MBSB INVESTMENT BANK BERHAD (197501002077 / 23878-X)

(Formerly known as MIDF Amanah Investment Bank Berhad)
(Incorporated in Malaysia)

FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

197501002077 (23878-X)
MBSB Investment Bank Berhad
(Formerly known as MIDF Amanah Investment Bank Berhad)
(Incorporated in Malaysia)

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197501002077 (23878-X)
MBSB Investment Bank Berhad
(Formerly known as MIDF Amanah Investment Bank Berhad)
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Directors' Report
For the financial year ended 31 December 2025

The Directors have pleasure in submitting their report together with the audited financial statements of MBSB Investment Bank Berhad (formerly known as MIDF Amanah Investment Bank Berhad) ("the Bank") and its subsidiaries (together referred to as "the Group") for the financial year ended 31 December 2025.

Principal activities

The Bank is principally engaged in investment banking and related financial services.

Financial results

	Group RM'000	Bank RM'000
Net profit for the financial year	61,493	61,692

Dividend

Since the end of previous financial year, the Bank paid single-tier interim dividend for the year ended 31 December 2024 of 96.77 sen per ordinary share amounting to RM150,000,000. The dividend was paid on 17 March 2025. The Bank also paid a first interim single tier dividend of 17.20 sen per ordinary share amounting to RM26,660,000 in respect of financial year ended 31 December 2025. The dividend was paid on 11 September 2025.

On 23 January 2026, the Director approved the payment of second interim single-tier dividend of 65.00 sen per ordinary share totalling RM100,750,000 in respect to the current financial year.

The financial statements for the current financial year do not reflect the interim dividend. The dividend will be accounted for in equity as an appropriation of retained profits in the financial year ending 31 December 2026.

Reserves, provisions and allowances

There were no material transfers to or from reserves or provisions or allowances during the financial year other than as disclosed in the financial statements and notes to the financial statements.

Bad and doubtful debts and financing

Before the financial statements of the Group and of the Bank were prepared, the Directors took reasonable steps to ascertain that proper actions had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debt and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts.

At the date of this report, the Directors are not aware of any circumstances which would render the amount written off for bad debts, or the amount of the allowance for doubtful debts in the financial statements of the Group and of the Bank, inadequate to any substantial extent.

Current assets

Before the financial statements of the Group and of the Bank were prepared, the Directors took reasonable steps to ascertain that any current assets, other than loans and financing, which were unlikely to realise in the ordinary course of business, including the values of current assets as shown in the accounting records of the Group and of the Bank had been written down to an amount which the current assets might be expected so to realise.

At the date of this report, the Directors are not aware of any circumstances which would render the values attributed to current assets in the financial statements of the Group and the Bank misleading.

Valuation methods

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

Contingent and other liabilities

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

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

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

No contingent or other liability in the Group or the Bank has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may affect the ability of the Group or of the Bank to meet their obligations as and when they fall due.

Change of circumstances

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, that would render any amount stated in the financial statements misleading.

Items of an unusual nature

In the opinion of the Directors, the results of the operations of the Group and of the Bank for the financial year ended 31 December 2025, have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report.

Directors

The Directors of the Bank and the Bank's subsidiaries who have held office during the financial year and during the period from the end of the financial year to the date of this report are:

Directors of the Bank
Dato' Wan Kamaruzaman bin Wan Ahmad (appointed on 5 August 2025)
Encik Azlan bin Abdullah
Puan Norashikin binti Mohd Kassim
Lynette Yeow Su-Yin (appointed on 1 January 2025)
Encik Gan Kim Khoon (appointed on 1 January 2026)
Datuk Mohd Nasir bin Ali (retired on 4 August 2025)
Encik Ahlan Nasri bin Mohd Nazir @ Nasir (resigned on 31 December 2025)

The name of the Directors of the Bank's subsidiaries in office since the beginning of the financial year to date of this report are:

Directors of MBSB Investment Nominees (Tempatan) Sdn Bhd (formerly known as MIDF Amanah Investment Nominees (Tempatan) Sdn Bhd) and MBSB Investment Nominees (Asing) Sdn Bhd (MIDF Amanah Investment Nominees (Asing) Sdn Bhd)
Encik Sheikh Shahruddin Bin Sheikh Salim
Dato' Seri Diraja Nur Julie Gwee Ariff (appointed on 30 September 2025)
Encik Kheirul Anwar bin Mohamed (resigned on 2 July 2025)
Taufiq Iskandar bin Jamingan (appointed on 1 July 2025 and resigned w.e.f 1 October 2025)

Directors' interest in shares and share options

None of the Directors in office at the end of the financial year had any interest in shares and options over shares in the Bank or its related corporations during the financial year.

Directors' benefits

Since the end of the previous financial year, no Director of the Bank has received nor become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by Directors as shown in Note 25 to the financial statements) by reason of a contract made by the Bank or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest.

Neither at the end of the financial year nor at any time during that year, did there subsist any arrangement to which the Bank or its subsidiaries were a party, whereby the Directors might acquire benefits by means of the acquisition of shares in or debentures of the Bank or any of its related corporations during the financial year.

Indemnity and Takaful cost

The Directors, Shariah Advisory Committee members and Officers of the Group and of the Bank are covered by Directors' and Officers' Liability Takaful of the penultimate holding company, MBSB Berhad. During the financial year, the annual takaful cost for the Group and the Bank amounting to RM44,809 (2024: RM25,208).

Immediate, penultimate and ultimate holding companies/body

The immediate and penultimate holding companies are Malaysian Industrial Development Finance Berhad ("MIDF") and MBSB Berhad respectively. Both companies are incorporated in Malaysia. The ultimate holding body is Employees Provident Fund ("EPF"), a statutory body established under the Employees Provident Fund Act 1991 (Act 452).

Subsidiary

The details of the Bank's subsidiaries are disclosed in Note 10 to the financial statements.

Directors' remuneration

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

	Group and Bank RM'000
Fees	595
Other emoluments	346
	941

Auditors' remuneration

Auditors' remuneration of the Group and Bank for the current year is as follows:

	Group RM'000	**Bank RM'000**
Statutory audit	518	513
Regulatory-related services	110	110
Other audit fees	48	40
	676	663

Business review for 2025

The Group registered a profit before taxation and zakat of RM83.3 million for the financial year ended 31 December 2025 as compared to a profit before taxation and zakat of RM22.0 million in the prior year. As at 31 December 2025, the Group had assets of RM5,269.2 million (2024: RM5,868.8 million).

The Group’s net loans, financing and advances decreased by 10.8% to RM1,587.6 million and deposits from customers decreased by 19.5% to RM4,317.8 million as compared to last financial year.

As at 31 December 2025, the Group's CET1 capital ratio and total capital ratio, after proposed dividend stood at 25.009% and 26.139% respectively. The Group maintained healthy liquidity position, with liquidity coverage ratio of 149.3% (average 12 months of 173.5%) remained above the minimum regulatory requirement of 100%.

Outlook 2026

The global economy is expected to grow at a moderate yet stable pace in 2026, supported by ongoing normalisation of monetary policies, resilient consumption in many major markets, and continued recovery in global trade activity. According to the International Monetary Fund (“IMF”) and World Bank consensus, global growth is projected to remain around 3.1%–3.3%, broadly steady with 2025 levels, as structural and cyclical headwinds continue to moderate expansion.

According to Bank Negara Malaysia (“BNM”), Malaysia’s economy is expected to expand by 4.0%-4.5% in 2026, anchored by strong domestic fundamentals, resilient household spending and continued investment activity. A stable labour market and ongoing income growth are expected to underpin consumption, while investment activity is likely to remain robust, driven by both public and private sector initiatives, including multi-year strategic projects. This growth outlook remains subject to uncertainties, in particular surrounding global developments. Downside risks remain from slower global trade and lower-than-expected commodity production. Meanwhile, upside potential to growth could arise from a better global growth outlook, stronger demand for electrical and electronics goods, and more robust tourism activity. Monetary conditions are expected to remain supportive, with BNM maintaining policy stability to foster sustainable growth while managing inflationary risks.

At the penultimate holding company, the business plan for MBSB Berhad and subsidiaries ("MBSB Group") for 2026 will continue to be guided by the FLIGHT26 strategy. Introduced in early 2024, FLIGHT26 is a 3-year strategy that targets improvement and optimisation in 4 key areas, namely the cost of fund, financing growth, operating expenditure, and higher proportion of fee-based income. MBSB Group will strive to deliver excellent customer service and higher value proposition via new products and digital channels, as well as superior customer experience offerings.

As a subsidiary of MBSB Berhad, the Bank strives to enhance synergies with MBSB Bank Berhad by offering a comprehensive range of investment banking services, including debt capital market solutions, corporate finance advisory, equity underwriting, treasury management, equity broking, and economic and equity research. These services complement MBSB Bank Berhad's offerings, providing a complete suite of banking solutions for its customers.

Statement of Corporate Governance

The Board of Directors ("the Board") of the Group and the Bank is pleased to report although the Group and the Bank is not a listed company, the Board has endeavoured to apply the principles and comply with the relevant best practices of corporate governance as set out in the Malaysian Code on Corporate Governance ("the Code"). The Group and the Bank is also required to comply with BNM's policy document on Corporate Governance ("BNM/RH/PD 029-9") issued on 3 August 2016.

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Statement of Shariah Governance

The Board equally understands its role to be ultimately accountable and responsible for the Shariah governance and overall Shariah compliance of the Bank and has put in place a robust Shariah governance arrangement and has performed an effective oversight over the implementation of Ruling of the BNM SAC, SAC resolutions, internal control framework as well as the performance of the Group and the Bank in relation to the Shariah governance implementation.

Towards achieving this goal, the Board has evaluated and is of the view that the planned resources to be put in place in 2024-2025 for the Shariah support and control functions which have been reviewed by the SAC are in line to achieve this goal and to accommodate the Bank's current and strategic initiatives.

Sound Shariah compliance culture within the Bank is outlined in the existing policies and procedures which are also reviewed and approved by the SAC or its delegates to ensure that its overall operations, business, affairs and activities are conducted, at all times, in conformity with Shariah.

Auditors

The auditors, PricewaterhouseCoopers PLT (LLP0014401-LCA & AF 1146), have expressed their willingness to continue in office.

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

17 MAR 2026

Dato' Wan Kamaruzaman bin Wan Ahmad

Gan Kim Khoon

Petaling Jaya, Malaysia

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

We, Dato' Wan Kamaruzaman bin Wan Ahmad and Gan Kim Khoon, being two of the Directors of MBSB Investment Bank Berhad (formerly known as MIDF Amanah Investment Bank Berhad) do hereby state that, in the opinion of the Directors, the accompanying financial statements set out on pages 13 to 157 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Bank as at 31 December 2025 and of their financial performance and cash flows for the financial year then ended.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors dated 17 MAR 2026

Dato' Wan Kamaruzaman bin Wan Ahmad

Gan Kim Khoon

Petaling Jaya, Malaysia

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

I, Shahnaz Farouque bin Jammal Ahmad being the officer primarily responsible for the financial management of MBSB Investment Bank Berhad (formerly known as MIDF Amanah Investment Bank Berhad), do solemnly and sincerely declare that the accompanying financial statements set out on pages 13 to 157 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 Shahnaz Farouque bin Jammal Ahmad at Petaling Jaya in the state of Selangor Darul Ehsan on 17 MAR 2026

Shahnaz Farouque bin Jammal Ahmad

Before me,

PESURUHJAYA SUMPAH
No: B 479
NORAZILA BINTI HASSAN
01.01.2024 - 31.12.2026
MALAYSIA

Unit G082 Ground Floor, Millenium Square
98 Jalan 14/1,
46100 Petaling Jaya, Selangor

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SHARIAH ADVISORY COMMITTEE'S ANNUAL REPORT

To the Shareholder of MBSB INVESTMENT BANK BERHAD

The Management is responsible to ensure that MBSB Investment Bank Berhad's (formerly known as MIDF Amanah Investment Bank Berhad) ("the Bank") Islamic operations, business, affairs and activities are in accordance with the Shariah requirements. The responsibility of the Shariah Advisory Committee ("Shariah Advisory Committee") of the Bank is to form an independent opinion, based on its review of the Islamic operations, business, affairs and activities of the Bank, and to report to the Shareholder.

We have reviewed the business transactions and contracts relating to the Islamic banking scheme/ Skim Perbankan Islam ("SPI") undertaken by the Bank for the financial year ended 31 December 2025.

We have noted and had made the necessary enquiries on the Shariah Research & Advisory, Shariah Review, Shariah Risk and Shariah Audit reports and updates presented to us as part of our continuous assessment to form an opinion as to whether the Bank's SPI had complied with Shariah along with the specific resolutions, rulings and guidelines issued by us and other relevant authorities.

In our opinion and to the best of our knowledge based on the above control processes:

A) The contracts, transactions and dealings relating to SPI products and services of the Bank for the year ended 31 December 2025 that we had noted and reviewed are in compliance with Shariah. Nothing has come to the attention of the Shariah Advisory Committee that would cause it to believe that the operations, business, affairs, and activities of the IFI involve any material Shariah non-compliances;

B) There has been no Shariah non-compliant or prohibited income during the financial year ended 31 December 2025;

C) The calculation of zakat for the financial year ended 31 December 2025 is in compliance with Shariah principles; and

D) The relevant zakat for financial year ended 31 December 2024 was paid during the financial year ended 31 December 2025 to the approved parties.

In view of the above, the Shariah Advisory Committee hereby confirms that the Islamic operations, business, affairs and activities business activities of the Bank for the year ended 31 December 2025 have been conducted in conformity with Shariah requirements.

Nothing has come to the Shariah Advisory Committee's attention that causes us to believe that the Islamic operations, business, affairs and activities of the Bank involve any material Shariah non-compliances.

We beg Allah the Almighty to grant us the success and the straight path.

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For and on behalf of MBSB Investment Bank Berhad (formerly known as MIDF Amanah Investment Bank Berhad):

Chairman of Shariah Advisory Committee:

Ts. Dr. Nasrun Bin Mohamad @ Ghazali

Deputy Chairman of Shariah Advisory Committee:

Dr. Ahmad Faizol Bin Ismail

INDEPENDENT AUDITORS' REPORT
TO THE MEMBER OF MBSB INVESTMENT BANK BERHAD

(Formerly known as MIDF Amanah Investment Bank Berhad)
(Incorporated in Malaysia)
Registration No. 197501002077 (23878-X)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Our opinion

In our opinion, the financial statements of MBSB Investment Bank Berhad ("the Bank") (formerly known as MIDF Amanah Investment Bank Berhad) and its subsidiaries ("the Group") 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 Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

What we have audited

We have audited the financial statements of the Group and of the Bank, which comprise the statements of financial position as at 31 December 2025 of the Group and of the Bank, and the 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 a summary of material accounting policies, as set out on pages 13 to 157.

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

Information other than the financial statements and auditors' report thereon

The Directors of the Bank are responsible for the other information. The other information comprises the Directors' Report and Shariah Advisory Committee's Report, but does not include the financial statements of the Group and of the Bank and our auditors' report thereon.

PricewaterhouseCoopers PLT (LLP0014401-LCA & AF 1146),
Chartered Accountants, Level 10, Menara TH 1 Sentral,
Jalan Rakyat, Kuala Lumpur Sentral, P O Box 10192,
50706 Kuala Lumpur, Malaysia.
T: +60 (3) 2173 1188, F: +60 (3) 2173 1288

www.pwc.com

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 Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the 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 judgement and maintain professional scepticism throughout the audit. We also:

(a) 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.

(b) 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.

(c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

(d) Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or on 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.

(e) 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.

(f) 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 Group financial statements. 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.

OTHER MATTERS

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

PRICEWATERHOUSECOOPERS PLT
LLP0014401-LCA & AF 1146
Chartered Accountants

WILLIAM MAH JIN CHIEK
03085/07/2027 J
Chartered Accountant

Kuala Lumpur
17 March 2026

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Statements of financial position as at 31 December 2025

	Note	Group 2025 RM'000	2024 RM'000
Assets			
Cash and short-term funds	4	561,985	384,944
Financial investments at fair value through other comprehensive income ("FVOCI")	5	1,829,921	1,782,963
Financial investments at amortised cost	6	1,148,333	1,742,352
Loans, advances and financing	7	1,587,600	1,779,571
Other assets	8	68,505	39,865
Tax recoverable		15,845	18,545
Statutory deposits with Bank Negara Malaysia	9	37,027	90,317
Property and equipment	11	7,522	9,506
Intangible assets	12	10,002	11,712
Right-of-use asset	13(a)	2,001	3,209
Deferred tax assets	14	476	5,783
Total assets		5,269,217	5,868,767
Liabilities			
Deposits from customers	15	2,756,321	3,421,892
Deposits and placements of banks and other financial institutions	16	1,561,519	1,428,673
Other liabilities	17	143,927	103,814
Lease liabilities	13(b)	2,064	3,269
Provision for taxation and zakat		2,855	2,006
Total liabilities		4,466,686	4,959,654
Equity			
Share capital	18	369,111	369,111
Reserves	19	433,420	540,002
Total equity		802,531	909,113
Total liabilities and equity		5,269,217	5,868,767
Commitments and contingencies	32	415,085	605,883

The accompanying notes are an integral part of these financial statements.

Statements of financial position as at 31 December 2025 (cont'd.)

	Note	Bank 2025 RM'000	Bank 2024 RM'000
Assets			
Cash and short-term funds	4	555,118	367,402
Financial investments at fair value through other comprehensive income ("FVOCI")	5	1,829,921	1,782,963
Financial investments at amortised cost	6	1,148,333	1,742,352
Loans, advances and financing	7	1,587,600	1,779,571
Other assets	8	75,304	57,141
Tax recoverables		15,837	18,535
Statutory deposits with Bank Negara Malaysia	9	37,027	90,317
Investment in subsidiaries	10	-*	-*
Property and equipment	11	7,522	9,506
Intangible assets	12	10,002	11,712
Right-of-use asset	13(a)	2,001	3,209
Deferred tax assets	14	476	5,783
Total assets		5,269,141	5,868,491
Liabilities			
Deposits from customers	15	2,756,321	3,421,892
Deposits and placements of banks and other financial institutions	16	1,561,519	1,428,673
Other liabilities	17	143,923	103,808
Lease liabilities	13(b)	2,064	3,269
Provision for zakat		2,838	1,990
Total liabilities		4,466,665	4,959,632
Equity			
Share capital	18	369,111	369,111
Reserves	19	433,365	539,748
Total equity		802,476	908,859
Total liabilities and equity		5,269,141	5,868,491
Commitments and contingencies	32	415,085	605,883

* Denotes RM4

The accompanying notes are an integral part of these financial statements.

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Statements of profit or loss
For the financial year ended 31 December 2025

	Note	Group		Bank	
		2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Interest income	20	108,061	116,229	108,061	116,229
Interest expense	21	(54,680)	(61,030)	(54,680)	(61,030)
Net interest income		53,381	55,199	53,381	55,199
Net income from Islamic Banking operations	39(o)	88,493	79,359	88,493	79,359
Non-interest income	22	26,339	31,202	26,459	31,064
		168,213	165,760	168,333	165,622
Staff costs	23	(49,110)	(53,507)	(49,110)	(53,507)
Depreciation and amortisation		(7,213)	(4,542)	(7,213)	(4,542)
Other operating expenses	24	(36,389)	(65,987)	(36,365)	(65,967)
Operating profit before allowances		75,501	41,724	75,645	41,606
Impairment loss written back/ (made) on:					
- loans, advances and financing	26	7,999	(20,288)	7,999	(20,288)
- financial investments	27	337	438	337	438
- other assets	28	(559)	156	(559)	156
Profit before taxation and zakat		83,278	22,030	83,422	21,912
Taxation	29	(20,578)	(5,379)	(20,523)	(5,299)
Zakat		(1,207)	(1,356)	(1,207)	(1,356)
Profit for the financial year		61,493	15,295	61,692	15,257
Earnings per ordinary share (sen)					
- Basic and diluted	30	39.7	9.9		

The accompanying notes are an integral part of these financial statements.

Statements of comprehensive income
For the financial year ended 31 December 2025

	Group		Bank	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Profit for the financial year	61,493	15,295	61,692	15,257
Other comprehensive (loss)/income to be reclassified to profit or loss in subsequent periods:				
Changes in allowance for expected credit loss ("ECL") on financial investments at FVOCI	(63)	(231)	(63)	(231)
Net (gain)/loss on financial investments at FVOCI				
- Transfer of gain to profit or loss upon disposal	(3,648)	(1,612)	(3,648)	(1,612)
- Fair value changes	15,120	9,739	15,120	9,739
	11,409	7,896	11,409	7,896
Income tax relating to net gain on financial investments at FVOCI (Note 14)	(2,750)	(1,950)	(2,750)	(1,950)
	(2,750)	(1,950)	(2,750)	(1,950)
Net other comprehensive profit to be reclassified to profit or loss in subsequent periods	8,659	5,946	8,659	5,946
Other comprehensive (loss)/gain not to be reclassified to profit or loss in subsequent periods:				
Re-measurement loss on defined benefit plans (Note 17(b))	(98)	(76)	(98)	(76)
Income tax relating to re-measurement loss on defined benefit plans (Note 14)	24	19	24	19
Net other comprehensive loss not to be reclassified to profit or loss in subsequent periods	(74)	(57)	(74)	(57)
Other comprehensive gain for the the financial year	8,585	5,889	8,585	5,889
Total comprehensive income for the financial year	70,078	21,184	70,277	21,146

The accompanying notes are an integral part of these financial statements.

197501002077 (23878-X)
MBSB Investment Bank Berhad
(Formerly known as MIDF Amanah Investment Bank Berhad)
(Incorporated in Malaysia)

Statements of changes in equity
For the financial year ended 31 December 2025

	<---------- Non-distributable ---------->			Distributable	
Group	**Share capital RM'000**	**Regulatory reserve RM'000**	**FVOCI reserve RM'000**	**Retained profits RM'000**	**Total RM'000**
At 1 January 2025	369,111	34,761	(1,705)	506,946	909,113
Profit for the financial year	-	-	-	61,493	61,493
Other comprehensive income/(loss)	-	-	8,659	(74)	8,585
Total comprehensive income for the financial year	-	-	8,659	61,419	70,078
Transfer from regulatory reserve	-	(3,318)	-	3,318	-
Dividend (Note 31)	-	-	-	(176,660)	(176,660)
At 31 December 2025	369,111	31,443	6,954	395,023	802,531
At 1 January 2024	369,111	37,324	(7,651)	489,145	887,929
Profit for the financial year	-	-	-	15,295	15,295
Other comprehensive income/(loss)	-	-	5,946	(57)	5,889
Total comprehensive income for the financial year	-	-	5,946	15,238	21,184
Transfer from regulatory reserve	-	(2,563)	-	2,563	-
At 31 December 2024	369,111	34,761	(1,705)	506,946	909,113
	Note 18	Note 19(a)	Note 19(b)		

The accompanying notes are an integral part of these financial statements.

Statements of changes in equity
For the financial year ended 31 December 2025 (cont'd.)

	<---------- Non-distributable ---------->			Distributable	
Bank	**Share capital RM'000**	**Regulatory reserve RM'000**	**FVOCI reserve RM'000**	**Retained profits RM'000**	**Total RM'000**
At 1 January 2025	369,111	34,761	(1,705)	506,692	908,859
Profit for the financial year	-	-	-	61,692	61,692
Other comprehensive income/(loss)	-	-	8,659	(74)	8,585
Total comprehensive income for the financial year	-	-	8,659	61,618	70,277
Transfer from regulatory reserve	-	(3,318)	-	3,318	-
Dividend (Note 31)	-	-	-	(176,660)	(176,660)
At 31 December 2025	369,111	31,443	6,954	394,968	802,476
At 1 January 2024	369,111	37,324	(7,651)	488,929	887,713
Profit for the financial year	-	-	-	15,257	15,257
Other comprehensive income/(loss)	-	-	5,946	(57)	5,889
Total comprehensive income for the financial year	-	-	5,946	15,200	21,146
Transfer from regulatory reserve	-	(2,563)	-	2,563	-
At 31 December 2024	369,111	34,761	(1,705)	506,692	908,859
	Note 18	Note 19(a)	Note 19(b)		

The accompanying notes are an integral part of these financial statements.

Statements of cash flows
For the financial year ended 31 December 2025

	Group		Bank	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Cash flows from operating activities				
Profit before taxation and zakat	83,278	22,030	83,422	21,912
Adjustments for:				
Depreciation of property, plant and equipment	2,440	1,582	2,440	1,582
Amortisation of intangible assets	3,565	1,838	3,565	1,838
Depreciation of right-of-use assset	1,208	1,122	1,208	1,122
Gain on disposal of property, plant and equipment	-	(92)	-	(92)
Accretion of discount less amortisation of premium				
- financial investments at FVOCI	(215)	2,380	(215)	2,380
- financial investments at amortised cost	573	1,764	573	1,764
Net gain on sale of financial assets at FVTPL	-	(14)	-	(14)
Net gain on sale of financial investments at FVOCI	(3,648)	(1,612)	(3,648)	(1,612)
Net unrealised loss on revaluation				
- derivative instruments	-	7,275	-	7,275
Impairment loss (written back)/ made on:				
- loans, advances and financing	(7,158)	20,312	(7,158)	20,312
- financial investments	(337)	(490)	(337)	(490)
- other assets	477	(156)	477	(156)
Finance cost on lease liability	112	145	112	145
Dividend income				
- financial investments at FVOCI	(49)	(49)	(49)	(49)
- subsidiaries	-	-	(262)	(208)
Intangible assets written-off	-	7	-	7
Provision for employee benefits	326	211	326	211
	80,572	56,253	80,454	55,927

The accompanying notes are an integral part of these financial statements.

