bank. The ATICS rank pari passu and without preference among themselves, with the most junior class of preference shares (if any), but in priority to the rights and claims of holders of ordinary shares of the Bank. The ATICS are subordinated in right of payment upon the occurrence of any winding up proceeding to the prior payment in full of all deposit liabilities and all other liabilities of the Bank except to those liabilities which by their terms rank equal with or junior to the ATICS.

There was no outstanding ATICS as at 31 December 2025.

# Notes to the Financial Statements

– 31 December 2025

## 27. OTHER LIABILITIES

| | Note | Group | | Bank | |
|---|---|---|---|---|---|
| | | 2025 RM'000 | 2024 RM'000 (Restated) | 2025 RM'000 | 2024 RM'000 |
| Interest/Income payable | | **2,848,354** | 3,307,791 | **1,974,206** | 2,309,311 |
| Other payables and accruals | | **4,550,391** | 3,679,527 | **3,828,322** | 3,014,199 |
| Collateral received for derivative transactions | | **147,835** | 273,858 | **147,835** | 273,858 |
| Amount due to trust funds | (i) | **50,549** | 104,266 | **–** | – |
| Unprocessed sales and/or redemptions | (ii) | **175,844** | 197,948 | **–** | – |
| Accrued restoration costs | (iii) | **72,493** | 72,264 | **70,966** | 70,396 |
| Outstanding contracts on clients' accounts | (iv) | **184,363** | 293,309 | **–** | – |
| Allowance for impairment on loan/ financing commitments and financial guarantees | (v) | **88,634** | 88,841 | **74,755** | 76,036 |
| Dividend payable to shareholders | | **17,271** | 5,999 | **8,768** | 5,125 |
| Amount due to subsidiary companies | (vi) | **–** | – | **55,667** | 42,744 |
| | | **8,135,734** | 8,023,803 | **6,160,519** | 5,791,669 |

(i) This balance refers to amount due to trust funds managed by the fund management subsidiary company in respect of cancellation and creation of trust units.

(ii) The unprocessed sales and/or redemptions are in respect of the fund management activities of a subsidiary company.

(iii) Costs estimated to dismantle and remove the asset or to restore the leased asset or the site on which it is located at the end of the lease term.

(iv) These balances relate to contracts entered by the stock-broking business of the subsidiary companies on behalf of clients where settlements have yet to be made.

## 27. OTHER LIABILITIES (CONTINUED)

(v) Movements in allowance for impairment on loan/financing commitments and financial guarantees are as follows:

| Group 2025 | 12-Month ECL (Stage 1) RM'000 | Lifetime ECL Not Credit-Impaired (Stage 2) RM'000 | Lifetime ECL Credit-Impaired (Stage 3) RM'000 | Total RM'000 |
|---|---|---|---|---|
| At 1 January 2025 | **62,247** | **25,090** | **1,504** | **88,841** |
| Changes due to loan/financing commitments and financial guarantees recognised as at 1 January 2025 | **4,460** | **(4,235)** | **(225)** | **–** |
| – Transfer to Stage 1: 12-Month ECL | **5,770** | **(5,624)** | **(146)** | **–** |
| – Transfer to Stage 2: Lifetime ECL not credit-impaired | **(1,304)** | **1,580** | **(276)** | **–** |
| – Transfer to Stage 3: Lifetime ECL credit-impaired | **(6)** | **(191)** | **197** | **–** |
| New loan/financing commitments and financial guarantees originated | **9,843** | **5,357** | **71** | **15,271** |
| Net remeasurement due to changes in credit risk | **(13,496)** | **10,007** | **109** | **(3,380)** |
| Loan/financing commitments and financial guarantees derecognised | **(2,019)** | **(994)** | **(111)** | **(3,124)** |
| Modifications to contractual cash flows of loan/financing commitments and financial guarantees | **(1)** | **(456)** | **(57)** | **(514)** |
| Changes in models/risk parameters | **(6,128)** | **(2,228)** | **7** | **(8,349)** |
| Exchange differences | **(87)** | **(24)** | **–** | **(111)** |
| At 31 December 2025 | **54,819** | **32,517** | **1,298** | **88,634** |

# Notes to the Financial Statements

– 31 December 2025

## 27. OTHER LIABILITIES (CONTINUED)

(v) Movements in allowance for impairment on loan/financing commitments and financial guarantees are as follows (continued):

| Group 2024 | 12-Month ECL (Stage 1) RM'000 | Lifetime ECL Not Credit-Impaired (Stage 2) RM'000 | Lifetime ECL Credit-Impaired (Stage 3) RM'000 | Total RM'000 |
|---|---|---|---|---|
| At 1 January 2024 | 51,744 | 24,204 | 1,573 | 77,521 |
| Changes due to loan/financing commitments and financial guarantees recognised as at 1 January 2024 | 5,985 | (5,796) | (189) | – |
| – Transfer to Stage 1: 12-Month ECL | 7,088 | (6,969) | (119) | – |
| – Transfer to Stage 2: Lifetime ECL not credit-impaired | (1,098) | 1,502 | (404) | – |
| – Transfer to Stage 3: Lifetime ECL credit-impaired | (5) | (329) | 334 | – |
| New loan/financing commitments and financial guarantees originated | 5,372 | 3,146 | 40 | 8,558 |
| Net remeasurement due to changes in credit risk | (2,628) | 4,885 | 248 | 2,505 |
| Loan/financing commitments and financial guarantees derecognised | (1,724) | (807) | (52) | (2,583) |
| Modifications to contractual cash flows of loan/financing commitments and financial guarantees | (15) | (442) | (116) | (573) |
| Changes in models/risk parameters | 3,533 | (92) | – | 3,441 |
| Exchange differences | (20) | (8) | – | (28) |
| At 31 December 2024 | 62,247 | 25,090 | 1,504 | 88,841 |

## 27. OTHER LIABILITIES (CONTINUED)

(v) Movements in allowance for impairment on loan/financing commitments and financial guarantees are as follows (continued):

| Bank 2025 | 12-Month ECL (Stage 1) RM'000 | Lifetime ECL Not Credit-Impaired (Stage 2) RM'000 | Lifetime ECL Credit-Impaired (Stage 3) RM'000 | Total RM'000 |
|---|---|---|---|---|
| At 1 January 2025 | **54,491** | **20,464** | **1,081** | **76,036** |
| Changes due to loan commitments and financial guarantees recognised as at 1 January 2025 | **3,441** | **(3,322)** | **(119)** | **–** |
| – Transfer to Stage 1: 12-Month ECL | **4,544** | **(4,432)** | **(112)** | **–** |
| – Transfer to Stage 2: Lifetime ECL not credit-impaired | **(1,098)** | **1,250** | **(152)** | **–** |
| – Transfer to Stage 3: Lifetime ECL credit-impaired | **(5)** | **(140)** | **145** | **–** |
| New loan commitments and financial guarantees originated | **8,377** | **4,687** | **32** | **13,096** |
| Net remeasurement due to changes in credit risk | **(13,148)** | **8,897** | **49** | **(4,202)** |
| Loan commitments and financial guarantees derecognised | **(1,712)** | **(588)** | **(105)** | **(2,405)** |
| Modifications to contractual cash flows of loan commitments and financial guarantees | **(1)** | **(401)** | **(24)** | **(426)** |
| Changes in models/risk parameters | **(5,462)** | **(1,887)** | **5** | **(7,344)** |
| At 31 December 2025 | **45,986** | **27,850** | **919** | **74,755** |

# Notes to the Financial Statements

– 31 December 2025

## 27. OTHER LIABILITIES (CONTINUED)

(v) Movements in allowance for impairment on loan/financing commitments and financial guarantees are as follows (continued):

| Bank 2024 | 12-Month ECL (Stage 1) RM'000 | Lifetime ECL Not Credit-Impaired (Stage 2) RM'000 | Lifetime ECL Credit-Impaired (Stage 3) RM'000 | Total RM'000 |
|---|---|---|---|---|
| At 1 January 2024 | 44,258 | 19,734 | 1,169 | 65,161 |
| Changes due to loan commitments and financial guarantees recognised as at 1 January 2024 | 4,526 | (4,393) | (133) | – |
| – Transfer to Stage 1: 12-Month ECL | 5,423 | (5,344) | (79) | – |
| – Transfer to Stage 2: Lifetime ECL not credit-impaired | (893) | 1,179 | (286) | – |
| – Transfer to Stage 3: Lifetime ECL credit-impaired | (4) | (228) | 232 | – |
| New loan commitments and financial guarantees originated | 4,472 | 2,713 | 11 | 7,196 |
| Net remeasurement due to changes in credit risk | (377) | 3,594 | 250 | 3,467 |
| Loan commitments and financial guarantees derecognised | (1,489) | (674) | (48) | (2,211) |
| Modifications to contractual cash flows of loan commitments and financial guarantees | (3) | (399) | (168) | (570) |
| Changes in models/risk parameters | 3,104 | (111) | – | 2,993 |
| At 31 December 2024 | 54,491 | 20,464 | 1,081 | 76,036 |

(vi) These balances are unsecured, non-interest bearing and have no fixed terms of repayment.

## 28. PROVISION FOR TAX EXPENSE AND ZAKAT

| | Group | | Bank | |
|---|---|---|---|---|
| | **2025 RM'000** | **2024 RM'000** | **2025 RM'000** | **2024 RM'000** |
| Tax expense | **464,861** | 393,376 | **337,895** | 241,336 |
| Zakat | **2,700** | 2,800 | **–** | – |
| | **467,561** | 396,176 | **337,895** | 241,336 |

## 29. SHARE CAPITAL

| | Group and Bank | |
|---|---|---|
| | **2025 '000** | **2024 '000** |
| Number of ordinary shares: | | |
| At 1 January/31 December | **19,410,692** | 19,410,692 |

| | Group and Bank | |
|---|---|---|
| | **2025 RM'000** | **2024 RM'000** |
| Issued and fully paid ordinary shares: | | |
| At 1 January/31 December | **9,417,653** | 9,417,653 |

## 30. REGULATORY RESERVES

The regulatory reserves are maintained by the Bank and the Bank's banking subsidiary companies in Malaysia, Hong Kong SAR and Cambodia as an additional credit risk absorbent in excess of the requirements of accounting standards. The reserves in respect of Malaysia are maintained in line with the requirements of BNM by the Bank and its domestic banking subsidiary companies. The reserves in respect of Hong Kong SAR and Cambodia are maintained in line with the requirements of the Hong Kong Monetary Authority and the National Bank of Cambodia.

# Notes to the Financial Statements

– 31 December 2025

## 31. OTHER RESERVES

| Group | Statutory Reserves RM'000 | Capital Reserves RM'000 | Foreign Currency Translation Reserves RM'000 | Revaluation Reserves | | | Defined Benefit Reserves RM'000 | General Reserves RM'000 | Insurance Finance Reserves RM'000 | Total RM'000 |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | | Hedging Reserves RM'000 | Financial Investments at FVOCI RM'000 | Property RM'000 | | | | |
| At 1 January 2025 | 97,776 | 60,442 | (67,432) | 83,445 | 232,753 | 72,864 | 433,482 | 1,036,520 | (138) | 1,949,712 |
| Net currency translation differences in respect of: | | | | | | | | | | |
| – foreign operations | – | – | (953,530) | – | – | – | – | – | – | (953,530) |
| – net investment hedge (Note 6) | – | – | 258,474 | – | – | – | – | – | – | 258,474 |
| | – | – | (695,056) | – | – | – | – | – | – | (695,056) |
| Net change in revaluation of financial investments at fair value through other comprehensive income ("FVOCI"): | | | | | | | | | | |
| – Net unrealised gain | – | – | – | – | 508,057 | – | – | – | – | 508,057 |
| – Net gain on disposal reclassified to profit or loss (Note 36) | – | – | – | – | (164,967) | – | – | – | – | (164,967) |
| | – | – | – | – | 343,090 | – | – | – | – | 343,090 |
| Net finance expense from insurance contracts issued and reinsurance contracts held | – | – | – | – | – | – | – | – | (1,930) | (1,930) |
| Net change in cash flow hedges: | | | | | | | | | | |
| – Net unrealised loss | – | – | – | (83,821) | – | – | – | – | – | (83,821) |
| Gain on remeasurements of defined benefit plan (Note 12) | – | – | – | – | – | – | 22,085 | – | – | 22,085 |
| Deferred tax | – | – | – | 20,117 | (70,644) | – | (5,287) | – | 434 | (55,380) |
| Share of gain of equity accounted associated company | – | – | – | – | 1,158 | – | – | – | – | 1,158 |
| Other comprehensive (loss)/ income | – | – | (695,056) | (63,704) | 273,604 | – | 16,798 | – | (1,496) | (469,854) |
| Transferred from retained profits | 12,410 | – | – | – | – | – | – | – | – | 12,410 |
| At 31 December 2025 | 110,186 | 60,442 | (762,488) | 19,741 | 506,357 | 72,864 | 450,280 | 1,036,520 | (1,634) | 1,492,268 |

## 31. OTHER RESERVES (CONTINUED)

| Group | Statutory Reserves RM'000 | Capital Reserves RM'000 | Foreign Currency Translation Reserves RM'000 | Revaluation Reserves | | | Defined Benefit Reserves RM'000 | General Reserves RM'000 | Insurance Finance Reserves RM'000 | Total RM'000 |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | | Hedging Reserves RM'000 | Financial Investments at FVOCI RM'000 | Property RM'000 | | | | |
| At 1 January 2024 | 90,382 | 60,442 | 240,883 | 117,205 | 86,597 | 48,666 | 405,048 | 1,036,520 | – | 2,085,743 |
| Net currency translation differences in respect of: | | | | | | | | | | |
| – foreign operations | – | – | (373,395) | – | – | – | – | – | – | (373,395) |
| – net investment hedge (Note 6) | – | – | 65,080 | – | – | – | – | – | – | 65,080 |
| | – | – | (308,315) | – | – | – | – | – | – | (308,315) |
| Net change in revaluation of financial investments at FVOCI: | | | | | | | | | | |
| – Net unrealised gain | – | – | – | – | 229,275 | – | – | – | – | 229,275 |
| – Net gain on disposal reclassified to profit or loss (Note 36) | – | – | – | – | (42,722) | – | – | – | – | (42,722) |
| | – | – | – | – | 186,553 | – | – | – | – | 186,553 |
| Net finance expense from insurance contracts issued and reinsurance contracts held | – | – | – | – | – | – | – | – | (182) | (182) |
| Net change in revaluation of property and equipment | – | – | – | – | – | 24,198 | – | – | – | 24,198 |
| Net change in cash flow hedges: | | | | | | | | | | |
| – Net unrealised loss | – | – | – | (44,421) | – | – | – | – | – | (44,421) |
| Gain on remeasurements of defined benefit plan (Note 12) | – | – | – | – | – | – | 37,399 | – | – | 37,399 |
| Deferred tax | – | – | – | 10,661 | (41,542) | – | (8,965) | – | 44 | (39,802) |
| Share of gain of equity accounted associated company | – | – | – | – | 1,145 | – | – | – | – | 1,145 |
| Other comprehensive (loss)/ income | – | – | (308,315) | (33,760) | 146,156 | 24,198 | 28,434 | – | (138) | (143,425) |
| Transferred from retained profits | 7,394 | – | – | – | – | – | – | – | – | 7,394 |
| At 31 December 2024 | 97,776 | 60,442 | (67,432) | 83,445 | 232,753 | 72,864 | 433,482 | 1,036,520 | (138) | 1,949,712 |

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## 31. OTHER RESERVES (CONTINUED)

| Bank | Statutory Reserves RM'000 | Foreign Currency Translation Reserves RM'000 | Hedging Reserves RM'000 | Revaluation Reserves - Financial Investments at FVOCI RM'000 | Defined Benefit Reserves RM'000 | Total RM'000 |
|---|---|---|---|---|---|---|
| At 1 January 2025 | **4,168** | **(72,518)** | **77,356** | **218,019** | **426,816** | **653,841** |
| Net currency translation differences in respect of foreign operations | **–** | **(16,754)** | **–** | **–** | **–** | **(16,754)** |
| Net change in revaluation of financial investments at FVOCI: | | | | | | |
| – Net unrealised gain | **–** | **–** | **–** | **405,646** | **–** | **405,646** |
| – Net gain on disposal reclassified to profit or loss (Note 36) | **–** | **–** | **–** | **(150,033)** | **–** | **(150,033)** |
| | **–** | **–** | **–** | **255,613** | **–** | **255,613** |
| Net change in cash flow hedges: | | | | | | |
| – Net unrealised loss | **–** | **–** | **(69,509)** | **–** | **–** | **(69,509)** |
| Gain on remeasurements of defined benefit plan (Note 12) | **–** | **–** | **–** | **–** | **21,489** | **21,489** |
| Deferred tax (Note 14) | **–** | **–** | **16,682** | **(51,289)** | **(5,157)** | **(39,764)** |
| Other comprehensive (loss)/income | **–** | **(16,754)** | **(52,827)** | **204,324** | **16,332** | **151,075** |
| Transferred from retained profits | **189** | **–** | **–** | **–** | **–** | **189** |
| At 31 December 2025 | **4,357** | **(89,272)** | **24,529** | **422,343** | **443,148** | **805,105** |

## 31. OTHER RESERVES (CONTINUED)

| Bank | Statutory Reserves RM'000 | Foreign Currency Translation Reserves RM'000 | Hedging Reserves RM'000 | Revaluation Reserves - Financial Investments at FVOCI RM'000 | Defined Benefit Reserves RM'000 | Total RM'000 |
|---|---|---|---|---|---|---|
| At 1 January 2024 | 3,750 | (228,109) | 117,326 | 109,668 | 398,780 | 401,415 |
| Net currency translation differences in respect of foreign operations | – | 155,591 | – | – | – | 155,591 |
| Net change in revaluation of financial investments at FVOCI: | | | | | | |
| – Net unrealised gain | – | – | – | 170,394 | – | 170,394 |
| – Net gain on disposal reclassified to profit or loss (Note 36) | – | – | – | (36,639) | – | (36,639) |
| | – | – | – | 133,755 | – | 133,755 |
| Net change in cash flow hedges: | | | | | | |
| – Net unrealised loss | – | – | (52,592) | – | – | (52,592) |
| Gain on remeasurements of defined benefit plan (Note 12) | – | – | – | – | 36,889 | 36,889 |
| Deferred tax (Note 14) | – | – | 12,622 | (25,404) | (8,853) | (21,635) |
| Other comprehensive income/(loss) | – | 155,591 | (39,970) | 108,351 | 28,036 | 252,008 |
| Transferred from retained profits | 418 | – | – | – | – | 418 |
| At 31 December 2024 | 4,168 | (72,518) | 77,356 | 218,019 | 426,816 | 653,841 |

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## 31. OTHER RESERVES (CONTINUED)

The statutory reserves maintained by the overseas subsidiary companies and overseas branches are in compliance with the requirements of the Central Banks of the respective countries in which the Group and the Bank operate and are not distributable as cash dividends.

The capital reserves of the Group arose mainly from the capitalisation of retained profits that resulted from bonus issues by subsidiary companies and the restructuring exercise involving certain subsidiary companies undertaken by the Group in previous years.

The foreign currency translation reserves comprise all foreign exchange differences arising from the translation of the financial statements of overseas subsidiary companies, overseas branches and the subsidiary companies incorporated in the Federal Territory of Labuan, after offsetting the impact of the effective portion of net investment hedges.

The hedging reserves are in respect of the effective portion of unrealised fair value gains and losses on cash flow hedging instruments.

The revaluation reserves – financial investments at fair value through other comprehensive income ("FVOCI") are in respect of unrealised fair value gains and losses on financial investments at FVOCI, after offsetting the impact of related fair value hedges.

The revaluation reserves – property relates to the revaluation gains and losses of the transfer of own-occupied properties to investment properties arising from the change of usage.

The defined benefit reserves are in respect of remeasurements of the net defined benefit assets/liabilities.

The general reserves represent non-distributable profit reserves maintained by the Group's overseas subsidiary company in compliance with the regulatory requirements.

The insurance finance reserves comprise the cumulative insurance finance income and expenses recognised in other comprehensive income.

## 32. TREASURY SHARES

The Bank's 44.15% owned subsidiary companies, LPI Capital Bhd and Lonpac Insurance Bhd held a total of 220,294,480 Public Bank Berhad shares which were purchased prior to the acquisition by the Bank on 4 December 2024. The treasury shares held by the Group based on its equity interests of 44.15% in LPI Capital Bhd and Lonpac Insurance Bhd amounted to 97,260,013 Public Bank Berhad shares.

## 33. INTEREST INCOME

| | Group | | Bank | |
|---|---|---|---|---|
| | **2025 RM'000** | **2024 RM'000** | **2025 RM'000** | **2024 RM'000** |
| Loans and advances | **16,202,474** | 16,097,291 | **14,543,312** | 14,300,752 |
| Balances with banks | **371,720** | 326,328 | **221,879** | 193,082 |
| Financial investments at fair value through other comprehensive income | **1,251,614** | 1,352,478 | **944,926** | 1,078,699 |
| Financial investments at amortised cost | **943,874** | 968,746 | **894,441** | 857,398 |
| Others | **75,870** | 78,168 | **66,138** | 58,103 |
| | **18,845,552** | 18,823,011 | **16,670,696** | 16,488,034 |
| Financial assets at fair value through profit or loss | **50,228** | 48,090 | **36,917** | 46,624 |
| | **18,895,780** | 18,871,101 | **16,707,613** | 16,534,658 |
| Of which: | | | | |
| Interest income earned on impaired loans and advances | **100,350** | 93,265 | **50,181** | 53,280 |

## 34. INTEREST EXPENSE

| | Group | | Bank | |
|---|---|---|---|---|
| | **2025 RM'000** | **2024 RM'000** | **2025 RM'000** | **2024 RM'000** |
| Deposits from banks and other financial institutions | **251,319** | 218,476 | **374,374** | 320,691 |
| Deposits from customers | **8,460,580** | 8,584,638 | **7,789,910** | 7,747,280 |
| Loans sold to Cagamas | **194,237** | 184,143 | **194,237** | 184,143 |
| Debt securities issued and other borrowed funds | **330,995** | 378,359 | **328,463** | 343,013 |
| Others | **74,963** | 54,379 | **61,785** | 56,778 |
| | **9,312,094** | 9,419,995 | **8,748,769** | 8,651,905 |

# Notes to the Financial Statements

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## 35. NET FEE AND COMMISSION INCOME

| | | Group | | Bank | |
|---|---|---|---|---|---|
| | | 2025 RM'000 | 2024 RM'000 | 2025 RM'000 | 2024 RM'000 |
| (a) | Fee and commission income: | | | | |
| | Commissions | **1,002,045** | 967,811 | **1,159,447** | 1,082,730 |
| | Service charges and fees | **336,167** | 326,459 | **253,891** | 260,521 |
| | Guarantee fees | **53,201** | 37,750 | **50,847** | 35,242 |
| | Commitment fees | **58,794** | 62,434 | **54,068** | 57,587 |
| | Unit trust management fees | **1,347,638** | 1,339,653 | **–** | – |
| | Fee on sale of trust units | **430,855** | 381,495 | **–** | – |
| | Brokerage and commissions from stock-broking activities | **159,154** | 203,702 | **–** | – |
| | Other fee and commission income | **86,938** | 82,053 | **52,275** | 51,928 |
| | | **3,474,792** | 3,401,357 | **1,570,528** | 1,488,008 |
| (b) | Fee and commission expense: | | | | |
| | Unit trust agency fees | **(497,537)** | (498,718) | **–** | – |
| | Debit/Credit card related fees | **(695,947)** | (661,026) | **(694,341)** | (659,337) |
| | Loan-related fees | **(33,597)** | (28,651) | **(21,671)** | (17,932) |
| | Other fee and commission expense | **(22,146)** | (25,942) | **(8,026)** | (8,032) |
| | | **(1,249,227)** | (1,214,337) | **(724,038)** | (685,301) |
| | Net fee and commission income | **2,225,565** | 2,187,020 | **846,490** | 802,707 |

## 36. NET GAINS AND LOSSES ON FINANCIAL INSTRUMENTS

| | Group | | Bank | |
|---|---|---|---|---|
| | **2025 RM'000** | **2024 RM'000** | **2025 RM'000** | **2024 RM'000** |
| Net gain/(loss) arising on financial assets at fair value through profit or loss: | | | | |
| – net gain on disposal | **6,581** | 5,040 | **6,423** | 4,854 |
| – gross dividend income | **52,983** | 7,665 | **1,977** | 1,975 |
| – unrealised revaluation (loss)/gain | **(8,553)** | 69,909 | **(15,411)** | 68,381 |
| | **51,011** | 82,614 | **(7,011)** | 75,210 |
| Net loss arising on trading derivatives: | | | | |
| – unrealised revaluation loss | **–** | (1) | **(9)** | (1) |
| Net gain arising on financial investments at fair value through other comprehensive income: | | | | |
| – net gain on disposal (Note 31) | **164,967** | 42,722 | **150,033** | 36,639 |
| – gross dividend income | **6,851** | 3,486 | **6,220** | 2,879 |
| | **171,818** | 46,208 | **156,253** | 39,518 |
| Net gain arising on financial investments at amortised cost | | | | |
| – net gain on disposal | **–** | 235 | **–** | – |
| Gain/(Loss) representing ineffective portions of hedging derivatives: | | | | |
| – fair value hedge (Note 6) | **912** | 821 | **–** | – |
| – cash flow hedge (Note 6) | **1,861** | (2,043) | **1,861** | (2,043) |
| | **2,773** | (1,222) | **1,861** | (2,043) |
| | **225,602** | 127,834 | **151,094** | 112,684 |

# Notes to the Financial Statements

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## 37. OTHER OPERATING INCOME

| | Group | | Bank | |
|---|---|---|---|---|
| | **2025 RM'000** | **2024 RM'000** | **2025 RM'000** | **2024 RM'000** |
| Distribution income from collective investments | **–** | – | **233,450** | 238,083 |
| Dividend income from subsidiary companies: | | | | |
| – quoted in Malaysia | **–** | – | **140,717** | – |
| – quoted outside Malaysia | **–** | – | **29,599** | – |
| – unquoted in Malaysia | **–** | – | **738,238** | 697,373 |
| | **–** | – | **1,142,004** | 935,456 |
| Other income: | | | | |
| Foreign exchange profit | **412,949** | 392,126 | **716,617** | 437,463 |
| Rental income from: | | | | |
| – investment properties (Note 18) | **20,597** | 22,855 | **–** | – |
| – other properties | **10,307** | 10,689 | **11,820** | 12,227 |
| Net gain on disposal of property and equipment | **290** | 587 | **171** | 207 |
| Net gain on disposal of foreclosed properties | **572** | 212 | **572** | 212 |
| Loss on revaluation of investment properties (Note 18) | **(38,236)** | (29,424) | **–** | – |
| Loss on deemed disposal of branches | **–** | – | **–** | (148,381) |
| Others | **107,299** | 111,481 | **83,148** | 97,429 |
| | **513,778** | 508,526 | **812,328** | 399,157 |
| | **513,778** | 508,526 | **1,954,332** | 1,334,613 |

## 38. OTHER OPERATING EXPENSES

| | Group | | Bank | |
|---|---|---|---|---|
| | **2025 RM'000** | **2024 RM'000** | **2025 RM'000** | **2024 RM'000** |
| Personnel costs | | | | |
| – Salaries, allowances and bonuses | **3,049,678** | 2,936,436 | **2,292,744** | 2,205,056 |
| – Pension costs | **439,000** | 422,015 | **374,482** | 360,877 |
| – Others | **207,344** | 192,609 | **154,461** | 146,111 |
| | **3,696,022** | 3,551,060 | **2,821,687** | 2,712,044 |
| Establishment costs | | | | |
| – Depreciation | **310,606** | 331,405 | **217,899** | 227,746 |
| – Insurance | **25,655** | 25,805 | **20,414** | 20,670 |
| – Water and electricity | **50,578** | 57,621 | **31,470** | 37,157 |
| – General repairs and maintenance | **73,434** | 66,820 | **44,046** | 43,759 |
| – Information technology expenses | **294,997** | 271,325 | **234,986** | 215,923 |
| – Others | **157,065** | 106,481 | **48,412** | 48,789 |
| | **912,335** | 859,457 | **597,227** | 594,044 |
| Marketing expenses | | | | |
| – Advertisement and publicity | **39,298** | 38,289 | **17,389** | 16,784 |
| – Others | **106,250** | 84,695 | **62,391** | 51,067 |
| | **145,548** | 122,984 | **79,780** | 67,851 |
| Administration and general expenses | | | | |
| – Communication expenses | **82,862** | 59,932 | **55,706** | 41,935 |
| – Legal and professional fees | **63,490** | 53,623 | **42,250** | 35,822 |
| – Others | **228,445** | 181,076 | **120,737** | 74,374 |
| | **374,797** | 294,631 | **218,693** | 152,131 |
| Cost of resource sharing charged to Public Islamic Bank Berhad* | **–** | – | **(627,357)** | (578,928) |
| Total other operating expenses | **5,128,702** | 4,828,132 | **3,090,030** | 2,947,142 |

* The type of resource sharing rendered by the Bank in Malaysia are as follows:

| | Bank | |
|---|---|---|
| | **2025 RM'000** | **2024 RM'000** |
| Credit related | **(252,465)** | (238,946) |
| Non-credit branch support | **(234,080)** | (219,109) |
| Other administration function | **(140,812)** | (120,873) |
| | **(627,357)** | (578,928) |

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## 38. OTHER OPERATING EXPENSES (CONTINUED)

Included in other operating expenses are the following:

| | Group | | Bank | |
|---|---|---|---|---|
| | **2025 RM'000** | **2024 RM'000** | **2025 RM'000** | **2024 RM'000** |
| Auditors' remuneration: | | | | |
| Parent auditor | | | | |
| – Audit | **3,944** | 3,754 | **2,987** | 2,831 |
| – Regulatory related services* | **427** | 412 | **355** | 343 |
| – Other services | **7** | 1,887 | **–** | 1,880 |
| Firms affiliated with parent auditor | | | | |
| – Audit | **3,032** | 3,171 | **31** | 30 |
| – Regulatory related services* | **499** | 508 | **57** | 43 |
| – Other services | **218** | 67 | **9** | 9 |
| Other auditors | | | | |
| – Audit | **1,723** | 596 | **–** | – |
| – Regulatory related services* | **237** | 133 | **–** | – |
| – Other services | **81** | 7 | **–** | – |
| Depreciation of right-of-use assets (Note 19(i)(a))# | **111,046** | 110,802 | **85,375** | 83,291 |
| Depreciation of property and equipment (Note 20)@ | **210,264** | 221,491 | **132,524** | 144,455 |
| Amortisation of intangible assets (Note 21) | **49,721** | 4,638 | **–** | – |
| Direct operating expenses of investment properties that: | | | | |
| – generated rental income | **6,191** | 7,517 | **–** | – |
| Directors' remuneration (Note 39) | **107,142** | 87,028 | **69.479** | 63,584 |
| Pension costs | | | | |
| – defined contribution plan | **353,202** | 338,048 | **290,815** | 278,577 |
| – defined benefit plan (Note 12) | **85,798** | 83,967 | **83,667** | 82,300 |
| Property and equipment written off (Note 20) | **871** | 363 | **20** | 28 |

* Regulatory related services include limited review, validation review based on agreed-upon procedures, review of statement on risk management and internal control and etc.

# Included depreciation charge of RM7,031,000 (2024: RM575,000) of the Group which was deducted as direct expenses in the insurance service result.

@ Included depreciation charge of RM3,673,000 (2024: RM313,000) of the Group which was deducted as direct expenses in the insurance service result.

## 39. DIRECTORS' REMUNERATION

| | Group | | Bank | |
|---|---|---|---|---|
| | **2025 RM'000** | **2024 RM'000** | **2025 RM'000** | **2024 RM'000** |
| **Directors of the Bank:** | | | | |
| Executive Director/Chief Executive Officer: | | | | |
| Fees | **1,156** | 1,164 | **348** | 348 |
| Salary and other remuneration, including meeting allowances | **34,748** | 31,185 | **33,843** | 30,265 |
| Bonuses | **28,825** | 26,479 | **28,825** | 26,479 |
| Benefits-in-kind | **28** | 28 | **28** | 28 |
| | **64,757** | 58,856 | **63,044** | 57,120 |
| Non-Executive Directors: | | | | |
| Fees | **4,376** | 4,433 | **2,907** | 2,907 |
| Other remuneration | **4,540** | 4,521 | **3,556** | 3,585 |
| | **8,916** | 8,954 | **6,463** | 6,492 |
| **Directors of subsidiary companies:** | | | | |
| Executive Directors: | | | | |
| Fees | **1,099** | 761 | **–** | – |
| Salary and other remuneration, including meeting allowances | **13,185** | 7,196 | **–** | – |
| Bonuses | **7,829** | 3,063 | **–** | – |
| Benefits-in-kind | **840** | 781 | **–** | – |
| | **22,953** | 11,801 | **–** | – |
| Non-Executive Directors: | | | | |
| Fees | **5,532** | 3,577 | **–** | – |
| Other remuneration | **5,852** | 4,649 | **–** | – |
| | **11,384** | 8,226 | **–** | – |
| Grand total | **108,010** | 87,837 | **69,507** | 63,612 |
| Total (excluding benefits-in-kind) (Note 38) | **107,142** | 87,028 | **69,479** | 63,584 |

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## 39. DIRECTORS' REMUNERATION (CONTINUED)

The total remuneration (including benefits-in-kind) of the Directors of the Bank are as follows:

| | Remuneration Received from the Bank | | | | | | Remuneration Received from Subsidiary Companies | | |
|---|---|---|---|---|---|---|---|---|---|
| 2025 | Salary RM'000 | Fees RM'000 | Bonus RM'000 | Other Emoluments RM'000 | Benefits-in-kind RM'000 | Bank Total RM'000 | Fees RM'000 | Other Emoluments RM'000 | Group Total RM'000 |
| Executive Director: | | | | | | | | | |
| Tan Sri Dato' Sri (Dr) Tay Ah Lek | 22,118 | 348 | 28,825 | 11,725 | 28 | 63,044 | 808 | 905 | 64,757 |
| Non-Executive Directors: | | | | | | | | | |
| Mr Lai Wan | – | 471 | – | 666 | – | 1,137 | 296 | – | 1,433 |
| Ms Cheah Kim Ling | – | 348 | – | 272 | – | 620 | – | 171 | 791 |
| Mr Lee Chin Guan | – | 348 | – | 253 | – | 601 | 293 | 271 | 1,165 |
| Dato' Mohd Hanif bin Sher Mohamed | – | 348 | – | 574 | – | 922 | 300 | 281 | 1,503 |
| Ms Tham Chai Fhong | – | 348 | – | 439 | – | 787 | – | – | 787 |
| Mr Lim Chao Li | – | 348 | – | 444 | – | 792 | 280 | – | 1,072 |
| Ms Gladys Leong | – | 348 | – | 439 | – | 787 | 300 | 261 | 1,348 |
| Ms Teoh Meow Choo | – | 348 | – | 469 | – | 817 | – | – | 817 |
| | – | 2,907 | – | 3,556 | – | 6,463 | 1,469 | 984 | 8,916 |
| Total Directors' remuneration | 22,118 | 3,255 | 28,825 | 15,281 | 28 | 69,507 | 2,277 | 1,889 | 73,673 |

## 39. DIRECTORS' REMUNERATION (CONTINUED)

The total remuneration (including benefits-in-kind) of the Directors of the Bank are as follows (continued):

| | Remuneration Received from the Bank | | | | | | Remuneration Received from Subsidiary Companies | | |
|---|---|---|---|---|---|---|---|---|---|
| 2024 | Salary RM'000 | Fees RM'000 | Bonus RM'000 | Other Emoluments RM'000 | Benefits-in-kind RM'000 | Bank Total RM'000 | Fees RM'000 | Other Emoluments RM'000 | Group Total RM'000 |
| Executive Director: | | | | | | | | | |
| Tan Sri Dato' Sri (Dr) Tay Ah Lek | 19,354 | 348 | 26,479 | 10,911 | 28 | 57,120 | 816 | 920 | 58,856 |
| Non-Executive Directors: | | | | | | | | | |
| Mr Lai Wan | – | 471 | – | 665 | – | 1,136 | 315 | – | 1,451 |
| Ms Cheah Kim Ling | – | 348 | – | 276 | – | 624 | – | 155 | 779 |
| Mr Lee Chin Guan | – | 348 | – | 261 | – | 609 | 313 | 265 | 1,187 |
| Dato' Mohd Hanif bin Sher Mohamed | – | 348 | – | 572 | – | 920 | 300 | 267 | 1,487 |
| Ms Tham Chai Fhong | – | 348 | – | 447 | – | 795 | – | – | 795 |
| Mr Lim Chao Li | – | 348 | – | 449 | – | 797 | 298 | – | 1,095 |
| Ms Gladys Leong | – | 348 | – | 446 | – | 794 | 300 | 249 | 1,343 |
| Ms Teoh Meow Choo | – | 348 | – | 469 | – | 817 | – | – | 817 |
| | – | 2,907 | – | 3,585 | – | 6,492 | 1,526 | 936 | 8,954 |
| Total Directors' remuneration | 19,354 | 3,255 | 26,479 | 14,496 | 28 | 63,612 | 2,342 | 1,856 | 67,810 |

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## 40. ALLOWANCE/(WRITEBACK OF ALLOWANCE) FOR IMPAIRMENT ON LOANS, ADVANCES AND FINANCING

| | Group | | Bank | |
|---|---|---|---|---|
| | **2025 RM'000** | **2024 RM'000** | **2025 RM'000** | **2024 RM'000** |
| Expected credit losses ("ECL") made/(written back) on: | | | | |
| – Loans, advances and financing | **269,849** | 192,373 | **(62,273)** | (64,366) |
| – Loan/financing commitments and financial guarantees | **(96)** | 11,348 | **(1,281)** | 10,875 |
| | **269,753** | 203,721 | **(63,554)** | (53,491) |
| Impaired loans and financing written off | **197** | 120 | **194** | 114 |
| Impaired loans and financing recovered | **(203,120)** | (203,276) | **(112,181)** | (101,177) |
| | **66,830** | 565 | **(175,541)** | (154,554) |

Details of the management overlay are explained in Note 2(iii)(a)(ii) and (iii).

The breakdown of ECL made/(written back) are as follows:

| | Group | | Bank | |
|---|---|---|---|---|
| | **2025 RM'000** | **2024 RM'000** | **2025 RM'000** | **2024 RM'000** |
| Base ECL | **677,168** | 527,274 | **260,201** | 152,122 |
| Management overlay | **(407,415)** | (323,553) | **(323,755)** | (205,613) |
| Total ECL made/(written back) | **269,753** | 203,721 | **(63,554)** | (53,491) |

## 41. ALLOWANCE FOR IMPAIRMENT ON OTHER ASSETS

| | Group | | Bank | |
|---|---|---|---|---|
| | **2025 RM'000** | **2024 RM'000** | **2025 RM'000** | **2024 RM'000** |
| ECL (written back)/made on: | | | | |
| – Financial investments at fair value through other comprehensive income | | | | |
| – Debt instruments (Note 7) | **(2,657)** | (218) | **(355)** | (327) |
| – Financial investments at amortised cost | | | | |
| – Debt instruments (Note 8) | **289** | (55) | **77** | 194 |
| – Deposits and placements with banks and other financial institutions | **179** | (1,181) | **–** | – |
| Allowance made/(written back) on: | | | | |
| – Foreclosed properties | **11,330** | 19,270 | **9,529** | 16,068 |
| – Intangible assets (Note 21) | **–** | 473,761 | **–** | – |
| – Others | **3,649** | (66) | **–** | – |
| | **12,790** | 491,511 | **9,251** | 15,935 |

## 42. TAX EXPENSE AND ZAKAT

| | Group | | Bank | |
|---|---|---|---|---|
| | **2025 RM'000** | **2024 RM'000** | **2025 RM'000** | **2024 RM'000** |
| Malaysian income tax | **2,021,386** | 1,974,966 | **1,626,869** | 1,572,644 |
| Overseas income tax | **78,485** | 107,722 | **232** | 2,505 |
| | **2,099,871** | 2,082,688 | **1,627,101** | 1,575,149 |
| (Over)/Under provision in prior years | | | | |
| – Malaysian income tax | **(14,666)** | (161,683) | **(10,652)** | (160,567) |
| – Overseas income tax | **(8,752)** | (3,056) | **401** | (1,830) |
| | **2,076,453** | 1,917,949 | **1,616,850** | 1,412,752 |
| Deferred tax (Note 14) | | | | |
| – Relating to origination and reversal of temporary differences arising from: | | | | |
| – allowance for losses on loans/financing | **61,397** | 23,699 | **50,425** | 19,877 |
| – excess/(shortfall) of capital allowance over depreciation | **12,020** | (959) | **6,010** | (4,921) |
| – defined benefit plan | **311** | (564) | **356** | (569) |
| – other temporary differences | **(21,344)** | (54,113) | **(26,081)** | (31,139) |
| | **52,384** | (31,937) | **30,710** | (16,752) |
| – under provision | **4,207** | 21,532 | **4,103** | 7,010 |
| | **56,591** | (10,405) | **34,813** | (9,742) |
| Tax expense | **2,133,044** | 1,907,544 | **1,651,663** | 1,403,010 |
| Zakat | **2,700** | 5,021 | **–** | – |
| | **2,135,744** | 1,912,565 | **1,651,663** | 1,403,010 |

The Malaysian income tax is calculated at the statutory tax rate of 24% on the estimated chargeable profit for the financial year. The computation of deferred tax assets and deferred tax liabilities is also based on the statutory tax rate of 24% and has taken into account of capital gain tax on unquoted shares.

Tax in foreign jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

The Group has applied the exception to recognising and disclosing information about deferred tax assets and liabilities related to tax law enacted or substantively enacted to implement the Pillar Two income taxes for annual reporting periods beginning on or after 1 January 2023.

The Group's entities operate in jurisdictions where the Pillar Two legislation of certain countries have been enacted. The legislation had been effective for the Group's financial year beginning 1 January 2025.

The Group has been continuously performing assessment on the potential exposure of Pillar Two income taxes on the Group. Accordingly, the Group does not expect a material top-up tax exposure, without prejudice to the relevant administrative burdens that will entail its implementation.

# Notes to the Financial Statements

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## 42. TAX EXPENSE AND ZAKAT (CONTINUED)

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

| Group | % | 2025 RM'000 | % | 2024 RM'000 |
|---|---|---|---|---|
| Profit before tax expense | | **9,542,853** | | 8,931,629 |
| Income tax using Malaysian tax rate | **24.0** | **2,290,285** | 24.0 | 2,143,591 |
| Effects of different tax rates | **(0.3)** | **(29,571)** | 0.2 | 16,121 |
| Income not subject to tax | **(1.7)** | **(158,648)** | (2.6) | (235,944) |
| Effects of unrecognised benefit of tax losses | **–** | **337** | – | 601 |
| Expenses not deductible for tax purposes | **0.5** | **50,199** | 1.4 | 124,924 |
| Capital gain tax on unquoted shares | **–** | **(347)** | – | 1,458 |
| | **22.5** | **2,152,255** | 23.0 | 2,050,751 |
| Over provision in prior years | **(0.2)** | **(19,211)** | (1.6) | (143,207) |
| Tax expense for the year | **22.3** | **2,133,044** | 21.4 | 1,907,544 |

| Bank | % | 2025 RM'000 | % | 2024 RM'000 |
|---|---|---|---|---|
| Profit before tax expense | | **7,987,020** | | 7,324,234 |
| Income tax using Malaysian tax rate | **24.0** | **1,916,885** | 24.0 | 1,757,816 |
| Income not subject to tax | **(3.5)** | **(276,048)** | (3.3) | (242,176) |
| Expenses not deductible for tax purposes | **0.2** | **17,303** | 0.6 | 41,382 |
| Capital gain tax on unquoted shares | **–** | **(328)** | – | 1,375 |
| | **20.7** | **1,657,812** | 21.3 | 1,558,397 |
| Over provision in prior years | **(0.1)** | **(6,149)** | (2.1) | (155,387) |
| Tax expense for the year | **20.6** | **1,651,663** | 19.2 | 1,403,010 |

## 43. EARNINGS PER SHARE

### (a) Basic Earnings Per Share

The calculation of the basic earnings per share is based on the net profit attributable to equity holders of the Bank for the year divided by the weighted average number of ordinary shares in issue or issuable during the year, if any.

| | Group | |
|---|---|---|
| | **2025** | **2024** |
| Net profit attributable to equity holders of the Bank (RM'000) | **7,224,422** | 7,147,031 |
| '000 | | |
| Number of ordinary shares in issue at beginning of the year | **19,410,692** | 19,410,692 |
| Effects of treasury shares | **(97,260)** | (8,238) |
| Adjusted number of ordinary shares in issue or issuable at end of the year | **19,313,432** | 19,402,454 |
| Basic earnings per share (sen) | **37.41** | 36.84 |

### (b) Diluted Earnings Per Share

The Group and the Bank have no dilution in their earnings per ordinary share as there are no dilutive potential ordinary shares.

## 44. DIVIDENDS

| | Group and Bank | |
|---|---|---|
| | **2025 RM'000** | **2024 RM'000** |
| Dividends recognised as distribution to ordinary equity holders of the Bank: | | |
| First interim dividend of 10.5 sen (2024 – 10.0 sen) in respect of the financial year ended 31 December 2025 | **2,038,123** | 1,941,069 |
| Second interim dividend of 11.0 sen (2023 – 10.0 sen) in respect of the financial year ended 31 December 2024 | **2,135,176** | 1,941,069 |
| Dividends recognised as distribution at Bank | **4,173,299** | 3,882,138 |
| Less: Dividend attributable to treasury shares | **(20,911)** | – |
| Dividends recognised as distribution at Group | **4,152,388** | 3,882,138 |

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## 44. DIVIDENDS (CONTINUED)

Subsequent to the financial year end, on 25 February 2026, the Directors declared a second interim dividend of 12.0 sen per share, with the total amounting to approximately RM2,329,283,008 computed based on 19,410,691,735 ordinary shares in respect of the financial year ended 31 December 2025. The financial statements for the current financial year do not reflect these dividends. Upon declaration, the dividend payment will be accounted for in equity as an appropriation of retained earnings during the financial year ending 31 December 2026. The Directors do not propose any final dividend in respect of the financial year ended 31 December 2025.

Accordingly, based on the above, the dividend declared per share for each financial year are as follows:

| | Group and Bank Dividend per share | |
|---|---|---|
| | **2025 Sen** | **2024 Sen** |
| Dividends per ordinary share: | | |
| Paid: | | |
| First interim dividend | **10.5** | 10.0 |
| Declared subsequent to the financial year end: | | |
| Second interim dividend | **12.0** | 11.0 |
| | **22.5** | 21.0 |

## 45. RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions, or if one other party controls both. The related parties of the Group and of the Bank are:

**(i) Collective Investments**
Collective investments are those investments as disclosed in Note 15.

**(ii) Subsidiary Companies**
Details of the subsidiary companies are shown in Note 16.

**(iii) Associated Companies**
Associated companies are those entities in which the Group has significant influence but not control, as disclosed in Note 17.

**(iv) Key Management Personnel and the Close Members of His/Her Family**
Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group and of the Bank either directly or indirectly. The key management personnel of the Group and of the Bank include Executive Director and Non-Executive Directors of the Bank, chief executive officers of major subsidiary companies of the Bank and certain key members of senior management of the Bank and its major subsidiary companies.

**(v) Public Bank Group Officers' Retirement Benefits Fund**
Details of the retirement benefits fund are shown in Note 12.

**(vi) Companies in which Certain Directors Have Substantial Financial Interest**
These are entities in which significant voting power in such entities directly or indirectly resides with certain Directors of the Bank.

All related party transactions are conducted on normal commercial terms which are no more favourable than those generally available to the public.

## 45. RELATED PARTY TRANSACTIONS (CONTINUED)

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

| Group | Key Management Personnel* | | Companies in which Certain Directors have Substantial Interest | | Public Bank Group Officers' Retirement Benefits Fund | |
|---|---|---|---|---|---|---|
| | 2025 RM'000 | 2024 RM'000 | 2025 RM'000 | 2024 RM'000 | 2025 RM'000 | 2024 RM'000 |
| **Income earned:** | | | | | | |
| Interest on loans, advances and financing | **399** | 435 | **2,761** | 3,054 | **42,580** | 47,509 |
| Insurance premiums | **–** | – | **–** | – | **588** | – |
| Brokerage income | **124** | 104 | **–** | – | **–** | 7 |
| Fee income | **–** | – | **101** | 107 | **10** | 10 |
| | **523** | 539 | **2,862** | 3,161 | **43,178** | 47,526 |
| **Expenditure incurred:** | | | | | | |
| Interest on deposits | **17,990** | 13,632 | **–** | – | **–** | – |
| Interest on investment products | **90** | – | **–** | – | **–** | – |
| Rental of premises^ | **–** | – | **–** | – | **46,929** | 45,708 |
| Others | **40** | – | **–** | – | **–** | – |
| | **18,120** | 13,632 | **–** | – | **46,929** | 45,708 |

* Included transactions with close members of the key management personnel's family.

^ This amount represents actual rental of premises incurred by the Group.

The table above includes the following transactions of the Group with the Directors of the Bank (including close members of their families):

i) interest on deposits of RM13,984,000 (2024 – RM11,139,000); and
ii) interest on loans, advances and financing of RM55,000 (2024 – RM60,000).

Transactions between the Bank and its subsidiary companies and collective investments are eliminated at Group level upon consolidation.

# Notes to the Financial Statements

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## 45. RELATED PARTY TRANSACTIONS (CONTINUED)

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

| Bank | Collective Investments | | Subsidiary Companies | | Key Management Personnel* | | Companies in which Certain Directors have Substantial Interest | | Public Bank Group Officers' Retirement Benefits Fund | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 2025 RM'000 | 2024 RM'000 | 2025 RM'000 | 2024 RM'000 | 2025 RM'000 | 2024 RM'000 | 2025 RM'000 | 2024 RM'000 | 2025 RM'000 | 2024 RM'000 |
| **Income earned:** | | | | | | | | | | |
| Interest on interbank lending and money market instruments held | – | – | **153,792** | 143,219 | – | – | – | – | – | – |
| Interest on loans and advances | – | – | **38,514** | 30,323 | **246** | 239 | **1,300** | 1,534 | **42,580** | 47,509 |
| Dividend/Distribution income (Note 37) | **233,450** | 238,083 | **908,554** | 697,373 | – | – | – | – | – | – |
| Cost of resource sharing charged (Note 38) | – | – | **627,357** | 578,928 | – | – | – | – | – | – |
| Commission income | – | – | **262,159** | 178,073 | – | – | – | – | – | – |
| Rental income | – | – | **1,556** | 1,556 | – | – | – | – | – | – |
| Others | – | – | **20,045** | 17,775 | – | – | – | – | – | – |
| | **233,450** | 238,083 | **2,011,977** | 1,647,247 | **246** | 239 | **1,300** | 1,534 | **42,580** | 47,509 |
| **Expenditure incurred:** | | | | | | | | | | |
| Interest on deposits | **71,035** | 54,423 | **280,804** | 243,090 | **16,624** | 13,062 | – | – | – | – |
| Interest rate swaps | – | – | **3,810** | 2,320 | – | – | – | – | – | – |
| Interest on debt securities issued | – | – | **1,452** | 122 | – | – | – | – | – | – |
| Interest on investment products | – | – | – | – | **37** | – | – | – | – | – |
| Rental of premises^ | – | – | **35,675** | 33,898 | – | – | – | – | **43,880** | 42,789 |
| Insurance premiums | – | – | **28,856** | 5 | – | – | – | – | – | – |
| Fee and commission expense | – | – | **4,839** | 4,806 | – | – | – | – | – | – |
| Professional fees | – | – | **1,590** | 3,300 | – | – | – | – | – | – |
| Building maintenance | – | – | **3,827** | 3,680 | – | – | – | – | – | – |
| | **71,035** | 54,423 | **360,853** | 291,221 | **16,661** | 13,062 | – | – | **43,880** | 42,789 |

* Included transactions with close members of the key management personnel's family.

^ This amount represents actual rental of premises incurred by the Bank.

The table above includes the following transactions of the Bank with its Directors (including close members of their families):

i) interest on deposits of RM13,723,000 (2024 – RM11,049,000); and
ii) interest on loans and advances of RM55,000 (2024 – RM60,000).

## 45. RELATED PARTY TRANSACTIONS (CONTINUED)

(b) The significant outstanding balances of the Group and of the Bank with its related parties are as follows:

| Group<br>31 December 2025 | Associated Companies RM'000 | Key Management Personnel* RM'000 | Companies in which Certain Directors have Substantial Interest RM'000 | Public Bank Group Officers' Retirement Benefits Fund RM'000 |
|---|---|---|---|---|
| **Amount due from related parties** | | | | |
| Loans, advances and financing | – | **15,833** | **53,815** | **1,114,538** |
| Rental deposits | – | – | – | **11,855** |
| | – | **15,833** | **53,815** | **1,126,393** |
| **Amount due to related parties** | | | | |
| Demand deposits | **41,887** | **7,911** | **789** | **449** |
| Term deposits | **121,810** | **494,998** | – | **32** |
| Investment products | – | **11,064** | – | – |
| Others | **9** | – | – | – |
| | **163,706** | **513,973** | **789** | **481** |
| **Commitments and contingencies** | | | | |
| Commitments | – | **6,453** | – | **290,462** |
| | – | **6,453** | – | **290,462** |

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## 45. RELATED PARTY TRANSACTIONS (CONTINUED)

(b) The significant outstanding balances of the Group and of the Bank with its related parties are as follows (continued):

| Group<br>31 December 2024 | Associated Companies RM'000 | Key Management Personnel* RM'000 | Companies in which Certain Directors have Substantial Interest RM'000 | Public Bank Group Officers' Retirement Benefits Fund RM'000 |
|---|---|---|---|---|
| **Amount due from related parties** | | | | |
| Loans, advances and financing | – | 16,287 | 59,039 | 1,231,449 |
| Rental deposits | – | – | – | 11,507 |
| | – | 16,287 | 59,039 | 1,242,956 |
| **Amount due to related parties** | | | | |
| Demand deposits | 38,609 | 12,822 | 577 | 822 |
| Term deposits | 104,990 | 471,652 | – | 28 |
| Investment products | – | 1,298 | – | – |
| Others | 17 | – | – | 9 |
| | 143,616 | 485,772 | 577 | 859 |
| **Commitments and contingencies** | | | | |
| Commitments | – | 4,976 | – | 767,444 |
| | – | 4,976 | – | 767,444 |

* Included transactions with close members of the key management personnel's family.

The tables above include the following outstanding balances of the Group with the Directors of the Bank (including close members of their families):
i) demand deposits and term deposits of RM380,786,000 (2024 – RM365,025,000); and
ii) loans, advances and financing of RM1,192,000 (2024 – RM1,337,000).

Balances between the Bank and its subsidiary companies and collective investments are eliminated at Group level upon consolidation.

## 45. RELATED PARTY TRANSACTIONS (CONTINUED)

(b) The significant outstanding balances of the Group and of the Bank with its related parties are as follows (continued):

| Bank<br>31 December 2025 | Collective Investments RM'000 | Subsidiary Companies RM'000 | Key Management Personnel* RM'000 | Companies in which Certain Directors have Substantial Interest RM'000 | Public Bank Group Officers' Retirement Benefits Fund RM'000 |
|---|---|---|---|---|---|
| **Amount due from related parties** | | | | | |
| Interbank lending | – | **2,446,657** | – | – | – |
| Derivative financial assets | – | **10,526** | – | – | – |
| Loans and advances | – | **1,001,986** | **10,436** | **23,815** | **1,114,538** |
| Money market instruments held | – | **1,417,107** | – | – | – |
| Dividend/Distribution receivable (Note 11) | **35,510** | **585,276** | – | – | – |
| Rental deposits | – | **37,163** | – | – | **11,103** |
| Interest receivable | – | **2,448** | – | – | – |
| Others | – | **1,258** | – | – | – |
| | **35,510** | **5,502,421** | **10,436** | **23,815** | **1,125,641** |
| **Amount due to related parties** | | | | | |
| Demand deposits | **101** | **72,541** | **7,272** | **789** | **449** |
| Term deposits | **2,351,818** | **886,643** | **457,854** | – | **32** |
| Investment products | – | – | **9,246** | – | – |
| Debt securities issued | – | **35,000** | – | – | – |
| Interbank borrowing | – | **6,804,986** | – | – | – |
| Derivative financial liabilities | – | **4,188** | – | – | – |
| Interest payable | **17,648** | **37,630** | – | – | – |
| Others | – | **389** | – | – | – |
| | **2,369,567** | **7,841,377** | **474,372** | **789** | **481** |
| **Commitments and contingencies** | | | | | |
| Contingent liabilities | – | **44,164** | – | – | – |
| Commitments | – | **769,414** | **5,429** | – | **290,462** |
| | – | **813,578** | **5,429** | – | **290,462** |

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## 45. RELATED PARTY TRANSACTIONS (CONTINUED)

(b) The significant outstanding balances of the Group and of the Bank with its related parties are as follows (continued):

| Bank<br>31 December 2024 | Collective Investments RM'000 | Subsidiary Companies RM'000 | Key Management Personnel* RM'000 | Companies in which Certain Directors have Substantial Interest RM'000 | Public Bank Group Officers' Retirement Benefits Fund RM'000 |
|---|---|---|---|---|---|
| **Amount due from related parties** | | | | | |
| Interbank lending | – | 2,199,559 | – | – | – |
| Derivative financial assets | – | 12,026 | – | – | – |
| Loans and advances | – | 691,646 | 9,896 | 29,039 | 1,231,449 |
| Money market instruments held | – | 2,443,110 | – | – | – |
| Dividend/Distribution receivable (Note 11) | 35,237 | 549,300 | – | – | – |
| Rental deposits | – | 37,087 | – | – | 10,775 |
| Interest receivable | – | 2,327 | – | – | – |
| Others | – | 828 | – | – | – |
| | 35,237 | 5,935,883 | 9,896 | 29,039 | 1,242,224 |
| **Amount due to related parties** | | | | | |
| Demand deposits | 101 | 82,465 | 10,136 | 577 | 822 |
| Term deposits | 1,615,844 | 752,954 | 431,457 | – | 28 |
| Investment products | – | – | 1,287 | – | – |
| Debt securities issued | – | 35,000 | – | – | – |
| Interbank borrowing | – | 5,854,867 | – | – | – |
| Derivative financial liabilities | – | 19,924 | – | – | – |
| Interest payable | 14,462 | 28,286 | – | – | – |
| Others | – | 389 | – | – | – |
| | 1,630,407 | 6,773,885 | 442,880 | 577 | 850 |
| **Commitments and contingencies** | | | | | |
| Contingent liabilities | – | 62,123 | – | – | – |
| Commitments | – | 999,910 | 3,764 | – | 767,444 |
| | – | 1,062,033 | 3,764 | – | 767,444 |

* Included transactions with close members of the key management personnel's family.

