

**KUWAIT FINANCE HOUSE (MALAYSIA) BERHAD**  
**(200401033666)**  
**(Incorporated in Malaysia)**

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**Directors' Report and Audited Financial Statements as at 31 December 2025**

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*Registered Office:  
Level 26, Menara Prestige  
No.1, Jalan Pinang  
P.O.Box 10103  
50450 Kuala Lumpur*

# **KUWAIT FINANCE HOUSE (MALAYSIA) BERHAD**

**(200401033666)**

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# **KUWAIT FINANCE HOUSE (MALAYSIA) BERHAD**

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## **1 PERFORMANCE OVERVIEW**

The Group and the Bank recorded a loss before tax of RM57.1 million for the year ended 31 December 2025

The Group's CET 1/Tier 1 Capital Ratio and Total Capital Ratio as at 31 December 2025 stood at a commendable 68.154% and 69.101% respectively.

## **2 STATEMENT OF CORPORATE GOVERNANCE**

### **(i) Board responsibility and oversight**

Kuwait Finance House (Malaysia) Berhad (hereinafter referred to as "KFHMB" or "the Bank") acknowledges that good corporate governance practices form the cornerstone of an effective and responsible organisation. Hence, the Board is committed to a corporate governance framework and structure which ensures protection of shareholder's rights as well as recognition of the rights of all other stakeholders ranging from customers, creditors, suppliers, employees, regulators and the community as part of its effort to achieve long-term sustainable value for all its stakeholders.

Additionally, the Bank has also adopted KFHB Group Corporate Governance Policy Document for the subsidiaries of Kuwait Finance House K.S.C.P. ("KFHK").

In ensuring that the entire Islamic banking operations of the Bank complies with Shariah rules and principles, a sound and robust Shariah Governance Framework has been developed with emphasis on compliance with Shariah principles through an independent Shariah Committee. The framework includes instituting comprehensive policies, processes and infrastructure to ensure Shariah compliance in all aspects namely planning, development and implementation of the Bank's operations, products and activities.

### **Roles and Responsibilities of the Board**

As custodian of corporate governance, the Board provides strategic direction with a view to preserve the Bank's long term viability whereby the Board reviews and evaluates the strategic planning process and monitors the implementation of the strategy carried out by the management.

In safeguarding the Bank's assets, shareholder's investment and stakeholders' interests, the Board also ensures that the Bank is equipped with an effective system of internal controls, and that there is a satisfactory framework of reporting on internal financial controls and regulatory compliance, as well as an effective Risk Management framework, which effectively monitors and manages the principal risks of the Bank's businesses.

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## **2 STATEMENT OF CORPORATE GOVERNANCE (Cont'd.)**

### **(i) Board responsibility and oversight (Cont'd.)**

#### **Roles and Responsibilities of the Board (Cont'd.)**

Accountability is part and parcel of governance in the Bank. Whilst the Board is accountable to the shareholder, the management is accountable to the Board. The Board ensures that the management acts in the best interests of the Bank and its stakeholders, and strives to improve the performance of the Bank.

The Board oversees the conduct of the Bank's businesses by ensuring that the business is properly managed by the management team of the highest caliber. Continuous reviews are conducted on the Bank's corporate and business governance in an effort to strengthen controls and enhance good governance practices in staying relevant to the challenges of the changing market environment.

#### **Board Composition and Balance**

With the demise of En. Khalid Sufat on 24 June 2025, the Board currently has five (5) members, comprising two (2) independent non-executive directors and two (2) non-independent non-executive directors and one (1) non-independent executive director.

The Board comprise of members who are seasoned bankers and have wealth of experience in various banking segments including retail, corporate banking investment and credit management. The current independent members of the Board assist the Board in ensuring effective check and balance on the function of the Board. A brief profile of each Director is presented below.

None of the directors in office during the financial year have any shareholding in the Bank.

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## 2 STATEMENT OF CORPORATE GOVERNANCE (Cont'd.)

### (i) Board responsibility and oversight (Cont'd.)

#### **Directors' Profile**

##### ***Muad S M M AIOsaimi***

##### ***Chairman / Independent Non-Executive Director***

(47 years of age - Kuwaiti)

Mr Muad S M M AIOsaimi ("Mr AIOsaimi") has a Bachelor of Science degree in Finance from George Mason University, U.S.A.

Mr AIOsaimi was appointed as the Chairman/Independent Non-Executive Director of Kuwait Finance House (Malaysia) Berhad on 16 February 2017. He will be re-designated as a NINED on 16 February 2026.

Mr AIOsaimi is currently the CEO of Faiha International Real Estate Company K.S.C. He was appointed as an Independent Non-Executive Director of Kuwait Finance House K.S.C.P. ("KFHK") on 23 March 2014 and has been appointed as a member of Board Executive Committee, Board Investment Committee and Board Audit and Compliance Committee of KFHK. Mr AIOsaimi has also been appointed as a Non-Executive Director of Ahli United Bank B.S.C., Bahrain on 22 March 2023 and a member of Board Executive Committee, and Board Audit & Compliance Committee.

Mr AIOsaimi has extensive experience in investment, leasing and knowledge in the banking and real estate development and investment. He was the Deputy General Manager of Global Retail Company (a family-owned company) from 2003 to 2020. He was an Investment Officer under the Investment Department of Aayan Leasing and Investment Company K.S.C.P in 2002 and completed an 18-month specialised training program consisting both theoretical and practical training in the fields of finance and investment at the Kuwait Investment Authority in 2001.

He has served as a Board Member of Kuwait Gate Holding Company from 2004 to 2014, Kuwaiti Financial Center Company from 2008 to 2011, Kuwait Auctions Company and as Vice Chairman of AlRaya International Real Estate Company.

##### ***Mohammad Nasser AIFouzan***

##### ***Non-Independent Non-Executive Director***

(63 years of age - Kuwaiti)

Mr Mohammad Nasser AIFouzan ("Mr AIFouzan") has a Bachelor degree in Business Administration from Kuwait University, Kuwait and a Diploma in Advance Banking from Arab Institute of Banking, Jordan. He completed the Executive Development Program at Wharton Business School, U.S.A and Strategic Marketing Management Program at Harvard Business School, U.S.A.

Mr AIFouzan was appointed as a Non-Independent Non-Executive Director ("NINED") of KFHMB on 7 October 2014 and was re-designated as an Independent Non-Executive Director of KFHMB on 7 October 2020. Mr AIFouzan was subsequently re-designated as a NINED on 7 October 2023. He is currently a Board member of Kuwait Finance House K.S.C.P ("KFHK") (since 2020). Furthermore, he is also a Board Member of Sharjah Islamic Bank in United Arab Emirates until 2024.

He has over 31 years of banking experience in the management of Retail Banking and Consumer Finance business with significant exposure to the Wholesale Banking activities at KFHK and has held senior positions in KFHK and was the Chairman of Kuwait Finance House (Bahrain) B.S.C, a subsidiary of KFHK, from 2023 until the closure of KFH Bahrain in 2024. His last position in KFHK was as a Consultant to the Group Chief Executive Officer before he left the organisation on 30 September 2018.

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## 2 STATEMENT OF CORPORATE GOVERNANCE (Cont'd.)

### (i) Board responsibility and oversight (Cont'd.)

#### Directors' Profile (Cont'd.)

##### **Ahmad S A A AlKharji**

##### **Non-Independent Executive Director**

(53 years of age - Kuwaiti)

Mr Ahmad S A A AlKharji ("Mr AlKharji") holds a Bachelor of Science degree in Finance and Banking from Kuwait University, Kuwait and a Master of Business Administration from the University of San Diego, California, U.S.A.

Mr AlKharji was appointed as a Non-Independent Non-Executive Director ("NINED") of Kuwait Finance House (Malaysia) Berhad ("KFHMB") on 1 June 2014. Subsequent thereto, he became the Chief Executive Officer and Managing Director ("CEO & MD") of KFHMB and upon his resignation as CEO and MD, he remained as a Board Member and was re-designated as a NINED in July 2016. He was subsequently re-designated as Non-Independent Executive Director in 2017 to comply with the definition of Executive Director under BNM's Corporate Governance Policy. Prior to his resignation from KFH Group in March 2025, Mr AlKharji was a Board Member of Kuveyt Turk Participation Bank Inc and KFH Capital Investment Company, subsidiaries of Kuwait Finance House K.S.C.P ("KFHK") in Turkey and Kuwait respectively, the Group Chief Executive Officer of Ahli United Banks B.SC., Bahrain and a Board Member of Ahli United Bank Egypt S.A.E. where he also served as a member of Risk Committee and Compensation Committee.

Mr AlKharji is a seasoned banker with more than 21 years of extensive experience in various portfolios including structured finance, corporate finance and project finance and banking supervision. Prior to his appointment as the CEO and MD of KFHMB, Mr AlKharji was the Deputy General Manager of Structured Finance at KFHK. He started his career with the Central Bank of Kuwait and Burgan Bank in Kuwait. Since joining KFHK in August 2003, he had served in various senior capacities within the Group where his last position was as the Group Chief Corporate Banking Officer.

##### **Khalid Sufat**

##### **Non-Independent Non-Executive Director**

(Deceased on 24 June 2025)

En Khalid Sufat ("En Khalid") is a Fellow Member of Association of Chartered Certified Accountants (UK), Member of Malaysian Institute of Certified Public Accountants And Member of Malaysian Institute of Accountants.

En Khalid was appointed as an Independent Non-Executive Director ("INED") of KFHMB on 3 January 2011. He was then re-designated as a NINED on 3 January 2020 upon the expiry of his 9-year tenure as an INED and served the Board until his demise on 24 June 2025.

En Khalid has considerable experience in the banking industry having held several senior positions, namely, Managing Director of Bank Kerjasama Rakyat Malaysia Berhad, General Manager, Consumer Banking of Malayan Banking Berhad and Executive Director of United Merchant Finance Berhad.

He had previously managed three listed companies, namely, as Executive Director of Tronoh Mines Malaysia Berhad, as Deputy Executive Chairman of Furqan Business Organisation Berhad, and as Group Managing Director of Seacera Tiles Berhad. He was also previously the Independent Director of Chemical Company of Malaysia Berhad and UMW Holdings Berhad.

His directorships in other public companies include Malaysian Reinsurance Berhad and MNRB Holdings Berhad. He is also a Professional Member on the Board of Employees Provident Fund ("EPF") and the Chairman of EPF's Audit Committee.

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## 2 STATEMENT OF CORPORATE GOVERNANCE (Cont'd.)

### (i) Board responsibility and oversight (Cont'd.)

#### Directors' Profile (Cont'd.)

##### **Abdul Khalil Abdul Hamid**

##### **Independent Non-Executive Director**

(69 years of age – Malaysian)

En Abdul Khalil bin Abdul Hamid (“En Abdul Khalil”) holds a Bachelor of Economics (B. Admin) degree from the University of Malaya, Malaysia.