Statements of cash flows
For the financial year ended 31 December 2025 (cont'd.)

	Group		Bank	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Cash flows from operating activities (cont'd.)				
Decrease/(increase) in operating assets:				
Interest/Profit adjustments:				
Financial assets at FVTPL	-	14	-	14
Financial investments at FVOCI	(17,952)	93,153	(17,952)	93,153
Financial investments at amortised cost	165,713	19,859	165,713	19,859
Loans, advances and financing	197,260	(163,726)	197,260	(161,847)
Other assets	(29,117)	(8,707)	(18,641)	(7,761)
Statutory deposits with Bank Negara Malaysia	53,290	12,344	53,290	12,344
(Decrease)/increase in operating liabilities:				
Deposits from customers and deposits and placements of banks and other financial institutions	(532,725)	(805,138)	(532,725)	(805,138)
Other liabilities	44,630	62,455	44,632	60,570
Cash used in operations	(38,329)	(733,493)	(27,969)	(732,879)
Taxes paid	(16,052)	(13,274)	(15,987)	(13,200)
Taxes refunded	753	-	741	-
Zakat paid	(360)	(272)	(360)	(272)
Retirement benefits paid	(366)	-	(366)	-
Net cash used in operating activities	(54,354)	(747,039)	(43,941)	(746,351)

Statements of cash flows
For the financial year ended 31 December 2025 (cont'd.)

	Group		Bank	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Cash flows from investing activities				
Dividends received				
- financial investments at FVOCI	49	49	49	49
- subsidiaries	-	-	262	208
Purchase of property and equipment	(464)	(7,356)	(464)	(7,356)
Purchase of intangible assets	(1,847)	(1,294)	(1,847)	(1,294)
Purchase of right-of-use assets	-	(4,331)	-	(4,331)
Proceeds from disposal of property and equipment	-	92	-	92
Interest/profit income from:				
- financial investments at FVOCI	13,033	13,829	13,033	13,829
- financial investments at amortised cost	10,507	15,861	10,507	15,861
Purchase of:				
- financial investments at FVOCI	(804,406)	(1,186,546)	(804,406)	(1,186,546)
Sale proceeds of:				
- financial investments at FVOCI	775,000	1,070,000	775,000	1,070,000
- financial investments at amortised cost	417,500	512,500	417,500	512,500
Net cash generated from investing activities	409,372	412,804	409,634	413,012

Statements of cash flows
For the financial year ended 31 December 2025 (cont'd.)

	Group		Bank	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Cash flows from financing activities				
Lease paid	(1,317)	(1,207)	(1,317)	(1,207)
Dividend paid on ordinary shares	(176,660)	-	(176,660)	-
Net cash used in financing activities	(177,977)	(1,207)	(177,977)	(1,207)
Net increase/(decrease) in cash and cash equivalents	177,041	(335,442)	187,716	(334,546)
Cash and cash equivalents at 1 January	384,944	720,386	367,402	701,948
Cash and cash equivalents at 31 December	561,985	384,944	555,118	367,402
Cash and cash equivalents comprise:				
Cash and short-term funds (Note 4)	561,985	384,944	555,118	367,402

An analysis of changes in liabilities arising from financing activities for the financial year is as follows:

Group and Bank	Lease liabilities RM'000
At 1 January 2025	3,269
Finance cost during the year	112
Repayment and redemption	(1,317)
At 31 December 2025	2,064
At 1 January 2024	-
Finance cost during the year	145
Additions	4,331
Repayment and redemption	(1,207)
At 31 December 2024	3,269

Notes to the financial statements - 31 December 2025

Corporate information

The Bank is a public limited liability company, incorporated and domiciled in Malaysia. The address of the registered office and principal place of business of the Bank is as follows:

Level 25, Menara MBSB Bank,
PJ Sentral,
Lot 12, Persiaran Barat, Seksyen 52,
46200 Petaling Jaya,
Selangor

The Bank is principally engaged in investment banking and related financial services. The principal activities of the subsidiaries are the provision of nominees' services as disclosed in Note 10. There have been no significant changes in the nature of these activities during the financial year.

The immediate and penultimate holding companies are Malaysian Industrial Development Finance Berhad ("MIDF") and MBSB Berhad ("MBSB"), respectively. All companies are incorporated in Malaysia. The ultimate holding body is Employees Provident Fund ("EPF"), a statutory body established under the Employees Provident Fund Act 1991 (Act 452).

The financial statements were approved and authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 17 March 2026.

1. Basis of preparation

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

The financial statements have been prepared under historical cost convention, as modified by the revaluation of financial assets at fair value through profit or loss, financial investments at fair value through other comprehensive income, derivatives financial instruments and deposits of banks and other financial institutions at fair value through profit or loss.

The preparation of financial statements in conformity with MFRS requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of income and expenses during the reported period. It also requires the Directors to exercise their judgement in the process of applying the Group's and the Bank's accounting policies. Although these estimates and judgement are based on the Directors' best knowledge of current events and actions, actual results may differ from those estimates.

The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

1. Basis of preparation (cont'd.)

(A) Standards, amendments to published standards and interpretation that are effective

The Group and the Bank has applied the following standards and amendments for the first time for the financial year beginning on 1 January 2025:

- Amendments to MFRS 121 'Lack of Exchangeability'

The adoption of other amendment listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

(B) IFRIC agenda decisions that are concluded and published

In view that MFRS is fully converged with IFRS Accounting Standards, the Group and the Bank considers all agenda decisions published by the IFRS Interpretations Committee. Where relevant, the Group and the Bank may change its accounting policy to be aligned with the agenda decision.

During the year, the Group and Bank have assessed the implication of the IFRIC agenda decision on guarantees issued on obligations of other entities.

The IFRIC agenda decisions do not give rise to any material financial impact to the Group and the Bank.

(C) Standards and amendments that have been issued but not yet effective

Certain new accounting standards and amendments to accounting standards have been published that are not mandatory for 31 December 2025 reporting periods and have not been early adopted by the Group and the Bank. None of these is expected to have a significant effect on the consolidated financial statements of the Bank Group, except for the following set out below:

(i) MFRS 18 'Presentation and Disclosure in Financial Statements' (effective 1 January 2027) replaces MFRS 101 'Presentation of Financial Statements'.

- The new MFRS introduces a new structure of profit or loss statement.

(a) Income and expenses are classified into 3 new main categories:

i. Operating category which typically includes results from the main business activities;
ii. Investing category that presents the results of investments in associates and joint ventures and other assets that generate a return largely independently of other resources; and
iii. Financing category that presents income and expenses from financing liabilities.

1. Basis of preparation (cont'd.)

(C) Standards and amendments that have been issued but not yet effective (cont'd.)

(i) MFRS 18 'Presentation and Disclosure in Financial Statements' (effective 1 January 2027) replaces MFRS 101 'Presentation of Financial Statements'. (cont'd.)

(b) Entities are required to present two new specified subtotals: 'Operating profit or loss' and 'Profit or loss before financing and income taxes'.

- Management-defined performance measures are disclosed in a single note and reconciled to the most similar specified subtotal in MFRS Accounting Standards.

- Changes to the guidance on aggregation and disaggregation which focus on grouping items based on their shared characteristics.

(ii) Amendments to MFRS 9 and MFRS 7 'Amendments to the Classification and Measurement of Financial Instruments' (effective 1 January 2026) have:

- require financial assets to be derecognised on the date the contractual rights to the cash flows expire and financial liabilities to be derecognised when obligation under the contract is discharged (i.e. the settlement date). In addition, there is an optional exception to derecognise financial liabilities before the settlement date for settlement using electronic payment systems (if specified criteria are met);
- clarify and add further guidance for assessing whether a financial asset meets the solely payments of principal and interest ("SPPI") criterion;
- add new disclosures for certain instruments with contractual terms that can change cash flows (such as some financial instruments with features linked to the achievement of environment, social and governance targets); and
- update the disclosures for equity instruments designated at fair value through other comprehensive income ("FVOCI").

The Group and the Bank have not early adopted the above standards and amendments to existing standards and are in the process of asessing the impact of initial application when it becomes effective.

The following amendments are not expected to have a significant impact on the consolidated financial statements of the Group and the Bank:

- MFRS 19 'Subsidiaries without Public Accountability: Disclosures'
- Annual Improvements to MFRS Accounting Standards for enhanced consistency

2. Summary of material accounting policies

The accounting policies set out below have been applied consistently to the periods presented in these financial statements unless otherwise stated.

(a) Basis of consolidation

(i) Subsidiaries

A subsidiary is an entity over which the Bank has all of the following:

- power over the investee;
- exposure or rights to variable returns from its involvement with the investee; and
- the ability to use its power to affect those returns.

In the Bank's separate financial statements, investment in subsidiary is accounted for at cost less any impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 2(g) below. On disposal of such investment, the difference between the net disposal proceeds and its carrying amount is included in profit or loss. Dividend income received from subsidiary is recognised in profit or loss on the date that the Bank's right to receive payment is established.

(ii) Business combination

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. The assessment of control is performed continuously to determine if control exists or continues to exist over an entity. Acquisitions of subsidiaries are accounted for using the acquisition method of accounting when the acquired sets of activities and assets meet the definition of a business. The Group determines that it has acquired a business when the acquired set of activities and assets include an input and a substantive process that together significantly contribute to the ability to create outputs. The identifiable assets acquired and the liabilities assumed, with limited exceptions, are measured at their fair values at the acquisition date. Acquisition costs are expensed as incurred and included in administrative expenses.

The difference between these fair values and the fair value of the consideration (including the fair value of any pre-existing investment in the acquiree) is goodwill or discount on acquisition. Discount on acquisition which represents gain on bargain purchase is recognised immediately in profit or loss.

In business combinations achieved in stages, previously held equity interest in the acquiree is remeasured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

2. Summary of material accounting policies (cont'd.)

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

(ii) Business combination (cont'd.)

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with MFRS 9 in profit or loss. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

For each business combination, the Group elects whether to measure the non-controlling interest in the acquiree at the acquisition date either at fair value or at the proportionate share of the acquiree's identifiable net assets.

Changes in the Group's equity interest in a subsidiary that does not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their respective interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in Group's reserves.

If the Group losses control over a subsidiary, at the date the Group losses control, it:

- derecognises the assets (including goodwill) and liabilities of the subsidiary at their respective carrying amounts;
- derecognises the carrying amount of any non-controlling interest;
- derecognises the cumulative translation differences recorded in equity;
- recognises the fair value of the consideration or distribution received;
- recognises the fair value of any investment retained;
- recognises any surplus or deficit in profit or loss; and
- reclassifies the parent's share of components previously recognised in other

Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

(iii) Transactions eliminated on consolidation

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset.

2. Summary of material accounting policies (cont'd.)

(b) Currency translations

(i) Functional and presentation currency

Items included in the financial statements of the Group and the Bank are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is the Group and the Bank's functional and presentation currency and has been rounded to the nearest thousand (RM'000) except when otherwise indicated.

(ii) Foreign currency transactions and balances

Foreign currency transactions are translated to the respective functional currencies using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in profit or loss within net other income. All other foreign exchange gains and losses are presented in profit or loss on a net basis.

(c) Cash and cash equivalents

Cash and short-term funds in the statements of financial position consist of cash on hand, bank balances and deposits and placements with banks and other financial institutions with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

For the purposes of the statements of cash flows, cash and cash equivalents consist of cash and short-term funds as defined above.

(d) Financial assets

(i) Classification

The Group and the Bank classifies their financial assets into the following measurement categories:

- Fair value (either through other comprehensive income ("OCI"), or through profit or loss), and
- Amortised cost.

The classification depends on the Group's and the Bank's business model for managing the financial assets and the contractual terms of the cash flows.

2. Summary of material accounting policies (cont'd.)

(d) Financial assets (cont'd.)

(i) Classification (cont'd.)

(a) Business model assessment

The Group and the Bank conducts assessment of the objective of a business model to align with how an asset held within a portfolio is being managed. Factors that are being considered include the key objectives of a portfolio whether the business strategy is to earn contractual interest revenue, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realising a portfolio through sale of assets. Other factors considered also include the frequency and volume of sales in prior periods, how the asset's performance is evaluated and reported to key management personnel.

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

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 profit/interest. In applying the SPPI test, the Group and the Bank consider whether the contractual cash flows are consistent with a basic lending arrangement, i.e. profit 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 fair value through profit or loss. Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and profit/interest.

For financial assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investment in debt instruments, this will depend on the business model in which the investment is held. For investment in equity instruments, it is determined by the irrevocable election at the time of initial recognition to account for the equity investment at fair value through OCI by the Group and the Bank.

(i) Financial assets at fair value through OCI comprise of:

- Equity securities which are not held for trading, and for which the Group and the Bank have made an irrevocable election at initial recognition to recognise changes in fair value through other comprehensive income rather than profit or
- Debt securities where the contractual cash flows are solely principal and profit and the objective of the Group's and the Bank's business model is achieved both by collecting contractual cash flows and selling financial assets.

2. Summary of material accounting policies (cont'd.)

(d) Financial assets (cont'd.)

(i) Classification (cont'd.)

(b) Assessment whether contractual cash flows are solely payments of principal and profit/interest ("SPPI") (cont'd.)

(ii) The Group and the Bank classify their financial assets at amortised cost only if both of the following criteria are met:

- The asset is held within a business model with the objective of collecting the contractual cash flows, and
- The contractual terms give rise on specified dates to cash flows that are solely payments of principal and profit on the principal outstanding.

(iii) The Group and the Bank classify the following financial assets at fair value through profit or loss:

- Debt investments that do not qualify for measurement at either amortised cost or fair value through other comprehensive income;
- Equity investments that are held for trading, and
- Equity investments for which the entity has not elected to recognise at fair value

(ii) Recognition and initial measurement

A financial asset is recognised in the statement of financial position when the Group and the Bank become parties to the contractual provisions of the instrument. Regular way purchases and sales of financial assets are recognised on trade date, the date on which the Group and the Bank commit to purchase and sell the assets.

At initial recognition, the Group and the Bank measure financial assets at their fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

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

2. Summary of material accounting policies (cont'd.)

(d) Financial assets (cont'd.)

(iii) Subsequent measurement

(a) Debt instrument

Subsequent measurement of debt instruments depends on the Group's and the Bank's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories in which the Group and the Bank classify their debt instruments.

(i) Amortised cost

Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and profit/interest, and that are not designated at fair value through profit or loss are measured at amortised cost using the effective profit/interest method. Any gain or loss on a debt investment measured at amortised cost is recognised in profit or loss when the asset is derecognised or impaired. Profit/interest income from these financial assets is included in profit/finance income using the effective profit/interest rate method.

(ii) Fair value through other comprehensive income ("FVOCI")

Financial assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and profit/interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment losses or reversal of impairment losses, profit/interest income and foreign exchange gains and losses which are recognised in profit and loss.

When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in non-interest income. Profit/interest income from these financial assets is included in profit/finance income using the effective profit/interest rate method.

(iii) Fair value through profit or loss ("FVTPL")

Financial assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. The Group and the Bank may also irrevocably designate financial assets at FVTPL if doing so significantly reduces or eliminates a mismatch created by assets and liabilities being measured on different bases. Fair value changes is recognised in profit or loss and presented net within non-interest income in the period which it arises.

2. Summary of material accounting policies (cont'd.)

(d) Financial assets (cont'd.)

(iii) Subsequent measurement (cont'd.)

(b) Equity instrument

The Group and the Bank subsequently measure all equity investments at fair value except where the management has elected, at initial recognition to irrevocably designate at equity instrument at FVOCI. Where the Group's and the Bank's management have elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Group's and the Bank's right to receive payments is established.

Changes in the fair value of financial investments at FVTPL are recognised in non-interest income in the statement of income as applicable.

(iv) Reclassification of financial assets

The Group and the Bank reclassify financial assets when and only when their business model for managing those assets changes. In such cases, the Group and the Bank are required to reclassify all affected financial assets. However, it will be inappropriate to reclassify financial assets that have been designated at FVTPL, or equity instrument that have been designated at FVOCI even when there is a change in business model. Such designations are irrevocable.

(v) Modification of loans, advances and financing

The Group and the Bank may renegotiate or otherwise modify the contractual cash flows of loans, advances and financing to customers. When this happens, the Group and the Bank assess whether or not the new terms are substantially different to the original terms. The Group and the Bank do this by considering, among others, the following factors:

- 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.
- Whether any substantial new terms are introduced, such as a profit share/equity-based return that substantially affects the risk profile of the loans, advances and financing.
- Significant extension of the loans, advances and financing term when the borrower is not in financial difficulty.
- Significant change in the profit/interest rate.
- Change in the currency the loan/financing is denominated in.
- Insertion of collateral, other security or credit enhancements that significantly affect the credit risk associated with the loans, advances and financing.

2. Summary of material accounting policies (cont'd.)

(d) Financial assets (cont'd.)

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

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

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

(e) Financial liabilities

Financial liabilities are measured at amortised cost, except for trading liabilities and liabilities designated at fair value, which are held at fair value through profit or loss. Financial liabilities are initially recognised at fair value less transaction costs for all financial liabilities not carried at fair value through profit or loss. Financial liabilities at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in statement of profit or loss and other comprehensive income. Financial liabilities are derecognised when extinguished.

(i) Financial liabilities at fair value through profit or loss

This category comprises two sub-categories: financial liabilities classified as held for trading, and financial liabilities designated at fair value through profit or loss upon initial recognition.

A financial liability is classified as held for trading if it is acquired or incurred principally for the purpose of selling or repurchasing it in the near term or if it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking. Derivatives are also categorised as held for trading unless they are designated and effective as hedging instruments.

2. Summary of material accounting policies (cont'd.)

(e) Financial liabilities (cont'd.)

(i) Financial liabilities at fair value through profit or loss (cont'd.)

The financial liabilities measured at fair value through profit and loss upon initial recognition are trading derivatives and financial liabilities designated at fair value.

Financial liabilities, other than those held for trading, are classified as financial liabilities designated at fair value through profit or loss if they meet one or more of the criteria set out below, and are so designated by management.

Financial liabilities, other than those held for trading, are classified as financial liabilities designated at fair value through profit or loss if they meet one or more of the criteria set out below, and are so designated by management.

The Group and the Bank may designate financial liabilities at fair value through profit or loss when the designation:

- Eliminates or significantly reduces measurement or recognition inconsistencies that would otherwise arise from measuring financial assets or financial liabilities, or recognising gains and losses on them, on different bases;
- Applies to groups of financial liabilities that are managed, and their performance evaluated, on a fair value basis in accordance with a documented risk management or investment strategy; and
- Relates to financial liabilities containing one or more embedded derivatives that significantly modify the cash flows resulting from those financial instruments.

The fair value designation, once made, is irrevocable. Designated financial liabilities are recognised when the Group and the Bank enter into the contractual provisions of the arrangements with counterparties, which is generally on trade date, and are normally derecognised when the financial liabilities are extinguished. Measurement is initially at fair value, with transaction costs taken to the statements of income. Subsequently, the fair values are remeasured, and gains and losses from changes therein are recognised in the statements of income.

The component of fair value changes relating to the Group and the Bank’s own credit risk is recognised in OCI. Amounts recorded in OCI related to credit risk are not subject to recycling to profit or loss, but are transferred to retained earnings when realised.

2. Summary of material accounting policies (cont'd.)

(e) Financial liabilities (cont'd.)

(i) Financial liabilities at fair value through profit or loss (cont'd.)

The Group and the Bank determine the amount of fair value changes which are attributable to credit risk, by first determining the changes due to market conditions which give rise to market risk, and then deducting those changes from the total change in fair value of financial liabilities at FVTPL. Market conditions which give rise to market risk include changes in the benchmark interest rate. Fair value movements on the conversion option embedded derivative are excluded from the assessment of market risk fair value changes. The Group and the Bank believe that this approach most faithfully represents the amount of change in fair value due to the Group's and the Bank's own credit risk, as the changes in factors contributing to the fair value of the items other than the changes in the benchmark interest rate are not deemed to be significant.

The Group and the Bank designated certain structured deposits at fair value through profit or loss as permitted under MFRS 9 'Financial Instruments' as it significantly reduces accounting mismatch that would otherwise arise from measuring the corresponding assets and liabilities on different basis. The fair value changes of the structured deposits which are linked to profit rate derivatives that are attributable to the changes in own credit risk, are not significant. Financial liability measured at FVTPL is structured deposits linked to profit rate derivatives within the deposits of banks and other financial institutions.

(ii) Financial liabilities at amortised cost

Financial liabilities that are not classified as fair value through profit or loss fall into this category and are measured at amortised cost.

Financial liabilities measured at amortised cost are deposits from customers, deposits and placements of banks and other financial institutions (other than those designated as FVTPL), investment accounts of customers, Islamic repurchase agreement, other payables, lease liabilities, recourse obligation on financing sold and sukuk.

(f) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is 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. The legally enforcable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of defaults, insolvency or bankruptcy.

2. Summary of material accounting policies (cont'd.)

(g) Impairment of financial assets

The Group and the Bank assess on a forward-looking basis the ECL associated with its financial assets carried at amortised cost and fair value through other comprehensive income. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

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 the objective evidence of impairment exists, i.e. credit-impaired for an individually assessed financial asset, a lifetime ECL will be recognised for impairment loss. Financial assets which are collectively assessed are grouped on the basis of similar credit risk characteristics.

The Group and the Bank have adopted the general approach for ECL.

Measurement

The Group and the Bank recognise loss allowances for expected credit losses ("ECL") on financial assets measured at amortised cost and financial investments measured at FVOCI (debt securities), but not on investments in equity instruments. ECL are a probability-weighted estimate of credit losses.

The Group and the Bank measure loss allowances at an amount equal to lifetime ECL except for debt securities that are determined to have low credit risk at the reporting date and other financial instruments of which credit risk has not increased significantly since initial recognition, which are measured at 12-month ECL.

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

The key inputs into the measurement of ECL are the term structure of the following variables:

- probability of default ("PD");
- loss given default ("LGD"); and
- exposure at default ("EAD").

ECL for exposures in Stage 1 is calculated by multiplying the 12-month PD by LGD and EAD. Lifetime ECL is calculated by multiplying the lifetime PD by LGD and EAD.

2. Summary of material accounting policies (cont'd.)

(g) Impairment of financial assets (cont'd.)

Measurement (cont'd.)

PD provides an estimate of the likelihood that a customer will be unable to meet its debt obligation or default over a particular time horizon, usually in the course of 1 year.

LGD is the magnitude of the likely loss if there is a default. The Group and the Bank estimate LGD parameters based on the history of recovery rates of claims against defaulted counterparties. The LGD models consider the structure, collateral, seniority of the claim, counterparty industry and recovery costs of any collateral that is integral to the financial asset.

EAD represents the expected exposure in the event of a default. The Group and the Bank derive the EAD from the current exposure to the counterparty and potential changes to the current amount allowed under the contract and arising from amortisation. The EAD of a financial asset is its gross carrying amount at the time of default. For lending commitments, the EADs are potential future amounts that may be drawn under the contract, which are estimated based on historical observations and forward-looking forecasts. For financial guarantees, the EAD represents the amount of the guaranteed exposure when the financial guarantee becomes payable. For some financial assets, EAD is determined by modelling the range of possible exposure outcomes at various points in time using scenario and statistical techniques.

As described above, and subject to using a maximum of a 12-month PD for Stage 1 financial assets, the Group and the Bank measure ECL considering the risk of default over the maximum contractual period (including any customer’s extension options) over which they are exposed to credit risk, even if, for credit risk management purposes, the Group and the Bank consider a longer period. The maximum contractual period extends to the date at which the Group and the Bank have the right to require repayment of an advance or terminate a financing commitment or guarantee.

However, for facilities that include both a financing and an undrawn commitment component, the Group and the Bank measure ECL over a period longer than the maximum contractual period if the Group’s and the Bank's contractual ability to demand repayment and cancel the undrawn commitment does not limit the Group’s and the Bank's exposure to credit losses to the contractual notice period. These facilities do not have a fixed term or repayment structure. the Group and the Bank can cancel them with immediate effect but this contractual right is not enforced in the normal day-to-day management, but only when the Group and the Bank become aware of an increase in credit risk at the facility level. This longer period is estimated taking into account the credit risk management actions that the Group and the Bank expect to take, and that serve to mitigate ECL. These include a reduction in limits, cancellation of the facility and/or turning the outstanding balance into a financing with fixed repayment terms.

2. Summary of material accounting policies (cont'd.)

(g) Impairment of financial assets (cont'd.)

Measurement (cont'd.)