The tables above include the following outstanding balances of the Bank with its Directors (including close members of their families):

i) demand deposits and term deposits of RM375,511,000 (2024 – RM356,550,000); and

ii) loans and advances of RM1,192,000 (2024 – RM1,337,000).

## 45. RELATED PARTY TRANSACTIONS (CONTINUED)

(c) Loans, advances and financing granted to the Directors of the Bank and other key management personnel of the Group and of the Bank are on similar terms and conditions generally available to other employees within the Group.

None of the loans, advances and financing granted to key management personnel (2024 – None) are impaired.

(d) Key Management Personnel Compensation

The remuneration of Directors and other members of key management during the year are as follows:

| | Group | | Bank | |
|---|---|---|---|---|
| | **2025 RM'000** | **2024 RM'000** | **2025 RM'000** | **2024 RM'000** |
| Employee benefits: | | | | |
| Fees | **5,529** | 5,597 | **3,252** | 3,255 |
| Salary and other remuneration, including meeting allowances | **153,138** | 135,458 | **133,518** | 120,526 |
| Benefits-in-kind | **1,029** | 1,080 | **229** | 216 |
| Post-employment benefits: | | | | |
| Defined contribution plan | **21,250** | 18,713 | **19,265** | 17,354 |
| Annual service cost | **946** | 902 | **826** | 775 |
| | **181,892** | 161,750 | **157,090** | 142,126 |

Included in the total key management personnel compensation are:

| | Group | | Bank | |
|---|---|---|---|---|
| | **2025 RM'000** | **2024 RM'000** | **2025 RM'000** | **2024 RM'000** |
| Directors' remuneration including benefits-in-kind | | | | |
| – Directors of the Bank (Note 39) | **73,673** | 67,810 | **69,507** | 63,612 |

# Notes to the Financial Statements

– 31 December 2025

## 46. CREDIT TRANSACTIONS AND EXPOSURES WITH CONNECTED PARTIES

| | Group | | Bank | |
|---|---|---|---|---|
| | **2025 RM'000** | **2024 RM'000** | **2025 RM'000** | **2024 RM'000** |
| Outstanding credit exposures with connected parties | **6,707,786** | 6,238,007 | **6,647,003** | 6,228,190 |
| of which: | | | | |
| Total credit exposures which are impaired or in default | **170** | 257 | **170** | 15 |
| Total credit exposures | **488,995,692** | 466,006,202 | **364,925,132** | 347,586,746 |
| Percentage of outstanding credit exposures to connected parties | | | | |
| – as a proportion of total credit exposures | **1.37%** | 1.34% | **1.82%** | 1.79% |
| – as a proportion of total capital | **10.55%** | 10.14% | **14.85%** | 14.54% |
| – which is impaired or in default | **0.00%** | 0.00% | **0.00%** | 0.00% |

The disclosure on Credit Transactions and Exposures with Connected Parties above is presented in accordance with Para. 9.1 of Bank Negara Malaysia's revised Guidelines on Credit Transactions and Exposures with Connected Parties.

Based on these guidelines, a connected party refers to any of the following:

(i) Directors of the Bank and their close relatives;
(ii) Controlling shareholder and his close relatives;
(iii) Influential shareholder and his close relatives;
(iv) Executive officer, being a member of management having authority and responsibility for planning, directing and/or controlling the activities of the Bank, and his close relatives;
(v) Officers who are responsible for or have the authority to appraise and/or approve credit transactions or review the status of existing credit transactions, either as a member of a committee or individually, and their close relatives;
(vi) Firms, partnerships, companies or any legal entities which control, or are controlled by any person listed in (i) to (v) above, or in which they have an interest, as a director, partner, executive officer, agent or guarantor, and their subsidiaries or entities controlled by them;
(vii) Any person for whom the persons listed in (i) to (v) above is a guarantor; and
(viii) Subsidiary of or an entity controlled by the Bank and its connected parties.

Credit transactions and exposures with connected parties as disclosed above include the extension of credit facilities and/or off-balance sheet credit exposures such as guarantees, trade-related facilities and loan commitments. It also includes holdings of equities and private debt securities issued by the connected parties.

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

## 47. FINANCIAL RISK MANAGEMENT

### Overview

The Group's business activities involve the use of financial instruments, including derivatives. These activities expose the Group to a variety of financial risks, mainly credit risk, market risk, and liquidity and funding risk.

The Group's financial risk management is underpinned by the Group's risk appetite and is subject to the Board of Directors' oversight, through the Risk Management Committee ("RMC"), a Board Committee, which oversees the establishment of enterprise-wide risk management policies and processes. The RMC is assisted by the specific risk oversight committees and working group which are the Assets & Liabilities Management Committee ("ALCO"), the Credit Risk Management Committee ("CRMC"), the Operational Risk Management Committee ("ORMC") and the Internal Capital Adequacy Assessment Process ("ICAAP") Working Group.

### Credit Risk

Credit risk is the potential loss of revenue as a result of failure by the customers or counterparties to meet their contractual financial obligations. As the Group's primary business is in commercial banking, the Group's exposure to credit risk is primarily from its lending and financing to retail consumers, small and medium enterprises ("SMEs") and corporate customers. Trading activities and investing the surplus funds of the Group, such as trading or holding of debt securities, deposit placements, settlement of transactions, also expose the Group to credit risk and counterparty credit risk ("CCR").

Risk Governance

The CRMC supports the RMC in credit risk management oversight. The CRMC reviews the Group's credit risk frameworks and policies, credit profile of the credit portfolios and recommends necessary actions to ensure that the credit risk remains within established risk tolerance level.

Risk Management Approach

The Group's credit risk management includes the establishment of comprehensive credit risk policies, guidelines and procedures which document the Group's lending standards, discretionary power for loans approval, credit risk rating, acceptable collateral and valuation, and the review, rehabilitation and restructuring of problematic and delinquent loans. The credit policies, guidelines and procedures are periodically reviewed to ensure their continued relevance.

Within the Risk Management Division ("RMD"), the Credit Risk Management Department has functional responsibility for credit risk management which includes formulating and reviewing group-wide credit risk policies, guidelines and procedures. Other independent risk management and control units are responsible for managing the credit portfolios and ensuring the credit risk policies are implemented and complied with.

The management of credit risk starts with experienced key personnel appointed to the Credit Committee. The Credit Committee approves major credit decisions, guidelines and procedures to manage, control and monitor credit risk. Loan applications of significant amounts and/or higher risk exposure are approved at Head Office or by the Credit Committee while experienced senior credit officers at branches are given authority to approve loans with lower risk exposure. The Board of Directors of the respective entities has the authority to reject or modify the terms and conditions of loans which have been approved by the Credit Committee. The credit approving authorities are assigned discretionary powers based on their seniority and track record.

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– 31 December 2025

## 47. FINANCIAL RISK MANAGEMENT (CONTINUED)

**Credit Risk (continued)**

Risk Management Approach (continued)

(a) Lending to Retail Consumers and SMEs

The credit granting to retail consumers and SMEs is individually underwritten, which amongst others, includes the assessment of the historical repayment track record and the current repayment capacity of the customer as well as the business condition and prospect. The credit assessment is assisted by the internal credit risk rating scoresheet. The credit approving authorities have the responsibility to ensure that credit risk is properly assessed and all crucial credit information of the customer is included in the customer's loan application.

(b) Lending to Corporate and Institutional Customers

The credit granting to corporate and institutional customers is individually underwritten and risk-rated through the use of an internal or external credit risk rating scoresheet. Credit officers identify and assess the credit risk of large corporate or institutional customers, or customer groups, taking into consideration their financial and business profiles, industry and economic factors, collateral, or other credit support such as standby letters of credit or bank guarantees.

(c) Credit Risk from Trading and Investment Activities

The management of the credit risk arising from the Group's trading or investing its surplus funds is primarily via the setting of issuers' credit limits which are specifically approved by the relevant approving authorities. In addition, the investment in debt securities are subject to the minimum investment grade, minimum acceptable return and the maximum tenures and these investment parameters are subject to regular review. The holdings of Collateralised Debt Obligations ("CDO") or Collateralised Loan Obligations ("CLO") require the specific approval of the Board of Directors. As at the reporting date, the Group does not have any direct or indirect exposure to asset-backed securities, CDO or CLO and does not participate in any securitisation deals.

(d) Counterparty Credit Risk on Derivative Financial Instruments

CCR on derivative financial instruments is the risk that the Group's counterparty in a foreign exchange, interest rate, commodity, equity, option or credit derivative contract defaults prior to maturity date of the contract and that the Group, at the relevant time, has a claim on the counterparty. Derivative financial instruments are primarily entered into for hedging purposes.

Unlike on-balance sheet financial instruments, the Group's financial loss is not the entire contracted notional principal value of the derivatives, but equivalent to the cost to replace the defaulted derivative financial instruments with another similar contract. The Group will only suffer losses if the contract carries a positive economic value at time of default.

The CCR arising from all derivative financial instruments is managed via the establishment of credit exposure limits and daily settlement limits for each counterparty. Where possible, Over-the-Counter ("OTC") derivative financial instruments, especially Interest Rate Swaps and Options are transacted under master agreements, International Swaps and Derivatives Association ("ISDA") and Credit Support Annex ("CSA") agreements. ISDA allows for the close-out netting in the event of default by a counterparty and CSA provides credit protection with the requirements to post collateral, usually in the form of cash or government securities upon any excess over the threshold levels.

All outstanding financial derivative positions are marked-to-market on a daily basis. Treasury Control & Processing Department monitors counterparties' positions and promptly follows up with the requirements to post collateral upon any excess over the threshold levels.

Where possible, the Group settles its OTC derivatives via the Payment-versus-Payment ("PVP") settlement method to further reduce settlement risk. For derivative financial instruments where the PVP settlement method is not possible, the Group establishes settlement limits through the Group's credit approval process.

## 47. FINANCIAL RISK MANAGEMENT (CONTINUED)

**Credit Risk (continued)**

Risk Management Approach (continued)

(d) Counterparty Credit Risk on Derivative Financial Instruments (continued)

Proposition of counterparty limits to financial institutions by the business units are independently assessed and evaluated by RMD before approval is granted by the relevant approving party. The Independent Credit Review ("ICR") Team within RMD provides independent evaluation on retail business and corporate loans selected through risk based approach. Periodical review/assessment of various industries commensurating with the Bank's assets profiles are also being carried out by the ICR Team.

Post approval reviews are performed regularly to complement risk identification as well as to evaluate the quality of credit appraisals and the competency of credit personnel. Various credit risk analytics are performed periodically to identify key risk characteristics and to risk profile the credit portfolio. In addition, comprehensive assessment on emerging risk is conducted to assess the impact of the risk on the Bank's portfolio as well as establishing appropriate measures to mitigate the risk. Internal risk management reports are presented to the Credit Committee, CRMC and RMC, containing information on asset quality trends across major credit portfolios, results of the credit profiling conducted, emerging risk assessment, significant credit exposures to connected parties and credit concentration by economic sectors and by large single customers. Such information allows senior management, Credit Committee, CRMC and RMC to identify adverse credit trends, take corrective actions and formulate business strategies.

There have been no changes to the process for managing credit risk and the methods used to measure credit risk.

(i) Credit Risk Exposures and Credit Concentration Risk

The following tables present the Group's and the Bank's maximum exposure to credit risk of on-balance sheet and off-balance sheet financial instruments, without taking into account of any collateral held or other credit enhancements. For on-balance sheet exposures, the maximum exposure to credit risk equals their carrying amount. For financial guarantees, the maximum exposure to credit risk is the full amount that the Group or the Bank would have to pay if the obligations for which the instruments issued are called upon. For credit commitments, the maximum exposure to credit risk is the full amount of the undrawn credit granted to customers.

Credit concentration risk arises from excessive exposures to any single exposure or group of exposure or sector that will potentially result in losses which are large enough to undermine the health of the Group and of the Bank. To manage these large exposures and to avoid any undue credit concentration risk, the Group has emplaced internal exposure limits expressed as a percentage of the Group's capital.

By Industry Analysis

The analysis of credit concentration risk presented below relates only to financial assets subject to credit risk and are based on the industry in which the counterparties are engaged (for non-individual counterparties) or the economic purpose of the credit exposure (for individuals). The exposures to credit risk are presented without taking into account any collateral held or other credit enhancements.

# Notes to the Financial Statements
– 31 December 2025

## 47. FINANCIAL RISK MANAGEMENT (CONTINUED)

### Credit Risk (continued)

Risk Management Approach (continued)

(i) Credit Risk Exposures and Credit Concentration Risk (continued)

By Industry Analysis (continued)

| Group<br>31 December 2025 | Government and Central Banks RM'000 | Financial Services RM'000 | Transport and Business Services RM'000 | Agriculture, Manufacturing, Wholesale & Retail Trade RM'000 | Construction & Real Estate RM'000 | Residential Mortgages RM'000 | Motor Vehicle Financing RM'000 | Other Consumer Loans RM'000 | Total RM'000 |
|---|---|---|---|---|---|---|---|---|---|
| **On-Balance Sheet Exposures** | | | | | | | | | |
| Cash and balances with banks (Gross) | 2,530,082 | 14,299,651 | – | – | – | – | – | – | 16,829,733 |
| Reverse repurchase agreements | 1,642 | – | – | – | – | – | – | – | 1,642 |
| Financial assets at fair value through profit or loss | | | | | | | | | |
| – Government securities and treasury bills | 1,090,367 | – | – | – | – | – | – | – | 1,090,367 |
| – Money market instruments | – | 1,044,829 | – | – | – | – | – | – | 1,044,829 |
| – Non-money market instruments* | – | 248,095 | 10,219 | 20,337 | 15,279 | – | – | – | 293,930 |
| Derivative financial assets | – | 224,574 | – | – | – | – | – | – | 224,574 |
| Financial investments at fair value through other comprehensive income | | | | | | | | | |
| – Government securities and treasury bills | 43,186,337 | – | – | – | – | – | – | – | 43,186,337 |
| – Money market instruments | – | 1,193,351 | – | – | – | – | – | – | 1,193,351 |
| – Non-money market instruments# | 174,768 | 3,563,428 | 477,834 | 1,004,672 | 48,958 | – | – | – | 5,269,660 |
| Financial investments at amortised cost (Gross) | | | | | | | | | |
| – Government securities and treasury bills | 18,401,856 | – | – | – | – | – | – | – | 18,401,856 |
| – Money market instruments | – | 1,267,444 | – | – | – | – | – | – | 1,267,444 |
| – Non-money market instruments | 176,209 | 9,702,126 | 405,155 | 514,316 | 358,981 | – | – | – | 11,156,787 |
| Gross loans, advances and financing | | | | | | | | | |
| – Retail loans/financing | | | | | | | | | |
| – housing loans/financing | – | – | – | – | 22,997 | 182,546,183 | – | 12,618 | 182,581,798 |
| – hire purchase | 1,345 | 69,190 | 3,068,839 | 6,870,887 | 2,726,638 | – | 69,680,921 | 114 | 82,417,934 |
| – credit cards | 155 | 13,964 | 24,364 | 75,223 | 17,454 | – | – | 3,233,347 | 3,364,507 |
| – other loans/financing | 18,028 | 351,722 | 6,446,366 | 40,019,671 | 24,368,369 | 9,107,849 | 248,452 | 47,608,526 | 128,168,983 |
| – Corporate loans/financing | 1,016,666 | 19,813,214 | 2,309,253 | 9,920,899 | 14,848,832 | 27,064 | – | 1,288,928 | 49,224,856 |
| Statutory deposits with Central Banks | 4,441,274 | – | – | – | – | – | – | – | 4,441,274 |
| | 71,038,729 | 51,791,588 | 12,742,030 | 58,426,005 | 42,407,508 | 191,681,096 | 69,929,373 | 52,143,533 | 550,159,862 |
| **Commitments and Contingencies** | | | | | | | | | |
| Contingent liabilities | 5,531 | 17,880 | 2,395,212 | 1,438,122 | 2,427,230 | – | – | 73,059 | 6,357,034 |
| Commitments | 303,047 | 1,659,164 | 5,380,111 | 17,333,764 | 11,894,376 | 21,797,078 | 17,070 | 23,280,722 | 81,665,332 |
| | 308,578 | 1,677,044 | 7,775,323 | 18,771,886 | 14,321,606 | 21,797,078 | 17,070 | 23,353,781 | 88,022,366 |
| **Total Credit Exposures** | 71,347,307 | 53,468,632 | 20,517,353 | 77,197,891 | 56,729,114 | 213,478,174 | 69,946,443 | 75,497,314 | 638,182,228 |

## 47. FINANCIAL RISK MANAGEMENT (CONTINUED)

### Credit Risk (continued)

Risk Management Approach (continued)

(i) Credit Risk Exposures and Credit Concentration Risk (continued)

By Industry Analysis (continued)

| Group<br>31 December 2024 | Government and Central Banks RM'000 | Financial Services RM'000 | Transport and Business Services RM'000 | Agriculture, Manufacturing, Wholesale & Retail Trade RM'000 | Construction & Real Estate RM'000 | Residential Mortgages RM'000 | Motor Vehicle Financing RM'000 | Other Consumer Loans RM'000 | Total RM'000 |
|---|---|---|---|---|---|---|---|---|---|
| **On-Balance Sheet Exposures** | | | | | | | | | |
| Cash and balances with banks (Gross) | 1,369,447 | 14,100,439 | – | – | – | – | – | – | 15,469,886 |
| Reverse repurchase agreements | 6,103 | – | – | – | – | – | – | – | 6,103 |
| Financial assets at fair value through profit or loss | | | | | | | | | |
| – Government securities and treasury bills | 1,167,418 | – | – | – | – | – | – | – | 1,167,418 |
| – Money market instruments | – | 993,555 | – | – | – | – | – | – | 993,555 |
| – Non-money market instruments* | – | 276,784 | 10,233 | 25,154 | 14,994 | – | – | – | 327,165 |
| Derivative financial assets | – | 568,069 | – | – | – | – | – | – | 568,069 |
| Financial investments at fair value through other comprehensive income | | | | | | | | | |
| – Government securities and treasury bills | 47,170,987 | – | – | – | – | – | – | – | 47,170,987 |
| – Money market instruments | – | 773,354 | – | – | – | – | – | – | 773,354 |
| – Non-money market instruments# | 40,711 | 4,238,708 | 202,569 | 1,029,109 | 11,965 | – | – | – | 5,523,062 |
| Financial investments at amortised cost (Gross) | | | | | | | | | |
| – Government securities and treasury bills | 17,142,631 | – | – | – | – | – | – | – | 17,142,631 |
| – Money market instruments | – | 1,363,291 | – | – | – | – | – | – | 1,363,291 |
| – Non-money market instruments | 75,445 | 9,106,070 | 354,556 | 423,764 | 542,237 | – | – | – | 10,502,072 |
| Gross loans, advances and financing | | | | | | | | | |
| – Retail loans/financing | | | | | | | | | |
| – housing loans/financing | – | – | – | – | – | 172,451,073 | – | 41,783 | 172,492,856 |
| – hire purchase | 572 | 61,063 | 2,858,137 | 6,760,169 | 2,589,789 | – | 63,037,575 | – | 75,307,305 |
| – credit cards | 156 | 7,436 | 20,200 | 58,251 | 11,654 | – | – | 2,984,445 | 3,082,142 |
| – other loans/financing | 20,024 | 311,567 | 6,010,458 | 37,428,018 | 23,114,569 | 9,165,103 | 307,645 | 45,482,541 | 121,839,925 |
| – Corporate loans/financing | 2,017,514 | 19,915,106 | 2,069,016 | 9,429,144 | 15,489,350 | 38,099 | – | 2,490,514 | 51,448,743 |
| Statutory deposits with Central Banks | 7,650,252 | – | – | – | – | – | – | – | 7,650,252 |
| | 76,661,260 | 51,715,442 | 11,525,169 | 55,153,609 | 41,774,558 | 181,654,275 | 63,345,220 | 50,999,283 | 532,828,816 |
| **Commitments and Contingencies** | | | | | | | | | |
| Contingent liabilities | 5,693 | 21,657 | 455,015 | 1,345,057 | 1,593,600 | – | – | 14,260 | 3,435,282 |
| Commitments | 128,072 | 1,703,318 | 3,520,527 | 16,259,104 | 9,297,291 | 20,218,658 | 23,267 | 30,247,671 | 81,397,908 |
| | 133,765 | 1,724,975 | 3,975,542 | 17,604,161 | 10,890,891 | 20,218,658 | 23,267 | 30,261,931 | 84,833,190 |
| **Total Credit Exposures** | 76,795,025 | 53,440,417 | 15,500,711 | 72,757,770 | 52,665,449 | 201,872,933 | 63,368,487 | 81,261,214 | 617,662,006 |

# Notes to the Financial Statements
– 31 December 2025

## 47. FINANCIAL RISK MANAGEMENT (CONTINUED)

### Credit Risk (continued)

Risk Management Approach (continued)

(i) Credit Risk Exposures and Credit Concentration Risk (continued)

By Industry Analysis (continued)

| Bank<br>31 December 2025 | Government and Central Banks RM'000 | Financial Services RM'000 | Transport and Business Services RM'000 | Agriculture, Manufacturing, Wholesale & Retail Trade RM'000 | Construction & Real Estate RM'000 | Residential Mortgages RM'000 | Motor Vehicle Financing RM'000 | Other Consumer Loans RM'000 | Total RM'000 |
|---|---|---|---|---|---|---|---|---|---|
| **On-Balance Sheet Exposures** | | | | | | | | | |
| Cash and balances with banks (Gross) | 1,253,081 | 9,653,763 | – | – | – | – | – | – | 10,906,844 |
| Reverse repurchase agreements | 1,642 | – | – | – | – | – | – | – | 1,642 |
| Financial assets at fair value through profit or loss | | | | | | | | | |
| – Government securities and treasury bills | 1,090,367 | – | – | – | – | – | – | – | 1,090,367 |
| – Non-money market instruments* | – | – | – | – | – | – | – | – | – |
| Derivative financial assets | – | 221,437 | – | – | – | – | – | – | 221,437 |
| Financial investments at fair value through other comprehensive income | | | | | | | | | |
| – Government securities and treasury bills | 28,510,983 | – | – | – | – | – | – | – | 28,510,983 |
| – Money market instruments | – | 1,378,033 | – | – | – | – | – | – | 1,378,033 |
| – Non-money market instruments# | – | 182,434 | 95,867 | 100,992 | – | – | – | – | 379,293 |
| Financial investments at amortised cost (Gross) | | | | | | | | | |
| – Government securities and treasury bills | 13,433,386 | – | – | – | – | – | – | – | 13,433,386 |
| – Money market instruments | – | 1,117,661 | – | – | – | – | – | – | 1,117,661 |
| – Non-money market instruments | 50,450 | 7,872,960 | 298,674 | 382,624 | 308,921 | – | – | – | 8,913,629 |
| Gross loans and advances | | | | | | | | | |
| – Retail loans | | | | | | | | | |
| – housing loans | – | – | – | – | – | 134,460,000 | – | – | 134,460,000 |
| – hire purchase | 215 | 67,598 | 2,585,799 | 6,736,290 | 2,642,193 | – | 50,222,002 | – | 62,254,097 |
| – credit cards | 155 | 13,964 | 24,364 | 75,223 | 17,454 | – | – | 3,016,439 | 3,147,599 |
| – other loans | 18,028 | 300,522 | 4,503,237 | 30,228,523 | 17,572,197 | 7,685,408 | 205,270 | 35,300,018 | 95,813,203 |
| – Corporate loans | – | 17,183,829 | 576,043 | 6,733,860 | 12,391,244 | 22,712 | – | 1,288,928 | 38,196,616 |
| Statutory deposits with Central Banks | 2,810,417 | – | – | – | – | – | – | – | 2,810,417 |
| | 47,168,724 | 37,992,201 | 8,083,984 | 44,257,512 | 32,932,009 | 142,168,120 | 50,427,272 | 39,605,385 | 402,635,207 |
| **Commitments and Contingencies** | | | | | | | | | |
| Contingent liabilities | 3,691 | 19,085 | 2,101,800 | 994,205 | 1,849,494 | – | – | 7,340 | 4,975,615 |
| Commitments | 22,345 | 2,217,962 | 3,840,835 | 13,935,851 | 9,814,359 | 17,419,870 | 412 | 20,019,492 | 67,271,126 |
| | 26,036 | 2,237,047 | 5,942,635 | 14,930,056 | 11,663,853 | 17,419,870 | 412 | 20,026,832 | 72,246,741 |
| **Total Credit Exposures** | 47,194,760 | 40,229,248 | 14,026,619 | 59,187,568 | 44,595,862 | 159,587,990 | 50,427,684 | 59,632,217 | 474,881,948 |

## 47. FINANCIAL RISK MANAGEMENT (CONTINUED)

### Credit Risk (continued)

Risk Management Approach (continued)

(i) Credit Risk Exposures and Credit Concentration Risk (continued)

By Industry Analysis (continued)

| Bank<br>31 December 2024 | Government and Central Banks RM'000 | Financial Services RM'000 | Transport and Business Services RM'000 | Agriculture, Manufacturing, Wholesale & Retail Trade RM'000 | Construction & Real Estate RM'000 | Residential Mortgages RM'000 | Motor Vehicle Financing RM'000 | Other Consumer Loans RM'000 | Total RM'000 |
|---|---|---|---|---|---|---|---|---|---|
| **On-Balance Sheet Exposures** | | | | | | | | | |
| Cash and balances with banks (Gross) | 165,238 | 9,387,879 | – | – | – | – | – | – | 9,553,117 |
| Reverse repurchase agreements | 6,103 | – | – | – | – | – | – | – | 6,103 |
| Financial assets at fair value through profit or loss | | | | | | | | | |
| – Government securities and treasury bills | 1,167,418 | – | – | – | – | – | – | – | 1,167,418 |
| – Non-money market instruments* | – | – | – | – | – | – | – | – | – |
| Derivative financial assets | – | 559,676 | – | – | – | – | – | – | 559,676 |
| Financial investments at fair value through other comprehensive income | | | | | | | | | |
| – Government securities and treasury bills | 30,515,814 | – | – | – | – | – | – | – | 30,515,814 |
| – Money market instruments | – | 1,295,242 | – | – | – | – | – | – | 1,295,242 |
| – Non-money market instruments# | – | 140,006 | – | 100,655 | – | – | – | – | 240,661 |
| Financial investments at amortised cost (Gross) | | | | | | | | | |
| – Government securities and treasury bills | 12,302,988 | – | – | – | – | – | – | – | 12,302,988 |
| – Money market instruments | – | 1,846,390 | – | – | – | – | – | – | 1,846,390 |
| – Non-money market instruments | 50,445 | 7,282,037 | 349,556 | 352,471 | 479,780 | – | – | – | 8,514,289 |
| Gross loans and advances | | | | | | | | | |
| – Retail loans | | | | | | | | | |
| – housing loans | – | – | – | – | – | 127,177,515 | – | – | 127,177,515 |
| – hire purchase | 332 | 59,579 | 2,443,827 | 6,533,817 | 2,466,377 | – | 46,550,699 | – | 58,054,631 |
| – credit cards | 156 | 7,436 | 20,200 | 58,251 | 11,654 | – | – | 2,799,970 | 2,897,667 |
| – other loans | 20,024 | 249,256 | 4,099,233 | 27,354,177 | 15,957,251 | 7,670,672 | 216,416 | 33,581,211 | 89,148,240 |
| – Corporate loans | – | 17,081,179 | 697,043 | 6,596,846 | 12,618,090 | 33,533 | – | 2,490,514 | 39,517,205 |
| Statutory deposits with Central Banks | 5,125,363 | – | – | – | – | – | – | – | 5,125,363 |
| | 49,353,881 | 37,908,680 | 7,609,859 | 40,996,217 | 31,533,152 | 134,881,720 | 46,767,115 | 38,871,695 | 387,922,319 |
| **Commitments and Contingencies** | | | | | | | | | |
| Contingent liabilities | 3,853 | 21,458 | 387,672 | 958,979 | 1,135,698 | – | – | 9,080 | 2,516,740 |
| Commitments | 127,412 | 2,348,881 | 1,730,692 | 13,824,545 | 7,709,291 | 15,966,201 | 9,873 | 27,406,523 | 69,123,418 |
| | 131,265 | 2,370,339 | 2,118,364 | 14,783,524 | 8,844,989 | 15,966,201 | 9,873 | 27,415,603 | 71,640,158 |
| **Total Credit Exposures** | 49,485,146 | 40,279,019 | 9,728,223 | 55,779,741 | 40,378,141 | 150,847,921 | 46,776,988 | 66,287,298 | 459,562,477 |

* Excluding equity securities and unit trusts of the Group and of the Bank of RM1,549,398,000 (2024 – RM1,512,963,000) and RM393,854,000 (2024 – RM410,234,000) respectively which do not carry any credit risk.

# Excluding equity securities of the Group and of the Bank of RM549,154,000 (2024 – RM451,064,000) and RM487,750,000 (2024 – RM442,550,000) respectively which do not carry any credit risk.

# Notes to the Financial Statements

– 31 December 2025

## 47. FINANCIAL RISK MANAGEMENT (CONTINUED)

**Credit Risk (continued)**

Risk Management Approach (continued)

(i) Credit Risk Exposures and Credit Concentration Risk (continued)

By Geographical Analysis

The analysis of credit concentration risk of financial assets of the Group and of the Bank categorised by geographical distribution (i.e. based on the geographical location where the credit risk resides) is as follows:

| Group<br>31 December 2025 | Malaysia<br>RM'000 | Hong Kong & China<br>RM'000 | Cambodia<br>RM'000 | Other Countries<br>RM'000 | Total<br>RM'000 |
|---|---|---|---|---|---|
| **On-Balance Sheet Exposures** | | | | | |
| Cash and balances with banks (Gross) | **8,317,015** | **3,494,039** | **1,417,610** | **3,601,069** | **16,829,733** |
| Reverse repurchase agreements | **–** | **–** | **–** | **1,642** | **1,642** |
| Financial assets at fair value through profit or loss | | | | | |
| – Government securities and treasury bills | **1,090,367** | **–** | **–** | **–** | **1,090,367** |
| – Money market instruments | **1,044,829** | **–** | **–** | **–** | **1,044,829** |
| – Non-money market instruments* | **293,930** | **–** | **–** | **–** | **293,930** |
| Derivative financial assets | **129,499** | **10,480** | **–** | **84,595** | **224,574** |
| Financial investments at fair value through other comprehensive income | | | | | |
| – Government securities and treasury bills | **41,393,713** | **1,595,319** | **–** | **197,305** | **43,186,337** |
| – Money market instruments | **1,078,586** | **77,000** | **–** | **37,765** | **1,193,351** |
| – Non-money market instruments# | **4,471,597** | **407,277** | **–** | **390,786** | **5,269,660** |
| Financial investments at amortised cost (Gross) | | | | | |
| – Government securities and treasury bills | **18,186,455** | **36,448** | **84,367** | **94,586** | **18,401,856** |
| – Money market instruments | **–** | **681,216** | **–** | **586,228** | **1,267,444** |
| – Non-money market instruments | **10,713,897** | **24,348** | **–** | **418,542** | **11,156,787** |
| Gross loans, advances and financing | | | | | |
| – Retail loans/financing | | | | | |
| – housing loans/financing | **174,836,190** | **5,286,242** | **576,548** | **1,882,818** | **182,581,798** |
| – hire purchase | **79,965,299** | **2,261,811** | **4,812** | **186,012** | **82,417,934** |
| – credit cards | **3,339,442** | **–** | **15,883** | **9,182** | **3,364,507** |
| – other loans/financing | **116,241,296** | **3,093,142** | **5,164,914** | **3,669,631** | **128,168,983** |
| – Corporate loans/financing | **44,357,921** | **2,770,118** | **–** | **2,096,817** | **49,224,856** |
| Statutory deposits with Central Banks | **3,773,469** | **1,177** | **527,646** | **138,982** | **4,441,274** |
| | **509,233,505** | **19,738,617** | **7,791,780** | **13,395,960** | **550,159,862** |
| **Commitments and Contingencies** | | | | | |
| Contingent liabilities | **5,575,751** | **288,880** | **31,055** | **461,348** | **6,357,034** |
| Commitments | **72,038,026** | **1,138,898** | **867,048** | **7,621,360** | **81,665,332** |
| | **77,613,777** | **1,427,778** | **898,103** | **8,082,708** | **88,022,366** |
| **Total Credit Exposures** | **586,847,282** | **21,166,395** | **8,689,883** | **21,478,668** | **638,182,228** |

## 47. FINANCIAL RISK MANAGEMENT (CONTINUED)

**Credit Risk (continued)**

Risk Management Approach (continued)

(i) Credit Risk Exposures and Credit Concentration Risk (continued)

By Geographical Analysis (continued)

The analysis of credit concentration risk of financial assets of the Group and of the Bank categorised by geographical distribution (i.e. based on the geographical location where the credit risk resides) is as follows (continued):

| Group<br>31 December 2024 | Malaysia<br>RM'000 | Hong Kong & China<br>RM'000 | Cambodia<br>RM'000 | Other Countries<br>RM'000 | Total<br>RM'000 |
|---|---|---|---|---|---|
| **On-Balance Sheet Exposures** | | | | | |
| Cash and balances with banks (Gross) | 6,502,111 | 4,661,008 | 1,293,446 | 3,013,321 | 15,469,886 |
| Reverse repurchase agreements | – | – | – | 6,103 | 6,103 |
| Financial assets at fair value through profit or loss | | | | | |
| – Government securities and treasury bills | 1,167,418 | – | – | – | 1,167,418 |
| – Money market instruments | 993,555 | – | – | – | 993,555 |
| – Non-money market instruments* | 327,165 | – | – | – | 327,165 |
| Derivative financial assets | 480,910 | 2,934 | – | 84,225 | 568,069 |
| Financial investments at fair value through other comprehensive income | | | | | |
| – Government securities and treasury bills | 45,483,391 | 1,484,823 | – | 202,773 | 47,170,987 |
| – Money market instruments | 698,522 | 74,832 | – | – | 773,354 |
| – Non-money market instruments# | 4,961,799 | 219,853 | – | 341,410 | 5,523,062 |
| Financial investments at amortised cost (Gross) | | | | | |
| – Government securities and treasury bills | 16,770,765 | 110,206 | 89,415 | 172,245 | 17,142,631 |
| – Money market instruments | – | 662,244 | – | 701,047 | 1,363,291 |
| – Non-money market instruments | 9,956,230 | 95,412 | – | 450,430 | 10,502,072 |
| Gross loans, advances and financing | | | | | |
| – Retail loans/financing | | | | | |
| – housing loans/financing | 164,980,273 | 5,291,950 | 641,687 | 1,578,946 | 172,492,856 |
| – hire purchase | 72,608,823 | 2,535,961 | 2,982 | 159,539 | 75,307,305 |
| – credit cards | 3,053,762 | – | 16,975 | 11,405 | 3,082,142 |
| – other loans/financing | 108,630,069 | 3,233,596 | 6,017,920 | 3,958,340 | 121,839,925 |
| – Corporate loans/financing | 44,819,312 | 3,249,387 | – | 3,380,044 | 51,448,743 |
| Statutory deposits with Central Banks | 7,022,598 | 1,114 | 531,622 | 94,918 | 7,650,252 |
| | 488,456,703 | 21,623,320 | 8,594,047 | 14,154,746 | 532,828,816 |
| **Commitments and Contingencies** | | | | | |
| Contingent liabilities | 2,671,977 | 110,547 | 19,533 | 633,225 | 3,435,282 |
| Commitments | 68,674,331 | 1,483,192 | 790,352 | 10,450,033 | 81,397,908 |
| | 71,346,308 | 1,593,739 | 809,885 | 11,083,258 | 84,833,190 |
| **Total Credit Exposures** | 559,803,011 | 23,217,059 | 9,403,932 | 25,238,004 | 617,662,006 |

# Notes to the Financial Statements

– 31 December 2025

## 47. FINANCIAL RISK MANAGEMENT (CONTINUED)

**Credit Risk (continued)**

Risk Management Approach (continued)

(i) Credit Risk Exposures and Credit Concentration Risk (continued)

By Geographical Analysis (continued)

The analysis of credit concentration risk of financial assets of the Group and of the Bank categorised by geographical distribution (i.e. based on the geographical location where the credit risk resides) is as follows (continued):

| Bank<br>31 December 2025 | Malaysia<br>RM'000 | Hong Kong & China<br>RM'000 | Cambodia<br>RM'000 | Other Countries<br>RM'000 | Total<br>RM'000 |
|---|---|---|---|---|---|
| **On-Balance Sheet Exposures** | | | | | |
| Cash and balances with banks (Gross) | **6,708,535** | **42,403** | **888** | **4,155,018** | **10,906,844** |
| Reverse repurchase agreements | **–** | **–** | **–** | **1,642** | **1,642** |
| Financial assets at fair value through profit or loss | | | | | |
| – Government securities and treasury bills | **1,090,367** | **–** | **–** | **–** | **1,090,367** |
| – Non-money market instruments* | **–** | **–** | **–** | **–** | **–** |
| Derivative financial assets | **133,523** | **10,321** | **–** | **77,593** | **221,437** |
| Financial investments at fair value through other comprehensive income | | | | | |
| – Government securities and treasury bills | **28,510,983** | **–** | **–** | **–** | **28,510,983** |
| – Money market instruments | **1,378,033** | **–** | **–** | **–** | **1,378,033** |
| – Non-money market instruments# | **379,293** | **–** | **–** | **–** | **379,293** |
| Financial investments at amortised cost (Gross) | | | | | |
| – Government securities and treasury bills | **13,405,458** | **–** | **–** | **27,928** | **13,433,386** |
| – Money market instruments | **1,117,661** | **–** | **–** | **–** | **1,117,661** |
| – Non-money market instruments | **8,913,629** | **–** | **–** | **–** | **8,913,629** |
| Gross loans and advances | | | | | |
| – Retail loans | | | | | |
| – housing loans | **134,451,542** | **–** | **–** | **8,458** | **134,460,000** |
| – hire purchase | **62,247,455** | **–** | **–** | **6,642** | **62,254,097** |
| – credit cards | **3,147,599** | **–** | **–** | **–** | **3,147,599** |
| – other loans | **95,735,754** | **–** | **–** | **77,449** | **95,813,203** |
| – Corporate loans | **35,557,562** | **661,362** | **–** | **1,977,692** | **38,196,616** |
| Statutory deposits with Central Banks | **2,810,000** | **–** | **–** | **417** | **2,810,417** |
| | **395,587,394** | **714,086** | **888** | **6,332,839** | **402,635,207** |
| **Commitments and Contingencies** | | | | | |
| Contingent liabilities | **4,966,577** | **–** | **–** | **9,038** | **4,975,615** |
| Commitments | **60,792,195** | **680,370** | **–** | **5,798,561** | **67,271,126** |
| | **65,758,772** | **680,370** | **–** | **5,807,599** | **72,246,741** |
| **Total Credit Exposures** | **461,346,166** | **1,394,456** | **888** | **12,140,438** | **474,881,948** |

## 47. FINANCIAL RISK MANAGEMENT (CONTINUED)

**Credit Risk (continued)**

Risk Management Approach (continued)

(i) Credit Risk Exposures and Credit Concentration Risk (continued)

By Geographical Analysis (continued)

The analysis of credit concentration risk of financial assets of the Group and of the Bank categorised by geographical distribution (i.e. based on the geographical location where the credit risk resides) is as follows (continued):

| Bank<br>31 December 2024 | Malaysia<br>RM'000 | Hong Kong & China<br>RM'000 | Cambodia<br>RM'000 | Other Countries<br>RM'000 | Total<br>RM'000 |
|---|---|---|---|---|---|
| **On-Balance Sheet Exposures** | | | | | |
| Cash and balances with banks (Gross) | 5,968,824 | 135,264 | 977 | 3,448,052 | 9,553,117 |
| Reverse repurchase agreements | – | – | – | 6,103 | 6,103 |
| Financial assets at fair value through profit or loss | | | | | |
| – Government securities and treasury bills | 1,167,418 | – | – | – | 1,167,418 |
| – Non-money market instruments* | – | – | – | – | – |
| Derivative financial assets | 477,896 | 308 | – | 81,472 | 559,676 |
| Financial investments at fair value through other comprehensive income | | | | | |
| – Government securities and treasury bills | 30,515,814 | – | – | – | 30,515,814 |
| – Money market instruments | 1,295,242 | – | – | – | 1,295,242 |
| – Non-money market instruments# | 240,661 | – | – | – | 240,661 |
| Financial investments at amortised cost (Gross) | | | | | |
| – Government securities and treasury bills | 12,242,938 | – | – | 60,050 | 12,302,988 |
| – Money market instruments | 1,846,390 | – | – | – | 1,846,390 |
| – Non-money market instruments | 8,514,289 | – | – | – | 8,514,289 |
| Gross loans and advances | | | | | |
| – Retail loans | | | | | |
| – housing loans | 127,167,313 | – | – | 10,202 | 127,177,515 |
| – hire purchase | 58,051,030 | – | – | 3,601 | 58,054,631 |
| – credit cards | 2,897,667 | – | – | – | 2,897,667 |
| – other loans | 89,076,352 | – | – | 71,888 | 89,148,240 |
| – Corporate loans | 35,918,878 | 346,732 | – | 3,251,595 | 39,517,205 |
| Statutory deposits with Central Banks | 5,125,000 | – | – | 363 | 5,125,363 |
| | 380,505,712 | 482,304 | 977 | 6,933,326 | 387,922,319 |
| **Commitments and Contingencies** | | | | | |
| Contingent liabilities | 2,507,638 | – | – | 9,102 | 2,516,740 |
| Commitments | 59,064,138 | 768,179 | – | 9,291,101 | 69,123,418 |
| | 61,571,776 | 768,179 | – | 9,300,203 | 71,640,158 |
| **Total Credit Exposures** | 442,077,488 | 1,250,483 | 977 | 16,233,529 | 459,562,477 |

* Excluding equity securities of the Group and of the Bank of RM1,549,398,000 (2024 – RM1,512,963,000) and RM393,854,000 (2024 – RM410,234,000) respectively which do not carry any credit risk.

# Excluding equity securities of the Group and of the Bank of RM549,154,000 (2024 – RM451,064,000) and 487,750,000 (2024 – RM442,550,000) respectively which do not carry any credit risk.

# Notes to the Financial Statements

– 31 December 2025

## 47. FINANCIAL RISK MANAGEMENT (CONTINUED)

### Credit Risk (continued)

Risk Management Approach (continued)

(ii) Credit Quality

The table below represents an analysis of the credit quality of financial assets based on the following internally classified grades:

- "Good Grade" refers to exposures that are neither past due nor credit-impaired and debt instruments with rating of AAA to AA-/P-1 accorded by a recognised credit rating agency or government guaranteed.
- "Satisfactory Grade" refers to exposures that are past due 1 to 30 days after the contractual due date which are neither credit-impaired nor have shown significant increase in credit risk and debt instruments with rating of A+ to BBB/P-2 accorded by a recognised credit rating agency.
- "Sub-standard Grade" refers to exposures that are past due 31 days or more but not credit-impaired as well as borrowers with indication of significant increase in credit risk and debt instruments with rating of BB to CCC/P-3 accorded by a recognised credit rating agency.
- "Credit-Impaired Grade" refers to exposures that have been assessed as credit-impaired.

In the absence of ratings for the debt instruments, the issuer's rating will be applied.

| | 2025 | | | | 2024 | | | |
|---|---|---|---|---|---|---|---|---|
| Group | Stage 1 RM'000 | Stage 2 RM'000 | Stage 3 RM'000 | Total RM'000 | Stage 1 RM'000 | Stage 2 RM'000 | Stage 3 RM'000 | Total RM'000 |
| **Debt Instruments** | | | | | | | | |
| Good | **80,741,032** | **–** | **–** | **80,741,032** | 82,126,758 | – | – | 82,126,758 |
| Satisfactory | **1,889,266** | **–** | **–** | **1,889,266** | 2,526,352 | – | – | 2,526,352 |
| Sub-standard | **–** | **274,251** | **–** | **274,251** | – | 310,406 | – | 310,406 |
| Credit-impaired | **–** | **–** | **12** | **12** | – | – | 19 | 19 |
| Gross carrying amount | **82,630,298** | **274,251** | **12** | **82,904,561** | 84,653,110 | 310,406 | 19 | 84,963,535 |
| **Gross Loans, Advances and Financing** | | | | | | | | |
| Good | **403,812,829** | **–** | **–** | **403,812,829** | 379,770,192 | – | – | 379,770,192 |
| Satisfactory | **17,065,178** | **–** | **–** | **17,065,178** | 17,913,752 | – | – | 17,913,752 |
| Sub-standard | **–** | **22,595,498** | **–** | **22,595,498** | – | 24,261,534 | – | 24,261,534 |
| Credit-impaired | **–** | **–** | **2,284,573** | **2,284,573** | – | – | 2,225,493 | 2,225,493 |
| Gross carrying amount | **420,878,007** | **22,595,498** | **2,284,573** | **445,758,078** | 397,683,944 | 24,261,534 | 2,225,493 | 424,170,971 |
| **Loan/Financing Commitments and Financial Guarantees** | | | | | | | | |
| Good | **33,107,800** | **–** | **–** | **33,107,800** | 32,900,696 | – | – | 32,900,696 |
| Satisfactory | **62,721** | **–** | **–** | **62,721** | 64,445 | – | – | 64,445 |
| Sub-standard | **–** | **1,312,852** | **–** | **1,312,852** | – | 1,085,454 | – | 1,085,454 |
| Credit-impaired | **–** | **–** | **54,261** | **54,261** | – | – | 47,897 | 47,897 |
| Gross exposure | **33,170,521** | **1,312,852** | **54,261** | **34,537,634** | 32,965,141 | 1,085,454 | 47,897 | 34,098,492 |

## 47. FINANCIAL RISK MANAGEMENT (CONTINUED)

### Credit Risk (continued)

Risk Management Approach (continued)

(ii) Credit Quality (continued)

| Bank | 2025 Stage 1 RM'000 | 2025 Stage 2 RM'000 | 2025 Stage 3 RM'000 | 2025 Total RM'000 | 2024 Stage 1 RM'000 | 2024 Stage 2 RM'000 | 2024 Stage 3 RM'000 | 2024 Total RM'000 |
|---|---|---|---|---|---|---|---|---|
| **Debt Instruments** | | | | | | | | |
| Good | **54,823,340** | **–** | **–** | **54,823,340** | 55,882,783 | – | – | 55,882,783 |
| Satisfactory | **–** | **–** | **–** | **–** | – | – | – | – |
| Sub-standard | **–** | **–** | **–** | **–** | – | – | – | – |
| Credit-impaired | **–** | **–** | **12** | **12** | – | – | 19 | 19 |
| Gross carrying amount | **54,823,340** | **–** | **12** | **54,823,352** | 55,882,783 | – | 19 | 55,882,802 |
| **Gross Loans and Advances** | | | | | | | | |
| Good | **303,480,376** | **–** | **–** | **303,480,376** | 283,577,610 | – | – | 283,577,610 |
| Satisfactory | **11,925,145** | **–** | **–** | **11,925,145** | 13,061,338 | – | – | 13,061,338 |
| Sub-standard | **–** | **17,206,383** | **–** | **17,206,383** | – | 18,912,498 | – | 18,912,498 |
| Credit-impaired | **–** | **–** | **1,259,611** | **1,259,611** | – | – | 1,243,812 | 1,243,812 |
| Gross carrying amount | **315,405,521** | **17,206,383** | **1,259,611** | **333,871,515** | 296,638,948 | 18,912,498 | 1,243,812 | 316,795,258 |
| **Loan Commitments and Financial Guarantees** | | | | | | | | |
| Good | **24,806,147** | **–** | **–** | **24,806,147** | 25,698,100 | – | – | 25,698,100 |
| Satisfactory | **45,344** | **–** | **–** | **45,344** | 46,071 | – | – | 46,071 |
| Sub-standard | **–** | **1,096,002** | **–** | **1,096,002** | – | 901,524 | – | 901,524 |
| Credit-impaired | **–** | **–** | **46,221** | **46,221** | – | – | 40,683 | 40,683 |
| Gross exposure | **24,851,491** | **1,096,002** | **46,221** | **25,993,714** | 25,744,171 | 901,524 | 40,683 | 26,686,378 |

# Notes to the Financial Statements

– 31 December 2025

## 47. FINANCIAL RISK MANAGEMENT (CONTINUED)

**Credit Risk (continued)**

Risk Management Approach (continued)

(ii) Credit Quality (continued)

Past Due But Not Credit-impaired

Past due but not credit-impaired loans, advances and financing are loans/financing where the customer has failed to make a principal or interest/profit payment when contractually due, and includes loans/financing which are due one or more days after the contractual due date but less than ninety (90) days.

An aging analysis of loans, advances and financing which are past due but not credit-impaired is as follows:

| | Group | | Bank | |
|---|---|---|---|---|
| | **2025 RM'000** | **2024 RM'000** | **2025 RM'000** | **2024 RM'000** |
| 1 to 30 Days | **17,850,767** | 19,012,080 | **12,650,107** | 13,901,862 |
| 31 to 59 Days | **4,459,233** | 4,331,517 | **3,064,778** | 2,969,916 |
| 60 to 89 Days | **2,127,537** | 2,152,144 | **1,221,166** | 1,272,553 |
| | **24,437,537** | 25,495,741 | **16,936,051** | 18,144,331 |

(iii) Collateral

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

- for residential mortgages – charges over residential properties
- for commercial property loans/financing – charges over the properties being financed
- for motor vehicle financing – ownership claims over the vehicles financed
- for share margin financing – pledges over securities from listed exchange
- for other loans/financing – charges over business assets such as premises, inventories, trade receivables or deposits

The Group and the Bank also accept non-tangible securities such as support, guarantees from individuals, corporates and institutions, bank guarantees, assignment of contract payments, which are subject to internal guidelines.

The financial effect of collateral (quantification of the extent to which collateral and other credit enhancements mitigate credit risk) held for gross loans, advances and financing for the Group and the Bank as at 31 December 2025 are at 91.1% (2024 – 91.2%) and 91.8% (2024 – 91.9%) respectively. The financial effect of collateral held for other remaining financial assets is not significant.

## 47. FINANCIAL RISK MANAGEMENT (CONTINUED)

**Credit Risk (continued)**

Risk Management Approach (continued)

(iii) Collateral (continued)

Repossessed Collateral

Assets obtained by taking possession of collateral held as security against loans, advances and financing, and held as at the end of the financial year are as follows:

| | Group | | Bank | |
|---|---|---|---|---|
| | **2025 RM'000** | **2024 RM'000** | **2025 RM'000** | **2024 RM'000** |
| Residential properties | **126,219** | 140,887 | **102,686** | 115,650 |
| Non-residential properties | **74,112** | 78,253 | **56,860** | 68,323 |
| | **200,331** | 219,140 | **159,546** | 183,973 |

Repossessed collateral are sold as soon as practicable. Repossessed collateral acquired by the Group and the Bank are recognised in other assets on the statements of financial position. The Group and the Bank do not occupy repossessed properties for its business use.

(iv) Credit Quality of Financial Investments

Set out below are the credit quality of money market instruments and non-money market instruments-debt securities analysed by ratings from external credit rating agencies:

**Financial Assets at Fair Value through Profit or Loss**

| | 31 December 2025 | | | | | | 31 December 2024 | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Money Market Instruments | | | Non-money Market Instruments – Debt Securities | | | Money Market Instruments | | | Non-money Market Instruments – Debt Securities | | |
| | International Ratings RM'000 | Domestic Ratings RM'000 | Total RM'000 | International Ratings RM'000 | Domestic Ratings RM'000 | Total RM'000 | International Ratings RM'000 | Domestic Ratings RM'000 | Total RM'000 | International Ratings RM'000 | Domestic Ratings RM'000 | Total RM'000 |
| **Group** | | | | | | | | | | | | |
| AAA to AA- | – | 1,044,829 | 1,044,829 | – | 243,147 | 243,147 | – | 993,555 | 993,555 | – | 261,855 | 261,855 |
| A+ to A- | – | – | – | – | 50,783 | 50,783 | – | – | – | – | 65,310 | 65,310 |
| | – | 1,044,829 | 1,044,829 | – | 293,930 | 293,930 | – | 993,555 | 993,555 | – | 327,165 | 327,165 |

# Notes to the Financial Statements
– 31 December 2025

## 47. FINANCIAL RISK MANAGEMENT (CONTINUED)

### Credit Risk (continued)

Risk Management Approach (continued)

(iv) Credit Quality of Financial Investments (continued)

Set out below are the credit quality of money market instruments and non-money market instruments-debt securities analysed by ratings from external credit rating agencies (continued):

**Financial Investments at Fair Value through Other Comprehensive Income**

| | 31 December 2025 | | | | | | 31 December 2024 | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Money Market Instruments | | | Non-money Market Instruments – Debt Securities | | | Money Market Instruments | | | Non-money Market Instruments – Debt Securities | | |
| | International Ratings RM'000 | Domestic Ratings RM'000 | Total RM'000 | International Ratings RM'000 | Domestic Ratings RM'000 | Total RM'000 | International Ratings RM'000 | Domestic Ratings RM'000 | Total RM'000 | International Ratings RM'000 | Domestic Ratings RM'000 | Total RM'000 |
| **Group** | | | | | | | | | | | | |
| Sovereign guaranteed | – | – | – | – | 503,359 | 503,359 | – | – | – | – | 216,699 | 216,699 |
| AAA to AA- | – | 1,078,586 | 1,078,586 | 383,568 | 3,341,199 | 3,724,767 | – | 698,522 | 698,522 | 129,623 | 3,682,266 | 3,811,889 |
| A+ to A- | 106,850 | – | 106,850 | 463,130 | 251,547 | 714,677 | 74,832 | – | 74,832 | 475,406 | 646,469 | 1,121,875 |
| BBB+ to BBB- | – | – | – | 60,521 | – | 60,521 | – | – | – | 62,193 | – | 62,193 |
| Lower than BBB- | 7,915 | – | 7,915 | 266,336 | – | 266,336 | – | – | – | 310,406 | – | 310,406 |
| | 114,765 | 1,078,586 | 1,193,351 | 1,173,555 | 4,096,105 | 5,269,660 | 74,832 | 698,522 | 773,354 | 977,628 | 4,545,434 | 5,523,062 |
| **Bank** | | | | | | | | | | | | |
| AAA to AA- | – | 1,378,033 | 1,378,033 | – | 379,293 | 379,293 | – | 1,295,242 | 1,295,242 | – | 240,661 | 240,661 |
| | – | 1,378,033 | 1,378,033 | – | 379,293 | 379,293 | – | 1,295,242 | 1,295,242 | – | 240,661 | 240,661 |

## 47. FINANCIAL RISK MANAGEMENT (CONTINUED)

### Credit Risk (continued)

Risk Management Approach (continued)

(iv) Credit Quality of Financial Investments (continued)

Set out below are the credit quality of money market instruments and non-money market instruments-debt securities analysed by ratings from external credit rating agencies (continued):

**Financial Investments at Amortised Cost**

| | 31 December 2025 | | | | | | 31 December 2024 | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Money Market Instruments | | | Non-money Market Instruments – Debt Securities | | | Money Market Instruments | | | Non-money Market Instruments – Debt Securities | | |
| | International Ratings RM'000 | Domestic Ratings RM'000 | Total RM'000 | International Ratings RM'000 | Domestic Ratings RM'000 | Total RM'000 | International Ratings RM'000 | Domestic Ratings RM'000 | Total RM'000 | International Ratings RM'000 | Domestic Ratings RM'000 | Total RM'000 |
| **Group** | | | | | | | | | | | | |
| Sovereign guaranteed | – | – | – | – | 482,905 | 482,905 | – | – | – | – | 1,384,972 | 1,384,972 |
| AAA to AA- | 158,920 | – | 158,920 | 342,338 | 10,230,980 | 10,573,318 | 8,640 | – | 8,640 | 392,371 | 8,571,239 | 8,963,610 |
| A+ to A- | 1,108,524 | – | 1,108,524 | 100,552 | – | 100,552 | 1,354,651 | – | 1,354,651 | 153,471 | – | 153,471 |
| Defaulted | – | – | – | – | 12 | 12 | – | – | – | – | 19 | 19 |
| | 1,267,444 | – | 1,267,444 | 442,890 | 10,713,897 | 11,156,787 | 1,363,291 | – | 1,363,291 | 545,842 | 9,956,230 | 10,502,072 |
| **Bank** | | | | | | | | | | | | |
| Sovereign guaranteed | – | – | – | – | 307,146 | 307,146 | – | – | – | – | 1,309,972 | 1,309,972 |
| AAA to AA- | – | 1,117,661 | 1,117,661 | – | 8,606,471 | 8,606,471 | – | 1,846,390 | 1,846,390 | – | 7,204,298 | 7,204,298 |
| Defaulted | – | – | – | – | 12 | 12 | – | – | – | – | 19 | 19 |
| | – | 1,117,661 | 1,117,661 | – | 8,913,629 | 8,913,629 | – | 1,846,390 | 1,846,390 | – | 8,514,289 | 8,514,289 |

The ratings shown for money market instruments (e.g. negotiable instruments of deposit and bankers' acceptances) are based on the ratings assigned to the respective financial institutions issuing the financial instruments. The ratings shown for debt securities are based on the ratings assigned to the specific debt issuance.