En Abdul Khalil was appointed as an Independent Non-Executive Director (“INED”) of Kuwait Finance House (Malaysia) Berhad (“KFHMB”) on 10 June 2016 and was re-designated as a NINED on 10 June 2025. He is a member of the Investment Committee of Eastspring Investments Bhd and in May 2019, was appointed as Chairman of the said committee. On 13 April 2007, En Abdul Khalil was appointed as an INED of Prudential Assurance Malaysia Berhad (“PAMB”) and subsequently he was re-designated as NINED and appointed as Chairman of PAMB on 1 January 2017. En. Abdul Khalil was also an INED of Prudential BSN Takaful Bhd from 17 July 2006 until the end of his tenure on 13 July 2017. En Abdul Khalil was appointed as an INED of Mizuho Bank (Malaysia) Berhad on 11 November 2019.

En Abdul Khalil has 37 years of experience in the banking industry. He was the Executive Vice-President of Bank of Tokyo-Mitsubishi UFJ (Malaysia) Berhad (“BTM”) (now known as MUFG Bank (Malaysia) Bhd) from 2002 until 2012, overseeing the execution of the bank’s long and short-term strategies. He was appointed as the Advisor of Operations of BTM prior to his retirement in October 2013. Before joining BTM, he was the Head of Credit Management for Affin Bank Berhad where he was responsible for the underwriting and management of commercial loans. En Abdul Khalil’s career began in February 1979 where he worked for Hongkong & Shanghai Banking Corporation. He subsequently left in 1985 as a Branch Sub-Manager of customer service and joined The Bank of Nova Scotia for 10 years, leaving as Manager, Personal Banking.

##### **Mohamed Zaheer Mohamed Azreen**

##### **Independent Non-Executive Director**

(55 years of age – Sri Lankan)

Mr Mohamed Zaheer Mohamed Azreen (“Mr Azreen”) is an Associate Member of Chartered Institute of Management Accountants (CIMA) UK, Fellow Member of the Institute of Chartered Accountants of Sri Lanka (ICASL), Fellow Member of the Institute of Certified Management Accountants (ICMA) of Sri Lanka and is a Chartered Risk Analyst (CRA).

Mr Azreen was appointed as an Independent Non-Executive Director of Kuwait Finance House (Malaysia) Berhad (“KFHMB”) on 1 March 2020.

Mr Azreen started his career in 1991 at KPMG in Colombo, Sri Lanka and then joined Messrs Ernst & Young (“EY”), Bahrain Office in October 1996 as Senior Accountant and was assigned the responsibilities of managing business community training unit which provides in house training to EY employees and its clients on various accounting and finance disciplines. He then joined Kuwait Finance House, Kuwait (“KFHK”) in 1999 as an Investment Manager, Direct Investment Department. He was later transferred to head the Banking Performance Monitoring Unit and the Credit Due Diligence Unit of International Banking Sector which oversees the performances of the banking subsidiaries. His last position in KFHK was as the Senior Manager, FI Credit Management under Treasury Division.

Mr Azreen is currently the Chief Executive Officer of Frontier Advisory (Pvt) Ltd, Colombo, Sri Lanka, a company that provides a range of advisory services on accounting, internal audits, taxation, project evaluations and company secretarial. His other directorships include Spilburg Holdings (Pvt) Ltd and Amana Bank PLC in Sri Lanka.

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## 2 STATEMENT OF CORPORATE GOVERNANCE (Cont'd.)

### (i) Board responsibility and oversight (Cont'd.)

#### **Board Meetings**

During the financial year ended 31 December 2025, six (6) Board meetings were held and attended by the directors. In the said Board meetings, strategic matters as well as reports on the progress of the Bank's business operations, budgets, evaluation of business propositions and corporate proposals, reviewing of the Bank's significant policies and other matters were tabled for deliberation, approval and endorsement by the members of the Board.

The agenda for every Board meeting together with meeting documents were circulated to all directors in advance prior to the scheduled Board meetings for their perusal. The Board has an annual schedule established for Board and Board Committee meetings and are also aware of matters that are specifically reserved for its decision.

The attendance of each director in office at the end of the financial year at the aforesaid Board meetings is set out below:

<b>Name of Directors</b>	<b>No. of Meetings Attended</b>	<b>Percentage of Attendance (%)</b>
Muad S M M AlOsaimi (Chairman)	6/6	100%
Mohammad Nasser AlFouzan	6/6	100%
Ahmad S. A A Al Kharji	6/6	100%
Khalid Sufat *	2/2	100%
Abdul Khalil Abdul Hamid	6/6	100%
Mohamed Zaheer Mohamed Azreen	6/6	100%

#### **Notes:**

\* Deceased on 24 June 2025

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## 2 STATEMENT OF CORPORATE GOVERNANCE (Cont'd.)

### (i) Board responsibility and oversight (Cont'd.)

#### **Board Committees**

The Board is assisted by five (5) Board Committees with specific terms of reference and functions, as follows:

#### ***Board Audit Committee***

The Board Audit Committee ("BAC") currently consists of one (1) INED and two (2) NINEDs. Seven (7) BAC meetings were held during the financial year.

The attendance of each director who were members during the financial year at the aforesaid BAC meetings is set out below:

<b>Name of Directors</b>	<b>No. of Meetings Attended</b>	<b>Percentage of Attendance (%)</b>
Mohamed Zaheer Mohamed Azreen (Chairman)	7/7	100%
Khalid Sufat *	3/3	100%
Abdul Khalil Abdul Hamid	7/7	100%
Mohammad Nasser AlFouzan ^	4/4	100%

#### **Notes:**

\* Deceased on 24 June 2025

^ Appointed as a Member with effect from 1 July 2025

The roles and responsibilities of the BAC are to assist the Board in discharging its oversight duties and oversee the financial reporting process to ensure the balance, transparency and integrity of its published financial information as well as accuracy and appropriateness of data in relation to sustainability and climate risk reporting to ensure information reported is according to relevant sustainability reporting standards. The BAC also reviews the effectiveness of the Bank's internal controls, risk management processes, cyber security controls, the internal audit function, the independent audit process including the appointment and assessing the performance of the external auditor, related party transactions, the process for monitoring compliance with laws and regulations affecting financial reporting and its code of business conduct.

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## 2 STATEMENT OF CORPORATE GOVERNANCE (Cont'd.)

### (i) Board responsibility and oversight (Cont'd.)

#### Board Committees (Cont'd.)

##### ***Board Risk Management Committee***

The Board Risk Management Committee ("BRMC") currently consists of one (1) INED and two (2) NINEDs. Five (5) BRMC meetings were held during the financial year.

The attendance of each director who were members during the financial year at the aforesaid BRMC meetings is set out below:

<b>Name of Directors</b>	<b>No. of Meetings Attended</b>	<b>Percentage of Attendance (%)</b>
Abdul Khalil Abdul Hamid (Chairman)	5/5	100%
Mohammad Nasser AlFouzan	5/5	100%
Mohamed Zaheer Mohamed Azreen	5/5	100%

The roles and responsibilities of the BRMC are to oversee the Bank's activities in managing credit, market, operational, technology, legal, compliance and other emerging risks as well as to ensure that the risk identification and mitigation is in place and functioning. The BRMC also oversees the formulation of risk strategies on an on-going basis and addresses issues arising from the changes in both the external business environment and internal operating conditions. In addition, the BRMC recommends to the Board the Bank's Sustainability Roadmap/Climate Risk Policy and oversees the Bank's sustainability and climate related practices towards embedding Environmental, Social and Governance ("ESG") considerations across the Bank's decision-making processes as well as managing sustainability and climate related risk and to ensure risk identification and mitigation are in place and functioning. The BRMC further approves the Annual Compliance Plan, framework and policies, provides oversight on overall technology and cybersecurity strategic matters, review and approve outsourcing matters, review Independent Credit Review reports and recommend other risk related matters to the Board for approval.

##### ***Board Nominating And Remuneration Committee***

The Board Nominating And Remuneration Committee ("BNRC") currently consists of one (1) INED and two (2) NINEDs. Five (5) BNRC meetings were held during the financial year.

The attendance of each director who were members during the financial year at the aforesaid BNRC meetings is set out below:

<b>Name of Directors</b>	<b>No. of Meetings Attended</b>	<b>Percentage of Attendance (%)</b>
Mohamed Zaheer Mohamed Azreen (Chairman)	5/5	100%
Mohammad Nasser AlFouzan	5/5	100%
Abdul Khalil Abdul Hamid	5/5	100%

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## 2 STATEMENT OF CORPORATE GOVERNANCE (Cont'd.)

### (i) Board responsibility and oversight (Cont'd.)

#### **Board Committees (Cont'd.)**

##### ***Board Nominating And Remuneration Committee (Cont'd.)***

The roles and responsibilities of the BNRC are as follows:-

- (a) to provide a formal and transparent procedure for the appointment and re-appointment of directors, Chief Executive Officer, key responsible persons and members of Shariah Committee as well as assessment of the effectiveness of individual directors, the Board as a whole, Shariah Committee Members and the performance of the Chief Executive Officer and key responsible persons; and
- (b) to provide a formal and transparent procedure for developing remuneration policy for directors, Chief Executive Officer, Shariah Committee members and key responsible persons as well as to ensure that the Bank's compensation packages are competitive and consistent with the Bank's culture, objectives and strategies.

##### ***Board Credit Committee***

The Board Credit Committee ("BCC") currently consists of one (1) INED and one (1) NINED. Five (5) BCC meetings were held during the financial year.

The attendance of each director who were members during the financial year at the aforesaid BCC meetings is set out below:

<b>Name of Directors</b>	<b>No. of Meetings Attended</b>	<b>Percentage of Attendance (%)</b>
Khalid Sufat *	2/2	100%
Mohamed Zaheer Mohamed Azreen	5/5	100%
Abdul Khalil Abdul Hamid (Chairman) ^	5/5	100%

#### **Notes:**

\* Deceased on 24 June 2025

^ Appointed as Chairman with effect from 1 July 2025

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## 2 STATEMENT OF CORPORATE GOVERNANCE (Cont'd.)

### (i) Board responsibility and oversight (Cont'd.)

#### **Board Committees (Cont'd.)**

##### ***Board Credit Committee (Cont'd.)***

The roles and responsibilities of the BCC are as follows:-

- (a) to veto/no objection/modify terms/concur with the Bank's credit and treasury investment (inclusive of investment in funds) proposals as per the Delegation of Authority Matrix, subject always to adherence to the Golden Rule of KFHK, where applicable;
- (b) to veto/no objection/modify terms of the Bank's recovery proposals/actions that are within the authority limits as per the Delegation of Authority Matrix as well as to review and ensure appropriate actions are being taken for recovery of corporate accounts, other impaired accounts, early alert accounts and accounts transferred to Profit Sharing Investment Account;
- (c) to approve waiver, write-off, write-down and haircuts transactions in accordance with the Delegation of Authority Matrix and Write-Off, Write-Down and Haircut Transactions Policy; and
- (d) to review and ensure the Bank's sustainability and climate related risks are considered in relation to credit and treasury investment proposals.

##### ***Board Corporate Governance Committee***

The Board Corporate Governance Committee ("BCGC") currently consists of one (1) INED, one (1) NINED and one (1) NIED. One (1) BCGC meeting was held during the financial year.