Where modelling of a parameter is carried out on a collective basis, the financial instruments are grouped on the basis of shared risk characteristics that include but not limited to:

- instrument type;
- credit risk gradings;
- collateral type;
- financing-to-value ("FTV") ratio for retail property financing;
- date of initial recognition;
- remaining term to maturity;
- industry; and
- geographic location of the customer.

The groupings are subject to regular review to ensure that exposures within a particular group remain appropriately homogeneous. For portfolios in respect of which the Group and the Bank have limited historical data, external benchmark information is used to supplement the internally available data.

Recognition

Lifetime ECL is the ECL that results from all possible default events over the expected life of the asset, while 12-month ECL are the portion of ECL that result from default events that are possible within the 12 months after the reporting date. The maximum period considered when estimating ECL is the maximum contractual period over which the Group and the Bank are exposed to credit risk.

Financial assets are segregated into 3 stages depending on the changes in credit quality since initial recognition.

Stage 1 includes financial assets that do not have a significant increase in credit risk since initial recognition or those that have low credit risk at reporting date. For these assets, 12-month ECL are recognised and profit income is calculated on the gross carrying amount of the assets.

Stage 2 includes financial assets that have a significant increase in credit risk since initial recognition but do not have objective evidence of impairment. For those assets, lifetime ECL is recognised and profit income is still calculated on the gross carrying amount of the asset.

Stage 3 includes financial assets that have objective evidence of impairment at reporting date. For these assets, lifetime ECL is recognised and profit income is calculated on the net carrying amount.

2. Summary of material accounting policies (cont'd.)

(g) Impairment of financial assets (cont'd.)

Significant increase in credit risk ("SICR")

Obligatory triggers applied by the Group and the Bank in determining whether there has been a significant increase in credit risk is where the principal or profit or both of the financing assets are overdue for more than 90 days, but less than 91 days or hit any of the qualitative indicators but not limited to increase in internal credit spread of an existing facility, breach of covenants and decrease in securities prices.

The credit risk may also be deemed to have increased significantly since initial recognition based on qualitative factors linked to the Group's and the Bank's credit risk management processes. This will be the case for exposures that meet certain heightened risk criteria, such as placement on a watchlist. Such qualitative factors are based on the management's expert judgement and relevant historical experiences.

The Group and the Bank determine days past due by counting the number of days since the earliest elapsed due date in respect of which full payment has not been received.

If there is evidence that there is no longer a significant increase in credit risk relative to initial recognition, then the loss allowance on a financial asset returns to being measured as 12-month ECL. Some qualitative indicators of an increase in credit risk, such as delinquency or forbearance, may be indicative of an increased risk of default that persists after the indicator itself has ceased to exist. In these cases, the Group and the Bank determine a probation period during which the financial asset is required to demonstrate good behaviour to provide evidence that its credit risk has declined sufficiently. When contractual terms of a financing have been modified, evidence that the criteria for recognising lifetime ECL are no longer met includes a history of up-to-date payment performance against the modified contractual terms.

Credit-impaired (Default)

At each reporting date, the Group and the Bank assess whether financial assets carried at amortised cost and debt securities at FVOCI are credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

The Group and the Bank consider a financial asset to be in default when:

(a) Payment conduct

- Where the principal or profit or both of the financing is past due for more than 90 days or 3 months;
- In the case of revolving facilities (e.g. revolving working capital or overdraft facilities), notwithstanding the first trigger above, where the outstanding amount has remained in excess of the approved limit for a period of more than 90 days or 3 months; or

2. Summary of material accounting policies (cont'd.)

(g) Impairment of financial assets (cont'd.)

Credit-impaired (Default) (cont'd.)

(a) Payment conduct (cont'd.)

- Where payments are scheduled on intervals of 3 months or longer, the account shall be classified as impaired as soon as a default occurs (i.e. when the customer is unable to meet the contractual payment terms), unless it does not exhibit any weakness that would render it classified as impaired according to the Group's and the Bank's credit risk grading framework.

(b) Restructured and rescheduled ("R&R") financing; or

(c) Customer/issuer is declared bankrupt/wound up.

In assessing whether a customer is in default, the Group and the Bank consider indicators that are:

- qualitative: e.g. breaches of covenant;
- quantitative: e.g. overdue status and non-payment on another obligation of the same issuer to the Group or the Bank; and
- based on data developed internally and obtained from external sources.

Inputs into the assessment of whether a financial asset is in default and their significance may vary over time to reflect changes in circumstances. The definition of default largely aligns with that applied by the Group and the Bank for regulatory capital purposes.

ECL against credit-impaired financial assets are determined based on an assessment of the recoverable cash flows, including the realisation of any collateral held where appropriate. The ECL held represent the difference between the present value of the cash flows expected to be recovered, discounted at the instrument's original effective profit rate, and the gross carrying value of the instrument prior to any credit impairment.

Restructured financial assets

If the terms of a financial asset are renegotiated or modified or an existing financial asset is replaced with a new one due to financial difficulties of the customer, then an assessment is made of whether the financial asset should be derecognised and ECL are measured as follows:

- If the expected restructuring will not result in derecognition of the existing asset, then the expected cash flows arising from the modified financial asset are included in calculating the cash shortfalls from the existing asset.

2. Summary of material accounting policies (cont'd.)

(g) Impairment of financial assets (cont'd.)

Restructured financial assets (cont'd.)

If the terms of a financial asset are renegotiated or modified or an existing financial asset is replaced with a new one due to financial difficulties of the customer, then an assessment is made of whether the financial asset should be derecognised and ECL are measured as follows: (cont'd.)

- If the expected restructuring will result in derecognition of the existing asset, then the expected fair value of the new asset is treated as the final cash flow from the existing financial asset at the time of its derecognition. This amount is included in calculating the cash shortfalls from the existing financial asset that are discounted from the expected date of derecognition to the reporting date using the original effective profit rate of the existing financial asset.

ECL for restructured financial assets that are not considered to be credit-impaired will be recognised on 12-month basis. However, if there is a significant increase in credit risk, the ECL will be recognised on a lifetime basis.

Incorporation of forward-looking information

MFRS 9 specifically requires measurement of ECL using not only past and current information, but also including forecast information. Hence, the ECL calculations include forward-looking adjustment according to the expected future macroeconomic conditions. Forward-looking adjustment incorporated within the ECL model is a combination of statistical analysis and expert judgements based on the availability of detailed information. External information considered includes economic data and forecasts published by external rating agencies.

Key macroeconomic variables (“MEV”) that are incorporated into the ECL calculations include, but not limited to Unemployment Rate and Consumer Price Index ("CPI"). Forward-looking MEVs are supported with 3 economic scenarios i.e. baseline, best and worst case scenarios based on the available forecasts.

Methodology and assumptions including forecasts of future economic conditions are reviewed regularly.

Write-down/write-off

Financial assets and related impairment allowances are normally written down/written off, either partially or in full, when there is no realistic prospect of recovery of the financial assets. This is generally the case when the Group and the Bank determine that the customer does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-down/write-off. This assessment is carried out at the individual asset level. Where financial assets are secured, the write-down/write-off is normally done after receipt of any proceeds from the realisation of security.

2. Summary of material accounting policies (cont'd.)

(g) Impairment of financial assets (cont'd.)

Write-down/write-off (cont'd.)

Financial assets that are written down/written off could still be subject to enforcement activities in order to comply with the Group's and the Bank's procedures for recovery of amounts due.

(h) Fiduciary assets

The Group provides trust and other fiduciary services that result in the holding or investing of assets on behalf of its clients. Assets held in fiduciary capacity are not recognised as the assets of the Group.

(i) Property and equipment and depreciation

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

Subsequent to recognition, property and equipment are measured at cost less any accumulated depreciation and any accumulated impairment losses. When significant parts of property and equipment are required to be replaced, the Group and the Bank recognise such parts as individual assets with specific useful lives and depreciation. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the property and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

Depreciation of property and equipment is provided for on a straight-line basis to write down the cost of each asset to its residual value over the estimated useful life from the date they are available for use. The estimated useful life is as follows:

Work in progress	*
Office equipment	5 years
Motor vehicles	5 years
Computers	5 years
Renovations	5 years
Furniture, fixtures and fittings	5 years

* Property and equipment in progress will not be depreciated until they become ready for use.

2. Summary of material accounting policies (cont'd.)

(i) Property and equipment and depreciation (cont'd.)

The carrying amounts of property and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying amounts may not be recoverable. Valuations are performed with sufficient regularity to ensure that the fair value of a revalued asset does not differ materially from its carrying amount.

The residual values, useful lives and depreciation methods are reviewed at end of the reporting period, and adjusted prospectively, if appropriate.

An item of property and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the asset is included in profit or loss in the year the asset is derecognised.

(j) Leases

Leases are recognised as right-of-use ("ROU") asset and a corresponding liability at the date on which the leased asset is available for use by the Group and the Bank (i.e. the commencement date).

Contracts may contain both lease and non-lease components. The Group and the Bank allocate the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices.

(i) Lease term

In determining the lease term, the Group and the Bank consider all facts and circumstances that create an economic incentive to exercise an extension option, or not to exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not to be terminated).

The Group and the Bank reassess the lease term upon the occurrence of a significant event or change in circumstances that is within the control of the Group and the Bank, and affect whether the Group and the Bank is reasonably certain to exercise an option not previously included in the determination of lease term, or not to exercise an option previously included in the determination of lease term. A revision in lease term results in remeasurement of the lease liabilities. See accounting policy below on reassessment of lease liabilities.

2. Summary of material accounting policies (cont'd.)

(j) Leases (cont'd.)

(ii) ROU assets

ROU assets are initially measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentive received;
- any initial direct costs; and
- decommissioning or restoration costs.

ROU assets that are not investment properties are subsequently measured at cost, less accumulated depreciation and impairment loss (if any). The ROU assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group and the Bank are reasonably certain to exercise a purchase option, the ROU asset is depreciated over the underlying asset's useful life. In addition, the ROU assets are adjusted for certain remeasurement of the lease liabilities.

(iii) Lease liabilities

Lease liabilities are initially measured at the present value of the lease payments that are not paid at that date. The lease payments include the following:

- Fixed payments (including in-substance fixed payments), less any lease incentive receivable;
- Amounts expected to be payable by the Group and the Bank under residual value guarantees;
- The exercise price of a purchase and extension options if the Group and the Bank are reasonably certain to exercise that option; and
- Payments of penalties for terminating the lease, if the lease term reflects the Group and the Bank exercising that option.

Lease payments are discounted using the profit rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group and the Bank, an incremental borrowing rate is used in determining the discount rate which assumes the profit/interest rate that the Group and the Bank would have to pay to borrow over a similar term, the funds necessary to obtain the asset.

Lease payments are allocated between principal and finance cost. The finance cost is charged to statements of income over the lease period so as to produce a constant periodic rate of profit/interest on the remaining balance of the liability for each period.

2. Summary of material accounting policies (cont'd.)

(j) Leases (cont'd.)

(iii) Lease liabilities (cont'd.)

The Group and the Bank present the lease liabilities as a separate line item in the statements of financial position. Profit/interest expense on the lease liability is presented within the operating expenses in the statements of profit or loss and other comprehensive income.

(iv) Short term leases and leases of low value assets

The Group and the Bank elect to apply MFRS 16 recognition exemption such as short-term leases and leases for which the underlying asset is of low value. Short-term leases are leases with a lease term of 12 months or less with no purchase option. Low-value assets comprise small items of office furniture. Payments associated with short-term leases and all leases of low-value assets are recognised on a straight-line basis as an expense in the statements of profit or loss and other comprehensive income.

(j) Intangible assets and amortisation

(i) Software and license

Computer software development costs recognised as assets are amortised from the point at which the asset is ready for use over their estimated useful lives. Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software.

The useful life of software and license is assessed to be finite and is amortised on a straight-line basis over 5 years.

(ii) Amortisation

Intangible assets with finite useful lives are amortised over the estimated useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in profit or loss.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

2. Summary of material accounting policies (cont'd.)

(j) Intangible assets and amortisation (cont'd.)

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

(k) Impairment of non-financial assets

The Group and the Bank assess at the end of each reporting period whether there is an indication that an asset may be impaired. If any such indication exists, or when an annual impairment assessment for an asset is required, the Group and the Bank make an estimate of the asset's recoverable amount. For intangible assets that have an indefinite useful lives or that are not yet available for use, the recoverable amount is estimated at each period at the same time.

An asset's recoverable amount is the higher of an asset's fair value less costs of disposal and its value in use. For the purpose of assessing impairment, assets are grouped at the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets.

Subject to an operating segment ceiling test, for the purpose of goodwill impairment testing, cash-generating unit (“CGU”) to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to a cash-generating unit or a group of CGU that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less cost of disposal. In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount.

An impairment loss is recognised in profit or loss if the carrying amount of an asset exceeds its estimated recoverable amount. Impairment losses recognised in respect of CGU are allocated first to reduce the carrying amount of any goodwill allocated to the CGU (group of CGU) and then to reduce the carrying amounts of the other assets in the CGU (groups of CGU) on a pro-rata basis.

2. Summary of material accounting policies (cont'd.)

(k) Impairment of non-financial assets (cont'd.)

An assessment is made at the end of each reporting period as to whether there is any indication that a previously recognised impairment loss may no longer exist or may have decreased. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation and/or amortisation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss. Impairment loss on goodwill is not reversed in a subsequent period.

(l) Provisions

Provisions are recognised when the Group and the Bank has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made.

Where the Group and the Bank expect a provision to be reimbursed by another party, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management’s best estimate of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as finance cost expense.

(m) Share capital

Ordinary shares are classified as equity. Dividends on ordinary shares are recognised as a liability and deducted from equity in the period in which all relevant approvals have been obtained.

The transaction costs of an equity transaction are accounted for as a deduction from equity, net of tax. Equity transaction costs comprise only those incremental external costs directly attributable to the equity transaction which would otherwise have been avoided.

2. Summary of material accounting policies (cont'd.)

(n) Recognition of profit/interest income and profit/interest expense

Profit/interest income and expense for all profit/interest bearing financial instruments are recognised within interest income and interest expense and income from Islamic operations in the statements of profit or loss and other comprehensive income using the effective profit/interest method. Net income from Islamic operation presented in the statement of profit or loss and other comprehensive income is the aggregate of profit income and profit expense before expected credit losses from Islamic operation as defined by the Group. Net interest income presented in the statement of profit or loss and other comprehensive income is the aggregate of interest income and interest expenses before expected credit losses from non-Islamic operation as defined by the Group.

The effective profit/interest method is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating the profit/interest income or profit/interest expense over the relevant period. The effective profit/interest rate is the rate that discounts estimated future cash payments or receipts through the expected life of the financial instruments or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability.

Profit/interest income is calculated by applying the effective profit/interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit-impaired. For credit-impaired financial assets, the effective profit/interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

(o) Recognition of fees and other income

(i) The Group and the Bank earns fee and commission income from a diverse range of products and services provided to its customers. Fee and commission income are recognised when the Group and the Bank has satisfied its performance obligation in providing the promised products and services to the customer, and are recognised based on contractual rates or amount agreed with customers, and net of expenses directly related to it. The Group and the Bank generally satisfies its performance obligation and recognises the fee and commission income on the following basis:

- Transaction-based fee and commission income is recognised on the completion of the transaction. Such fees include fees related to the completion of corporate advisory transactions, commissions, service charges and fees and fees on loans, advances and financing. These fees constitute a single performance obligation.

- For a service that is provided over a period of time, fee and commission income is recognised over the period during which the related service is provided or credit risk is undertaken. This basis of recognition most appropriately reflects the nature and pattern of provision of these services to the customers over time. Fees for these services will be billed periodically over time. Such fees include guarantee fees and commitment fees.

2. Summary of material accounting policies (cont'd.)

(o) Recognition of fees and other income (cont'd.)

(i) The Group and the Bank earns fee and commission income from a diverse range of products and services provided to its customers. Fee and commission income are recognised when the Group and the Bank has satisfied its performance obligation in providing the promised products and services to the customer, and are recognised based on contractual rates or amount agreed with customers, and net of expenses directly related to it. The Group and the Bank generally satisfies its performance obligation and recognises the fee and commission income on the following basis: (cont'd.)

The Group and the Bank does not provide any significant credit terms to customers for the above products and services.

Directly related expenses typically include sales commissions, but do not include expenses for services delivered over a period (such as service contracts) and other expenses that are not specifically related to fee and commission income transactions.

(ii) Dividends are recognised when the right to receive payment is established. This applies even if they are paid out of preacquisition profits. However, the investment may need to be tested for impairment as a consequence. Dividend income received from subsidiary companies, financial assets at fair value through profit or loss and financial investments at fair value through other comprehensive income are recognised as non-interest income in statements of profit or loss and other comprehensive income. Dividends that clearly represent a recovery of part of the cost of investment is recognised in other comprehensive income if it relates to an investment in equity instruments measured at fair value through other comprehensive income.

(iii) Net gain or loss from disposal of financial assets at fair value through profit or loss and debt instruments at fair value through other comprehensive income are recognised in statements of profit or loss and other comprehensive income upon disposal of the securities, as the difference between net disposal proceeds and the carrying amount of the securities.

(iv) Brokerage income is recognised when contracts are executed. Fees that constitute single performance obligation is recognised upon completion of transactions such as rollover fees, nominees services and handling charges.

(v) Corporate advisory fees are recognised as income after fulfilling each of the performance obligation.

2. Summary of material accounting policies (cont'd.)

(p) Employee benefits

(i) Short term benefits

Wages, salaries, bonuses and social security contributions are recognised as expenses in the financial year in which the associated services are rendered by employees of the Bank. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences.

(ii) Defined contribution plans

As required by law, companies in Malaysia make contribution to the Employees' Provident Fund ("EPF") and are recognised as an expense in profit or loss as incurred. Once contributions have been paid, the Bank has no further obligations.

(iii) Defined benefits plans

The Group and the Bank operate an unfunded, defined Retirement Benefit Scheme ("the Scheme") for their eligible employees. The Group's obligation under the Scheme, calculated using the Projected Unit Credit Method, is determined based on actuarial computations by independent actuaries, through which the amount of benefit that employees have earned in return for their service in the current and prior years is estimated. That benefit is discounted in order to determine its present value. Re-measurements, comprising of actuarial gains and losses are recognised immediately in the statement of financial position with a corresponding debit or credit to retained profits through OCI in the period in which they occur. Re-measurements are not reclassified to profit or loss in subsequent periods.

Past service costs are recognised in profit or loss on the earlier of:

- The date of the plan amendment or curtailment; and
- The date that the Group and the Bank recognise restructuring-related costs.

Net interest is calculated by applying the discount rate to the net defined benefit liability. The Group and the Bank recognise the following changes in the net defined benefit obligation under 'staff costs' in the statements of profit or loss:

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; and
- Net interest expense or income.

2. Summary of material accounting policies (cont'd.)

(q) Current and deferred taxes

The tax expense for the period comprises current and deferred income tax. Tax is recognised in statement of income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is recognised in other comprehensive income or directly in equity, respectively.

Current tax expense is determined according to the tax laws of each jurisdiction in which the Group and the Bank operates and includes all taxes based upon the taxable profits.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences and unused tax losses can be utilised.

Deferred income tax is recognised on temporary differences arising on investments in subsidiaries, associates and joint ventures except where the timing of the reversal of the temporary difference can be controlled by the Group and the Bank and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax related to the fair value re-measurement of debt instruments at FVOCI and equity instruments at FVOCI, which is charged or credited directly to equity, is also credited or charged directly to equity and is subsequently recognised in the statement of income together with deferred gain or loss.

Deferred income tax is determined using tax rates (and tax laws) that have been enacted or substantially enacted by the statements of financial position date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2. Summary of material accounting policies (cont'd.)

(r) Zakat

This represents business zakat that is paid on the Group's and the Bank 's portion. It is an obligatory amount payable by the Group and the Bank to comply with the rules and principles of Shariah. The zakat is computed based on working capital method at a rate of 2.5%. The zakat amount shall be distributed to individuals or groups that fall into any of the eight (8) categories of eligible recipients (asnaf):

(i) *Al-Fuqara* – the poor
(ii) *Al-Masakin* – the needy
(iii) *Al-'Amil* – the zakat collector
(iv) *Al-Muallaf* – those whose hearts are inclined to Islam
(v) *Al-Riqab* – slave or captive (prisoner of war)
(vi) *Al-Gharimin* – insolvent debtor
(vii) *Fi Sabilillah* – in the path of Allah
(viii) *Ibnu al-Sabil* – a traveler without provisions

The obligation and responsibility of specific payment of zakat on deposit fund lies with the muslim depositors. As such, no accrual of zakat expenses is recognised in the financial statements of the Group.

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

(s) Earnings per ordinary share

The Group and the Bank present the basic earnings per share ("EPS") data for their ordinary shares.

Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Group and the Bank by the weighted average number of ordinary shares outstanding during the year.

(t) Commitments and contingencies

The Group and the Bank issue financial guarantees, letter of credit and financing commitments but the norminal values of these instruments are not recorded in the statement of financial position. The same assessment criteria are used by the Group and the Bank in making commitments and conditional obligations for off-balance sheet risks as it does for on-balance sheet financing assets.

The measurement of credit loss for these irrecoverable off-balance sheet assets is based on a three-stage ECL model as described in Note 2(g).

2. Summary of material accounting policies (cont'd.)

(u) Financial guarantee contracts

Financial guarantees are initially recognised in the financial statements at fair value on the date the guarantee was given. Financial guarantee contracts are recognised as a financial liability at the time the guarantee is issued. The liability is initially measured at fair value. The fair value of financial guarantees is determined as the present value of the difference in net cash flows between the contractual payments under the debt instrument and the payments that would be required without the guarantee, or the estimated amount that would be payable to a third party for assuming the obligations. Subsequent to initial recognition, financial guarantee contracts are subsequently measured at the higher of the amount determined in accordance with the expected credit loss model under MFRS 9 “Financial instruments” and the amount initially recognised less cumulative amount of income recognised in accordance with the principles of MFRS 15 “Revenue from Contracts with Customers”, where appropriate.

Any increase in the liability relating to guarantees is reported in the statement of profit or loss and other comprehensive income within ECL for commitments and contingencies.

(v) Contingent assets and liabilities

The Group and the Bank does not recognise contingent assets and liabilities other than those arising from business combinations, but discloses its existence in the financial statements.

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group and the Bank or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in the extremely rare case where there is a liability that cannot be recognised because it cannot be measured reliably. However, contingent liabilities do not include financial guarantee contracts.

A contingent asset is a possible asset that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group and the Bank. The Group and the Bank does not recognise contingent assets but discloses its existence where inflows of economic benefits are probable, but not virtually certain.

Financial guarantee contracts are contracts that require the Group and the Bank to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due, in accordance with the terms of a debt instrument. Such financial guarantees are given to banks, financial institutions and other bodies on behalf of customers to secure loans, overdrafts and other banking facilities.

2. Summary of material accounting policies (cont'd.)

(w) Fair value measurement

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. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- in the principal market for the asset or liability; or
- in the absence of a principal market, in the most advantageous market for the asset or liability.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group and the Bank use valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1: Quoted (unadjusted) market prices in active markets for identical assets or liabilities that the Group can access at the measurement date;

Level 2: Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and

Level 3: Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group and the Bank determine whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

3. Critical accounting estimates and judgements in applying accounting policies

The Group and the Bank make estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, rarely equal the related actual results. To enhance the information content of the estimates, certain key variables that are anticipated to have material impact to the Group's and the Bank's results and financial position are tested for sensitivity to changes in the underlying parameters. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year are outlined below:

(a) Allowance for ECL

The measurement of the ECL for financial assets measured at amortised cost and FVOCI is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behaviour.

MFRS 9 introduces the use of macroeconomic factors which include, but is not limited to, private consumption, unemployment rate and consumer price index. Incorporating forward looking information increases the level of judgement as to how changes in these macroeconomic factors will affect ECL. The methodology and assumptions including any forecasts of future economic conditions are reviewed regularly.

A number of significant judgements are also required in applying the accounting requirements for measuring ECL, such as:

- Criteria that determine if there has been a significant increase in credit risk and so allowances for financial assets should be measured on a lifetime ECL basis and the qualitative assessment;
- Internal credit grading model, which assigns PDs to the individual grades;
- Choosing appropriate models and assumptions for the measurement of ECL;
- Establishing the number and relative weightings of forward-looking scenarios for each type of product/market and the associated ECL; and
- Establishing groups of similar financial assets for the purposes of measuring ECL

The sensitivity effect on the macroeconomic factors are further disclosed in Note 35.1 (vi) to the financial statements.

The calculation of credit impairment provisions also involves expert credit judgements to be applied by the credit risk management team based upon counterparty information from various sources including relationship managers and external market information.

4. Cash and short-term funds

	Group		Bank	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Cash and balances with banks and other financial institutions	187,957	46,716	181,090	29,174
Money at call and deposit placements maturing within one month	374,028	338,228	374,028	338,228
	561,985	384,944	555,118	367,402

As at reporting date, the dealer's representatives' and clients' monies held in trust by the Group and the Bank amounted to approximately RM17,223,000 and RM10,503,000 respectively (2024: RM29,315,000 and RM12,106,000 respectively). These amounts are excluded from the cash and short-term funds of the Group and of the Bank.