As at the reporting date, there were no financial investments which were past due (2024 – none).

# Notes to the Financial Statements
– 31 December 2025

## 47. FINANCIAL RISK MANAGEMENT (CONTINUED)

### Market Risk

Market risk is the risk that movements in market variables, including interest rates/rates of return, foreign exchange rates, credit spreads, commodity prices and equity prices, will reduce the earnings or capital of the Group.

The market risk exposure of the Group is identified into two types:

(i) Traded Market Risk
Primarily the interest rate/rate of return risk and credit spread risk, exists in the Group's trading book positions held for the purpose of benefiting from short-term price movements. These trading book positions are mainly originated by the treasury operations.

(ii) Non-Traded Market Risk
Interest rate/rate of return risk, foreign exchange risk and equity prices risk arising mainly from the retail and commercial banking assets and liabilities, as well as financial investments designated as at fair value through other comprehensive income and at amortised cost.

The Group's core market risks are as follows:

(a) Interest Rate/Rate of Return Risk ("IRR/RoR")
Risk to the Group's earnings and economic value of equity ("EVE") arising from adverse movements in the interest rate/rate of return over time arising from activities such as deposits taking, lending or financing and investment.

(b) Foreign Exchange Risk
Risk of adverse impact arising from movements in exchange rates on foreign currency positions originating from treasury money market activities and from the Group's investments and retained earnings in its subsidiary companies and overseas branches, whose functional currencies are not in Ringgit Malaysia. The main foreign currencies in which the Group's businesses are transacted in are United States Dollars and Hong Kong Dollars.

(c) Equity Risk
Risk of adverse impact arising from movements in equity prices on equity positions held by the Group for dividend purposes.

Risk Governance

The ALCO supports the RMC in market risk management oversight. The ALCO reviews the Group's market risk frameworks and policies, aligns market risk management with risk appetite and implements actions to ensure that the market risk remains within established risk tolerance level.

(i) Traded Market Risk

Risk Management Approach

The Group's traded market risk frameworks comprise market risk policies and practices, market risk limits and valuation methodologies. The Group's traded market risk for fixed income instruments is measured by the present value of 1 basis point change ("PV01") and controlled by daily and cumulative cut-loss limits. The Treasury Middle Office ("TMO") conducts daily operational checking on the treasury operations. Any operational lapses and non-compliance with the internal policies and limits will be reported to the ALCO. In addition, TMO also conducts independent verification on the daily mark-to-market valuation of fixed income instruments.

The market risk limits are determined after taking into account the risk appetite and the risk-return relationship and are periodically reviewed by RMD. Changes to operational market risk limits are approved by the ALCO. The trading book positions and limits are reported to the ALCO regularly. The Group maintains its policy of prohibiting exposures in trading financial derivative positions unless with the prior specific approval of the Board of Directors.

## 47. FINANCIAL RISK MANAGEMENT (CONTINUED)

**Market Risk (continued)**

Risk Governance (continued)

(i) Traded Market Risk (continued)

Risk Management Approach (continued)

During the financial year, the Group's and the Bank's traded market risk exposures on fixed income instruments as measured by PV01, averaged at RM186,000 (2024 – RM170,000) and RM166,000 (2024 – RM155,000) respectively. The composition of the Group's and the Bank's trading portfolio is set out in Note 5 (except for equity securities) to the financial statements.

(ii) Non-Traded Market Risk

(a) Interest Rate/Rate of Return Risk

The sources of IRR/RoR are as follows:

(i) Repricing Risk – Risk caused by timing differences in the interest rate/rate of return changes and cash flows that occur in the repricing and maturity of the Group's fixed and floating rate assets, liabilities and off-balance sheet instruments.

(ii) Yield Curve Risk – Risk when unanticipated changes in the yield curve has adverse effects on the Group's earnings and EVE.

(iii) Basis Risk – Risk arising from the imperfect correlation between changes in the interest rate/rate of return earned and paid on different instruments with otherwise similar repricing characteristics. This will affect the Group's net interest/profit margin, i.e. earnings and also future cash flows, which in turn affect economic value of the Group.

(iv) Optionality Risk – Risk of early repayments of loans/financing and early withdrawal of deposits due to changes in the interest rate/rate of return which will potentially affect future earnings.

Risk Management Approach

The Group emphasises the importance of IRR/RoR in the banking book as most of the balance sheet items of the Group generate interest/profit income and interest/profit expense that are correlated to interest rate/rate of return. Hence, the primary objective in managing the IRR/RoR in the banking book is to manage the volatility in the Group's net interest/profit income ("NII/NPI") and EVE due to the changing levels of interest rate/rate of return, whilst balancing the cost of hedging the risk. This is achieved in various manners such as the offsetting of positions against each other for any matching assets and liabilities, the acquisition of new financial assets and liabilities to narrow the mismatch in the interest rate/rate of return of sensitive assets and liabilities and entering into derivative financial instruments which have the opposite effects. The use of derivative financial instruments to hedge the interest rate/rate of return risk is set out in Note 6 to the financial statements.

The Group's IRR/RoR in the banking book is also governed by the Group's Interest Rate Risk/Rate of Return Risk Management Policy to ensure that all IRR/RoR in the banking book is managed within its risk appetite. All limits and policies are approved by the Board of Directors or RMC and are regularly reviewed to ensure that the limits and policies remain applicable and is able to surface potential interest rate/rate of return risk.

## 47. FINANCIAL RISK MANAGEMENT (CONTINUED)

**Market Risk (continued)**

(ii) Non-Traded Market Risk (continued)

(a) Interest Rate/Rate of Return Risk (continued)

Risk Management Approach (continued)

The Group uses a range of approaches to measure IRR/RoR, whereby the impact on NII/NPI and EVE is considered at all times, as follows:

(i) Repricing Gap Reports
Distribution of interest rate/rate of return sensitive assets, liabilities and off-balance sheet positions into time bands according to their remaining maturity or next repricing maturity. One of the challenges of this mismatch repricing analysis is the underlying assumptions of the embedded optionality of loan/financing prepayments, early deposits withdrawal and effective duration of liabilities which are contractually repayable on demand such as current and savings accounts.

This is measured on a monthly basis for the Bank and quarterly basis for the Group.

(ii) Sensitivity Analysis
Impact to NII/NPI – This is the projected Group's NII/NPI sensitivity to a 100 basis point parallel rate movement across all maturities applied on the Group's interest rate/rate of return sensitivity gap as at the reporting date after taking into consideration the behavioural pattern of certain indeterminate maturity of deposits such as demand and savings deposits to reflect the actual sensitivity behavioural of these deposits. Where the current interest rate/rate of return is lower than 1%, the downward rate shock applied is restricted to the prevailing interest rate/rate of return.

Impact to EVE – This measure takes a comprehensive view of the potential long-term effects of a 100 basis point parallel movement in interest rates/rates of return on the economic value of the Group's Balance Sheet. It requires all future cash flows associated with the Group's assets, liabilities and off-balance sheet positions to be discounted at relevant market rates to determine the overall net present value of the Group.

These are measured on a monthly basis for the Bank and quarterly basis for the Group.

(iii) Simulation Scenarios
As and when the need arises, analysis is performed on the sensitivity of projected NII/NPI and EVE under varying interest rate/rate of return and balance sheet scenarios. The analysis also incorporates business assumptions obtained from various lines of business and behavioural assumptions established based on statistical methods for the Group. The impact on earnings is measured against the approved Earning-at-Risk ("EaR") and EVE limits where new business and hedging strategies are carried out to mitigate any increasing interest rate/rate of return risk.

(iv) Stress Testing
The vulnerability of the Group's earnings and EVE under various levels of stress using a variety of economic parameters. This semi-annual practice is also to determine the adequacy of capital in meeting the adverse impact of extreme interest rate/rate of return movements on the Group's statements of financial position which can provide an early warning of the potential losses and to facilitate proactive management of the interest rate/rate of return risk.

## 47. FINANCIAL RISK MANAGEMENT (CONTINUED)

### Market Risk (continued)

(ii) Non-Traded Market Risk (continued)

(a) Interest Rate/Rate of Return Risk (continued)

(i) Interest/Profit Rate Gap Analysis

The following tables indicate the effective interest rate/rate of return at the reporting date and the Group's and the Bank's sensitivity to the interest rate/rate of return by time band based on the earlier of contractual repricing date and maturity date. Actual repricing dates may differ from contractual repricing dates due to prepayment of loans, advances and financing.

| | ← Non-trading book → | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| Group 2025 | Up to 1 month RM'000 | > 1 – 3 months RM'000 | > 3 – 12 months RM'000 | > 1 – 5 years RM'000 | Over 5 years RM'000 | Non-interest/ profit sensitive RM'000 | Trading book RM'000 | Total RM'000 | Effective interest rate/rate of return % |
| **ASSETS** | | | | | | | | | |
| Cash and balances with banks | 9,070,630 | 2,272,338 | 631,583 | – | – | 4,854,179 | – | 16,828,730 | 3.42 |
| Reverse repurchase agreements | 1,642 | – | – | – | – | – | – | 1,642 | 6.54 |
| Financial assets at fair value through profit or loss | – | – | – | – | – | 432,662 | 3,545,862 | 3,978,524 | 3.25 |
| Financial investments at fair value through other comprehensive income | 1,737,774 | 3,771,877 | 5,115,999 | 28,897,460 | 10,126,239 | 549,153 | – | 50,198,502 | 3.19 |
| Financial investments at amortised cost | 332,020 | 1,747,151 | 4,160,870 | 21,297,229 | 3,283,739 | – | – | 30,821,009 | 3.79 |
| Loans, advances and financing | | | | | | | | | |
| – not credit-impaired | 336,230,396 | 12,263,774 | 17,822,330 | 57,773,109 | 19,383,896 | – | – | 443,473,505 | 4.39 |
| – credit-impaired* | – | – | – | – | – | (1,140,274) | – | (1,140,274) | – |
| Other asset balances | – | 87,824 | – | – | – | 17,298,019 | 103,676 | 17,489,519 | 0.07 |
| **TOTAL ASSETS** | 347,372,462 | 20,142,964 | 27,730,782 | 107,967,798 | 32,793,874 | 21,993,739 | 3,649,538 | 561,651,157 | |

# Notes to the Financial Statements
– 31 December 2025

## 47. FINANCIAL RISK MANAGEMENT (CONTINUED)

### Market Risk (continued)

(ii) Non-Traded Market Risk (continued)

(a) Interest Rate/Rate of Return Risk (continued)

(i) Interest/Profit Rate Gap Analysis (continued)

| | ← Non-trading book → | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| Group 2025 | Up to 1 month RM'000 | > 1 – 3 months RM'000 | > 3 – 12 months RM'000 | > 1 – 5 years RM'000 | Over 5 years RM'000 | Non-interest/ profit sensitive RM'000 | Trading book RM'000 | Total RM'000 | Effective interest rate/rate of return % |
| **LIABILITIES AND EQUITY** | | | | | | | | | |
| Deposits from customers | 163,929,893 | 95,358,591 | 130,668,287 | 541,591 | – | 56,615,260 | – | 447,113,622 | 2.70 |
| Deposits from banks and other financial institutions | 7,437,061 | 3,515,813 | 1,151,568 | 47,355 | 13,677 | 2,459,869 | – | 14,625,343 | 3.36 |
| Obligations on securities sold under repurchase agreements | 2,671,678 | 2,952,898 | – | – | – | – | – | 5,624,576 | 3.02 |
| Bills and acceptances payable | – | – | – | – | – | 155,667 | – | 155,667 | – |
| Recourse obligations on loans and financing sold to Cagamas | – | – | – | 6,200,017 | – | – | – | 6,200,017 | 4.30 |
| Debt securities issued and other borrowed funds | – | 2,709,895 | 403,938 | 7,747,493 | 1,788,611 | – | – | 12,649,937 | 3.83 |
| Other liability balances | 21,246 | – | – | – | – | 12,193,952 | 625,189 | 12,840,387 | 4.23 |
| **Total Liabilities** | 174,059,878 | 104,537,197 | 132,223,793 | 14,536,456 | 1,802,288 | 71,424,748 | 625,189 | 499,209,549 | |
| Equity attributable to equity holders of the Bank | – | – | – | – | – | 59,937,674 | – | 59,937,674 | – |
| Non-controlling interests | – | – | – | – | – | 2,503,934 | – | 2,503,934 | – |
| **TOTAL LIABILITIES AND EQUITY** | 174,059,878 | 104,537,197 | 132,223,793 | 14,536,456 | 1,802,288 | 133,866,356 | 625,189 | 561,651,157 | |
| On-balance sheet interest/profit sensitivity gap | 173,312,584 | (84,394,233) | (104,493,011) | 93,431,342 | 30,991,586 | (111,872,617) | 3,024,349 | – | |
| Off-balance sheet interest/profit sensitivity gap (interest/profit rate swaps) | 1,329,347 | 3,350,862 | (710,915) | (4,725,400) | 756,106 | – | – | – | |
| **TOTAL INTEREST/PROFIT SENSITIVITY GAP** | 174,641,931 | (81,043,371) | (105,203,926) | 88,705,942 | 31,747,692 | (111,872,617) | 3,024,349 | – | |

## 47. FINANCIAL RISK MANAGEMENT (CONTINUED)

### Market Risk (continued)

(ii) Non-Traded Market Risk (continued)

(a) Interest Rate/Rate of Return Risk (continued)

(i) Interest/Profit Rate Gap Analysis (continued)

| | Non-trading book | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| Group 2024 | Up to 1 month RM'000 | > 1 – 3 months RM'000 | > 3 – 12 months RM'000 | > 1 – 5 years RM'000 | Over 5 years RM'000 | Non-interest/ profit sensitive RM'000 (Restated) | Trading book RM'000 | Total RM'000 | Effective interest rate/rate of return % |
| **ASSETS** | | | | | | | | | |
| Cash and balances with banks | 7,528,447 | 2,636,827 | 710,284 | 7,511 | – | 4,585,898 | – | 15,468,967 | 4.17 |
| Reverse repurchase agreements | 6,103 | – | – | – | – | – | – | 6,103 | 7.16 |
| Financial assets at fair value through profit or loss | – | – | – | – | – | 448,147 | 3,552,954 | 4,001,101 | 3.12 |
| Financial investments at fair value through other comprehensive income | 780,079 | 2,176,626 | 7,447,154 | 33,329,347 | 9,734,197 | 451,064 | – | 53,918,467 | 3.55 |
| Financial investments at amortised cost | 530,397 | 1,350,659 | 3,195,085 | 20,864,745 | 3,062,293 | – | – | 29,003,179 | 3.92 |
| Loans, advances and financing | | | | | | | | | |
| – not credit-impaired | 318,449,275 | 11,383,659 | 18,831,710 | 54,873,484 | 18,407,350 | – | – | 421,945,478 | 4.65 |
| – credit-impaired* | – | – | – | – | – | (1,473,780) | – | (1,473,780) | – |
| Other asset balances | – | – | – | – | – | 20,002,328 | 438,045 | 20,440,373 | – |
| **TOTAL ASSETS** | 327,294,301 | 17,547,771 | 30,184,233 | 109,075,087 | 31,203,840 | 24,013,657 | 3,990,999 | 543,309,888 | |

# Notes to the Financial Statements
– 31 December 2025

## 47. FINANCIAL RISK MANAGEMENT (CONTINUED)

### Market Risk (continued)

(ii) Non-Traded Market Risk (continued)

(a) Interest Rate/Rate of Return Risk (continued)

(i) Interest/Profit Rate Gap Analysis (continued)

| | Non-trading book | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| Group 2024 | Up to 1 month RM'000 | > 1 – 3 months RM'000 | > 3 – 12 months RM'000 | > 1 – 5 years RM'000 | Over 5 years RM'000 | Non-interest/ profit sensitive RM'000 (Restated) | Trading book RM'000 | Total RM'000 | Effective interest rate/rate of return % |
| **LIABILITIES AND EQUITY** | | | | | | | | | |
| Deposits from customers | 150,413,517 | 87,339,808 | 141,170,020 | 358,722 | – | 53,982,203 | – | 433,264,270 | 2.96 |
| Deposits from banks and other financial institutions | 5,753,072 | 4,515,422 | 670,026 | 49,464 | 4,339 | 2,465,281 | – | 13,457,604 | 3.90 |
| Obligations on securities sold under repurchase agreements | 5,706,452 | 2,423,118 | – | – | – | – | – | 8,129,570 | 3.30 |
| Bills and acceptances payable | – | – | – | – | – | 263,403 | – | 263,403 | – |
| Recourse obligations on loans and financing sold to Cagamas | – | – | – | 5,000,015 | – | – | – | 5,000,015 | 4.49 |
| Debt securities issued and other borrowed funds | 633,216 | 2,544,146 | 889,983 | 6,947,162 | – | – | – | 11,014,507 | 4.11 |
| Other liability balances | 79,058 | – | – | – | – | 11,828,208 | 343,642 | 12,250,908 | 5.92 |
| **Total Liabilities** | 162,585,315 | 96,822,494 | 142,730,029 | 12,355,363 | 4,339 | 68,539,095 | 343,642 | 483,380,277 | |
| Equity attributable to equity holders of the Bank | – | – | – | – | – | 57,335,494 | – | 57,335,494 | – |
| Non-controlling interests | – | – | – | – | – | 2,594,117 | – | 2,594,117 | – |
| **TOTAL LIABILITIES AND EQUITY** | 162,585,315 | 96,822,494 | 142,730,029 | 12,355,363 | 4,339 | 128,468,706 | 343,642 | 543,309,888 | |
| On-balance sheet interest/profit sensitivity gap | 164,708,986 | (79,274,723) | (112,545,796) | 96,719,724 | 31,199,501 | (104,455,049) | 3,647,357 | – | |
| Off-balance sheet interest/profit sensitivity gap (interest/profit rate swaps) | 1,507,298 | 4,595,983 | (1,163,388) | (4,668,362) | (271,531) | – | – | – | |
| **TOTAL INTEREST/PROFIT SENSITIVITY GAP** | 166,216,284 | (74,678,740) | (113,709,184) | 92,051,362 | 30,927,970 | (104,455,049) | 3,647,357 | – | |

## 47. FINANCIAL RISK MANAGEMENT (CONTINUED)

### Market Risk (continued)

(ii) Non-Traded Market Risk (continued)

(a) Interest Rate/Rate of Return Risk (continued)

(i) Interest/Profit Rate Gap Analysis (continued)

| | Non-trading book | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| Bank 2025 | Up to 1 month RM'000 | > 1 – 3 months RM'000 | > 3 – 12 months RM'000 | > 1 – 5 years RM'000 | Over 5 years RM'000 | Non-interest sensitive RM'000 | Trading book RM'000 | Total RM'000 | Effective interest rate % |
| **ASSETS** | | | | | | | | | |
| Cash and balances with banks | 7,360,543 | 128,298 | 48,154 | – | – | 3,369,849 | – | 10,906,844 | 2.90 |
| Reverse repurchase agreements | 1,642 | – | – | – | – | – | – | 1,642 | 6.54 |
| Financial assets at fair value through profit or loss | – | – | – | – | – | 393,854 | 1,090,367 | 1,484,221 | 3.05 |
| Financial investments at fair value through other comprehensive income | 901,618 | 2,226,427 | 1,818,303 | 20,038,763 | 5,283,198 | 487,750 | – | 30,756,059 | 3.16 |
| Financial investments at amortised cost | 2,622 | 389,257 | 3,420,537 | 17,074,874 | 2,573,388 | – | – | 23,460,678 | 3.82 |
| Loans and advances | | | | | | | | | |
| – not credit-impaired | 259,466,393 | 9,500,862 | 12,237,485 | 40,379,987 | 11,027,177 | – | – | 332,611,904 | 4.27 |
| – credit-impaired* | – | – | – | – | – | (1,051,716) | – | (1,051,716) | – |
| Other asset balances | – | 87,824 | – | – | – | 25,547,343 | 96,799 | 25,731,966 | 0.07 |
| **TOTAL ASSETS** | 267,732,818 | 12,332,668 | 17,524,479 | 77,493,624 | 18,883,763 | 28,747,080 | 1,187,166 | 423,901,598 | |

# Notes to the Financial Statements
– 31 December 2025

## 47. FINANCIAL RISK MANAGEMENT (CONTINUED)

### Market Risk (continued)

(ii) Non-Traded Market Risk (continued)

(a) Interest Rate/Rate of Return Risk (continued)

(i) Interest/Profit Rate Gap Analysis (continued)

| | Non-trading book | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| Bank 2025 | Up to 1 month RM'000 | > 1 – 3 months RM'000 | > 3 – 12 months RM'000 | > 1 – 5 years RM'000 | Over 5 years RM'000 | Non-interest sensitive RM'000 | Trading book RM'000 | Total RM'000 | Effective interest rate % |
| **LIABILITIES AND EQUITY** | | | | | | | | | |
| Deposits from customers | 121,228,577 | 68,710,960 | 93,699,810 | 23,069 | – | 47,715,164 | – | 331,377,580 | 2.67 |
| Deposits from banks and other financial institutions | 6,255,587 | 4,485,208 | 2,239,579 | 47,145 | 13,528 | 2,823,403 | – | 15,864,450 | 3.56 |
| Obligations on securities sold under repurchase agreements | 2,238,617 | 2,952,898 | – | – | – | – | – | 5,191,515 | 3.03 |
| Bills and acceptances payable | – | – | – | – | – | 154,739 | – | 154,739 | – |
| Recourse obligations on loans sold to Cagamas | – | – | – | 5,200,017 | – | – | – | 5,200,017 | 4.35 |
| Debt securities issued and other borrowed funds | – | 2,709,895 | 403,938 | 5,297,493 | 1,299,211 | – | – | 9,710,537 | 3.75 |
| Other liability balances | 62,496 | 163,977 | – | – | – | 7,366,522 | 624,698 | 8,217,693 | 4.23 |
| **Total Liabilities** | 129,785,277 | 79,022,938 | 96,343,327 | 10,567,724 | 1,312,739 | 58,059,828 | 624,698 | 375,716,531 | |
| Equity attributable to equity holders of the Bank | – | – | – | – | – | 48,185,067 | – | 48,185,067 | – |
| **TOTAL LIABILITIES AND EQUITY** | 129,785,277 | 79,022,938 | 96,343,327 | 10,567,724 | 1,312,739 | 106,244,895 | 624,698 | 423,901,598 | |
| On-balance sheet interest sensitivity gap | 137,947,541 | (66,690,270) | (78,818,848) | 66,925,900 | 17,571,024 | (77,497,815) | 562,468 | – | |
| Off-balance sheet interest sensitivity gap (interest rate swaps) | (254,000) | 967,570 | 650,000 | (2,365,570) | 1,002,000 | – | – | – | |
| **TOTAL INTEREST SENSITIVITY GAP** | 137,693,541 | (65,722,700) | (78,168,848) | 64,560,330 | 18,573,024 | (77,497,815) | 562,468 | – | |

## 47. FINANCIAL RISK MANAGEMENT (CONTINUED)

### Market Risk (continued)

(ii) Non-Traded Market Risk (continued)

(a) Interest Rate/Rate of Return Risk (continued)

(i) Interest/Profit Rate Gap Analysis (continued)

| | Non-trading book | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| Bank 2024 | Up to 1 month RM'000 | > 1 – 3 months RM'000 | > 3 – 12 months RM'000 | > 1 – 5 years RM'000 | Over 5 years RM'000 | Non-interest sensitive RM'000 | Trading book RM'000 | Total RM'000 | Effective interest rate % |
| **ASSETS** | | | | | | | | | |
| Cash and balances with banks | 5,136,290 | 1,268,072 | 60,000 | – | – | 3,088,755 | – | 9,553,117 | 4.43 |
| Reverse repurchase agreements | 6,103 | – | – | – | – | – | – | 6,103 | 7.16 |
| Financial assets at fair value through profit or loss | – | – | – | – | – | 410,234 | 1,167,418 | 1,577,652 | 3.35 |
| Financial investments at fair value through other comprehensive income | 500,897 | 1,285,513 | 3,273,232 | 21,060,865 | 5,931,210 | 442,550 | – | 32,494,267 | 3.51 |
| Financial investments at amortised cost | 45,716 | 348,936 | 2,702,662 | 17,137,245 | 2,425,180 | – | – | 22,659,739 | 3.92 |
| Loans and advances | | | | | | | | | |
| – not credit-impaired | 243,804,030 | 8,898,681 | 12,444,239 | 39,419,716 | 10,984,780 | – | – | 315,551,446 | 4.56 |
| – credit-impaired* | – | – | – | – | – | (1,352,239) | – | (1,352,239) | – |
| Other asset balances | – | – | – | – | – | 26,869,239 | 435,125 | 27,304,364 | – |
| **TOTAL ASSETS** | 249,493,036 | 11,801,202 | 18,480,133 | 77,617,826 | 19,341,170 | 29,458,539 | 1,602,543 | 407,794,449 | |

# Notes to the Financial Statements
– 31 December 2025

## 47. FINANCIAL RISK MANAGEMENT (CONTINUED)

### Market Risk (continued)

(ii) Non-Traded Market Risk (continued)

(a) Interest Rate/Rate of Return Risk (continued)

(i) Interest/Profit Rate Gap Analysis (continued)

| | ← Non-trading book → | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| Bank 2024 | Up to 1 month RM'000 | > 1 – 3 months RM'000 | > 3 – 12 months RM'000 | > 1 – 5 years RM'000 | Over 5 years RM'000 | Non-interest sensitive RM'000 | Trading book RM'000 | Total RM'000 | Effective interest rate % |
| **LIABILITIES AND EQUITY** | | | | | | | | | |
| Deposits from customers | 109,105,932 | 59,956,685 | 103,540,622 | 54,749 | – | 45,477,885 | – | 318,135,873 | 2.89 |
| Deposits from banks and other financial institutions | 6,561,323 | 5,432,384 | 1,442,437 | 47,409 | 4,339 | 2,882,161 | – | 16,370,053 | 4.12 |
| Obligations on securities sold under repurchase agreements | 4,827,536 | 2,423,118 | – | – | – | – | – | 7,250,654 | 3.32 |
| Bills and acceptances payable | – | – | – | – | – | 262,520 | – | 262,520 | – |
| Recourse obligations on loans sold to Cagamas | – | – | – | 4,000,015 | – | – | – | 4,000,015 | 4.60 |
| Debt securities issued and other borrowed funds | – | 2,544,147 | 889,983 | 4,997,162 | – | – | – | 8,431,292 | 3.94 |
| Other liability balances | 79,058 | – | – | – | – | 7,057,847 | 335,203 | 7,472,108 | 5.92 |
| **Total Liabilities** | 120,573,849 | 70,356,334 | 105,873,042 | 9,099,335 | 4,339 | 55,680,413 | 335,203 | 361,922,515 | |
| Equity attributable to equity holders of the Bank | – | – | – | – | – | 45,871,934 | – | 45,871,934 | – |
| **TOTAL LIABILITIES AND EQUITY** | 120,573,849 | 70,356,334 | 105,873,042 | 9,099,335 | 4,339 | 101,552,347 | 335,203 | 407,794,449 | |
| On-balance sheet interest sensitivity gap | 128,919,187 | (58,555,132) | (87,392,909) | 68,518,491 | 19,336,831 | (72,093,808) | 1,267,340 | – | |
| Off-balance sheet interest sensitivity gap (interest rate swaps) | 100,000 | 1,690,329 | 76,849 | (1,867,178) | – | – | – | – | |
| **TOTAL INTEREST SENSITIVITY GAP** | 129,019,187 | (56,864,803) | (87,316,060) | 66,651,313 | 19,336,831 | (72,093,808) | 1,267,340 | – | |

* This is arrived at after deducting expected credit losses from the outstanding credit-impaired loans, advances and financing.

## 47. FINANCIAL RISK MANAGEMENT (CONTINUED)

**Market Risk (continued)**

(ii) Non-Traded Market Risk (continued)

(a) Interest Rate/Rate of Return Risk (continued)

(ii) Interest Rate/Rate of Return Risk Sensitivity Analysis

The table below shows the sensitivity of the Group's and of the Bank's profit after tax and revaluation reserves to a 100 basis point parallel rate movement:

| | Group | | Bank | |
|---|---|---|---|---|
| | Impact on Profit After Tax RM'000 | Impact on Revaluation Reserves RM'000 | Impact on Profit After Tax RM'000 | Impact on Revaluation Reserves RM'000 |
| **Increase/(Decrease)** | | | | |
| **2025** | | | | |
| +100 bps | **739,095** | **(1,583,184)** | **563,081** | **(977,166)** |
| -100 bps | **(774,513)** | **1,650,301** | **(591,211)** | **1,032,938** |
| **2024** | | | | |
| +100 bps | 702,123 | (1,521,390) | 528,134 | (909,311) |
| -100 bps | (755,254) | 1,576,047 | (558,336) | 953,037 |

Impact on profit after tax represents the projected sensitivity to a 100 basis point parallel rate movement across all maturities applied on the interest rate/rate of return sensitivity gap, taking into consideration the behavioural pattern of certain indeterminate maturity of deposits such as demand and savings deposits to reflect the actual sensitivity behavioural of these deposits. Where the current interest rate/rate of return is lower than 1%, the downward rate shock applied is restricted to the prevailing interest rate/rate of return.

Impact on revaluation reserves is assessed by applying 100 basis point parallel rate movements to derive the impact on mark-to-market of instruments held in the FVOCI portfolio.

(b) Foreign Exchange Risk

Risk Management Approach

The Group manages such risk through funding in the same functional currencies or hedging via forward contracts, where possible. In addition, Net Open Position ("NOP") limit is set for overall NOP as well as NOP limits for individual currencies. The decision to hedge the Group's net investment in its overseas operations is based on the potential foreign exchange risk against the cost of hedging and is periodically assessed by the ALCO.

(i) The following tables summarise the assets, liabilities and NOP by currencies as at the reporting date, which are mainly in Ringgit Malaysia, Hong Kong Dollars and United States Dollars. Other currencies mainly include exposure to Vietnamese Dong, Euro, Australian Dollars, Chinese Renminbi, New Zealand Dollars, Sri Lankan Rupees, Laotian Kip, Great Britain Pounds, Cambodian Riel, Japanese Yen and Singapore Dollars.

# Notes to the Financial Statements

– 31 December 2025

## 47. FINANCIAL RISK MANAGEMENT (CONTINUED)

### Market Risk (continued)

(ii) Non-Traded Market Risk (continued)

(b) Foreign Exchange Risk (continued)

| Group 2025 | Malaysian Ringgit RM'000 | Hong Kong Dollars RM'000 | United States Dollars RM'000 | Others RM'000 | Total RM'000 |
|---|---|---|---|---|---|
| **ASSETS** | | | | | |
| Cash and balances with banks | 6,377,695 | 512,208 | 4,292,814 | 5,646,013 | 16,828,730 |
| Reverse repurchase agreements | – | – | – | 1,642 | 1,642 |
| Financial assets at fair value through profit or loss | 3,969,070 | – | – | 9,454 | 3,978,524 |
| Derivative financial assets | 210,911 | 159 | 6,786 | 6,718 | 224,574 |
| Financial investments at fair value through other comprehensive income | 47,008,253 | 1,726,139 | 686,225 | 777,885 | 50,198,502 |
| Financial investments at amortised cost | 28,895,450 | 380,307 | 1,228,926 | 316,326 | 30,821,009 |
| Reinsurance contract assets | 922,292 | – | – | 35,535 | 957,827 |
| Loans, advances and financing | 414,012,181 | 13,006,301 | 6,634,174 | 8,680,575 | 442,333,231 |
| Other assets | 2,526,203 | 437,877 | 701,850 | 1,026,278 | 4,692,208 |
| Statutory deposits with Central Banks | 3,773,469 | 193 | 533,496 | 134,116 | 4,441,274 |
| Deferred tax assets | 379,847 | 42,956 | 3,537 | 573 | 426,913 |
| Investment in associated companies | 441,211 | – | 16 | – | 441,227 |
| Investment properties | 388,400 | 273,127 | – | 33,348 | 694,875 |
| Right-of-use assets | 763,271 | 398,078 | 30,231 | 23,664 | 1,215,244 |
| Property and equipment | 1,048,296 | 171,342 | 35,889 | 54,233 | 1,309,760 |
| Intangible assets | 1,842,303 | 1,087,416 | – | 155,898 | 3,085,617 |
| **TOTAL ASSETS** | 512,558,852 | 18,036,103 | 14,153,944 | 16,902,258 | 561,651,157 |
| **LIABILITIES** | | | | | |
| Deposits from customers | 392,102,468 | 12,633,666 | 31,936,706 | 10,440,782 | 447,113,622 |
| Deposits from banks and other financial institutions | 9,316,586 | 575,107 | 2,346,336 | 2,387,314 | 14,625,343 |
| Obligations on securities sold under repurchase agreements | 5,624,414 | – | – | 162 | 5,624,576 |
| Bills and acceptances payable | 155,482 | – | – | 185 | 155,667 |
| Recourse obligations on loans and financing sold to Cagamas | 6,200,017 | – | – | – | 6,200,017 |
| Derivative financial liabilities | 633,557 | 491 | 7,594 | – | 641,642 |
| Insurance contract liabilities | 2,204,175 | – | – | 182,869 | 2,387,044 |
| Debt securities issued and other borrowed funds | 10,337,617 | – | 2,312,320 | – | 12,649,937 |
| Lease liabilities | 804,554 | 41,785 | 39,109 | 20,741 | 906,189 |
| Other liabilities | 4,809,965 | 1,117,652 | 439,061 | 1,769,056 | 8,135,734 |
| Provision for tax expense and zakat | 410,654 | 2,978 | 43,961 | 9,968 | 467,561 |
| Deferred tax liabilities | 261,673 | 36,198 | – | 4,346 | 302,217 |
| **TOTAL LIABILITIES** | 432,861,162 | 14,407,877 | 37,125,087 | 14,815,423 | 499,209,549 |
| Non-controlling interests | 1,399,514 | 1,080,169 | 24,251 | – | 2,503,934 |
| **On-Balance Sheet Open Position** | 78,298,176 | 2,548,057 | (22,995,394) | 2,086,835 | 59,937,674 |
| **Off-Balance Sheet Open Position** | (24,226,450) | (780,095) | 23,202,021 | 1,804,524 | – |
| **NET OPEN POSITION** | 54,071,726 | 1,767,962 | 206,627 | 3,891,359 | 59,937,674 |

## 47. FINANCIAL RISK MANAGEMENT (CONTINUED)

### Market Risk (continued)

(ii) Non-Traded Market Risk (continued)

(b) Foreign Exchange Risk (continued)

| Group 2024 | Malaysian Ringgit RM'000 (Restated) | Hong Kong Dollars RM'000 | United States Dollars RM'000 | Others RM'000 (Restated) | Total RM'000 (Restated) |
|---|---|---|---|---|---|
| **ASSETS** | | | | | |
| Cash and balances with banks | 4,250,094 | 1,300,242 | 6,990,160 | 2,928,471 | 15,468,967 |
| Reverse repurchase agreements | – | – | – | 6,103 | 6,103 |
| Financial assets at fair value through profit or loss | 3,993,344 | – | – | 7,757 | 4,001,101 |
| Derivative financial assets | 547,650 | 2,626 | 17,499 | 294 | 568,069 |
| Financial investments at fair value through other comprehensive income | 51,024,928 | 1,664,183 | 563,731 | 665,625 | 53,918,467 |
| Financial investments at amortised cost | 26,722,384 | 779,053 | 984,676 | 517,066 | 29,003,179 |
| Reinsurance contract assets | 848,603 | – | – | 31,429 | 880,032 |
| Loans, advances and financing | 389,665,859 | 13,844,626 | 7,307,818 | 9,653,395 | 420,471,698 |
| Other assets | 2,262,059 | 803,184 | 289,001 | 547,809 | 3,902,053 |
| Statutory deposits with Central Banks | 7,022,599 | 236 | 530,591 | 96,826 | 7,650,252 |
| Deferred tax assets | 474,674 | 33,440 | 13,444 | 18,972 | 540,530 |
| Investment in associated companies | 384,033 | – | 18 | – | 384,051 |
| Investment properties | 385,800 | 352,550 | – | 32,604 | 770,954 |
| Right-of-use assets | 772,583 | 402,325 | 35,534 | 15,065 | 1,225,507 |
| Property and equipment | 1,032,837 | 139,923 | 44,247 | 55,863 | 1,272,870 |
| Intangible assets | 1,887,386 | 1,193,435 | – | 165,234 | 3,246,055 |
| **TOTAL ASSETS** | 491,274,833 | 20,515,823 | 16,776,719 | 14,742,513 | 543,309,888 |
| **LIABILITIES** | | | | | |
| Deposits from customers | 378,930,621 | 14,281,121 | 27,277,218 | 12,775,310 | 433,264,270 |
| Deposits from banks and other financial institutions | 6,768,402 | 332,105 | 3,972,267 | 2,384,830 | 13,457,604 |
| Obligations on securities sold under repurchase agreements | 8,008,804 | – | – | 120,766 | 8,129,570 |
| Bills and acceptances payable | 263,326 | – | – | 77 | 263,403 |
| Recourse obligations on loans and financing sold to Cagamas | 5,000,015 | – | – | – | 5,000,015 |
| Derivative financial liabilities | 344,707 | 8,400 | – | 39 | 353,146 |
| Insurance contract liabilities | 2,086,380 | – | – | 170,604 | 2,256,984 |
| Debt securities issued and other borrowed funds | 7,837,145 | 633,215 | 2,544,147 | – | 11,014,507 |
| Lease liabilities | 805,241 | 51,556 | 47,159 | 14,526 | 918,482 |
| Other liabilities | 5,788,843 | 912,367 | 449,876 | 872,717 | 8,023,803 |
| Provision for tax expense and zakat | 314,095 | 1,528 | 66,126 | 14,427 | 396,176 |
| Deferred tax liabilities | 263,432 | 33,649 | – | 5,236 | 302,317 |
| **TOTAL LIABILITIES** | 416,411,011 | 16,253,941 | 34,356,793 | 16,358,532 | 483,380,277 |
| Non-controlling interests | 1,384,906 | 1,183,210 | 26,001 | – | 2,594,117 |
| **On-Balance Sheet Open Position** | 73,478,916 | 3,078,672 | (17,606,075) | (1,616,019) | 57,335,494 |
| **Off-Balance Sheet Open Position** | (22,097,802) | (1,208,043) | 17,781,972 | 5,523,873 | – |
| **NET OPEN POSITION** | 51,381,114 | 1,870,629 | 175,897 | 3,907,854 | 57,335,494 |

# Notes to the Financial Statements

– 31 December 2025

## 47. FINANCIAL RISK MANAGEMENT (CONTINUED)

**Market Risk (continued)**

(ii) Non-Traded Market Risk (continued)

(b) Foreign Exchange Risk (continued)

| Bank<br>2025 | Malaysian Ringgit<br>RM'000 | Hong Kong Dollars<br>RM'000 | United States Dollars<br>RM'000 | Others<br>RM'000 | Total<br>RM'000 |
|---|---|---|---|---|---|
| **ASSETS** | | | | | |
| Cash and balances with banks | 4,465,420 | 329,383 | 2,845,939 | 3,266,102 | 10,906,844 |
| Reverse repurchase agreements | – | – | – | 1,642 | 1,642 |
| Financial assets at fair value through profit or loss | 1,484,221 | – | – | – | 1,484,221 |
| Derivative financial assets | 221,437 | – | – | – | 221,437 |
| Financial investments at fair value through other comprehensive income | 30,713,780 | – | 41,701 | 578 | 30,756,059 |
| Financial investments at amortised cost | 23,432,750 | – | – | 27,928 | 23,460,678 |
| Loans and advances | 327,511,605 | 653,163 | 954,465 | 2,440,955 | 331,560,188 |
| Other assets | 2,121,925 | 337,469 | 596,762 | 1,120,415 | 4,176,571 |
| Statutory deposits with Central Banks | 2,810,000 | – | – | 417 | 2,810,417 |
| Deferred tax assets | 269,522 | – | – | 573 | 270,095 |
| Collective investments | 6,929,594 | – | – | – | 6,929,594 |
| Investment in subsidiary companies | 5,087,753 | 1,672,194 | 538,226 | 1,683,488 | 8,981,661 |
| Investment in associated companies | 67,500 | – | – | – | 67,500 |
| Right-of-use assets | 1,003,012 | – | – | 1,184 | 1,004,196 |
| Property and equipment | 573,224 | – | – | 1,878 | 575,102 |
| Intangible assets | 695,393 | – | – | – | 695,393 |
| **TOTAL ASSETS** | 407,387,136 | 2,992,209 | 4,977,093 | 8,545,160 | 423,901,598 |
| **LIABILITIES** | | | | | |
| Deposits from customers | 305,054,971 | 56,253 | 20,948,510 | 5,317,846 | 331,377,580 |
| Deposits from banks and other financial institutions | 7,186,586 | 438,262 | 8,140,947 | 98,655 | 15,864,450 |
| Obligations on securities sold under repurchase agreements | 5,191,353 | – | – | 162 | 5,191,515 |
| Bills and acceptances payable | 154,554 | – | – | 185 | 154,739 |
| Recourse obligations on loans sold to Cagamas | 5,200,017 | – | – | – | 5,200,017 |
| Derivative financial liabilities | 637,745 | – | – | – | 637,745 |
| Debt securities issued and other borrowed funds | 7,398,217 | – | 2,312,320 | – | 9,710,537 |
| Lease liabilities | 1,080,064 | – | – | 1,470 | 1,081,534 |
| Other liabilities | 3,527,115 | 576,638 | 166,470 | 1,890,296 | 6,160,519 |
| Provision for tax expense | 337,299 | – | – | 596 | 337,895 |
| **TOTAL LIABILITIES** | 335,767,921 | 1,071,153 | 31,568,247 | 7,309,210 | 375,716,531 |
| **On-Balance Sheet Open Position** | 71,619,215 | 1,921,056 | (26,591,154) | 1,235,950 | 48,185,067 |
| **Off-Balance Sheet Open Position** | (24,226,455) | (782,593) | 24,479,166 | 529,882 | – |
| **NET OPEN POSITION** | 47,392,760 | 1,138,463 | (2,111,988) | 1,765,832 | 48,185,067 |

## 47. FINANCIAL RISK MANAGEMENT (CONTINUED)

**Market Risk (continued)**

(ii) Non-Traded Market Risk (continued)

(b) Foreign Exchange Risk (continued)

| Bank<br>2024 | Malaysian Ringgit<br>RM'000 | Hong Kong Dollars<br>RM'000 | United States Dollars<br>RM'000 | Others<br>RM'000 | Total<br>RM'000 |
|---|---|---|---|---|---|
| **ASSETS** | | | | | |
| Cash and balances with banks | 3,419,332 | 134,152 | 5,246,830 | 752,803 | 9,553,117 |
| Reverse repurchase agreements | – | – | – | 6,103 | 6,103 |
| Financial assets at fair value through profit or loss | 1,577,652 | – | – | – | 1,577,652 |
| Derivative financial assets | 559,676 | – | – | – | 559,676 |
| Financial investments at fair value through other comprehensive income | 32,452,397 | – | 41,199 | 671 | 32,494,267 |
| Financial investments at amortised cost | 22,599,689 | – | – | 60,050 | 22,659,739 |
| Loans and advances | 309,916,313 | 342,451 | 652,425 | 3,288,018 | 314,199,207 |
| Other assets | 1,921,187 | 521,211 | 187,285 | 646,117 | 3,275,800 |
| Statutory deposits with Central Banks | 5,125,001 | – | – | 362 | 5,125,363 |
| Deferred tax assets | 343,560 | – | – | 1,112 | 344,672 |
| Collective investments | 6,696,416 | – | – | – | 6,696,416 |
| Investment in subsidiary companies | 5,087,753 | 1,672,194 | 538,226 | 1,683,488 | 8,981,661 |
| Investment in associated companies | 67,500 | – | – | – | 67,500 |
| Right-of-use assets | 1,006,185 | – | – | 1,821 | 1,008,006 |
| Property and equipment | 548,398 | – | – | 1,479 | 549,877 |
| Intangible assets | 695,393 | – | – | – | 695,393 |
| **TOTAL ASSETS** | 392,016,452 | 2,670,008 | 6,665,965 | 6,442,024 | 407,794,449 |
| **LIABILITIES** | | | | | |
| Deposits from customers | 294,323,906 | 56,949 | 16,610,117 | 7,144,901 | 318,135,873 |
| Deposits from banks and other financial institutions | 6,456,471 | 178,292 | 8,408,925 | 1,326,365 | 16,370,053 |
| Obligations on securities sold under repurchase agreements | 7,250,526 | – | – | 128 | 7,250,654 |
| Bills and acceptances payable | 262,443 | – | – | 77 | 262,520 |
| Recourse obligations on loans sold to Cagamas | 4,000,015 | – | – | – | 4,000,015 |
| Derivative financial liabilities | 364,631 | – | – | – | 364,631 |
| Debt securities issued and other borrowed funds | 5,887,145 | – | 2,544,147 | – | 8,431,292 |
| Lease liabilities | 1,072,234 | – | – | 2,238 | 1,074,472 |
| Other liabilities | 4,904,838 | 1,142 | 99,737 | 785,952 | 5,791,669 |
| Provision for tax expense | 240,261 | – | – | 1,075 | 241,336 |
| **TOTAL LIABILITIES** | 324,762,470 | 236,383 | 27,662,926 | 9,260,736 | 361,922,515 |
| **On-Balance Sheet Open Position** | 67,253,982 | 2,433,625 | (20,996,961) | (2,818,712) | 45,871,934 |
| **Off-Balance Sheet Open Position** | (22,097,802) | (1,220,825) | 18,654,070 | 4,664,557 | – |
| **NET OPEN POSITION** | 45,156,180 | 1,212,800 | (2,342,891) | 1,845,845 | 45,871,934 |

# Notes to the Financial Statements

– 31 December 2025

## 47. FINANCIAL RISK MANAGEMENT (CONTINUED)

**Market Risk (continued)**

(ii) Non-Traded Market Risk (continued)

(b) Foreign Exchange Risk (continued)

(ii) Structural foreign exchange risk represents the Group's currency exposure in its net investments in overseas operations and capital funds/retained earnings of overseas branches. Where possible, the Group manages such risk through funding investments in the same functional currencies or hedging via forward contracts. The structural currency exposures of the Group as at the reporting date are as follows:

| Group | Hedged RM'000 | Unhedged RM'000 | Total RM'000 |
|---|---|---|---|
| **2025** | | | |
| United States Dollars | **2,883,310** | **642,750** | **3,526,060** |
| Hong Kong Dollars | **1,015,250** | **1,689,753** | **2,705,003** |
| Other currencies | **–** | **3,318,483** | **3,318,483** |
| | **3,898,560** | **5,650,986** | **9,549,546** |
| **2024** | | | |
| United States Dollars | 3,174,233 | 248,620 | 3,422,853 |
| Hong Kong Dollars | 1,117,688 | 1,817,718 | 2,935,406 |
| Other currencies | – | 3,741,454 | 3,741,454 |
| | 4,291,921 | 5,807,792 | 10,099,713 |

(iii) Sensitivity Analysis

Considering that other risk variables remain constant, the foreign currency revaluation sensitivity for the Group on its non-trading unhedged positions as at each reporting date is summarised below:

| Group | Change in Exchange Rates % | Revaluation Sensitivity 2025 RM'000 | Revaluation Sensitivity 2024 RM'000 |
|---|---|---|---|
| United States Dollars | +/- 1 | **+/- 6,428** | +/- 2,486 |
| Hong Kong Dollars | +/- 1 | **+/- 16,898** | +/- 18,177 |
| Other currencies | +/- 1 | **+/- 33,185** | +/- 37,415 |

## 47. FINANCIAL RISK MANAGEMENT (CONTINUED)

### Market Risk (continued)

(ii) Non-Traded Market Risk (continued)

(c) Equity Risk

Risk Management Approach

The Group manages such risk via pre-approved portfolio size and cut-loss limits. Decisions concerning such positions are made by the Share Investment Committee.

Considering that other risk variables remain constant, the table below summarises the impact on the carrying amount of equity positions as at each reporting date should there be a change in equity market prices:

| | Change in Equity Market Prices % | Sensitivity | |
|---|---|---|---|
| | | Profit Before Tax RM'000 | Equity RM'000 |
| **Group** | | | |
| 2025 | **+/- 10** | **+/- 1,325** | **+/- 5,234** |
| 2024 | +/- 10 | +/- 1,139 | +/- 1,068 |
| **Bank** | | | |
| 2025 | **+/- 10** | **–** | **–** |
| 2024 | +/- 10 | – | – |

### Liquidity and Funding Risk

Liquidity and funding risk is the risk of insufficient liquid assets to meet obligations due and/or inefficient funding structure resulting in high funding cost.

Risk Governance

The ALCO supports the RMC in liquidity and funding risk management oversight. The ALCO reviews the Group's liquidity risk policies and guidelines, and implements necessary actions to ensure that the liquidity and funding risk is well managed and within the established liquidity risk appetite and thresholds.

# Notes to the Financial Statements
– 31 December 2025

## 47. FINANCIAL RISK MANAGEMENT (CONTINUED)

**Liquidity and Funding Risk (continued)**

Risk Management Approach

The Group's liquidity and funding risk management is guided by the Group's Liquidity and Funding Risk Management Policy. The policy sets out the processes involved in identifying, assessing, measuring, controlling, mitigating and monitoring of the liquidity and funding risk. The policy also addresses the regulatory requirements on Basel III Liquidity standards, including the BNM's Basel III Liquidity Coverage Ratio and Basel III Net Stable Funding Ratio. Monitoring tools and liquidity/funding risk limits are established to manage liquidity and funding exposures within the Group, including maturity mismatch, concentration of funding, and significant foreign currencies position. Liquidity and funding positions are reported to the ALCO and RMC on a monthly basis.

The day-to-day funding management is undertaken by the treasury operations and this includes the maintenance of a portfolio of high quality liquid assets that can be easily liquidated as protection against any unforeseen interruption to cash flows and the replenishment of funds as they matured or are borrowed by/financed to the customers.

The Group's liquidity and funding positions consist of a well-diversified funding mix with significant retail deposit base and funding from wholesale markets. The Group's retail deposit base comprises demand and time deposits which have traditionally in aggregate provided stable sources of funding. The Group's strong reputation in financial and capital strength, wide branches network and sound infrastructure are core attributes to preserve depositors' confidence and ensure stable liquidity. The Group accesses the wholesale markets through the issuance of debt securities, certificate of deposits and the taking of money market deposits to meet short-term obligations and to maintain its presence in the local money markets.

Contingency funding plans are in place to identify and monitor early warning signals of a liquidity event. The contingency funding plans also set out the crisis escalation process as well as the various strategies to be employed to preserve liquidity including an orderly communication channel during a liquidity event. A liquidity stress test programme is in place to ensure liquidity stress tests are systematically performed on periodic basis or ad hoc if necessary by the various entities under the Group to detect any vulnerability in respective entities' cash flows under various stress scenarios. The outcome of stress test exercise will be utilised to strengthen the liquidity management within the Group.

(a) Maturity analysis of assets and liabilities based on remaining contractual maturity

The following tables show the maturity analysis of the carrying amounts of the Group's and of the Bank's assets and liabilities based on remaining contractual maturity. The contractual maturity profile often does not reflect the actual behavioural patterns. In particular, the Group and the Bank have significant amounts of "demand and savings deposits" of non-bank customers which are at call (included in the "Up to 1 Month" time band) but which are historically a stable source of long-term funding for the Group and the Bank.

The Group and the Bank are subject to liquidity requirements to support calls under outstanding contingent liabilities and commitments as set out in Note 51 to the financial statements. The total outstanding contractual amounts of these items do not represent future cash requirements since the Group and the Bank expect many of these commitments (such as direct credit substitutes) to expire without being called or drawn upon, whereas many of the contingent liabilities (such as letters of credit) are reimbursable by customers.