The attendance of each director who were members during the financial year at the aforesaid BCGC meeting is set out below:-

<b>Name of Directors</b>	<b>No. of Meetings Attended</b>	<b>Percentage of Attendance (%)</b>
Muad S M M AIOsaimi (Chairman)	1/1	100%
Ahmed S A A AlKharji	1/1	100%
Mohammad Nasser AlFouzan	1/1	100%
Khalid Sufat *		

#### **Notes:**

\* Deceased on 24 June 2025

The main responsibilities of the BCGC are to develop and recommend to the Board corporate governance principles for the Bank and to continuously review the governance principles to ensure its relevance, adequacy effectiveness and ability to meet the challenges of the future to remain sustainable.

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## 2 STATEMENT OF CORPORATE GOVERNANCE (Cont'd.)

### (i) Board responsibility and oversight (Cont'd.)

#### **Board Committees (Cont'd.)**

##### ***Board Strategic Committee***

The Board Strategic Committee ("BSC") currently consists of one (1) INED. Two (2) NINEDs and four (4) BSCs meeting were held during the financial year.

The attendance of each director who were members during the financial year at the aforesaid BSC meetings is set out below:-

<b>Name of Directors</b>	<b>No. of Meetings Attended</b>	<b>Percentage of Attendance (%)</b>
Muad S M M AlOsaimi (Chairman)	4/4	100%
Abdul Khalil Abdul Hamid	4/4	100%
Mohamed Zaheer Mohamed Azreen	4/4	100%

The main responsibilities of the BSC are to provide oversight on the winding down of Kuwait Finance House (Malaysia) Berhad. The key objectives are to provide strategic guidance on the overall wind down process and approve ongoing winding down matters based on the Delegation of Authority approved by the Board.

#### **Board Remuneration**

A summary of the total remuneration of the directors, in aggregate with categorization into appropriate Board Committees for the financial year ended 31 December 2025 is disclosed under Note 32 of the financial statements.

#### **Board Training**

The Board acknowledges the importance of keeping abreast with market developments and enhancement of their skills and knowledge to ensure that they are able to discharge their duties as directors effectively and efficiently. During the year, the directors had attended various training programmes, seminars and workshops on issues relevant to the industry.

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## 2 STATEMENT OF CORPORATE GOVERNANCE (Cont'd.)

### (i) Board responsibility and oversight (Cont'd.)

#### Board Training (Cont'd.)

Training programmes / workshops attended by directors in the year 2025 were as follows:

NO	NAME OF DIRECTOR	DATE	TITLE	OBJECTIVE
1	<b>Muad S M M AIOsaimi</b>	30 April 2025	Emerging Cyber Risk And Resilience Measure.	The cyber security awareness covers the threats of ransomware including highlighting recent ransomware incidents locally, providing scenarios of ransomware attacks and measures to be undertaken by the Bank in preventing such attacks. The session also provides guidance on what KFHMB should consider during the business winding down process, among others how to keep sensitive data secure.
		21 July 2025	Board Readiness For BNM's Latest Regulatory Expectations On Full-Fledged Islamic Banks.	The briefing outlined among others, the Board's core duties in Shariah oversight which including approving Shariah governance and risk policies, supervising Senior Management and internal controls for Shariah compliance, overseeing implementation of Shariah Committee's decisions and promoting strong compliance culture.
		27 October 2025	Corporate Governance: Directors Roles & Responsibilities In Liquidation.	The briefing covers on Directors' role and responsibilities in liquidation, among others include principles of winding up and procedures thereof, powers of the directors & responsibilities of directors during liquidation, highlighting on case precedents providing scenarios in which directors were held liable for failing to adhere to regulatory requirements during liquidation.
2	<b>Ahmad S. AIKharji</b>	30 April 2025	Emerging Cyber Risk And Resilience Measure.	The cyber security awareness covers the threats of ransomware including highlighting recent ransomware incidents locally, providing scenarios of ransomware attacks and measures to be undertaken by the Bank in preventing such attacks. The session also provides guidance on what KFHMB should consider during the business winding down process, among others how to keep sensitive data secure.
		21 July 2025	Board Readiness For BNM's Latest Regulatory Expectations On Full-Fledged Islamic Banks.	The briefing outlined among others, the Board's core duties in Shariah oversight which including approving Shariah governance and risk policies, supervising Senior Management and internal controls for Shariah compliance, overseeing implementation of Shariah Committee's decisions and promoting strong compliance culture.
		27 October 2025	Corporate Governance: Directors Roles & Responsibilities In Liquidation.	The briefing covers on Directors' role and responsibilities in liquidation, among others include principles of winding up and procedures thereof, powers of the directors & responsibilities of directors during liquidation, highlighting on case precedents providing scenarios in which directors were held liable for failing to adhere to regulatory requirements during liquidation.

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## 2 STATEMENT OF CORPORATE GOVERNANCE (Cont'd.)

### (i) Board responsibility and oversight (Cont'd.)

#### Board Training (Cont'd.)

Training programmes / workshops attended by directors in the year 2025 were as follows: (Cont'd.)

NO	NAME OF DIRECTOR	DATE	TITLE	OBJECTIVE
3	<b>Mohammed Nasser Al-Fouzan</b>	30 April 2025	Emerging Cyber Risk And Resilience Measure.	The cyber security awareness covers the threats of ransomware including highlighting recent ransomware incidents locally, providing scenarios of ransomware attacks and measures to be undertaken by the Bank in preventing such attacks. The session also provides guidance on what KFHM B should consider during the business winding down process, among others how to keep sensitive data secure.
		21 July 2025	Board Readiness For BNM's Latest Regulatory Expectations On Full-Fledged Islamic Banks.	The briefing outlined among others, the Board's core duties in Shariah oversight which including approving Shariah governance and risk policies, supervising Senior Management and internal controls for Shariah compliance, overseeing implementation of Shariah Committee's decisions and promoting strong compliance culture.
		27 October 2025	Corporate Governance: Directors Roles & Responsibilities In Liquidation.	The briefing covers on Directors' role and responsibilities in liquidation, among others include principles of winding up and procedures thereof, powers of the directors & responsibilities of directors during liquidation, highlighting on case precedents providing scenarios in which directors were held liable for failing to adhere to regulatory requirements during liquidation.
4	<b>Mohamed Zaheer Mohamed Azreen</b>	30 April 2025	Emerging Cyber Risk And Resilience Measure.	The cyber security awareness covers the threats of ransomware including highlighting recent ransomware incidents locally, providing scenarios of ransomware attacks and measures to be undertaken by the Bank in preventing such attacks. The session also provides guidance on what KFHM B should consider during the business winding down process, among others how to keep sensitive data secure.
		21 July 2025	Board Readiness For BNM's Latest Regulatory Expectations On Full-Fledged Islamic Banks.	The briefing outlined among others, the Board's core duties in Shariah oversight which including approving Shariah governance and risk policies, supervising Senior Management and internal controls for Shariah compliance, overseeing implementation of Shariah Committee's decisions and promoting strong compliance culture.
		27 October 2025	Corporate Governance: Directors Roles & Responsibilities In Liquidation.	The briefing covers on Directors' role and responsibilities in liquidation, among others include principles of winding up and procedures thereof, powers of the directors & responsibilities of directors during liquidation, highlighting on case precedents providing scenarios in which directors were held liable for failing to adhere to regulatory requirements during liquidation.

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(200401033666)

(Incorporated in Malaysia)

## 2 STATEMENT OF CORPORATE GOVERNANCE (Cont'd.)

### (i) Board responsibility and oversight (Cont'd.)

#### Board Training (Cont'd.)

Training programmes / workshops attended by directors in the year 2025 were as follows: (Cont'd.)

NO	NAME OF DIRECTOR	DATE	TITLE	OBJECTIVE
5	Abdul Khalil Abdul Hamid	7 January 2025	Mandatory Training: Mobile Devise Security	The ensure the protection of company and customer data when accessed via mobile devices, aligning with their broader cybersecurity and data protection policies.
		7 January 2025	Mandatory Training: Smishing Frenzy	The objective of a "Smishing Frenzy" is for cybercriminals to leverage a high volume of fraudulent text messages (smishing) to steal sensitive personal and financial information, deploy malware, or acquire money from victims. This is achieved by manipulating the victims through social engineering to take immediate action without critical thinking.
		8 January 2025	Economic Outlook and Market Update/Treasury and Capital Market/Investment Update	Update on the current economic outlook and market conditions and understanding of treasury, capital market, and investment developments.
		13 February 2025	Shaping Malaysia's Future With AI Conference	The conference discussed on current economic challenges and explored on the he transformative impact of AI on businesses, society and the workforce.
		19 February 2025	Special Lecture : How Global Events Will Affect The Outlook for the Financial Industry 2025	The lecture aims to provide insights into the impact of global events on the financial industry outlook. The lecture covers various aspects, including the influence of AI, BRICS, Climate Change and Net Zero on the financial landscape.
		28 February 2025	Risk and Compliance Courses: Anti-Money Laundering	The primary objective of Anti-Money Laundering (AML) is to prevent criminals from disguising illegally obtained funds ("dirty money") as legitimate income, thereby disrupting financial crime like terrorism financing, drug trafficking, and corruption, and protecting the integrity and stability of the global financial system. This is achieved through regulations, laws, and procedures (like Know Your Customer - KYC) that require financial institutions to monitor transactions, report suspicious activities, and verify customer identities to block illicit funds from entering legitimate circulation.
		28 February 2025	Risk and Compliance Courses: Anti-Bribery, Corruption and conflicts of Interest	The primary objective of policies and frameworks addressing anti-bribery, corruption, and conflicts of interest is to ensure that all business is conducted with integrity, honesty, and transparency, while complying with applicable laws and regulations.

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## 2 STATEMENT OF CORPORATE GOVERNANCE (Cont'd.)

### (i) Board responsibility and oversight (Cont'd.)

#### Board Training (Cont'd.)

Training programmes / workshops attended by directors in the year 2025 were as follows: (Cont'd.)

NO	NAME OF DIRECTOR	DATE	TITLE	OBJECTIVE
5	Abdul Khalil Abdul Hamid (Cont'd)	28 February 2025	Risk and Compliance Course: Non-Financial Risk Management	The primary objective of Non-Financial Risk Management (NFRM) is to identify, assess, and mitigate risks (like operational, compliance, cyber, or reputational) that aren't direct financial transactions but can severely impact an organization's stability, reputation, and ability to meet strategic goals, ensuring resilience, informed decision-making, and fostering stakeholder trust for long-term success. It moves beyond mere compliance to become a strategic enabler, integrating risk awareness into daily operations to protect value and support sustainable growth.
		28 February 2025	PAMB: Advances AML & Sanctions Training for Senior Management 2025	The primary objective of an "Advances AML & Sanctions Training for Senior Management 2025" course is to equip senior leaders with the knowledge and skills necessary to provide effective oversight and strategic governance of their institution's anti-money laundering (AML) and sanctions compliance programs.
		25 March 2025	BNM Engagement Session with Chairpersons and CEOs of ITOS and Associations in conjunction with the release of Annual Report 2024, Economic & Monetary Review 2024, and Financial Stability Review	<ul style="list-style-type: none"> <li>- Growth and Inflation Discussions cover the economic outlook for the year and the potential actions of the Monetary Policy Committee (MPC) in managing price pressures.</li> <li>- The Ringgit BNM provides its assessment of the currency's performance and the measures taken to manage short-term volatility, encouraging a "whole-of-nation approach" to ensure stability.</li> <li>- Structural Reforms The bank advocates for necessary structural reforms (e.g., subsidy rationalisation, labour market changes, and social protection enhancements) needed for sustainable growth and a higher standard of living.</li> <li>- Financial Stability and Regulatory Priorities The sessions cover the resilience of the financial system, key prudential and market conduct policies, and efforts to manage emerging risks like cyber threats and climate-related challenges.</li> </ul>
		26 March 2025	BNM Governor's Address on the Malaysian Economy & Panel Discussion	The session provides insights into the country's economic outlook and the central bank's monetary policy decisions. This was followed by a panel discussion that delved into various economic issues and challenges.
		8 April 2025	Forum on Inclusive Financial Well-being : The Role of Financial Capability and Social Finance	The forum highlighted on the importance of financial capability & social finance in driving sustainable growth and enhancing financial well-being. It also discussed on the need for financial systems that are not only accessible but also fair, empowering and resilience.
		15 April 2025	E-Invoice : Service Tax Impact on Independent Directors	The workshop was designed to provide a comprehensive overview of various tax obligation associated with e-Invoicing, service tax and personal tax.