Included in cash and short-term funds are deposits with original maturity of less than 3 months amounting to RM374,028,000 (2024: RM338,228,000) for the Group and the Bank which are classified as cash and cash equivalents for the purpose of the statements of cash flows.

There are no ECL relating to cash and balances with banks and other financial institutions as funds are placed with local institutions whereby there were no historical losses incurred.

5. Financial investments at FVOCI

	Group and Bank	
	2025 RM'000	2024 RM'000
Money Market Instruments		
Government Investment Issues	704,371	693,835
Unquoted securities		
In Malaysia		
Corporate bonds/sukuk	1,124,518	1,087,742
Equity instruments		
Unquoted securities in Malaysia:		
Shares - Malaysian Rating Corporation Berhad	1,032	1,386
	1,829,921	1,782,963

The Group and the Bank designated the share investment as equity securities under FVOCI. The FVOCI designation was made because this investment is held for socio-economic purposes and not for trading purposes. The dividend income recognised during the financial year is RM49,000 (2024: RM49,000) as disclosed in Note 22 to the financial statements.

5. Financial investments at FVOCI (cont'd.)

An analysis of changes in the corresponding ECL allowances in relation to FVOCI is as follows:

Group and Bank	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
At 1 January 2025	160	31	-	191
Total reversal to profit or loss (Note 27)	(32)	(31)	-	(63)
New purchased during the year	22	-	-	22
Disposal during the year	(40)	(5)	-	(45)
Changes in credit risk	(14)	(26)	-	(40)
At 31 December 2025	128	-	-	128
At 1 January 2024	422	-	14,196	14,618
Total (reversal)/charge to profit or loss (Note 27)	(262)	31	-	(231)
Transfer to Stage 2	(31)	31	-	-
New purchased during the year	347	-	-	347
Disposal during the year	(349)	-	-	(349)
Changes in credit risk	(229)	-	-	(229)
Written-off	-	-	(14,196)	(14,196)
At 31 December 2024	160	31	-	191

6. Financial investments at amortised cost

	Group and Bank 2025 RM'000	2024 RM'000
Money Market Instruments		
Government Investment Issues	272,817	455,065
Unquoted securities		
In Malaysia		
Corporate bonds/sukuk	876,170	1,288,215
	1,148,987	1,743,280
Less: ECL allowance	(654)	(928)
	1,148,333	1,742,352

6. Financial investments at amortised cost (cont'd.)

An analysis of changes in the gross carrying amount in relation to financial investments at amortised cost is as follows:

Group and Bank	Stage 1 RM'000
At 1 January 2025	1,743,280
New assets purchased	134,136
Matured financial investments	(728,429)
At 31 December 2025	1,148,987
At 1 January 2024	2,292,077
Matured financial investments	(548,797)
At 31 December 2024	1,743,280

An analysis of changes in the corresponding ECL allowances in relation to financial investments at amortised cost is as follows:

Group and Bank	Stage 1 RM'000
At 1 January 2025	928
Total reversal to profit or loss (Note 27)	(274)
New purchased during the year	606
Financial investments derecognised and repayment during the year	(867)
Changes in credit risk	(13)
At 31 December 2025	654
At 1 January 2024	1,187
Total reversal to profit or loss (Note 27)	(259)
Financial investments derecognised and repayment during the year	(107)
Changes in credit risk	(152)
At 31 December 2024	928

7. Loans, advances and financing

	Group and Bank	
	2025	**2024**
	RM'000	**RM'000**
Term loans/financing		
- Syndicated term loans/financing	254,513	330,611
- Other term loans/financing	285,331	361,990
	539,844	692,601
Margin accounts	1,051,259	1,108,229
Staff loans/financing	38	107
Gross loans, advances and financing	1,591,141	1,800,937
Less: ECL allowance	(3,541)	(21,366)
Net loans, advances and financing	1,587,600	1,779,571

The Group and the Bank operate principally in Malaysia and hence, disclosure of information by geographical area is not presented.

(a) Gross loans, advances and financing

(i) By types of customer

	Group and Bank	
	2025	**2024**
	RM'000	**RM'000**
Domestic other non-bank financial institutions	24,548	31,365
Domestic business enterprises		
- Large corporations	320,956	492,285
- Small medium enterprises	460,384	439,752
Individuals	785,253	837,535
Gross loans, advances and financing	1,591,141	1,800,937

(ii) By interest rate sensitivity

	Group and Bank	
	2025	**2024**
	RM'000	**RM'000**
Fixed rate		
Staff loans/financing	38	107
Margin accounts	1,051,259	1,108,229
Variable rate		
Term loans/financing	539,844	692,601
Gross loans, advances and financing	1,591,141	1,800,937

7. Loans, advances and financing (cont'd.)

(a) Gross loans, advances and financing (cont'd.)

(iii) By economic sector

	Group and Bank	
	2025	**2024**
	RM'000	**RM'000**
Household	785,253	837,535
Finance, insurance and business services	501,250	531,173
Construction	100,352	100,364
Wholesale, retail trade, restaurants and hotels	71,157	123,363
Mining and quarrying	55,165	54,626
Electricity, gas and water supply	47,557	50,139
Others	20,826	20,808
Manufacturing	9,581	40,839
Agriculture	-	42,090
Gross loans, advances and financing	1,591,141	1,800,937

(iv) By maturity profile

	Group and Bank	
	2025	**2024**
	RM'000	**RM'000**
Within one year	1,298,550	1,329,640
One year to five years	192,425	232,751
Over five years	100,166	238,546
Gross loans, advances and financing	1,591,141	1,800,937

7. Loans, advances and financing (cont'd.)

(b) Impaired loans, advances and financing ("ILs")

(i) Movements in ILs

	Group and Bank	
	2025	2024
	RM'000	RM'000
At 1 January	67,162	135,102
Classified as impaired	31,045	21,180
Recovered	(3,017)	(7,370)
Written-off	(12,537)	(81,750)
At 31 December	82,653	67,162
Less: ECL allowance	(292)	(12,536)
Net ILs	82,361	54,626
Net ILs as a percentage of net loans, advances and financing	5.19%	3.07%
Gross ILs as percentage of gross loans, advances and financing	5.19%	3.73%

(ii) ILs by economic sector

	Group and Bank	
	2025	2024
	RM'000	RM'000
Mining and quarrying	55,165	54,626
Electricity, gas and water supply	27,488	-
Household	-	12,536
	82,653	67,162

7. Loans, advances and financing (cont'd.)

(c) Movements in impairment allowances for loans, advances and financing

An analysis of changes in the gross carrying amount in relation to term loans, advances and financing is as follows:

Group and Bank	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
At 1 January 2025	1,692,477	41,278	67,182	1,800,937
New financing/disbursement during the year	135,795	-	-	135,795
Repayment during the year	(395,513)	(6,968)	-	(402,481)
Transfers to Stage 2	(120,022)	120,022	-	-
Transfers to Stage 3	(2,759)	(24,729)	27,488	-
Other movements	68,888	-	539	69,427
Amounts written-off	-	-	(12,537)	(12,537)
At 31 December 2025	1,378,866	129,603	82,672	1,591,141
At 1 January 2024	1,534,584	50,453	135,102	1,720,139
New financing/disbursement during the year	485,602	-	1,293	486,895
Repayment during the year	(273,894)	(50,453)	-	(324,347)
Transfers to Stage 2	(41,278)	41,278	-	-
Transfers to Stage 3	(12,537)	-	12,537	-
Amounts written-off	-	-	(81,750)	(81,750)
At 31 December 2024	1,692,477	41,278	67,182	1,800,937

7. Loans, advances and financing (cont'd.)

(c) Movements in impairment allowances for loans, advances and financing (cont'd.)

An analysis of changes in the corresponding ECL allowances in relation to term loans, advances and financing is as follows:

Group and Bank	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
At 1 January 2025	8,537	293	12,518	21,348
(Reversal)/charge to profit or loss	(5,288)	(293)	292	(5,289)
Changes in the ECL due to transfer within stages:				
- Transfer to Stage 2	(2,277)	2,277	-	-
- Transfer to Stage 3	(47)	(226)	273	-
New financing/ disbursement during the year	976	-	-	976
Repayment during the year	(2,358)	-	(24)	(2,382)
Changes in credit risk parameters #	(1,582)	(2,344)	43	(3,883)
Written off	-	-	(12,537)	(12,537)
Other movement	-	-	19	19
At 31 December 2025	3,249	-	292	3,541
At 1 January 2024	3,365	604	79,182	83,151
Charge/(reversal) to profit or loss	5,172	(311)	15,086	19,947
Changes in the ECL due to transfer within stages:				
- Transfer to Stage 2	(293)	293	-	-
New financing/ disbursement during the year	3,585	-	-	3,585
Repayment during the year	(591)	(604)	-	(1,195)
Changes in credit risk parameters #	2,471	-	15,086	17,557
Written-off	-	-	(81,750)	(81,750)
At 31 December 2024	8,537	293	12,518	21,348

The changes in credit risk parameters include impact of forward-looking on key macroeconomic variables ("MEV") and changes to loss rate for the ECL model.

8. Other assets

	Note	Group 2025 RM'000	Group 2024 RM'000	Bank 2025 RM'000	Bank 2024 RM'000
Amounts due from brokers and clients	(a)	54,370	33,722	54,370	33,722
Deposits		144	135	144	135
Prepayments		4,722	925	4,722	925
Sundry receivables		10,388	5,868	10,388	5,868
Amounts due from related companies	(b)	267	237	267	237
Amounts due from subsidiaries	(b)	-	-	6,799	17,276
		69,891	40,887	76,690	58,163
Less: ECL allowance	(c)	(1,386)	(1,022)	(1,386)	(1,022)
		68,505	39,865	75,304	57,141

(a) Amounts due from brokers and clients

	Group and Bank 2025 RM'000	Group and Bank 2024 RM'000
Brokers	9,454	1,236
Clients	44,916	32,486
	54,370	33,722

Brokers' and clients' debit balances arose from trading of securities through the Bank which are not yet due for settlement as at reporting date.

(b) The amounts due from related companies and subsidiaries arose mainly from expenses paid on behalf of the companies. These amounts are non-trade in nature, unsecured, interest-free and are repayable on demand.

8. Other assets (cont'd.)

(c) Movements in impairment allowance:

(i) ECL allowance

Group and Bank	Stage 1 RM'000	Stage 3 RM'000	Total RM'000
At 1 January 2025	247	775	1,022
Charge to profit or loss (Note 28)	477	-	477
Transfer to Stage 3	(113)	113	-
Written-off	-	(113)	(113)
At 31 December 2025	611	775	1,386
At 1 January 2024	466	1,306	1,772
(Writeback)/charge to profit or loss (Note 28)	(219)	63	(156)
Written-off	-	(594)	(594)
At 31 December 2024	247	775	1,022

9. Statutory deposits with Bank Negara Malaysia

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

10. Investment in subsidiaries

	Bank	
	2025 RM	2024 RM
Unquoted shares, at cost	4	4

The details of the subsidiaries, both of which are incorporated in Malaysia, are as follows:

Name of companies	Effective ownership interest		Principal activities
	2025 %	2024 %	
MBSB Investment Nominees (Tempatan) Sdn Bhd (formerly known as MIDF Amanah Investment Nominees (Tempatan) Sdn Bhd)	100	100	Nominees services
MBSB Investment Nominees (Asing) Sdn Bhd (formerly known as MIDF Amanah Investment Nominees (Asing) Sdn Bhd)	100	100	Nominees services

11. Property and equipment

Group and Bank	Renovations RM'000	Furniture, fittings and office equipment RM'000	Computers RM'000	Motor vehicles RM'000	Work-in-progress RM'000	Total RM'000
Cost						
At 1 January 2025	6,016	65	5,324	143	1,342	12,890
Additions	-	-	467	-	-	467
Written-off	-	-	(3)	-	-	(3)
Reclassification from intangible assets	-	-	11	-	-	11
Reclass from work-in-progress	-	-	1,198	-	(1,198)	-
At 31 December 2025	6,016	65	6,997	143	144	13,365
At 1 January 2024	714	3,735	7,811	143	2,919	15,322
Additions	5,633	-	1,723	-	-	7,356
Written-off	(547)	(3,670)	(5,559)	-	-	(9,776)
Reclass from work-in-progress	216	-	1,361	-	(1,577)	-
Reclass to intangible assets	-	-	(12)	-	-	(12)
At 31 December 2024	6,016	65	5,324	143	1,342	12,890

11. Property and equipment (cont'd.)

Group and Bank (cont'd.)	Renovations RM'000	Furniture, fittings and office equipment RM'000	Computers RM'000	Motor vehicles RM'000	Work-in-progress RM'000	Total RM'000
Accumulated depreciation						
At 1 January 2025	1,118	52	2,071	143	-	3,384
Depreciation	1,204	5	1,231	-	-	2,440
Reclassification from intangible assets	-	-	19	-	-	19
At 31 December 2025	2,322	57	3,321	143	-	5,843
At 1 January 2024	562	3,714	7,171	143	-	11,590
Depreciation	1,103	8	471	-	-	1,582
Write off	(547)	(3,670)	(5,559)	-	-	(9,776)
Reclass to intangible assets	-	-	(12)	-	-	(12)
At 31 December 2024	1,118	52	2,071	143	-	3,384
Net book value						
At 31 December 2025	3,694	8	3,676	-	144	7,522
At 31 December 2024	4,898	13	3,253	-	1,342	9,506

12. Intangible assets

Group and Bank	Computer software RM'000	Work-in-progress RM'000	Total RM'000
Cost			
At 1 January 2025	20,761	3,733	24,494
Additions	1,847	-	1,847
Reclassification to property and equipment	(11)	-	(11)
Reclass from work-in-progress	2,849	(2,849)	-
At 31 December 2025	25,446	884	26,330
At 1 January 2024	16,755	7,093	23,848
Additions	1,294	-	1,294
Reclass from work-in-progress	3,360	(3,360)	-
Reclass from property and equipment	12	-	12
Written-off	(660)	-	(660)
At 31 December 2024	20,761	3,733	24,494
Accumulated amortisation			
At 1 January 2025	12,782	-	12,782
Amortisation	3,565	-	3,565
Reclassification to property and equipment	(19)	-	(19)
At 31 December 2025	16,328	-	16,328
At 1 January 2024	11,585	-	11,585
Amortisation	1,838	-	1,838
Reclass from property and equipment	12	-	12
Written-off	(653)	-	(653)
At 31 December 2024	12,782	-	12,782
Net book value			
At 31 December 2025	9,118	884	10,002
At 31 December 2024	7,979	3,733	11,712

13. (a) Right-of-use asset

The Bank has a lease contract for its office space with its related holding company.

	Group and Bank	
	2025 RM'000	2024 RM'000
At 1 January	3,209	-
Addition	-	4,331
Depreciation	(1,208)	(1,122)
At 31 December	2,001	3,209

13. (b) Lease liability

	Group and Bank	
	2025	**2024**
	RM'000	**RM'000**
At 1 January	3,269	-
Addition	-	4,331
Finance cost (Note 21)	112	145
Lease payments	(1,317)	(1,207)
At 31 December	2,064	3,269

The lease liability of the Group and the Bank carries an interest rate of 4.10% (2024: 4.10%) p.a..

14. Deferred tax

	Group and Bank	
	2025	**2024**
	RM'000	**RM'000**
At 1 January	5,783	7,926
Recognised in profit or loss (Note 29)	(2,577)	(211)
Recognised in other comprehensive income	(2,730)	(1,932)
At 31 December	476	5,783
Presented, after appropriate offsetting, as follows:		
Deferred tax assets	476	5,783

The components of deferred tax assets and liabilities during the financial year prior to offsetting of balances within the same tax jurisdiction are as follows:

	Group and Bank	
	2025	**2024**
	RM'000	**RM'000**
Deferred tax assets (before offsetting)		
Revaluation of FVOCI	-	599
ECL allowances	1,189	2,909
Provision for liabilities	2,691	2,730
	3,880	6,238
Offsetting	(3,404)	(455)
	476	5,783
Deferred tax liabilities (before offsetting)		
Accelerated capital allowances	(1,253)	(455)
Revaluation of FVOCI	(2,151)	-
	(3,404)	(455)
Offsetting	3,404	455
	-	-

14. Deferred tax (cont'd.)

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

Deferred tax assets/(liabilities)

Group and Bank	Accelerated capital allowance RM'000	Revaluation of FVOCI RM'000	ECL allowance RM'000	Provision for liabilities* RM'000	Total RM'000
At 1 January 2025	(455)	599	2,909	2,730	5,783
Recognised in profit or loss (Note 29)	(798)	-	(1,720)	(59)	(2,577)
Recognised in other comprehensive income (Note 29)	-	(2,750)	-	20	(2,730)
At 31 December 2025	(1,253)	(2,151)	1,189	2,691	476
At 1 January 2024	(272)	2,549	1,049	4,600	7,926
Recognised in profit or loss (Note 29)	(183)	-	1,860	(1,888)	(211)
Recognised in other comprehensive income (Note 29)	-	(1,950)	-	18	(1,932)
At 31 December 2024	(455)	599	2,909	2,730	5,783

* includes provision for bonus, retirement benefits and deferred income

15. Deposits from customers

	Group and Bank	
	2025	**2024**
	RM'000	**RM'000**
(a) By types of deposits		
Call deposits	58,200	58,735
Fixed deposits	2,698,121	3,363,157
	2,756,321	3,421,892
(b) By types of customers		
Business enterprises	1,891,160	2,072,643
Government and statutory bodies	862,038	1,346,243
Individual	3,123	3,006
	2,756,321	3,421,892
(c) By maturity structure of term deposits		
Due within six months	2,412,744	3,140,776
Six months to one year	343,577	281,116
	2,756,321	3,421,892

16. Deposits and placements of banks and other financial institutions

	Group and Bank	
	2025	**2024**
	RM'000	**RM'000**
Call deposits		
- Other financial institutions	15,782	56,306
Fixed deposits		
- Licensed banks	341,665	144,136
- Other financial institutions	1,204,072	1,228,231
	1,545,737	1,372,367
	1,561,519	1,428,673
Maturity structure of term deposits is as follows:		
- Due within six months	1,561,013	1,427,099
- Six months to one year	506	1,574
	1,561,519	1,428,673

17. Other liabilities

	Note	Group 2025 RM'000	Group 2024 RM'000	Bank 2025 RM'000	Bank 2024 RM'000
Amounts due to brokers and clients	(a)	54,421	33,479	54,421	33,479
Accrued liabilities and other payables		14,353	24,332	14,353	24,331
Employee benefits	(b)	2,705	2,647	2,705	2,647
Amount due to immediate holding company	(c)	72,037	40,769	72,033	40,764
Amount due to related company	(c)	86	393	86	393
ECL allowances on loans, advances and financing commitments	(d)	325	2,194	325	2,194
		143,927	103,814	143,923	103,808

(a) Amounts due to brokers and clients

	Group and Bank 2025 RM'000	Group and Bank 2024 RM'000
Brokers	23,772	20,241
Clients	30,649	13,238
	54,421	33,479

Clients' credit balances arose from trading of securities through the Bank which are not yet due for settlement as at reporting date under the Rules of Bursa Malaysia Securities Berhad.

(b) Employee benefits

The Group and the Bank operate an unfunded, defined Retirement Benefit Scheme ("the Scheme") for its eligible employees. The Scheme is a final salary plan and the level of benefits provided depends on the employees' length of service and salary at retirement age.

Under the retirement benefit scheme, eligible employees are entitled to retirement benefits based on the length of service and last drawn salary. Retirement benefits are payable only to eligible employees who have completed at least five years of service with the Group and the Bank at the time of their retirement.

17. Other liabilities (cont'd.)

(b) Employee benefits (cont'd.)

The amount of retirement benefits recognised in the statements of financial position is determined as follows:

	Group and Bank	
	2025	**2024**
	RM'000	**RM'000**
Present value of unfunded defined benefit obligations	2,705	2,647
Present value of net obligations	2,705	2,647
Analysed as:		
Current		
Within 1 year	1,017	-
Non current		
Later than 1 year but not later than 2 years	7	-
Later than 2 years but not later than 5 years	175	1,167
Later than 5 years	1,506	1,480
	2,705	2,647

Movements in the net defined benefit liability recognised in the statement of financial position are as follows:

	Group and Bank	
	2025	**2024**
	RM'000	**RM'000**
At 1 January	2,647	2,360
Benefits paid	(366)	-
Transfer	101	-
	2,382	2,360
Recognised in profit or loss:		
Current service cost	115	108
Interest cost	110	103
	225	211
Recognised in other comprehensive income:		
Remeasurement of the net defined benefit liability:		
- Actuarial loss arising from plan experience	60	48
- Actuarial loss arising from changes in financial assumptions	38	28
	98	76
At 31 December	2,705	2,647

17. Other liabilities (cont'd.)

(b) Employee benefits (cont'd.)

Principal actuarial assumptions used are as follows:

	Group and Bank	
	2025	**2024**
Discount rate	3.80%	4.15%
Future salary increase	5.00%	5.00%
Mortality rate	0.02% - 0.70%	0.01% - 0.70%

A sensitivity analysis for the significant assumptions above is as shown below:

Assumptions	**Discount rate**		**Future salary increase**	
Sensitivity analysis	**0.5% increase RM'000**	**0.5% decrease RM'000**	**0.5% increase RM'000**	**0.5% decrease RM'000**
Group and Bank				
(Decrease)/increase in the net defined benefit obligation				
2025	(54)	57	56	(54)
2024	(56)	58	57	(56)

The sensitivity analysis above has been determined based on a method that extrapolates the impact on net defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period.

(c) The amounts due to immediate holding company and related company are non-trade in nature, unsecured, interest-free and are repayable on demand.

17. Other liabilities (cont'd.)

(d) Movements in the ECL allowances on loans, advances and financing commitments is as follows:

Group and Bank	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
At 1 January 2025	2,171	23	-	2,194
Reversal to profit or loss (Note 26)	(1,846)	(23)	-	(1,869)
Changes in ECL due to transfer within stages:				
- Transfer to Stage 3	-	(23)	23	-
Derecognised/converted to financing during the year (other than write-offs)	(1,351)	-	(23)	(1,374)
Changes in credit risk parameters[#]	(495)	-	-	(495)
At 31 December 2025	325	-	-	325
At 1 January 2024	1,127	-	-	1,127
Charge to profit or loss (Note 26)	1,044	23	-	1,067
- Transfer to Stage 2	(23)	23	-	-
New financing during the year	1,497	-	-	1,497
Derecognised/converted to financing during the year (other than write-offs)	(812)	-	-	(812)
Changes in credit risk parameters[#]	382	-	-	382
At 31 December 2024	2,171	23	-	2,194

The changes in credit risk parameters include impact of forward-looking on key macroeconomic variables ("MEV") and changes to loss rate for the ECL model.

18. Share capital

	Group and Bank			
	Number of shares		Amount	
	2025 '000	2024 '000	2025 RM'000	2024 RM'000
Issued and fully paid ordinary shares:				
At 1 January/31 December	155,000	155,000	369,111	369,111

19. Reserves

(a) Regulatory reserve

Regulatory reserve is maintained in addition to the loss allowance for non-credit impaired exposures (commonly known as Stage 1 and Stage 2 provisions) that has been assessed and recognised in accordance with MFRS and which has been transferred from the retained profits, in accordance with BNM's Policy Document on Financial Reporting.

(b) FVOCI reserve

The FVOCI reserve arises from the change in the fair value of the financial investments at FVOCI, net of tax and is not distributable as cash dividends.