## 47. FINANCIAL RISK MANAGEMENT (CONTINUED)

### Liquidity and Funding Risk (continued)

Risk Management Approach (continued)

(a) Maturity analysis of assets and liabilities based on remaining contractual maturity (continued)

| Group 2025 | Up to 1 Month RM'000 | > 1 – 3 Months RM'000 | > 3 – 6 Months RM'000 | > 6 – 12 Months RM'000 | > 1 – 3 Years RM'000 | > 3 – 5 Years RM'000 | > 5 Years RM'000 | No Specific Maturity RM'000 | Total RM'000 |
|---|---|---|---|---|---|---|---|---|---|
| **ASSETS** | | | | | | | | | |
| Cash and balances with banks | 13,924,809 | 2,272,338 | 464,137 | 167,446 | – | – | – | – | 16,828,730 |
| Reverse repurchase agreements | 1,642 | – | – | – | – | – | – | – | 1,642 |
| Financial investments | 2,377,633 | 5,945,220 | 1,326,196 | 8,279,407 | 30,425,979 | 21,586,860 | 12,958,188 | 2,098,552 | 84,998,035 |
| Derivative financial assets | 35,441 | 55,255 | 39,955 | 54,575 | 31,622 | 1,469 | 6,257 | – | 224,574 |
| Loans, advances and financing | 16,162,754 | 10,434,100 | 12,338,122 | 21,913,361 | 67,222,445 | 58,488,184 | 255,774,265 | – | 442,333,231 |
| Other asset balances | 2,728,419 | 231,484 | 157,388 | 216,496 | 382,333 | 73,093 | 97,195 | 13,378,537 | 17,264,945 |
| **TOTAL ASSETS** | 35,230,698 | 18,938,397 | 14,325,798 | 30,631,285 | 98,062,379 | 80,149,606 | 268,835,905 | 15,477,089 | 561,651,157 |
| **LIABILITIES** | | | | | | | | | |
| Deposits from customers | 215,897,719 | 96,170,258 | 75,343,473 | 59,064,149 | 633,940 | 4,083 | – | – | 447,113,622 |
| Deposits from banks and other financial institutions | 7,688,526 | 3,521,360 | 2,645,407 | 249,725 | 53,997 | 440,732 | 25,596 | – | 14,625,343 |
| Obligations on securities sold under repurchase agreements | 2,671,678 | 2,952,898 | – | – | – | – | – | – | 5,624,576 |
| Recourse obligations on loans and financing sold to Cagamas | – | – | – | – | 4,000,016 | 2,200,001 | – | – | 6,200,017 |
| Derivative financial liabilities | 170,531 | 229,974 | 190,808 | 34,592 | 2,056 | 4,621 | 9,060 | – | 641,642 |
| Debt securities issued and other borrowed funds | – | 397,575 | 403,938 | – | 6,766,402 | 3,293,410 | 1,788,612 | – | 12,649,937 |
| Lease liabilities | 10,545 | 20,877 | 30,923 | 59,110 | 210,089 | 190,572 | 384,073 | – | 906,189 |
| Other liability balances | 5,549,014 | 1,510,554 | 1,108,434 | 1,417,428 | 909,162 | 176,810 | 56,508 | 720,313 | 11,448,223 |
| **TOTAL LIABILITIES** | 231,988,013 | 104,803,496 | 79,722,983 | 60,825,004 | 12,575,662 | 6,310,229 | 2,263,849 | 720,313 | 499,209,549 |
| **NET LIQUIDITY GAP** | (196,757,315) | (85,865,099) | (65,397,185) | (30,193,719) | 85,486,717 | 73,839,377 | 266,572,056 | 14,756,776 | 62,441,608 |

# Notes to the Financial Statements
– 31 December 2025

## 47. FINANCIAL RISK MANAGEMENT (CONTINUED)

### Liquidity and Funding Risk (continued)

Risk Management Approach (continued)

(a) Maturity analysis of assets and liabilities based on remaining contractual maturity (continued)

| Group 2024 | Up to 1 Month RM'000 | > 1 – 3 Months RM'000 | > 3 – 6 Months RM'000 | > 6 – 12 Months RM'000 | > 1 – 3 Years RM'000 | > 3 – 5 Years RM'000 | > 5 Years RM'000 | No Specific Maturity RM'000 (Restated) | Total RM'000 (Restated) |
|---|---|---|---|---|---|---|---|---|---|
| **ASSETS** | | | | | | | | | |
| Cash and balances with banks | 12,114,344 | 2,636,827 | 449,001 | 261,284 | 7,511 | – | – | – | 15,468,967 |
| Reverse repurchase agreements | 6,103 | – | – | – | – | – | – | – | 6,103 |
| Financial investments | 1,510,215 | 4,373,930 | 2,378,101 | 9,786,716 | 35,018,586 | 21,127,763 | 10,763,408 | 1,964,028 | 86,922,747 |
| Derivative financial assets | 75,213 | 191,926 | 157,140 | 24,860 | 95,982 | 13,840 | 9,108 | – | 568,069 |
| Loans, advances and financing | 16,190,347 | 10,469,660 | 12,502,327 | 23,129,847 | 64,783,455 | 53,806,640 | 239,589,422 | – | 420,471,698 |
| Other asset balances | 2,005,077 | 120,400 | 181,484 | 192,202 | 364,775 | 69,271 | 72,926 | 16,866,169 | 19,872,304 |
| **TOTAL ASSETS** | 31,901,299 | 17,792,743 | 15,668,053 | 33,394,909 | 100,270,309 | 75,017,514 | 250,434,864 | 18,830,197 | 543,309,888 |
| **LIABILITIES** | | | | | | | | | |
| Deposits from customers | 204,380,169 | 87,344,017 | 73,035,569 | 68,143,671 | 354,585 | 6,259 | – | – | 433,264,270 |
| Deposits from banks and other financial institutions | 6,047,060 | 4,521,656 | 641,545 | 46,327 | 1,742,881 | 440,247 | 17,888 | – | 13,457,604 |
| Obligations on securities sold under repurchase agreements | 5,706,451 | 2,423,119 | – | – | – | – | – | – | 8,129,570 |
| Recourse obligations on loans and financing sold to Cagamas | – | – | – | – | 4,000,015 | 1,000,000 | – | – | 5,000,015 |
| Derivative financial liabilities | 154,189 | 162,196 | 24,253 | 7,023 | 4,650 | 303 | 532 | – | 353,146 |
| Debt securities issued and other borrowed funds | 633,215 | – | 889,983 | – | 6,018,668 | 3,472,641 | – | – | 11,014,507 |
| Lease liabilities | 10,837 | 21,576 | 32,161 | 63,136 | 222,264 | 183,291 | 385,217 | – | 918,482 |
| Other liability balances | 5,518,377 | 1,517,707 | 1,075,162 | 1,326,323 | 868,438 | 163,851 | 58,146 | 714,679 | 11,242,683 |
| **TOTAL LIABILITIES** | 222,450,298 | 95,990,271 | 75,698,673 | 69,586,480 | 13,211,501 | 5,266,592 | 461,783 | 714,679 | 483,380,277 |
| **NET LIQUIDITY GAP** | (190,548,999) | (78,197,528) | (60,030,620) | (36,191,571) | 87,058,808 | 69,750,922 | 249,973,081 | 18,115,518 | 59,929,611 |

## 47. FINANCIAL RISK MANAGEMENT (CONTINUED)

### Liquidity and Funding Risk (continued)

Risk Management Approach (continued)

(a) Maturity analysis of assets and liabilities based on remaining contractual maturity (continued)

| Bank 2025 | Up to 1 Month RM'000 | > 1 – 3 Months RM'000 | > 3 – 6 Months RM'000 | > 6 – 12 Months RM'000 | > 1 – 3 Years RM'000 | > 3 – 5 Years RM'000 | > 5 Years RM'000 | No Specific Maturity RM'000 | Total RM'000 |
|---|---|---|---|---|---|---|---|---|---|
| **ASSETS** | | | | | | | | | |
| Cash and balances with banks | 10,730,392 | 128,299 | 17,513 | 30,640 | – | – | – | – | 10,906,844 |
| Reverse repurchase agreements | 1,642 | – | – | – | – | – | – | – | 1,642 |
| Financial investments | 904,242 | 2,615,684 | 730,656 | 4,885,257 | 23,272,895 | 14,512,160 | 7,898,460 | 881,604 | 55,700,958 |
| Derivative financial assets | 28,717 | 55,102 | 39,533 | 56,267 | 36,343 | 4,705 | 770 | – | 221,437 |
| Loans and advances | 11,347,734 | 7,520,188 | 9,334,657 | 18,008,699 | 53,145,420 | 43,563,852 | 188,639,638 | – | 331,560,188 |
| Other asset balances | 2,125,410 | 95,382 | 585,694 | 81 | – | – | 74,872 | 22,629,090 | 25,510,529 |
| **TOTAL ASSETS** | 25,138,137 | 10,414,655 | 10,708,053 | 22,980,944 | 76,454,658 | 58,080,717 | 196,613,740 | 23,510,694 | 423,901,598 |
| **LIABILITIES** | | | | | | | | | |
| Deposits from customers | 165,725,169 | 69,723,626 | 54,413,800 | 41,488,422 | 23,700 | 2,863 | – | – | 331,377,580 |
| Deposits from banks and other financial institutions | 6,936,426 | 4,490,391 | 2,953,433 | 970,385 | 52,084 | 439,021 | 22,710 | – | 15,864,450 |
| Obligations on securities sold under repurchase agreements | 2,238,617 | 2,952,898 | – | – | – | – | – | – | 5,191,515 |
| Recourse obligations on loans sold to Cagamas | – | – | – | – | 4,000,016 | 1,200,001 | – | – | 5,200,017 |
| Derivative financial liabilities | 170,097 | 229,974 | 191,730 | 36,107 | 2,283 | 6,088 | 1,466 | – | 637,745 |
| Debt securities issued and other borrowed funds | – | 397,576 | 403,938 | – | 5,311,402 | 2,298,410 | 1,299,211 | – | 9,710,537 |
| Lease liabilities | 9,797 | 19,593 | 29,390 | 58,833 | 235,180 | 231,241 | 497,500 | – | 1,081,534 |
| Other liability balances | 3,831,314 | 1,128,617 | 610,991 | 683,323 | 52,162 | 22 | 894 | 345,830 | 6,653,153 |
| **TOTAL LIABILITIES** | 178,911,420 | 78,942,675 | 58,603,282 | 43,237,070 | 9,676,827 | 4,177,646 | 1,821,781 | 345,830 | 375,716,531 |
| **NET LIQUIDITY GAP** | (153,773,283) | (68,528,020) | (47,895,229) | (20,256,126) | 66,777,831 | 53,903,071 | 194,791,959 | 23,164,864 | 48,185,067 |

# Notes to the Financial Statements
– 31 December 2025

## 47. FINANCIAL RISK MANAGEMENT (CONTINUED)

### Liquidity and Funding Risk (continued)

Risk Management Approach (continued)

(a) Maturity analysis of assets and liabilities based on remaining contractual maturity (continued)

| Bank 2024 | Up to 1 Month RM'000 | > 1 – 3 Months RM'000 | > 3 – 6 Months RM'000 | > 6 – 12 Months RM'000 | > 1 – 3 Years RM'000 | > 3 – 5 Years RM'000 | > 5 Years RM'000 | No Specific Maturity RM'000 | Total RM'000 |
|---|---|---|---|---|---|---|---|---|---|
| **ASSETS** | | | | | | | | | |
| Cash and balances with banks | 8,225,045 | 1,268,072 | 60,000 | – | – | – | – | – | 9,553,117 |
| Reverse repurchase agreements | 6,103 | – | – | – | – | – | – | – | 6,103 |
| Financial investments | 546,614 | 1,978,845 | 1,199,022 | 5,312,327 | 27,139,972 | 11,757,008 | 7,945,086 | 852,784 | 56,731,658 |
| Derivative financial assets | 74,779 | 188,291 | 156,818 | 27,873 | 102,220 | 9,164 | 531 | – | 559,676 |
| Loans and advances | 10,870,075 | 7,609,873 | 8,462,208 | 18,595,323 | 51,621,963 | 40,414,745 | 176,625,020 | – | 314,199,207 |
| Other asset balances | 1,306,383 | 17,079 | 550,115 | 88 | – | – | 51,883 | 24,819,140 | 26,744,688 |
| **TOTAL ASSETS** | 21,028,999 | 11,062,160 | 10,428,163 | 23,935,611 | 78,864,155 | 52,180,917 | 184,622,520 | 25,671,924 | 407,794,449 |
| **LIABILITIES** | | | | | | | | | |
| Deposits from customers | 154,583,817 | 59,956,685 | 54,588,548 | 48,952,074 | 51,154 | 3,595 | – | – | 318,135,873 |
| Deposits from banks and other financial institutions | 7,335,519 | 5,438,150 | 1,208,371 | 250,696 | 1,682,860 | 438,964 | 15,493 | – | 16,370,053 |
| Obligations on securities sold under repurchase agreements | 4,827,536 | 2,423,118 | – | – | – | – | – | – | 7,250,654 |
| Recourse obligations on loans sold to Cagamas | – | – | – | – | 4,000,015 | – | – | – | 4,000,015 |
| Derivative financial liabilities | 150,727 | 157,219 | 24,253 | 9,290 | 16,401 | 6,209 | 532 | – | 364,631 |
| Debt securities issued and other borrowed funds | – | – | 889,983 | – | 4,543,668 | 2,997,641 | – | – | 8,431,292 |
| Lease liabilities | 9,507 | 19,014 | 28,850 | 56,957 | 227,691 | 226,279 | 506,174 | – | 1,074,472 |
| Other liability balances | 3,593,447 | 1,098,201 | 599,904 | 613,872 | 42,926 | 34 | – | 347,141 | 6,295,525 |
| **TOTAL LIABILITIES** | 170,500,553 | 69,092,387 | 57,339,909 | 49,882,889 | 10,564,715 | 3,672,722 | 522,199 | 347,141 | 361,922,515 |
| **NET LIQUIDITY GAP** | (149,471,554) | (58,030,227) | (46,911,746) | (25,947,278) | 68,299,440 | 48,508,195 | 184,100,321 | 25,324,783 | 45,871,934 |

## 47. FINANCIAL RISK MANAGEMENT (CONTINUED)

### Liquidity and Funding Risk (continued)

Risk Management Approach (continued)

(b) Maturity analysis of financial liabilities on an undiscounted basis

The following tables show the contractual undiscounted cash flows payable for financial liabilities by remaining contractual maturity. The financial liabilities disclosed in the tables below will not agree to the carrying amounts reported in the statements of financial position as the amounts incorporated all contractual cash flows, on an undiscounted basis, relating to both principal and interest/profit payments. The contractual maturity profile does not necessarily reflect the behavioural cash flows.

The interest/profit payments of subordinated notes/sukuk murabahah are computed up to the first optional redemption date.

| Group 2025 | Up to 1 Month RM'000 | > 1 – 3 Months RM'000 | > 3 – 6 Months RM'000 | > 6 – 12 Months RM'000 | > 1 – 3 Years RM'000 | > 3 – 5 Years RM'000 | > 5 Years RM'000 | No Specific Maturity RM'000 | Total RM'000 |
|---|---|---|---|---|---|---|---|---|---|
| Deposits from customers | 216,873,701 | 97,387,267 | 76,819,876 | 60,935,752 | 666,050 | 4,619 | – | – | 452,687,265 |
| Deposits from banks and other financial institutions | 7,707,731 | 3,545,736 | 2,675,527 | 257,405 | 56,556 | 495,660 | 29,530 | – | 14,768,145 |
| Obligations on securities sold under repurchase agreements | 2,685,149 | 2,976,507 | – | – | – | – | – | – | 5,661,656 |
| Recourse obligations on loans and financing sold to Cagamas | 22,181 | 20,946 | 89,535 | 133,878 | 4,349,322 | 2,324,782 | – | – | 6,940,644 |
| Debt securities issued and other borrowed funds | 71,316 | 444,625 | 541,486 | 247,150 | 7,417,813 | 3,585,040 | 1,923,362 | – | 14,230,792 |
| Derivative financial liabilities | 173,346 | 230,120 | 189,303 | 36,857 | 6,710 | 3,672 | 7,251 | – | 647,259 |
| Lease liabilities | 10,797 | 21,346 | 31,549 | 60,136 | 212,662 | 194,028 | 638,847 | – | 1,169,365 |
| Other liability balances | 4,435,345 | 760,005 | 465,722 | 610,859 | 906,836 | 176,778 | 56,507 | 418,096 | 7,830,148 |
| **Total Liabilities** | 231,979,566 | 105,386,552 | 80,812,998 | 62,282,037 | 13,615,949 | 6,784,579 | 2,655,497 | 418,096 | 503,935,274 |
| Direct credit substitutes | 173,811 | 181,191 | 220,005 | 502,768 | 190,408 | 3,068 | 1,761 | 2,591 | 1,275,603 |
| Transaction-related contingent items | 521,274 | 125,609 | 516,288 | 388,831 | 2,314,369 | 645,531 | 197,759 | 4,573 | 4,714,234 |
| Short term self-liquidating trade-related contingencies | 209,487 | 147,095 | 4,025 | – | – | – | – | 6,590 | 367,197 |
| Other commitments, such as formal standby facilities and credit lines | 2,286,329 | 2,244,402 | 3,278,474 | 7,844,513 | 8,934,606 | 2,055,749 | 6,087,982 | 36,964,597 | 69,696,652 |
| Unutilised credit card lines | – | – | – | – | – | – | – | 11,616,224 | 11,616,224 |
| Forward asset purchases | 352,456 | – | – | – | – | – | – | – | 352,456 |
| **Total Commitments and Contingencies** | 3,543,357 | 2,698,297 | 4,018,792 | 8,736,112 | 11,439,383 | 2,704,348 | 6,287,502 | 48,594,575 | 88,022,366 |

# Notes to the Financial Statements
– 31 December 2025

## 47. FINANCIAL RISK MANAGEMENT (CONTINUED)

### Liquidity and Funding Risk (continued)

Risk Management Approach (continued)

(b) Maturity analysis of financial liabilities on an undiscounted basis (continued)

| Group 2024 | Up to 1 Month RM'000 | > 1 – 3 Months RM'000 | > 3 – 6 Months RM'000 | > 6 – 12 Months RM'000 | > 1 – 3 Years RM'000 | > 3 – 5 Years RM'000 | > 5 Years RM'000 | No Specific Maturity RM'000 | Total RM'000 |
|---|---|---|---|---|---|---|---|---|---|
| Deposits from customers | 205,513,326 | 88,609,583 | 74,655,310 | 70,577,088 | 373,935 | 7,138 | – | – | 439,736,380 |
| Deposits from banks and other financial institutions | 6,067,336 | 4,555,895 | 652,194 | 48,026 | 1,826,344 | 502,942 | 21,026 | – | 13,673,763 |
| Obligations on securities sold under repurchase agreements | 5,726,721 | 2,443,908 | – | – | – | – | – | – | 8,170,629 |
| Recourse obligations on loans and financing sold to Cagamas | 22,181 | – | 89,535 | 112,584 | 4,448,617 | 1,080,710 | – | – | 5,753,627 |
| Debt securities issued and other borrowed funds | 677,300 | 34,003 | 1,049,679 | 210,684 | 6,813,076 | 3,742,090 | – | – | 12,526,832 |
| Derivative financial liabilities | 154,214 | 165,877 | 27,714 | (1,290) | 5,818 | (62) | (56) | – | 352,215 |
| Lease liabilities | 11,093 | 22,054 | 32,803 | 63,399 | 225,099 | 184,982 | 650,143 | – | 1,189,573 |
| Other liability balances | 4,199,584 | 734,548 | 333,934 | 469,154 | 865,018 | 163,805 | 58,146 | 412,013 | 7,236,202 |
| **Total Liabilities** | 222,371,755 | 96,565,868 | 76,841,169 | 71,479,645 | 14,557,907 | 5,681,605 | 729,259 | 412,013 | 488,639,221 |
| Direct credit substitutes | 62,256 | 74,035 | 173,511 | 400,481 | 191,491 | 5,195 | 655 | 5,122 | 912,746 |
| Transaction-related contingent items | 517,366 | 129,110 | 169,069 | 385,235 | 556,061 | 116,894 | 54,119 | 3,447 | 1,931,301 |
| Short term self-liquidating trade-related contingencies | 248,309 | 249,385 | 45,025 | 35,961 | – | – | – | 12,555 | 591,235 |
| Other commitments, such as formal standby facilities and credit lines | 1,984,230 | 2,040,127 | 2,828,982 | 13,701,779 | 6,200,592 | 934,983 | 4,968,814 | 37,830,805 | 70,490,312 |
| Unutilised credit card lines | – | – | – | – | – | – | – | 10,738,717 | 10,738,717 |
| Forward asset purchases | 168,879 | – | – | – | – | – | – | – | 168,879 |
| **Total Commitments and Contingencies** | 2,981,040 | 2,492,657 | 3,216,587 | 14,523,456 | 6,948,144 | 1,057,072 | 5,023,588 | 48,590,646 | 84,833,190 |

## 47. FINANCIAL RISK MANAGEMENT (CONTINUED)

### Liquidity and Funding Risk (continued)

Risk Management Approach (continued)

(b) Maturity analysis of financial liabilities on an undiscounted basis (continued)

| Bank 2025 | Up to 1 Month RM'000 | > 1 – 3 Months RM'000 | > 3 – 6 Months RM'000 | > 6 – 12 Months RM'000 | > 1 – 3 Years RM'000 | > 3 – 5 Years RM'000 | > 5 Years RM'000 | No Specific Maturity RM'000 | Total RM'000 |
|---|---|---|---|---|---|---|---|---|---|
| Deposits from customers | 166,253,348 | 70,758,416 | 55,583,078 | 42,634,874 | 24,310 | 2,999 | – | – | 335,257,025 |
| Deposits from banks and other financial institutions | 6,960,129 | 4,545,536 | 2,980,858 | 1,005,686 | 52,362 | 439,095 | 22,722 | – | 16,006,388 |
| Obligations on securities sold under repurchase agreements | 2,251,850 | 2,976,507 | – | – | – | – | – | – | 5,228,357 |
| Recourse obligations on loans sold to Cagamas | 22,181 | 20,946 | 69,551 | 113,562 | 4,268,612 | 1,284,482 | – | – | 5,779,334 |
| Debt securities issued and other borrowed funds | 60,226 | 426,872 | 509,325 | 185,854 | 5,785,061 | 2,498,940 | 1,397,113 | – | 10,863,391 |
| Derivative financial liabilities | 170,757 | 231,246 | 192,526 | 36,306 | 3,336 | 2,951 | 3,444 | – | 640,566 |
| Lease liabilities | 9,797 | 19,593 | 29,390 | 58,833 | 235,243 | 232,353 | 824,373 | – | 1,409,582 |
| Other liability balances | 3,100,615 | 544,969 | 142,790 | 98,756 | 51,979 | – | 895 | 345,830 | 4,285,834 |
| **Total Liabilities** | 178,828,903 | 79,524,085 | 59,507,518 | 44,133,871 | 10,420,903 | 4,460,820 | 2,248,547 | 345,830 | 379,470,477 |
| Direct credit substitutes | 65,735 | 66,742 | 173,003 | 370,856 | 180,368 | 2,966 | 1,692 | 2,193 | 863,555 |
| Transaction-related contingent items | 474,901 | 93,451 | 492,569 | 352,150 | 2,239,440 | 205,336 | 165,995 | 4,370 | 4,028,212 |
| Short term self-liquidating trade-related contingencies | 59,667 | 19,668 | 2,906 | – | – | – | – | 1,607 | 83,848 |
| Other commitments, such as formal standby facilities and credit lines | 1,833,313 | 1,822,609 | 2,785,567 | 5,901,609 | 7,293,564 | 1,446,127 | 4,437,513 | 30,866,844 | 56,387,146 |
| Unutilised credit card lines | – | – | – | – | – | – | – | 10,811,566 | 10,811,566 |
| Forward asset purchases | 72,414 | – | – | – | – | – | – | – | 72,414 |
| **Total Commitments and Contingencies** | 2,506,030 | 2,002,470 | 3,454,045 | 6,624,615 | 9,713,372 | 1,654,429 | 4,605,200 | 41,686,580 | 72,246,741 |

# Notes to the Financial Statements
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## 47. FINANCIAL RISK MANAGEMENT (CONTINUED)

### Liquidity and Funding Risk (continued)

Risk Management Approach (continued)

(b) Maturity analysis of financial liabilities on an undiscounted basis (continued)

| Bank 2024 | Up to 1 Month RM'000 | > 1 – 3 Months RM'000 | > 3 – 6 Months RM'000 | > 6 – 12 Months RM'000 | > 1 – 3 Years RM'000 | > 3 – 5 Years RM'000 | > 5 Years RM'000 | No Specific Maturity RM'000 | Total RM'000 |
|---|---|---|---|---|---|---|---|---|---|
| Deposits from customers | 155,173,168 | 61,051,559 | 55,937,398 | 50,488,859 | 52,879 | 3,778 | – | – | 322,707,641 |
| Deposits from banks and other financial institutions | 7,365,395 | 5,498,677 | 1,235,232 | 260,795 | 1,683,006 | 439,001 | 15,496 | – | 16,497,602 |
| Obligations on securities sold under repurchase agreements | 4,847,177 | 2,443,908 | – | – | – | – | – | – | 7,291,085 |
| Recourse obligations on loans sold to Cagamas | 22,181 | – | 69,551 | 92,269 | 4,368,017 | – | – | – | 4,552,018 |
| Debt securities issued and other borrowed funds | 30,247 | 34,003 | 1,017,518 | 167,436 | 5,140,076 | 3,203,036 | – | – | 9,592,316 |
| Derivative financial liabilities | 151,115 | 164,181 | 32,023 | 4,456 | 11,939 | 3,181 | (252) | – | 366,643 |
| Lease liabilities | 9,507 | 19,014 | 28,850 | 56,959 | 227,756 | 227,028 | 846,864 | – | 1,415,978 |
| Other liability balances | 2,792,657 | 492,830 | 21,219 | 6,388 | 42,438 | – | – | 347,141 | 3,702,673 |
| **Total Liabilities** | 170,391,447 | 69,704,172 | 58,341,791 | 51,077,162 | 11,526,111 | 3,876,024 | 862,108 | 347,141 | 366,125,956 |
| Direct credit substitutes | 57,005 | 68,890 | 165,879 | 373,857 | 185,315 | 4,433 | 579 | 5,122 | 861,080 |
| Transaction-related contingent items | 455,259 | 89,605 | 137,496 | 269,992 | 513,664 | 92,797 | 21,983 | 2,843 | 1,583,639 |
| Short term self-liquidating trade-related contingencies | 57,127 | 10,772 | 2,985 | – | – | – | – | 1,137 | 72,021 |
| Other commitments, such as formal standby facilities and credit lines | 1,470,988 | 1,656,070 | 2,283,296 | 11,314,894 | 5,050,721 | 607,330 | 4,007,941 | 32,588,846 | 58,980,086 |
| Unutilised credit card lines | – | – | – | – | – | – | – | 10,021,014 | 10,021,014 |
| Forward asset purchases | 122,318 | – | – | – | – | – | – | – | 122,318 |
| **Total Commitments and Contingencies** | 2,162,697 | 1,825,337 | 2,589,656 | 11,958,743 | 5,749,700 | 704,560 | 4,030,503 | 42,618,962 | 71,640,158 |

## 47. FINANCIAL RISK MANAGEMENT (CONTINUED)

### Operational Risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events.

Risk Governance

The Group's operational risk management is guided by the Group's Operational Risk Management Policy which is designed to ensure that operational risks are consistently identified, assessed, mitigated/controlled, monitored and reported within the Group.

The Board, through RMC, maintains overall responsibility for risk oversight within the Group. The ORMC assists the RMC in operational risk management oversight. The ORMC is responsible for assessing the effectiveness of risk management policies and processes in relation to operational risk. The Operational Risk Management Working Group ("ORMWG") is established to support and assist the ORMC in its ongoing review of the operational risk management policies and procedures and ensuring effective implementation of the policies and procedures within the business and support units.

The various business and support units are responsible for the day-to-day management of operational risks within their lines of business and functions and ensure that their business activities are carried out within the established operational risk management policies, guidelines, procedures and limits.

To ensure effective management of operational risk, independent risk management and compliance functions provide support to the business and support units and conduct compliance checks on their implementation of risk management policies and tools to identify, assess, control and monitor operational risk.

The internal audit function provides independent assurance on the adequacy and effectiveness of operational risk management policies, processes and systems.

Risk Management Approach

The day-to-day management of operational risk exposures is through a system of risk management and internal controls to ensure that operational policies, guidelines and procedures are being adhered to at all levels throughout the Group. As events and business conditions evolve, the Group continues to strengthen and refine its operational risk management processes to ensure that the current and potential operational risk exposures are properly understood and managed.

(a) Strategy and Processes

The Group has put in place a disciplined evaluation process for the offering of new product and electronic banking ("e-banking") services. The Group's evaluation process is governed by the Group's Policy and Internal Guideline on Risk Management Practices for New Products and the Group's Policy and Internal Guideline on the Provision of Electronic Banking Services. Each new product or e-banking service introduced as well as variations to existing products or e-banking services are subject to a rigorous risk review and sign-off process where risks are identified and assessed by divisions independent of the risk taking unit that proposes the products or e-banking services. This is further augmented by the Group's Policy on Product Transparency and Disclosure which emphasises the importance of safeguarding customers' confidentiality and promoting their awareness and understanding of the products and services, and informed decision making.

The Group continues to direct group-wide efforts to maintain its legal and regulatory compliance culture in all jurisdictions that the Group operates. The Group seeks to meet the standards and expectations of regulatory authorities through a number of initiatives and activities to ensure compliance with statutory and regulatory requirements as well as internal policies and guidelines.

# Notes to the Financial Statements
– 31 December 2025

## 47. FINANCIAL RISK MANAGEMENT (CONTINUED)

**Operational Risk (continued)**

Risk Management Approach (continued)

(a) Strategy and Processes (continued)

Comprehensive risk assessments are conducted on major operational risk issues/emerging risk events arising from changes in business and operating environment to facilitate pro-active development of appropriate risk response to emerging operational risk events which would affect the achievement of the Group's business objectives. Periodic reviews and enhancements to operational risk limits and assessment of the control effectiveness are also conducted in response to changes in internal and external factors so that the Group's operational risk exposures are managed within its risk appetite.

The Group has put in place the crisis management plan, disaster recovery and business continuity plans which are regularly tested and updated that enable the Group to respond and continue to operate critical business functions across a broad spectrum of interruptions to the business, arising from internal or external events. Where appropriate, the Group mitigates risk of high impact loss events by insurance coverage.

The Group protects information security through continuous assessment of the security features on all computer platforms and network infrastructure, and implementation of appropriate security controls to protect against the misuse or compromise of information assets. In response to the rapid evolvement of cyber threats, the Group maintains continued focus and investment in its control environment through working closely with the relevant consultants, organisations and regulators to understand and address threats originating outside the Group. In addition, the Group continues to undertake initiatives to maintain 100% system availability and robust system performance in the Group's computer systems, peripherals and network infrastructure to ensure uninterrupted transmission.

The Group manages its outsourcing arrangements through the Group's Policy and Internal Guideline on Outsourcing Arrangements which stipulate the requirements and the operating procedures to be observed in managing activities that are outsourced to third party service providers. This is to ensure that the risks associated with outsourcing arrangements are managed effectively.

(b) Tools and Methods for Risk Mitigation

To monitor and mitigate operational risk, the Group uses various tools and methods including:

(i) Risk and control self-assessment – To assess the state of risk management and internal controls for continuous enhancements;

(ii) Key risk indicators – To collect statistical data on an ongoing basis to facilitate early detection of operational risk issues and control deficiencies;

(iii) Operational risk incident reporting and data collection – To analyse the causes of operational risk incidents and trends of operational risk data which are useful in assessing the Group's operational risk exposures and in strengthening the internal control environment; and

(iv) Scenario Analysis – To identify and assess extreme but plausible operational risk events which can provide better understanding of the risks under extreme conditions and assess the need for additional risk management controls or mitigation solutions.

## 47. FINANCIAL RISK MANAGEMENT (CONTINUED)

### Operational Risk (continued)

Risk Management Approach (continued)

(c) Reporting

Reporting is one of the important processes in operational risk management. The Group's operational risk management processes are aimed to ensure that operational risk exposures are properly identified, escalated and managed on a timely manner.

Operational risk exposures for the key business and control units are reported through monthly operational risk management reports which provide analyses and action plans for each significant business operation. The key operational risk areas included in the operational risk management reports are premises controls and safety, losses due to fraud or control lapses, IT risk management, business continuity management, outsourcing arrangements, compliance review results as well as litigation against the Group. The operational risk management reports are tabled to the ORMWG, the ORMC and the RMC for deliberations.

### Shariah Non-compliance Risk

Shariah non-compliance ("SNC") risk is risk of legal or regulatory sanctions, financial loss or non-financial implications including reputational damage, which the entities may suffer arising from failure to comply with the rulings of the Shariah Advisory Council ("SAC") of BNM and/or the SAC of Securities Commission ("SC") Malaysia, Bursa Malaysia, standards on Shariah matters issued by BNM pursuant to section 29(1) of the Islamic Financial Services Act 2013 ("IFSA"), or decisions or advice of the respective entities' Shariah Committee/Shariah Advisers.

SNC risk of the Group may emanate from the Islamic banking operations, business, affairs and activities of Public Islamic Bank Berhad ("PIBB"), the management of Shariah-based funds by Public Mutual Berhad ("PMU") and the Islamic capital market activities of Public Investment Bank Berhad.

Islamic Banking Operations

PIBB is governed under the IFSA which requires it to ensure that its operations, business, affairs and activities are managed in strict compliance with Shariah and in accordance with the advice and ruling issued by the BNM SAC. PIBB Shariah Governance Policy ("SGP") which is developed in accordance with BNM SGP 2019, provides a comprehensive guidance to the Board, Shariah Committee, and Senior Management in discharging its duties in matters relating to Shariah and outlines the key Shariah functions.

The Board is responsible in providing overall oversight on Shariah governance, structure and compliance of PIBB's operations. The Shariah Committee is responsible to provide advice to ensure PIBB's operations, business, affairs and activities are Shariah compliant. This includes advising the Board and Senior Management on Shariah matters, endorsing Shariah policies, products and relevant documents of Islamic banking operations, deliberating and affirming the status of a potential SNC event confirmed by the Potential Shariah Non-Compliance Committee reported by control functions as well as endorsing rectification plans to address the actual SNC events prior to the approval by the Board.

The management of SNC risk in PIBB encompasses the three lines of defence approach as follows:

– First Line of Defence

The Chief Executive Officer and Senior Management with the support of Business and Support units are responsible for the day-to-day management of PIBB to ensure it complies with Shariah requirements. The Shariah Division, which consists of the Shariah Advisory, Research & Secretariat functions which perform research on Shariah issues, provide day-to-day advice on Shariah matters, disseminate Shariah Committee's decisions and advices as well as providing administrative and secretarial functions to support the Shariah Committee.

# Notes to the Financial Statements
– 31 December 2025

## 47. FINANCIAL RISK MANAGEMENT (CONTINUED)

**Shariah Non-compliance Risk (continued)**

Islamic Banking Operations (continued)

The management of SNC risk in PIBB encompasses the three lines of defence approach as follows (continued):

– Second Line of Defence

The Shariah Risk Management function being the second line of defence is responsible for the identification, measurement, monitoring and mitigation of SNC risks in the operations and business activities of PIBB. Shariah Risk Management Policy are in place to manage SNC risk as part of the enterprise risk management including new and emerging risks.

The Shariah Review and Compliance function is responsible for assessing, monitoring and reporting on PIBB's compliance with Shariah requirements. This is discharged through performing periodic reviews on the state of compliance with Shariah requirements in the operations and business activities of PIBB. Any identified non-compliances are escalated to both Shariah Committee and PIBB's Risk Management Committee on Compliance Function.

– Third Line of Defence

The Shariah Audit function is responsible to perform periodic internal audits to independently assess the quality and effectiveness of PIBB's internal controls, risk management systems, governance processes as well as the overall compliance of PIBB's operations and business activities with Shariah requirements. Any incidences of SNC are reported to both Shariah Committee and PIBB's Audit Committee.

There were six (6) (2024: 4) SNC incidents involving the following nature of events for the financial year ended 31 December 2025:

(i) Inaccurate and double charging of Late Payment Charges ("LPC") for Bai' Inah ("BAE") Personal Financing-i ("PF-i");

(ii) Inaccurate calculation of rebate (Ibra') for BAE PF-i;

(iii) Delay in performing the underlying commodity trading for profit payments for Term Deposit-i;

(iv) Cross selling/bundling of conventional business insurance with Islamic financing;

(v) Inaccurate charging of LPC for Al-Ijarah Thumma Al-Bai' ("AITAB") Hire Purchase-i accounts; and

(vi) Non-execution of security documentation for BAE Term Financing-i ("TF-i").

There was no SNC income for purification for financial year ended 31 December 2025 (2024: RM3,000,000).

During the financial year 2025, the rectification plans were completed for the SNC incident in relation to incomplete/under construction properties as underlying assets for Bai' Bithaman Ajil House Financing-i and TF-i. The accumulated profit relating to the affected accounts has been derecognised from the financial statements and reconciliation of the accumulated SNC income for purification is in-progress.

Further, a total of RM1,000 (2024: RM475,000) were identified as Gharamah from written off accounts, that are not recognised as income.

Remedial measures to rectify the SNC events including the method of purification of SNC Income were endorsed by the Shariah Committee and approved by the Board of Directors. Subsequently, the incidents have been reported in accordance with the reporting requirement prescribed by the regulator.

## 47. FINANCIAL RISK MANAGEMENT (CONTINUED)

**Shariah Non-compliance Risk (continued)**

Management of Shariah-Based Funds

SNC risk emanating from investments and operations of Shariah-based funds is managed through SNC risk management processes. An independent third party registered with the SC is appointed as the Shariah Adviser for the Shariah-based funds managed by PMU. The role of the Shariah Adviser is to review the funds' investments and to engage with the investment management team to ensure the investments and operations of the Shariah-based funds are in compliance with Shariah requirements.

The Compliance Division of PMU is responsible for assessing, monitoring and reporting on the company's compliance with the applicable Shariah rules and regulations in managing its Shariah-based funds. The Compliance Division conducts regular reviews and works closely with the Shariah Adviser to ensure all transactions under the Shariah-based funds comply with the Shariah requirements at all times.

Shariah-compliant securities which are reclassified to be SNC upon review of the securities by the SAC of SC or the Shariah Adviser will result in the SNC securities being disposed of from the respective funds. For the purpose of purification, any capital gain arising from the disposal of the SNC securities made at market price/valuation, at the time of the announcement/review day may be retained. However, gains derived from the disposal of the SNC securities after the announcement/review day at market price/valuation that is above the closing price/valuation on the announcement/review day is deposited into a separate account which is segregated from the funds' account.

The SNC income from the funds may be channelled to baitulmal and/or charitable bodies as advised by the Shariah Adviser. The SAC of SC also allows SNC income from the funds, at its discretion, to be distributed to the investors. Should such income be distributed to investors, the Manager will inform investors that it is the investors' obligation to purify it in accordance to Shariah principles upon receiving it from the funds.

During the current financial year, SNC income of RM385,000 (2024: nil) under the Shariah-based funds arising from the disposal of SNC securities was distributed to charitable bodies as advised by the Shariah Adviser. The Compliance Division has conducted the onsite visit to the charitable bodies and tabled the findings to the Compliance Committee for noting.

Islamic capital market activities

SNC risk emanating from Islamic capital market activities is managed through the appointment of an external independent Shariah Adviser who is registered with the SAC of SC in Malaysia. The roles of the Shariah Adviser are as follows:

a) advising on all aspects of Islamic stock-broking matters;
b) advising on all aspects of Sukuk issuance in accordance with Shariah principles;
c) providing Shariah expertise and guidance on all matters, particularly in documentation, structuring and ensure compliance with relevant best practices, SC's and BNM's regulations;
d) ensuring that the applicable best practices, Shariah rulings, principles and concepts issued by the Bursa Malaysia, SAC of SC and BNM are complied with; and
e) issuance of a Shariah Pronouncement in relation to the Islamic capital market products.

The Stock-broking Division works closely with the Shariah Adviser to ensure all Islamic capital market transactions comply with the Shariah requirements under the relevant best practices and guidelines issued by Bursa Malaysia, SC and BNM, where applicable.

Ongoing independent reviews on compliance with Shariah requirements under the relevant guidelines and best practices issued by Bursa Malaysia, SC and BNM are undertaken by Compliance Division and Internal Audit Division. SNC, if any, noted during compliance reviews and the issues raised by internal auditors pursuant to their audit are submitted to the Shariah Adviser for review, advice and guidance.

For the current financial year, RM13 (2024: RM17) arising from the Islamic capital market activities was recognised as gharamah amount to be channeled to charity as advised by the Shariah Adviser.

# Notes to the Financial Statements

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## 48. FAIR VALUE MEASUREMENTS

### (a) Determination of fair value and the fair value hierarchy

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. For financial instruments measured at fair value, where available, quoted and observable market prices in an active market or dealer price quotations are used to measure fair value. These include listed equity securities, price quotations from Bond Pricing Agency Malaysia and broker quotes on Bloomberg/Reuters.

Where such quoted and observable market prices are not available, fair values are determined using appropriate valuation techniques, which include the use of mathematical models, such as discounted cash flow models and option pricing models, comparison to similar instruments for which market observable prices exist and other valuation techniques. The valuation techniques used incorporate assumptions regarding discount rates, interest/profit rate yield curves, estimates of future cash flows and other factors, as applicable. Changes in these assumptions could materially affect the fair values derived. The Group and the Bank generally use widely recognised valuation techniques with market observable inputs, if available, for the determination of fair value, which require minimal management judgment and estimation, due to the low complexity of the financial instruments held.

The Group and the Bank classify financial instruments and non-financial assets which are measured at fair value according to the following hierarchy, reflecting the significance of inputs used in making the fair value measurements:

Level 1 – Quoted market prices: quoted prices (unadjusted) in active markets for identical instruments;

Level 2 – Fair values based on observable inputs: inputs other than quoted prices included within Level 1 that are observable for the instrument, whether directly (i.e. prices) or indirectly (i.e. derived from prices), are used; and

Level 3 – Fair values derived using unobservable inputs: inputs used are not based on observable market data and the unobservable inputs may have a significant impact on the valuation of the financial instruments and non-financial assets.

The Group's control framework in respect of the measurement of Level 3 fair values enables that the fair values are determined and validated by a function independent of the business unit undertaking the risks. Finance Division establishes the accounting policies and procedures governing valuation and is responsible for ensuring compliance with all relevant accounting standards. The team within Finance Division which oversees the fair value measurements, including Level 3 fair values, reports directly to the Chief Financial Officer. Independent verification on financial instruments is performed by Treasury Middle Office. For investment properties, the valuation is determined with reference to quotations of market value provided by independent professional valuers.

## 48. FAIR VALUE MEASUREMENTS (CONTINUED)

### (b) Financial instruments and non-financial assets carried at fair value

The following tables show the Group's and the Bank's financial instruments and non-financial assets which are measured at fair value at the reporting date analysed by the various levels within the fair value hierarchy:

| Group<br>2025 | Level 1<br>RM'000 | Level 2<br>RM'000 | Level 3<br>RM'000 | Total<br>RM'000 |
|---|---|---|---|---|
| **Financial assets** | | | | |
| Financial assets at fair value through profit or loss | | | | |
| – Government securities and treasury bills | – | 1,090,367 | – | 1,090,367 |
| – Money market instruments | – | 1,044,829 | – | 1,044,829 |
| – Non–money market instruments | 13,251 | 1,410,666 | 419,411 | 1,843,328 |
| | 13,251 | 3,545,862 | 419,411 | 3,978,524 |
| Financial investments at fair value through other comprehensive income | | | | |
| – Government securities and treasury bills | – | 43,186,337 | – | 43,186,337 |
| – Money market instruments | – | 1,193,351 | – | 1,193,351 |
| – Non–money market instruments | 54,263 | 5,269,660 | 494,891 | 5,818,814 |
| | 54,263 | 49,649,348 | 494,891 | 50,198,502 |
| Derivative financial assets | – | 224,574 | – | 224,574 |
| Total financial assets measured at fair value | 67,514 | 53,419,784 | 914,302 | 54,401,600 |
| **Non–financial assets** | | | | |
| Investment properties | – | – | 694,875 | 694,875 |
| **Financial liabilities** | | | | |
| Derivative financial liabilities | – | 641,642 | – | 641,642 |
| Total financial liabilities measured at fair value | – | 641,642 | – | 641,642 |

# Notes to the Financial Statements

– 31 December 2025

## 48. FAIR VALUE MEASUREMENTS (CONTINUED)

### (b) Financial instruments and non-financial assets carried at fair value (continued)

The following tables show the Group's and the Bank's financial instruments and non-financial assets which are measured at fair value at the reporting date analysed by the various levels within the fair value hierarchy (continued):

| Group<br>2024 | Level 1<br>RM'000 | Level 2<br>RM'000 | Level 3<br>RM'000 | Total<br>RM'000 |
|---|---|---|---|---|
| **Financial assets** | | | | |
| Financial assets at fair value through profit or loss | | | | |
| – Government securities and treasury bills | – | 1,167,418 | – | 1,167,418 |
| – Money market instruments | – | 993,555 | – | 993,555 |
| – Non–money market instruments | 11,387 | 1,391,981 | 436,760 | 1,840,128 |
| | 11,387 | 3,552,954 | 436,760 | 4,001,101 |
| Financial investments at fair value through other comprehensive income | | | | |
| – Government securities and treasury bills | – | 47,170,987 | – | 47,170,987 |
| – Money market instruments | – | 773,354 | – | 773,354 |
| – Non–money market instruments | 1,529 | 5,523,062 | 449,535 | 5,974,126 |
| | 1,529 | 53,467,403 | 449,535 | 53,918,467 |
| Derivative financial assets | – | 568,069 | – | 568,069 |
| Total financial assets measured at fair value | 12,916 | 57,588,426 | 886,295 | 58,487,637 |
| **Non–financial assets** | | | | |
| Investment properties | – | – | 770,954 | 770,954 |
| **Financial liabilities** | | | | |
| Derivative financial liabilities | – | 353,146 | – | 353,146 |
| Total financial liabilities measured at fair value | – | 353,146 | – | 353,146 |

## 48. FAIR VALUE MEASUREMENTS (CONTINUED)

### (b) Financial instruments and non-financial assets carried at fair value (continued)

The following tables show the Group's and the Bank's financial instruments and non-financial assets which are measured at fair value at the reporting date analysed by the various levels within the fair value hierarchy (continued):

| Bank<br>2025 | Level 1<br>RM'000 | Level 2<br>RM'000 | Level 3<br>RM'000 | Total<br>RM'000 |
|---|---|---|---|---|
| **Financial assets** | | | | |
| Financial assets at fair value through profit or loss | | | | |
| – Government securities and treasury bills | – | **1,090,367** | – | **1,090,367** |
| – Non–money market instruments | – | – | **393,854** | **393,854** |
| | – | **1,090,367** | **393,854** | **1,484,221** |
| Financial investments at fair value through other comprehensive income | | | | |
| – Government securities and treasury bills | – | **28,510,983** | – | **28,510,983** |
| – Money market instruments | – | **1,378,033** | – | **1,378,033** |
| – Non–money market instruments | – | **379,293** | **487,750** | **867,043** |
| | – | **30,268,309** | **487,750** | **30,756,059** |
| Derivative financial assets | – | **221,437** | – | **221,437** |
| Total financial assets measured at fair value | – | **31,580,113** | **881,604** | **32,461,717** |
| **Financial liabilities** | | | | |
| Derivative financial liabilities | – | **637,745** | – | **637,745** |
| Total financial liabilities measured at fair value | – | **637,745** | – | **637,745** |

# Notes to the Financial Statements
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## 48. FAIR VALUE MEASUREMENTS (CONTINUED)

### (b) Financial instruments and non-financial assets carried at fair value (continued)

The following tables show the Group's and the Bank's financial instruments and non-financial assets which are measured at fair value at the reporting date analysed by the various levels within the fair value hierarchy (continued):

| Bank<br>2024 | Level 1<br>RM'000 | Level 2<br>RM'000 | Level 3<br>RM'000 | Total<br>RM'000 |
|---|---|---|---|---|
| **Financial assets** | | | | |
| Financial assets at fair value through profit or loss | | | | |
| – Government securities and treasury bills | – | 1,167,418 | – | 1,167,418 |
| – Non–money market instruments | – | – | 410,234 | 410,234 |
| | – | 1,167,418 | 410,234 | 1,577,652 |
| Financial investments at fair value through other comprehensive income | | | | |
| – Government securities and treasury bills | – | 30,515,814 | – | 30,515,814 |
| – Money market instruments | – | 1,295,242 | – | 1,295,242 |
| – Non–money market instruments | – | 240,661 | 442,550 | 683,211 |
| | – | 32,051,717 | 442,550 | 32,494,267 |
| Derivative financial assets | – | 559,676 | – | 559,676 |
| Total financial assets measured at fair value | – | 33,778,811 | 852,784 | 34,631,595 |
| **Financial liabilities** | | | | |
| Derivative financial liabilities | – | 364,631 | – | 364,631 |
| Total financial liabilities measured at fair value | – | 364,631 | – | 364,631 |

The Group and the Bank recognise transfers between levels of the fair value hierarchy at the end of the reporting period during which the transfer has occurred. The fair value of an asset to be transferred between levels is determined as of the date of the event or change in circumstances that caused the transfer. There were no transfers between Level 1 and Level 2 of the fair value hierarchy during the financial year (2024 – None).

## 48. FAIR VALUE MEASUREMENTS (CONTINUED)

### (b) Financial instruments and non-financial assets carried at fair value (continued)

**Reconciliation of movements in Level 3 financial instruments:**

| | Unquoted Equity Securities | |
|---|---|---|
| **Group** | **Financial Assets at Fair Value Through Profit or Loss RM'000** | **Financial Investments at Fair Value Through Other Comprehensive Income RM'000** |
| At 1 January 2025 | **436,760** | **449,535** |
| Recognised in profit or loss | | |
| – unrealised revaluation loss | **(17,349)** | **–** |
| Recognised in other comprehensive income | | |
| – unrealised revaluation gain | **–** | **49,513** |
| Exchange differences | **–** | **(4,157)** |
| At 31 December 2025 | **419,411** | **494,891** |
| At 1 January 2024 | 362,204 | 420,990 |
| Acquired through business combination | 1,627 | – |
| Recognised in profit or loss | | |
| – unrealised revaluation gain | 72,929 | – |
| Recognised in other comprehensive income | | |
| – unrealised revaluation gain | – | 29,432 |
| Exchange differences | – | (887) |
| At 31 December 2024 | 436,760 | 449,535 |

# Notes to the Financial Statements

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## 48. FAIR VALUE MEASUREMENTS (CONTINUED)

### (b) Financial instruments and non-financial assets carried at fair value (continued)

**Reconciliation of movements in Level 3 financial instruments (continued):**

| | Unquoted Equity Securities | |
|---|---|---|
| **Bank** | **Financial Assets at Fair Value Through Profit or Loss RM'000** | **Financial Investments at Fair Value Through Other Comprehensive Income RM'000** |
| At 1 January 2025 | **410,234** | **442,550** |
| Recognised in profit or loss | | |
| – unrealised revaluation loss | **(16,380)** | **–** |
| Recognised in other comprehensive income | | |
| – unrealised revaluation gain | **–** | **48,981** |
| Exchange differences | **–** | **(3,781)** |
| At 31 December 2025 | **393,854** | **487,750** |
| At 1 January 2024 | 341,478 | 413,921 |
| Recognised in profit or loss | | |
| – unrealised revaluation gain | 68,756 | – |
| Recognised in other comprehensive income | | |
| – unrealised revaluation gain | – | 29,433 |
| Exchange differences | – | (804) |
| At 31 December 2024 | 410,234 | 442,550 |

The fair values of unquoted equity securities which are held mainly for socio-economic purpose are determined based on net assets or earnings of the companies.

All investment properties of the Group carried at fair values were classified under Level 3. A reconciliation of movements in Level 3 is disclosed in Note 18.

The fair values of investment properties located in Malaysia and Singapore are determined using comparison method by reference to the recent sales prices of comparable properties, adjustments are made where dissimilarities exist.

The fair values of investment properties located in Hong Kong are determined using comparison method by reference to recent sales prices of comparable properties on a price per square meter basis. The price per square meter of the properties adopted, which were significant inputs, ranged from RM13,000 to RM404,000 (2024: RM16,000 to RM545,000) with weighted average of RM150,000 (2024: RM225,000). A significant change in the price per square meter will result in a significant change in the fair value of the investment properties in Hong Kong.

## 48. FAIR VALUE MEASUREMENTS (CONTINUED)

### (c) Fair values of financial instruments not carried at fair value

Set out below is the comparison of the carrying amounts and fair values of the financial instruments of the Group and of the Bank which are not carried at fair value in the financial statements, analysed by various levels within the fair value hierarchy. It does not include those short term/on demand financial assets and financial liabilities where the carrying amounts are reasonable approximation of their fair values and lease liabilities:

| Group<br>2025 | Level 1<br>RM'000 | Level 2<br>RM'000 | Level 3<br>RM'000 | Total Fair Value<br>RM'000 | Carrying Amount<br>RM'000 |
|---|---|---|---|---|---|
| **Financial assets** | | | | | |
| Financial investments at amortised cost | | | | | |
| – Government securities and treasury bills | – | **18,628,009** | – | **18,628,009** | **18,398,767** |
| – Money market instruments | – | **1,268,308** | – | **1,268,308** | **1,267,317** |
| – Non–money market instruments | – | **11,267,534** | – | **11,267,534** | **11,154,925** |
| Loans, advances and financing | | | | | |
| – Retail loans/financing | | | | | |
| – housing loans/financing | – | **182,013,708** | – | **182,013,708** | **181,901,693** |
| – hire purchase | – | **80,871,023** | – | **80,871,023** | **81,623,900** |
| – credit cards | – | **3,330,829** | – | **3,330,829** | **3,330,829** |
| – other loans/financing | – | – | **126,928,719** | **126,928,719** | **126,918,368** |
| – Corporate loans/financing | – | – | **48,635,864** | **48,635,864** | **48,558,441** |
| **Financial liabilities** | | | | | |
| Recourse obligations on loans and financing sold to Cagamas | – | – | **6,315,765** | **6,315,765** | **6,200,017** |
| Debt securities issued and other borrowed funds | – | **12,807,290** | – | **12,807,290** | **12,649,937** |

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## 48. FAIR VALUE MEASUREMENTS (CONTINUED)

### (c) Fair values of financial instruments not carried at fair value (continued)

Set out below is the comparison of the carrying amounts and fair values of the financial instruments of the Group and of the Bank which are not carried at fair value in the financial statements, analysed by various levels within the fair value hierarchy. It does not include those short term/on demand financial assets and financial liabilities where the carrying amounts are reasonable approximation of their fair values and lease liabilities (continued):

| Group 2024 | Level 1 RM'000 | Level 2 RM'000 | Level 3 RM'000 | Total Fair Value RM'000 | Carrying Amount RM'000 |
|---|---|---|---|---|---|
| **Financial assets** | | | | | |
| Financial investments at amortised cost | | | | | |
| – Government securities and treasury bills | – | 17,205,487 | – | 17,205,487 | 17,139,773 |
| – Money market instruments | – | 1,363,107 | – | 1,363,107 | 1,363,156 |
| – Non–money market instruments | – | 10,570,241 | – | 10,570,241 | 10,500,250 |
| Loans, advances and financing | | | | | |
| – Retail loans/financing | | | | | |
| – housing loans/financing | – | 171,722,738 | – | 171,722,738 | 171,640,069 |
| – hire purchase | – | 75,352,143 | – | 75,352,143 | 74,606,736 |
| – credit cards | – | 3,041,606 | – | 3,041,606 | 3,041,606 |
| – other loans/financing | – | – | 120,592,989 | 120,592,989 | 120,603,545 |
| – Corporate loans/financing | – | – | 50,573,290 | 50,573,290 | 50,579,742 |
| **Financial liabilities** | | | | | |
| Recourse obligations on loans and financing sold to Cagamas | – | – | 5,099,325 | 5,099,325 | 5,000,015 |
| Debt securities issued and other borrowed funds | – | 11,083,129 | – | 11,083,129 | 11,014,507 |

## 48. FAIR VALUE MEASUREMENTS (CONTINUED)

### (c) Fair values of financial instruments not carried at fair value (continued)

Set out below is the comparison of the carrying amounts and fair values of the financial instruments of the Group and of the Bank which are not carried at fair value in the financial statements, analysed by various levels within the fair value hierarchy. It does not include those short term/on demand financial assets and financial liabilities where the carrying amounts are reasonable approximation of their fair values and lease liabilities (continued):

| Bank<br>2025 | Level 1<br>RM'000 | Level 2<br>RM'000 | Level 3<br>RM'000 | Total Fair Value<br>RM'000 | Carrying Amount<br>RM'000 |
|---|---|---|---|---|---|
| **Financial assets** | | | | | |
| Financial investments at amortised cost | | | | | |
| – Government securities and treasury bills | – | **13,595,264** | – | **13,595,264** | **13,431,106** |
| – Money market instruments | – | **1,129,697** | – | **1,129,697** | **1,117,471** |
| – Non–money market instruments | – | **9,003,069** | – | **9,003,069** | **8,912,101** |
| Loans and advances | | | | | |
| – Retail loans | | | | | |
| – housing loans | – | **134,011,752** | – | **134,011,752** | **134,014,243** |
| – hire purchase | – | **61,175,858** | – | **61,175,858** | **61,757,861** |
| – credit cards | – | **3,117,140** | – | **3,117,140** | **3,117,140** |
| – other loans | – | – | **95,048,683** | **95,048,683** | **95,047,777** |
| – Corporate loans | – | – | **37,629,339** | **37,629,339** | **37,623,167** |
| **Financial liabilities** | | | | | |
| Recourse obligations on loans sold to Cagamas | – | – | **5,299,027** | **5,299,027** | **5,200,017** |
| Debt securities issued and other borrowed funds | – | **9,775,716** | – | **9,775,716** | **9,710,537** |

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## 48. FAIR VALUE MEASUREMENTS (CONTINUED)

### (c) Fair values of financial instruments not carried at fair value (continued)

Set out below is the comparison of the carrying amounts and fair values of the financial instruments of the Group and of the Bank which are not carried at fair value in the financial statements, analysed by various levels within the fair value hierarchy. It does not include those short term/on demand financial assets and financial liabilities where the carrying amounts are reasonable approximation of their fair values and lease liabilities (continued):

| Bank 2024 | Level 1 RM'000 | Level 2 RM'000 | Level 3 RM'000 | Total Fair Value RM'000 | Carrying Amount RM'000 |
|---|---|---|---|---|---|
| **Financial assets** | | | | | |
| Financial investments at amortised cost | | | | | |
| – Government securities and treasury bills | – | 12,338,773 | – | 12,338,773 | 12,300,708 |
| – Money market instruments | – | 1,854,780 | – | 1,854,780 | 1,846,200 |
| – Non–money market instruments | – | 8,582,322 | – | 8,582,322 | 8,512,761 |
| Loans and advances | | | | | |
| – Retail loans | | | | | |
| – housing loans | – | 126,586,200 | – | 126,586,200 | 126,586,893 |
| – hire purchase | – | 58,141,572 | – | 58,141,572 | 57,618,679 |
| – credit cards | – | 2,860,130 | – | 2,860,130 | 2,860,130 |
| – other loans | – | – | 88,390,300 | 88,390,300 | 88,390,646 |
| – Corporate loans | – | – | 38,738,698 | 38,738,698 | 38,742,859 |
| **Financial liabilities** | | | | | |
| Recourse obligations on loans sold to Cagamas | – | – | 4,097,033 | 4,097,033 | 4,000,015 |
| Debt securities issued and other borrowed funds | – | 8,466,085 | – | 8,466,085 | 8,431,292 |

The methods and assumptions used to estimate the fair values of the financial instruments not carried at fair value are as follows:

(a) *Financial investments at amortised cost* – The fair values of financial investments at amortised cost are estimated based on quoted bid prices.