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## 2 STATEMENT OF CORPORATE GOVERNANCE (Cont'd.)

### (i) Board responsibility and oversight (Cont'd.)

#### Board Training (Cont'd.)

Training programmes / workshops attended by directors in the year 2025 were as follows: (Cont'd.)

NO	NAME OF DIRECTOR	DATE	TITLE	OBJECTIVE
5	Abdul Khalil Abdul Hamid (Cont'd.)	21 April 2025	Engagement Session with FIDE Forum Member on Bank Negara Malaysia Annual Report 2024, Economic and Monetary Review 2024 and Financial Stability Review for Second Half 2024	The engagement session were aimed at sharing its assessment of the Malaysian economy and financial sector as well as getting feedbacks from central bank's stakeholders.
		30 April 2025	Emerging Cyber Risk and Resilience Measure	The cyber security awareness covers the threats of ransomware highlighting recent ransomware incidents locally, providing scenarios of ransomware attacks and measures to be undertaken by the Bank in preventing such attacks. The session also provides guidance on what KFHMB should consider during the business winding down process, among others how to keep sensitive data secure.
		8 May 2025	ASB's Carbon Markets: What Directors Need to Know	<ul style="list-style-type: none"> <li>- Understand the role of carbon markets in addressing climate change.</li> <li>- Discuss the opportunities, risks, and challenges associated with developing carbon credit projects or investing/trading in carbon credits.</li> <li>- Explain the mechanism of the Bursa Carbon Exchange (BCX) as a platform for trading in carbon credits.</li> <li>- Identify new business opportunities presented by the market.</li> </ul>
		13 May 2025	PwC AI Leadership Conference 2025	The conference aimed to explore innovative perspectives on leadership in the AI era.
		21 July 2025	Board Readiness For BNM's Latest Regulatory Expectations On Full-Fledged Islamic Banks	The briefing outlined among others, the Board's core duties in Shariah oversight which including approving Shariah governance and risk policies, supervising Senior Management and internal controls for Shariah compliance, overseeing implementation of Shariah Committee's decisions and promoting strong compliance culture.
		22 July 2025	Latest Update on Accounting Standards	Updates on accounting standards is generally to ensure compliance with regulatory requirements, enhance the quality and transparency of financial reporting, and improve the knowledge and risk management awareness of its employees.

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## 2 STATEMENT OF CORPORATE GOVERNANCE (Cont'd.)

### (i) Board responsibility and oversight (Cont'd.)

#### Board Training (Cont'd.)

Training programmes / workshops attended by directors in the year 2025 were as follows: (Cont'd.)

NO	NAME OF DIRECTOR	DATE	TITLE	OBJECTIVE
5	Abdul Khalil Abdul Hamid (Cont'd.)	22 July 2025	Overview of Economics Outlook and Market Update	Providing an overview of the economic outlook and market update is to inform stakeholders about current and projected economic trends, identify key opportunities and risks, and guide strategic decision-making in areas such as investment, policy, and business operations.
		22 September 2025	Cloud for Directors of Regulated Financial Institutions	Focusing on strategic cloud adoption, governance, resilience, cybersecurity, AI, and regulatory compliance (like BNM RMiT) for financial boards, emphasizing cloud as a strategic imperative, not just tech. FIDE FORUM provides exclusive education, networking, and thought leadership for financial institution directors in Malaysia, addressing modern challenges through curated dialogues and events.
		23 October 2025	Update on Revision of RMiT 2025 & Update on Post Quantum Cryptography	The objective of this revision, and the broader goal regarding the update on Post-Quantum Cryptography (PQC), is to enhance the resilience and security of the financial system against evolving technology and cyber risks, including the future threat posed by quantum computers.
		27 October 2025	Corporate Governance : Directors' Roles & Responsibilities in Liquidation	The briefing covers on Directors' role and responsibilities in liquidation, among others include principles of winding up and procedures thereof, powers of the directors & responsibilities of directors during liquidation, highlighting on case precedents providing scenarios in which directors were held liable for failing to adhere to regulatory requirements during liquidation.
		30 October 2025	Sustainability Training	The general corporate sustainability training are to equip participants with the knowledge and skills to integrate environmental, social, and economic values (the triple bottom line) into business operations and decision-making processes.

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## 2 STATEMENT OF CORPORATE GOVERNANCE (Cont'd.)

### (i) Board responsibility and oversight (Cont'd.)

#### Remuneration

The Board had approved the Bank's Rewards framework and Policy based on the recommendation of the Board Nominating and Remuneration Committee ("BNRC") in July 2018.

This framework was developed with the purpose of fair and transparent in rewarding employees based on respective contributions to the Bank's performance and in line with the requirement of the governance regulations. The framework and the policy are reviewed periodically which enables KFHM B to attract and retain talents, in line with the Bank's objectives and strategy.

The following factors are taken into account in the design and proposal of the remunerations programmes:

- a) The Bank's performance, both long-term and short-term;
- b) Prudent risk-taking at the employee, divisional and organizational levels based on Risk Management Division ("RMD") review and feedback;
- c) External market conditions for talent and the Bank's attrition rate;
- d) The Bank's ability to pay; and
- e) Strong governance.

#### **Components of Remunerations**

The Bank's remuneration framework is structured in accordance with applicable laws and regulations and it consists of the following:

- a) Fixed Pay  
Consists of base salary and fixed allowances. It compensates for the respective level of expertise, skills and responsibility required for fulfilling a specific job, determined by the job grade. It is also taking into consideration of market competitiveness within the Financial Services sector.
- b) Variable Remuneration  
Payable periodically by cash through specified timelines and objectives set by management for achievement that enforce pay-for-performance culture of the Bank.
- c) Benefits  
Is part of total remuneration that provides employees with paid time-off, medical and financial protection, financing product at preferential rates, etc. This is in line with market practice.

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## 2 STATEMENT OF CORPORATE GOVERNANCE (Cont'd.)

### (i) Board responsibility and oversight (Cont'd.)

#### Remuneration (Cont'd.)

##### **Measurement of Performance**

The measurement of the Bank's performance will focus on the Bank's strategy and its annual priorities in the balance scorecard as below:

- a) Financial drivers such as profitability, cost and asset management, stakeholders' return, business growth
- b) Risk related and non-financial measurements such as mandatory compliance with audit, Shariah and risk, key strategic initiatives, customer care / stakeholder management and people related measures.

The business and financial key performance indicators ("KPIs") are developed around the risk allowed by the Bank. Key measures on risk for the Bank include the risk profile with approved indicators, credit quality and asset quality. These are tracked closely by the Bank. These key objectives and measurements are cascaded to individual employee in the Bank. To remain independent, the control functions such as audit, compliance, risk and Shariah do not carry any financial KPIs.

The KPIs in the scorecard will be assessed at the end of the year to determine the performance of an individual along-side with the behavioural and leadership competencies assessment. Performance rating for each individual are calibrated within the division and challenged at the EXCOM (Executive Management Committee) to ensure fair assessment. This exercise put focus on performance culture and pay-for-performance.

The assessment of the Compliance Rating for the different divisions / units in terms on compliance to regulatory, policy and procedure requirements were independently conducted by the control functions. Conversely, the control function's KPIs are assessed independently by the Board committees.

##### **Variable Remuneration**

The Bank's performance measurements, qualifiers and threshold performance to qualify for the bonus are determined at the beginning of the performance year by the Board based on the recommendation of the BNRC.

At the end of the year, the approval of the Board will be sought to trigger the bonus payout if the agreed qualifier and threshold performance is achieved. The bonus payout will only be made after the approval of the Board and the audited accounts are cleared by BNM.

The yearly performance assessment and remuneration for the identified Key Responsible Persons ("KRPs") or Senior Officers in the Bank has to be approved by the Board upon recommendation by BNRC. Currently the Bank has 11 of such Senior Officers or KRPs. These individuals are also the Bank's Material Risk Takers ("MRTs"). Beside the Senior Officers, the Bank has also identified 19 Other Material Risk Takers ("OMRTs") which can materially commit or control significant amounts of the Bank's resources and among the most highly remunerated officers in the Bank. The remuneration payout of these Material Risk Takers has to be approved by the Board.

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## 2 STATEMENT OF CORPORATE GOVERNANCE (Cont'd.)

### (i) Board responsibility and oversight (Cont'd.)

#### Remuneration (Cont'd.)

##### **Variable Remuneration (Cont'd.)**

The remuneration of the heads of Control Function (Internal Audit, Risk Management, Compliance and Shariah) have to be reviewed by the respective independent board committees.

The individual remunerations are promised on the achievement of the KPIs and determined by the pre-approved bonus matrix, stated in the approved Reward Policy. For longer term performance and remuneration adjustment, the MRT are participants of the Deferred Bonus Scheme which was approved by the Board. It is designed to avoid conflicts of interest; protect the clients' interests; and ensure there is no encouraging of excessive risk-taking. Guided by local to global benchmarks as reference, the deferred amount and period were designed to be practical to ensure it doesn't affect attraction and retention. Clawback and forfeiture features were fair and transparent for both the Bank and employees. This will discourage employees from not complying with the rules leading to a reduction or cancellation of the variable remuneration of the year for the relevant employees.

Deferral mechanism is the same across all material risk takers except for the CEO, who would have a different mechanism. Other policy statements surrounding clawback and forfeiture include material restatement of financial results, fraud and gross negligence or misconduct, material violation of the principle of risk taking, resignation or cessation of employment and inaccuracy of financial performance.

### (ii) Key Internal Control Processes

The BAC of the Bank assist the Board to evaluate the adequacy and effectiveness of the internal controls systems.

The BAC reviews the financial statements, reports issued by Internal Audit Division, the external auditors and regulatory authorities, and follow-up on corrective action taken to address issues raised in the reports. Internal Audit Division conducts independent risk-based audits and provides assurance on the effectiveness of the design and operation of the governance, risk and control framework across the Bank. The BAC oversees the independence and objectivity of the Internal Audit function, whistleblowing policy, approves the annual risk-based audit plan and periodically reviews the progress of the plan and reports issued by Internal Audit Division.