20. Interest income

	Group and Bank	
	2025 RM'000	2024 RM'000
Loans, advances and financing	93,497	94,845
Money at call and deposit placements with financial institutions	3,851	4,539
Financial investments at FVOCI	6,853	7,229
Financial investments at amortised cost	4,224	7,184
Derivative instruments	-	3,564
	108,425	117,361
Accretion of discount less amortisation of premium	(364)	(1,132)
	108,061	116,229

21. Interest expense

	Group and Bank	
	2025	**2024**
	RM'000	**RM'000**
Deposits from customers	40,715	42,838
Deposits and placements of banks and other financial institutions	13,853	17,519
Finance cost on lease liability (Note 13(b))	112	145
Derivative instruments	-	528
	54,680	61,030

22. Non-interest income

	Group		Bank	
	2025	**2024**	**2025**	**2024**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Fee income:				
Fees on loans, advances and financing	41	80	41	80
Corporate advisory fees	2,492	4,705	2,492	4,705
Underwriting fees	1,504	1,279	1,504	1,279
Brokerage commission	8,221	12,863	8,221	12,863
Placement fee	2,293	3,403	2,293	3,403
Rollover charges	7,632	7,466	7,632	7,466
Facility fee	628	1,058	628	1,058
Other fee income	1,554	2,272	1,491	2,185
	24,365	33,126	24,302	33,039
Investment income:				
Net gain on sale of financial investments at FVOCI	1,515	416	1,515	416
Net realised loss on - revaluation of derivatives instruments	-	(2,979)	-	(2,979)
	1,515	(2,563)	1,515	(2,563)

22. Non-interest income (cont'd.)

	Group		Bank	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Gross dividend income:				
Financial investments at FVOCI	49	49	49	49
Subsidiaries	-	-	262	208
	49	49	311	257
Other income:				
Gain on disposal of property, plant and equipment	-	92	-	92
Intercompany management fee	96	96	96	96
Others	314	402	235	143
	410	590	331	331
	26,339	31,202	26,459	31,064

23. Staff costs

	Group and Bank	
	2025 RM'000	2024 RM'000
Wages, salaries and bonuses	35,362	40,786
Employees' benefits (Note 17(b))	225	211
Defined contribution plan	5,813	6,420
Social security costs	229	222
Other staff related expenses	7,481	5,868
	49,110	53,507

24. Other operating expenses

	Group		Bank	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Establishment costs				
Rental of:				
- office equipment ^	57	37	57	37
- premises *	31	303	31	303
General repairs and maintenance	10	11	10	11
Insurance	165	570	165	570
Electricity	-	8	-	8
IT expenses	8,552	10,494	8,552	10,494
	8,815	11,423	8,815	11,423
Promotion and marketing -related expenses				
Business promotion and advertisement	1,228	1,648	1,228	1,648
Entertainment	192	315	192	315
	1,420	1,963	1,420	1,963
Administrative and general expenses				
Auditors' remuneration				
- Statutory audit	518	491	513	486
- Regulatory-related services	110	316	110	310
- Other audit fees	48	25	40	25
Non-Executive Directors' remuneration (Note 25(c))	941	834	941	834
Communication expenses	65	114	65	114
Shared service charges	20,316	44,651	20,296	44,631
Professional fees	393	1,852	438	1,852
Securities Commission's levy	656	1,013	656	1,013
Brokerage fee	795	1,270	795	1,270
Bursa fees	257	347	257	347
License fees and stamp duty	233	502	233	502
Corporate dealers' and remisiers' commissions	84	336	84	336
Indirect taxes	294	202	294	202
Others	1,444	648	1,408	659
	26,154	52,601	26,130	52,581
	36,389	65,987	36,365	65,967

^ Expense relating to leases of low-value assets.

* Expense relating to short-term leases.

25. Chief Executive Officer, Directors and Shariah members' remuneration

The details of remuneration receivable by Chief Executive Officer, Directors and Shariah members of the Group and the Bank during the financial year are as follows:

	Group and Bank	
	2025	**2024**
	RM'000	**RM'000**
(a) Chief Executive Officer:		
Salary and bonus	1,163	3,723
Defined contribution plan	206	646
Other emoluments	123	119
Total remuneration	1,492	4,488
(b) Non-Executive Directors:		
Fees	595	504
Other emoluments	346	330
Total remuneration	941	834
(c) Shariah members:		
Fees	-	21
Other emoluments	-	13
Total remuneration	-	34
	2,433	5,356

25. Chief Executive Officer, Directors and Shariah members' remuneration (cont'd.)

Details of the remuneration of each Directors and Shariah members are as follows:

Group and Bank	Fees RM'000	Other emoluments RM'000	Benefits -in-kinds RM'000	Total RM'000
2025				
Non-Executive Directors:				
Dato' Wan Kamaruzaman bin Wan Ahmad	69	21	-	90
Encik Azlan bin Abdullah	132	85	7	224
Puan Norashikin binti Mohd Kassim	123	79	12	214
Lynette Yeow Su-Yin	87	42	-	129
Datuk Mohd Nasir Bin Ali	71	28	-	99
Encik Ahlan Nasri Bin Mohd Nazir @ Nasir	113	65	7	185
Total	595	320	26	941
2024				
Non-Executive Directors:				
Datuk Mohd Nasir Bin Ali	130	63	2	195
Dato' Kaziah Binti Abd Kadir	89	50	6	145
Encik Ahlan Nasri Bin Mohd Nazir @ Nasir	111	76	5	192
Encik Azlan Bin Abdullah	136	93	5	234
Puan Norashikin Mohd Kassim	38	23	7	68
	504	305	25	834
Shariah members:				
Assoc. Prof. Dr. Siti Salwani Razali	5	4	-	9
Dr. Muhammad Najib Abdullah	9	5	-	14
En. Ahmad Lutfi Abdull Mutalip	7	4	-	11
	21	13	-	34
Total	525	318	25	868

25. Chief Executive Officer, Directors and Shariah members' remuneration (cont'd.)

The Directors of the Bank's subsidiaries did not receive nor become entitled to receive any benefit (other than the fixed salary of a full time employee of the Bank) by reason of the contract made by the Bank or related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest.

26. Impairment loss written back/(made) on loans, advances and financing

	Group and Bank	
	2025	**2024**
	RM'000	**RM'000**
ECL allowances written back/(made):		
- Stage 1	5,288	(5,172)
- Stage 2	293	311
- Stage 3	(292)	(14,384)
	5,289	(19,245)
Other ECL allowances written back/(made):		
- loans, advances and financing commitments (Note 17)	1,869	(1,067)
Credit impaired:		
- Bad debts recovered	841	24
	841	24
	7,999	(20,288)

27. Impairment loss written back on financial investments

	Group and Bank	
	2025	**2024**
	RM'000	**RM'000**
Financial investments at FVOCI (net) (Note 5)	63	231
Financial investments at amortised cost (net) (Note 6)	274	259
	337	490
Bad debts written-off	-	(52)
	337	438

28. Impairment loss (made)/written back on other assets

	Group and Bank	
	2025	**2024**
	RM'000	**RM'000**
ECL allowance		
- (Made)/written back (Note 8(c)(i))	(477)	156
Bad debts written-off	(82)	-
	(559)	156

29. Taxation

	Group		Bank	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Income tax expense:				
- Current financial year	18,272	4,908	18,217	4,828
- (Over)/under provision in prior years	(271)	260	(271)	260
	18,001	5,168	17,946	5,088
Deferred tax expense (Note 14)	2,577	211	2,577	211
Tax expense for the year	20,578	5,379	20,523	5,299
Tax recognised directly in equity:				
Fair value reserve (Note 14)	2,730	1,932	2,730	1,932

A reconciliation of income tax expense applicable to profit before taxation and zakat at the statutory income tax rate to income tax expense at the effective income tax rate of the Group and the Bank are as follows:

	Group		Bank	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Profit before taxation and zakat	83,278	22,030	83,422	21,912
Taxation at Malaysian Statutory tax rate of 24% (2024: 24%)	19,987	5,287	20,021	5,259
Income not subject to tax	15	(9)	(74)	(61)
Expenses not deductible for tax purpose	795	27	795	27
Tax deduction on zakat payment	(480)	(186)	(480)	(186)
(Over)/under provision in prior years	(271)	260	(271)	260
Temporary differences not recognised in prior years	532	-	532	-
Tax expense for the financial year	20,578	5,379	20,523	5,299

30. Earnings per ordinary share

The calculation of basic and diluted earnings per ordinary share is based on the Group's profit for the financial year of RM61,493,000 (2024: RM15,295,000) by the weighted average number of ordinary shares of 155,000,000 (2024: 155,000,000).

31. Dividend

	2025		2024	
	Gross dividend per share sen	Amount of dividends net of tax RM'000	Gross dividend per share sen	Amount of dividends net of tax RM'000
Interim dividend paid				
- for the financial year ended 2025	17.20	26,660	-	-
- for the financial year ended 2024	-	-	96.77	150,000

On 23 January 2026, the Director approved the payment of second interim single-tier dividend of 65.00 sen per ordinary share totalling RM100,750,000 in respect to the current financial year.

The financial statements for the current financial year do not reflect the interim dividend. The dividend will be accounted for in equity as an appropriation of retained profits in the financial year ending 31 December 2026.

32. Commitments and contingencies

	<---------- 2025 ---------->			<---------- 2024 ---------->		
Group and Bank	Principal amount RM'000	Credit equivalent amount* RM'000	Risk-weighted amount RM'000	Principal amount RM'000	Credit equivalent amount* RM'000	Risk-weighted amount RM'000
Direct credit substitutes	-	-	-	33,500	33,500	33,500
Other commitments with an original maturity of:						
- not exceeding one year	326,759	65,352	65,352	370,409	74,082	74,082
- exceeding one year	88,326	44,163	44,163	201,974	100,987	100,987
Total	415,085	109,515	109,515	605,883	208,569	208,569

* The credit equivalent amount is arrived at using the credit conversion factors as per Bank Negara Malaysia Guidelines.

32. Commitments and contingencies (cont'd.)

Capital commitments

	Group and Bank	
	2025	2024
	RM'000	RM'000
Property and equipment/intangible assets:		
Contracted but not provided for	310	10,824

33. Credit exposures arising from credit transactions with connected parties

	Group and Bank	
	2025	2024
	RM'000	RM'000
(i) Outstanding credit exposures with connected parties	343,795	441,697
(ii) Percentage of outstanding credit exposures to connected parties as a proportion of total credit exposures	8.54%	9.23%
(iii) Percentage of outstanding credit exposures to connected parties which are impaired or in default	Nil	Nil

34. Related party disclosures

(a) Significant related party transactions and balances

For the purposes of these financial statements, parties are considered to be related to the Group and the Bank if the Group or the Bank has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Bank and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

34. Related party disclosures (cont'd.)

(a) Significant related party transactions and balances (cont'd.)

Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group and the Bank either directly or indirectly. The key management personnel of the Group and the Bank includes Directors of the Bank, Directors of subsidiaries of the Bank and employees of the Group who make certain critical decisions in relation to the strategic direction of the Group.

The following significant transactions between the Group and the Bank and related parties took place at terms mutually agreed between the parties during the financial year.

	Group and Bank	
	2025	**2024**
	RM'000	**RM'000**
Ultimate holding company		
Income:		
Brokerage fees earned	1,868	6,144
Expenditure:		
Interest expense on deposits	4,666	9,275
Penultimate holding company		
Income:		
Fee income	-	100
Expenditure:		
Management Fee - Others	3,571	2,081
Payments on behalf:		
Training expenses	-	4
Immediate holding company		
Expenditure:		
Lease finance cost	1,324	1,470
Management fees	23,044	42,572
Other related companies		
Income:		
Interest income on cash and short term funds	11	-
Interest income on financial investments	2,467	-
Brokerage fees earned	126	150
Fee income	901	574
Expenditure:		
Interest expense on deposits	49	22
Management fee paid	1,088	552
Payments on behalf:		
IT expenses	239	119
Professional fees	-	548
Insurance expenses	-	356

34. Related party disclosures (cont'd.)

(a) Significant related party transactions and balances (cont'd.)

In addition to the related party information disclosed elsewhere in the financial statements, the significant outstanding balances of the Group and the Bank with their related parties are as follows:

	Group and Bank	
	2025	**2024**
	RM'000	**RM'000**
Ultimate holding company		
Amount due to:		
Deposits from placements of banks and other financial institutions	16,497	9,467
Deposits from customers	150,261	100,019
Penultimate holding company		
Amount due to:		
Other receivables	88	-
Amount due to:		
Other payables	1,021	2,081
Immediate holding company		
Amount due to:		
Other payables	72,032	40,764
Lease liability	2,064	3,269
Amount due from:		
Right-of-use asset	2,001	3,209
Other related companies		
Amount due to:		
Deposits from placements of banks and other financial institutions	108,663	6,172
Other payables	520	202
Amount due from:		
Cash and short term funds	16,913	17
Financial investments	60,671	-
Other receivables	520	-

Other related companies consists of subsidiaries of EPF, associate companies of EPF, joint venture companies with EPF, companies in which Directors of the entities within MBSB hold directorship and key management personnel.

34. Related party disclosures (cont'd.)

(b) Compensation of key management personnel

	Group and Bank	
	2025	**2024**
	RM'000	**RM'000**
Short-term employment benefits	4,487	10,683
Defined contribution plan	809	1,761
Other emoluments	2,346	834
	7,642	13,278

Included in the above is CEO's and Directors' remuneration amounting to RM2,433,000 (2024: RM834,000) as further disclosed in Note 25.

35. Financial risk management

The Bank has exposure to one or more of the following risks:

(i) Credit risk

Arising from the possibility of losses due to an obligor or, market counterparty or issuer of securities or other instruments held, having failed to perform its contractual obligations to the Bank;

(ii) Market risk

Arising from the potential for loss or adverse impact on earnings or capital due to movements in market rates or prices, including profit rates, foreign exchange rates, commodity prices, and equity prices.

(iii) Liquidity risk

Arising from the risk that the Bank will not have sufficient financial resources available to fulfill its obligations and commitments or will only be able to access these financial resources at an unreasonable cost. Liquidity risk can adversely impact the Bank's financial condition or overall stability of the Bank due to the inability or perceived inability, to meet its obligations or commitments as they become due.

(iv) Operational risk

Arising from risk of loss resulting from inadequate or failed internal processes, people and systems, or from external events;

35. Financial risk management (cont'd.)

The Bank has exposure to one or more of the following risks: (cont'd.)

(v) Capital risk

Arising from the failure to meet the minimum regulatory and internal requirements; and

(vi) Shariah Non Compliance risk

Arising from possible failure to comply with the Shariah requirements as determined by SAC of BNM and Securities Commission ("SC"), SAC of the Bank and other Shariah regulatory authorities.

(a) Financial risk management objectives and policies

Risk management forms an integral part of the Bank's activities and remains an important feature in all their business, operations, delivery channels and decision-making processes. The extent to which the Bank is able to identify, assess, monitor, manage and report each of the various types of risk is critical to its strength, soundness and profitability. The Bank's risk management function is independent of their operating units. All new businesses, introduction of new products, engagement in new activities or entrance into new strategic alliances are subject to endorsement by the Bank's Risk Management Department ("RMD") and submitted to the Board Risk Management Compliance Committee ("BRMCC") and/or the Board for approvals.

In essence, the objectives of the Bank's risk management activities are to:

(i) Identify and monitor the various risk exposures and risk requirements;

(ii) Ensure risk-taking activities are consistent with the approved policies and the aggregated risk positions are within the risk appetite as approved by the Board; and

(iii) Help create shareholder value through proper allocation of risk and the facilitation of independent risk assessments of new business and products.

(b) Risk management framework

The Bank adopts MBSB Group's Enterprise Risk Management Framework ("Group ERM Framework"), which provides systematic and consistent approaches to manage the overall risks across the Group. The Group ERM Framework involves an on-going process of identifying, evaluating, monitoring, managing and reporting significant risks affecting the Bank which is implemented through a number of committees established by the Board. This framework provides the Board and the management with a tool to anticipate and manage both existing and potential risks, taking into consideration dynamic risk profiles as dictated by changes in business strategies, regulatory environment and functional activities throughout the year.

35. Financial risk management (cont'd.)

(b) Risk management framework (cont'd.)

Key features of the Risk Management Framework include:

(i) Governance and Organisation

The risk governance framework of the Bank is established to promote active involvement from the Board, BRMCC, and relevant Management Committees in the risk management process to ensure effective management of risk within the Bank.

The risk governance framework includes delegation of authority from the Board to Management Committess as well as risk controls established for material activities to the Bank operates within the risk appetite. To support the Board, BRMCC, and the relevant Management Committees in discharging their oversight over risk, the responsibility the Bank in addressing and managing the risk is clearly assigned through a "three lines of defence model".

The Bank's risk governance model establishes a structure, transparent and effective framework, promoting active participation from both the Board and Senior Management in the risk management process. This ensures a cohesive perspective on risks within the Bank, fostering a unified and comprehensive understanding across every facet of the Bank.

(ii) Internal Capital Adequacy Assessment Process ("ICAAP")

The Bank adopts MBSB Group's ICAAP Framework ("Group ICAAP Framework) to ensure that all material risks are systematically and consistently identified, measured and reported; and that adequate capital levels consistent with the risk profiles, including capital buffers, are maintained to support the current and projected demand for capital, under existing and stressed conditions. For non-measurable risks, a qualitative approach is used and normally, this type of risk is labelled as potentially material where the Management's experience and judgement is being relied upon in assessing if such risk could threaten the Bank.

(iii) Risk Appetite

It is defined as the amount and types of risk that the Bank are able and willing to accept in pursuit of its strategic and business objectives. The development of the risk appetite is integrated into the annual strategic planning process and is adaptable to changing business and market conditions. As the risk appetite is dynamic, it is set based on the business and financial targets, while incorporating macroeconomic and global outlook. The Board also considers the actual and targeted risk profile of the Bank proposed by senior management and business units when setting the risk appetite. The risk appetite is reviewed annually or as and when required.

35. Financial risk management (cont'd.)

(b) Risk management framework (cont'd.)

(iv) Risk Management Process

- Risk Identification: Risks are systematically and consistently identified through the robust application of the Group's Risk Management Framework, policies and procedures. Proper risk identification focuses on recognising and understanding all key risks inherent in the business activities and risks that may arise from business initiative or external factors.

- Risk Measurement: Risk is measured (qualitative and/or quantitative) at various levels including but not limited to risk type, front line unit and on an aggregate basis. These metrics are used to assess the Bank's risk profile and adherence to Bank's risk appetite.

- Risk Control: Risk controls are established and communicated through policies, standards, procedures and processes that define responsibility and authority for risk-taking. The risk controls can be adjusted by the Board when conditions or risk tolerances warrant. The lines of business are held accountable to perform within the established risk controls which are established to manage risk exposures within the Bank's risk appetite.

- Risk Monitor: Through monitoring, the level of risk can be assessed relative to limits and appropriate action can be taken in a timely manner. Any exceptions will be identified, and processes are in place to appropriately report and escalate such exceptions.

(v) Risk Management Infrastructure

- Risk Policies, Procedures and Methodologies: Well-defined risk policies by risk type provide the principles by which the Bank manage its risks. Procedures provide guidance for day-to-day risk-taking activities. Methodologies provide specific requirements, rules or criteria that must be met to comply with the policy.

- People: Attracting the right talent and skills are the key to ensuring a well-functioning risk management framework. The organisation continuously evolves and proactively responds to the increasing complexity of the Bank as well as the economic and regulatory environment.

- Technology and Data: Appropriate technology and sound data management are enablers to support risk management activities.

35. Financial risk management (cont'd.)

(b) Risk management framework (cont'd.)

(vi) Risk Culture

A strong risk culture fosters the mindset and behaviour needed for effective risk management and prudent risk-taking within the Bank's defined risk appetite. The Bank continuously enhances the risk culture through ongoing training, awareness programme, and communications, fostering risk awareness and building skills across Bank.

In addition, the Bank has implemented the Designated Compliance Officers ("DCOs"), who are appointed at the respective business and functional units across the Bank to provide real time advisory on compliance matters. The Business Units also conducted Risk Control Self Assessment ("RCSA") on a yearly basis and reviewed by RMD.

(c) Risk organisation

At the apex of the Bank's risk management structure is the Board, which comprises Non-Executive Directors. In line with best practices, the Board determines the risk policy objectives for the Bank, and assumes responsibility for the supervision of risk management.

The day-to-day responsibility for risk management and control is delegated to the BRMCC which undertakes the oversight function for overall risk limits of the Bank to ensure that they are within risk appetites established by the Board. Other than the BRMCC, the Board is also supported by specialised and supervisory committees, the details of which are as follows:

(i) Board Investment and Credit Committee ("BICC"): The BICC assists the Board to consider and if deem fit to affirm or veto, all financing and investment applications, additional financing or investment, and/or request for changes to existing financing/investment accounts within the Committee’s discretionary authority. The BICC also considers and if deem fit to affirm or veto on waivers of penalty, profit or principal amount, rescheduling/restructuring of accounts and/or request for changes to existing non-performing financing/investment accounts within the Committee’s discretionary authority.

(ii) Group Board Information Technology Committee ("GBITC"): The GBITC supports the Board in providing direction and oversight over technology-related matters, including risk, in line with internal, as well as relevant regulatory requirements. The GBITC is responsible in reviewing, evaluating and recommending technological applications and innovations for the formulation of the Group's medium and long-term business strategy, and assist the Board in ensuring that the Group’s technology resources and initiatives are aligned with its overall digitalization strategy and objectives vis-à-vis revenue growth and strategic cost reduction.

(iii) Group Management Committee ("GMC"): The GMC, which comprises of the Group's Senior Management members, provides the leadership and direction in the implementation of strategies and policies approved by the Board as well as management of key accounts. The GMC is also responsible for matters relating to Environmental, Social and Governance ("ESG"), tender and procurement, and Occupational, Safety and Health ("OSHA").

35. Financial risk management (cont'd.)

(c) Risk organisation (cont'd.)

(iv) Group Management Risk and Compliance Committee ("GMRCC"): The GMRCC, which comprises of the Group's Senior Management members, oversees risk management and compliance activities, including the development and monitoring of policy frameworks risk appetite and regulatory compliance for the Group and entities within the Group. GMRCC actively manages enterprise risks across credit, market, liquidity, operational, ESG and other domains, ensuring robust controls and risk culture throughout the organisation. The committee also monitors adherence to laws and regulations and plays a pivotal role in supporting the Group's recovery planning and sustainability initiatives.

(v) Group Asset Liability Committee ("GALCO"): The GALCO, which comprises of the Group's Senior Management members, provides strategic direction in managing the capital, assets and liabilities of the Group and entities within the Group to optimize financial performance. GALCO oversees market, liquidity and capital risks while ensuring effective balance sheet and capital management. GALCO reviews asset-liability strategies, recovery planning and stress test results ensuring compliance with prudential ratios and regulatory requirements to maintain financial stability.

(vi) Group Management Investment and Credit Committee ("GMICC"): The GMICC, which comprises of the Group's Senior Management members, deliberates and recommends to the Board or relevant Board Committees for Corporate Financing, Retail Financing and Investment accounts for the Bank and other entities within MBSB Group, and decides whether to proceed with the preparation of the Board/BICC paper based on completed credit assessment reports. The GMICC also deliberates and recommends any appeal on variations to the terms and conditions as earlier approved by the Board or Board Committees and also deliberates and approves the submission of the relevant corporate rehabilitation papers for the Board or Board Committees.

(vii) Credit Committee ("CC"): The CC, which comprises of members of the Bank's Senior Management is a sub-committee responsible for the effective management of credit risk in line with the Bank’s approved credit risk strategy. This includes approving and/or reviewing new credit facilities, performing and non-performing accounts, credit policies and procedures, recovery as well as credit reporting and monitoring.The CC also deliberates and approves identified credit facilities and commitments that are not within the purview of Group Management Investment and Credit Committee (“GMICC”) such as Subscription / investment in government explicit-guaranteed sukuk, Share margin facilities, Financing facilities fully secured by cash collateral or term deposit (100% cash-backed collateral), Equity underwriting and Fee based lead arranger.

(viii) Group Management Information Technology Committee ("GMITC"): The GMITC, which comprises of the Group's Senior Management members, carries the Board’s mandate on managing technology matters for the Bank and other entities within MBSB Group by identifying, discussing, and resolving IT related affairs be it operational, financial or of key interest to the management.

35. Financial risk management (cont'd.)

(c) Risk organisation (cont'd.)

The Bank's risk management approach is based on the 'Three Lines of Defence' model.

First Line of Defence: Responsible for owning and managing day-to-day risks inherent in business and / or activities, including risk-taking and ensures the business operates within established risk strategies, tolerance, appetite, frameworks, policies, and procedures.

Second Line of Defence: Tasks include establishing frameworks, policies, and procedures, providing overall risk governance and independent risk oversight, ensuring compliance with applicable laws, regulations, and established policies and procedures.

Third Line of Defence: The third line of defence provides assurance through independent assessment, review, and validation. This involves examining the risk management framework, policies, and tools to ensure their robustness and alignment with both internal and external standards. Additionally, the third line assesses the adequacy of controls designed to mitigate risks.

(d) Risk reporting and monitoring

The Bank's credit portfolios are monitored through early alert reporting to ensure credit deterioration is promptly detected and mitigated through the implementation of risk remediation strategies. All business units undertake regular and comprehensive analyses of their credit portfolios and report to the relevant committees and are overseen by the RMD. The RMD provides independent review and recommendation to the business units and the Board to ensure independence in relation to the prompt identification and communication of emerging credit issues of the Bank to the Board.

(e) Credit risk mitigation

All credit facilities are granted based on the credit standing of the customer, source of repayment, debt servicing ability and the collateral provided. The valuation of the collateral is conducted periodically. The main types of collateral taken by the Bank are marketable securities, real estate, inventory and receivables. Personal guarantees are also taken as a part of the collateral to support moral commitment from the principal shareholders and directors. Corporate guarantees are often obtained when the customer's credit worthiness is insufficient to justify the granting of credit facilities.

35. Financial risk management (cont'd.)

(f) Concentration credit risk

Concentration of credit risk arises when several customers are engaged in similar business activities or activities within the same geographic region, or when they have similar risk characteristics that would cause their ability to meet contractual obligations to be similarly affected by changes in economic or other conditions. The Bank monitors its portfolios to identify and assess risk concentrations. The credit portfolios are monitored and periodically reviewed to identify, assess and guard against unacceptable risk concentrations. The RMD also applies single customer counterparty limits to protect against unacceptably large exposures to a single risk. The RMD conducts analyses and reports concentration risk to the Board on a quarterly basis.