(b) *Loans, advances and financing* – The fair values of fixed rate loans/financing with remaining maturity of less than one year and variable rate loans/financing are estimated to approximate their carrying amounts. For fixed rate loans/financing with remaining maturity of more than one year, the fair values are estimated based on discounted cash flows using prevailing market rates of loans/financing of similar credit risks and maturity.

The fair values of impaired loans/financing are represented by their carrying amounts, net of any expected credit losses, being the expected recoverable amount.

(c) *Recourse obligations on loans and financing sold to Cagamas* – The fair values of recourse obligations on loans and financing sold to Cagamas with remaining maturity of less than one year are estimated to approximate their carrying amounts. The fair values of recourse obligations on loans and financing sold to Cagamas with remaining maturity of more than one year are estimated using discounted cash flows based on prevailing Cagamas rates with similar remaining period to maturity.

(d) *Debt securities issued and other borrowed funds* – The fair values of borrowings approximate their carrying amounts as these are variable rate borrowings. The fair values of debt securities issued are estimated based on quoted ask prices.

## 49. OFFSETTING OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

Derivatives, reverse repurchase agreements and obligations on securities sold under repurchase agreements included in the amount not set-off in the statement of financial position relate to transactions where:

(i) the counterparty has an offsetting exposure with the Group and the Bank and a master netting or similar arrangements is in place with a right to set-off only in the event of default, insolvency or bankruptcy; and

(ii) cash and securities that are received from or pledged with counterparties.

Financial assets and financial liabilities subject to offsetting, enforceable master netting arrangements and similar agreements are as follows:

| Group 2025 | Gross Amount Recognised as Financial Assets/ Liabilities RM'000 | Gross Amount Offset in the Statement of Financial Position RM'000 | Amount Presented in the Statement of Financial Position RM'000 | Amount Not Set-off in the Statement of Financial Position | | Net Amount RM'000 |
|---|---|---|---|---|---|---|
| | | | | Values of the Financial Instruments* RM'000 | Cash Collateral Received/ Pledged RM'000 | |
| **Financial assets** | | | | | | |
| Derivative financial assets | | | | | | |
| – Foreign exchange contracts | 180,073 | – | 180,073 | (34,402) | (101,931) | 43,740 |
| – Interest/profit rate related contracts | 44,491 | – | 44,491 | (10,434) | (28,108) | 5,949 |
| – Precious metal contracts | 10 | – | 10 | – | – | 10 |
| | 224,574 | – | 224,574 | (44,836) | (130,039) | 49,699 |
| Reverse repurchase agreements | 1,642 | – | 1,642 | (1,642) | – | – |
| Other assets: | | | | | | |
| – Outstanding contracts on clients' accounts | 324,733 | (123,220) | 201,513 | – | – | 201,513 |
| | 550,949 | (123,220) | 427,729 | (46,478) | (130,039) | 251,212 |
| **Financial liabilities** | | | | | | |
| Derivative financial liabilities | | | | | | |
| – Foreign exchange contracts | 622,642 | – | 622,642 | (33,381) | (338,191) | 251,070 |
| – Interest/profit rate related contracts | 18,981 | – | 18,981 | (11,455) | (4,120) | 3,406 |
| – Precious metal contracts | 19 | – | 19 | – | – | 19 |
| | 641,642 | – | 641,642 | (44,836) | (342,311) | 254,495 |
| Obligations on securities sold under repurchase agreements | 5,624,576 | – | 5,624,576 | (5,624,576) | – | – |
| Other liabilities: | | | | | | |
| – Outstanding contracts on clients' accounts | 307,583 | (123,220) | 184,363 | – | – | 184,363 |
| | 6,573,801 | (123,220) | 6,450,581 | (5,669,412) | (342,311) | 438,858 |

# Notes to the Financial Statements

– 31 December 2025

## 49. OFFSETTING OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONTINUED)

Financial assets and financial liabilities subject to offsetting, enforceable master netting arrangements and similar agreements are as follows (continued):

| Group 2024 | Gross Amount Recognised as Financial Assets/ Liabilities RM'000 | Gross Amount Offset in the Statement of Financial Position RM'000 | Amount Presented in the Statement of Financial Position RM'000 | Amount Not Set-off in the Statement of Financial Position | | Net Amount RM'000 |
|---|---|---|---|---|---|---|
| | | | | Values of the Financial Instruments* RM'000 | Cash Collateral Received/ Pledged RM'000 | |
| **Financial assets** | | | | | | |
| Derivative financial assets | | | | | | |
| – Foreign exchange contracts | 438,134 | – | 438,134 | (48,706) | (157,383) | 232,045 |
| – Interest/profit rate related contracts | 129,935 | – | 129,935 | (53,507) | (61,051) | 15,377 |
| | 568,069 | – | 568,069 | (102,213) | (218,434) | 247,422 |
| Reverse repurchase agreements | 6,103 | – | 6,103 | (6,103) | – | – |
| Other assets: | | | | | | |
| – Outstanding contracts on clients' accounts | 493,877 | (181,234) | 312,643 | – | – | 312,643 |
| | 1,068,049 | (181,234) | 886,815 | (108,316) | (218,434) | 560,065 |
| **Financial liabilities** | | | | | | |
| Derivative financial liabilities | | | | | | |
| – Foreign exchange contracts | 352,310 | – | 352,310 | (101,377) | (127,676) | 123,257 |
| – Interest/profit rate related contracts | 836 | – | 836 | (836) | – | – |
| | 353,146 | – | 353,146 | (102,213) | (127,676) | 123,257 |
| Obligations on securities sold under repurchase agreements | 8,129,570 | – | 8,129,570 | (8,129,570) | – | – |
| Other liabilities: | | | | | | |
| – Outstanding contracts on clients' accounts | 474,543 | (181,234) | 293,309 | – | – | 293,309 |
| | 8,957,259 | (181,234) | 8,776,025 | (8,231,783) | (127,676) | 416,566 |

## 49. OFFSETTING OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONTINUED)

Financial assets and financial liabilities subject to offsetting, enforceable master netting arrangements and similar agreements are as follows (continued):

| Bank 2025 | Gross Amount Recognised as Financial Assets/ Liabilities RM'000 | Gross Amount Offset in the Statement of Financial Position RM'000 | Amount Presented in the Statement of Financial Position RM'000 | Amount Not Set-off in the Statement of Financial Position | | Net Amount RM'000 |
|---|---|---|---|---|---|---|
| | | | | Values of the Financial Instruments* RM'000 | Cash Collateral Received/ Pledged RM'000 | |
| **Financial assets** | | | | | | |
| Derivative financial assets | | | | | | |
| – Foreign exchange contracts | 173,196 | – | 173,196 | (34,402) | (101,931) | 36,863 |
| – Interest rate related contracts | 48,231 | – | 48,231 | (10,434) | (28,108) | 9,689 |
| – Precious metal contracts | 10 | – | 10 | – | – | 10 |
| | 221,437 | – | 221,437 | (44,836) | (130,039) | 46,562 |
| Reverse repurchase agreements | 1,642 | – | 1,642 | (1,642) | – | – |
| | 223,079 | – | 223,079 | (46,478) | (130,039) | 46,562 |
| **Financial liabilities** | | | | | | |
| Derivative financial liabilities | | | | | | |
| – Foreign exchange contracts | 622,151 | – | 622,151 | (33,381) | (338,191) | 250,579 |
| – Interest rate related contracts | 15,575 | – | 15,575 | (11,455) | (4,120) | – |
| – Precious metal contracts | 19 | – | 19 | – | – | 19 |
| | 637,745 | – | 637,745 | (44,836) | (342,311) | 250,598 |
| Obligations on securities sold under repurchase agreements | 5,191,515 | – | 5,191,515 | (5,191,515) | – | – |
| | 5,829,260 | – | 5,829,260 | (5,236,351) | (342,311) | 250,598 |

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## 49. OFFSETTING OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONTINUED)

Financial assets and financial liabilities subject to offsetting, enforceable master netting arrangements and similar agreements are as follows (continued):

| Bank 2024 | Gross Amount Recognised as Financial Assets/ Liabilities RM'000 | Gross Amount Offset in the Statement of Financial Position RM'000 | Amount Presented in the Statement of Financial Position RM'000 | Amount Not Set-off in the Statement of Financial Position | | Net Amount RM'000 |
|---|---|---|---|---|---|---|
| | | | | Values of the Financial Instruments* RM'000 | Cash Collateral Received/ Pledged RM'000 | |
| **Financial assets** | | | | | | |
| Derivative financial assets | | | | | | |
| – Foreign exchange contracts | 435,214 | – | 435,214 | (48,706) | (157,383) | 229,125 |
| – Interest rate related contracts | 124,462 | – | 124,462 | (53,507) | (61,051) | 9,904 |
| | 559,676 | – | 559,676 | (102,213) | (218,434) | 239,029 |
| Reverse repurchase agreements | 6,103 | – | 6,103 | (6,103) | – | – |
| | 565,779 | – | 565,779 | (108,316) | (218,434) | 239,029 |
| **Financial liabilities** | | | | | | |
| Derivative financial liabilities | | | | | | |
| – Foreign exchange contracts | 343,871 | – | 343,871 | (101,377) | (127,676) | 114,818 |
| – Interest rate related contracts | 20,760 | – | 20,760 | (836) | – | 19,924 |
| | 364,631 | – | 364,631 | (102,213) | (127,676) | 134,742 |
| Obligations on securities sold under repurchase agreements | 7,250,654 | – | 7,250,654 | (7,250,654) | – | – |
| | 7,615,285 | – | 7,615,285 | (7,352,867) | (127,676) | 134,742 |

* Include securities accepted as collateral.

## 50. CAPITAL AND OTHER COMMITMENTS

| | Group | | Bank | |
|---|---|---|---|---|
| | **2025 RM'000** | **2024 RM'000** | **2025 RM'000** | **2024 RM'000** |
| Authorised and contracted for: | | | | |
| – Renovations | **11,751** | 9,858 | **9,602** | 5,032 |
| – Office equipment, furniture and fittings | **64,479** | 24,136 | **57,671** | 20,474 |
| – Computer equipment and software | **76,111** | 88,917 | **54,014** | 45,994 |
| – Motor vehicles | **123** | – | **–** | – |
| | **152,464** | 122,911 | **121,287** | 71,500 |
| Authorised but not contracted for: | | | | |
| – Renovations | **2,945** | 4,108 | **–** | 104 |
| – Office equipment, furniture and fittings | **1,213** | 1,080 | **–** | 11 |
| – Computer equipment and software | **55,863** | 46,026 | **–** | – |
| – Motor vehicles | **–** | 123 | **–** | – |
| | **60,021** | 51,337 | **–** | 115 |
| | **212,485** | 174,248 | **121,287** | 71,615 |

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## 51. COMMITMENTS AND CONTINGENCIES

In the normal course of business, the Group and the Bank make various commitments and incur certain contingent liabilities with legal recourse to its customers. No material losses are anticipated as a result of these transactions. The commitments and contingencies are not secured against the Group's and the Bank's assets.

The notional amounts of the commitments and contingencies of the Group and of the Bank are as follows:

| | Group | | Bank | |
|---|---|---|---|---|
| | **2025 RM'000** | **2024 RM'000** | **2025 RM'000** | **2024 RM'000** |
| **Contingent liabilities** | | | | |
| Direct credit substitutes | **1,275,603** | 912,746 | **863,555** | 861,080 |
| Transaction–related contingent items | **4,714,234** | 1,931,301 | **4,028,212** | 1,583,639 |
| Short term self–liquidating trade–related contingencies | **367,197** | 591,235 | **83,848** | 72,021 |
| | **6,357,034** | 3,435,282 | **4,975,615** | 2,516,740 |
| **Commitments** | | | | |
| Other commitments, such as formal standby facilities and credit lines, with an original maturity of: | | | | |
| – exceeding one year | **43,880,091** | 40,731,801 | **35,693,023** | 34,037,301 |
| – not exceeding one year | **25,816,561** | 29,758,511 | **20,694,123** | 24,942,785 |
| Unutilised credit card lines | **11,616,224** | 10,738,717 | **10,811,566** | 10,021,014 |
| Forward asset purchases | **352,456** | 168,879 | **72,414** | 122,318 |
| | **81,665,332** | 81,397,908 | **67,271,126** | 69,123,418 |
| **Derivative financial instruments** | | | | |
| Foreign exchange related contracts: | | | | |
| – up to one year | **43,461,964** | 39,155,077 | **42,159,007** | 38,118,547 |
| – more than one year to five years | **–** | 1,053,622 | **–** | 1,053,622 |
| Interest/profit rate related contracts: | | | | |
| – up to one year | **810,915** | 1,909,303 | **2,150,000** | 2,850,000 |
| – more than one year to five years | **5,271,853** | 4,668,362 | **7,388,023** | 7,067,178 |
| – more than five years | **1,111,894** | 271,532 | **866,000** | 400,000 |
| Commodity related contracts: | | | | |
| – up to one year | **4,561** | 774 | **4,561** | 774 |
| | **50,661,187** | 47,058,670 | **52,567,591** | 49,490,121 |
| | **138,683,553** | 131,891,860 | **124,814,332** | 121,130,279 |

Disclosure of the credit equivalent amount and risk-weighted asset of the commitments and contingencies above, as required by BNM's Risk-Weighted Capital Adequacy Framework (Basel II) – Disclosure Requirements (Pillar 3), is presented in the Pillar 3 disclosures section of the Annual Report.

## 52. CAPITAL ADEQUACY

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

| | Group | | Bank | |
|---|---|---|---|---|
| | **2025** | **2024 (Restated)** | **2025** | **2024** |
| Before deducting dividends*: | | | | |
| Common Equity Tier I ("CET I") capital ratio | **14.526%** | 14.786% | **12.860%** | 13.046% |
| Tier I capital ratio | **14.540%** | 14.803% | **12.860%** | 13.046% |
| Total capital ratio | **17.242%** | 17.601% | **15.756%** | 16.065% |
| After deducting dividends*: | | | | |
| CET I capital ratio | **13.894%** | 14.175% | **12.040%** | 12.245% |
| Tier I capital ratio | **13.909%** | 14.192% | **12.040%** | 12.245% |
| Total capital ratio | **16.611%** | 16.991% | **14.936%** | 15.264% |

* Refer to dividends declared subsequent to the financial year end.

The capital adequacy ratios of the Group consist of total capital and risk-weighted assets derived from consolidated balances of the Bank and its subsidiary companies. The capital adequacy ratios of the Bank consist of total capital and risk-weighted assets derived from the Bank and from its wholly-owned offshore banking subsidiary company, Public Bank (L) Ltd.

BNM's Capital Adequacy Frameworks ("CAF") on Operational Risk and Exposures to Central Counterparties Policy Documents came into effect on 1 January 2025. CAF on Operational Risk sets out the capital requirements based on a single risk-sensitive Standardised Approach, superseded previously adopted Basic Indicator Approach. In addition, the CAF on Exposures to Central Counterparties provides guidelines on capital requirements to manage the risks arising from exposures to central counterparties.

The total risk-weighted assets of the Group and of the Bank are computed based on the following approaches:
(i) Credit Risk: Standardised Approach;
(ii) Market Risk: Standardised Approach; and
(iii) Operational Risk: Standardised Approach (2024: Basic Indicator Approach).

Regulatory capital requirements

The capital adequacy ratios of the Group and of the Bank are computed in accordance with BNM's Capital Adequacy Frameworks on Capital Components, Basel II – Risk-Weighted Assets, Operational Risk and Exposures to Central Counterparties.

The minimum regulatory capital adequacy ratios before including capital conservation buffer ("CCB"), countercyclical capital buffer ("CCyB") and higher loss absorbency ("HLA") requirement for CET I capital ratio, Tier I capital ratio and total capital ratio are 4.5%, 6.0% and 8.0% respectively.

Banking institutions are also required to maintain a CCB of 2.5% and a CCyB above the minimum regulatory capital adequacy ratios. A CCyB is required to be maintained if this buffer is applied by regulators in countries which the Group and the Bank have exposures to, determined based on the weighted average of prevailing CCyB rates applied in those jurisdictions. The Group and the Bank have applied CCyB on their private sector credit exposures outside Malaysia in line with the respective jurisdictions' requirement to maintain their CCyB. The CCyB is not a requirement for exposures in Malaysia yet but may be applied by regulators in the future.

HLA requirement is applicable to financial institutions designated as domestic systemically important banks ("D-SIBs"). Arising from this, the Group which is designated as a D-SIB by BNM is required to maintain an additional capital buffer of 0.5% to the regulatory capital requirements in line with the BNM's D-SIB Framework.

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## 52. CAPITAL ADEQUACY (CONTINUED)

(b) The components of CET I, Tier I and Tier II capital of the Group and of the Bank are as follows:

| | Group | | Bank | |
|---|---|---|---|---|
| | **2025 RM'000** | **2024 RM'000 (Restated)** | **2025 RM'000** | **2024 RM'000** |
| CET I/Tier I Capital: | | | | |
| Share capital | **9,417,653** | 9,417,653 | **9,417,653** | 9,417,653 |
| Other reserves | **1,121,167** | 1,665,389 | **634,668** | 585,100 |
| Retained profits | **46,987,026** | 44,554,530 | **36,208,896** | 34,566,495 |
| Treasury shares | **(434,752)** | (434,752) | **–** | – |
| Qualifying non–controlling interests | **551,163** | 617,318 | **–** | – |
| Less: Goodwill and other intangible assets | **(2,933,098)** | (3,082,236) | **(695,393)** | (695,393) |
| Less: Deferred tax assets, net | **(426,913)** | (540,530) | **(270,095)** | (344,672) |
| Less: Defined benefit pension fund assets | **(75,991)** | (52,642) | **(74,912)** | (51,915) |
| Less: Investment in banking/insurance subsidiary companies and associated companies deducted from CET I capital | **(647,697)** | (457,302) | **(8,693,261)** | (8,693,261) |
| Total CET I Capital | **53,558,558** | 51,687,428 | **36,527,556** | 34,784,007 |
| Qualifying CET I and additional Tier I capital instruments held by third parties | **54,372** | 59,462 | **–** | – |
| Total Tier I Capital | **53,612,930** | 51,746,890 | **36,527,556** | 34,784,007 |
| Tier II Capital: | | | | |
| Stage 1 and Stage 2 expected credit loss allowances | **2,797,243** | 3,169,049 | **1,929,306** | 2,275,175 |
| Qualifying regulatory reserves[#] | **1,365,262** | 788,357 | **1,300,496** | 776,999 |
| Subordinated notes | **4,962,502** | 4,962,162 | **4,997,502** | 4,997,162 |
| Qualifying CET I and additional Tier I and Tier II capital instruments held by third parties | **706,544** | 714,379 | **–** | – |
| Others | **130,982** | 148,401 | **–** | – |
| Total Tier II Capital | **9,962,533** | 9,782,348 | **8,227,304** | 8,049,336 |
| Total Capital | **63,575,463** | 61,529,238 | **44,754,860** | 42,833,343 |

[#] Excludes regulatory reserves restricted from Tier II capital of the Group and of the Bank of RM892,011,000 (2024: RM803,078,000) and RM494,155,000 (2024: RM486,014,000) respectively.

In arriving at the total capital of the Group and of the Bank above, the dividends declared subsequent to the financial year end were not deducted.

## 52. CAPITAL ADEQUACY (CONTINUED)

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

| | Group | | Bank | |
|---|---|---|---|---|
| | **2025 RM'000** | **2024 RM'000 (Restated)** | **2025 RM'000** | **2024 RM'000** |
| Credit risk | **333,000,365** | 316,592,475 | **258,384,171** | 244,173,925 |
| Market risk | **7,580,753** | 7,408,514 | **4,614,408** | 4,859,390 |
| Operational risk | **27,438,111** | 24,890,459 | **20,374,940** | 16,934,756 |
| Large exposure risk | **696,114** | 679,977 | **672,209** | 655,078 |
| | **368,715,343** | 349,571,425 | **284,045,728** | 266,623,149 |

Detailed information on the risk exposures above, as prescribed under BNM's Risk-Weighted Capital Adequacy Framework (Basel II) – Disclosure Requirements (Pillar 3) is presented in the Pillar 3 disclosures section of the Annual Report.

(d) The capital adequacy ratios of the banking subsidiary companies of the Bank are as follows:

| | **Public Islamic Bank Berhad[1]** | **Public Investment Bank Berhad[2]** | **Public Bank (L) Ltd[3]** | **Public Bank (Hong Kong) Limited[4]** | **Public Finance Limited[4]** | **Cambodian Public Bank Plc[5]** | **Public Bank Vietnam Limited[6]** |
|---|---|---|---|---|---|---|---|
| **2025** | | | | | | | |
| Before deducting dividends*: | | | | | | | |
| CET I capital ratio | **13.549%** | **31.096%** | **25.239%** | **25.923%** | **36.284%** | **37.432%** | **N/A** |
| Tier I capital ratio | **13.549%** | **31.096%** | **25.239%** | **25.923%** | **36.284%** | **37.432%** | **N/A** |
| Total capital ratio | **16.331%** | **31.725%** | **25.415%** | **26.788%** | **37.452%** | **38.017%** | **18.603%** |
| After deducting dividends*: | | | | | | | |
| CET I capital ratio | **13.549%** | **28.623%** | **25.239%** | **25.691%** | **35.826%** | **37.432%** | **N/A** |
| Tier I capital ratio | **13.549%** | **28.623%** | **25.239%** | **25.691%** | **35.826%** | **37.432%** | **N/A** |
| Total capital ratio | **16.331%** | **29.251%** | **25.415%** | **26.556%** | **36.994%** | **38.017%** | **18.603%** |
| **2024** | | | | | | | |
| Before deducting dividends*: | | | | | | | |
| CET I capital ratio | 13.419% | 39.031% | 26.101% | 21.845% | 29.899% | N/A | N/A |
| Tier I capital ratio | 13.419% | 39.031% | 26.101% | 21.845% | 29.899% | 26.403% | N/A |
| Total capital ratio | 16.312% | 39.678% | 26.324% | 22.590% | 30.917% | 26.749% | 22.670% |
| After deducting dividends*: | | | | | | | |
| CET I capital ratio | 13.419% | 33.563% | 26.101% | 21.845% | 29.899% | N/A | N/A |
| Tier I capital ratio | 13.419% | 33.563% | 26.101% | 21.845% | 29.899% | 26.403% | N/A |
| Total capital ratio | 16.312% | 34.210% | 26.324% | 22.590% | 30.917% | 26.749% | 22.670% |

* Refer to dividends declared subsequent to the financial year end.

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## 52. CAPITAL ADEQUACY (CONTINUED)

(d) The capital adequacy ratios of the banking subsidiary companies of the Bank are as follows (continued):

[1] The risk-weighted assets of Public Islamic Bank Berhad ("PIBB") are computed based on Standardised Approach for Credit, Market and Operational Risk. The capital adequacy ratios are computed in accordance with BNM's CAF for Islamic Banks which cover Capital Components, Risk-Weighted Assets, Operational Risk and Exposures to Central Counterparties. With effect from 1 January 2025, the Standardised Approach has replaced the Basic Indicator Approach for Operational Risk. The minimum regulatory capital adequacy requirements before including CCB and CCyB for CET I capital ratio, Tier I capital ratio and total capital ratio are 4.5%, 6.0% and 8.0% respectively. PIBB is required to maintain a CCB of 2.5% and a CCyB if this buffer is applied by regulators in countries which PIBB has exposures to.

[2] The risk-weighted assets of Public Investment Bank Berhad ("PIVB") are computed based on Standardised Approach for Credit, Market and Operational Risk. The capital adequacy ratios are computed in accordance with BNM's CAF which cover Capital Components, Risk-Weighted Assets, Operational Risk and Exposures to Central Counterparties. With effect from 1 January 2025, the Standardised Approach has replaced the Basic Indicator Approach for Operational Risk. The minimum regulatory capital adequacy requirements before including CCB and CCyB for CET I capital ratio, Tier I capital ratio and total capital ratio are 4.5%, 6.0% and 8.0% respectively. PIVB is required to maintain a CCB of 2.5% and a CCyB if this buffer is applied by regulators in countries which PIVB has exposures to.

[3] The risk-weighted assets of Public Bank (L) Ltd are computed based on the Standardised Approach for Credit and Market Risk and the Basic Indicator Approach for Operational Risk. The capital adequacy ratios are computed in accordance with the Banking Capital Adequacy Framework – Guidelines on Capital Components and Risk Weighted Assets issued by the Labuan Financial Services Authority. The minimum regulatory capital adequacy requirements for CET I capital ratio, Tier I capital ratio and total capital ratio are 4.5%, 6.0% and 8.0% respectively.

[4] These two subsidiary companies have adopted the Standardised Approach for Credit, Market and Operational Risk. With effect from 1 January 2025, the Standardised Approach has replaced the Basic Indicator Approach for Operational Risk for Public Bank (Hong Kong) Limited. The capital adequacy ratios of these two subsidiary companies are computed in accordance with the provisions of the Banking Ordinance relating to Basel III capital standards and the Banking (Capital) Rules. These two subsidiaries are required to maintain a CCB of 2.5% and a CCyB of 0.5% as imposed by Hong Kong Monetary Authority to their private sector exposures in Hong Kong.

[5] With effect from 1 January 2025, the capital adequacy ratios of Cambodian Public Bank Plc ("Campu Bank") are computed in accordance with its local regulatory requirements, determined by dividing regulatory capital by its total risk-weighted assets (comprise of credit, market and operational risk). The minimum regulatory capital adequacy requirements for CET I capital ratio, Tier I capital ratio and total capital ratio are 8.0%, 11.0% and 15.0% respectively. Campu Bank is required to maintain a CCB of 1.25% as imposed by National Bank of Cambodia. Prior to 1 January 2025, Campu Bank maintained a solvency ratio which is derived by dividing Campu Bank's net worth by its risk-weighted assets and off-balance sheet items. The minimum regulatory Tier 1 capital ratio and solvency ratio requirements were 7.5% and 15.0% respectively.

[6] The amount presented here is the capital adequacy ratio of Public Bank Vietnam Limited ("PBVN") and is computed in accordance with its local regulatory requirements. The ratio is derived as PBVN's capital divided by its risk-weighted assets for credit, market and operational risk. The minimum regulatory capital adequacy ratio requirement is 8.0%.

## 53. CAPITAL MANAGEMENT

The Group actively manages its capital to support underlying risks in its business activities and to enable future business growth. The Group's capital management strategy is to continue to maximise shareholders' value via an efficient capital structure, whilst ensuring that it complies with regulatory capital requirements. The allocation of capital resources represents part of the Group's strategic planning review and is subject to the approval of the Board of Directors.

The Group's capital is managed in line with the objectives of the Group Capital Management Framework. The key objectives under the framework include meeting regulatory capital requirements, optimising return to shareholders, maintaining adequate levels and optimum mix of capital, maintaining strong external credit ratings and allocation of capital across business units and subsidiary companies. In order to meet these objectives, the Group actively manages its capital structure and makes adjustments to address changes in the economic environment, regulatory requirements and risk characteristics inherent in its business operations. These initiatives include issuances of capital securities, adjustments to the amount of dividends distributed to shareholders and focus on growth in non-interest income and other less capital-intensive business activities. The Group's Internal Capital Adequacy Assessment Process ("ICAAP") assesses the Group's internal capital requirements beyond the minimum regulatory requirements to ensure its capital commensurates with the Group's risk profile, the complexity of the business activities undertaken and its risk appetite.

The Group's and the Bank's regulatory capital are determined under BNM's Capital Adequacy Frameworks on Capital Components and Basel II – Risk-Weighted Assets and their capital ratios have complied with the minimum requirements set under this guideline. Information on the Group's and the Bank's capital adequacy ratios, regulatory minimum capital requirements and the components of total capital are disclosed in Note 52 (a) and (b).

## 54. SEGMENT INFORMATION

The following segment information has been prepared in accordance with MFRS 8 Operating Segments, which defines the requirements for the disclosure of financial information of an entity's operating segments. It is prepared on the basis of the "management approach", which requires presentation of the segments on the basis of internal reports about the components of the entity which are regularly reviewed by the chief operating decision-maker in order to allocate resources to a segment and to assess its performance.

The Group's operating and reportable segments are business units engaged in providing different products or services and business units operating in different geographical locations. These businesses are managed and assessed separately as each requires a differentiated strategy focused on the specific products and services provided for the economic, competitive, geographical and regulatory environment in which it operates. For each operating segment, the Management Committee (the chief operating decision-maker) reviews the internal management reports monthly in order to assess their performance.

The Group's domestic business, which also includes Islamic banking business, is organised into the following key operating segments:

**(i) Hire Purchase**

Hire purchase operations focus on the provision of passenger vehicle financing to all levels of customers.

**(ii) Retail Operations**

Retail operations focus on providing products and services to individual customers and small and medium enterprises. The products and services offered to customers include credit facilities (mortgages, trade and personal loans), credit cards, remittance services, deposit collection and investment products.

**(iii) Corporate Lending**

The corporate lending operations cater to the funding needs of large corporate customers which are primarily public listed companies and their related corporations.

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## 54. SEGMENT INFORMATION (CONTINUED)

The Group's domestic business, which also includes Islamic banking business, is organised into the following key operating segments (continued):

**(iv) Treasury and Capital Market Operations**

The treasury and capital market operations involve in proprietary trading in treasury related products and services such as foreign exchange, money market operations and securities trading.

**(v) Investment Banking**

The investment banking operations cater to the business needs of large corporate customers through the provision of financial solutions and direct lending. The services offered include structured financing, corporate advisory services, merger and acquisition, stock-broking and debt restructuring advisory services.

**(vi) Fund Management**

The fund management operations consist of sale of trust units and the management of unit trust funds as conducted by the Bank's wholly-owned subsidiary company, Public Mutual Berhad.

**(vii) General Insurance**

The general insurance operations consist mainly of underwriting of all classes of general insurance businesses.

**(viii) Head Office, Funding Center and Others**

Head office manages the investment of funds from shareholders' funds and capital securities, provides support services to the business segments within the Bank as well as serves as a funding center.

Others refer mainly to non-core operations such as property holding.

The Group's overseas business operations are organised according to the following geographical locations:

**(i) Hong Kong SAR**

This includes all business operations conducted by the Bank's subsidiary companies in Hong Kong SAR and the People's Republic of China, including retail and commercial banking and lending, wealth management services, stock-broking and other related financial services.

**(ii) Cambodia**

This comprises all business operations conducted by the Bank's subsidiary companies in Cambodia, which includes mainly financing, deposit-taking, general insurance and stock-broking.

**(iii) Other Countries**

This refers to the Group's banking and stock-broking business operations in the Socialist Republic of Vietnam, banking businesses in Lao People's Democratic Republic and Sri Lanka, and general insurance businesses in Singapore.

### Measurement and Evaluation of Segment Performance

The Management Committee evaluates operating segments' performance on the basis of revenue, profit, cost-to-income ratio, loan and deposit growth and asset quality. Expenses directly associated with each operating segment are included in determining their respective profit. Transactions between operating segments are based on mutually agreed allocation bases. Funds are allocated between segments and inter-segment funding cost transfers are reflected in net interest income.

### Major Customers

There is no single customer which contributes revenue amount greater than 10% of the Group's revenues for the current financial year (2024 – none).

## 54. SEGMENT INFORMATION (CONTINUED)

By Business Segments:

| 2025 | Hire Purchase RM'000 | Retail Operations RM'000 | Corporate Lending RM'000 | Treasury and Capital Market Operations RM'000 | Investment Banking RM'000 | Fund Management RM'000 | General Insurance RM'000 | Head Office, Funding Center and Others RM'000 | Total Domestic Operations RM'000 | Hong Kong SAR RM'000 | Cambodia RM'000 | Other Countries RM'000 | Total Overseas Operations RM'000 | Inter-segment Elimination RM'000 | Group Total RM'000 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | ← Domestic → | | | | | | | | | ← Overseas → | | | | | |
| External revenue | 3,892,661 | 13,592,846 | 2,177,646 | 1,423,632 | 217,993 | 1,780,403 | 1,915,436 | 2,120,851 | 27,121,468 | 1,182,608 | 550,744 | 654,728 | 2,388,080 | – | 29,509,548 |
| Revenue from other segments | 15,432 | 1,382,766 | 66,297 | 2,838,722 | 2,580 | 63,634 | 3,995 | 571,415 | 4,944,841 | 28 | 116,359 | 128,709 | 245,096 | (5,189,937) | – |
| Total revenue | 3,908,093 | 14,975,612 | 2,243,943 | 4,262,354 | 220,573 | 1,844,037 | 1,919,431 | 2,692,266 | 32,066,309 | 1,182,636 | 667,103 | 783,437 | 2,633,176 | (5,189,937) | 29,509,548 |
| Net interest income/ (expense) and Islamic banking income | 1,172,130 | 6,306,643 | 582,261 | (54,554) | 31,165 | 20,632 | 47,930 | 1,986,082 | 10,092,289 | 633,908 | 463,606 | 236,905 | 1,334,419 | (3,634) | 11,423,074 |
| Other income | 737 | 872,979 | 70,423 | 428,357 | 94,632 | 1,140,612 | 364,100 | 82,380 | 3,054,220 | 102,755 | 58,142 | 57,876 | 218,773 | (913) | 3,272,080 |
| Net income | 1,172,867 | 7,179,622 | 652,684 | 373,803 | 125,797 | 1,161,244 | 412,030 | 2,068,462 | 13,146,509 | 736,663 | 521,748 | 294,781 | 1,553,192 | (4,547) | 14,695,154 |
| Other operating expenses | (346,636) | (2,585,675) | (24,598) | (66,457) | (61,737) | (310,626) | (18,403) | (845,931) | (4,260,063) | (513,425) | (155,280) | (204,481) | (873,186) | 4,547 | (5,128,702) |
| of which: | | | | | | | | | | | | | | | |
| *Depreciation* | *(2,520)* | *(58,196)* | *(284)* | *(4,654)* | *(3,875)* | *(21,544)* | *(195)* | *(123,442)* | *(214,710)* | *(57,162)* | *(17,632)* | *(21,102)* | *(95,896)* | – | *(310,606)* |
| (Allowance)/Writeback of allowance for impairment on loans, advances and financing | (161,355) | 94,439 | 222,890 | – | 597 | 13 | – | – | 156,584 | (154,261) | (66,282) | (2,871) | (223,414) | – | (66,830) |
| (Allowance)/Writeback of allowance for impairment on other assets | – | (11,330) | – | 603 | 58 | – | (8) | 1,773 | (8,904) | (3,557) | (325) | (4) | (3,886) | – | (12,790) |
| Profit by segments | 664,876 | 4,677,056 | 850,976 | 307,949 | 64,715 | 850,631 | 393,619 | 1,224,304 | 9,034,126 | 65,420 | 299,861 | 87,425 | 452,706 | – | 9,486,832 |
| Reconciliation of segment profits to consolidated profits: | | | | | | | | | | | | | | | |
| Share of profit after tax of equity accounted associated companies | | | | | | | | | 56,021 | | | | – | | 56,021 |
| Profit before tax expense and zakat | | | | | | | | | 9,090,147 | | | | 452,706 | | 9,542,853 |
| Cost-to-income ratio | 29.6% | 36.0% | 3.8% | 17.8% | 49.1% | 26.7% | 4.5% | 40.9% | 32.4% | 69.7% | 29.8% | 69.4% | 56.2% | | 34.9% |

## 54. SEGMENT INFORMATION (CONTINUED)

By Business Segments (continued):

| | Domestic | | | | | | | | | Overseas | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 2025 (continued) | Hire Purchase RM'000 | Retail Operations RM'000 | Corporate Lending RM'000 | Treasury and Capital Market Operations RM'000 | Investment Banking RM'000 | Fund Management RM'000 | General Insurance RM'000 | Head Office, Funding Center and Others RM'000 | Total Domestic Operations RM'000 | Hong Kong SAR RM'000 | Cambodia RM'000 | Other Countries RM'000 | Total Overseas Operations RM'000 | Inter-segment Elimination RM'000 | Group Total RM'000 |
| Gross loans, advances and financing | 80,450,596 | 293,760,676 | 46,033,234 | – | 656,809 | 110,161 | 11,501 | 1,413 | 421,024,390 | 13,226,524 | 5,762,157 | 5,745,007 | 24,733,688 | – | 445,758,078 |
| Loans/Financing growth | 10.1% | 6.4% | -3.8% | – | 17.2% | -3.9% | -16.0% | -6.5% | 5.9% | -6.4% | -13.7% | 0.7% | -6.7% | – | 5.1% |
| Impaired loans, advances and financing | 190,544 | 892,217 | 438,239 | – | – | 919 | – | – | 1,521,919 | 371,067 | 233,004 | 158,583 | 762,654 | – | 2,284,573 |
| Impaired loan/ financing ratio | 0.24% | 0.30% | 0.95% | – | – | 0.83% | – | – | 0.36% | 2.81% | 4.04% | 2.76% | 3.08% | – | 0.51% |
| Deposits from customers | – | 327,213,072 | 191,002 | 90,815,823 | 790,908 | – | – | – | 419,010,805 | 17,092,403 | 6,450,350 | 4,560,064 | 28,102,817 | – | 447,113,622 |
| Deposits growth | – | 2.2% | -13.3% | 10.3% | 8.7% | – | – | – | 3.8% | -7.7% | -1.5% | -3.3% | -5.6% | – | 3.2% |
| Addition to non-current assets | 4,651 | 71,177 | 67 | 1,301 | 1,406 | 6,514 | 2,890 | 119,320 | 207,326 | 125,926 | 9,909 | 34,404 | 170,239 | – | 377,565 |
| Segment assets | 80,135,798 | 338,642,859 | 45,393,227 | 107,484,424 | 2,940,253 | 577,635 | 4,561,140 | 63,966,515 | 643,701,851 | 21,452,644 | 10,603,120 | 11,636,110 | 43,691,874 | (131,671,312) | 555,722,413 |
| Reconciliation of segment assets to consolidated assets: | | | | | | | | | | | | | | | |
| Investment in associated companies | | | | | | | | | 441,211 | | | | 16 | | 441,227 |
| Unallocated assets | | | | | | | | | 2,401,900 | | | | – | | 2,401,900 |
| Intangible assets | | | | | | | | | 1,842,303 | | | | 1,243,314 | | 3,085,617 |
| Total assets | | | | | | | | | 648,387,265 | | | | 44,935,204 | | 561,651,157 |

## 54. SEGMENT INFORMATION (CONTINUED)

By Business Segments (continued):

| 2024 | Domestic | | | | | | | | | Overseas | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Hire Purchase RM'000 | Retail Operations RM'000 | Corporate Lending RM'000 | Treasury and Capital Market Operations RM'000 | Investment Banking RM'000 | Fund Management RM'000 | General Insurance RM'000 | Head Office, Funding Center and Others RM'000 | Total Domestic Operations RM'000 | Hong Kong SAR RM'000 | Cambodia RM'000 | Other Countries RM'000 | Total Overseas Operations RM'000 | Inter-segment Elimination RM'000 | Group Total RM'000 |
| External revenue | 3,556,364 | 13,388,244 | 2,255,358 | 1,425,237 | 254,037 | 1,723,128 | 153,697 | 2,052,976 | 24,809,041 | 1,318,097 | 604,862 | 473,162 | 2,396,121 | – | 27,205,162 |
| Revenue from other segments | 16,189 | 1,652,552 | 49,994 | 2,533,243 | 3,347 | 61,745 | 826 | 555,840 | 4,873,736 | 96 | 84,634 | 125,781 | 210,511 | (5,084,247) | – |
| Total revenue | 3,572,553 | 15,040,796 | 2,305,352 | 3,958,480 | 257,384 | 1,784,873 | 154,523 | 2,608,816 | 29,682,777 | 1,318,193 | 689,496 | 598,943 | 2,606,632 | (5,084,247) | 27,205,162 |
| Net interest income/ (expense) and Islamic banking income | 1,144,171 | 6,253,684 | 598,921 | (62,220) | 27,283 | 19,813 | 4,182 | 1,837,663 | 9,823,497 | 575,116 | 495,669 | 267,314 | 1,338,099 | (3,490) | 11,158,106 |
| Other income | 1,349 | 859,584 | 50,824 | 422,908 | 127,189 | 1,116,221 | 30,872 | 49,651 | 2,658,598 | 105,328 | 69,428 | 21,933 | 196,689 | (2,719) | 2,852,568 |
| Net income | 1,145,520 | 7,113,268 | 649,745 | 360,688 | 154,472 | 1,136,034 | 35,054 | 1,887,314 | 12,482,095 | 680,444 | 565,097 | 289,247 | 1,534,788 | (6,209) | 14,010,674 |
| Other operating expenses of which: | (299,611) | (2,559,466) | (23,346) | (70,724) | (63,724) | (276,009) | (1,768) | (678,601) | (3,973,249) | (508,679) | (162,475) | (189,938) | (861,092) | 6,209 | (4,828,132) |
| *Depreciation* | *(2,560)* | *(72,208)* | *(282)* | *(2,982)* | *(3,845)* | *(21,393)* | *(16)* | *(124,200)* | *(227,486)* | *(60,329)* | *(23,098)* | *(20,492)* | *(103,919)* | – | *(331,405)* |
| Writeback of allowance/ (Allowance) for impairment on loans, advances and financing | 201,882 | (88,527) | 216,422 | – | 1,718 | 1 | – | – | 331,496 | (291,782) | (30,281) | (9,998) | (332,061) | – | (565) |
| (Allowance)/Writeback of allowance for impairment on other assets | – | (19,270) | – | (136) | 28 | – | – | 290 | (19,088) | (473,885) | 1,461 | 1 | (472,423) | – | (491,511) |
| Profit/(Loss) by segments | 1,047,791 | 4,446,005 | 842,821 | 289,828 | 92,494 | 860,026 | 33,286 | 1,209,003 | 8,821,254 | (593,902) | 373,802 | 89,312 | (130,788) | – | 8,690,466 |
| Reconciliation of segment profits to consolidated profits: | | | | | | | | | | | | | | | |
| Share of profit after tax of equity accounted associated companies | | | | | | | | | 241,163 | | | | – | | 241,163 |
| Profit/(Loss) before tax expense and zakat | | | | | | | | | 9,062,417 | | | | (130,788) | | 8,931,629 |
| Cost-to-income ratio | 26.2% | 36.0% | 3.6% | 19.6% | 41.3% | 24.3% | 5.0% | 36.0% | 31.8% | 74.8% | 28.8% | 65.7% | 56.1% | | 34.5% |

## 54. SEGMENT INFORMATION (CONTINUED)

By Business Segments (continued):

| 2024 (continued) | Domestic | | | | | | | | | Overseas | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Hire Purchase RM'000 | Retail Operations RM'000 | Corporate Lending RM'000 | Treasury and Capital Market Operations RM'000 | Investment Banking RM'000 | Fund Management RM'000 | General Insurance RM'000 | Head Office, Funding Center and Others RM'000 | Total Domestic Operations RM'000 (Restated) | Hong Kong SAR RM'000 | Cambodia RM'000 | Other Countries RM'000 (Restated) | Total Overseas Operations RM'000 (Restated) | Inter-segment Elimination RM'000 | Group Total RM'000 (Restated) |
| Gross loans, advances and financing | 73,049,126 | 276,075,311 | 47,841,897 | – | 560,303 | 114,615 | 13,685 | 1,463 | 397,656,400 | 14,129,875 | 6,679,564 | 5,705,132 | 26,514,571 | – | 424,170,971 |
| Loans/Financing growth | 13.1% | 5.4% | 5.0% | – | 27.6% | -3.4% | n/a | -3.2% | 6.7% | -1.0% | 3.7% | 2.1% | 0.8% | – | 6.3% |
| Impaired loans, advances and financing | 162,450 | 964,380 | 400,916 | – | – | 313 | – | – | 1,528,059 | 324,289 | 204,175 | 168,970 | 697,434 | – | 2,225,493 |
| Impaired loan/ financing ratio | 0.22% | 0.35% | 0.84% | – | – | 0.27% | – | – | 0.38% | 2.30% | 3.06% | 2.96% | 2.63% | – | 0.52% |
| Deposits from customers | – | 320,217,057 | 220,355 | 82,316,373 | 727,580 | – | – | – | 403,481,365 | 18,523,638 | 6,545,710 | 4,713,557 | 29,782,905 | – | 433,264,270 |
| Deposits growth | – | 7.5% | 19.0% | -4.3% | -24.7% | – | – | – | 4.8% | 6.7% | 8.0% | 3.3% | 6.4% | – | 4.9% |
| Addition to non-current assets | 2,535 | 60,804 | 17 | 14,618 | 265 | 18,990 | 17 | 53,361 | 150,607 | 110,159 | 18,843 | 21,146 | 150,148 | – | 300,755 |
| Segment assets | 72,804,971 | 331,181,477 | 46,984,230 | 98,564,390 | 2,500,589 | 572,148 | 4,448,527 | 57,931,854 | 614,988,186 | 23,523,015 | 10,862,900 | 10,890,426 | 45,276,341 | (123,006,046) | 537,258,481 |
| Reconciliation of segment assets to consolidated assets: | | | | | | | | | | | | | | | |
| Investment in associated companies | | | | | | | | | 384,033 | | | | 18 | | 384,051 |
| Unallocated assets | | | | | | | | | 2,421,301 | | | | – | | 2,421,301 |
| Intangible assets | | | | | | | | | 1,887,386 | | | | 1,358,669 | | 3,246,055 |
| Total assets | | | | | | | | | 619,680,906 | | | | 46,635,028 | | 543,309,888 |

## 55. RATING STATEMENT

As at 31 December 2025, the Bank was accorded the following ratings:

| Agencies | Date accorded/Reaffirmed | Ratings |
|---|---|---|
| RAM Rating Services Berhad | 21 May 2025 (Reaffirmed) | Long-Term Rating: AAA |
| | 21 May 2025 (Reaffirmed) | Short-Term Rating: P1 |
| | 21 May 2025 (Reaffirmed) | Outlook: Stable |
| | 2 October 2025 (Assigned) | RM10 Billion Commercial Papers Programme: P1/Stable |
| | 21 May 2025 (Reaffirmed) | RM20 Billion Senior Medium-Term Notes Programme: AAA/Stable |
| | 21 May 2025 (Reaffirmed) | RM20 Billion Subordinated Medium-Term Notes Programme: AA1/Stable |
| | 21 May 2025 (Reaffirmed) | RM10 Billion Subordinated Medium-Term Notes Programme: AA1/Stable |
| | 21 May 2025 (Reaffirmed) | RM10 Billion Additional Tier-I Capital Securities Programme: AA3/Stable |
| Moody's Investors Service | 13 October 2025 (Reaffirmed) | Foreign Currency:<br>Long-Term Deposits Rating: A3<br>Short-Term Deposits Rating: P-2 |
| | 13 October 2025 (Reaffirmed) | Local Currency:<br>Long-Term Deposits Rating: A3<br>Short-Term Deposits Rating: P-2 |
| | 13 October 2025 (Reaffirmed) | Foreign Currency Outlook: Stable |
| | 13 October 2025 (Reaffirmed) | Local Currency Outlook: Stable |
| Standard & Poor's Ratings Services | 25 September 2025 (Reaffirmed) | Foreign Currency:<br>Long-Term Rating: A-<br>Short-Term Rating: A-2 |
| | 25 September 2025 (Reaffirmed) | Local Currency:<br>Long-Term Deposits Rating: A-<br>Short-Term Deposits Rating: A-2 |
| | 25 September 2025 (Reaffirmed) | Foreign Currency Outlook: Stable |
| | 25 September 2025 (Reaffirmed) | Local Currency Outlook: Stable |

## 56. SIGNIFICANT EVENTS

The significant events relating to debt issuances and redemptions are disclosed in Note 26 to the financial statements.

## 57. SUBSEQUENT EVENTS

There were no material events subsequent to the reporting date that require disclosure or adjustments to the financial statements.

## 58. RESTATEMENT OF GROUP'S COMPARATIVE INFORMATION

During the year, the Group has completed the purchase price allocation for the acquisition of LPI and PBSVN. The acquisition of LPI and PBSVN was completed on 4 December 2024 and 10 July 2024 respectively. Adjustments were made retrospectively to the provisional fair values recorded in the prior year and comparative amounts in the statements of financial position were restated. The adjustments did not have any effect on the statement of profit or loss, statement of comprehensive income and statement of cash flows.

# Notes to the Financial Statements

– 31 December 2025

## 58. RESTATEMENT OF GROUP'S COMPARATIVE INFORMATION (CONTINUED)

The effects of the adjustments are as follows:

(i) Statement of Financial Position as at 31 December 2024

| Group | As previously stated RM'000 | Adjustments RM'000 | As restated RM'000 |
|---|---|---|---|
| **ASSETS** | | | |
| Cash and balances with banks | 15,468,967 | – | 15,468,967 |
| Reverse repurchase agreements | 6,103 | – | 6,103 |
| Financial assets at fair value through profit or loss | 4,001,101 | – | 4,001,101 |
| Derivative financial assets | 568,069 | – | 568,069 |
| Financial investments at fair value through other comprehensive income | 53,918,467 | – | 53,918,467 |
| Financial investments at amortised cost | 29,003,179 | – | 29,003,179 |
| Reinsurance contract assets | 880,032 | – | 880,032 |
| Loans, advances and financing | 420,471,698 | – | 420,471,698 |
| Other assets | 3,902,053 | – | 3,902,053 |
| Statutory deposits with Central Banks | 7,650,252 | – | 7,650,252 |
| Deferred tax assets | 540,530 | – | 540,530 |
| Investment in associated companies | 384,051 | – | 384,051 |
| Investment properties | 770,954 | – | 770,954 |
| Right-of-use assets | 1,225,507 | – | 1,225,507 |
| Property and equipment | 1,272,765 | 105 | 1,272,870 |
| Intangible assets | 2,799,350 | 446,705 | 3,246,055 |
| **TOTAL ASSETS** | 542,863,078 | 446,810 | 543,309,888 |
| **LIABILITIES** | | | |
| Deposits from customers | 433,264,270 | – | 433,264,270 |
| Deposits from banks and other financial institutions | 13,457,604 | – | 13,457,604 |
| Obligations on securities sold under repurchase agreements | 8,129,570 | – | 8,129,570 |
| Bills and acceptances payable | 263,403 | – | 263,403 |
| Recourse obligations on loans and financing sold to Cagamas | 5,000,015 | – | 5,000,015 |
| Derivative financial liabilities | 353,146 | – | 353,146 |
| Insurance contract liabilities | 2,256,984 | – | 2,256,984 |
| Debt securities issued and other borrowed funds | 11,014,507 | – | 11,014,507 |
| Lease liabilities | 918,482 | – | 918,482 |
| Other liabilities | 8,023,454 | 349 | 8,023,803 |
| Provision for tax expense and zakat | 396,176 | – | 396,176 |
| Deferred tax liabilities | 138,477 | 163,840 | 302,317 |
| **TOTAL LIABILITIES** | 483,216,088 | 164,189 | 483,380,277 |

## 58. RESTATEMENT OF GROUP'S COMPARATIVE INFORMATION (CONTINUED)

The effects of the adjustments are as follows (continued):

(i) Statement of Financial Position as at 31 December 2024 (continued)

| Group | As previously stated RM'000 | Adjustments RM'000 | As restated RM'000 |
|---|---|---|---|
| **EQUITY** | | | |
| Share capital | 9,417,653 | – | 9,417,653 |
| Regulatory reserves | 1,591,435 | – | 1,591,435 |
| Other reserves | 1,949,712 | – | 1,949,712 |
| Retained profits | 44,811,446 | – | 44,811,446 |
| Treasury shares | (434,752) | – | (434,752) |
| **Equity attributable to equity holders of the Bank** | 57,335,494 | – | 57,335,494 |
| Non-controlling interests | 2,311,496 | 282,621 | 2,594,117 |
| **TOTAL EQUITY** | 59,646,990 | 282,621 | 59,929,611 |
| **TOTAL LIABILITIES AND EQUITY** | 542,863,078 | 446,810 | 543,309,888 |
| **Net assets per share attributable to equity holders of the Bank (RM)** | 2.97 | | 2.97 |

(ii) Capital Adequacy as at 31 December 2024

| Group | As previously stated RM'000 | Adjustments RM'000 | As restated RM'000 |
|---|---|---|---|
| CET I capital | 51,970,314 | (282,886) | 51,687,428 |
| – Goodwill and other intangible assets | (2,799,350) | (282,886) | (3,082,236) |
| Tier I capital | 52,029,776 | (282,886) | 51,746,890 |
| Tier II capital | 9,782,347 | 1 | 9,782,348 |
| – Qualifying regulatory reserves | 788,356 | 1 | 788,357 |
| Total capital | 61,812,123 | (282,885) | 61,529,238 |
| Risk-weighted assets | 349,571,320 | 105 | 349,571,425 |
| – Credit risk | 316,592,370 | 105 | 316,592,475 |
| Before deducting dividends*: | | | |
| CET I capital ratio (%) | 14.867% | -0.081% | 14.786% |
| Tier I capital ratio (%) | 14.884% | -0.081% | 14.803% |
| Total capital ratio (%) | 17.682% | -0.081% | 17.601% |
| After deducting dividends*: | | | |
| CET I capital ratio (%) | 14.256% | -0.081% | 14.175% |
| Tier I capital ratio (%) | 14.273% | -0.081% | 14.192% |
| Total capital ratio (%) | 17.071% | -0.080% | 16.991% |

* Refer to dividends declared subsequent to the financial year end.