#### ***Internal Audit Function***

Internal Audit function operates under the charter approved by BAC that formalised the roles and responsibilities of the function and its internal stakeholders. It includes unrestricted access to review all activities of the Bank. The Chief Internal Auditor maintains independence and objectivity by functionally reports to the BAC and administratively to the CEO. The internal auditing function reviews the operations of the Bank to ensure consistency in the governance, risk management, internal controls systems and the application of policies and procedures that aligns with auditing standards and recommends measures to strengthen the control effectiveness.

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## 2 STATEMENT OF CORPORATE GOVERNANCE (Cont'd.)

### (ii) Key Internal Control Processes (Cont'd.)

#### *Internal Audit Function (Cont'd.)*

Internal Audit focuses its efforts on performing audits in accordance with the audit plan, which is prioritised based on a risk assessment of all activities undertaken by the Group. The risk assessment approach ensures that all risk-rated areas are kept in view to ensure appropriate audit coverage and audit frequency. The risk-based audit plan is reviewed annually taking into account the changing financial significance of the business and risk environment. The BAC reviews and approves the annual internal audit plan.

The Internal Audit function is guided by the Global Internal Audit Standards (GIAS) issued by The Institute of Internal Auditors and adheres to applicable regulatory requirements. Internal Audit also performs internal controls reviews on key banking operations and activities, investigations, special reviews, Shariah Governance and also participates in significant system development activities and project committees to advise on governance and internal control measures. Internal Audit plays an active role in ensuring compliance with the requirements of regulatory authorities. Internal Audit also works collaboratively with the external auditor, Risk Management and Compliance function to avoid duplication of effort

There is an effective process for ensuring prompt resolution of audit issues. The progress of significant issues is regularly tabled to the BAC until such issues are satisfactorily resolved.

#### *Management reports*

Management reports are presented to and reviewed by the Board on a regular basis. In addition to the financial statements, other reports regularly tabled before the Board at periodical meetings include the reports on monitoring of compliance with banking laws and other Bank Negara Malaysia's guidelines on financing, capital adequacy and other regulatory requirements, as well as monthly progress reports on business operations.

The annual business plan and budgets that are prepared by the Bank's business units are also reviewed and approved by the Board.

The Bank has also put in place policies, standard operating procedures, guidelines and authority limits imposed on Management in respect of the day-to-day banking and financing operations, extension of credits, investments, acquisitions and disposal of assets.

In addition, proper policies and standard operating procedures are in place within the Bank in relation to hiring and termination of employees, formal training programmes for employees, performance management with annual and semi-annual performance appraisals, and other relevant procedures to ensure the employees are competent and adequately trained in carrying out their responsibilities.

### (iii) Risk Management

#### **Audited information according to MFRS 7 and MFRS 101**

Risk management disclosure is in line with Malaysian Financial Reporting Standard ("MFRS") 7 Financial Instruments: Disclosures, and disclosures on capital management and MFRS 101 Presentation of Financial Statements (Revised). The Risk Management disclosure forms part of the financial statements audited by the Bank's independent auditor, Messrs. Ernst & Young PLT.

Roles and responsibilities of BRMC are to oversee Bank's activities by providing effective and robust management of risks inherent within the Bank in order to protect and enhance shareholder's value.

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## **2 STATEMENT OF CORPORATE GOVERNANCE (Cont'd.)**

### **(iii) Risk Management (Cont'd)**

#### **Risk Management Framework**

During the financial year ended 31 December 2025, the Bank operated under a strategic decision to wind down its operations, including the off-boarding of its corporate portfolio and the sale of its retail portfolio. Consequently, risk-taking activities were significantly reduced, with risk management efforts focused on overseeing residual risks, facilitating orderly portfolio exits, and ensuring compliance with regulatory and financial obligations throughout the wind-down period.

The Board Risk Management Committee (BRMC) continued to oversee the Bank's risk management framework, with particular attention to risks arising from portfolio divestments, system and operational changes, and liquidity management during the wind-down process. Given the limited level of ongoing business activities, no new market risk or liquidity risk policies were introduced during the year. Existing frameworks and policies remained in place and were considered adequate to manage residual risks in line with the Bank's declining risk profile.

In light of the wind-down decision, the Risk Appetite Statement (RAS) for 2025, approved by the Board in February 2025, was revised to reflect the Bank's transition toward balance sheet reduction and capital preservation. Risk appetite limits for liquidity, operational, reputational, capital, and market risks were adjusted to support an orderly wind-down.

#### **Three Lines of Defence Concept**

The Bank continued to apply the three (3) lines of defence model, comprising Risk Taking Units, Risk Control Units, and Internal Audit. Risk Taking Units remained accountable for managing residual risks within their respective areas, while Risk Control Units focused on monitoring, reporting, and ensuring compliance with the Bank's established risk management frameworks. Internal Audit provided independent assurance on the effectiveness of internal controls and governance arrangements throughout the wind-down process.

#### **Credit Risk Management**

The Bank closely monitored and tracked the off-boarding of its corporate portfolio to ensure that it was completed in accordance with the established timelines. Risk management for the retail portfolio was primarily focused on asset quality to ensure alignment with the Bank's wind-down strategy.

The Single Counterparty Exposure Limit ("SCEL"), as required by regulatory guidelines, remained applicable until the complete off-boarding of the corporate portfolio.

The Bank's credit risk policies and procedures remained applicable and continued to be applied in managing residual risks associated with the declining portfolios.

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## 2 STATEMENT OF CORPORATE GOVERNANCE (Cont'd.)

### (iii) Risk Management (Cont'd.)

#### **Market Risk Management**

Market risk refers to the potential adverse impact on the Bank's earnings or capital resulting from changes in market variables, including rates of return, foreign exchange rates, and credit spreads.

The Asset Liability Management Committee (ALCO) continued to support the Board Risk Management Committee (BRMC) in overseeing market risk management. The Bank adhered to the KFHK Group's market risk policies, with monitoring activities focused on ensuring that residual exposures remained within approved risk appetite limits. No new market risk policies or limits were introduced during the year, as existing controls were assessed to be appropriate given the Bank's reduced risk profile.

#### **Liquidity Risk Management**

Liquidity risk refers to the risk that the Bank may be unable to meet its financial obligations as they fall due without incurring unacceptable losses.

Liquidity risk management remained a key area of focus during 2025. The Bank continued to manage liquidity conservatively to support an orderly wind-down and to meet its ongoing financial and regulatory obligations.

The Asset Liability Management Committee (ALCO) assisted the Board Risk Management Committee (BRMC) in overseeing liquidity risk management. The Bank continued to adopt the KFHK Group's liquidity risk management framework. No new liquidity risk policies or limits were introduced during the year, as existing liquidity limits and monitoring tools were considered appropriate in light of the Bank's declining asset base.

The Liquidity Risk Policy continued to govern the identification, assessment, measurement, monitoring, and control of liquidity risk, including compliance with Basel III liquidity standards and Bank Negara Malaysia's Liquidity Coverage Ratio requirements. Liquidity positions and key metrics were monitored on a regular basis and reported to ALCO to ensure that sufficient liquidity buffers were maintained throughout the wind-down process.

#### **Operational Risk Management ("ORM")**

Operational risk is defined as the risk of loss resulting from inadequate or failed internal processes, people, and systems, or from external events. This definition includes legal risk but excludes strategic and reputational risk.

The Bank has an ORM Policy that is aimed at managing the overall operational risk within the Bank, including Shariah non-compliance risk. This policy is reviewed periodically to ensure it is aligned with the overall Bank's business strategy.

Various operational risk tools have been implemented with the intention to minimise the operational risk to an acceptable level and within the Bank's risk appetite.

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## 2 STATEMENT OF CORPORATE GOVERNANCE (Cont'd.)

### (iii) Risk Management (Cont'd.)

#### Operational Risk Management ("ORM") (Cont'd.)

Under the effective Business Continuity Management ("BCM"), the Bank has successfully managed business continuity with the least disruption as a result of effective communication via Crisis Management Team (CMT) and BCM Champions, comprehensive business continuity plans that are periodically reviewed, availability of business continuity sites for the critical business functions, split operations and allocation of Virtual Private Network ("VPN").

The established Delegation of Authority (DOA) is regularly reviewed in order to align it with the latest structure of the Bank and provide clear job responsibility. The Bank also continuously reviews its technology practices and processes in order to ensure acceptable standards are in place and adhered to. The Bank also continuously reviews its technology practices and processes in order to ensure acceptable standards are in place and adhered to.

Overall corporate governance practices are monitored closely with the aim of ensuring that the Bank operates at the highest standards of business integrity, ethics and professionalism.

#### Compliance

Under the Bank's Regulatory Compliance Policy, the Line Management plays an important role in cultivating a compliance, ethical and integrity culture within the organisation. The Bank has appointed Business Unit Compliance Officers ("BUCOs") at divisional / departmental levels who are responsible to identify applicable regulatory requirements at their respective divisions / departments and work with central compliance function on an ongoing basis to manage compliance risks through assessing the level of compliance, identifying compliance deficiencies, gaps in work processes as well as updating on the status of any corrective actions.

As a fully licensed Islamic Bank, the Bank has a legal obligation to deter money laundering and counter financing of terrorism within the ambit of the Anti-Money Laundering, Anti-Terrorism Financing & Proceeds of Unlawful Activities Act (AMLA) 2001. As such, the Bank is at the forefront of the Government and BNM's continuous initiatives in the prevention of the use of the banking system at any point for money laundering or terrorist financing activities.

The Bank has demonstrated its full commitment of compliance with the Anti-Money Laundering / Counter Financing of Terrorism ("AML/CFT") requirements by establishing a robust and comprehensive framework, policies, procedures, processes and systems for the prevention and detection of money laundering and terrorist financing activities. The Head of Compliance reports to the Board Risk Management Committee on AML/CFT and regulatory compliance matters. Key measures undertaken by the Bank to mitigate the AML/CFT matters include:

- Implemented a dedicated Anti-Money Laundering ("AML") system since 15 July 2008. The system has enabled the Bank to effectively conduct ongoing monitoring on customer transactions through a dedicated Management Information System ("MIS") for prompt detection and reporting of suspicious transactions;
- Established Customer Due Diligence ("CDD") policy and procedures to address the establishment of new business relationship with customers;
- Periodic review of MIS to optimise detection of potential money laundering and terrorist financing activities and incorporate regular screening exercise for designated persons or entities suspected to be involved in terrorism as issued by United Nations Security Council ("UNSC") and our local as well home regulators, including other international sanctions regime.

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## 2 STATEMENT OF CORPORATE GOVERNANCE (Cont'd.)

### (iii) Risk Management (Cont'd.)

#### **Compliance (Cont'd.)**

- Constantly updating record keeping procedures in accordance with the statutory requirements;
- Conduct regular AML/CFT training sessions to ensure high level of staff awareness at all levels;
- Conduct compliance review as part of Compliance's mandate to provide independent assurance to the Board and senior management on the level of compliance within the Bank; and
- Regular updates to the management, BRMC and the Board of Directors on AML/CFT matters.