35.1 Credit risk

Credit risk is the risk of loss to the Bank due to the deterioration in credit worthiness of its customers and, consequently, their ability to discharge their contractual obligations to the Bank. Credit risk remains the most significant risk to which the Bank is exposed. The purpose of credit risk management is to keep credit risk exposure to an acceptable level in line with the Bank's risk appetite and to ensure that the returns are commensurate to the risk underwritten.

The primary objective of the Group and the Bank's credit platform is to enhance the efficiency and effectiveness of the credit oversight and credit approval processes for all loans/ financing. Credit proposals are submitted to the Credit Management Division ("CMD") for independent assessment, and are subsequently submitted to the relevant credit committees for approval or concurrence. Credit exposures are evaluated by the RMD and are monitored against approved limits on a periodic basis on a portfolio and individual basis, individually and on a portfolio level.

(i) Maximum exposure to credit risk

The maximum exposure to credit risk at the statements of financial position is the amounts on the statements of financial position as well as off-balance sheet financial instruments, without taking into account any collateral held or other credit enhancements. For financial assets reflected in the statement of financial position, the exposure to credit risk equals their carrying amount. For financial guarantees and similar contracts granted, it is the maximum amount that the Bank would have to pay if the guarantees were called upon. For credit related commitments and contingencies that are irrevocable over the life of the respective facilities, it is generally the full amount of the committed facilities. All financial assets of the Bank are subject to credit risk except for cash in hands, foreclosed properties, prepayments, deferred expenses, statutory deposits with central banks as well as non-financial assets.

35. Financial risk management (cont'd.)

35.1 Credit risk (cont'd.)

(i) Maximum exposure to credit risk (cont'd.)

The table below shows the maximum exposure to credit risk for the Bank:

	Group		Bank	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Cash and short-term funds*	561,985	384,944	555,118	367,402
Financial investments at FVOCI^	1,828,889	1,781,577	1,828,889	1,781,577
Financial investments at amortised cost	1,148,333	1,742,352	1,148,333	1,742,352
Loans, advances and financing	1,587,600	1,779,571	1,587,600	1,779,571
Other financial assets#	63,783	38,940	70,582	56,216
	5,190,590	5,727,384	5,190,522	5,727,118
Other commitments	415,085	605,883	415,085	605,883

* Cash and short-term funds exclude cash on hand
^ Financial investments at FVOCI exclude shares
# Other financial assets exclude prepayment

35. Financial risk management (cont'd.)

35.1 Credit risk (cont'd.)

(ii) Credit quality

The credit mapping table below provides information to users of financial statements in understanding the Bank's risk management practices and evaluating the nature of risks arising from financial instruments. The Bank's internal rating scale and mapping of external ratings are set out below:

Risk Level	Risk Grade	Description
Superior	1	Superior safety for payment of financial obligations. It is judged to be the best or prime quality of credit.
Very Strong	2	High safety for timely payment of financial obligations.
Strong	3	Medium high safety for timely payment of financial obligations.
Good	4	Lower high safety for timely payment of financial obligations.
Acceptable	5	Adequate safety for timely payment of financial obligations. More susceptible to changes in circumstances and economic conditions than debts in higher-rated categories.
Fair	6	Moderate safety for timely payment of financial obligations. Lacking in certain protective elements. Changes in circumstances are more likely to lead to weakened capacity to meet financial obligations than debts in higher-rates categories.
Weak	7	Lower moderate safety for timely payment of financial obligations. Lacking in certain protective elements. Changes in circumstances are more likelyto weaken the capacity to meet financial obligations than debts in higher-rated categories.
Unacceptable	8	Weak safety for timely payment of financial obligations. Vulnerable to moderately adverse developments, both internal and external.
Substandard	9	Very weak safety for timely payment of financial obligations. Highly vulnerable to modestly adverse developments, both internal and external environments.
Doubtful	10	Highly likely of defaulting on its financial obligations. Little or limited capacity to address further adverse developments, both internal and external environments.
Default	11	Currently in default on either part of all of its financial obligations, whether or not formally declared.

35. Financial risk management (cont'd.)

35.1 Credit risk (cont'd.)

(ii) Credit quality (cont'd.)

Internal Credit Risk Rating ("ICRR") for Financings/Loans/Sukuk/Corporate Bonds, Kafalah/BG and other financial assets.

Index	Scale	Risk Grade	External Rating	
			RAM	MARC
Superior	1.00-1.50	1	AAA	AAA
Very Strong	1.51-2.50	2	AA_1	AA+
Strong	2.51-3.50	3	AA_2	AA
Good	3.51-4.50	4	AA_3	AA-
Acceptable	4.51-5.50	5	A_1	A+
Fair	5.51-6.50	6	A_2	A
Weak	6.51-7.50	7	A_3	A-
Unacceptable	7.51-8.50	8	BBB_1 to BBB_2	BBB+ to BBB
Substandard	8.51-9.50	9	BBB_2 to BBB_3	BBB to BBB-
Doubtful	9.51 and above	10	BB_1 and below	BB+ and below
Default		11	D	D

Rating for disclosures in the financial statements	RAM Rating	MARC	MOODY's
AAA	AAA	AAA	Aaa
AA and below	BBB3 to AA1	BBB- to AA+	Baa3 to Aa1

The table below shows the credit quality and the maximum exposure to credit risk based on the Group's and the Bank's internal credit rating system and classification of ECL stages.

Financial investments at FVOCI

Group and Bank	Stage 1 RM'000	Stage 2 RM'000	Total RM'000
31 December 2025			
Superior	361,407	-	361,407
Very strong	50,608	-	50,608
Strong	523,073	-	523,073
Good	128,049	-	128,049
Fair	-	51,285	51,285
Unrated *	714,467	-	714,467
	1,777,604	51,285	1,828,889
31 December 2024			
Superior	1,011,627	-	1,011,627
Very strong	40,252	-	40,252
Strong	556,161	61,570	617,731
Good	111,967	-	111,967
	1,720,007	61,570	1,781,577

* for goverment guaranteed securities

35. Financial risk management (cont'd.)

35.1 Credit risk (cont'd.)

(ii) Credit quality (cont'd.)

Financial investments at amortised cost

Group and Bank	Stage 1 RM'000
31 December 2025	
Superior	301,466
Strong	192,701
Good	141,381
Fair	133,530
Unrated *	379,255
	1,148,333
31 December 2024	
Superior	1,065,563
Strong	371,775
Good	176,841
Acceptable	128,173
	1,742,352

* for goverment guaranteed securities

Loans, advances and financing

(i) Term loans and financing

Group and Bank	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
31 December 2025				
Strong	99,169	-	-	99,169
Good	85,240	9,581	-	94,821
Acceptable	106,367	-	-	106,367
Fair	33,563	120,022	-	153,585
Default	-	-	82,361	82,361
	324,339	129,603	82,361	536,303
31 December 2024				
Superior	44,070	-	-	44,070
Strong	117,953	-	-	117,953
Good	115,784	16,168	-	131,952
Acceptable	24,859	-	-	24,859
Fair	285,494	24,817	-	310,311
Default	-	-	54,626	54,626
	588,160	40,985	54,626	683,771

35. Financial risk management (cont'd.)

35.1 Credit risk (cont'd.)

(ii) Credit quality (cont'd.)

Loans, advances and financing (cont'd.)

(ii) Margin accounts

Group and Bank	Stage 1 RM'000
31 December 2025	
Very strong	190,457
Strong	70,539
Good	316,218
Acceptable	452,566
Fair	21,479
Total	1,051,259
31 December 2024	
Very strong	77,897
Strong	218,731
Good	317,881
Acceptable	476,358
Fair	4,826
Total	1,095,693

(iii) Staff loans and financing

Group and Bank	Stage 1 RM'000
31 December 2025	
Unrated	38
Total	38
31 December 2024	
Unrated	107
Total	107

35. Financial risk management (cont'd.)

35.1 Credit risk (cont'd.)

(ii) Credit quality (cont'd.)

Other financial assets

	Group RM'000	Bank RM'000
31 December 2025		
Cash and short-term funds		
AAA	187,957	181,090
AA and below	374,028	374,028
	561,985	555,118
Other financial assets *		
Unrated	9,413	16,212
	9,413	16,212
Other commitment		
AA and below	415,085	415,085
	415,085	415,085
31 December 2024		
Cash and short-term funds		
AAA	46,715	29,173
AA and below	338,229	338,229
	384,944	367,402
Other financial assets		
Unrated	38,940	56,216
	38,940	56,216
Other commitment		
Unrated	605,883	605,883
	605,883	605,883

* excludes amount due from brokers and clients

35. Financial risk management (cont'd.)

35.1 Credit risk (cont'd.)

(iii) Risk concentrations: maximum exposure to credit risk without taking into account of any collateral and other credit enhancements

Group 2025	Manufacturing RM'000	Household/ individual RM'000	Finance, insurance, real estate and business services RM'000	Electricity, gas and water supply RM'000	Government and Central Bank RM'000	Others RM'000	Total RM'000
Financial assets							
Cash and short-term funds*	-	-	561,699	-	286	-	561,985
Financial investments at FVOCI^	76,393	-	540,722	143,901	704,371	363,502	1,828,889
Financial investments at amortised cost	-	-	428,634	-	272,817	446,882	1,148,333
Loans, advances and financing	9,581	785,253	500,263	47,176	-	245,327	1,587,600
Other financial assets#	-	-	9,454	-	-	54,329	63,783
	85,974	785,253	2,040,772	191,077	977,474	1,110,040	5,190,590
Commitments and contingencies							
Other commitments	-	225,800	50,025	-	-	139,260	415,085
	-	225,800	50,025	-	-	139,260	415,085
	85,974	1,011,053	2,090,797	191,077	977,474	1,249,300	5,605,675

* Cash and short-term funds exclude cash on hand
^ Financial investments at FVOCI exclude shares
# Other financial assets exclude prepayment

35. Financial risk management (cont'd.)

35.1 Credit risk (cont'd.)

(iii) Risk concentrations: maximum exposure to credit risk without taking into account of any collateral and other credit enhancements (cont'd.)

Group 2024	Manufacturing RM'000	Household/ individual RM'000	Finance, insurance, real estate and business services RM'000	Electricity, gas and water supply RM'000	Government and Central Bank RM'000	Others RM'000	Total RM'000
Financial assets							
Cash and short-term funds*	-	-	384,402	-	542	-	384,944
Financial investments at FVOCI^	71,139	-	481,570	153,415	693,835	381,618	1,781,577
Financial investments at amortised cost	-	-	720,190	-	455,065	567,097	1,742,352
Loans, advances and financing	40,539	825,000	527,326	49,676	-	337,030	1,779,571
Other financial assets#	-	-	1,236	-	-	37,704	38,940
	111,678	825,000	2,114,724	203,091	1,149,442	1,323,449	5,727,384
Commitments and contingencies							
Other commitments	-	296,110	118,099	12,500	-	179,174	605,883
	-	296,110	118,099	12,500	-	179,174	605,883
	111,678	1,121,110	2,232,823	215,591	1,149,442	1,502,623	6,333,267

* Cash and short-term funds exclude cash on hand
^ Financial investments at FVOCI exclude shares
# Other financial assets exclude prepayment

35. Financial risk management (cont'd.)

35.1 Credit risk (cont'd.)

(iii) Risk concentrations: maximum exposure to credit risk without taking into account of any collateral and other credit enhancements (cont'd.)

Bank 2025	Manufacturing RM'000	Household/ individual RM'000	Finance, insurance, real estate and business services RM'000	Electricity, gas and water supply RM'000	Government and Central Bank RM'000	Others RM'000	Total RM'000
Financial assets							
Cash and short-term funds*	-	-	554,832	-	286	-	555,118
Financial investments at FVOCI^	76,393	-	540,722	143,901	704,371	363,502	1,828,889
Financial investments at amortised cost	-	-	428,634	-	272,817	446,882	1,148,333
Loans, advances and financing	9,581	785,253	500,263	47,176	-	245,327	1,587,600
Other financial assets#	-	-	9,454	-	-	61,128	70,582
	85,974	785,253	2,033,905	191,077	977,474	1,116,839	5,190,522
Commitments and contingencies							
Other commitments	-	225,800	50,025	-	-	139,260	415,085
	-	225,800	50,025	-	-	139,260	415,085
	85,974	1,011,053	2,083,930	191,077	977,474	1,256,099	5,605,607

* Cash and short-term funds exclude cash on hand
^ Financial investments at FVOCI exclude shares
# Other financial assets exclude prepayment

35. Financial risk management (cont'd.)

35.1 Credit risk (cont'd.)

(iii) Risk concentrations: maximum exposure to credit risk without taking into account of any collateral and other credit enhancements (cont'd.)

Bank 2024	Manufacturing RM'000	Household/ individual RM'000	Finance, insurance, real estate and business services RM'000	Electricity, gas and water supply RM'000	Government and Central Bank RM'000	Others RM'000	Total RM'000
Financial assets							
Cash and short-term funds*	-	-	366,860	-	542	-	367,402
Financial investments at FVOCI^	71,139	-	481,570	153,415	693,835	381,618	1,781,577
Financial investments at amortised cost	-	-	720,190	-	455,065	567,097	1,742,352
Loans, advances and financing	40,539	825,000	527,326	49,676	-	337,030	1,779,571
Other financial assets#	-	-	1,236	-	-	54,980	56,216
	111,678	825,000	2,097,182	203,091	1,149,442	1,340,725	5,727,118
Commitments and contingencies							
Other commitments	-	296,110	118,099	12,500	-	179,174	605,883
	-	296,110	118,099	12,500	-	179,174	605,883
	111,678	1,121,110	2,215,281	215,591	1,149,442	1,519,899	6,333,001

* Cash and short-term funds exclude cash on hand
^ Financial investments at FVOCI exclude shares
# Other financial assets exclude prepayment

35. Financial risk management (cont'd.)

35.1 Credit risk (cont'd.)

(iv) Collateral and other credit enhancements

The main types of collateral or other credit enhancements held by the Group and the Bank to mitigate credit risk are fixed deposits, securities, commercial and residential properties, machineries, motor vehicles and trade receivables.

As at 31 December 2025, the financial effect of collateral (quantification of the extent to which collateral and other credit enhancements mitigate credit risk) held for loans, advances and financing for the Group and the Bank are at 99.94% (2024: 100.0%). The financial effect of collateral held for other financial assets is not significant.

(v) Collateral repossessed

The Group and the Bank took no possession of any properties or other pledged assets during the financial year.

It is the Group's and the Bank's policy in general to dispose off repossessed collateral in an orderly manner. The proceeds are used to reduce or repay the outstanding balance of loans and securities.

(vi) Key macroeconomic variables

In computing the ECL of financing and advances, the Group and the Bank in corporate the impact of forward-looking key MEV according to respective portfolio. The Group and the Bank performed statistical analysis based on historical experience and identified the MEV impacting credit risk and ECL for each portfolio. The relationship of the MEV on the components of ECL has been determined by performing statistical regression analysis to understand the impact changes in these variables have had historically on default rates and the components. Sources of forecasts of the MEV are from internal research house, which is related party to the Bank.

35. Financial risk management (cont'd.)

35.1 Credit risk (cont'd.)

(vi) Key macroeconomic variables (cont'd.)

The MEVs incorporated into the ECL calculations are supported with 3 economic scenarios i.e. baseline, best and worst case scenarios. The following table shows the MEVs applied but not limited to by the Bank Group and the Bank in the ECL models.

Macro-exconomic Variables ("MEV")	Base scenario		Base scenario		Base scenario	
	Next 12 months	Remaining forecast period	Next 12 months	Remaining forecast period	Next 12 months	Remaining forecast period
2025						
Unemployment Rate (%)	2.50	3.05	2.30	2.77	2.80	3.70
Consumer Price Index ("CPI")	135.94	139.23	133.45	131.42	136.29	145.10
2024						
Unemployment Rate (%)	3.36	3.33	2.91	2.10	5.36	3.71
Consumer Price Index ("CPI")	137.83	143.70	136.49	137.68	139.91	147.23

35.2 Market risk

Market risk is defined as the risk of potential loss or adverse impact on earnings or capital due to movements in market rates or prices, including profit/ interest rates, foreign exchange rates and equity prices. Market risk is differentiated into two categories: Traded Market Risk ("TMR"), which pertains to trading book activities, and Non-Traded Market Risk ("NTMR"), which pertains to banking book activities.

Market risk exposures arising from both trading book and banking book activities are managed through a combination of governance structures, risk measurement techniques and control frameworks designed to identify, assess, monitor and mitigate the potential adverse effects of market movements on financial condition and performance.

35. Financial risk management (cont'd.)

35.2 Market risk (cont'd.)

Traded Market Risk

Traded Market Risk (“TMR”) exposures primarily arise from trading activities undertaken in the financial markets. The objectives of TMR management are to identify, assess and measure market risk exposures, and to work with relevant Business Units (“BUs”) to ensure such exposures remain within the approved risk appetite.

Governance of the trading book activities is supported by established market risk policies, which incorporate a range of quantitative and qualitative controls, including loss controls, position controls, sensitivity controls, and concentration controls. These controls are implemented through structured risk limit setting, measurement and monitoring processes, together with ongoing engagement with the BUs.

To manage sensitivity to changes in profit rates, sensitivity measures such as the Price Value of One Basis Point ("PV01") are applied, while Net Open Position controls are used to manage foreign exchange risk exposures. These measures are considered appropriate given the size, nature and complexity of trading activities and provide meaningful insights into exposure levels for effective monitoring, control and decision-making purposes.

TMR exposures are independently monitored against approved limits on an ongoing basis to ensure effective segregation between risk-taking and risk oversight functions. Monitoring results are reported regularly to Management and relevant Board-level committees. Policies and procedures are in place to facilitate timely escalation and corrective actions in the event of any exceptions to approved traded market risk controls, including the requirement for BUs to provide explanations and action plans where applicable.

Capital Treatment for Market Risk

The Standardised Approach ("SA") is adopted in computing market risk capital charge requirements in accordance with BNM’s Guidelines on Capital Adequacy Framework (Basel II - Risk Weighted Assets) and CAFIB (Basel II - Risk Weighted Assets).

35. Financial risk management (cont'd.)

35.2 Market risk (cont'd.)

Non-Traded Market Risk

The Bank's NTMR primarily arises from banking book activities where the principal exposures relates to Rate of Return Risk in the Banking Book/Interest Rate Risk in the Banking Book.

(i) **Interest/Profit rate risk**

Rate of Return in the Banking Book ("RORRBB")/ Interest Rate Risk in the Banking Book ("IRRBB")

RORRBB/IRRBB refers to the potential adverse impact on earnings and economic value, and consequently capital, arising from movements in profit rates affecting banking book positions. This risk emerges from factors such as mismatches in repricing dates between assets and liabilities, changes in yield curves, and variations in profit rate levels.

Wholesale banking activities, including lending and deposit-taking, give rise to profit/ interest rate-sensitive positions within the banking book. These exposures are managed under established banking book policies and procedures.

Repricing gap analysis forms a key component of the assessment of RORRBB/IRRBB. In addition, Earnings at Risk ("EAR") and Economic Value of Equity ("EVE") measures are derived to assess the potential impact of adverse profit rate movements on earnings and capital, respectively. Sensitivity analysis using PV01 is also applied to quantify changes in economic value resulting from a one basis point movement in profit rates. RORRBB/IRRBB exposures are reviewed regularly by the relevant BUs, with appropriate strategies recommended to manage exposures within approved limits.

35. Financial risk management (cont'd.)

35.2 Market risk (cont'd.)

Non-Traded Market Risk (cont'd.)

(i) **Interest/Profit rate risk (cont'd.)**

The following table demonstrates the sensitivity to a reasonable possible change in interest rates, with all other variables held constant, of the Group's and the Bank's profit after taxation and equity.

The sensitivity of profit after taxation is the effect of the assumed changes in interest rates on profit before taxation, based on the floating rate of non-trading financial assets and financial liabilities held as at 31 December 2025. The sensitivity of equity is calculated by revaluing fixed rate financial investments at FVOCI at 31 December 2025 and 2024 respectively for the effects of the assumed changes in interest rates. The total sensitivity of equity is based on the assumption that there are parallel shifts in the yield curve.

	Group and Bank Increase/(decrease)	
	+100 basis point RM'000	**-100 basis point RM'000**
2025		
Impact to profit after tax	(5,670)	(8,290)
Impact on equity	(58,453)	25,470
2024		
Impact to profit after tax	6,369	(6,369)
Impact on equity	(51,729)	51,729

35. Financial risk management (cont'd.)

35.2 Market risk (cont'd.)

(i) Interest/Profit rate risk (cont'd.)

The tables below summarise the Group's financial liabilities at their full carrying amounts, analysed by the earlier of contractual repricing or maturity dates:

	<---------- Non-trading book ---------->							
Group	**Up to 1 month**	**> 1 - 3 months**	**>3 - 12 months**	**> 1 - 5 years**	**> 5 years**	**Non-interest sensitive**	**Trading book**	**Total**
2025	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Financial assets								
Cash and short-term funds	374,028	-	-	-	-	187,957	-	561,985
Financial investments at FVOCI	-	425,826	329,823	1,045,217	10,572	18,483	-	1,829,921
Financial investments at amortised cost *	-	40,055	681,312	353,321	59,979	13,666	-	1,148,333
Loans, advances and financing *	395,155	680,622	140,003	190,285	99,174	82,361	-	1,587,600
Other financial assets	-	-	-	-	-	63,783	-	63,783
Statutory deposits with BNM	-	-	-	-	-	37,027	-	37,027
Total financial assets	769,183	1,146,503	1,151,138	1,588,823	169,725	403,277	-	5,228,649
Financial liabilities								
Deposits from customers	1,411,432	395,244	891,445	-	-	58,200	-	2,756,321
Deposits and placements of banks and other financial institutions	1,323,610	171,947	50,180	-	-	15,782	-	1,561,519
Other financial liabilities	-	-	-	-	-	134,097	-	134,097
Lease liabilities	-	-	-	-	-	2,064	-	2,064
Total financial liabilities	2,735,042	567,191	941,625	-	-	210,143	-	4,454,001
Total interest sensitivity gap	(1,965,859)	579,312	209,513	1,588,823	169,725	193,134	-	774,648
Commitments and contingencies								
Other commitments	-	-	-	-	-	415,085	-	415,085
Total interest sensitivity gap	-	-	-	-	-	415,085	-	415,085

* Net ECL allowance

35. Financial risk management (cont'd.)

35.2 Market risk (cont'd.)

(i) Interest/Profit rate risk (cont'd.)

Group 2024	<---------- Non-trading book ----------> Up to 1 month RM'000	> 1 - 3 months RM'000	>3 - 12 months RM'000	> 1 - 5 years RM'000	> 5 years RM'000	Non-interest sensitive RM'000	Trading book RM'000	Total RM'000
Financial assets								
Cash and short-term funds	338,228	-	-	-	-	46,716	-	384,944
Financial investments at FVOCI	-	-	176,891	1,235,101	369,585	-	-	1,781,577
Financial investments at amortised cost	10,254	-	435,352	1,080,206	216,540	-	-	1,742,352
Loans, advances and financing	569,225	526,473	166,780	232,751	238,546	45,796	-	1,779,571
Other financial assets	-	-	-	-	-	38,939 *	-	38,939
Statutory deposits with BNM	-	-	-	-	-	90,317	-	90,317
Total financial assets	917,707	526,473	779,023	2,548,058	824,671	221,768	-	5,817,700
Financial liabilities								
Deposits from customers	1,834,304	903,914	624,939	-	-	58,735	-	3,421,892
Deposits and placements of banks and other financial institutions	1,000,062	260,457	111,848	-	-	56,306	-	1,428,673
Other financial liabilities	-	-	-	-	-	76,264	-	76,264
Lease liabilities	-	-	-	-	-	3,269	-	3,269
Total financial liabilities	2,834,366	1,164,371	736,787	-	-	194,574	-	4,930,098
Total interest sensitivity gap	(1,916,659)	(637,898)	42,236	2,548,058	824,671	27,194	-	887,602

* ECL allowance

35. Financial risk management (cont'd.)

35.2 Market risk (cont'd.)

(i) Interest/Profit rate risk (cont'd.)