# Notes to the Financial Statements

– 31 December 2025

## 59. ISLAMIC BANKING BUSINESS

The financial position as at 31 December 2025 and results for the financial year ended on this date under the Islamic banking business of the Group, which is conducted by the Bank's wholly-owned subsidiary company, Public Islamic Bank Berhad ("PIBB"), are summarised as follows:

**Statement of Financial Position as at 31 December 2025**

| | | Group | |
|---|---|---|---|
| | Note | 2025 RM'000 | 2024 RM'000 |
| **ASSETS** | | | |
| Cash and balances with banks | | **835,684** | 559,131 |
| Financial assets at fair value through profit or loss | | **1,044,829** | 993,555 |
| Derivative financial assets | | **4,188** | 19,924 |
| Financial investments at fair value through other comprehensive income | | **11,711,224** | 13,484,611 |
| Financial investments at amortised cost | | **6,023,200** | 5,363,834 |
| Financing and advances | (a) | **86,297,257** | 79,620,797 |
| Other assets | | **303,594** | 264,500 |
| Statutory deposits with Bank Negara Malaysia | | **943,400** | 1,860,700 |
| Deferred tax assets | | **63,827** | 86,443 |
| Collective investment | | **651,486** | 630,315 |
| Investment in an associated company | | **67,500** | 67,500 |
| Right-of-use assets | | **25,572** | 20,268 |
| Property and equipment | | **3,549** | 4,013 |
| **Total Assets** | | **107,975,310** | 102,975,591 |
| **LIABILITIES AND ISLAMIC BANKING FUNDS** | | | |
| Deposits from customers | (b) | **91,101,586** | 87,797,771 |
| Deposits from banks and other financial institutions | | **2,990,347** | 3,032,719 |
| Bills and acceptances payable | | **928** | 883 |
| Recourse obligations on financing sold to Cagamas | | **1,000,000** | 1,000,000 |
| Derivative financial liabilities | | **10,526** | 12,026 |
| Senior Sukuk Murabahah | | **1,999,400** | 1,000,000 |
| Subordinated Sukuk Murabahah | | **1,000,000** | 1,000,000 |
| Lease liabilities | | **26,920** | 21,199 |
| Other liabilities | | **790,611** | 854,679 |
| Provision for zakat and taxation | | **30,001** | 23,152 |
| **Total Liabilities** | | **98,950,319** | 94,742,429 |
| Islamic Banking Funds | | **9,024,991** | 8,233,162 |
| **Total Liabilities and Islamic Banking Funds** | | **107,975,310** | 102,975,591 |
| **COMMITMENTS AND CONTINGENCIES** | | **15,070,410** | 13,444,846 |

The accompanying notes form an integral part of the financial statements

## 59. ISLAMIC BANKING BUSINESS (CONTINUED)

**Statement of Profit or Loss for the year ended 31 December 2025**

| | Group | |
|---|---|---|
| | **2025 RM'000** | **2024 RM'000** |
| Income derived from investment of depositors' funds and others | **4,105,477** | 3,903,218 |
| Income derived from investment of Islamic Banking Funds | **383,555** | 346,844 |
| (Allowance)/Writeback of allowance for impairment on financing and advances | **(4,374)** | 116,761 |
| Allowance for impairment on other assets | **(1,600)** | (3,281) |
| **Total distributable income** | **4,483,058** | 4,363,542 |
| Income attributable to depositors and others | **(2,771,213)** | (2,670,950) |
| **Total net income** | **1,711,845** | 1,692,592 |
| Personnel expenses | **(50,885)** | (45,371) |
| Other overheads and expenditures | **(682,129)** | (639,147) |
| **Profit before zakat and taxation** | **978,831** | 1,008,074 |
| Zakat | **(2,700)** | (5,021) |
| Taxation | **(229,057)** | (236,890) |
| **Profit for the year** | **747,074** | 766,163 |

Net income from Islamic banking business as reported in the statement of profit or loss of the Group is derived as follows:

| | Group | |
|---|---|---|
| | **2025 RM'000** | **2024 RM'000** |
| Income derived from investment of depositors' funds and others | **4,105,477** | 3,903,218 |
| Income derived from investment of Islamic Banking Funds | **383,555** | 346,844 |
| Income attributable to depositors and others | **(2,771,213)** | (2,670,950) |
| | **1,717,819** | 1,579,112 |
| Elimination of inter-company income and expenses | **121,569** | 127,888 |
| Net income from Islamic banking business reported in the statement of profit or loss of the Group | **1,839,388** | 1,707,000 |
| Of which: | | |
| Financing income earned on impaired financing | **10,367** | 11,072 |

The accompanying notes form an integral part of the financial statements

# Notes to the Financial Statements
– 31 December 2025

## 59. ISLAMIC BANKING BUSINESS (CONTINUED)

**Statement of Comprehensive Income for the year ended 31 December 2025**

| | Group | |
|---|---|---|
| | **2025 RM'000** | **2024 RM'000** |
| Profit for the year | **747,074** | 766,163 |
| **Other comprehensive income/(loss):** | | |
| Items that will not be reclassified subsequently to profit or loss: | | |
| Gain on remeasurements of defined benefit plan | **461** | 305 |
| Items that may be reclassified subsequently to profit or loss: | | |
| Net change in revaluation of financial investments at fair value through other comprehensive income | **72,739** | 62,214 |
| Net change in cash flow hedges | **(14,311)** | 8,171 |
| | **58,428** | 70,385 |
| Income tax effect | **(14,134)** | (16,965) |
| Other comprehensive income for the year, net of tax | **44,755** | 53,725 |
| Total comprehensive income for the year | **791,829** | 819,888 |

The accompanying notes form an integral part of the financial statements

## 59. ISLAMIC BANKING BUSINESS (CONTINUED)

### Statement of Changes in Islamic Banking Funds for the year ended 31 December 2025

| | | ← Non-distributable Reserves → | | | | Distributable Reserve | |
|---|---|---|---|---|---|---|---|
| Group | Capital Funds RM'000 | Regulatory Reserves RM'000 | Hedging Reserves RM'000 | Revaluation Reserves RM'000 | Defined Benefit Reserves RM'000 | Retained Profits RM'000 | Total RM'000 |
| At 1 January 2025 | 3,032,717 | 207,446 | 6,089 | (17,052) | 5,050 | 4,998,912 | 8,233,162 |
| Profit for the year | – | – | – | – | – | 747,074 | 747,074 |
| Other comprehensive (loss)/ income for the year | – | – | (10,877) | 55,282 | 350 | – | 44,755 |
| Total comprehensive (loss)/ income for the year | – | – | (10,877) | 55,282 | 350 | 747,074 | 791,829 |
| Transactions with owners/other equity movements: | | | | | | | |
| Transfer to regulatory reserves | – | 107,952 | – | – | – | (107,952) | – |
| | – | 107,952 | – | – | – | (107,952) | – |
| At 31 December 2025 | 3,032,717 | 315,398 | (4,788) | 38,230 | 5,400 | 5,638,034 | 9,024,991 |

The accompanying notes form an integral part of the financial statements

# Notes to the Financial Statements

– 31 December 2025

## 59. ISLAMIC BANKING BUSINESS (CONTINUED)

**Statement of Changes in Islamic Banking Funds for the year ended 31 December 2025 (continued)**

| | | ← Non-distributable Reserves → | | | | Distributable Reserve | |
|---|---|---|---|---|---|---|---|
| Group | Capital Funds RM'000 | Regulatory Reserves RM'000 | Hedging Reserves RM'000 | Revaluation Reserves RM'000 | Defined Benefit Reserves RM'000 | Retained Profits RM'000 | Total RM'000 |
| At 1 January 2024 | 3,032,717 | – | (121) | (64,335) | 4,818 | 4,440,195 | 7,413,274 |
| Profit for the year | – | – | – | – | – | 766,163 | 766,163 |
| Other comprehensive income for the year | – | – | 6,210 | 47,283 | 232 | – | 53,725 |
| Total comprehensive income for the year | – | – | 6,210 | 47,283 | 232 | 766,163 | 819,888 |
| Transactions with owners/other equity movements: | | | | | | | |
| Transfer to regulatory reserves | – | 207,446 | – | – | – | (207,446) | – |
| | – | 207,446 | – | – | – | (207,446) | – |
| At 31 December 2024 | 3,032,717 | 207,446 | 6,089 | (17,052) | 5,050 | 4,998,912 | 8,233,162 |

The accompanying notes form an integral part of the financial statements

## 59. ISLAMIC BANKING BUSINESS (CONTINUED)

### (a) Financing and Advances

(i) Net financing and advances analysed by type and Shariah contracts are as follows:

| 31 December 2025 | Bai' Bithaman Ajil RM'000 | Ijarah^ Thumma Al-Bai' RM'000 | Bai' Inah RM'000 | Musharakah Mutanaqisah RM'000 | Murabahah RM'000 | Others RM'000 | Total Financing and Advances RM'000 |
|---|---|---|---|---|---|---|---|
| **At amortised cost** | | | | | | | |
| Cash line | **1,085,138** | **–** | **696,249** | **–** | **–** | **–** | **1,781,387** |
| Term financing | | | | | | | |
| – House financing | **4,037,701** | **–** | **–** | **36,346,947** | **–** | **–** | **40,384,648** |
| – Syndicated financing | **–** | **–** | **–** | **–** | **239,049** | **351,141** | **590,190** |
| – Hire purchase receivables | **–** | **17,717,844** | **–** | **–** | **–** | **–** | **17,717,844** |
| – Other term financing | **878,049** | **–** | **3,605,939** | **15,981,432** | **2,802,958** | **2,257,594** | **25,525,972** |
| Credit card receivables | **–** | **–** | **–** | **–** | **–** | **191,843** | **191,843** |
| Bills receivables | **–** | **–** | **–** | **–** | **2,271** | **–** | **2,271** |
| Trust receipts | **–** | **–** | **–** | **–** | **545** | **–** | **545** |
| Claims on customers under acceptance credits | **–** | **–** | **–** | **–** | **261,583** | **–** | **261,583** |
| Revolving credits | **178,940** | **–** | **171,693** | **–** | **–** | **–** | **350,633** |
| Staff financing | **–** | **18,920** | **–** | **144,672** | **–** | **–** | **163,592** |
| Gross financing and advances | **6,179,828** | **17,736,764** | **4,473,881** | **52,473,051** | **3,306,406** | **2,800,578** | **86,970,508** |
| Allowance for impairment on financing and advances: | | | | | | | |
| – Expected credit losses | | | | | | | **(673,251)** |
| – Stage 1: 12–Month ECL | | | | | | | **(132,203)** |
| – Stage 2: Lifetime ECL not credit–impaired | | | | | | | **(470,958)** |
| – Stage 3: Lifetime ECL credit–impaired | | | | | | | **(70,090)** |
| Net financing and advances | | | | | | | **86,297,257** |

# Notes to the Financial Statements
– 31 December 2025

## 59. ISLAMIC BANKING BUSINESS (CONTINUED)

### (a) Financing and Advances (continued)

(i) Net financing and advances analysed by type and Shariah contracts are as follows (continued):

| 31 December 2024 | Bai' Bithaman Ajil RM'000 | Ijarah^ Thumma Al-Bai' RM'000 | Bai' Inah RM'000 | Musharakah Mutanaqisah RM'000 | Murabahah RM'000 | Others RM'000 | Total Financing and Advances RM'000 |
|---|---|---|---|---|---|---|---|
| **At amortised cost** | | | | | | | |
| Cash line | 1,183,267 | – | 498,757 | – | – | – | 1,682,024 |
| Term financing | | | | | | | |
| – House financing | 4,358,707 | – | – | 33,454,253 | – | – | 37,812,960 |
| – Syndicated financing | – | – | – | – | 1,000,850 | 357,150 | 1,358,000 |
| – Hire purchase receivables | – | 14,557,793 | – | – | – | – | 14,557,793 |
| – Other term financing | 1,003,304 | – | 3,372,867 | 15,255,687 | 3,064,347 | 969,624 | 23,665,829 |
| Credit card receivables | – | – | – | – | – | 156,095 | 156,095 |
| Bills receivables | – | – | – | – | 1,369 | – | 1,369 |
| Trust receipts | – | – | – | – | 443 | – | 443 |
| Claims on customers under acceptance credits | – | – | – | – | 264,754 | – | 264,754 |
| Revolving credits | 171,990 | – | 476,097 | – | 38,042 | – | 686,129 |
| Staff financing | – | 18,888 | – | 131,694 | – | – | 150,582 |
| Gross financing and advances | 6,717,268 | 14,576,681 | 4,347,721 | 48,841,634 | 4,369,805 | 1,482,869 | 80,335,978 |
| Allowance for impairment on financing and advances: | | | | | | | |
| – Expected credit losses | | | | | | | (715,181) |
| – Stage 1: 12–Month ECL | | | | | | | (161,826) |
| – Stage 2: Lifetime ECL not credit–impaired | | | | | | | (476,463) |
| – Stage 3: Lifetime ECL credit–impaired | | | | | | | (76,892) |
| Net financing and advances | | | | | | | 79,620,797 |

All the Group's Islamic banking financing and advances are located in Malaysia.

^ PIBB is the owner of the asset throughout the tenure of the Ijarah financing. The ownership of the asset will be transferred to the customer via sale at the end of the Ijarah financing.

## 59. ISLAMIC BANKING BUSINESS (CONTINUED)

### (a) Financing and Advances (continued)

(ii) The maturity structure of gross financing and advances by residual contractual maturity is as follows:

| | Group | |
|---|---|---|
| | **2025 RM'000** | **2024 RM'000** |
| Maturity within one year | **3,084,408** | 4,488,082 |
| More than one year to three years | **3,360,625** | 2,864,961 |
| More than three years to five years | **6,192,837** | 3,789,444 |
| More than five years | **74,332,638** | 69,193,491 |
| | **86,970,508** | 80,335,978 |

(iii) Gross financing and advances presented by class of financial instruments are as follows:

| | Group | |
|---|---|---|
| | **2025 RM'000** | **2024 RM'000** |
| Retail financing* | | |
| – House financing | **40,384,648** | 37,812,960 |
| – Hire purchase | **17,717,844** | 14,557,793 |
| – Credit cards | **191,843** | 156,095 |
| – Other financing^ | **20,331,172** | 19,394,864 |
| | **78,625,507** | 71,921,712 |
| Corporate financing | **8,345,001** | 8,414,266 |
| | **86,970,508** | 80,335,978 |

* Included in retail financing are financing granted to individual customers and mid-market commercial enterprises.
^ Included in other financing are term financing, trade financing, cash line and revolving credit.

(iv) Gross financing and advances analysed by type of customer are as follows:

| | Group | |
|---|---|---|
| | **2025 RM'000** | **2024 RM'000** |
| Domestic non–bank financial institutions | | |
| – Others | **2,921,027** | 2,791,780 |
| Domestic business enterprises | | |
| – Small and medium enterprises | **10,839,903** | 10,371,264 |
| – Others | **4,901,967** | 4,216,714 |
| Government and statutory bodies | **1,017,796** | 2,017,754 |
| Individuals | **66,488,742** | 60,324,552 |
| Other domestic entities | **2,197** | 3,030 |
| Foreign entities | **798,876** | 610,884 |
| | **86,970,508** | 80,335,978 |

# Notes to the Financial Statements

– 31 December 2025

## 59. ISLAMIC BANKING BUSINESS (CONTINUED)

### (a) Financing and Advances (continued)

(v) Gross financing and advances analysed by rate of return sensitivity are as follows:

| | Group | |
|---|---|---|
| | **2025 RM'000** | **2024 RM'000** |
| Fixed rate | | |
| – House financing | **114,686** | 133,439 |
| – Hire purchase receivables | **17,717,700** | 14,557,571 |
| – Other fixed rate financing | **4,332,329** | 4,702,018 |
| Variable rate | | |
| – Base rate/Base financing rate plus | **58,428,800** | 55,153,609 |
| – Cost plus | **6,376,993** | 5,789,341 |
| | **86,970,508** | 80,335,978 |

(vi) Gross financing and advances analysed by economic purpose are as follows:

| | Group | |
|---|---|---|
| | **2025 RM'000** | **2024 RM'000** |
| Purchase of transport vehicles | **17,736,764** | 14,576,682 |
| Purchase of properties | **55,709,704** | 52,538,827 |
| (of which: – residential | **41,157,645** | 38,583,333 |
| – non-residential) | **14,552,059** | 13,955,494 |
| Purchase of fixed assets (excluding properties) | **16,545** | 11,760 |
| Personal use | **2,732,192** | 2,595,508 |
| Credit card | **191,843** | 156,095 |
| Purchase of consumer durables | **463** | 467 |
| Construction | **1,239,329** | 877,210 |
| Working capital | **9,191,860** | 9,088,161 |
| Other purpose | **151,808** | 491,268 |
| | **86,970,508** | 80,335,978 |

## 59. ISLAMIC BANKING BUSINESS (CONTINUED)

### (a) Financing and Advances (continued)

(vii) Gross financing and advances analysed by sector are as follows:

| | Group | |
|---|---|---|
| | **2025 RM'000** | **2024 RM'000** |
| Agriculture, hunting, forestry and fishing | **336,201** | 429,350 |
| Mining and quarrying | **40,767** | 44,480 |
| Manufacturing | **2,213,787** | 1,810,751 |
| Electricity, gas and water | **2,163** | 3,988 |
| Construction | **2,187,227** | 2,326,921 |
| Wholesale & retail trade and restaurants & hotels | **4,959,788** | 4,318,606 |
| Transport, storage and communication | **1,684,867** | 1,585,458 |
| Finance, insurance and business services | **3,641,285** | 3,210,874 |
| Real estate | **3,254,791** | 3,312,680 |
| Community, social and personal services | **1,362,014** | 2,357,434 |
| Households | **67,287,618** | 60,935,436 |
| | **86,970,508** | 80,335,978 |

(viii) Movements in credit-impaired ("impaired") financing and advances are as follows:

| | Group | |
|---|---|---|
| | **2025 RM'000** | **2024 RM'000** |
| At 1 January | **283,162** | 251,402 |
| Impaired during the year | **467,698** | 607,776 |
| Reclassified as non-impaired during the year | **(328,076)** | (429,819) |
| Recoveries | **(87,585)** | (65,089) |
| Amount written off | **(70,257)** | (74,197) |
| Financing converted to foreclosed properties | **(1,367)** | (6,911) |
| At 31 December | **263,575** | 283,162 |
| Gross impaired financing and advances as % of gross financing and advances | **0.30%** | 0.35% |

# Notes to the Financial Statements
– 31 December 2025

## 59. ISLAMIC BANKING BUSINESS (CONTINUED)

### (a) Financing and Advances (continued)

(ix) Impaired financing and advances analysed by economic purpose are as follows:

| | Group | |
|---|---|---|
| | **2025 RM'000** | **2024 RM'000** |
| Purchase of transport vehicles | **43,771** | 36,270 |
| Purchase of properties | **189,091** | 208,970 |
| (of which: – residential | **155,235** | 154,453 |
| – non-residential) | **33,856** | 54,517 |
| Personal use | **20,297** | 22,175 |
| Credit card | **963** | 614 |
| Working capital | **9,438** | 15,120 |
| Other purpose | **15** | 13 |
| | **263,575** | 283,162 |

(x) Impaired financing and advances analysed by sector are as follows:

| | Group | |
|---|---|---|
| | **2025 RM'000** | **2024 RM'000** |
| Agriculture, hunting, forestry and fishing | **16** | 11 |
| Mining and quarrying | **–** | 4,481 |
| Manufacturing | **1,785** | 1,942 |
| Electricity, gas and water | **1** | – |
| Construction | **5,575** | 11,037 |
| Wholesale & retail trade and restaurants & hotels | **6,743** | 12,352 |
| Transport, storage and communication | **1,671** | 1,818 |
| Finance, insurance and business services | **8,413** | 12,250 |
| Real estate | **554** | 3,690 |
| Community, social and personal services | **25** | 240 |
| Households | **238,792** | 235,341 |
| | **263,575** | 283,162 |

All the Group's Islamic banking impaired financing and advances are located in Malaysia.

## 59. ISLAMIC BANKING BUSINESS (CONTINUED)

### (a) Financing and Advances (continued)

(xi) Movements in loss allowance for financing and advances by class which reflect the expected credit losses ("ECL") model on impairment are as follows:

| | Retail Financing | | | | | |
|---|---|---|---|---|---|---|
| | House Financing RM'000 | Hire Purchase RM'000 | Credit Cards RM'000 | Other Financing RM'000 | Corporate Financing RM'000 | Total RM'000 |
| **2025** | | | | | | |
| **Stage 1: 12–Month ECL** | | | | | | |
| At 1 January 2025 | **48,925** | **23,798** | **1,330** | **77,492** | **10,281** | **161,826** |
| Changes due to financing and advances recognised as at 1 January 2025 | **16,635** | **7,025** | **419** | **14,908** | **445** | **39,432** |
| – Transfer to Stage 1: 12-Month ECL | **16,926** | **7,889** | **493** | **16,717** | **451** | **42,476** |
| – Transfer to Stage 2: Lifetime ECL not credit-impaired | **(271)** | **(813)** | **(68)** | **(1,772)** | **(6)** | **(2,930)** |
| – Transfer to Stage 3: Lifetime ECL credit-impaired | **(20)** | **(51)** | **(6)** | **(37)** | **–** | **(114)** |
| New financing and advances originated | **1,440** | **5,482** | **168** | **7,819** | **5,953** | **20,862** |
| Net remeasurement due to changes in credit risk | **(43,476)** | **(3,284)** | **232** | **(22,480)** | **(7,431)** | **(76,439)** |
| Financing and advances derecognised (other than write–off) | **(330)** | **(1,234)** | **(44)** | **(2,237)** | **(1,787)** | **(5,632)** |
| Modifications to contractual cash flows of financing and advances | **(44)** | **–** | **(1)** | **(78)** | **(1)** | **(124)** |
| Changes in models/risk parameters | **(3,196)** | **(801)** | **(990)** | **(2,081)** | **(583)** | **(7,651)** |
| Amount written off | **–** | **(71)** | **–** | **–** | **–** | **(71)** |
| At 31 December 2025 | **19,954** | **30,915** | **1,114** | **73,343** | **6,877** | **132,203** |

# Notes to the Financial Statements

– 31 December 2025

## 59. ISLAMIC BANKING BUSINESS (CONTINUED)

### (a) Financing and Advances (continued)

(xi) Movements in loss allowance for financing and advances by class which reflect the ECL model on impairment are as follows (continued):

| | Retail Financing | | | | | |
|---|---|---|---|---|---|---|
| | House Financing RM'000 | Hire Purchase RM'000 | Credit Cards RM'000 | Other Financing RM'000 | Corporate Financing RM'000 | Total RM'000 |
| **2025** | | | | | | |
| **Stage 2: Lifetime ECL not credit-impaired** | | | | | | |
| At 1 January 2025 | **171,870** | **107,277** | **723** | **128,774** | **67,819** | **476,463** |
| Changes due to financing and advances recognised as at 1 January 2025 | **(11,781)** | **(6,595)** | **(311)** | **(8,977)** | **(445)** | **(28,109)** |
| – Transfer to Stage 1: 12-Month ECL | **(14,294)** | **(7,244)** | **(394)** | **(15,498)** | **(451)** | **(37,881)** |
| – Transfer to Stage 2: Lifetime ECL not credit-impaired | **4,450** | **1,807** | **143** | **7,605** | **6** | **14,011** |
| – Transfer to Stage 3: Lifetime ECL credit-impaired | **(1,937)** | **(1,158)** | **(60)** | **(1,084)** | **–** | **(4,239)** |
| New financing and advances originated | **1,107** | **2,311** | **56** | **3,950** | **31,750** | **39,174** |
| Net remeasurement due to changes in credit risk | **9,238** | **24,109** | **860** | **9,000** | **(34,857)** | **8,350** |
| Financing and advances derecognised (other than write-off) | **(1,245)** | **(680)** | **(153)** | **(6,871)** | **(485)** | **(9,434)** |
| Modifications to contractual cash flows of financing and advances | **3,242** | **(106)** | **47** | **647** | **(4,742)** | **(912)** |
| Changes in models/risk parameters | **(4,769)** | **(785)** | **(539)** | **(4,986)** | **(3,495)** | **(14,574)** |
| At 31 December 2025 | **167,662** | **125,531** | **683** | **121,537** | **55,545** | **470,958** |

## 59. ISLAMIC BANKING BUSINESS (CONTINUED)

### (a) Financing and Advances (continued)

(xi) Movements in loss allowance for financing and advances by class which reflect the ECL model on impairment are as follows (continued):

| | Retail Financing | | | | | |
|---|---|---|---|---|---|---|
| | House Financing RM'000 | Hire Purchase RM'000 | Credit Cards RM'000 | Other Financing RM'000 | Corporate Financing RM'000 | Total RM'000 |
| **2025** | | | | | | |
| **Stage 3: Lifetime ECL credit-impaired** | | | | | | |
| At 1 January 2025 | **21,251** | **20,844** | **504** | **34,106** | **187** | **76,892** |
| Changes due to financing and advances recognised as at 1 January 2025 | **(4,854)** | **(430)** | **(108)** | **(5,931)** | **–** | **(11,323)** |
| – Transfer to Stage 1: 12-Month ECL | **(2,632)** | **(645)** | **(99)** | **(1,219)** | **–** | **(4,595)** |
| – Transfer to Stage 2: Lifetime ECL not credit-impaired | **(4,179)** | **(994)** | **(75)** | **(5,833)** | **–** | **(11,081)** |
| – Transfer to Stage 3: Lifetime ECL credit-impaired | **1,957** | **1,209** | **66** | **1,121** | **–** | **4,353** |
| New financing and advances originated* | **562** | **1,326** | **57** | **297** | **–** | **2,242** |
| Net remeasurement due to changes in credit risk | **19,096** | **28,559** | **1,427** | **13,483** | **1** | **62,566** |
| Financing and advances derecognised (other than write-off) | **(910)** | **(2,400)** | **(63)** | **(1,708)** | **(188)** | **(5,269)** |
| Modifications to contractual cash flows of financing and advances | **9,497** | **1,175** | **234** | **4,499** | **–** | **15,405** |
| Changes in models/risk parameters | **92** | **(21)** | **–** | **17** | **–** | **88** |
| Amount transferred to allowance for impairment loss on foreclosed properties | **–** | **–** | **–** | **(254)** | **–** | **(254)** |
| Amount written off | **(24,004)** | **(22,770)** | **(1,244)** | **(22,239)** | **–** | **(70,257)** |
| At 31 December 2025 | **20,730** | **26,283** | **807** | **22,270** | **–** | **70,090** |
| Total ECL as at 31 December 2025 | **208,346** | **182,729** | **2,604** | **217,150** | **62,422** | **673,251** |

* New financing and advances originated during the year which were not credit-impaired at origination but subsequently the credit risk has deteriorated.

# Notes to the Financial Statements
– 31 December 2025

## 59. ISLAMIC BANKING BUSINESS (CONTINUED)

### (a) Financing and Advances (continued)

(xi) Movements in loss allowance for financing and advances by class which reflect the ECL model on impairment are as follows (continued):

| | Retail Financing | | | | | |
|---|---|---|---|---|---|---|
| | House Financing RM'000 | Hire Purchase RM'000 | Credit Cards RM'000 | Other Financing RM'000 | Corporate Financing RM'000 | Total RM'000 |
| **2024** | | | | | | |
| **Stage 1: 12-Month ECL** | | | | | | |
| At 1 January 2024 | 33,250 | 46,769 | 1,175 | 81,139 | 15,746 | 178,079 |
| Changes due to financing and advances recognised as at 1 January 2024 | 22,090 | 12,778 | 522 | 23,020 | 159 | 58,569 |
| – Transfer to Stage 1: 12-Month ECL | 22,350 | 14,177 | 565 | 24,413 | 168 | 61,673 |
| – Transfer to Stage 2: Lifetime ECL not credit-impaired | (239) | (1,305) | (39) | (1,346) | (9) | (2,938) |
| – Transfer to Stage 3: Lifetime ECL credit-impaired | (21) | (94) | (4) | (47) | – | (166) |
| New financing and advances originated | 1,779 | 4,903 | 435 | 4,471 | 1,179 | 12,767 |
| Net remeasurement due to changes in credit risk | (8,885) | (10,471) | (774) | (30,594) | (5,801) | (56,525) |
| Financing and advances derecognised (other than write-off) | (246) | (2,368) | (27) | (1,906) | (794) | (5,341) |
| Modifications to contractual cash flows of financing and advances | (103) | (29) | (1) | (594) | (6) | (733) |
| Changes in models/risk parameters | 1,040 | (27,717) | – | 1,956 | (202) | (24,923) |
| Amount written off | – | (67) | – | – | – | (67) |
| At 31 December 2024 | 48,925 | 23,798 | 1,330 | 77,492 | 10,281 | 161,826 |

## 59. ISLAMIC BANKING BUSINESS (CONTINUED)

### (a) Financing and Advances (continued)

(xi) Movements in loss allowance for financing and advances by class which reflect the ECL model on impairment are as follows (continued):

| | Retail Financing | | | | | |
|---|---|---|---|---|---|---|
| | House Financing RM'000 | Hire Purchase RM'000 | Credit Cards RM'000 | Other Financing RM'000 | Corporate Financing RM'000 | Total RM'000 |
| **2024** | | | | | | |
| **Stage 2: Lifetime ECL not credit-impaired** | | | | | | |
| At 1 January 2024 | 209,006 | 149,083 | 741 | 186,816 | 89,439 | 635,085 |
| Changes due to financing and advances recognised as at 1 January 2024 | (15,305) | (12,326) | (197) | (21,482) | (159) | (49,469) |
| Transfer to Stage 1: 12-Month ECL | (18,962) | (13,372) | (386) | (22,490) | (168) | (55,378) |
| Transfer to Stage 2: Lifetime ECL not credit-impaired | 6,009 | 2,585 | 213 | 3,932 | 9 | 12,748 |
| Transfer to Stage 3: Lifetime ECL credit-impaired | (2,352) | (1,539) | (24) | (2,924) | – | (6,839) |
| New financing and advances originated | 837 | 1,917 | 81 | 2,330 | 35 | 5,200 |
| Net remeasurement due to changes in credit risk | (28,995) | (15,161) | (70) | (35,462) | (16,379) | (96,067) |
| Financing and advances derecognised (other than write-off) | (740) | (1,351) | (95) | (4,647) | (213) | (7,046) |
| Modifications to contractual cash flows of financing and advances | 5,017 | (322) | 263 | 1,821 | (3,898) | 2,881 |
| Changes in models/risk parameters | 2,050 | (14,563) | – | (602) | (1,006) | (14,121) |
| At 31 December 2024 | 171,870 | 107,277 | 723 | 128,774 | 67,819 | 476,463 |

# Notes to the Financial Statements

– 31 December 2025

## 59. ISLAMIC BANKING BUSINESS (CONTINUED)

### (a) Financing and Advances (continued)

(xi) Movements in loss allowance for financing and advances by class which reflect the ECL model on impairment are as follows (continued):

| | Retail Financing | | | | | |
|---|---|---|---|---|---|---|
| | House Financing RM'000 | Hire Purchase RM'000 | Credit Cards RM'000 | Other Financing RM'000 | Corporate Financing RM'000 | Total RM'000 |
| **2024** | | | | | | |
| **Stage 3: Lifetime ECL credit-impaired** | | | | | | |
| At 1 January 2024 | 21,990 | 25,877 | 840 | 24,189 | 132 | 73,028 |
| Changes due to financing and advances recognised as at 1 January 2024 | (6,785) | (452) | (325) | (1,538) | – | (9,100) |
| – Transfer to Stage 1: 12-Month ECL | (3,388) | (805) | (179) | (1,923) | – | (6,295) |
| – Transfer to Stage 2: Lifetime ECL not credit-impaired | (5,770) | (1,280) | (174) | (2,586) | – | (9,810) |
| – Transfer to Stage 3: Lifetime ECL credit-impaired | 2,373 | 1,633 | 28 | 2,971 | – | 7,005 |
| New financing and advances originated* | 236 | 1,526 | 57 | 40 | – | 1,859 |
| Net remeasurement due to changes in credit risk | 23,003 | 22,594 | 565 | 18,316 | 55 | 64,533 |
| Financing and advances derecognised (other than write-off) | (738) | (2,407) | (43) | (1,779) | – | (4,967) |
| Modifications to contractual cash flows of financing and advances | 11,695 | 713 | 143 | 12,985 | – | 25,536 |
| Changes in models/risk parameters | – | 196 | – | 12 | – | 208 |
| Amount transferred to allowance for impairment loss on foreclosed properties | – | – | – | (8) | – | (8) |
| Amount written off | (28,150) | (27,203) | (733) | (18,111) | – | (74,197) |
| At 31 December 2024 | 21,251 | 20,844 | 504 | 34,106 | 187 | 76,892 |
| Total ECL as at 31 December 2024 | 242,046 | 151,919 | 2,557 | 240,372 | 78,287 | 715,181 |

* New financing and advances originated during the year which were not credit-impaired at origination but subsequently the credit risk has deteriorated.

## 59. ISLAMIC BANKING BUSINESS (CONTINUED)

### (b) Deposits From Customers

(i) By type of deposit and contract:

| | Group | |
|---|---|---|
| | 2025 RM'000 | 2024 RM'000 |
| **At amortised cost** | | |
| Savings deposits | | |
| – Qard | **9,741,782** | 9,890,439 |
| – Commodity Murabahah | **266,881** | 68,618 |
| | **10,008,663** | 9,959,057 |
| Demand deposits | | |
| – Qard | **8,885,978** | 9,117,306 |
| – Commodity Murabahah | **509,243** | 64,004 |
| | **9,395,221** | 9,181,310 |
| Term deposits | | |
| – Commodity Murabahah | **61,480,859** | 57,927,493 |
| – Special term deposit account | | |
| – Commodity Murabahah | **10,216,843** | 10,729,911 |
| | **91,101,586** | 87,797,771 |

Included in deposits from customers are deposits of RM542,131,000 (2024 – RM491,142,000) held as collateral for financing and advances.

(ii) By type of customers:

| | Group | |
|---|---|---|
| | 2025 RM'000 | 2024 RM'000 |
| Federal and state governments | **4,505,792** | 4,252,805 |
| Local government and statutory authorities | **3,519,270** | 2,516,349 |
| Business enterprises | **20,807,480** | 17,853,538 |
| Individuals | **39,323,984** | 38,784,110 |
| Foreign customers | **1,094,362** | 1,028,105 |
| Others | **21,850,698** | 23,362,864 |
| | **91,101,586** | 87,797,771 |

(iii) The maturity structure of term deposits is as follows:

| | Group | |
|---|---|---|
| | 2025 RM'000 | 2024 RM'000 |
| Due within six months | **55,847,839** | 50,580,502 |
| More than six months to one year | **15,603,029** | 18,026,642 |
| More than one year to three years | **245,646** | 49,042 |
| More than three years to five years | **1,188** | 1,218 |
| | **71,697,702** | 68,657,404 |

# Appendix

## DIRECTORS OF SUBSIDIARY COMPANIES OF THE BANK

The following is the list of directors who served on the boards of the subsidiary companies of the Bank since the beginning of the current financial year to the date of the Directors' Report:

| Name of Subsidiary Company | Name of Director |
|---|---|
| Public Islamic Bank Berhad | Dato' Haji Kamil Khalid bin Dato' Mushir Ariff<br>Tan Sri Dato' Sri (Dr) Tay Ah Lek<br>Datin Dr. Rusnah binti Muhamad<br>Mr Lam Song Shen<br>Dr. Shafaai bin Musa<br>Datuk Mohd Anwar bin Yahya<br>Mr Tan Keat Lin |
| Public Investment Bank Berhad | Dato' Dr. Thillainathan A/L Ramasamy<br>Tan Sri Dato' Sri (Dr) Tay Ah Lek<br>En. Abdul Karim bin Md Lassim<br>Mr Lim Hun Soon @ David Lim<br>Ms Phe Kheng Peng<br>Cik Shahira binti Abdul Aziz |
| Public Invest Nominees (Tempatan) Sdn. Bhd. | Mr Lee Yo-Hunn<br>Ms Lim Geok Lian<br>Ms Hor Siew Peng |
| Public Invest Nominees (Asing) Sdn. Bhd. | Mr Lee Yo-Hunn<br>Ms Lim Geok Lian<br>Ms Hor Siew Peng |
| Public Consolidated Holdings Sdn. Bhd. | Ms Chang Siew Yen (appointed on 22 October 2025)<br>Ms Yik Sook Ling<br>Mr Quah Poh Keat (resigned on 22 October 2025) |
| Public Mutual Berhad | Tan Sri Dato' Sri (Dr) Tay Ah Lek<br>Mr Quah Poh Keat<br>Dato' Mohammed Najeeb bin Abdullah<br>Dato' Mohd Hanif bin Sher Mohamed<br>Ms Yeoh Kim Hong<br>Ms Gladys Leong<br>Mr Chiang Kang Pey |

| Name of Subsidiary Company | Name of Director |
|---|---|
| LPI Capital Bhd | Mr Tee Choon Yeow<br>Mr Tan Kok Guan<br>Ms Soo Chow Lai<br>Dato' Chia Lee Kee<br>En. Mohamed Raslan bin Abdul Rahman<br>Mr Lee Chin Guan (retired on 27 January 2025) |
| Lonpac Insurance Bhd | Mr Tee Choon Yeow<br>Mr Chuang Chee Hing (appointed on 8 July 2025)<br>En. Mohd Suffian bin Haji Haron<br>Mr Wong Ah Kow<br>Mr Woo Chew Hong<br>Mr Ng Chwe Hwa<br>Dato' Dr Fauziah binti Mohd Taib<br>Mr Looi Kong Meng (retired on 7 July 2025) |
| Lonpac Insurance Singapore Pte. Ltd. | Mr Quek Sun Hui (appointed on 2 September 2025) |
| Public Holdings Sdn. Bhd. | Ms Chang Siew Yen<br>Mr Lim Yew Hui (appointed on 22 October 2025)<br>Mr Quah Poh Keat (resigned on 22 October 2025) |
| Public Nominees (Tempatan) Sdn. Bhd. | Mr Raymond Paul Lai Fook Sung<br>Mr Goh Kah Poh<br>Mr Chan See Choi (appointed on 17 November 2025)<br>Dato' Chang Kat Kiam (resigned on 1 January 2026) |
| Public Nominees (Asing) Sdn. Bhd. | Mr Raymond Paul Lai Fook Sung<br>Mr Goh Kah Poh<br>Mr Chan See Choi (appointed on 17 November 2025)<br>Dato' Chang Kat Kiam (resigned on 1 January 2026) |

## DIRECTORS OF SUBSIDIARY COMPANIES OF THE BANK (CONTINUED)

The following is the list of directors who served on the boards of the subsidiary companies of the Bank since the beginning of the current financial year to the date of the Directors' Report (continued):

| Name of Subsidiary Company | Name of Director |
|---|---|
| Public Bank (L) Ltd. | Ms Chan Chew Fung<br>Mr Lai Wan<br>Mr Tang Wing Chew<br>(resigned on 1 January 2026) |
| PB Trustee Services Berhad | Puan Salmah binti Mohd Yunus<br>(appointed on 25 April 2025)<br>Ms Chang Siew Yen<br>Ms Yik Sook Ling<br>Dato' Mohammed Najeeb bin Abdullah<br>(resigned on 26 May 2025) |
| PB Venture Capital Sdn. Bhd. | Ms Yik Sook Ling<br>Mr Raymond Paul Lai Fook Sung<br>(appointed on 22 October 2025)<br>Mr Quah Poh Keat<br>(resigned on 22 October 2025) |
| Public Leasing & Factoring Sdn. Bhd. | Mr Wong Man Hoe<br>Mr Chan See Choi |
| PB International Factors Sdn. Bhd. | Mr Wong Man Hoe<br>Mr Chan See Choi |
| Cambodian Public Bank Plc | Dato' Mohammed Najeeb bin Abdullah<br>Mr Quah Poh Keat<br>Mr Ong Ming Teck<br>Dr. Phai Touch<br>Dato' Chang Kat Kiam<br>(retired on 1 January 2026) |
| Campu Securities Plc | Mr Quah Poh Keat<br>Mr Ong Ming Teck<br>Dato' Chang Kat Kiam<br>(retired on 1 January 2026) |
| Campu Lonpac Insurance Plc | Mr Tan Kok Guan<br>Mr Quah Poh Keat<br>Dato' Mohammed Najeeb bin Abdullah<br>Dr. Phai Touch<br>Mr Ong Ming Teck<br>Dato' Chang Kat Kiam<br>(retired on 1 January 2026) |
| Public Financial Holdings Limited | Mr Lai Wan<br>Mr Quah Poh Keat<br>Mr Lee Chin Guan<br>Mr Chong Yam Kiang<br>Mr Lim Chao Li<br>Ms Phe Kheng Peng<br>Mr Lee Huat Oon<br>Dato' Chang Kat Kiam<br>(retired on 1 January 2026) |
| Public Bank (Hong Kong) Limited | Mr Lai Wan<br>Tan Sri Dato' Sri (Dr) Tay Ah Lek<br>Mr Lee Chin Guan<br>Mr Chong Yam Kiang<br>Mr Lim Chao Li<br>Ms Phe Kheng Peng<br>Dato' Chang Kat Kiam<br>(retired on 1 January 2026) |
| Public Finance Limited | Mr Lai Wan<br>Mr Quah Poh Keat<br>Mr Lee Chin Guan<br>Mr Chong Yam Kiang<br>Mr Lim Chao Li<br>Ms Phe Kheng Peng<br>Mr Lee Huat Oon<br>Mr Tang Wing Chew<br>(resigned on 1 January 2026)<br>Dato' Chang Kat Kiam<br>(retired on 1 January 2026) |
| Public Financial Limited | Mr Chong Yam Kiang<br>Mr Cheung Hin Sing<br>(appointed on 1 January 2025)<br>Ms Chiu Chik Shang<br>(resigned on 1 January 2025) |
| Public Securities Limited | Mr Chong Yam Kiang<br>Mr Cheung Hin Sing<br>(appointed on 1 January 2025)<br>Ms Chiu Chik Shang<br>(resigned on 1 January 2025) |

# Appendix

## DIRECTORS OF SUBSIDIARY COMPANIES OF THE BANK (CONTINUED)

The following is the list of directors who served on the boards of the subsidiary companies of the Bank since the beginning of the current financial year to the date of the Directors' Report (continued):

| Name of Subsidiary Company | Name of Director |
|---|---|
| Public Securities (Nominees) Limited | Mr Chong Yam Kiang<br>Mr Cheung Hin Sing (appointed on 1 January 2025)<br>Ms Chiu Chik Shang (resigned on 1 January 2025) |
| Public Financial Securities Limited | Mr Chong Yam Kiang<br>Mr Ng Chee Khuen<br>Mr Or Pui Sing<br>Mr Cheung Hin Sing (appointed on 1 January 2025) |
| Public Bank (Nominees) Limited | Mr Chong Yam Kiang<br>Ms Chan Sau Kuen |
| Public Futures Limited | Mr Chong Yam Kiang<br>Mr Cheung Hin Sing (appointed on 1 January 2025)<br>Ms Chiu Chik Shang (resigned on 1 January 2025) |
| Winton (B.V.I.) Limited | Mr Ng Chee Khuen<br>Mr Chong Yam Kiang |
| Winton Financial Limited | Mr Ng Chee Khuen<br>Mr Chong Yam Kiang |
| Winton Motors, Limited | Mr Ng Chee Khuen<br>Mr Chong Yam Kiang |
| Public Bank Vietnam Limited | Mr Lee Chin Guan<br>Mr Chee Keng Eng<br>Dato' Mohammed Najeeb bin Abdullah<br>Ms Cheah Kim Ling<br>Dato' Chang Kat Kiam (retired on 1 January 2026) |
| Public Bank Securities Vietnam Company Limited | Ms Cheah Kim Ling<br>Dato' Mohammed Najeeb bin Abdullah<br>Mr Chee Keng Eng (appointed on 1 January 2026)<br>Dato' Chang Kat Kiam (retired on 1 January 2026) |
| Public Bank Lao Limited | Mr Lee Chin Guan<br>Mr Quah Poh Keat<br>Dato' Mohammed Najeeb bin Abdullah<br>Mr Ng Swee Keat<br>Dato' Chang Kat Kiam (retired on 1 January 2026) |

# **Pillar 3** Disclosure

As at 31 December 2025

## OVERVIEW

The Pillar 3 Disclosure is required under the Bank Negara Malaysia ("BNM")'s Risk-Weighted Capital Adequacy Framework ("RWCAF"), which is the equivalent to Basel II issued by the Basel Committee on Banking Supervision and the Islamic Financial Services Board. Basel II consists of 3 Pillars as follows:

(a) Pillar 1 sets out the minimum amount of regulatory capital that banking institutions must hold against credit, market and operational risks they assume;

(b) Pillar 2 promotes the adoption of a more forward-looking approach to capital management and encourages banking institutions to develop and employ more rigorous risk management framework and techniques, including specific oversight by the Board of Directors ("Board") and senior management on internal controls and corporate governance practices, to ensure that banking institutions maintain adequate capital levels consistent with their risk profile and business plan at all times; and

(c) Pillar 3 aims to harness market discipline through enhanced disclosure to supplement regulatory supervision of banking institutions through a consistent and comprehensive disclosure framework on risk management practices and capital adequacy of banking institutions that will enhance comparability amongst banking institutions.

The Public Bank Group ("the Group") adopted the Standardised Approach in determining the capital requirements for credit risk, market risk and operational risk of the Pillar 1 under BNM's RWCAF.

The Group's Pillar 3 Disclosure is governed by the Group's Disclosure Policy on Basel II RWCAF/Capital Adequacy Framework for Islamic Banks - Pillar 3 which sets out the minimum disclosure standards, the approach in determining the appropriateness of information disclosed and the internal controls over the disclosure process which cover the verification and review of the accuracy of information disclosed. The information provided herein has been reviewed and verified by the internal auditors and certified by Public Bank Berhad ("the Bank")'s Managing Director & Chief Executive Officer. Under the BNM's RWCAF, the information disclosed herein is not required to be audited by external auditors. The Pillar 3 Disclosure will be published in the Bank's website, www.publicbankgroup.com

# Pillar 3 Disclosure

As at 31 December 2025

## MINIMUM REGULATORY CAPITAL REQUIREMENTS

The Group's principal business activity is commercial banking which focuses mainly on retail banking and financing operations. The following tables present the minimum regulatory capital requirements to support the Group's and the Bank's risk-weighted assets.

| | 2025 | | 2024 | |
|---|---|---|---|---|
| | **Risk-Weighted Assets RM'000** | **Minimum Capital Requirement at 8% RM'000** | Risk-Weighted Assets RM'000 (Restated) | Minimum Capital Requirement at 8% RM'000 (Restated) |
| **Group** | | | | |
| Credit Risk | **333,000,365** | **26,640,029** | 316,592,475 | 25,327,398 |
| Market Risk | **7,580,753** | **606,460** | 7,408,514 | 592,681 |
| Operational Risk | **27,438,111** | **2,195,049** | 24,890,459 | 1,991,237 |
| Large Exposure Risk | **696,114** | **55,689** | 679,977 | 54,398 |
| **Total** | **368,715,343** | **29,497,227** | 349,571,425 | 27,965,714 |
| **Bank** | | | | |
| Credit Risk | **258,384,171** | **20,670,734** | 244,173,925 | 19,533,914 |
| Market Risk | **4,614,408** | **369,153** | 4,859,390 | 388,751 |
| Operational Risk | **20,374,940** | **1,629,995** | 16,934,756 | 1,354,781 |
| Large Exposure Risk | **672,209** | **53,777** | 655,078 | 52,406 |
| **Total** | **284,045,728** | **22,723,659** | 266,623,149 | 21,329,852 |

## 1. SCOPE OF APPLICATION

The Pillar 3 Disclosure is prepared on a consolidated basis and comprises information on the Bank and its subsidiary and associated companies. The Group offers Islamic banking financial services via the Bank's wholly-owned subsidiary company, Public Islamic Bank Berhad ("Public Islamic"). Information on subsidiary and associated companies of the Group is available in Notes 16 and 17 to the financial statements respectively.

The basis of consolidation for financial accounting purposes is described in Note 2(iii)(b) to the financial statements, and differs from that used for regulatory capital purposes. The investment in its insurance associated company, which is equity-accounted in the financial accounting consolidation and the investments in the subsidiary companies engaged in insurance activities are excluded from the regulatory consolidation and is deducted from the regulatory capital.

There were no significant restrictions or impediments on the transfer of funds or regulatory capital within the Group.

There were no capital deficiencies in any of the subsidiary companies of the Group during the financial year.

All information in the ensuing sections is based on the Group's positions. Certain information on capital adequacy relating to the Bank is presented on a voluntary basis to provide additional information to users. The capital adequacy-related information of the Bank, which is presented on a global basis, includes its wholly-owned offshore banking subsidiary company, Public Bank (L) Ltd, as required under the RWCAF.

## 2. CAPITAL MANAGEMENT - INTERNAL CAPITAL ADEQUACY ASSESSMENT PROCESS ("ICAAP")

The objective of the Group's capital management is to protect the interests of its depositors, creditors and shareholders. To achieve this, the capital management is subject to ongoing review and the Board's approval on the level and composition of the Group's total capital, assessed against the following key objectives:

- Regulatory requirements on minimal capital required
- Capital levels maintained are adequate to support all material risks and to meet the strategic and business plans
- Capital levels maintained are adequate to support the strong external rating for domestic and international rating agencies
- An appropriate balance between maximising shareholders returns and prudent capital management

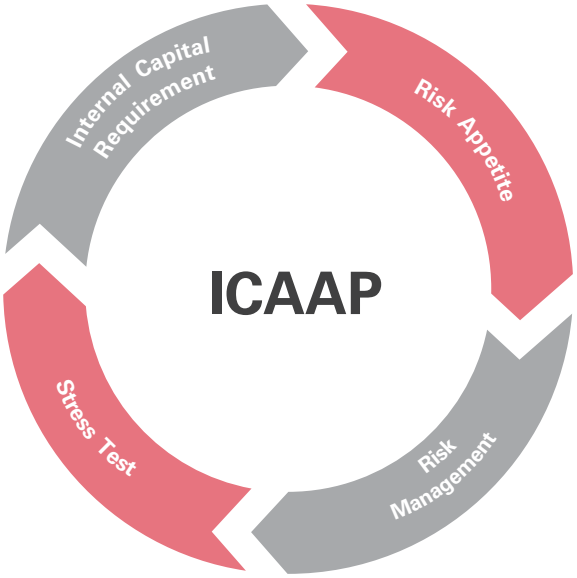
This is executed through its Internal Capital Adequacy Assessment Process ("ICAAP"). The ICAAP requires the Group to identify and assess all material risks, maintain sufficient capital to support these risks and apply the appropriate risk management techniques to manage and mitigate these risks within the given level of capital, on an ongoing and forward looking basis. The ICAAP is supported by a strong risk governance structure with clear roles and responsibilities to ensure the effectiveness of the ICAAP with the Board being ultimately responsible for the overall oversight of the ICAAP. In discharging its duty, the Board is assisted by the Risk Management Committee ("RMC") and ICAAP Working Group. Senior management together with the management committees are responsible to ensure the effective implementation of the capital management directions of the Board. The Internal Audit Division ("IAD") is responsible to conduct reviews of processes relating to the ICAAP to ensure their integrity, objectivity and consistency in application.

# Pillar 3 Disclosure

As at 31 December 2025

## 2. CAPITAL MANAGEMENT – INTERNAL CAPITAL ADEQUACY ASSESSMENT PROCESS ("ICAAP") (CONT'D.)

The key elements of the Group's ICAAP are as follows:




### (a) Risk Appetite

The Group's Risk Appetite expresses the level of risk which the Group is willing to assume within the Group's capacity in order to achieve the Group's objectives, as defined by a set of minimum quantitative metrics and qualitative standards. The key elements applied in setting the Group's Risk Appetite are the strategic business directions, the risk taking capacity and the level of risk currently assumed by the Group. The Board reviews and approves the Risk Appetite on an annual basis, or more frequently in the event of unexpected changes in the risk environment, with the aim of ensuring the Risk Appetite is consistent with the Group's strategic directions, business and regulatory environment and stakeholders' requirements. The setting, cascading, monitoring and the review/revision of the Risk Appetite is set out in the Group's Risk Appetite Framework and is as follows:

| Set Risk Appetite | Cascade Risk Appetite | Monitor Risk Appetite | Review/Revise Risk Appetite |
|---|---|---|---|
| • Set the desired risk appetite considering:<br>▪ Strategic business directions<br>▪ Risk taking capacity<br>▪ Current risk profile<br>• Articulate risk appetite using:<br>▪ Risk Appetite Metrics | • Cascade the applicable risk appetite via:<br>▪ Financial budgeting process to:<br>▸ Entity level<br>▸ Business units/ Control units level<br>• Assimilation of the risk appetite into policies, frameworks and procedures<br>• Implementation of Key Risk Indicators | • Regular monitoring of the risk profile against the risk appetite<br>• Identify the underlying reason for the non-achievements of the risk appetite and develop action plans to address the non-achievements | • Review/revise risk appetite in the light of:<br>▪ Changing business and economic condition<br>▪ Evolving strategic business directions |

## 2. CAPITAL MANAGEMENT – INTERNAL CAPITAL ADEQUACY ASSESSMENT PROCESS ("ICAAP") (CONT'D.)

### (b) Risk Management

The Group's Risk Management Framework ("GRMF") sets out the principles applied in managing the material risks that the Group is exposed to. The Framework serves to drive the development of a consistent risk management practices which enable the continuous identification, measurement, control, monitoring and reporting of all applicable and material risks and this includes the continuous identification of emerging risks followed by the assessment of the risks on the Group's business and capital positions. Risk limits established to manage the size of the risk exposures are aligned to the overall Risk Appetite.

Annual comprehensive risk assessment is undertaken across all the banking entities within the Group as part of ICAAP to identify and assess the following risks:

(i) Risks captured under Pillar 1 (credit risk, operational risk and market risk);
(ii) Risks not fully captured under Pillar 1 (e.g. residual credit risk); and
(iii) Risk types not covered by Pillar 1 (e.g. credit concentration risk, interest rate risk on banking book, reputation risk, amongst others).

The key components of risk management are set out in the Statement on Risk Management and Internal Control (on pages 400 to 408).

(i) Risk Governance
(ii) Risk Appetite
(iii) Risk Culture
(iv) Risk Management Process

The details of risk management process for each key risk are set out in item 4 to 9.

### (c) Stress Test

The Group's stress testing process is guided by the Group's Stress Test Policy ("Stress Test Policy"). The objectives of the Stress Test Policy are as follows:

(i) To ensure the establishment of a comprehensive and consistent stress test process in conducting the stress test by all entities within the Group;

(ii) To drive the development of stress test parameters, assumptions and scenarios that are relevant and effective, taking into account the nature, risk profile and complexity of the Group's business as well as the environment in which it operates;

(iii) To ensure all material risks are captured in the stress test including emerging risks;

(iv) To ensure all stress test parameters, assumptions and scenarios are duly deliberated by senior management and the relevant committees prior to the execution of the stress test exercise; and

(v) To ensure the adverse unexpected outcomes are identified and that capital buffers are set aside to absorb losses that may be experienced during an economic downturn.

The key focus of the stress test is to identify the potential adverse impact on the Group's capital, profitability, asset quality and liquidity positions followed by the identification of the appropriate actions to mitigate the risk of such possibilities. The results of the stress test are reviewed and deliberated by the ICAAP Working Group and the RMC and are applied to recalibrate the Group's Internal Capital Targets.

### (d) Internal Capital Requirement

The Group's internal capital requirement is articulated through its capital plans which are drawn up annually, covering a three-year horizon, and are approved by the Board. The capital plan ensures that adequate levels of capital and an efficient mix of different components of capital are maintained to support the Group's strategic directions and business plans. In formulating the Group's capital plans, the Group considers the current regulatory requirements, the demands for capital arising from the business outlooks and potential market stresses and the available supply of capital including the sources of the capital. The Group's capital plans are reviewed regularly by the Board against the Group's Internal Capital Targets.

# Pillar 3 Disclosure

As at 31 December 2025

## 3. CAPITAL ADEQUACY RATIOS AND CAPITAL STRUCTURE

The following tables present the capital adequacy ratios and the capital structure of the Group and of the Bank.

### (a) Capital Adequacy Ratios of the Group and of the Bank

| | GROUP | | BANK | |
|---|---|---|---|---|
| | 2025 | 2024 (Restated) | 2025 | 2024 |
| **Before deducting dividends*:** | | | | |
| Common Equity Tier I ("CET I") capital ratio | **14.526%** | 14.786% | **12.860%** | 13.046% |
| Tier I capital ratio | **14.540%** | 14.803% | **12.860%** | 13.046% |
| Total capital ratio | **17.242%** | 17.601% | **15.756%** | 16.065% |
| **After deducting dividends*:** | | | | |
| CET I capital ratio | **13.894%** | 14.175% | **12.040%** | 12.245% |
| Tier I capital ratio | **13.909%** | 14.192% | **12.040%** | 12.245% |
| Total capital ratio | **16.611%** | 16.991% | **14.936%** | 15.264% |

* Refer to dividends declared subsequent to the financial year end.

The capital adequacy ratios of the banking subsidiary companies of the Bank are set out in Note 52(d) to the financial statements.

BNM's Capital Adequacy Framework ("CAF") on Operational Risk and Exposures to Central Counterparties Policy Documents came into effect on 1 January 2025. CAF on Operational Risk sets out the capital requirements based on a single risk-sensitive Standardised Approach, superseded previously adopted Basic Indicator Approach. In addition, the CAF on Exposures to Central Counterparties provides guidelines on capital requirements to manage the risks arising from exposures to central counterparties.

The total risk-weighted assets of the Group and of the Bank are computed based on the following approaches:

(i) Credit Risk: Standardised Approach;
(ii) Market Risk: Standardised Approach; and
(iii) Operational Risk: Standardised Approach (2024: Basic Indicator Approach).

Regulatory capital requirements

The capital adequacy ratios of the Group and of the Bank are computed in accordance with BNM's CAF on Capital Components, Basel II - Risk-Weighted Assets, Operational Risk and Exposures to Central Counterparties.

The minimum regulatory capital adequacy ratios before including capital conservation buffer ("CCB"), countercyclical capital buffer ("CCyB") and higher loss absorbency ("HLA") requirement for CET I capital ratio, Tier I capital ratio and total capital ratio are 4.5%, 6.0% and 8.0% respectively.

Banking institutions are also required to maintain a CCB of 2.5% and a CCyB above the minimum regulatory capital adequacy ratios. A CCyB is required to be maintained if this buffer is applied by regulators in countries which the Group and the Bank have exposures to, determined based on the weighted average of prevailing CCyB rates applied in those jurisdictions. The Group and the Bank have applied CCyB on their private sector credit exposures outside Malaysia in line with the respective jurisdictions' requirement to maintain their CCyB. The CCyB is not a requirement for exposures in Malaysia yet but may be applied by regulators in the future.

HLA requirement is applicable to financial institutions designated as domestic systemically important banks ("D-SIBs"). Arising from this, the Group which is designated as a D-SIB by BNM is required to maintain an additional capital buffer of 0.5% to the regulatory capital requirements in line with the BNM's D-SIB Framework.

## 3. CAPITAL ADEQUACY RATIOS AND CAPITAL STRUCTURE (CONT'D.)

### (b) Capital Structure

| | GROUP | | BANK | |
|---|---|---|---|---|
| | **2025 RM'000** | **2024 RM'000 (Restated)** | **2025 RM'000** | **2024 RM'000** |
| **CET I/Tier I capital** | | | | |
| Share capital | **9,417,653** | 9,417,653 | **9,417,653** | 9,417,653 |
| Other reserves | **1,121,167** | 1,665,389 | **634,668** | 585,100 |
| Retained profits | **46,987,026** | 44,554,530 | **36,208,896** | 34,566,495 |
| Treasury shares | **(434,752)** | (434,752) | **–** | – |
| Qualifying non-controlling interests | **551,163** | 617,318 | **–** | – |
| Less: Goodwill and other intangible assets | **(2,933,098)** | (3,082,236) | **(695,393)** | (695,393) |
| Less: Deferred tax assets, net | **(426,913)** | (540,530) | **(270,095)** | (344,672) |
| Less: Defined benefit pension fund assets | **(75,991)** | (52,642) | **(74,912)** | (51,915) |
| Less: Investment in banking/insurance subsidiary companies and associated companies deducted from CET I capital | **(647,697)** | (457,302) | **(8,693,261)** | (8,693,261) |
| Total CET I capital | **53,558,558** | 51,687,428 | **36,527,556** | 34,784,007 |
| Qualifying CET I and additional Tier I capital instruments held by third parties | **54,372** | 59,462 | **–** | – |
| Total Tier I capital | **53,612,930** | 51,746,890 | **36,527,556** | 34,784,007 |
| **Tier II capital** | | | | |
| Stage 1 and Stage 2 expected credit loss allowances | **2,797,243** | 3,169,049 | **1,929,306** | 2,275,175 |
| Qualifying regulatory reserves[#] | **1,365,262** | 788,357 | **1,300,496** | 776,999 |
| Subordinated notes | **4,962,502** | 4,962,162 | **4,997,502** | 4,997,162 |
| Qualifying CET I and additional Tier I and Tier II capital instruments held by third parties | **706,544** | 714,379 | **–** | – |
| Others | **130,982** | 148,401 | **–** | – |
| Total Tier II capital | **9,962,533** | 9,782,348 | **8,227,304** | 8,049,336 |
| **Total capital** | **63,575,463** | 61,529,238 | **44,754,860** | 42,833,343 |

[#] Excludes regulatory reserves restricted from Tier II capital of the Group and of the Bank of RM892,011,000 (2024: RM803,078,000) and RM494,155,000 (2024: RM486,014,000) respectively.