The AML/CFT measures have undergone ongoing assessment by the regulators and further validated internally as part of the ongoing risk assessment towards meeting the Financial Action Task Force ("FATF") recommendations.

The above measures especially with the implementation of a dedicated MIS to systematically conduct ongoing customer due diligence and to monitor the customers' transactions on a daily basis, demonstrate that the Bank has shown strong commitment in ensuring compliance to the relevant AML/CFT legislations as well as to protect the Bank's integrity and reputation.

#### **Capital Adequacy Framework Initiatives**

The Bank recognizes the importance of sound practices in managing the range of risks it faces and their potential impacts on capital. Currently, the Bank has adopted Pillars 1, 2, and 3 under the BNM Capital Adequacy Framework for Islamic Banks (CAFIB).

##### Pillar 1

Under BNM CAFIB, which specifies risk measurement methodologies to calculate minimum capital requirements for Islamic banks, the Bank has adopted the following approaches:

- Credit Risk Charge – Standardised Approach
- Market Risk Charge – Standardised Approach
- Operational Risk Charge – Standardised Approach (effective 2025)

The Bank has complied with all regulatory capital ratios prescribed under Pillar 1 throughout the year

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## 2 STATEMENT OF CORPORATE GOVERNANCE (Cont'd.)

### (iii) Risk Management (Cont'd.)

#### Pillar 2 and Pillar 3

The Bank periodically conducted a comprehensive assessment of its existing capital and risk management practices against the expectations set forth in the BNM Guideline. The Bank's ICAAP framework is closely aligned with Kuwait Finance House Group's ICAAP implementation.

The Bank leverages ICAAP to assess overall capital adequacy in relation to its risk profile and takes necessary steps to strengthen its risk and capital management capabilities during the transition phase.

The Bank complies with BNM CAFIB – Disclosure Requirements (Pillar 3), which specify the disclosure requirements for credit, market, and operational risks.

#### Stress Test

Stress tests simulation are key risk management tools used to assess the Bank's financial risks and its ability to sustain operations effectively, particularly during the wind-down phase.

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## DIRECTORS' REPORT

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

### PRINCIPAL ACTIVITIES

The principal activity of the Bank is Islamic banking business as allowed under the Islamic Financial Services Act, 2013.

The principal activity of the subsidiary is nominees services.

Other information relating to the subsidiary are disclosed in Note 11 of the financial statements.

### RESULTS

	<b>Group</b> <b>RM'000</b>	<b>Bank</b> <b>RM'000</b>
Loss before taxation	(57,099)	(57,099)
Taxation	4,150	4,150
Net loss for the year	<u>(52,949)</u>	<u>(52,949)</u>

In the opinion of the directors, the results of the operations of the Group and Bank during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature other than the fair value adjustment on financing portfolio held-for-sale as disclosed in Note 24 and Note 25 to the financial statements.

### DIVIDENDS

No dividends has been paid or declared by the Bank since the end of the previous financial year. The directors do not recommend any final dividend payment for the current financial year.

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## DIRECTORS' REPORT

### DIRECTORS

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

Muad S M M AIOsaimi  
Mohammad Nasser Alfouzan  
Abdul Khalil Abdul Hamid  
Ahmad S A A AlKharji  
Mohamed Zaheer Mohamed Azreen  
Khalid Sufat (Deceased on 24 June 2025)

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

KFH Nominees (Tempatan) Sdn Bhd  
Mexdelina Hussein  
Roslinawati Zainal

### DIRECTORS' BENEFITS

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

Since the end of the previous financial year, no director of the Bank has received or become entitled to receive any benefit (other than directors' remuneration amounting to RM3,375,000) by reason of a contract made by the Bank or a related corporation with any director or with a firm of which the director is a member, or with a company in which he has a substantial financial interest except as disclosed in to the financial statements.

### DIRECTORS' INTERESTS

According to the register of directors' shareholdings, none of the directors held shares in the Bank and its related corporations during the financial year ended 31 December 2025.

### ISSUE OF SHARES

There were no changes to the issued and paid-up capital of the Bank during the financial year.

### RESERVES, PROVISIONS AND ALLOWANCES

There were no material transfers to or from reserves or provisions or allowances during the year other than as those disclosed in Notes 4, 6, 7, 19, 22, 26 and the statements of changes in equity of the financial statements.

# KUWAIT FINANCE HOUSE (MALAYSIA) BERHAD

(200401033666)

(Incorporated in Malaysia)

## DIRECTORS' REPORT

### COMPLIANCE WITH BANK NEGARA MALAYSIA'S EXPECTATIONS ON FINANCIAL REPORTING

In preparation of the financial statements, the directors have taken reasonable steps to ensure that BNM's expectations on financial reporting have been complied with, including those as set out in the policy document on Financial Reporting for Islamic Banking Institutions.

### OTHER STATUTORY INFORMATION

- (a) Before the financial statements of the Group and of the Bank were made out, the directors took reasonable steps:
- (i) to ascertain that proper action had been taken in relation to the writing-off of bad debts and the making of provision for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts; and
  - (ii) to ensure that any current assets which were unlikely to realise their value as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.
- (b) At the date of this report, the directors are not aware of any circumstances which would render:
- (i) the amount written-off for bad debts or the amount of the provision for doubtful debts in the financial statements of the Group and of the Bank inadequate to any substantial extent; and
  - (ii) the values attributed to the current assets in the financial statements of the Group and of the Bank misleading.
- (c) At the date of this report, the directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Bank misleading or inappropriate.

# KUWAIT FINANCE HOUSE (MALAYSIA) BERHAD

(200401033666)

(Incorporated in Malaysia)

## DIRECTORS' REPORT

### OTHER STATUTORY INFORMATION (Cont'd.)

- (d) At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements of the Group and of the Bank which would render any amount stated in the financial statements misleading.
- (e) As at the date of this report, there does not exist:
- (i) any charge on the assets of the Group or of the Bank which has arisen since the end of the financial year which secures the liabilities of any other person; or
  - (ii) any contingent liability of the Group and 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.
- (f) In the opinion of the directors:
- (i) no contingent liability or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group and of the Bank to meet its obligations as and when they fall due; and
  - (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group or of the Bank for the financial year in which this report is made.

### WINDING DOWN PLAN FOR 2025

Upon undertaking a strategic review exercise to ascertain the best strategic alternative for Kuwait Finance House (Malaysia) Berhad, Kuwait Finance House K.S.C.P. ("KFHK") has on 18 July 2023 formally notified BNM of its intention to exit the Malaysia market.

On 2 November 2023, the Board of Directors of Kuwait Finance House (Malaysia) Berhad approved the governance structure and preliminary wind down approach and strategy in relation to the plan arising from the outcome of the strategic review made by KFHK.

Under the wind down exercise, the Bank will continue to manage the Bank's asset quality and continue to ensure sufficient capital adequacy until surrendering of the banking license.

# KUWAIT FINANCE HOUSE (MALAYSIA) BERHAD

(200401033666)

(Incorporated in Malaysia)

## DIRECTORS' REPORT

### OUTLOOK FOR 2025

Malaysia's economy is forecasted to expand by 4.5 to 5.5 per cent in 2025. Growth will be supported by a resilient external sector, benefiting from improved global trade and stronger demand for electrical and electronic goods, leveraging the country's strategic position within the semiconductor supply chain.

Additionally, robust domestic demand, fuelled by strong private sector expenditure, will support the expansion, through continued implementation of key national master plans and ongoing initiatives.

On the supply side, the services sector remains the primary growth driver, supported by tourism activities, steady exports and a boost in information and communication technology (ICT) activities. The tourism-related industries, particularly food and beverages (F&B), accommodation and retail trade segments, are expected to increase further. The wholesale trade as well as air and water transportations segments will benefit from sustained trade-related activities. Industries such as the utilities and professional services are expected to rise in tandem with the acceleration of ICT development, particularly in data centres. The manufacturing sector is projected to expand further attributed to better performance in export-oriented industries, primarily the electrical and electronics (E&E) segment, as external demand for semiconductors continues to increase.

### RATING BY EXTERNAL RATING AGENCY

Rating Agency	Date	Current Rating	Outlook
Malaysian Rating Corporation Berhad (MARC)	2 December 2024	MARCWatch Developing	Stable

### ZAKAT OBLIGATIONS

Kuwait Finance House K.S.C. who is the shareholder of Kuwait Finance House (Malaysia) Berhad paid zakat on behalf of the Bank. The Bank does not pay zakat on behalf of the shareholder or depositors.

### AUDITORS

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

Auditors' remuneration for the current financial year is as follows:

	RM'000
- Statutory Audit	697
- Non-audit services	108
	<u>805</u>

Signed on behalf of the Board in accordance with a resolution of the directors on 15 April 2026



**Muad S M M AIOsaimi**  
Director



**Mohamed Zaheer Mohamed Azreen**  
Director

# KUWAIT FINANCE HOUSE (MALAYSIA) BERHAD

(200401033666)

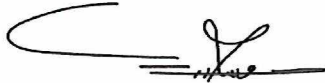
(Incorporated in Malaysia)

## STATEMENT BY DIRECTORS

Pursuant To Section 251(2) of the Companies Act, 2016

We, Muad S M M AIOsaimi and Mohamed Zaheer Mohamed Azreen, being two of the directors of Kuwait Finance House (Malaysia) Berhad, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 41 to 197 are drawn up in accordance with MFRS Accounting Standards, IFRS Accounting Standards and the requirements of the Companies Act, 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Bank as at 31 December 2025 and of their financial performance and cash flows for the year then ended.

Signed on behalf of the Board in accordance with a resolution of the directors on 15 April 2026



**Muad S M M AIOsaimi**  
Director



**Mohamed Zaheer Mohamed Azreen**  
Director

**KUWAIT FINANCE HOUSE (MALAYSIA) BERHAD**  
(200401033666)  
(Incorporated in Malaysia)

**STATUTORY DECLARATION**  
Pursuant To Section 251(1)(b) of the Companies Act, 2016

I, Ida Aizun Husin, being the Chief Executive Officer primarily responsible for the financial management of Kuwait Finance House (Malaysia) Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 41 to 197 are in my opinion 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  
at Kuala Lumpur, in the Federal Territory  
on 15 April 2026



Ida Aizun Husin

BEFORE ME



No. 23, 2nd Floor,  
Jalan Medan Tuanku,  
50300 Kuala Lumpur.

**KUWAIT FINANCE HOUSE (MALAYSIA) BERHAD**  
**(200401033666)**  
**(Incorporated in Malaysia)**

**REPORT OF SHARIAH COMMITTEE**

In the name of Allah, the most Beneficent, the most Merciful.

Praise to Allah, the Lord of the Worlds and peace and blessings be upon our Prophet Muhammad (PBUH), his family and companions.

Assalamualaikum Warahmatullahi Wabarakatuh.