	<---------- Non-trading book ---------->							
Bank	**Up to 1 month**	**> 1 - 3 months**	**>3 - 12 months**	**> 1 - 5 years**	**> 5 years**	**Non-interest sensitive**	**Trading book**	**Total**
2025	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Financial assets								
Cash and short-term funds	374,028	-	-	-	-	181,090	-	555,118
Financial investments at FVOCI	-	425,826	329,823	1,045,217	10,572	18,483		1,829,921
Financial investments at amortised cost *	-	40,055	681,312	353,321	59,979	13,666	-	1,148,333
Loans, advances and financing *	395,155	680,622	140,003	190,285	99,174	82,361	-	1,587,600
Other financial assets	-	-	-	-	-	70,582	-	70,582
Statutory deposits with BNM	-	-	-	-	-	37,027	-	37,027
Total financial assets	769,183	1,146,503	1,151,138	1,588,823	169,725	403,209	-	5,228,581
Financial liabilities								
Deposits from customers	1,411,432	395,244	891,445	-	-	58,200	-	2,756,321
Deposits and placements of banks and other financial institutions	1,323,610	171,947	50,180	-	-	15,782	-	1,561,519
Other financial liabilities	-	-	-	-	-	134,093	-	134,093
Lease liabilities	-	-	-	-	-	2,064	-	2,064
Total financial liabilities	2,735,042	567,191	941,625	-	-	210,139	-	4,453,997
Total interest sensitivity gap	(1,965,859)	579,312	209,513	1,588,823	169,725	193,070	-	774,584
Commitments and contingencies								
Other commitments	-	-	-	-	-	415,085	-	415,085
Total interest sensitivity gap	-	-	-	-	-	415,085	-	415,085

* Net ECL allowance

35. Financial risk management (cont'd.)

35.2 Market risk (cont'd.)

(i) Interest/Profit rate risk (cont'd.)

	<---------- Non-trading book ---------->							
Bank	**Up to 1 month**	**> 1 - 3 months**	**>3 - 12 months**	**> 1 - 5 years**	**> 5 years**	**Non-interest sensitive**	**Trading book**	**Total**
2024	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Financial assets								
Cash and short-term funds	338,228	-	-	-	-	29,174	-	367,402
Financial investments at FVOCI	-	-	176,891	1,235,101	369,585	-	-	1,781,577
Financial investments at amortised cost	10,254	-	435,352	1,080,206	216,540	-	-	1,742,352
Loans, advances and financing	569,225	526,473	166,780	232,751	238,546	45,796	-	1,779,571
Other financial assets	-	-	-	-	-	56,215 *	-	56,215
Statutory deposits with BNM	-	-	-	-	-	90,317	-	90,317
Total financial assets	917,707	526,473	779,023	2,548,058	824,671	221,502	-	5,817,434
Financial liabilities								
Deposits from customers	1,834,304	903,914	624,939	-	-	58,735	-	3,421,892
Deposits and placements of banks and other financial institutions	1,000,062	260,457	111,848	-	-	56,306	-	1,428,673
Other financial liabilities	-	-	-	-	-	76,264	-	76,264
Lease liabilities	-	-	-	-	-	3,269	-	3,269
	2,834,366	1,164,371	736,787	-	-	194,574	-	4,930,098
Total interest sensitivity gap	(1,916,659)	(637,898)	42,236	2,548,058	824,671	26,928	-	887,336

* ECL allowance

35. Financial risk management (cont'd.)

35.2 Market risk (cont'd.)

Foreign Exchange Risk

The Group and the Bank are exposed to transactional foreign exchange exposures which are exposures on assets and liabilities denominated in currencies other than the functional currency of the transacting entity.

The Group and the Bank take minimal exposure to the effects of fluctuations in the prevailing foreign currency exchange rates on its financial position and cashflows. The Group and the Company manage its exposure to foreign exchange currencies at each entity level.

Sensitivity Analysis

The table below shows sensitivity of the Group and the Bank's profit to movement in foreign exchange rates.

	Group Increase/(decrease) 2025 RM'000	 2024 RM'000
+1%	3	30
-1%	(3)	(30)

	Group Increase/(decrease) 2025 RM'000	 2024 RM'000
Assets/(Liability)		
United States Dollar ("USD")	(381)	(3,886)

35. Financial risk management (cont'd.)

(c) Operational risk

Operational risk is defined as the risk of loss arising from inadequate or failed internal processes, people and systems and external events, which includes legal risk and Shariah compliance risk but excludes strategic and reputational risk. The Bank recognise and emphasise the importance of operational risk management and manages this risk through a control-based environment where processes are documented, authorisation is independent, transactions are reconciled and monitored and business activities are carried out within the established guidelines, procedures and limits. The Bank's governance approach in managing operational risk is premised on the Three Lines of Defense Approach as discussed under Note 36(c).

(d) Liquidity risk

Liquidity risk is the risk of adverse impacts on the financial condition or overall safety and soundness arising from an inability, or perceived inability, to meet financial obligations or commitments as they fall due, or from being able to meet such obligations only at an unreasonable cost.

Liquidity risk comprises both funding liquidity risk, which arises from the inability to meet expected or unexpected cash flow obligations as they fall due, and market liquidity risk, which arises from limitations in converting assets into cash at reasonable prices due to market conditions.

The primary objective of liquidity risk management is to ensure the availability of sufficient funds at a reasonable cost to honour all financial commitments when they fall due under various market conditions. To support this objective, various liquidity measurements, including the Liquidity Coverage Ratio ("LCR"), Net Stable Funding Ratio ("NSFR"), and Top Depositor Concentration ratios, are employed. At the same time, an appropriate funding structure is maintained by balancing key liquidity risk management considerations, including diversification of funding sources, customer base, and maturity profile.

In compliance with BNM's regulatory requirements, the LCR and NSFR are maintained above the minimum regulatory requirements. LCR serves as a short-term liquidity resilience measure, assessing the adequacy of High-Quality Liquid Assets ("HQLAs") to withstand an acute liquidity stress scenario over a 30-day horizon. NSFR promotes a more stable funding profile to support the balance sheet over the medium to long term.

A Contingency Funding Plan ("CFP") is established to provide a structured framework for managing liquidity stress events. The CFP outlines mitigation strategies and escalation arrangement based on the severity of liquidity conditions and incorporates a set of early warning signals to identify emerging liquidity risks. A simulation exercise is conducted periodically to assess organisational preparedness, clarity of roles and the effectivenss of escalation and response processess in managing liquidity incidents.

35. Financial risk management (cont'd.)

(d) Liquidity risk (cont'd.)

The table below summarises the maturity profile of the Group's and of the Bank's assets and liabilities as at reporting date based on remaining contractual maturity:

Group 2025	On demand RM'000	Under 1 month RM'000	>1 - 3 months RM'000	>3 - 12 months RM'000	1 to 5 years RM'000	>5 years RM'000	No specific maturity RM'000	Total RM'000
Financial assets								
Cash and short-term funds	187,957	374,028	-	-	-	-	-	561,985
Financial investments at FVOCI	18,483	-	425,826	329,823	1,045,217	10,572	1,032	1,830,953
Financial investments at amortised cost	13,666	-	40,055	681,312	353,321	59,979	-	1,148,333
Loans, advances and financing	82,361	395,155	680,622	140,003	190,285	99,174	-	1,587,600
Other financial assets	9,413	54,370	-	-	-	-	-	63,783
Statutory deposits with BNM	-	-	-	-	-	-	37,027	37,027
Total financial assets	311,880	823,553	1,146,503	1,151,138	1,588,823	169,725	38,059	5,229,681
Financial liabilities								
Deposits from customers	58,200	1,411,432	395,244	891,445	-	-	-	2,756,321
Deposits and placements of banks financial institutions	357,447	981,945	171,947	50,180	-	-	-	1,561,519
Other financial liabilities	134,097	-	-	-	-	-	-	134,097
Lease liabilities	-	103	206	946	809	-	-	2,064
Total financial liabilities	549,744	2,393,480	567,397	942,571	809	-	-	4,454,001
Net liquidity gap	(237,864)	(1,569,927)	579,106	208,567	1,588,014	169,725	38,059	775,680

35. Financial risk management (cont'd.)

(d) Liquidity risk (cont'd.)

Group 2024	On demand RM'000	Under 1 month RM'000	>1 - 3 months RM'000	>3 - 12 months RM'000	1 to 5 years RM'000	>5 years RM'000	No specific maturity RM'000	Total RM'000
Financial assets								
Cash and short-term funds	46,716	338,228	-	-	-	-	-	384,944
Financial investments at FVOCI	-	-	-	176,891	1,235,101	369,585	-	1,781,577
Financial investments at amortised cost	-	10,254	-	435,352	1,080,206	216,540	-	1,742,352
Loans, advances and financing	54,626	569,225	526,473	165,214	229,115	234,918	-	1,779,571
Other financial assets	404	33,722	4,785	-	-	28	-	38,939
Statutory deposits with BNM	-	-	-	-	-	-	90,317	90,317
Total financial assets	101,746	951,429	531,258	777,457	2,544,422	821,071	90,317	5,817,700
Financial liabilities								
Deposits from customers	58,735	1,834,304	903,914	624,939	-	-	-	3,421,892
Deposits and placements of banks financial institutions	200,442	855,925	260,458	111,848	-	-	-	1,428,673
Other financial liabilities	41,597	27,919	5,985	763	-	-	-	76,264
Lease liabilities	-	99	198	908	2,064	-	-	3,269
Total financial liabilities	300,774	2,718,247	1,170,555	738,458	2,064	-	-	4,930,098
Net liquidity gap	(199,028)	(1,766,818)	(639,297)	38,999	2,542,358	821,071	90,317	887,602

35. Financial risk management (cont'd.)

(d) Liquidity risk (cont'd.)

Bank 2025	On demand RM'000	Under 1 month RM'000	>1 - 3 months RM'000	>3 - 12 months RM'000	1 to 5 years RM'000	>5 years RM'000	No specific maturity RM'000	Total RM'000
Financial assets								
Cash and short-term funds	181,090	374,028	-	-	-	-	-	555,118
Financial investments at FVOCI	18,483	-	425,826	329,823	1,045,217	10,572	1,032	1,830,953
Financial investments at amortised cost	13,666	-	40,055	681,312	353,321	59,979	-	1,148,333
Loans, advances and financing	82,361	395,155	680,622	140,003	190,285	99,174	-	1,587,600
Other financial assets	16,212	54,370	-	-	-	-	-	70,582
Statutory deposits with BNM	-	-	-	-	-	-	37,027	37,027
Total financial assets	311,812	823,553	1,146,503	1,151,138	1,588,823	169,725	38,059	5,229,613
Financial liabilities								
Deposits from customers	58,200	1,411,432	395,244	891,445	-	-	-	2,756,321
Deposits and placements of banks financial institutions	357,447	981,945	171,947	50,180	-	-	-	1,561,519
Other financial liabilities	134,093	-	-	-	-	-	-	134,093
Lease liabilities	-	103	206	946	809	-	-	2,064
Total financial liabilities	549,740	2,393,480	567,397	942,571	809	-	-	4,453,997
Net liquidity gap	(237,928)	(1,569,927)	579,106	208,567	1,588,014	169,725	38,059	775,616

35. Financial risk management (cont'd.)

(d) Liquidity risk (cont'd.)

Bank 2024	On demand RM'000	Under 1 month RM'000	>1 - 3 months RM'000	>3 - 12 months RM'000	1 to 5 years RM'000	>5 years RM'000	No specific maturity RM'000	Total RM'000
Financial assets								
Cash and short-term funds	29,174	338,228	-	-	-	-	-	367,402
Financial investments at FVOCI	-	-	-	176,891	1,235,101	369,585	-	1,781,577
Financial investments at amortised cost	-	10,254	-	435,352	1,080,206	216,540	-	1,742,352
Loans, advances and financing	54,626	569,225	526,473	165,214	229,115	234,918	-	1,779,571
Other financial assets	17,680	33,722	4,785	-	-	28	-	56,215
Statutory deposits with BNM	-	-	-	-	-	-	90,317	90,317
Total financial assets	101,480	951,429	531,258	777,457	2,544,422	821,071	90,317	5,817,434
Financial liabilities								
Deposits from customers	58,735	1,834,304	903,914	624,939	-	-	-	3,421,892
Deposits and placements of banks financial institutions	200,442	855,925	260,458	111,848	-	-	-	1,428,673
Other financial liabilities	41,597	27,919	5,985	763	-	-	-	76,264
Lease liabilities	-	99	198	908	2,064	-	-	3,269
Total financial liabilities	300,774	2,718,247	1,170,555	738,458	2,064	-	-	4,930,098
Net liquidity gap	(199,294)	(1,766,818)	(639,297)	38,999	2,542,358	821,071	90,317	887,336

35. Financial risk management (cont'd.)

(d) Liquidity risk (cont'd.)

The following table shows the contractual undiscounted cash flows payable for financial liabilities, including unrecognised firm commitments, by remaining contractual maturity. Each undrawn loan commitment is included in the time band containing the earliest date it can be drawn down. For issued financial guarantee contracts, the maximum amount of the guarantee is allocated to the earliest period in which the guarantee could be called.

The financial liabilities in the table below will not agree to the balances reported in the statements of financial position as the table incorporates all contractual cash flows, on an undiscounted basis, relating to both principal and interest payments. The contractual maturity profile does not necessarily reflect the behavioural cash flows.

Group 2025	On demand RM'000	Under 1 month RM'000	>1 - 3 months RM'000	>3 - 12 months RM'000	1 to 5 years RM'000	>5 years RM'000	No specific maturity RM'000	Total RM'000
Non-derivative financial								
Deposits from customers	63,355	1,412,221	396,143	907,662	-	-	-	2,779,381
Deposits and placements of banks and other financial institutions	358,393	982,641	172,628	50,455	-	-	-	1,564,117
Other financial liabilities	131,392	-	-	-	-	-	-	131,392
Lease liabilities	-	103	206	946	809	-	-	2,064
	553,140	2,394,965	568,977	959,063	809	-	-	4,476,954
Unrecognised firm commitments								
Other commitments	415,085	-	-	-	-	-	-	415,085
	415,085	-	-	-	-	-	-	415,085

35. Financial risk management (cont'd.)

(d) Liquidity risk (cont'd.)

Group 2024	On demand RM'000	Under 1 month RM'000	>1 - 3 months RM'000	>3 - 12 months RM'000	1 to 5 years RM'000	>5 years RM'000	No specific maturity RM'000	Total RM'000
Non-derivative financial								
Deposits from customers	62,381	1,835,533	907,632	636,932	-	-	-	3,442,478
Deposits and placements of banks and other financial institutions	202,477	856,613	261,037	113,668	-	-	-	1,433,795
Other financial liabilities	41,597	27,919	3,338	763	-	-	-	73,617
	306,455	2,720,065	1,172,007	751,363	-	-	-	4,949,890
Unrecognised firm commitments								
Other commitments	605,883	-	-	-	-	-	-	605,883
	605,883	-	-	-	-	-	-	605,883

35. Financial risk management (cont'd.)

(d) Liquidity risk (cont'd.)

Bank 2025	On demand RM'000	Under 1 month RM'000	>1 - 3 months RM'000	>3 - 12 months RM'000	1 to 5 years RM'000	>5 years RM'000	No specific maturity RM'000	Total RM'000
Non-derivative financial								
Deposits from customers	63,355	1,412,221	396,143	907,662	-	-	-	2,779,381
Deposits and placements of banks and other financial institutions	358,393	982,641	172,628	50,455	-	-	-	1,564,117
Other financial liabilities	134,093	-	-	-	-	-	-	134,093
Lease liabilities	-	103	206	946	809	-	-	2,064
	555,841	2,394,965	568,977	959,063	809	-	-	4,479,655
Unrecognised firm commitments								
Other commitments	415,085	-	-	-	-	-	-	415,085
	415,085	-	-	-	-	-	-	415,085

35. Financial risk management (cont'd.)

(d) Liquidity risk (cont'd.)

Bank 2024	On demand RM'000	Under 1 month RM'000	>1 - 3 months RM'000	>3 - 12 months RM'000	1 to 5 years RM'000	>5 years RM'000	No specific maturity RM'000	Total RM'000
Non-derivative financial								
Deposits from customers	62,381	1,835,533	907,632	636,932	-	-	-	3,442,478
Deposits and placements of banks and other financial institutions	202,477	856,613	261,037	113,668	-	-	-	1,433,795
Other financial liabilities	41,597	27,919	3,338	763	-	-	-	73,617
	306,455	2,720,065	1,172,007	751,363	-	-	-	4,949,890
Unrecognised firm commitments								
Other commitments	605,883	-	-	-	-	-	-	605,883
	605,883	-	-	-	-	-	-	605,883

35. Financial risk management (cont'd.)

(e) Technology & Cyber Security Risk

Technology risk refers to the possibility that system outages, failures, or disruptions in IT infrastructure could interrupt operations, degrade service delivery, or impact customer confidence. Cybersecurity risk, distinct from technology risk, specifically relates to the threat of security breaches, unauthorized access, or malicious attacks that could expose sensitive data or compromise digital assets. These events may result in financial losses, reputational risk, and regulatory penalties, ultimately affecting the Bank's ability to deliver essential financial services.

Mitigation efforts include strengthened governance, advanced cybersecurity capabilities, response drills, and awareness programmes. These initiatives are designed to ensure alignment with BNM's Risk Management in Technology ("RMiT") policy, embedding best practices and accountability across all levels.

The rapid expansion of AI and digital technologies continues to elevate the speed, sophistication, and complexity of emerging cyber threats. The Bank remains focused on enhancing its security posture, investing in more resilience controls, and maintaining vigilance against emerging risks. These efforts enable the Bank to protect its operations, uphold customer trust, and support its strategic digital transformation agenda.

(f) Environment, Social and Governance Risk

Environmental, social and governance ("ESG") risks refer to the risk of financial loss, operational disruption or reputational harm arising from inadequate consideration or management of environmental, social or governance factors. These risks may materialise through physical and transition-related environmental impacts, social practices affecting stakeholders, or weaknesses in governance, and may ultimately affect the Bank's asset quality, business continuity, regulatory standing and long-term sustainability.

To manage these risks, the Bank has progressively embedded ESG considerations into its policies and governance arrangements. This includes strengthening oversight and accountability, enhancing ESG risk identification and assessment practices, and integrating relevant ESG considerations into financing decisions and operational controls.

From a business and customer perspective, the Bank seek to support responsible financing and facilitate customers' transition towards more sustainable and resilient business models, including those aligned with climate-related objectives. Internally, the Bank continues to enhance resource efficiency, strengthen climate resilience and reduce its environmental footprint, while safeguarding operational stability.

Through these measures, the Bank aims to strengthen its resilience to ESG-related risks, support sustainable and responsible growth, and meet the evolving expectations of regulators, customers and other stakeholders over the long term.

36. Fair value measurement

(i) Fair values of recognised financial instruments

Set out below is a comparison by class of the carrying amounts and fair value of the financial instruments of the Group and the Bank, other than those with carrying amounts which are reasonable approximations of fair values:

	2025		2024	
Group and Bank	**Carrying amount RM'000**	**Fair value RM'000**	**Carrying amount RM'000**	**Fair value RM'000**
Financial assets				
Financial investments at amortised cost	1,148,333	1,158,344	1,742,352	1,736,520

The financial instruments of the Group and the Bank excludes loans, advances and financing with carrying amounts approximating fair value.

The carrying amounts of other financial assets and financial liabilities approximate their fair values due to the relatively short term nature of these financial instruments.

(ii) Determination of fair values

The following methods and assumptions were used to estimate the fair values of each class of financial assets and financial liabilities as disclosed in Note 39(i).

(a) Financial assets at FVTPL, financial investments at FVOCI and financial investments at amortised cost

Fair values of securities that are actively traded are derived from quoted bid prices. For non-actively traded securities, the fair value is determined based on quotes from independent dealers or using valuation techniques such as the discounted cash flow method.

Where discounted cash flow method is used, the estimated future cash flows shall include projections from liquidation, realisation of collateral assets or estimates of future operating cash flows. The estimated future cash flows (excluding future ECL that have not yet been incurred) are discounted using applicable prevailing market or indicative rates of return for a similar instruments at the reporting date.

36. Fair value measurement (cont'd.)

(ii) Determination of fair values (cont'd.)

(b) Derivative assets/liabilities

The fair values of derivative instruments are derived using discounted cash flow method.

(c) Loans, advances and financing

The fair values of variable rate loans, advances and financing are estimated to approximate their carrying values. For fixed rate loans, advances and financing, the fair values are estimated based on expected future cash flows of contractual instalment payments, discounted at applicable and prevailing rates at reporting date offered for similar facilities to new borrowers with similar credit profiles.

In respect of impaired loans, the fair values are deemed to approximate the carrying values which are net of ECL allowances.

(iii) Fair value hierarchy

The following table provides the fair value measurement hierarchy of the Group's and the Bank's assets and liabilities. The different levels have been defined as follows:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the assets or liabilities, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

- Level 3: Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

36. Fair value measurement (cont'd.)

(iii) Fair value hierarchy (con'td.)

The carrying amount of cash and short-term funds, deposits and placements with financial institutions, other receivables (excluding prepayments) and other payables reasonably approximate their fair values due to the relatively short term nature of these financial instruments.

Financial assets classified as Level 3 in the fair value hierarchy are valued using the dividend growth model. No reasonably possible change in the assumptions would have a significant effect on the fair value of Level 3 financial assets.

The tables below analyse other financial instruments at fair value.

	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value				Total fair value	Carrying amount
Group and Bank	**Level 1**	**Level 2**	**Level 3**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**		
2025	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Financial Assets										
Financial at FVOCI	-	1,828,889	1,032	1,829,921	-	-	-	-	1,829,921	1,829,921
Financial at amortised cost	-	-	-	-	-	1,158,344	-	1,158,344	1,158,344	1,148,333
Loans, financing and advances	-	-	-	-	-	1,587,595	-	1,587,595	1,587,595	1,587,600
	-	1,828,889	1,032	1,829,921	-	2,745,939	-	2,745,939	4,575,860	4,565,854
Financial Liabilities										
Deposits from customers	-	-	-	-	-	2,756,321	-	2,756,321	2,756,321	2,756,321
Deposits and placements of banks and other financial institutions	-	-	-	-	-	1,561,519	-	1,561,519	1,561,519	1,561,519
	-	-	-	-	-	4,317,840	-	4,317,840	4,317,840	4,317,840

36. Fair value measurement (cont'd.)

(iii) Fair value hierarchy (con'td.)

Group and Bank	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value				Total fair value	Carrying amount
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total		
2024	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Financial Assets										
Financial at FVOCI	-	1,781,577	1,386	1,782,963	-	-	-	-	1,782,963	1,782,963
Financial at amortised cost	-	-	-	-	-	1,736,520	-	1,736,520	1,736,520	1,742,352
Loans, financing and advances - staff loans/financing	-	-	-	-	-	-	82	82	82	107
	-	1,781,577	1,386	1,782,963	-	1,736,520	82	1,736,602	3,519,565	3,525,422
Financial Liabilities										
Deposits from customers	-	-	-	-	-	3,421,892	-	3,421,892	3,421,892	3,421,892
Deposits and placements of banks and other financial institutions	-	-	-	-	-	1,428,673	-	1,428,673	1,428,673	1,428,673
	-	-	-	-	-	4,850,565	-	4,850,565	4,850,565	4,850,565

36. Fair value measurement (cont'd.)

(iii) Fair value hierarchy (cont'd.)

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

	Unquoted instruments
Group and Bank	**Financial investments at FVOCI RM'000**
At 1 January 2025	1,386
Changes in fair value	(354)
At 31 December 2025	1,032
At 1 January 2024	1,407
Changes in fair value	(21)
At 31 December 2024	1,386

There was no transfers between Level 2 and Level 3 during the current and previous financial years for the Group and the Bank.

Changing one or more of the unobservable inputs to reasonable alternative assumptions would not change the value significantly for the financial assets in Level 3 of the fair value hierarchy.

37. Capital management

The Group's and the Bank's objectives when managing capital are to maintain a strong capital base and safeguard the Group's and the Bank's ability to continue as a going concern, so as to maintain investor, creditor/fund provider and market confidence and to sustain future development of the business.

The review of capital requirements for the Group and the Bank are based on the following requirements and consideration:

(a) Minimum statutory capital requirements pursuant to the prescriptive capital framework issued by Bank Negara Malaysia, the Securities Commission Malaysia and/or other regulatory authorities;
(b) Capital efficiency measured by the Return of Equity ("ROE") ratio; and
(c) Funding requirements for business operations.

The Group and the Bank maintain an actively managed capital base to cover risks inherent in the business. The adequacy of the Bank's capital is monitored using, among other measures, the rules and ratios in the Basel II and Basel III Framework established by the Basel Committee on Banking Supervision and adopted by Bank Negara Malaysia in supervising the Bank.

The primary objectives of the Group's and the Bank's capital management are to ensure that the Group and the Bank comply with externally imposed capital requirements and that the Bank maintains healthy capital ratios in order to support its business and to maximise shareholder's value.

The Group and the Bank manage its capital structure and makes adjustments to it in light of changes in economic conditions and risk characteristics of its activities. In order to maintain or adjust the capital structure, the Group and the Bank may adjust the amount of dividend payment to shareholder, return capital to shareholder or issue capital securities. No changes have been made in the objectives, policies and processes from the previous years. It is, however, under constant scrutiny of the Board of the Group and the Bank.

The Bank has complied in full with all its externally imposed capital requirements for the financial years ended 31 December 2025 and 2024.