In arriving at the total capital of the Group and of the Bank above, the dividends declared subsequent to the financial year end were not deducted.

## 3. CAPITAL ADEQUACY RATIOS AND CAPITAL STRUCTURE (CONT'D.)

### (b) Capital Structure (Cont'd.)

The Group has issued various capital instruments which qualify as components of regulatory capital under the BNM's Capital Adequacy Framework (Capital Components), as summarised in the following table:

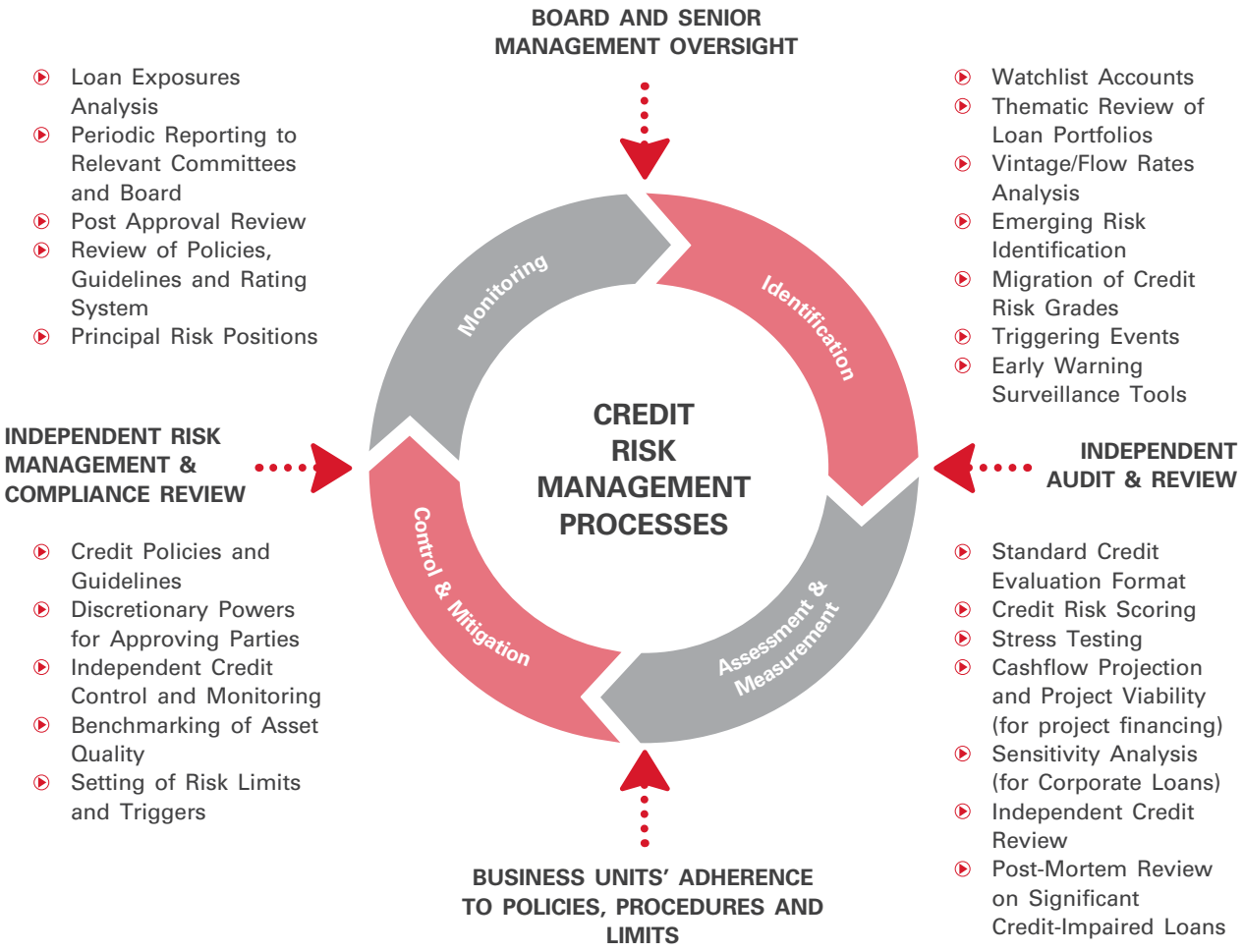
| Capital Instruments | Capital Component | Main Features |
|---|---|---|
| **Issued by the Bank:** | | |
| Basel III-Compliant Subordinated notes ("Basel III-Compliant Sub Notes") | Tier II Capital | • Subordinated to all liabilities, including depositors<br>• Unsecured<br>• Optional redemption after 5 years. No step-up<br>• Upon occurrence of a Non-Viability Event as determined by BNM and Perbadanan Insurans Deposit Malaysia, the Basel III-Compliant Sub Notes may be subject to write-off<br>• The write-off shall not constitute an event of default or an enforcement event, nor would it trigger any cross-default under the Basel III-Compliant Sub Notes |
| **Issued by Public Islamic:** | | |
| Basel III-Compliant Subordinated Sukuk Murabahah ("Basel III-Compliant Sub Sukuk Murabahah") | Tier II Capital | • Subordinated to all liabilities, including depositors<br>• Unsecured<br>• Optional redemption after 5 years. No step-up<br>• Upon occurrence of a Trigger Event at the Bank/Public Islamic as determined by BNM and Perbadanan Insurans Deposit Malaysia, the Basel III-Compliant Sub Sukuk Murabahah may be subject to write-off<br>• The write-off shall not constitute an event of default or trigger any cross-default under the Basel III-Compliant Sub Sukuk Murabahah |

The details of the capital instruments are found in Note 26 to the financial statements.

## 4. CREDIT RISK

Credit risk is the potential loss of revenue as a result of failure by the customers or counterparties to meet their contractual financial obligations. As the Group's primary business is in commercial banking, the Group's exposure to credit risk is primarily from its lending and financing to retail consumers, small and medium enterprises ("SMEs") and corporate customers. Trading activities and investing the surplus funds of the Group, such as trading or holding of debt securities, deposit placements, settlement of transactions, also expose the Group to credit risk and counterparty credit risk ("CCR").

The following diagram presents the risk management processes over credit risk.




The risk governance and risk management approach for credit risk are set out in the credit risk section of Note 47 to the financial statements.

# Pillar 3 Disclosure

As at 31 December 2025

## 4. CREDIT RISK (CONT'D.)

### Minimum Regulatory Capital Requirements for Credit Risk

The following tables present the minimum regulatory capital requirements for credit risk of the Group and of the Bank.

| Group<br>Exposure Class | Total Exposures before Credit Risk Mitigation RM'000 | Total Exposures after Credit Risk Mitigation RM'000 | Risk-Weighted Assets RM'000 | Minimum Capital Requirement at 8% RM'000 |
|---|---|---|---|---|
| **2025** | | | | |
| **On-Balance Sheet Exposures** | | | | |
| Sovereigns/Central Banks | **68,904,774** | **68,904,774** | **441,017** | **35,281** |
| Public Sector Entities | **1,543,585** | **1,543,585** | **63,979** | **5,118** |
| Banks, Development Financial Institutions ("DFIs") and Multilateral Development Banks ("MDBs") | **16,975,949** | **16,975,949** | **5,081,812** | **406,545** |
| Insurance Companies, Securities Firms and Fund Managers | **710,955** | **567,316** | **502,097** | **40,168** |
| Corporates | **96,128,398** | **92,118,191** | **73,506,181** | **5,880,494** |
| Regulatory Retail | **180,076,872** | **178,512,006** | **136,083,361** | **10,886,669** |
| Residential Mortgages | **176,148,844** | **175,740,162** | **80,028,439** | **6,402,275** |
| Higher Risk Assets | **132,899** | **132,446** | **198,669** | **15,894** |
| Other Assets | **9,299,697** | **9,299,697** | **4,691,831** | **375,346** |
| Equity Exposures | **868,232** | **868,232** | **868,232** | **69,459** |
| Defaulted Exposures | **3,223,640** | **3,223,002** | **4,294,276** | **343,542** |
| | **554,013,845** | **547,885,360** | **305,759,894** | **24,460,791** |
| **Off-Balance Sheet Exposures** | | | | |
| Credit-related Exposures | **33,124,089** | **32,297,506** | **26,866,372** | **2,149,310** |
| Derivative Financial Instruments | **996,798** | **996,798** | **320,526** | **25,642** |
| Other Treasury-related Exposures | **562,878** | **562,878** | **42,650** | **3,412** |
| Defaulted Exposures | **8,255** | **8,255** | **10,923** | **874** |
| | **34,692,020** | **33,865,437** | **27,240,471** | **2,179,238** |
| **Total Credit Exposures** | **588,705,865** | **581,750,797** | **333,000,365** | **26,640,029** |

## 4. CREDIT RISK (CONT'D.)

### Minimum Regulatory Capital Requirements for Credit Risk (Cont'd.)

The following tables present the minimum regulatory capital requirements for credit risk of the Group and of the Bank. (Cont'd.)

| Group<br>Exposure Class | Total Exposures before Credit Risk Mitigation RM'000 | Total Exposures after Credit Risk Mitigation RM'000 | Risk-Weighted Assets RM'000 | Minimum Capital Requirement at 8% RM'000 |
|---|---|---|---|---|
| **2024 (Restated)** | | | | |
| **On-Balance Sheet Exposures** | | | | |
| Sovereigns/Central Banks | 73,536,590 | 73,536,590 | 578,188 | 46,255 |
| Public Sector Entities | 2,254,762 | 2,254,762 | 37,360 | 2,989 |
| Banks, DFIs and MDBs | 16,708,630 | 16,708,630 | 5,144,214 | 411,537 |
| Insurance Companies, Securities Firms and Fund Managers | 784,021 | 765,105 | 684,639 | 54,771 |
| Corporates | 93,344,351 | 87,988,059 | 70,838,648 | 5,667,092 |
| Regulatory Retail | 170,777,458 | 169,312,394 | 129,050,627 | 10,324,050 |
| Residential Mortgages | 165,495,808 | 165,126,165 | 75,101,355 | 6,008,108 |
| Higher Risk Assets | 118,101 | 117,807 | 176,711 | 14,137 |
| Other Assets | 8,750,015 | 8,750,015 | 4,832,923 | 386,634 |
| Equity Exposures | 840,321 | 840,321 | 840,321 | 67,226 |
| Defaulted Exposures | 2,956,930 | 2,955,615 | 3,953,280 | 316,262 |
| | 535,566,987 | 528,355,463 | 291,238,266 | 23,299,061 |
| **Off-Balance Sheet Exposures** | | | | |
| Credit-related Exposures | 30,451,376 | 29,678,080 | 24,923,013 | 1,993,841 |
| Derivative Financial Instruments | 1,262,129 | 1,262,129 | 381,188 | 30,495 |
| Other Treasury-related Exposures | 529,898 | 529,898 | 35,842 | 2,868 |
| Defaulted Exposures | 10,084 | 10,084 | 14,166 | 1,133 |
| | 32,253,487 | 31,480,191 | 25,354,209 | 2,028,337 |
| **Total Credit Exposures** | 567,820,474 | 559,835,654 | 316,592,475 | 25,327,398 |

# Pillar 3 Disclosure

As at 31 December 2025

## 4. CREDIT RISK (CONT'D.)

### Minimum Regulatory Capital Requirements for Credit Risk (Cont'd.)

The following tables present the minimum regulatory capital requirements for credit risk of the Group and of the Bank. (Cont'd.)

| Bank<br>Exposure Class | Total Exposures before Credit Risk Mitigation RM'000 | Total Exposures after Credit Risk Mitigation RM'000 | Risk-Weighted Assets RM'000 | Minimum Capital Requirement at 8% RM'000 |
|---|---|---|---|---|
| **2025** | | | | |
| **On-Balance Sheet Exposures** | | | | |
| Sovereigns/Central Banks | **46,675,735** | **46,675,735** | **56,579** | **4,526** |
| Public Sector Entities | **124,507** | **124,507** | **3,649** | **292** |
| Banks, DFIs and MDBs | **9,910,771** | **9,910,771** | **3,688,086** | **295,047** |
| Insurance Companies, Securities Firms and Fund Managers | **92,342** | **91,862** | **91,281** | **7,303** |
| Corporates | **73,548,829** | **70,206,714** | **55,669,153** | **4,453,532** |
| Regulatory Retail | **137,441,198** | **136,221,079** | **103,099,062** | **8,247,925** |
| Residential Mortgages | **129,852,979** | **129,535,343** | **58,383,778** | **4,670,702** |
| Higher Risk Assets | **115,170** | **114,765** | **172,148** | **13,772** |
| Other Assets | **7,679,550** | **7,679,550** | **4,467,365** | **357,389** |
| Equity Exposures | **7,772,266** | **7,772,266** | **7,772,266** | **621,781** |
| Defaulted Exposures | **2,163,373** | **2,162,858** | **2,898,659** | **231,893** |
| | **415,376,720** | **410,495,450** | **236,302,026** | **18,904,162** |
| **Off-Balance Sheet Exposures** | | | | |
| Credit-related Exposures | **27,072,677** | **26,287,140** | **21,705,506** | **1,736,441** |
| Derivative Financial Instruments | **1,066,145** | **1,066,145** | **326,583** | **26,127** |
| Other Treasury-related Exposures | **271,012** | **271,012** | **42,650** | **3,412** |
| Defaulted Exposures | **5,602** | **5,602** | **7,406** | **592** |
| | **28,415,436** | **27,629,899** | **22,082,145** | **1,766,572** |
| **Total Credit Exposures** | **443,792,156** | **438,125,349** | **258,384,171** | **20,670,734** |

## 4. CREDIT RISK (CONT'D.)

### Minimum Regulatory Capital Requirements for Credit Risk (Cont'd.)

The following tables present the minimum regulatory capital requirements for credit risk of the Group and of the Bank. (Cont'd.)

| Bank<br>Exposure Class | Total Exposures before Credit Risk Mitigation RM'000 | Total Exposures after Credit Risk Mitigation RM'000 | Risk-Weighted Assets RM'000 | Minimum Capital Requirement at 8% RM'000 |
|---|---|---|---|---|
| **2024** | | | | |
| **On-Balance Sheet Exposures** | | | | |
| Sovereigns/Central Banks | 48,815,778 | 48,815,778 | 120,448 | 9,636 |
| Public Sector Entities | 70,801 | 70,801 | 4,071 | 326 |
| Banks, DFIs and MDBs | 10,334,214 | 10,334,214 | 3,561,389 | 284,911 |
| Insurance Companies, Securities Firms and Fund Managers | 79,927 | 79,622 | 78,803 | 6,304 |
| Corporates | 70,655,372 | 65,839,155 | 51,908,542 | 4,152,684 |
| Regulatory Retail | 129,880,440 | 128,718,319 | 97,163,453 | 7,773,076 |
| Residential Mortgages | 122,860,525 | 122,568,776 | 55,016,240 | 4,401,299 |
| Higher Risk Assets | 102,160 | 101,866 | 152,800 | 12,224 |
| Other Assets | 6,887,799 | 6,887,799 | 4,454,936 | 356,395 |
| Equity Exposures | 7,510,212 | 7,510,212 | 7,510,212 | 600,817 |
| Defaulted Exposures | 2,009,246 | 2,008,306 | 2,712,827 | 217,026 |
| | 399,206,474 | 392,934,848 | 222,683,721 | 17,814,698 |
| **Off-Balance Sheet Exposures** | | | | |
| Credit-related Exposures | 25,724,860 | 24,995,009 | 21,075,255 | 1,686,020 |
| Derivative Financial Instruments | 1,329,561 | 1,329,561 | 394,377 | 31,550 |
| Other Treasury-related Exposures | 439,860 | 439,860 | 9,516 | 761 |
| Defaulted Exposures | 7,891 | 7,891 | 11,056 | 885 |
| | 27,502,172 | 26,772,321 | 21,490,204 | 1,719,216 |
| **Total Credit Exposures** | 426,708,646 | 419,707,169 | 244,173,925 | 19,533,914 |

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## 4. CREDIT RISK (CONT'D.)

### 4.1 Distribution of Credit Exposures

Tables (a)-(c) present the analyses of credit exposures of financial assets before the effect of credit risk mitigation of the Group as follows:

(a) Industry analysis
(b) Geographical analysis based on geographical location where the credit risk resides
(c) Maturity analysis based on the residual contractual maturity

For on-balance sheet exposures, the maximum exposure to credit risk equals their carrying amounts. For financial guarantees, the maximum exposure to credit risk is the full amount that the Group would have to pay if the obligations for which the instruments issued are called upon. For credit commitments, the maximum exposure to credit risk is the full amount of the undrawn credit granted to customers.

#### (a) Industry Analysis

| Group | Government & Central Banks RM'000 | Financial Services RM'000 | Transport & Business Services RM'000 | Agriculture, Manufacturing, Wholesale & Retail Trade RM'000 | Construction & Real Estate RM'000 | Residential Mortgages RM'000 | Motor Vehicle Financing RM'000 | Other Consumer Loans RM'000 | Total RM'000 |
|---|---|---|---|---|---|---|---|---|---|
| **2025** | | | | | | | | | |
| **On-Balance Sheet Exposures** | | | | | | | | | |
| Cash and balances with banks (Gross) | 2,530,082 | 14,299,651 | – | – | – | – | – | – | 16,829,733 |
| Reverse repurchase agreements | 1,642 | – | – | – | – | – | – | – | 1,642 |
| Financial assets at fair value through profit or loss* | 1,090,367 | 1,292,924 | 10,219 | 20,337 | 15,279 | – | – | – | 2,429,126 |
| Derivative financial assets | – | 224,574 | – | – | – | – | – | – | 224,574 |
| Financial investments at fair value through other comprehensive income* | 43,361,105 | 4,756,779 | 477,834 | 1,004,672 | 48,958 | – | – | – | 49,649,348 |
| Financial investments at amortised cost (Gross) | 18,578,065 | 10,969,570 | 405,155 | 514,316 | 358,981 | – | – | – | 30,826,087 |
| Gross loans, advances and financing | 1,036,194 | 20,248,090 | 11,848,822 | 56,886,680 | 41,984,290 | 191,681,096 | 69,929,373 | 52,143,533 | 445,758,078 |
| Statutory deposits with Central Banks | 4,441,274 | – | – | – | – | – | – | – | 4,441,274 |
| | 71,038,729 | 51,791,588 | 12,742,030 | 58,426,005 | 42,407,508 | 191,681,096 | 69,929,373 | 52,143,533 | 550,159,862 |
| **Commitments and Contingencies** | | | | | | | | | |
| Contingent liabilities | 5,531 | 17,880 | 2,395,212 | 1,438,122 | 2,427,230 | – | – | 73,059 | 6,357,034 |
| Commitments | 303,047 | 1,659,164 | 5,380,111 | 17,333,764 | 11,894,376 | 21,797,078 | 17,070 | 23,280,722 | 81,665,332 |
| | 308,578 | 1,677,044 | 7,775,323 | 18,771,886 | 14,321,606 | 21,797,078 | 17,070 | 23,353,781 | 88,022,366 |
| **Total Credit Exposures** | 71,347,307 | 53,468,632 | 20,517,353 | 77,197,891 | 56,729,114 | 213,478,174 | 69,946,443 | 75,497,314 | 638,182,228 |

* Excluding equity securities and unit trusts which do not have any credit risk.

## 4. CREDIT RISK (CONT'D.)

### 4.1 Distribution of Credit Exposures (Cont'd.)

#### (a) Industry Analysis (Cont'd.)

| Group | Government & Central Banks RM'000 | Financial Services RM'000 | Transport & Business Services RM'000 | Agriculture, Manufacturing, Wholesale & Retail Trade RM'000 | Construction & Real Estate RM'000 | Residential Mortgages RM'000 | Motor Vehicle Financing RM'000 | Other Consumer Loans RM'000 | Total RM'000 |
|---|---|---|---|---|---|---|---|---|---|
| **2024** | | | | | | | | | |
| **On-Balance Sheet Exposures** | | | | | | | | | |
| Cash and balances with banks (Gross) | 1,369,447 | 14,100,439 | – | – | – | – | – | – | 15,469,886 |
| Reverse repurchase agreements | 6,103 | – | – | – | – | – | – | – | 6,103 |
| Financial assets at fair value through profit or loss* | 1,167,418 | 1,270,339 | 10,233 | 25,154 | 14,994 | – | – | – | 2,488,138 |
| Derivative financial assets | – | 568,069 | – | – | – | – | – | – | 568,069 |
| Financial investments at fair value through other comprehensive income* | 47,211,698 | 5,012,062 | 202,569 | 1,029,109 | 11,965 | – | – | – | 53,467,403 |
| Financial investments at amortised cost (Gross) | 17,218,076 | 10,469,361 | 354,556 | 423,764 | 542,237 | – | – | – | 29,007,994 |
| Gross loans, advances and financing | 2,038,266 | 20,295,172 | 10,957,811 | 53,675,582 | 41,205,362 | 181,654,275 | 63,345,220 | 50,999,283 | 424,170,971 |
| Statutory deposits with Central Banks | 7,650,252 | – | – | – | – | – | – | – | 7,650,252 |
| | 76,661,260 | 51,715,442 | 11,525,169 | 55,153,609 | 41,774,558 | 181,654,275 | 63,345,220 | 50,999,283 | 532,828,816 |
| **Commitments and Contingencies** | | | | | | | | | |
| Contingent liabilities | 5,693 | 21,657 | 455,015 | 1,345,057 | 1,593,600 | – | – | 14,260 | 3,435,282 |
| Commitments | 128,072 | 1,703,318 | 3,520,527 | 16,259,104 | 9,297,291 | 20,218,658 | 23,267 | 30,247,671 | 81,397,908 |
| | 133,765 | 1,724,975 | 3,975,542 | 17,604,161 | 10,890,891 | 20,218,658 | 23,267 | 30,261,931 | 84,833,190 |
| **Total Credit Exposures** | 76,795,025 | 53,440,417 | 15,500,711 | 72,757,770 | 52,665,449 | 201,872,933 | 63,368,487 | 81,261,214 | 617,662,006 |

* Excluding equity securities and unit trusts which do not have any credit risk.

# Pillar 3 Disclosure

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## 4. CREDIT RISK (CONT'D.)

### 4.1 Distribution of Credit Exposures (Cont'd.)

#### (b) Geographical Analysis

| Group | Malaysia RM'000 | Hong Kong & China RM'000 | Cambodia RM'000 | Other Countries RM'000 | Total RM'000 |
|---|---|---|---|---|---|
| **2025** | | | | | |
| **On-Balance Sheet Exposures** | | | | | |
| Cash and balances with banks (Gross) | **8,317,015** | **3,494,039** | **1,417,610** | **3,601,069** | **16,829,733** |
| Reverse repurchase agreements | **–** | **–** | **–** | **1,642** | **1,642** |
| Financial assets at fair value through profit or loss* | **2,429,126** | **–** | **–** | **–** | **2,429,126** |
| Derivative financial assets | **129,499** | **10,480** | **–** | **84,595** | **224,574** |
| Financial investments at fair value through other comprehensive income* | **46,943,896** | **2,079,596** | **–** | **625,856** | **49,649,348** |
| Financial investments at amortised cost (Gross) | **28,900,352** | **742,012** | **84,367** | **1,099,356** | **30,826,087** |
| Gross loans, advances and financing | **418,740,148** | **13,411,313** | **5,762,157** | **7,844,460** | **445,758,078** |
| Statutory deposits with Central Banks | **3,773,469** | **1,177** | **527,646** | **138,982** | **4,441,274** |
| | **509,233,505** | **19,738,617** | **7,791,780** | **13,395,960** | **550,159,862** |
| **Commitments and Contingencies** | | | | | |
| Contingent liabilities | **5,575,751** | **288,880** | **31,055** | **461,348** | **6,357,034** |
| Commitments | **72,038,026** | **1,138,898** | **867,048** | **7,621,360** | **81,665,332** |
| | **77,613,777** | **1,427,778** | **898,103** | **8,082,708** | **88,022,366** |
| **Total Credit Exposures** | **586,847,282** | **21,166,395** | **8,689,883** | **21,478,668** | **638,182,228** |

* Excluding equity securities and unit trusts which do not have any credit risk.

## 4. CREDIT RISK (CONT'D.)

### 4.1 Distribution of Credit Exposures (Cont'd.)

#### (b) Geographical Analysis (Cont'd.)

| Group | Malaysia RM'000 | Hong Kong & China RM'000 | Cambodia RM'000 | Other Countries RM'000 | Total RM'000 |
|---|---|---|---|---|---|
| **2024** | | | | | |
| **On-Balance Sheet Exposures** | | | | | |
| Cash and balances with banks (Gross) | 6,502,111 | 4,661,008 | 1,293,446 | 3,013,321 | 15,469,886 |
| Reverse repurchase agreements | – | – | – | 6,103 | 6,103 |
| Financial assets at fair value through profit or loss* | 2,488,138 | – | – | – | 2,488,138 |
| Derivative financial assets | 480,910 | 2,934 | – | 84,225 | 568,069 |
| Financial investments at fair value through other comprehensive income* | 51,143,712 | 1,779,508 | – | 544,183 | 53,467,403 |
| Financial investments at amortised cost (Gross) | 26,726,995 | 867,862 | 89,415 | 1,323,722 | 29,007,994 |
| Gross loans, advances and financing | 394,092,239 | 14,310,894 | 6,679,564 | 9,088,274 | 424,170,971 |
| Statutory deposits with Central Banks | 7,022,598 | 1,114 | 531,622 | 94,918 | 7,650,252 |
| | 488,456,703 | 21,623,320 | 8,594,047 | 14,154,746 | 532,828,816 |
| **Commitments and Contingencies** | | | | | |
| Contingent liabilities | 2,671,977 | 110,547 | 19,533 | 633,225 | 3,435,282 |
| Commitments | 68,674,331 | 1,483,192 | 790,352 | 10,450,033 | 81,397,908 |
| | 71,346,308 | 1,593,739 | 809,885 | 11,083,258 | 84,833,190 |
| **Total Credit Exposures** | 559,803,011 | 23,217,059 | 9,403,932 | 25,238,004 | 617,662,006 |

* Excluding equity securities and unit trusts which do not have any credit risk.

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## 4. CREDIT RISK (CONT'D.)

### 4.1 Distribution of Credit Exposures (Cont'd.)

#### (c) Maturity Analysis

| Group | Up to 1 Year RM'000 | >1 to 3 Years RM'000 | >3 to 5 Years RM'000 | >5 Years RM'000 | Total RM'000 |
|---|---|---|---|---|---|
| **2025** | | | | | |
| **On-Balance Sheet Exposures** | | | | | |
| Cash and balances with banks (Gross) | **16,829,733** | **–** | **–** | **–** | **16,829,733** |
| Reverse repurchase agreements | **1,642** | **–** | **–** | **–** | **1,642** |
| Financial assets at fair value through profit or loss* | **1,476,933** | **581,125** | **192,543** | **178,525** | **2,429,126** |
| Derivative financial assets | **182,078** | **31,622** | **10,104** | **770** | **224,574** |
| Financial investments at fair value through other comprehensive income* | **10,437,514** | **15,119,053** | **14,506,026** | **9,586,755** | **49,649,348** |
| Financial investments at amortised cost (Gross) | **6,014,921** | **14,797,462** | **6,820,264** | **3,193,440** | **30,826,087** |
| Gross loans, advances and financing | **35,075,782** | **29,518,189** | **38,085,253** | **343,078,854** | **445,758,078** |
| Statutory deposits with Central Banks | **–** | **–** | **–** | **4,441,274** | **4,441,274** |
| **Total On-Balance Sheet Exposures** | **70,018,603** | **60,047,451** | **59,614,190** | **360,479,618** | **550,159,862** |

| Group | Up to 1 Year RM'000 | >1 to 3 Years RM'000 | >3 to 5 Years RM'000 | >5 Years RM'000 | Total RM'000 |
|---|---|---|---|---|---|
| **2024** | | | | | |
| **On-Balance Sheet Exposures** | | | | | |
| Cash and balances with banks (Gross) | 15,462,371 | 7,515 | – | – | 15,469,886 |
| Reverse repurchase agreements | 6,103 | – | – | – | 6,103 |
| Financial assets at fair value through profit or loss* | 1,768,325 | 375,303 | 226,743 | 117,767 | 2,488,138 |
| Derivative financial assets | 449,140 | 95,982 | 13,840 | 9,107 | 568,069 |
| Financial investments at fair value through other comprehensive income* | 11,204,497 | 20,788,321 | 13,547,293 | 7,927,292 | 53,467,403 |
| Financial investments at amortised cost (Gross) | 4,904,294 | 14,029,883 | 7,355,021 | 2,718,796 | 29,007,994 |
| Gross loans, advances and financing | 38,257,687 | 28,749,849 | 34,319,705 | 322,843,730 | 424,170,971 |
| Statutory deposits with Central Banks | – | – | – | 7,650,252 | 7,650,252 |
| **Total On-Balance Sheet Exposures** | 72,052,417 | 64,046,853 | 55,462,602 | 341,266,944 | 532,828,816 |

* Excluding equity securities and unit trusts which do not have any credit risk.

## 4. CREDIT RISK (CONT'D.)

### 4.1 Distribution of Credit Exposures (Cont'd.)

#### (c) Maturity Analysis (Cont'd.)

Approximately 13% (2024: 14%) of the Group's exposures to customers and counterparties are short-term, having contractual maturity of one year or less. About 77% (2024: 76%) of the Group's gross loans, advances and financing has residual maturity of more than five years. The longer maturity is from the housing loans/financing and hire purchase which made up 60% (2024: 58%) of the portfolio and are traditionally longer term in nature and well secured.

The residual contractual maturity for off-balance sheet exposures is not presented as the total off-balance sheet exposures do not represent future cash requirements since the Group expects many of these commitments (such as direct credit substitutes) to expire without being called or drawn upon, whereas many of the contingent liabilities (such as letters of credit) are reimbursable by customers.

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

#### (a) Off-Balance Sheet Exposures

Off-balance sheet exposures of the Group are mainly from the following:

(i) Financial guarantees and standby letters of credit, which represent undertakings that the Group will make payments in the event that a customer cannot meet its obligations to third parties. These exposures carry the same credit risk as loans even though they are contingent in nature;

(ii) Documentary and commercial letters of credit, which are undertakings by the Group on behalf of the customer. These exposures are usually collateralised by the underlying shipment of goods to which they relate;

(iii) Commitments to extend credit including the unutilised or undrawn portions of credit facilities;

(iv) Unutilised credit card lines; and

(v) Principal/notional amount of derivative financial instruments.

The management of off-balance sheet exposures is in accordance with the credit risk management approach as set out in item 4 of the Pillar 3 Disclosure.

#### (b) Counterparty Credit Risk on Derivative Financial Instruments

The risk management approach on counterparty credit risk on derivative financial instruments are set out in the credit risk section of Note 47(d) to the financial statements.

**Credit Ratings Downgrade**

As at reporting date, there were no requirements to post additional collateral in the event of a one-notch downgrade in rating (2024: nil) as the ISDA/CSA agreements entered with the majority of the counterparties had removed the threshold limit for posting of additional collateral whereby any shortfalls in value, cash collateral were posted immediately. For ISDA/CSA with threshold limits, no collateral was required to be posted as the shortfalls were well within the threshold limits for one-notch downgrade.

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## 4. CREDIT RISK (CONT'D.)

### 4.2 Off-Balance Sheet Exposures and Counterparty Credit Risk (Cont'd.)

#### (b) Counterparty Credit Risk on Derivative Financial Instruments (Cont'd.)

**Composition of Off-Balance Sheet Exposures**

The following tables present the composition of off-balance sheet exposures of the Group and of the Bank. All derivative financial instruments are at their notional amounts.

| Group | Principal Amount RM'000 | Positive Fair Value of Derivative Contracts RM'000 | Credit Equivalent Amount RM'000 | Risk-Weighted Assets RM'000 |
|---|---|---|---|---|
| **2025** | | | | |
| **Contingent Liabilities** | | | | |
| Direct credit substitutes | **1,275,603** | | **1,275,603** | **853,677** |
| Transaction-related contingent items | **4,714,234** | | **2,357,117** | **1,503,520** |
| Short-term self-liquidating trade-related contingencies | **367,197** | | **73,439** | **69,066** |
| | **6,357,034** | | **3,706,159** | **2,426,263** |
| **Commitments** | | | | |
| Other commitments, such as formal standby facilities and credit lines, with an original maturity of: | | | | |
| – exceeding one year | **43,880,091** | | **21,939,628** | **18,361,022** |
| – not exceeding one year | **25,816,561** | | **5,163,312** | **4,347,576** |
| Unutilised credit card lines | **11,616,224** | | **2,323,245** | **1,742,434** |
| Forward asset purchases | **352,456** | | **352,456** | **11,444** |
| | **81,665,332** | | **29,778,641** | **24,462,476** |
| Lending of banks' securities or the posting of securities as collateral by banks, including instances where these arise out of repo-style transactions | **210,422** | | **210,422** | **31,206** |
| **Derivative Financial Instruments** | | | | |
| Foreign exchange related contracts: | | | | |
| – up to one year | **43,461,964** | **180,073** | **753,853** | **245,122** |
| Interest rate related contracts: | | | | |
| – up to one year | **810,915** | **1,995** | **3,630** | **871** |
| – more than one year to five years | **5,271,853** | **36,240** | **161,509** | **47,765** |
| – more than five years | **1,111,894** | **6,256** | **77,750** | **26,712** |
| Commodity related contracts: | | | | |
| – up to one year | **4,561** | **10** | **56** | **56** |
| | **50,661,187** | **224,574** | **996,798** | **320,526** |
| **Total Off-Balance Sheet Exposures** | **138,893,975** | **224,574** | **34,692,020** | **27,240,471** |

## 4. CREDIT RISK (CONT'D.)

### 4.2 Off-Balance Sheet Exposures and Counterparty Credit Risk (Cont'd.)

#### (b) Counterparty Credit Risk on Derivative Financial Instruments (Cont'd.)

**Composition of Off-Balance Sheet Exposures (Cont'd.)**

The following tables present the composition of off-balance sheet exposures of the Group and of the Bank. All derivative financial instruments are at their notional amounts. (Cont'd.)

| Group | Principal Amount RM'000 | Positive Fair Value of Derivative Contracts RM'000 | Credit Equivalent Amount RM'000 | Risk-Weighted Assets RM'000 |
|---|---|---|---|---|
| **2024** | | | | |
| **Contingent Liabilities** | | | | |
| Direct credit substitutes | 912,746 | | 912,746 | 487,948 |
| Transaction-related contingent items | 1,931,301 | | 965,651 | 520,771 |
| Short-term self-liquidating trade-related contingencies | 591,235 | | 118,247 | 112,845 |
| | 3,435,282 | | 1,996,644 | 1,121,564 |
| **Commitments** | | | | |
| Other commitments, such as formal standby facilities and credit lines, with an original maturity of: | | | | |
| – exceeding one year | 40,731,801 | | 20,365,370 | 16,973,437 |
| – not exceeding one year | 29,758,511 | | 5,951,703 | 5,231,370 |
| Unutilised credit card lines | 10,738,717 | | 2,147,743 | 1,610,808 |
| Forward asset purchases | 168,879 | | 168,879 | 9,352 |
| | 81,397,908 | | 28,633,695 | 23,824,967 |
| Lending of banks' securities or the posting of securities as collateral by banks, including instances where these arise out of repo-style transactions | 361,019 | | 361,019 | 26,490 |
| **Derivative Financial Instruments** | | | | |
| Foreign exchange related contracts: | | | | |
| – up to one year | 39,155,077 | 438,045 | 951,600 | 288,015 |
| – more than one year to five years | 1,053,622 | 89 | 52,771 | 26,385 |
| Interest rate related contracts: | | | | |
| – up to one year | 1,909,303 | 11,095 | 14,281 | 3,376 |
| – more than one year to five years | 4,668,362 | 109,733 | 220,071 | 54,705 |
| – more than five years | 271,532 | 9,107 | 23,398 | 8,699 |
| Commodity related contracts: | | | | |
| – up to one year | 774 | – | 8 | 8 |
| | 47,058,670 | 568,069 | 1,262,129 | 381,188 |
| **Total Off-Balance Sheet Exposures** | 132,252,879 | 568,069 | 32,253,487 | 25,354,209 |

## 4. CREDIT RISK (CONT'D.)

### 4.2 Off-Balance Sheet Exposures and Counterparty Credit Risk (Cont'd.)

#### (b) Counterparty Credit Risk on Derivative Financial Instruments (Cont'd.)

**Composition of Off-Balance Sheet Exposures (Cont'd.)**

The following tables present the composition of off-balance sheet exposures of the Group and of the Bank. All derivative financial instruments are at their notional amounts. (Cont'd.)

| Bank | Principal Amount RM'000 | Positive Fair Value of Derivative Contracts RM'000 | Credit Equivalent Amount RM'000 | Risk-Weighted Assets RM'000 |
|---|---|---|---|---|
| **2025** | | | | |
| **Bank (excluding Public Bank (L) Ltd.)** | | | | |
| **Contingent Liabilities** | | | | |
| Direct credit substitutes | **863,555** | | **863,555** | **457,896** |
| Transaction-related contingent items | **4,028,212** | | **2,014,106** | **1,370,072** |
| Short-term self-liquidating trade-related contingencies | **83,848** | | **16,770** | **15,585** |
| | **4,975,615** | | **2,894,431** | **1,843,553** |
| **Commitments** | | | | |
| Other commitments, such as formal standby facilities and credit lines, with an original maturity of: | | | | |
| – exceeding one year | **35,693,023** | | **17,846,246** | **14,740,353** |
| – not exceeding one year | **20,694,123** | | **4,138,824** | **3,470,806** |
| Unutilised credit card lines | **10,811,566** | | **2,162,313** | **1,621,735** |
| Forward asset purchases | **72,414** | | **72,414** | **11,444** |
| | **67,271,126** | | **24,219,797** | **19,844,338** |
| Lending of banks' securities or the posting of securities as collateral by banks, including instances where these arise out of repo-style transactions | **198,598** | | **198,598** | **31,206** |
| **Derivative Financial Instruments** | | | | |
| Foreign exchange related contracts: | | | | |
| – up to one year | **42,159,007** | **173,196** | **743,404** | **235,220** |
| Interest rate related contracts: | | | | |
| – up to one year | **2,150,000** | **3,264** | **7,589** | **1,518** |
| – more than one year to five years | **7,388,023** | **44,197** | **233,551** | **61,180** |
| – more than five years | **866,000** | **770** | **52,730** | **14,202** |
| Commodity related contracts: | | | | |
| – up to one year | **4,561** | **10** | **56** | **56** |
| | **52,567,591** | **221,437** | **1,037,330** | **312,176** |
| **Total** | **125,012,930** | **221,437** | **28,350,156** | **22,031,273** |

## 4. CREDIT RISK (CONT'D.)

### 4.2 Off-Balance Sheet Exposures and Counterparty Credit Risk (Cont'd.)

#### (b) Counterparty Credit Risk on Derivative Financial Instruments (Cont'd.)

**Composition of Off-Balance Sheet Exposures (Cont'd.)**

The following tables present the composition of off-balance sheet exposures of the Group and of the Bank. All derivative financial instruments are at their notional amounts. (Cont'd.)

| Bank | Principal Amount RM'000 | Positive Fair Value of Derivative Contracts RM'000 | Credit Equivalent Amount RM'000 | Risk-Weighted Assets RM'000 |
|---|---|---|---|---|
| **2025** | | | | |
| **Public Bank (L) Ltd.** | | | | |
| **Commitments** | | | | |
| Other commitments, such as formal standby facilities and credit lines, with an original maturity of: | | | | |
| – exceeding one year | **72,765** | | **36,383** | **36,383** |
| – not exceeding one year | **410** | | **82** | **82** |
| | **73,175** | | **36,465** | **36,465** |
| **Derivative Financial Instruments** | | | | |
| Interest rate related contracts: | | | | |
| – up to one year | **60,915** | **423** | **483** | **241** |
| – more than one year to five years | **121,830** | **877** | **3,312** | **1,656** |
| – more than five years | **245,894** | **5,486** | **25,020** | **12,510** |
| | **428,639** | **6,786** | **28,815** | **14,407** |
| **Total** | **501,814** | **6,786** | **65,280** | **50,872** |
| **Total Off-Balance Sheet Exposures of the Bank and Public Bank (L) Ltd.** | **125,514,744** | **228,223** | **28,415,436** | **22,082,145** |

## 4. CREDIT RISK (CONT'D.)

### 4.2 Off-Balance Sheet Exposures and Counterparty Credit Risk (Cont'd.)

#### (b) Counterparty Credit Risk on Derivative Financial Instruments (Cont'd.)

**Composition of Off-Balance Sheet Exposures (Cont'd.)**

The following tables present the composition of off-balance sheet exposures of the Group and of the Bank. All derivative financial instruments are at their notional amounts. (Cont'd.)

| Bank | Principal Amount RM'000 | Positive Fair Value of Derivative Contracts RM'000 | Credit Equivalent Amount RM'000 | Risk-Weighted Assets RM'000 |
|---|---|---|---|---|
| **2024** | | | | |
| **Bank (excluding Public Bank (L) Ltd.)** | | | | |
| **Contingent Liabilities** | | | | |
| Direct credit substitutes | 861,080 | | 861,080 | 448,831 |
| Transaction-related contingent items | 1,583,639 | | 791,819 | 382,684 |
| Short-term self-liquidating trade-related contingencies | 72,021 | | 14,404 | 13,038 |
| | 2,516,740 | | 1,667,303 | 844,553 |
| **Commitments** | | | | |
| Other commitments, such as formal standby facilities and credit lines, with an original maturity of: | | | | |
| – exceeding one year | 34,037,301 | | 17,018,286 | 14,346,595 |
| – not exceeding one year | 24,942,785 | | 4,988,557 | 4,337,609 |
| Unutilised credit card lines | 10,021,014 | | 2,004,203 | 1,503,152 |
| Forward asset purchases | 122,318 | | 122,318 | 40 |
| | 69,123,418 | | 24,133,364 | 20,187,396 |
| Lending of banks' securities or the posting of securities as collateral by banks, including instances where these arise out of repo-style transactions | 317,542 | | 317,542 | 9,476 |
| **Derivative Financial Instruments** | | | | |
| Foreign exchange related contracts: | | | | |
| – up to one year | 38,118,547 | 435,125 | 943,756 | 286,148 |
| – more than one year to five years | 1,053,622 | 89 | 52,771 | 26,385 |
| Interest rate related contracts: | | | | |
| – up to one year | 2,850,000 | 12,636 | 17,811 | 3,562 |
| – more than one year to five years | 7,067,178 | 111,295 | 267,938 | 60,794 |
| – more than five years | 400,000 | 531 | 20,531 | 4,106 |
| Commodity related contracts: | | | | |
| – up to one year | 774 | – | 8 | 8 |
| | 49,490,121 | 559,676 | 1,302,815 | 381,003 |
| **Total** | 121,447,821 | 559,676 | 27,421,024 | 21,422,428 |

## 4. CREDIT RISK (CONT'D.)

### 4.2 Off-Balance Sheet Exposures and Counterparty Credit Risk (Cont'd.)

#### (b) Counterparty Credit Risk on Derivative Financial Instruments (Cont'd.)

**Composition of Off-Balance Sheet Exposures (Cont'd.)**

The following tables present the composition of off-balance sheet exposures of the Group and of the Bank. All derivative financial instruments are at their notional amounts. (Cont'd.)

| Bank | Principal Amount RM'000 | Positive Fair Value of Derivative Contracts RM'000 | Credit Equivalent Amount RM'000 | Risk-Weighted Assets RM'000 |
|---|---|---|---|---|
| **2024** | | | | |
| **Public Bank (L) Ltd.** | | | | |
| **Contingent Liabilities** | | | | |
| Direct credit substitutes | 6,706 | | 6,706 | 6,706 |
| **Commitments** | | | | |
| Other commitments, such as formal standby facilities and credit lines, with an original maturity of: | | | | |
| – exceeding one year | 72,912 | | 36,456 | 36,456 |
| – not exceeding one year | 56,200 | | 11,240 | 11,240 |
| | 129,112 | | 47,696 | 47,696 |
| **Derivative Financial Instruments** | | | | |
| Interest rate related contracts: | | | | |
| – up to one year | 259,303 | 1,472 | 1,733 | 867 |
| – more than one year to five years | 201,184 | 6,920 | 11,615 | 5,808 |
| – more than five years | 71,532 | 9,107 | 13,398 | 6,699 |
| | 532,019 | 17,499 | 26,746 | 13,374 |
| **Total** | 667,837 | 17,499 | 81,148 | 67,776 |
| **Total Off-Balance Sheet Exposures of the Bank and Public Bank (L) Ltd.** | 122,115,658 | 577,175 | 27,502,172 | 21,490,204 |

## 4. CREDIT RISK (CONT'D.)

### 4.3 Credit Risk Mitigation

The Group's approach in granting credit facilities is based on the credit standing of the customer, source of repayment and debt servicing ability rather than placing primary reliance on credit risk mitigants ("CRM"). Depending on a customer's credit standing and the type of product, facilities may be provided unsecured. Nevertheless, mitigation of credit risk is a key aspect of effective risk management and takes many forms.

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

(a) for residential mortgages - charges over residential properties;
(b) for commercial property loans/financing - charges over the properties being financed;
(c) for motor vehicle financing - ownership claims over the vehicles financed;
(d) for share margin financing - pledges over securities from listed exchange; and
(e) for other loans/financing - charges over business assets such as premises, inventories, trade receivables or deposits.

The reliance that can be placed on CRM is carefully assessed in light of issues such as legal enforceability, market value and the ease of realising the CRM. Policies and procedures are in place to govern the protection of the Group's position from the onset of a customer relationship, for instance in requiring standard terms and conditions or specifically agreed upon during documentation to ensure the legal enforceability of the CRM.

The valuation of CRM seeks to monitor and ensure that they will continue to provide the credit protection. Policy on the periodic valuation updates of CRM is in place to ensure this. The value of properties taken as collateral is generally updated from time to time during the review of the customers' facilities to reflect the current market value. The quality, liquidity and collateral type will determine the appropriate haircuts or discounts applied on the market value of the collateral.

Where there is a currency mismatch, haircuts are applied to protect against currency fluctuations, in addition to ongoing review and controls over maturity mismatch between collateral and exposures. In mortgage financing, the collateral is required to be insured at all times against major risks, for instance, against fire, with the respective banking entities as the loss payee under the insurance policy. In addition, customers are generally insured against major risks, such as, death and permanent disability.

The Group also accepts guarantees from individuals, corporate and institutional customers to mitigate credit risk, subject to internal guidelines on eligibility. Currently, the Group does not employ the use of derivative credit instruments such as credit default swaps, structured credit notes and securitisation structures to mitigate the Group's credit exposures. In addition, the Group enters into master netting arrangements with its derivative counterparties to reduce the credit risk, all amounts with the counterparty are settled on a net basis.

## 4. CREDIT RISK (CONT'D.)

### 4.3 Credit Risk Mitigation (Cont'd.)

**Credit Risk Mitigation Analysis**

The following tables present the credit risk mitigation analysis of the Group i.e. credit exposures covered by eligible financial collateral and financial guarantees as defined under the Standardised Approach. Eligible financial collateral consists primarily of cash, securities from listed exchange, unit trust or marketable securities. The Group does not have any credit exposure which is reduced through the application of other eligible collateral.

| Group<br>Exposure Class | Total Exposures before Credit Risk Mitigation RM'000 | Total Exposures Covered by Guarantees RM'000 | Total Exposures Covered by Eligible Financial Collateral RM'000 | Total Exposures Covered by Other Eligible Collateral RM'000 |
|---|---|---|---|---|
| **2025** | | | | |
| **On-Balance Sheet Exposures** | | | | |
| Sovereigns/Central Banks | **68,904,774** | **–** | **–** | **–** |
| Public Sector Entities | **1,543,585** | **1,223,690** | **–** | **–** |
| Banks, DFIs and MDBs | **16,975,949** | **16,580** | **–** | **–** |
| Insurance Companies, Securities Firms and Fund Managers | **710,955** | **8,350** | **143,639** | **–** |
| Corporates | **96,128,398** | **3,354,406** | **4,010,207** | **–** |
| Regulatory Retail | **180,076,872** | **508,005** | **1,564,866** | **–** |
| Residential Mortgages | **176,148,844** | **–** | **408,682** | **–** |
| Higher Risk Assets | **132,899** | **–** | **453** | **–** |
| Other Assets | **9,299,697** | **–** | **–** | **–** |
| Equity Exposures | **868,232** | **–** | **–** | **–** |
| Defaulted Exposures | **3,223,640** | **–** | **638** | **–** |
| | **554,013,845** | **5,111,031** | **6,128,485** | **–** |
| **Off-Balance Sheet Exposures** | | | | |
| Credit-related Exposures | **33,124,089** | **172,875** | **826,583** | **–** |
| Derivative Financial Instruments | **996,798** | **–** | **–** | **–** |
| Other Treasury-related Exposures | **562,878** | **–** | **–** | **–** |
| Defaulted Exposures | **8,255** | **–** | **–** | **–** |
| | **34,692,020** | **172,875** | **826,583** | **–** |
| **Total Credit Exposures** | **588,705,865** | **5,283,906** | **6,955,068** | **–** |

## 4. CREDIT RISK (CONT'D.)

### 4.3 Credit Risk Mitigation (Cont'd.)

**Credit Risk Mitigation Analysis (Cont'd.)**

The following tables present the credit risk mitigation analysis of the Group i.e. credit exposures covered by eligible financial collateral and financial guarantees as defined under the Standardised Approach. Eligible financial collateral consists primarily of cash, securities from listed exchange, unit trust or marketable securities. The Group does not have any credit exposure which is reduced through the application of other eligible collateral. (Cont'd.)

| Group<br>Exposure Class | Total Exposures before Credit Risk Mitigation RM'000 | Total Exposures Covered by Guarantees RM'000 | Total Exposures Covered by Eligible Financial Collateral RM'000 | Total Exposures Covered by Other Eligible Collateral RM'000 |
|---|---|---|---|---|
| **2024 (Restated)** | | | | |
| **On-Balance Sheet Exposures** | | | | |
| Sovereigns/Central Banks | 73,536,590 | – | – | – |
| Public Sector Entities | 2,254,762 | 2,067,961 | – | – |
| Banks, DFIs and MDBs | 16,708,630 | – | – | – |
| Insurance Companies, Securities Firms and Fund Managers | 784,021 | 858 | 18,916 | – |
| Corporates | 93,344,351 | 5,013,371 | 5,356,292 | – |
| Regulatory Retail | 170,777,458 | 796,884 | 1,465,064 | – |
| Residential Mortgages | 165,495,808 | – | 369,643 | – |
| Higher Risk Assets | 118,101 | – | 294 | – |
| Other Assets | 8,750,015 | – | – | – |
| Equity Exposures | 840,321 | – | – | – |
| Defaulted Exposures | 2,956,930 | – | 1,315 | – |
| | 535,566,987 | 7,879,074 | 7,211,524 | – |
| **Off-Balance Sheet Exposures** | | | | |
| Credit-related Exposures | 30,451,376 | 139,780 | 773,296 | – |
| Derivative Financial Instruments | 1,262,129 | – | – | – |
| Other Treasury-related Exposures | 529,898 | – | – | – |
| Defaulted Exposures | 10,084 | – | – | – |
| | 32,253,487 | 139,780 | 773,296 | – |
| **Total Credit Exposures** | 567,820,474 | 8,018,854 | 7,984,820 | – |

## 4. CREDIT RISK (CONT'D.)

### 4.4 Assignment of Risk Weights for Portfolios Under the Standardised Approach

Under the Standardised Approach, the Group makes use of credit ratings assigned by credit rating agencies in its calculation of credit risk-weighted assets. The following are the rating agencies or Eligible Credit Assessment Institutions ("ECAI") ratings used by the Group and are recognised by BNM in the RWCAF:

(a) Standard & Poor's ("S&P")
(b) Moody's Investors Service ("Moody's")
(c) Fitch Ratings ("Fitch")
(d) RAM Rating Services Berhad ("RAM")
(e) Malaysian Rating Corporation Berhad ("MARC")

The ECAI ratings accorded to the following counterparty exposure classes are used in the calculation of risk-weighted assets for capital adequacy purposes:

(a) Sovereigns and Central Banks
(b) Banking Institutions
(c) Corporates

**Unrated and Rated Counterparties**

In general, the rating specific to the credit exposure is used, i.e. the issue rating. Where no specific rating exists, the credit rating assigned to the issuer or counterparty of that particular credit exposure is used. In cases where an exposure has neither an issue or issuer rating, it is deemed as unrated or the rating of another rated obligation of the same counterparty may be used if the exposure is ranked at least pari passu with the obligation that is rated, as stipulated in the RWCAF. Where a counterparty or an exposure is rated by more than one ECAI, the second highest rating is then used to determine the risk weight. In cases where the credit exposures are secured by guarantees issued by eligible or rated guarantors, the risk weights similar to that of the guarantor are assigned.

The following is a summary of the rules governing the assignment of risk weights under the Standardised Approach. Each rated exposure must be assigned to one of the six credit quality rating categories defined in the table below:

| Rating Category | S & P | Moody's | Fitch | RAM | MARC |
|---|---|---|---|---|---|
| 1 | AAA to AA- | Aaa to Aa3 | AAA to AA- | AAA to AA3 | AAA to AA- |
| 2 | A+ to A- | A1 to A3 | A+ to A- | A1 to A3 | A+ to A- |
| 3 | BBB+ to BBB- | Baa1 to Baa3 | BBB+ to BBB- | BBB1 to BBB3 | BBB+ to BBB- |
| 4 | BB+ to BB- | Ba1 to Ba3 | BB+ to BB- | BB1 to BB3 | BB+ to BB- |
| 5 | B+ to B- | B1 to B3 | B+ to B- | B1 to B3 | B+ to B- |
| 6 | CCC+ and below | Caa1 and below | CCC+ and below | C1 and below | C+ and below |

## 4. CREDIT RISK (CONT'D.)

### 4.4 Assignment of Risk Weights for Portfolios Under the Standardised Approach (Cont'd.)

**Unrated and Rated Counterparties (Cont'd.)**

The Group uses a system to automatically execute the selection of ratings and allocation of risk weights. The following table is a summarised risk weight mapping matrix for each credit quality rating category:

| | Risk Weights Based on Credit Rating of the Counterparty Exposure Class | | | |
|---|---|---|---|---|
| | | | Banking Institutions | |
| Rating Category | Sovereigns and Central Banks | Corporates | For Exposure Greater Than Six Months Original Maturity | For Exposure Less Than Six Months Original Maturity |
| 1 | 0% | 20% | 20% | 20% |
| 2 | 20% | 50% | 50% | 20% |
| 3 | 50% | 100% | 50% | 20% |
| 4 | 100% | 100% | 100% | 50% |
| 5 | 100% | 150% | 100% | 50% |
| 6 | 150% | 150% | 150% | 150% |

In addition to the above, credit exposures under the counterparty exposure class of Banking Institutions, with an original maturity of three months or less which are denominated and funded in Ringgit Malaysia, are all risk-weighted at 20% regardless of credit rating.