Kuwait Finance House (Malaysia) Berhad's Board of Directors are responsible for ensuring that the Bank conducts its business in accordance with Shariah advice and ruling of its Shariah Committee and Bank Negara Malaysia's Shariah Advisory Council ("SAC"). The Shariah Committee comprises of five (5) qualified Shariah scholars who are appointed by the Board as the term approved by Bank Negara Malaysia (BNM) as follows:

- (a) Sheikh Prof. Dr. Mohammad Abdul Razaq Al-Tabtabae (Chairman)  
(Attendance 7 of 7)
- (b) Sheikh Prof. Dr. Mubarak Jaza' Ashban Al-Harbi (Member)  
(Attendance 5 of 7)
- (c) Sheikh Prof. Dr. Azman Bin Mohd Noor (Member)  
(Attendance 7 of 7)
- (d) Sheikh Mehmet Odabasi (Member)  
(Attendance 7 of 7)
- (e) Sheikh Abdul Rahman Abdulla Khalil Jasim (Ceased as a Member on 1 April 2025)  
(Attendance 1 of 7)
- (f) Sheikh Dr. Esam Al-Ghareeb (Appointed as a Member since 1 April 2025)  
(Attendance 5 of 7)

As the Shariah Committee for Kuwait Finance House (Malaysia) Berhad ("the Bank"), it is our responsibility to form our independent opinion based on our review of the operations of the Bank and to report to you our duties and responsibilities include among others;

- (a) To advise the Board of Directors on Shariah matters in order to ensure that the business operations of the Bank comply with the Shariah principles at all times;
- (b) To evaluate and endorse sample of contracts and agreements of the Bank's transactions;
- (c) To clarify Shariah rulings in relation to the Bank's transactions as observed by the Shariah Committee based on what was referred to them by the Board of Directors, the Chairman or the Shariah Division;
- (d) To present Shariah's views to the Board of Directors in relation to any matter raised in regards to the transactions of the Bank;
- (e) To confirm that the Bank's transactions and contracts are in compliance with Shariah via reports submitted by the Shariah Advisor/Shariah Division to the Shariah Committee on a periodic basis, explaining the activities and the implementation of the fatwa and rulings issued by the Shariah Committee. The Shariah Committee shall rectify any shortcomings to ensure its conformity to Shariah.

**KUWAIT FINANCE HOUSE (MALAYSIA) BERHAD**  
**(200401033666)**  
**(Incorporated in Malaysia)**

**REPORT OF SHARIAH COMMITTEE (CONT'D.)**

- (f) To provide written Shariah opinion. The Shariah Committee is required to record any opinion given. In particular, the Shariah Committee shall prepare written Shariah opinions in the following circumstances:
- (i) when the Bank makes reference to the Shariah Advisory Council ("SAC") of Bank Negara Malaysia for advice; and
  - (ii) when the Bank submits applications to Bank Negara Malaysia for the approval of new products in accordance with guidelines on product approval issued by Bank Negara Malaysia.
- (g) To review annual financial statements of the Bank.

To achieve this compliance assurance, the Shariah Committee held 7 meetings and issued 3 notes, in which we have reviewed and approved the policies, products and the contracts relating to the transactions and applications undertaken by the Bank and its subsidiary ("the Group") during the year ended 31 December 2025.

We have obtained all information and explanations which we consider necessary in order to provide us with sufficient evidence to give reasonable assurance that the Bank has not violated the Shariah rules and principles in all transactions that had been presented to us.

We have also conducted our review to form an opinion as to whether the Bank has complied with Shariah rules and principles. The Shariah Division had conducted its Shariah review on randomly selected samples of all operations and transactions of the Bank with the shareholders, investors and others in accordance with the Annual Shariah Review Plan for all the Bank's departments and its subsidiary. The Shariah Committee has also received the periodic reports that the Shariah Review Department has prepared about the Shariah review process and operations, site visits and the compliance status of the process and implementation of the resolutions and recommendations issued by the Shariah Committee.

Through the process and steps that we followed to ascertain the compliance of the Bank to the Shariah rules, we confirm the following:

- (a) the contracts, transactions and dealings entered into by the Bank and the Group during the year ended 31 December 2025 that we have reviewed are in compliance with Shariah rules, principles, resolutions and recommendations of the Shariah Committee;
- (b) the allocation of profits and losses relating to investment accounts conform to the basis that had been approved by us in accordance with Shariah rules and principles;
- (c) all earnings that have been realised from sources or by means prohibited by Shariah rules and principles, if any, have been put aside in a separate account for channeling to charitable causes;
- (d) the calculation of Zakat is in compliance with Shariah rules and principles; and
- (e) any known non-compliance with Shariah and action taken to remedy such non-compliance has been addressed adequately.

# KUWAIT FINANCE HOUSE (MALAYSIA) BERHAD

(200401033666) (672174-T)  
(Incorporated in Malaysia)

## REPORT OF SHARIAH COMMITTEE (CONT'D.)

This opinion is rendered based on what has been presented to us by the management of the Bank and its Shariah Division.

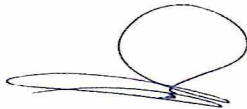
We pray to Allah the Almighty to grant us success and the path of straight-forwardness.

Wassalamualaikum Wa Rahmatullahi Wabarakatuh.

Sheikh Prof. Dr. Mohammad Abdul Razaq Al-Tabtabae

*Chairman*

Signature:



Date: 15 April 2026

Sheikh Prof. Dr. Mubarak Jaza' Ashban Al-Harbi

*Member*

Signature:



Date: 15 April 2026

Sheikh Prof. Dr. Azman Mohd Noor

*Member*

Signature:



Date: 15 April 2026

Sheikh Mehmet ODABASI

*Member*

Signature

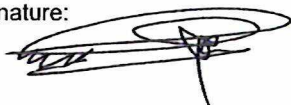


Date: 15 April 2026

Dr Esam Abdul Rahim Hasan Ghareeb

*Member*

Signature:



Date: 15 April 2026

Kuala Lumpur, Malaysia

**Registration No. 200401033666 (672174-T)**

**Independent auditors' report to the member of  
Kuwait Finance House (Malaysia) Berhad  
(Incorporated in Malaysia)**

**Report on the audit of the financial statements**

### *Opinion*

We have audited the financial statements of Kuwait Finance House (Malaysia) Berhad, which comprise the statements of financial position as at 31 December 2025 of the Group and of the Bank, and income statements, statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Bank for the year then ended, and notes to the financial statements, including material accounting policy information, as set out on pages 41 to 197.

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

### *Emphasis of matters*

We draw attention to Note 2 to the financial statements. The Board of Directors of the Bank has passed a resolution on 2 November 2023 to liquidate the Bank. Accordingly, the going concern assumption is not appropriate and the financial statements have been prepared on a basis other than that of a going concern.

We further draw attention to Note 3.4(b)(i), Note 4 and Note 43 to the financial statements. The Bank's correspondent accounts maintained with international banks in the United States of America are subject to an ex parte writ of execution from a third party. As a result, the Bank's access to those accounts with a total balance of USD26.12 million (equivalent to RM106.11 million) as at 31 December 2025 are currently restricted (no withdrawal allowed).

Our opinion is not modified in respect of these matters.

### *Basis for opinion*

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



Shape the future  
with confidence

Registration No. 200401033666 (672174-T)

**Independent auditors' report to the member of  
Kuwait Finance House (Malaysia) Berhad (cont'd.)**

*Independence and other ethical responsibilities*

We are independent of the Group and of the Bank in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International Code of Ethics for Professional Accountants (including International Independence Standards) ("IESBA Code"), as applicable to audits for 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 Report of Shariah Committee, but does not include the financial statements of the Group and of the Bank and our auditors' report thereon.

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

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

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

*Responsibilities of the directors for the financial statements*

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

In preparing the financial statements of the Group and of the Bank, the directors are responsible for assessing the Group's and the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the Bank or to cease operations, or have no realistic alternative but to do so. As described in Note 2 to the financial statements, the financial statements have been prepared on a basis other than that of a going concern.



Shape the future  
with confidence

Registration No. 200401033666 (672174-T)

**Independent auditors' report to the member of  
Kuwait Finance House (Malaysia) Berhad (cont'd.)**

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

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

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

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Bank, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Bank's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting. When such use is inappropriate and management uses an alternative basis of accounting, we conclude on the appropriateness of management's use of the alternative basis of accounting. We also evaluate the adequacy of the disclosures describing the alternative basis of accounting and reasons for its use. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report.
- 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.



Shape the future  
with confidence

Registration No. 200401033666 (672174-T)

Independent auditors' report to the member of  
Kuwait Finance House (Malaysia) Berhad (cont'd.)

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

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

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

#### 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.

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

Kuala Lumpur, Malaysia  
16 April 2026

Yap Kah Foo  
No. 03574/05/2027 J  
Chartered Accountant

# KUWAIT FINANCE HOUSE (MALAYSIA) BERHAD

(200401033666)

(Incorporated in Malaysia)

## STATEMENTS OF FINANCIAL POSITION

		Group		
		2025	2024	
Note		RM'000	RM'000	
<b>ASSETS</b>				
	Cash and short-term funds	4	1,003,423	532,987
	Gold depository	5	186,964	123,751
	Investment in securities	6	967,017	1,179,690
	Financing held for sale	7(a)	1,742,375	2,149,401
	Financing, advances and other receivables	7(b)	33,023	654,966
	Other assets	8	84,191	86,691
	Hedging financial instruments	9	-	937
	Statutory deposit with Bank Negara Malaysia	10	18,267	56,667
	Right of use assets	12	4,659	15,554
	Property and equipment	13	2,399	10,498
	Intangible assets	14	3,924	8,725
	Deferred tax assets	15	-	-
	<b>TOTAL ASSETS</b>		<b>4,046,242</b>	<b>4,819,867</b>
<b>LIABILITIES</b>				
	Deposits from customers	16	512,778	1,576,132
	Deposits and placements of banks and other financial institutions	17	1,772,144	1,445,188
	Hedging financial instruments	9	-	6,928
	Lease liabilities	12	4,800	15,725
	Other liabilities	19	133,294	112,916
	<b>TOTAL LIABILITIES</b>		<b>2,423,016</b>	<b>3,156,889</b>
<b>SHAREHOLDER'S EQUITY</b>				
	Share capital	21	1,425,272	1,425,272
	Reserves	22	197,954	237,706
	<b>TOTAL SHAREHOLDER'S EQUITY</b>		<b>1,623,226</b>	<b>1,662,978</b>
	<b>TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY</b>		<b>4,046,242</b>	<b>4,819,867</b>

# KUWAIT FINANCE HOUSE (MALAYSIA) BERHAD

(200401033666)

(Incorporated in Malaysia)

## STATEMENTS OF FINANCIAL POSITION (CONT'D.)

		Group	
		2025	2024
Note		RM'000	RM'000
	<b>COMMITMENTS AND CONTINGENCIES</b>		
		13,670	396,537
	<b>CAPITAL ADEQUACY</b>		
	CET 1/Tier 1 capital ratio	68.154%	51.197%
	Total capital ratio	69.101%	52.263%
	<b>NET ASSETS PER SHARE (RM)</b>	1.14	1.17

The accompanying notes form an integral part of the financial statements.