37. Capital management (cont'd.)

(i) The capital adequacy ratio of the Group and the Bank are as follows:

	Group		Bank	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Tier 1 Capital				
Common Equity Tier 1 ("CET1") Capital				
Ordinary shares	369,111	369,111	369,111	369,111
Regulatory reserve	31,443	34,761	31,443	34,761
FVOCI reserve	6,954	(1,705)	6,954	(1,705)
Retained profits	395,023	506,946	394,968	506,692
	802,531	909,113	802,476	908,859
Less: Regulatory adjustments	(45,746)	(52,256)	(45,746)	(52,256)
Total CET1 Capital	756,785	856,857	756,730	856,603
Total Tier 1 Capital	**756,785**	**856,857**	**756,730**	**856,603**
Tier 2 Capital				
Stage 1 and Stage 2 ECL allowances	29,644	35,891	29,712	36,063
Total Tier 2 Capital	**29,644**	**35,891**	**29,712**	**36,063**
Total Capital	**786,429**	**892,748**	**786,442**	**892,666**
Before deducting dividend				
CET1 Capital Ratio	28.850%	27.004%	28.788%	26.879%
Tier 1 Capital Ratio	28.850%	27.004%	28.788%	26.879%
Total Capital Ratio	29.980%	28.135%	29.918%	28.011%

The capital ratios after the proposed single-tier interim dividend of 65.00 sen per ordinary share in respect of financial year ended 31 December 2025 amounting to RM100,750,000 (2024: single-tier interim dividend of 96.774 sen per ordinary share amounting to RM150,000,000) are as follows:

After deducting dividend				
CET1 Capital Ratio	25.009%	22.276%	24.955%	22.172%
Tier 1 Capital Ratio	25.009%	22.276%	24.955%	22.172%
Total Capital Ratio	26.139%	23.408%	26.086%	23.304%

37. Capital management (cont'd.)

(ii) Breakdown of gross risk-weighted assets in the various categories of risk-weights are as follows:

	Group		Bank	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Total risk-weighted assets for credit risk	2,371,527	2,871,281	2,376,945	2,885,039
Total risk-weighted assets equivalent for operational risk	251,680	301,830	251,680	301,830
	2,623,207	3,173,111	2,628,625	3,186,869

38. Offsetting financial assets and financial liabilities

Financial assets and financial liabilities subject to offsetting, enforceable master netting arrangements and similar agreements are as follows:

				Related amount not set off in the statement of financial position		
Group	**Gross amount of recognised financial assets/ financial liabilities RM'000**	**Gross amount set off in the statements of financial position RM'000**	**Net amount presented in the statements of financial position RM'000**	**Amount related to recognised financial instruments RM'000**	**Amount related to financial collateral RM'000**	**Net amount RM'000**
2025						
Other assets	75,812	(7,307)	68,505	-	-	68,505
Other liabilities	136,620	7,307	143,927	-	-	143,927
2024						
Other assets	54,892	(15,027)	39,865	-	-	39,865
Other liabilities	112,926	(9,112)	103,814	-	-	103,814

38. Offsetting financial assets and financial liabilities (cont'd.)

Bank	Gross amount of recognised financial assets/ financial liabilities RM'000	Gross amount set off in the statements of financial position RM'000	Net amount presented in the statements of financial position RM'000	Related amount not set off in the statement of financial position: Amount related to recognised financial instruments RM'000	Related amount not set off in the statement of financial position: Amount related to financial collateral RM'000	Net amount RM'000
2025						
Other assets	82,611	(7,307)	75,304	-	-	75,304
Other liabilities	136,616	7,307	143,923	-	-	143,923
2024						
Other assets	72,168	(15,027)	57,141	-	-	57,141
Other liabilities	112,920	(9,112)	103,808	-	-	103,808

Financial assets and financial liabilities are offset and the net amount is reported in the statements 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.

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 or securities are received or cash pledged in respect of the transaction described above.

39. The operations of Islamic Banking Scheme ("SPI")

The state of affairs and results for the financial year ended 31 December 2025 under the Islamic banking operations of the Group and the Bank are summarised as follows:

Statements of financial position as at 31 December 2025

		Group and Bank	
		2025	2024
	Note	RM'000	RM'000
Assets			
Cash and short-term funds	(a)	404,001	350,794
Financial investments at FVOCI	(b)	1,634,752	1,614,286
Financial investments at amortised cost	(c)	1,087,494	1,615,669
Financing and advances	(d)	536,328	683,826
Other assets	(e)	9,892	10,300
Deferred tax assets		9	3,671
Total assets		3,672,476	4,278,546
Liabilities			
Deposits from customers	(f)	1,533,558	2,270,560
Deposits and placements of banks and other financial institutions	(g)	1,170,318	979,213
Other liabilities	(h)	330,292	272,778
Provision for taxation and zakat		2,838	1,990
Total liabilities		3,037,006	3,524,541
Islamic banking capital funds			
Islamic banking funds		426,600	426,600
Reserves		208,870	327,405
Total Islamic banking capital funds		635,470	754,005
Total liabilities and Islamic banking capital funds		3,672,476	4,278,546

The accompanying notes are an integral part of these financial statements.

39. The operations of Islamic Banking Scheme ("SPI") (cont'd.)

Statements of profit or loss
For the financial year ended 31 December 2025

	Note	Group and Bank 2025 RM'000	2024 RM'000
Income derived from investment of depositors' funds	(i)	154,095	179,127
Income derived from investment of Islamic Banking funds	(j)	36,696	33,937
Impairment loss written back/(made) on financing and advances	(k)	7,992	(8,535)
Impairment loss written back on financial investments	(l)	360	322
Impairment loss made on other assets	(m)	(416)	(23)
Total attributable income		198,727	204,828
Income attributable to depositors	(n)	(102,298)	(133,705)
Total net income		96,429	71,123
Staff costs		(21,290)	(2,819)
Other operating expenses		(24,670)	(44,678)
Profit before taxation and zakat		50,469	23,626
Taxation		(11,558)	(5,897)
Zakat		(1,207)	(1,356)
Profit for the financial year		37,704	16,373

The accompanying notes are an integral part of these financial statements.

39. The operations of Islamic Banking Scheme ("SPI") (cont'd.)

Statements of comprehensive income
For the financial year ended 31 December 2025

	Group and Bank	
	2025	2024
	RM'000	RM'000
Profit for the financial year	37,704	16,373
Other comprehensive income to be reclassified to profit or loss in subsequent periods:		
Changes in allowance for ECL on financial investments at FVOCI	(57)	(210)
Net (gain)/loss on financial investments at FVOCI		
- Transfer of gain to profit or loss upon disposal	(2,133)	(1,196)
- Fair value changes	12,418	8,827
	10,228	7,421
Income tax relating to net loss on financial investments at FVOCI	(2,467)	(1,832)
	(2,467)	(1,832)
Other comprehensive income for the financial year	7,761	5,589
Total comprehensive income for the financial year	45,465	21,962

The accompanying notes are an integral part of these financial statements.

39. The operations of Islamic Banking Scheme ("SPI") (cont'd.)

Statements of changes in equity
For the financial year ended 31 December 2025

	<---------- Non-distributable ---------->			Distributable	
Group and Bank	**Islamic banking funds RM'000**	**Regulatory reserve RM'000**	**FVOCI reserve RM'000**	**Retained profits RM'000**	**Total RM'000**
At 1 January 2025	426,600	18,331	(1,944)	311,018	754,005
Profit for the financial year	-	-	-	37,704	37,704
Other comprehensive income	-	-	7,761	-	7,761
Total comprehensive income for the financial year	-	-	7,761	37,704	45,465
Transfer from regulatory reserve	-	1,119	-	(1,119)	-
Dividend (Note 31)	-	-	-	(164,000)	(164,000)
At 31 December 2025	426,600	19,450	5,817	183,603	635,470
At 1 January 2024	426,600	21,237	(7,533)	291,739	732,043
Profit for the financial year	-	-	-	16,373	16,373
Other comprehensive income	-	-	5,589	-	5,589
Total comprehensive income for the financial year	-	-	5,589	16,373	21,962
Transfer from regulatory reserve	-	(2,906)	-	2,906	-
At 31 December 2024	426,600	18,331	(1,944)	311,018	754,005

The accompanying notes are an integral part of these financial statements.

39. The operations of Islamic Banking Scheme ("SPI") (cont'd.)

(a) Cash and short-term funds

	Group and Bank	
	2025	2024
	RM'000	RM'000
Cash and balances with banks and other financial institutions	30,001	12,594
Money at call and deposit placements maturing within one month	374,000	338,200
	404,001	350,794

(b) Financial investments at FVOCI

	Group and Bank	
	2025	2024
	RM'000	RM'000
Money Market Instruments		
Government investment issues	559,437	580,381
Unquoted securities		
In Malaysia		
Corporate sukuk	1,075,315	1,033,905
	1,634,752	1,614,286

39. The operations of Islamic Banking Scheme ("SPI") (cont'd.)

(b) Financial investments at FVOCI (cont'd.)

An analysis of changes in the corresponding ECL allowances in relation to FVOCI is as follows:

Group and Bank	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
At 1 January 2025	147	31	-	178
Total reversal to profit or loss	(26)	(31)	-	(57)
New purchased during the year	23	-	-	23
Disposal during the year	(39)	(5)	-	(44)
Changes in credit risk	(10)	(26)	-	(36)
At 31 December 2025	121	-	-	121
At 1 January 2024	388	-	8,112	8,500
Total (reversal)/charge to profit or loss	(241)	31	-	(210)
Transfer to Stage 2	(31)	31	-	-
New purchased during the year	346	-	-	346
Disposal during the year	(336)	-	-	(336)
Changes in credit risk	(220)	-	-	(220)
Written-off	-	-	(8,112)	(8,112)
At 31 December 2024	147	31	-	178

39. The operations of Islamic Banking Scheme ("SPI") (cont'd.)

(c) Financial investments at amortised costs

	Group and Bank	
	2025	2024
	RM'000	RM'000
Money Market Instruments		
Government investment issues	252,596	434,719
Unquoted securities		
In Malaysia		
Corporate sukuk	835,458	1,181,813
	1,088,054	1,616,532
Less: ECL allowance	(560)	(863)
	1,087,494	1,615,669

An analysis of changes in the corresponding ECL allowances in relation to amortised cost is as follows:

Group and Bank	Stage 1 RM'000
At 1 January 2025	863
Total reversal to profit or loss (Note 39(l))	(303)
New purchased during the year	512
Financial investments derecognised and repayment during the year	(803)
Changes in credit risk	(12)
At 31 December 2025	560
At 1 January 2024	1,028
Total reversal to profit or loss (Note 39(l))	(165)
Financial investments derecognised and repayment during the year	(5)
Changes in credit risk	(160)
At 31 December 2024	863

There was no Stage 2 and Stage 3 exposure as at 31 December 2025 and 2024.

39. The operations of Islamic Banking Scheme ("SPI") (cont'd.)

(d) Financing and advances

	Group and Bank	
	2025	2024
	RM'000	RM'000
Term financing		
- Syndicated term financing	254,513	330,611
- Other term financing	285,331	361,990
	539,844	692,601
Staff financing	25	55
Gross financing and advances	539,869	692,656
Less: ECL allowance	(3,541)	(8,830)
Net financing and advances	536,328	683,826

The Group and the Bank operate principally in Malaysia and hence, disclosure of information by geographical area is not presented.

(a) Gross financing and advances

(i) By types of customer

	Group and Bank	
	2025	2024
	RM'000	RM'000
Domestic business enterprises		
- Large corporations	272,656	443,394
- Small medium enterprises	242,640	217,842
Domestic other non-bank financial institutions	24,548	31,365
Individuals	25	55
Gross financing and advances	539,869	692,656

39. The operations of Islamic Banking Scheme ("SPI") (cont'd.)

(d) Financing and advances (cont'd.)

(a) Gross financing and advances (cont'd.)

(ii) By profit rate sensitivity

	Group and Bank	
	2025	2024
	RM'000	RM'000
Fixed rate		
Staff financing	25	55
Variable rate		
Term financing	539,844	692,601
Gross financing and advances	539,869	692,656

(iii) By economic sector

	Group and Bank	
	2025	2024
	RM'000	RM'000
Finance, insurance and business services	240,957	265,786
Construction	100,352	100,364
Wholesale, retail trade, restaurants and hotels	66,358	118,887
Mining and quarrying	55,165	54,626
Electricity, gas and water supply	47,557	50,139
Others	19,874	19,870
Manufacturing	9,581	40,839
Household	25	55
Agriculture	-	42,090
Gross financing and advances	539,869	692,656

(iv) By maturity profile

	Group and Bank	
	2025	2024
	RM'000	RM'000
Within one year	247,291	96,721
One year to five years	192,412	337,518
After five years	100,166	258,417
Gross financing and advances	539,869	692,656

39. The operations of Islamic Banking Scheme ("SPI") (cont'd.)

(d) Financing and advances (cont'd.)

(a) Gross financing and advances (cont'd.)

(v) By classification of Shariah contracts

	Group and Bank	
	2025	2024
	RM'000	RM'000
Term financing		
- Commodity Murabahah	539,844	692,601
Staff financing	25	55
Gross financing and advances	539,869	692,656

(b) Impaired financing and advances ("IF")

(i) Movements in IF

	Group and Bank	
	2025	2024
	RM'000	RM'000
At 1 January	54,626	135,083
Classified as impaired	31,043	1,293
Recovered	(3,016)	-
Written-off	-	(81,750)
At 31 December	82,653	54,626
Less: ECL allowance	(292)	-
Net IF	82,361	54,626
Net IF as a percentage of net financing and advances	15.36%	7.99%
Gross IF as a percentage of net financing and advances	15.31%	7.89%

(ii) IF by economic sector

	Group and Bank	
	2025	2024
	RM'000	RM'000
Mining and quarrying	55,165	54,626
Electricity, gas and water supply	27,488	-
	82,653	54,626

39. The operations of Islamic Banking Scheme ("SPI") (cont'd.)

(d) Financing and advances (cont'd.)

(c) Movement in impairment allowances for financing and advances

An analysis of changes in the gross carrying amount in relation to term financing is as follows:

Group and Bank	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
At 1 January 2025	596,752	41,278	54,626	692,656
New financing/ disbursement during the year	85,094	-	-	85,094
Repayment during the year	(231,452)	(6,968)	-	(238,420)
Transfers to Stage 2	(120,022)	120,022	-	-
Transfers to Stage 3	(2,759)	(24,729)	27,488	-
Other movement	-	-	539	539
At 31 December 2025	327,613	129,603	82,653	539,869
At 1 January 2024	530,512	50,453	135,083	716,048
New financing/ disbursement during the year	257,865	-	-	257,865
Repayment during the year	(150,347)	(50,453)	1,293	(199,507)
Transfers to Stage 2	(41,278)	41,278	-	-
Amounts written-off	-	-	(81,750)	(81,750)
At 31 December 2024	596,752	41,278	54,626	692,656

39. The operations of Islamic Banking Scheme ("SPI") (cont'd.)

(d) Financing and advances (cont'd.)

(c) Movement in impairment allowances for financing and advances (cont'd.)

An analysis of changes in the corresponding ECL allowances in relation to term financing is as follows:

Group and Bank	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
At 1 January 2025	8,537	293	-	8,830
Total (reversal)/charge to profit or loss	(5,288)	(293)	292	(5,289)
Changes in ECL due to transfer within stages:				
- Transfer to Stage 2	(2,277)	2,277	-	-
- Transfer to Stage 3	(47)	(226)	273	-
New financing/disbursement during the year	975	-	-	975
Repayment during the year	(2,357)	-	(24)	(2,381)
Changes in credit risk parameter#	(1,582)	(2,344)	43	(3,883)
At 31 December 2025	3,249	-	292	3,541
At 1 January 2024	3,365	604	79,182	83,151
Total charge/(reversal) to profit or loss	5,172	(311)	2,568	7,429
Changes in ECL due to transfer within stages:				
- Transfer to Stage 2	(293)	293	-	-
New financing/disbursement during the year	3,585	-	-	3,585
Repayment during the year	(591)	(604)	-	(1,195)
Changes in credit risk parameter#	2,471	-	2,568	5,039
Written-off	-	-	(81,750)	(81,750)
At 31 December 2024	8,537	293	-	8,830

The changes in credit risk parameters include impact of forward-looking on key macroeconomic variables ("MEV") and changes to loss rate for the ECL model.

39. The operations of Islamic Banking Scheme ("SPI") (cont'd.)

(e) Other assets

	Note	Group and Bank 2025 RM'000	2024 RM'000
Deposits		52	52
Prepayments		10	-
Sundry receivables		5,716	1,442
Amounts due from brokers and clients	(a)	5,113	9,389
		10,891	10,883
Less: ECL allowance	(b)	(999)	(583)
		9,892	10,300

(a) Amounts due from brokers and clients

	Group and Bank 2025 RM'000	2024 RM'000
Brokers	902	-
Clients	4,211	9,389
	5,113	9,389

(b) Movement in ECL allowance

Group and Bank	Stage 1 RM'000	Stage 3 RM'000	Total RM'000
At 1 January 2025	104	479	583
Charge (Note 39(m))	416	-	416
At 31 December 2025	520	479	999
At 1 January 2024	144	1,010	1,154
(Writeback)/charge (Note 39(m))	(40)	63	23
Written-off	-	(594)	(594)
At 31 December 2024	104	479	583

39. The operations of Islamic Banking Scheme ("SPI") (cont'd.)

(f) Deposits from customers

	Group and Bank	
	2025	2024
	RM'000	RM'000
(i) By types of deposit		
Commodity murabahah fund		
Term deposits	1,533,558	2,270,560
(ii) By types of customer		
Commodity murabahah fund		
Business enterprises	821,782	1,024,337
Government and statutory bodies	711,776	1,246,223
	1,533,558	2,270,560
(iii) By maturity structure of term deposits		
Due within six months	1,226,525	2,000,607
Six months to one year	307,033	269,953
	1,533,558	2,270,560

(g) Deposits and placements of banks and other financial institutions

	Group and Bank	
	2025	2024
	RM'000	RM'000
(i) By types of deposit		
Commodity murabahah fund		
Term deposits	1,170,318	979,213
(ii) By types of customer		
Commodity murabahah fund		
Licensed Islamic banks	300,062	120,135
Other financial institutions	870,256	859,078
	1,170,318	979,213
(iii) By maturity structure of term deposits		
Due within six months	1,169,812	979,213
Six months to one year	506	-
	1,170,318	979,213

39. The operations of Islamic Banking Scheme ("SPI") (cont'd.)

(h) Other liabilities

	Note	Group and Bank 2025 RM'000	2024 RM'000
Amounts due to brokers and clients	(a)	5,097	9,373
Sundry creditors and accruals		9,789	22,240
ECL allowances on financing and advances commitments and financial investments	(b)	325	2,194
Amount due to immediate holding company		112	58
Amount due to Head Office		314,969	238,913
		330,292	272,778

(a) Amounts due to brokers and clients

	Group and Bank 2025 RM'000	2024 RM'000
Brokers	-	9,373
Clients	5,097	-
	5,097	9,373

39. The operations of Islamic Banking Scheme ("SPI") (cont'd.)

(h) Other liabilities (cont'd.)

(b) Movements in the ECL allowances on financing and advances commitments is as follows:

Group and Bank	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
At 1 January 2025	2,171	23	-	2,194
Reversal to profit or loss	(1,846)	(23)	-	(1,869)
Changes in the ECL due to transfer within stages:				
- Transfer to Stage 3	-	(23)	23	-
New financing/ disbursement during the year	-	-	(23)	(23)
Repayment during the year	(1,351)	-	-	(1,351)
Changes in credit risk parameters[#]	(495)	-	-	(495)
At 31 December 2025	325	-	-	325
At 1 January 2024	1,088	-	-	1,088
Charge to profit or loss	1,083	23	-	1,106
Changes in the ECL due to transfer within stages:				
- Transfer to Stage 2	(23)	23	-	-
New financing/ disbursement during the year	1,497	-	-	1,497
Repayment during the year	(773)	-	-	(773)
Changes in credit risk parameters[#]	382	-	-	382
At 31 December 2024	2,171	23	-	2,194

The changes in credit risk parameters include impact of forward-looking on key macroeconomic variables ("MEV") and changes to loss rate for the ECL model.

39. The operations of Islamic Banking Scheme ("SPI") (cont'd.)

(i) Income derived from investment of depositors' funds

	Group and Bank	
	2025	**2024**
	RM'000	**RM'000**
Finance income and hibah		
Financing and advances	31,536	37,623
Money at call and deposit placements with financial institutions	4,488	5,633
Financial investments at FVOCI	55,616	59,401
Financial investments at amortised cost	56,544	78,093
	148,184	180,750
Accretion of discount less amortisation of premium	5	(2,711)
Total finance income and hibah	148,189	178,039
Other operating income		
Net gain on sale of financial assets at FVTPL	-	13
Net gain on sale of financial investments at FVOCI	1,919	1,075
Net gain on sale of financial investments at amortised cost	3,987	-
	5,906	1,088
	154,095	179,127

39. The operations of Islamic Banking Scheme ("SPI") (cont'd.)

(j) Income derived from investment of Islamic Banking Funds

	Group and Bank	
	2025	2024
	RM'000	RM'000
Finance income and hibah:		
Financing and advances	3,504	4,180
Money at call and deposit placements with financial institutions	499	626
Financial investments at FVOCI	6,180	6,600
Financial investments at amortised cost	6,283	8,677
	16,466	20,083
Accretion of discount less amortisation of premium	1	(301)
Total finance income and hibah	16,467	19,782
Other operating income:		
Net gain on sale of financial assets at FVTPL	-	1
Net gain on sale of financial investments at FVOCI	214	121
Net gain on sale of financial investments at amortised cost	443	-
	657	122
Fees and others:		
Fee income	19,413	13,997
Other income	159	36
	19,572	14,033
	36,696	33,937

39. The operations of Islamic Banking Scheme ("SPI") (cont'd.)

(k) Impairment loss written back/(made) on financing and advances

	Group and Bank	
	2025	2024
	RM'000	RM'000
ECL allowances written back/(made):		
- Stage 1	5,288	(5,172)
- Stage 2	293	311
- Stage 3	(292)	(2,568)
	5,289	(7,429)
Other ECL allowances written back/(made):		
- financing and advances commitments (Note 39(h))	1,869	(1,106)
Credit impaired:		
- Bad debts recovered	834	-
	7,992	(8,535)

(l) Impairment loss written back on financial investments

	Group and Bank	
	2025	2024
	RM'000	RM'000
Financial investments at FVOCI	57	157
Financial investments at amortised costs (Note 39(c))	303	165
	360	322

39. The operations of Islamic Banking Scheme ("SPI") (cont'd.)

(m) Impairment loss made on other assets

	Group and Bank	
	2025	2024
	RM'000	RM'000
Other debtors		
- Impairment made (net) (Note 39(e)(b))	(416)	(23)

(n) Income attributable to depositors

	Group and Bank	
	2025	2024
	RM'000	RM'000
Commodity Murabahah fund		
Deposits from customers	72,069	100,992
Deposits and placements of banks and other financial institutions	30,229	32,713
	102,298	133,705

(o) Net income from Islamic Banking operations

For consolidation with conventional business, net income from operations of Islamic Banking operations comprises the following:

	Group and Bank	
	2025	2024
	RM'000	RM'000
Income derived from investment of depositors' funds (Note 39(i))	154,095	179,127
Income derived from investment of Islamic Banking Funds (Note 39(j))	36,696	33,937
	190,791	213,064
Less: Income attributable to depositors (Note 39(n))	(102,298)	(133,705)
	88,493	79,359

39. The operations of Islamic Banking Scheme ("SPI") (cont'd.)

(p) Capital adequacy

(i) The capital adequacy ratio of the Group and the Bank are as follows:

	Group and Bank	
	2025	**2024**
	RM'000	**RM'000**
Tier 1 Capital		
Common Equity Tier 1 ("CET1") Capital		
Islamic banking fund	426,600	426,600
Regulatory reserve	19,450	18,331
FVOCI reserve	5,817	(1,944)
Retained profits	183,603	311,018
	635,470	754,005
Less: Regulatory adjustments	(22,658)	(22,002)
Total CET1 Capital, representing Total Tier 1 Capital	**612,812**	**732,003**
Tier 2 Capital		
Stage 1 and Stage 2 ECL allowances	13,822	19,925
Total Tier 2 Capital	**13,822**	**19,925**
Total Capital	**626,634**	**751,928**
Before deducting dividend		
CET1 Capital Ratio	49.774%	41.768%
Tier 1 Capital Ratio	49.774%	41.768%
Total Capital Ratio	50.897%	42.905%

The capital ratios after the proposed single-tier interim dividend of 65.00 sen per ordinary share in respect of financial year ended 31 December 2025 amounting to RM100,750,000 (2024: single-tier interim dividend of 96.774 sen per ordinary share amounting to RM150,000,000) are as follows:

After deducting dividend		
CET1 Capital Ratio	41.591%	33.209%
Tier 1 Capital Ratio	41.591%	33.209%
Total Capital Ratio	42.714%	38.713%

39. The operations of Islamic Banking Scheme ("SPI") (cont'd.)

(p) Capital adequacy (cont'd.)

(ii) Breakdown of gross risk-weighted assets in the various categories of risk-weights are as follows:

	Group and Bank	
	2025	**2024**
	RM'000	**RM'000**
Total risk-weighted assets for credit risk	1,105,794	1,593,963
Total risk-weighted assets equivalent for operational risk	125,394	158,588
	1,231,188	1,752,551