## 4. CREDIT RISK (CONT'D.)

### 4.4 Assignment of Risk Weights for Portfolios Under the Standardised Approach (Cont'd.)

**Credit Exposures before the Effect of Credit Risk Mitigation by Credit Quality Rating Categories**

The following tables present the credit exposures of the Group before the effect of credit risk mitigation by credit quality rating categories.

| | ← Rating Categories → | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| Group<br>Exposure Class | 1<br>RM'000 | 2<br>RM'000 | 3<br>RM'000 | 4<br>RM'000 | 5<br>RM'000 | 6<br>RM'000 | Unrated<br>RM'000 | Total<br>RM'000 |
| **2025** | | | | | | | | |
| **On-Balance Sheet Exposures** | | | | | | | | |
| (a) Rated Exposures | | | | | | | | |
| (i) Exposures risk-weighted using ratings of Corporates | | | | | | | | |
| – Corporates | 22,395,300 | 315,061 | 60,574 | – | – | – | | 22,770,935 |
| – Regulatory Retail | 73,533 | – | – | – | – | – | | 73,533 |
| – Insurance Companies, Securities Firms and Fund Managers | 196 | – | – | – | – | – | | 196 |
| | 22,469,029 | 315,061 | 60,574 | – | – | – | | 22,844,664 |
| (ii) Exposures risk-weighted using ratings of Sovereigns and Central Banks[#] | | | | | | | | |
| – Sovereigns and Central Banks | 1,516,109 | 65,613,308 | – | 365,234 | 1,255,852 | 154,271 | | 68,904,774 |
| – Public Sector Entities | – | 1,524,212 | – | – | – | – | | 1,524,212 |
| – Banks, DFIs and MDBs | – | 16,583 | – | – | – | – | | 16,583 |
| – Insurance Companies, Securities Firms and Fund Managers | – | 424 | – | – | – | – | | 424 |
| – Corporates | – | 604,114 | – | – | – | – | | 604,114 |
| – Regulatory Retail | – | 430,584 | – | – | – | – | | 430,584 |
| | 1,516,109 | 68,189,225 | – | 365,234 | 1,255,852 | 154,271 | | 71,480,691 |
| (iii) Exposures risk-weighted using ratings of Banking Institutions | | | | | | | | |
| – Banks, DFIs and MDBs | 8,348,107 | 5,364,805 | 669,171 | 1,148,016 | 199,086 | – | | 15,729,185 |
| – Corporates | 138,222 | 87,864 | – | – | – | – | | 226,086 |
| – Regulatory Retail | – | 2,179 | – | – | – | – | | 2,179 |
| | 8,486,329 | 5,454,848 | 669,171 | 1,148,016 | 199,086 | – | | 15,957,450 |
| (iv) Exposures risk-weighted using ratings of Insurance Companies, Securities Firms and Fund Managers | | | | | | | | |
| – Insurance Companies, Securities Firms and Fund Managers | 75,967 | – | – | – | – | – | | 75,967 |
| Total Rated Exposures | 32,547,434 | 73,959,134 | 729,745 | 1,513,250 | 1,454,938 | 154,271 | | 110,358,772 |
| (b) Total Unrated Exposures | | | | | | | 443,655,073 | 443,655,073 |
| | 32,547,434 | 73,959,134 | 729,745 | 1,513,250 | 1,454,938 | 154,271 | 443,655,073 | 554,013,845 |

[#] Under the RWCAF, exposures denominated and funded in Ringgit Malaysia and guaranteed by the Federal Government of Malaysia or BNM are accorded a preferential sovereign risk weight of 0%.

## 4. CREDIT RISK (CONT'D.)

### 4.4 Assignment of Risk Weights for Portfolios Under the Standardised Approach (Cont'd.)

**Credit Exposures before the Effect of Credit Risk Mitigation by Credit Quality Rating Categories (Cont'd.)**

The following tables present the credit exposures of the Group before the effect of credit risk mitigation by credit quality rating categories. (Cont'd.)

| | ← Rating Categories → | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| Group Exposure Class | 1 RM'000 | 2 RM'000 | 3 RM'000 | 4 RM'000 | 5 RM'000 | 6 RM'000 | Unrated RM'000 | Total RM'000 |
| **2025** | | | | | | | | |
| **Off-Balance Sheet Exposures** | | | | | | | | |
| (a) Rated Exposures | | | | | | | | |
| (i) Exposures risk-weighted using ratings of Corporates | | | | | | | | |
| – Corporates | 709,349 | – | – | – | – | – | | 709,349 |
| (ii) Exposures risk-weighted using ratings of Sovereigns and Central Banks[#] | | | | | | | | |
| – Sovereigns and Central Banks | – | 474,524 | 31 | 4,521 | – | – | | 479,076 |
| (iii) Exposures risk-weighted using ratings of Banking Institutions | | | | | | | | |
| – Banks, DFIs and MDBs | 338,418 | 239,609 | 8,667 | 5,244 | – | – | | 591,938 |
| – Corporates | – | 1,487 | – | – | – | – | | 1,487 |
| – Regulatory Retail | – | 1,600 | – | – | – | – | | 1,600 |
| | 338,418 | 242,696 | 8,667 | 5,244 | – | – | | 595,025 |
| Total Rated Exposures | 1,047,767 | 717,220 | 8,698 | 9,765 | – | – | | 1,783,450 |
| (b) Total Unrated Exposures | | | | | | | 32,908,570 | 32,908,570 |
| | 1,047,767 | 717,220 | 8,698 | 9,765 | – | – | 32,908,570 | 34,692,020 |
| **Total Credit Exposures before Credit Risk Mitigation** | 33,595,201 | 74,676,354 | 738,443 | 1,523,015 | 1,454,938 | 154,271 | 476,563,643 | 588,705,865 |

[#] Under the RWCAF, exposures denominated and funded in Ringgit Malaysia and guaranteed by the Federal Government of Malaysia or BNM are accorded a preferential sovereign risk weight of 0%.

## 4. CREDIT RISK (CONT'D.)

### 4.4 Assignment of Risk Weights for Portfolios Under the Standardised Approach (Cont'd.)

**Credit Exposures before the Effect of Credit Risk Mitigation by Credit Quality Rating Categories (Cont'd.)**

The following tables present the credit exposures of the Group before the effect of credit risk mitigation by credit quality rating categories. (Cont'd.)

| | ← Rating Categories → | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| Group<br>Exposure Class | 1<br>RM'000 | 2<br>RM'000 | 3<br>RM'000 | 4<br>RM'000 | 5<br>RM'000 | 6<br>RM'000 | Unrated<br>RM'000 | Total<br>RM'000 |
| **2024 (Restated)** | | | | | | | | |
| **On-Balance Sheet Exposures** | | | | | | | | |
| (a) Rated Exposures | | | | | | | | |
| (i) Exposures risk-weighted using ratings of Corporates | | | | | | | | |
| – Corporates | 18,995,020 | 815,788 | 62,255 | – | – | – | | 19,873,063 |
| – Regulatory Retail | 108,743 | – | – | – | – | – | | 108,743 |
| – Insurance Companies, Securities Firms and Fund Managers | 197 | – | – | – | – | – | | 197 |
| | 19,103,960 | 815,788 | 62,255 | – | – | – | | 19,982,003 |
| (ii) Exposures risk-weighted using ratings of Sovereigns and Central Banks[#] | | | | | | | | |
| – Sovereigns and Central Banks | 1,485,640 | 70,288,906 | – | 335,802 | 1,182,969 | 243,274 | | 73,536,591 |
| – Public Sector Entities | – | 2,234,167 | – | – | – | – | | 2,234,167 |
| – Insurance Companies, Securities Firms and Fund Managers | – | 661 | – | – | – | – | | 661 |
| – Corporates | – | 1,608,202 | – | – | – | – | | 1,608,202 |
| – Regulatory Retail | – | 685,074 | – | – | – | – | | 685,074 |
| | 1,485,640 | 74,817,010 | – | 335,802 | 1,182,969 | 243,274 | | 78,064,695 |
| (iii) Exposures risk-weighted using ratings of Banking Institutions | | | | | | | | |
| – Banks, DFIs and MDBs | 7,577,278 | 4,981,727 | 90,214 | 872,115 | 278,944 | – | | 13,800,278 |
| – Corporates | 139,156 | 98,362 | – | – | – | – | | 237,518 |
| – Regulatory Retail | – | 3,067 | – | – | – | – | | 3,067 |
| | 7,716,434 | 5,083,156 | 90,214 | 872,115 | 278,944 | – | | 14,040,863 |
| (iv) Exposures risk-weighted using ratings of Insurance Companies, Securities Firms and Fund Managers | | | | | | | | |
| – Insurance Companies, Securities Firms and Fund Managers | 99,559 | – | – | – | – | – | | 99,559 |
| Total Rated Exposures | 28,405,593 | 80,715,954 | 152,469 | 1,207,917 | 1,461,913 | 243,274 | | 112,187,120 |
| (b) Total Unrated Exposures | | | | | | | 423,379,867 | 423,379,867 |
| | 28,405,593 | 80,715,954 | 152,469 | 1,207,917 | 1,461,913 | 243,274 | 423,379,867 | 535,566,987 |

[#] Under the RWCAF, exposures denominated and funded in Ringgit Malaysia and guaranteed by the Federal Government of Malaysia or BNM are accorded a preferential sovereign risk weight of 0%.

# Pillar 3 Disclosure

As at 31 December 2025

## 4. CREDIT RISK (CONT'D.)

### 4.4 Assignment of Risk Weights for Portfolios Under the Standardised Approach (Cont'd.)

**Credit Exposures before the Effect of Credit Risk Mitigation by Credit Quality Rating Categories (Cont'd.)**

The following tables present the credit exposures of the Group before the effect of credit risk mitigation by credit quality rating categories. (Cont'd.)

| | ← Rating Categories → | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| Group Exposure Class | 1 RM'000 | 2 RM'000 | 3 RM'000 | 4 RM'000 | 5 RM'000 | 6 RM'000 | Unrated RM'000 | Total RM'000 |
| **2024 (Restated)** | | | | | | | | |
| **Off-Balance Sheet Exposures** | | | | | | | | |
| (a) Rated Exposures | | | | | | | | |
| (i) Exposures risk-weighted using ratings of Corporates | | | | | | | | |
| – Corporates | 154,738 | 1,228 | – | – | – | – | | 155,966 |
| (ii) Exposures risk-weighted using ratings of Sovereigns and Central Banks[#] | | | | | | | | |
| – Sovereigns and Central Banks | – | 688,250 | 31 | 17,014 | – | – | | 705,295 |
| (iii) Exposures risk-weighted using ratings of Banking Institutions | | | | | | | | |
| – Banks, DFIs and MDBs | 283,243 | 260,746 | 17,705 | 220 | 62 | – | | 561,976 |
| – Corporates | 73 | 2,671 | – | – | – | – | | 2,744 |
| | 283,316 | 263,417 | 17,705 | 220 | 62 | – | | 564,720 |
| Total Rated Exposures | 438,054 | 952,895 | 17,736 | 17,234 | 62 | – | | 1,425,981 |
| (b) Total Unrated Exposures | | | | | | | 30,827,506 | 30,827,506 |
| | 438,054 | 952,895 | 17,736 | 17,234 | 62 | – | 30,827,506 | 32,253,487 |
| **Total Credit Exposures before Credit Risk Mitigation** | 28,843,647 | 81,668,849 | 170,205 | 1,225,151 | 1,461,975 | 243,274 | 454,207,373 | 567,820,474 |

[#] Under the RWCAF, exposures denominated and funded in Ringgit Malaysia and guaranteed by the Federal Government of Malaysia or BNM are accorded a preferential sovereign risk weight of 0%.

## 4. CREDIT RISK (CONT'D.)

### 4.4 Assignment of Risk Weights for Portfolios Under the Standardised Approach (Cont'd.)

**Credit Exposures after the Effect of Credit Risk Mitigation by Risk Weights**

The following tables present the credit exposures of the Group and of the Bank after the effect of credit risk mitigation by risk weights.

| | ← Credit Exposures after the Effect of Credit Risk Mitigation → | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Group Risk Weights | Sovereigns/ Central Banks RM'000 | Public Sector Entities RM'000 | Banks, DFIs and MDBs RM'000 | Insurance Companies, Securities Firms and Fund Managers RM'000 | Corporates RM'000 | Regulatory Retail RM'000 | Residential Mortgages RM'000 | Higher Risk Assets RM'000 | Other Assets RM'000 | Equity Exposures RM'000 | Total Exposures after Credit Risk Mitigation RM'000 | Total Risk-Weighted Assets RM'000 |
| **2025** | | | | | | | | | | | | |
| 0% | 68,647,318 | 1,223,690 | 16,583 | 424 | 587,816 | 430,584 | – | – | 4,604,961 | – | 75,511,376 | - |
| 20% | 354,081 | 323,606 | 13,294,159 | 76,163 | 23,243,304 | 73,533 | – | – | 3,631 | – | 37,368,477 | 7,473,695 |
| 35% | – | – | – | – | – | – | 114,301,046 | – | – | – | 114,301,046 | 40,005,366 |
| 50% | 1 | – | 4,030,635 | 7,730 | 515,090 | 28,598 | 44,839,976 | – | – | – | 49,422,030 | 24,711,015 |
| 75% | – | – | – | – | – | 183,098,806 | 124,124 | – | – | – | 183,222,930 | 137,417,198 |
| 100% | 347,870 | – | 721,297 | 534,387 | 78,186,556 | 13,910,567 | 19,728,619 | – | 4,691,105 | 868,232 | 118,988,633 | 118,988,633 |
| 150% | 34,551 | – | 12,034 | – | 1,023,543 | 1,590,442 | 107,527 | 168,208 | – | – | 2,936,305 | 4,404,458 |
| Total | 69,383,821 | 1,547,296 | 18,074,708 | 618,704 | 103,556,309 | 199,132,530 | 179,101,292 | 168,208 | 9,299,697 | 868,232 | 581,750,797 | 333,000,365 |
| Risk-Weighted Assets by Exposures | 470,513 | 64,721 | 5,413,497 | 553,485 | 84,628,076 | 153,649,341 | 82,408,357 | 252,312 | 4,691,831 | 868,232 | 333,000,365 | |
| Average Risk Weights | 0.7% | 4.2% | 30.0% | 89.5% | 81.7% | 77.2% | 46.0% | 150.0% | 50.5% | 100.0% | 57.2% | |
| Deduction from Total Capital | | | – | | | | | | | – | – | |

## 4. CREDIT RISK (CONT'D.)

### 4.4 Assignment of Risk Weights for Portfolios Under the Standardised Approach (Cont'd.)

**Credit Exposures after the Effect of Credit Risk Mitigation by Risk Weights (Cont'd.)**

The following tables present the credit exposures of the Group and of the Bank after the effect of credit risk mitigation by risk weights. (Cont'd.)

| | ← Credit Exposures after the Effect of Credit Risk Mitigation → | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Group Risk Weights | Sovereigns/ Central Banks RM'000 | Public Sector Entities RM'000 | Banks, DFIs and MDBs RM'000 | Insurance Companies, Securities Firms and Fund Managers RM'000 | Corporates RM'000 | Regulatory Retail RM'000 | Residential Mortgages RM'000 | Higher Risk Assets RM'000 | Other Assets RM'000 | Equity Exposures RM'000 | Total Exposures after Credit Risk Mitigation RM'000 | Total Risk-Weighted Assets RM'000 |
| **2024 (Restated)** | | | | | | | | | | | | |
| 0% | 73,217,339 | 2,067,961 | – | 661 | 1,550,447 | 685,074 | – | – | 3,912,898 | – | 81,434,380 | – |
| 20% | 536,965 | 190,861 | 12,345,043 | 99,756 | 19,288,985 | 108,743 | – | – | 5,243 | – | 32,575,596 | 6,515,119 |
| 35% | – | – | – | – | – | – | 108,549,412 | – | – | – | 108,549,412 | 37,992,294 |
| 50% | 1 | – | 4,904,799 | – | 994,234 | 20,883 | 41,076,573 | – | – | – | 46,996,490 | 23,498,245 |
| 75% | – | – | – | – | – | 172,045,095 | 155,785 | – | – | – | 172,200,880 | 129,150,660 |
| 100% | 379,245 | – | 567,887 | 712,848 | 75,587,388 | 13,734,454 | 18,710,357 | – | 4,831,874 | 840,321 | 115,364,374 | 115,364,374 |
| 150% | 108,305 | – | 5,338 | – | 795,561 | 1,522,469 | 135,032 | 147,817 | – | – | 2,714,522 | 4,071,783 |
| Total | 74,241,855 | 2,258,822 | 17,823,067 | 813,265 | 98,216,615 | 188,116,718 | 168,627,159 | 147,817 | 8,750,015 | 840,321 | 559,835,654 | 316,592,475 |
| Risk-Weighted Assets by Exposures | 649,096 | 38,172 | 5,497,301 | 732,799 | 81,135,644 | 145,084,169 | 77,560,324 | 221,726 | 4,832,923 | 840,321 | 316,592,475 | |
| Average Risk Weights | 0.9% | 1.7% | 30.8% | 90.1% | 82.6% | 77.1% | 46.0% | 150.0% | 55.2% | 100.0% | 56.6% | |
| Deduction from Total Capital | | | – | | | | | | | – | – | |

## 4. CREDIT RISK (CONT'D.)

### 4.4 Assignment of Risk Weights for Portfolios Under the Standardised Approach (Cont'd.)

**Credit Exposures after the Effect of Credit Risk Mitigation by Risk Weights (Cont'd.)**

The following tables present the credit exposures of the Group and of the Bank after the effect of credit risk mitigation by risk weights. (Cont'd.)

| | ← Credit Exposures after the Effect of Credit Risk Mitigation → | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Bank<br>Risk Weights | Sovereigns/ Central Banks RM'000 | Public Sector Entities RM'000 | Banks, DFIs and MDBs RM'000 | Insurance Companies, Securities Firms and Fund Managers RM'000 | Corporates RM'000 | Regulatory Retail RM'000 | Residential Mortgages RM'000 | Higher Risk Assets RM'000 | Other Assets RM'000 | Equity Exposures RM'000 | Total Exposures after Credit Risk Mitigation RM'000 | Total Risk-Weighted Assets RM'000 |
| **2025** | | | | | | | | | | | | |
| 0% | 46,642,827 | 106,265 | – | 424 | 269,653 | 394,640 | – | – | 4,245,379 | – | 51,659,188 | – |
| 20% | 185,996 | 21,953 | 8,464,403 | 196 | 18,284,887 | 73,533 | – | – | – | – | 27,030,968 | 5,406,194 |
| 35% | – | – | – | – | – | – | 85,108,697 | – | – | – | 85,108,697 | 29,788,044 |
| 50% | 1 | – | 763,248 | – | 498,589 | 17,448 | 33,113,339 | – | – | – | 34,392,625 | 17,196,313 |
| 75% | – | – | – | – | – | 143,595,442 | 80,225 | – | – | – | 143,675,667 | 107,756,750 |
| 100% | – | – | 1,913,192 | 141,468 | 59,633,178 | 7,982,342 | 13,490,643 | – | 3,344,328 | 7,772,266 | 94,277,417 | 94,277,417 |
| 150% | 29,570 | – | 71,466 | – | 511,692 | 1,100,060 | 36,401 | 141,755 | – | – | 1,890,944 | 2,836,416 |
| 1250% | – | – | – | – | – | – | – | – | 89,843 | – | 89,843 | 1,123,037 |
| Total | 46,858,394 | 128,218 | 11,212,309 | 142,088 | 79,197,999 | 153,163,465 | 131,829,305 | 141,755 | 7,679,550 | 7,772,266 | 438,125,349 | 258,384,171 |
| Risk-Weighted Assets by Exposures | 81,555 | 4,391 | 4,094,896 | 141,507 | 64,306,987 | 117,352,444 | 59,950,127 | 212,633 | 4,467,365 | 7,772,266 | 258,384,171 | |
| Average Risk Weights | 0.2% | 3.4% | 36.5% | 99.6% | 81.2% | 76.6% | 45.5% | 150.0% | 58.2% | 100.0% | 59.0% | |
| Deduction from Total Capital | | | – | | | | | | | – | – | |

## 4. CREDIT RISK (CONT'D.)

### 4.4 Assignment of Risk Weights for Portfolios Under the Standardised Approach (Cont'd.)

**Credit Exposures after the Effect of Credit Risk Mitigation by Risk Weights (Cont'd.)**

The following tables present the credit exposures of the Group and of the Bank after the effect of credit risk mitigation by risk weights. (Cont'd.)

| | ← Credit Exposures after the Effect of Credit Risk Mitigation → | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Bank<br>Risk Weights | Sovereigns/ Central Banks RM'000 | Public Sector Entities RM'000 | Banks, DFIs and MDBs RM'000 | Insurance Companies, Securities Firms and Fund Managers RM'000 | Corporates RM'000 | Regulatory Retail RM'000 | Residential Mortgages RM'000 | Higher Risk Assets RM'000 | Other Assets RM'000 | Equity Exposures RM'000 | Total Exposures after Credit Risk Mitigation RM'000 | Total Risk-Weighted Assets RM'000 |
| **2024** | | | | | | | | | | | | |
| 0% | 49,035,852 | 50,445 | – | 661 | 1,367,633 | 628,927 | – | – | 3,466,058 | – | 54,549,576 | – |
| 20% | 375,560 | 24,416 | 8,918,091 | 197 | 15,373,312 | 108,743 | – | – | – | – | 24,800,319 | 4,960,064 |
| 35% | – | – | – | – | – | – | 81,867,464 | – | – | – | 81,867,464 | 28,653,612 |
| 50% | 1 | – | 1,040,889 | – | 641,962 | 10,187 | 30,266,141 | – | – | – | 31,959,180 | 15,979,590 |
| 75% | – | – | – | – | – | 135,343,836 | 102,881 | – | – | – | 135,446,717 | 101,585,038 |
| 100% | – | – | 1,582,086 | 125,506 | 56,836,087 | 7,147,088 | 12,704,166 | – | 3,331,898 | 7,510,212 | 89,237,043 | 89,237,043 |
| 150% | 66,153 | – | 67,992 | – | 346,350 | 1,113,893 | 36,680 | 125,959 | – | – | 1,757,027 | 2,635,540 |
| 1250% | – | – | – | – | – | – | – | – | 89,843 | – | 89,843 | 1,123,038 |
| Total | 49,477,566 | 74,861 | 11,609,058 | 126,364 | 74,565,344 | 144,352,674 | 124,977,332 | 125,959 | 6,887,799 | 7,510,212 | 419,707,169 | 244,173,925 |
| Risk-Weighted Assets by Exposures | 174,342 | 4,883 | 3,988,137 | 125,545 | 60,751,255 | 110,352,647 | 56,623,029 | 188,939 | 4,454,936 | 7,510,212 | 244,173,925 | |
| Average Risk Weights | 0.4% | 6.5% | 34.4% | 99.4% | 81.5% | 76.4% | 45.3% | 150.0% | 64.7% | 100.0% | 58.2% | |
| Deduction from Total Capital | | | – | | | | | | | – | – | |

## 4. CREDIT RISK (CONT'D.)

### 4.5 Credit Quality of Gross Loans, Advances and Financing

**Gross Loans, Advances and Financing by Credit Quality**

All loans, advances and financing are categorised as either:

(a) neither past due nor credit-impaired;
(b) past due but not credit-impaired; or
(c) credit-impaired.

The loans, advances and financing are considered past due when any payment (whether principal and/or interest/profit) due under the contractual terms are received late or missed.

The loans, advances and financing of the Group and of the Bank are classified as credit-impaired when they fulfil any of the following criteria:

(a) principal or interest/profit or both are past due for ninety (90) days or more; or

(b) outstanding amount is in excess of approved limit for ninety (90) days or more in the case of revolving facilities; or

(c) where the loans, advances and financing are in arrears or the outstanding amount has been in excess of the approved limit for less than ninety (90) days, the loans, advances and financing exhibits indications of significant credit weaknesses; or

(d) where credit-impaired loans, advances and financing are rescheduled and restructured ("R&R"), the loans, advances and financing will remain as credit-impaired until repayments based on the revised and/or restructured terms have been continuously paid for a period of at least six (6) months and the account is less than ninety (90) days past due upon compliance of their required nursing period; or

(e) for repayments scheduled on intervals of ninety (90) days or more including bullet repayment as soon as default occurs.

In addition, loans, advances and financing that are considered individually significant, the Group assesses on a case-by-case basis at each reporting date whether there is any objective evidence that loans, advances and financing are credit-impaired.

The gross loans, advances and financing analysed by credit quality are set out in the credit risk section of Note 47(ii) to the financial statements.

The description of the approaches adopted for the determination of individual and collective impairment allowance are set out in Note 2(iii)(h)(ii) to the financial statements.

## 4. CREDIT RISK (CONT'D.)

### 4.5 Credit Quality of Gross Loans, Advances and Financing (Cont'd.)

**Gross Loans, Advances and Financing by Credit Quality (Cont'd.)**

**(a) Past Due But Not Credit-impaired**

Tables (i)-(iii) present the analyses of past due but not credit-impaired loans, advances and financing of the Group by the following:

(i) Economic purpose
(ii) Geographical
(iii) Aging

**(i) Economic Purpose**

| Group | 2025 RM'000 | 2024 RM'000 |
|---|---|---|
| Purchase of securities | **6,615** | 1,212,969 |
| Purchase of transport vehicles | **9,280,128** | 7,909,665 |
| Purchase of properties | **13,160,999** | 14,183,653 |
| (Of which: – residential | **10,506,424** | 10,484,753 |
| – non-residential) | **2,654,575** | 3,698,900 |
| Purchase of fixed assets (excluding properties) | **1,897** | 11,296 |
| Personal use | **701,951** | 687,958 |
| Credit card | **346,954** | 292,012 |
| Construction | **136,673** | 81,507 |
| Working capital | **789,537** | 969,511 |
| Other purpose | **12,783** | 147,170 |
| | **24,437,537** | 25,495,741 |

**(ii) Geographical**

| Group | 2025 RM'000 | 2024 RM'000 |
|---|---|---|
| Malaysia | **23,381,838** | 24,460,711 |
| Hong Kong & China | **300,356** | 358,445 |
| Cambodia | **548,397** | 478,419 |
| Other countries | **206,946** | 198,166 |
| | **24,437,537** | 25,495,741 |

**(iii) Aging**

| Group | 2025 RM'000 | 2024 RM'000 |
|---|---|---|
| 1 day to 30 days | **17,850,767** | 19,012,080 |
| 31 to 59 days | **4,459,233** | 4,331,517 |
| 60 to 89 days | **2,127,537** | 2,152,144 |
| | **24,437,537** | 25,495,741 |

## 4. CREDIT RISK (CONT'D.)

### 4.5 Credit Quality of Gross Loans, Advances and Financing (Cont'd.)

**Gross Loans, Advances and Financing by Credit Quality (Cont'd.)**

**(b) Credit-impaired Loans, Advances and Financing**

Tables (i)-(ii) present the analyses of credit-impaired loans, advances and financing of the Group and the impairment allowances of the Group by the following:

(i) Economic purpose
(ii) Geographical

**(i) Economic Purpose**

| Group | Credit-impaired Loans, Advances and Financing RM'000 | Individual Assessment Allowance at 1 January RM'000 | Net Charge for the Year RM'000 | Amounts Written Off/Other Movements RM'000 | Individual Assessment Allowance at 31 December RM'000 | Collective Assessment Allowance at 31 December RM'000 | Total Impairment Allowances for Loans, Advances and Financing RM'000 |
|---|---|---|---|---|---|---|---|
| **2025** | | | | | | | |
| Purchase of securities | 2,566 | 1 | (1) | – | – | 19,506 | 19,506 |
| Purchase of transport vehicles | 273,066 | 53,118 | 26,095 | (11,925) | 67,288 | 708,551 | 775,839 |
| Purchase of properties | 1,416,730 | 181,758 | 81,452 | (19,878) | 243,332 | 968,080 | 1,211,412 |
| (Of which: – residential | 717,365 | 21,855 | 4,864 | (8,999) | 17,720 | 344,683 | 362,403 |
| – non-residential) | 699,365 | 159,903 | 76,588 | (10,879) | 225,612 | 623,397 | 849,009 |
| Purchase of fixed assets (excluding properties) | 9,868 | 1,499 | (411) | (311) | 777 | 2,545 | 3,322 |
| Personal use | 152,838 | 26,079 | 157,925 | (160,252) | 23,752 | 108,379 | 132,131 |
| Credit card | 12,774 | 322 | 662 | (491) | 493 | 33,194 | 33,687 |
| Purchase of consumer durables | 1 | – | – | – | – | 1 | 1 |
| Construction | 10,658 | 749 | 52 | (82) | 719 | 113,079 | 113,798 |
| Mergers and acquisitions | – | – | – | – | – | 24 | 24 |
| Working capital | 402,647 | 44,152 | 36,258 | (37,870) | 42,540 | 318,980 | 361,520 |
| Other purpose | 3,425 | – | – | – | – | 773,607 | 773,607 |
| | 2,284,573 | 307,678 | 302,032 | (230,809) | 378,901 | 3,045,946 | 3,424,847 |

## 4. CREDIT RISK (CONT'D.)

### 4.5 Credit Quality of Gross Loans, Advances and Financing (Cont'd.)

**Gross Loans, Advances and Financing by Credit Quality (Cont'd.)**

**(b) Credit-impaired Loans, Advances and Financing (Cont'd.)**

Tables (i)-(ii) present the analyses of credit-impaired loans, advances and financing of the Group and the impairment allowances of the Group by the following: (Cont'd.)

**(i) Economic Purpose (Cont'd.)**

| Group | Credit-impaired Loans, Advances and Financing RM'000 | Individual Assessment Allowance at 1 January RM'000 | Net Charge for the Year RM'000 | Amounts Written Off/Other Movements RM'000 | Individual Assessment Allowance at 31 December RM'000 | Collective Assessment Allowance at 31 December RM'000 | Total Impairment Allowances for Loans, Advances and Financing RM'000 |
|---|---|---|---|---|---|---|---|
| **2024** | | | | | | | |
| Purchase of securities | 3,181 | 8,414 | (8,413) | – | 1 | 6,551 | 6,552 |
| Purchase of transport vehicles | 244,722 | 20,921 | 53,050 | (20,853) | 53,118 | 637,270 | 690,388 |
| Purchase of properties | 1,354,011 | 157,635 | 34,402 | (10,279) | 181,758 | 992,839 | 1,174,597 |
| (Of which: – residential | 759,535 | 8,213 | 18,050 | (4,408) | 21,855 | 343,244 | 365,099 |
| – non-residential) | 594,476 | 149,422 | 16,352 | (5,871) | 159,903 | 649,595 | 809,498 |
| Purchase of fixed assets (excluding properties) | 11,528 | 2,393 | 770 | (1,664) | 1,499 | 2,631 | 4,130 |
| Personal use | 161,909 | 25,894 | 139,425 | (139,240) | 26,079 | 112,713 | 138,792 |
| Credit card | 11,878 | 197 | 147 | (22) | 322 | 40,210 | 40,532 |
| Purchase of consumer durables | 4 | – | – | – | – | 1 | 1 |
| Construction | 7,415 | 1,346 | 124,503 | (125,100) | 749 | 118,551 | 119,300 |
| Mergers and acquisitions | – | – | – | – | – | 10 | 10 |
| Working capital | 429,528 | 36,225 | 105,491 | (97,564) | 44,152 | 284,698 | 328,850 |
| Other purpose | 1,317 | – | – | – | – | 1,196,121 | 1,196,121 |
| | 2,225,493 | 253,025 | 449,375 | (394,722) | 307,678 | 3,391,595 | 3,699,273 |

## 4. CREDIT RISK (CONT'D.)

### 4.5 Credit Quality of Gross Loans, Advances and Financing (Cont'd.)

**Gross Loans, Advances and Financing by Credit Quality (Cont'd.)**

**(b) Credit-impaired Loans, Advances and Financing (Cont'd.)**

Tables (i)-(ii) present the analyses of credit-impaired loans, advances and financing of the Group and the impairment allowances of the Group by the following: (Cont'd.)

**(ii) Geographical**

| Group | Credit-impaired Loans, Advances and Financing RM'000 | Individual Assessment Allowance at 1 January RM'000 | Net Charge for the Year RM'000 | Amounts Written Off/Other Movements RM'000 | Individual Assessment Allowance at 31 December RM'000 | Collective Assessment Allowance at 31 December RM'000 | Total Impairment Allowances for Loans, Advances and Financing RM'000 |
|---|---|---|---|---|---|---|---|
| **2025** | | | | | | | |
| Malaysia | **1,521,919** | **181,431** | **48,573** | **(20,225)** | **209,779** | **2,823,758** | **3,033,537** |
| Hong Kong & China | **371,067** | **101,024** | **208,698** | **(176,851)** | **132,871** | **79,652** | **212,523** |
| Cambodia | **233,004** | **6,635** | **38,359** | **(28,969)** | **16,025** | **97,496** | **113,521** |
| Other countries | **158,583** | **18,588** | **6,402** | **(4,764)** | **20,226** | **45,040** | **65,266** |
| | **2,284,573** | **307,678** | **302,032** | **(230,809)** | **378,901** | **3,045,946** | **3,424,847** |
| **2024** | | | | | | | |
| Malaysia | 1,528,059 | 92,266 | 108,272 | (19,107) | 181,431 | 3,158,721 | 3,340,152 |
| Hong Kong & China | 324,289 | 125,785 | 294,937 | (319,698) | 101,024 | 100,377 | 201,401 |
| Cambodia | 204,175 | 8,358 | 13,436 | (15,159) | 6,635 | 82,155 | 88,790 |
| Other countries | 168,970 | 26,616 | 32,730 | (40,758) | 18,588 | 50,342 | 68,930 |
| | 2,225,493 | 253,025 | 449,375 | (394,722) | 307,678 | 3,391,595 | 3,699,273 |

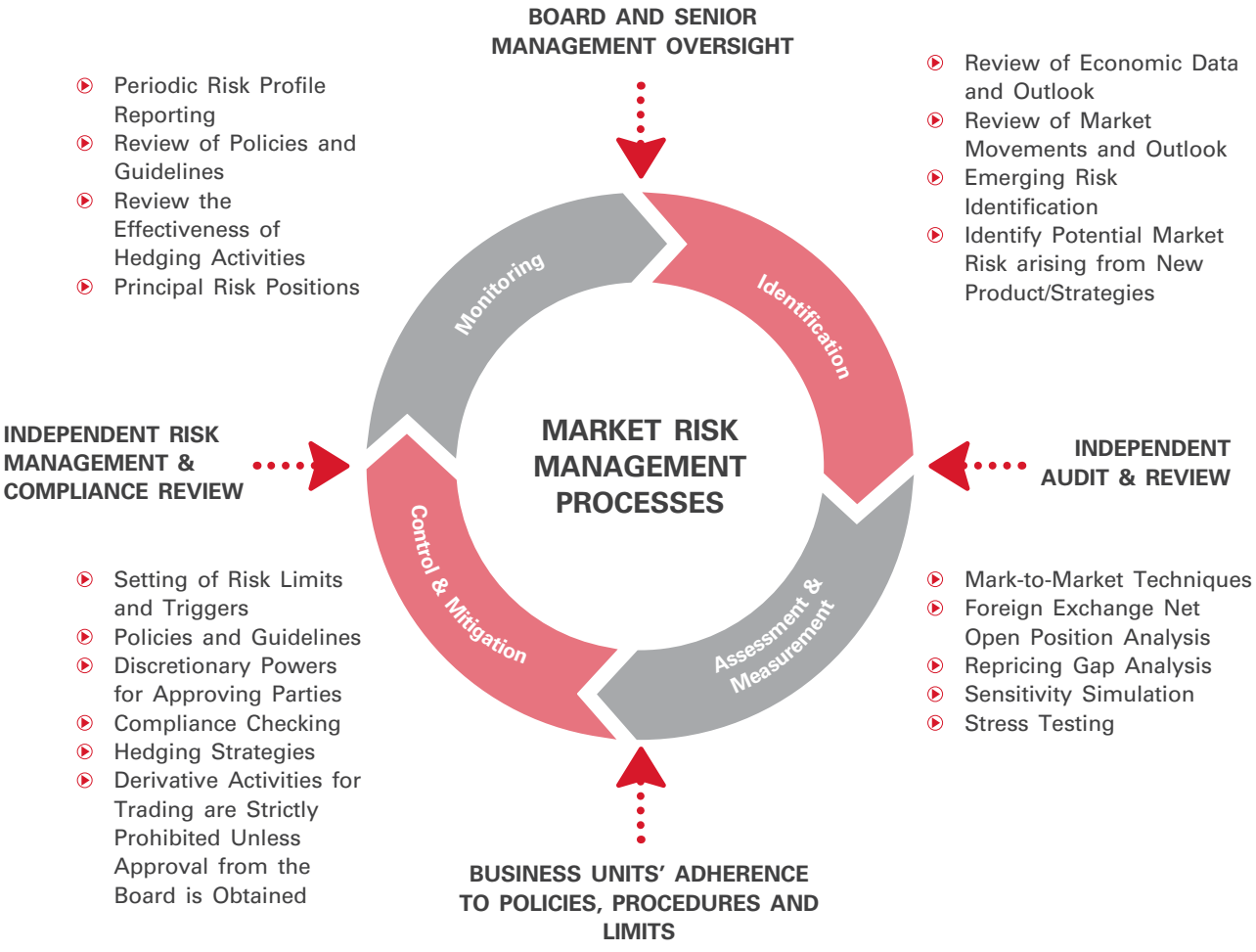
# Pillar 3 Disclosure

As at 31 December 2025

## 5. MARKET RISK

Market risk is the risk of movements in market variables, including interest/rates of return, foreign exchange rates, commodity prices and equity prices, which will reduce the earnings or capital of the Group.

The following diagram presents the risk management processes over market risk.




The risk governance and risk management approach for market risk are set out in the market risk section of Note 47 to the financial statements.

## 5. MARKET RISK (CONT'D.)

### Minimum Regulatory Capital Requirements for Market Risk

The following tables present the minimum regulatory capital requirements for market risk of the Group and of the Bank.

| Group | Long Position RM'000 | Short Position RM'000 | Risk–Weighted Assets RM'000 | Minimum Capital Requirement at 8% RM'000 |
|---|---|---|---|---|
| **2025** | | | | |
| Interest rate/rate of return risk | **44,158,626** | **(42,606,179)** | **1,940,052** | **155,204** |
| Foreign exchange risk | **7,758,585** | **(2,124,592)** | **5,640,701** | **451,256** |
| **Total** | **51,917,211** | **(44,730,771)** | **7,580,753** | **606,460** |
| **2024** | | | | |
| Interest rate/rate of return risk | 41,194,078 | (39,524,849) | 1,878,855 | 150,308 |
| Foreign exchange risk | 6,709,698 | (1,180,211) | 5,529,659 | 442,373 |
| **Total** | 47,903,776 | (40,705,060) | 7,408,514 | 592,681 |

| Bank | Long Position RM'000 | Short Position RM'000 | Risk–Weighted Assets RM'000 | Minimum Capital Requirement at 8% RM'000 |
|---|---|---|---|---|
| **2025** | | | | |
| Interest rate risk | **41,831,803** | **(41,324,182)** | **1,885,051** | **150,804** |
| Foreign exchange risk | **4,847,241** | **(3,975,036)** | **2,729,357** | **218,349** |
| **Total** | **46,679,044** | **(45,299,218)** | **4,614,408** | **369,153** |
| **2024** | | | | |
| Interest rate risk | 39,263,544 | (38,587,869) | 1,816,480 | 145,318 |
| Foreign exchange risk | 4,222,949 | (3,372,321) | 3,042,910 | 243,433 |
| **Total** | 43,486,493 | (41,960,190) | 4,859,390 | 388,751 |

# Pillar 3 Disclosure

As at 31 December 2025

## 5. MARKET RISK (CONT'D.)

### 5.1 Interest Rate/Rate of Return Risk in the Banking Book

**Interest Rate/Rate of Return Risk Sensitivity Analysis**

The following table presents the projected Group's sensitivity to a 100 basis point parallel rate movement across all maturities applied on the Group's interest rate/rate of return sensitivity gap as at the reporting date, taking into consideration the behavioural pattern of certain indeterminate maturity of deposits such as demand and savings deposits to reflect the actual sensitivity behavioural of these deposits. Where the current interest rate/rate of return is lower than 1%, the downward rate shock applied is restricted to the prevailing interest rate/rate of return.

| | 2025 | | 2024 | |
|---|---|---|---|---|
| | -100 bps | +100 bps | -100 bps | +100 bps |
| | ← Increase/(Decrease) → | | | |
| **Group** | **RM'000** | **RM'000** | **RM'000** | **RM'000** |
| **Impact on Net Interest/Profit Income ("NII/NPI")** | | | | |
| Ringgit Malaysia | **(962,051)** | **938,253** | (912,745) | 857,709 |
| United States Dollars | **(27,041)** | **16,794** | (29,735) | 23,785 |
| Hong Kong Dollars | **(39,198)** | **28,899** | (43,001) | 37,111 |
| Other Currencies | **(20,733)** | **17,223** | (30,741) | 27,192 |
| **Total** | **(1,049,023)** | **1,001,169** | (1,016,222) | 945,797 |
| **Impact on Economic Value of Equity ("EVE")** | | | | |
| Ringgit Malaysia | **3,105,399** | **(1,604,678)** | 2,826,851 | (1,420,147) |
| United States Dollars | **131,267** | **(84,454)** | 135,585 | (89,705) |
| Hong Kong Dollars | **822** | **30,350** | (20,978) | 48,922 |
| Other Currencies | **69,826** | **(49,249)** | 63,390 | (50,746) |
| **Total** | **3,307,314** | **(1,708,031)** | 3,004,848 | (1,511,676) |

The reported amounts do not capture the impact of business growth or of management actions and are based on the balance sheet as at reporting date. In reality, the Assets & Liabilities Management Committee ("ALCO") seeks to proactively change the interest rate/rate of return risk profile to minimise losses and maximise net revenue. The projection assumes a constant statements of financial position and that all positions run to maturity.

The repricing profile of loans/financing that does not have maturity is based on the earliest possible repricing dates. Actual dates may differ from contractual dates owing to prepayments. Where possible and material, loans/financing prepayments are generally estimated based on past statistics and trends. The impact on the NII/NPI and EVE are measured on a monthly basis for the Bank and quarterly basis for the Group, both of which are reported to the ALCO and RMC.

## 6. EQUITY EXPOSURES IN THE BANKING BOOK

The following tables present the equity exposures in the banking book and the gains and losses on equity exposures in the banking book of the Group.

### (a) Equity Exposures in the Banking Book

| Group | 2025 Gross Credit Exposure RM'000 | 2025 Risk-Weighted Assets RM'000 | 2024 Gross Credit Exposure RM'000 | 2024 Risk-Weighted Assets RM'000 |
|---|---|---|---|---|
| Publicly traded | | | | |
| Holdings of equity investments | **1,758** | **1,758** | 1,529 | 1,529 |
| Privately held | | | | |
| For socio-economic purposes | **866,474** | **866,474** | 838,792 | 838,792 |
| Not for socio-economic purposes | **46,176** | **69,264** | 45,876 | 68,814 |
| | **912,650** | **935,738** | 884,668 | 907,606 |
| **Total** | **914,408** | **937,496** | 886,197 | 909,135 |

#### (i) Publicly Traded

Holdings of equity investments comprise mainly of shares listed in an exchange, are held for dividend yield purpose and to take advantage of favourable movements in equity prices. Decisions concerning investing in equities are made by the Share Investment Committee. Equity positions are monitored against pre-determined cut-loss limits. All publicly traded equity exposures are stated at fair value.

#### (ii) Privately Held

The privately held equity investments are stated at fair value.

### (b) Gains and Losses on Equity Exposures in the Banking Book

| Group | 2025 RM'000 | 2024 RM'000 |
|---|---|---|
| Realised gain recognised in profit or loss | | |
| – Privately held equity investments | – | 220 |
| Unrealised revaluation (loss)/gain recognised in profit or loss | | |
| – Privately held equity investments | **(17,374)** | 72,929 |
| Unrealised revaluation gain recognised in other comprehensive income | | |
| – Privately held equity investments | **49,000** | 29,432 |
| – Publicly traded equity investments | **229** | 51 |
| | **49,229** | 29,483 |

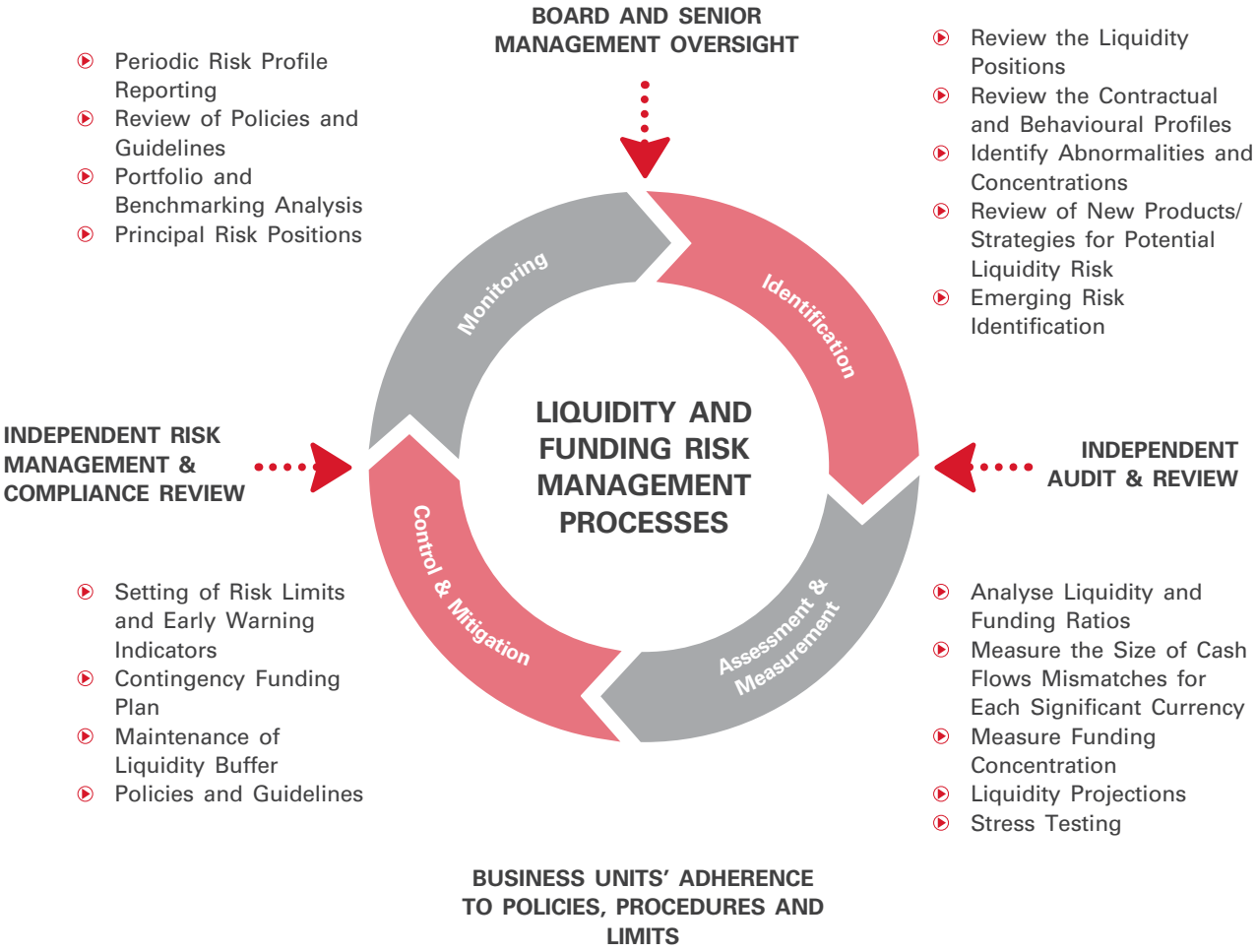
# Pillar 3 Disclosure

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## 7. LIQUIDITY AND FUNDING RISK

Liquidity and funding risk is the risk of insufficient liquid assets to meet obligations due and/or inefficient funding structure resulting in high funding cost.

The following diagram presents the risk management processes over liquidity and funding risk.

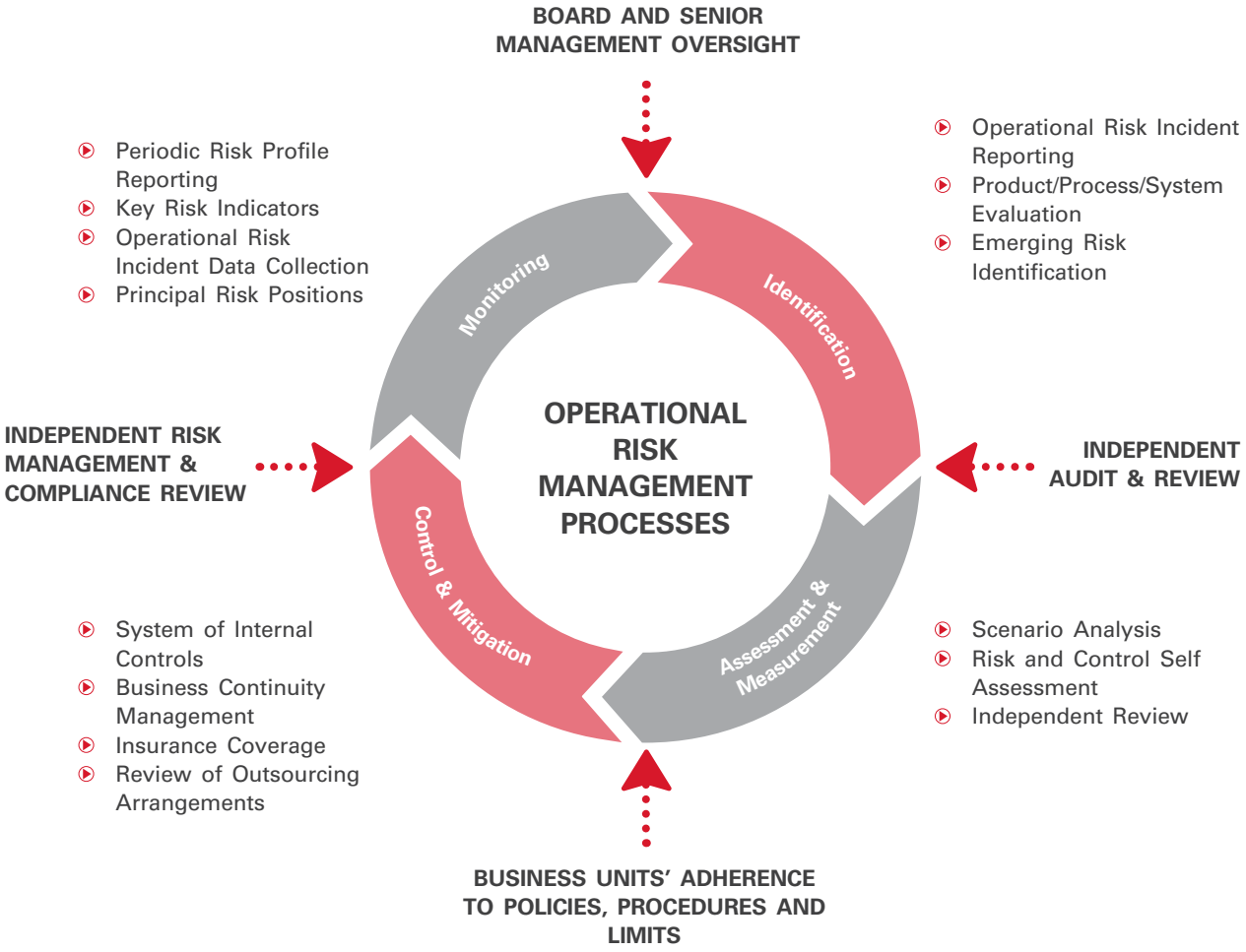



The risk governance and risk management approach for liquidity and funding risk are set out in the liquidity and funding risk section of Note 47 to the financial statements.

## 8. OPERATIONAL RISK

Operational risk is the risk of inadequate or failed internal processes, people and systems or from external events which would result in financial loss, disruptions in financial services/operations or reputational harm. Operational risk is unavoidable as it is inherent in all banking businesses. The objective of the operational risk management of the Group is to manage its operational risk within an acceptable level.

The following diagram presents the risk management processes over operational risk.




The risk governance and risk management approach for operational risk are set out in the operational risk section of Note 47 to the financial statements.

## 8. OPERATIONAL RISK (CONT'D.)

**Minimum Regulatory Capital Requirements for Operational Risk**

The following table presents the minimum regulatory capital requirements for operational risk of the Group and of the Bank.

| | 2025 | | 2024 | |
|---|---|---|---|---|
| | Risk-Weighted Assets RM'000 | Minimum Capital Requirement at 8% RM'000 | Risk-Weighted Assets RM'000 | Minimum Capital Requirement at 8% RM'000 |
| Group | **27,438,111** | **2,195,049** | 24,890,459 | 1,991,237 |
| Bank | **20,374,940** | **1,629,995** | 16,934,756 | 1,354,781 |

## 9. SHARIAH NON-COMPLIANCE RISK

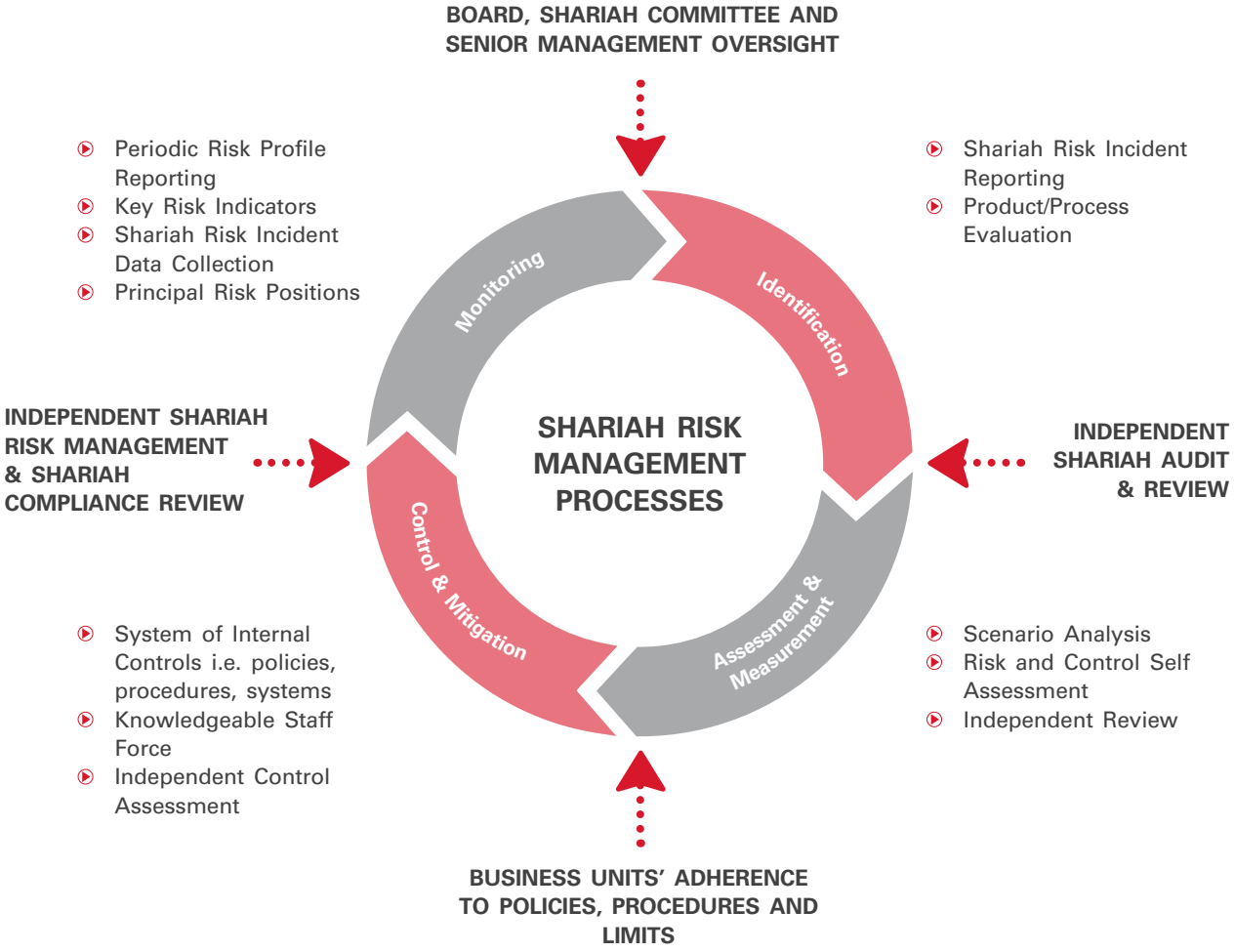
Shariah non-compliance ("SNC") risk is the risk of failure to comply with the rulings of the Shariah Advisory Council of BNM, standards on Shariah matters issued by BNM or decisions or advice of the Shariah Committee ("SC") which could result in legal or regulatory sanctions, financial loss or non-financial implications including reputational damage.

SNC risk of the Group may emanate from the Islamic banking operations, business, affairs and activities of Public Islamic, the management of Shariah-based funds by Public Mutual Berhad and the Islamic capital market activities of Public Investment Bank Berhad.

## 9. SHARIAH NON-COMPLIANCE RISK (CONT'D.)

**Islamic Banking Operations**

The following diagram presents the risk management processes over SNC risk:




The following disclosures on SNC risk are set out in the SC report and SNC risk section of Note 47 to the financial statements:

(a) Nature of Shariah non-compliant activities;
(b) Amount of Shariah non-compliant income;
(c) Number of non-Shariah compliant events occurring during the year; and
(d) Rectification process and control measures to avoid recurrence of such Shariah non-compliant activities.

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