# KUWAIT FINANCE HOUSE (MALAYSIA) BERHAD

(200401033666)

(Incorporated in Malaysia)

## STATEMENTS OF FINANCIAL POSITION (CONT'D.)

	Note	Bank	
		2025 RM'000	2024 RM'000
<b>ASSETS</b>			
Cash and short-term funds	4	1,003,423	532,987
Gold depository	5	186,964	123,751
Investment in securities	6	967,017	1,179,690
Financing held for sale	7(a)	1,742,375	2,149,401
Financing, advances and other receivables	7(b)	33,023	654,966
Other assets	8	84,191	86,691
Hedging financial instruments	9	-	937
Statutory deposit with Bank Negara Malaysia	10	18,267	56,667
Investment in subsidiary *	11	-	-
Right of use assets	12	4,659	15,554
Property and equipment	13	2,399	10,498
Intangible assets	14	3,924	8,725
Deferred tax assets	15	-	-
<b>TOTAL ASSETS</b>		<b>4,046,242</b>	<b>4,819,867</b>
<b>LIABILITIES</b>			
Deposits from customers	16	512,782	1,576,136
Deposits and placements of banks and other financial institutions	17	1,772,144	1,445,188
Hedging financial instruments	9	-	6,928
Lease liabilities	12	4,800	15,725
Other liabilities	19	133,287	112,909
<b>TOTAL LIABILITIES</b>		<b>2,423,013</b>	<b>3,156,886</b>
<b>SHAREHOLDER'S EQUITY</b>			
Share capital	21	1,425,272	1,425,272
Reserves	22	197,957	237,709
<b>TOTAL SHAREHOLDER'S EQUITY</b>		<b>1,623,229</b>	<b>1,662,981</b>
<b>TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY</b>		<b>4,046,242</b>	<b>4,819,867</b>

\* Investment amount below RM1,000.

# KUWAIT FINANCE HOUSE (MALAYSIA) BERHAD

(200401033666)

(Incorporated in Malaysia)

## STATEMENTS OF FINANCIAL POSITION (CONT'D.)

		Bank	
		2025	2024
		RM'000	RM'000
<b>COMMITMENTS AND CONTINGENCIES</b>	36	13,670	396,537
<b>CAPITAL ADEQUACY</b>			
CET 1/Tier 1 capital ratio	38	68.154%	51.197%
Total capital ratio	38	69.101%	52.263%
<b>NET ASSETS PER SHARE (RM)</b>		1.14	1.17

The accompanying notes form an integral part of the financial statements.

# KUWAIT FINANCE HOUSE (MALAYSIA) BERHAD

(200401033666)

(Incorporated in Malaysia)

## INCOME STATEMENTS

	Note	Group		Bank	
		2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Operating revenue	23	196,704	162,580	196,704	162,580
Income derived from investment of depositors' funds and others	24	111,120	94,164	111,120	94,164
Income derived from investment of investment account funds	28	-	59	-	59
Income derived from investment of shareholder's equity	25	85,584	68,357	85,584	68,357
<b>Total gross income</b>		<b>196,704</b>	<b>162,580</b>	<b>196,704</b>	<b>162,580</b>
Credit loss written back on financial assets	26	32,040	110,655	32,040	110,655
<b>Total distributable income</b>		<b>228,744</b>	<b>273,235</b>	<b>228,744</b>	<b>273,235</b>
Income attributable to depositors	27	(81,417)	(154,324)	(81,417)	(154,324)
Profit distributed to investment account holders	28	-	(33)	-	(33)
<b>Total net income</b>		<b>147,327</b>	<b>118,878</b>	<b>147,327</b>	<b>118,878</b>
Personnel expenses	29	(81,661)	(95,613)	(81,661)	(95,613)
Other overheads and expenditures	30	(122,343)	(85,349)	(122,343)	(85,349)
Finance cost	31	(422)	(460)	(422)	(460)
<b>Loss before taxation</b>		<b>(57,099)</b>	<b>(62,544)</b>	<b>(57,099)</b>	<b>(62,544)</b>
Taxation	33	4,150	(9,351)	4,150	(9,351)
<b>Net loss for the year</b>		<b>(52,949)</b>	<b>(71,895)</b>	<b>(52,949)</b>	<b>(71,895)</b>
Attributable to:					
- Equity holder of the Bank		(52,949)	(71,895)	(52,949)	(71,895)
<b>Loss per share (sen)</b>					
- Basic/Diluted	34	(3.72)	(5.04)		

# KUWAIT FINANCE HOUSE (MALAYSIA) BERHAD

(200401033666)

(Incorporated in Malaysia)

## STATEMENTS OF COMPREHENSIVE INCOME

	Group		Bank	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Net loss for the year	(52,949)	(71,895)	(52,949)	(71,895)
Other comprehensive income/(loss):				
Items that may be reclassified subsequently to profit or loss:				
Debt securities at FVOCI:				
- Net unrealised gain/(loss)	17,291	(5,551)	17,291	(5,551)
- Net realised loss reclassified to the income statements	-	(33,412)	-	(33,412)
- Changes in allowance for expected credit losses	56	(4,331)	56	(4,331)
Income tax relating to components of other comprehensive income (Note 15)	(4,150)	9,351	(4,150)	9,351
Other comprehensive income/(loss) for the year, net of tax	13,197	(33,943)	13,197	(33,943)
Total comprehensive loss for the year	(39,752)	(105,838)	(39,752)	(105,838)
Total comprehensive loss for the year attributable to equity holder of the Bank	(39,752)	(105,838)	(39,752)	(105,838)

The accompanying notes form an integral part of the financial statements.

# KUWAIT FINANCE HOUSE (MALAYSIA) BERHAD

(200401033666)

(Incorporated in Malaysia)

## STATEMENTS OF CHANGES IN EQUITY

	Non-distributable		Distributable	Total	
	Share Capital	Statutory Reserve	FVOCI Reserve		Retained Earnings \ (Accumulated Losses)
	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Group</b>					
<b>At 1 January 2025</b>	1,425,272	260,486	1,384	(24,164)	1,662,978
Loss for the financial year	-	-	-	(52,949)	(52,949)
Other comprehensive income	-	-	13,197	-	13,197
Total comprehensive loss	-	-	13,197	(52,949)	(39,752)
<b>At 31 December 2025</b>	1,425,272	260,486	14,581	(77,113)	1,623,226
<b>At 1 January 2024</b>	1,425,272	260,486	35,327	47,731	1,768,816
Loss for the financial year	-	-	-	(71,895)	(71,895)
Other comprehensive loss	-	-	(33,943)	-	(33,943)
Total comprehensive loss	-	-	(33,943)	(71,895)	(105,838)
<b>At 31 December 2024</b>	1,425,272	260,486	1,384	(24,164)	1,662,978
<b>Bank</b>					
<b>At 1 January 2025</b>	1,425,272	260,486	1,384	(24,161)	1,662,981
Loss for the financial year	-	-	-	(52,949)	(52,949)
Other comprehensive income	-	-	13,197	-	13,197
Total comprehensive loss	-	-	13,197	(52,949)	(39,752)
<b>At 31 December 2025</b>	1,425,272	260,486	14,581	(77,110)	1,623,229
<b>At 1 January 2024</b>	1,425,272	260,486	35,327	47,734	1,768,819
Profit for the financial year	-	-	-	(71,895)	(71,895)
Other comprehensive loss	-	-	(33,943)	-	(33,943)
Total comprehensive loss	-	-	(33,943)	(71,895)	(105,838)
<b>At 31 December 2024</b>	1,425,272	260,486	1,384	(24,161)	1,662,981

The accompanying notes form an integral part of the financial statements.

# KUWAIT FINANCE HOUSE (MALAYSIA) BERHAD

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## STATEMENTS OF CASH FLOWS

	Group		Bank	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Loss before taxation	(57,099)	(62,544)	(57,099)	(62,544)
<b>Adjustments for:</b>				
Impairment writeback on financing, advances and other receivables (Note 26)	(26,642)	(94,403)	(26,642)	(94,403)
Unwinding of modification loss	(3,850)	(5,291)	(3,850)	(5,291)
Amortisation of premium less accretion of discounts (Notes 24 and 25)	1,656	3,360	1,656	3,360
Depreciation of right of use assets (Note 30)	10,895	10,260	10,895	10,260
Depreciation of property and equipment (Note 30)	5,354	5,118	5,354	5,118
Amortisation of intangible assets (Note 30)	8,111	7,599	8,111	7,599
Property and equipment written off (Note 30)	1,113	283	1,113	283
Reversal of provision on property restoration (Note 25)	-	(553)	-	(553)
Gain on disposal of property and equipment (Note 25)	(1)	(5)	(1)	(5)
Net gain on sale of financial assets at FVOCI (Notes 24 and 25)	-	(33,412)	-	(33,412)
Fair value gain from financial assets at fair value through profit or loss ("FVTPL") (Note 25)	-	(19,421)	-	(19,421)
Impairment charge/(writeback) on securities (Note 26)	56	(4,331)	56	(4,331)
Fair value adjustment on financing held for sale (Note 24 & 25)	15,464	204,715	15,464	204,715
Impairment writeback on deposit and placements with banks and other financial institutions (Note 26)	-	(22)	-	(22)
Unrealised (gain)/loss on forward contract revaluation (Note 25)	(5,992)	12,135	(5,992)	12,135
Profit expense on lease liabilities (Note 31)	422	460	422	460
Operating (loss)/profit before working capital changes	(50,513)	23,948	(50,513)	23,948
<b>Decrease in operating assets</b>	1,032,501	439,308	1,032,501	439,308
Deposit and placement with banks and other financial institutions	-	2,471	-	2,471
Restricted bank balances	10,817	(1,481)	10,817	(1,481)
Financing, advances and other receivables	1,043,997	396,921	1,043,997	396,921
Other assets	(60,713)	(6,433)	(60,713)	(6,433)
Statutory deposit with Bank Negara Malaysia	38,400	47,830	38,400	47,830

# KUWAIT FINANCE HOUSE (MALAYSIA) BERHAD

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## STATEMENTS OF CASH FLOWS

	Group		Bank	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b> (Cont'd.)				
<b>Decrease in operating liabilities</b>	(716,020)	(2,751,574)	(716,020)	(2,751,574)
Deposits from customers	(1,063,354)	(1,799,938)	(1,063,354)	(1,799,938)
Deposits and placements of banks and other financial institutions	326,956	(983,957)	326,956	(983,957)
Other liabilities	20,378	32,321	20,378	32,321
<b>Net cash generated from/(used in) operating activities</b>	<b>265,968</b>	<b>(2,288,318)</b>	<b>265,968</b>	<b>(2,288,318)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Net proceeds from disposal/(purchase) of securities	228,309	2,659,426	228,309	2,659,426
Proceeds from disposal of property and equipment	1	5	1	5
Purchase of property and equipment (Note 13)	(1,089)	(6,583)	(1,089)	(6,583)
Purchase of intangible assets (Note 14)	(589)	(1,436)	(589)	(1,436)
<b>Net cash generated from investing activities</b>	<b>226,632</b>	<b>2,651,412</b>	<b>226,632</b>	<b>2,651,412</b>
<b>CASH FLOWS FROM FINANCING ACTIVITY</b>				
Payment of lease liabilities (Note 12)	(11,347)	(12,304)	(11,347)	(12,304)
<b>Net cash used in financing activity</b>	<b>(11,347)</b>	<b>(12,304)</b>	<b>(11,347)</b>	<b>(12,304)</b>
<b>Net increase in cash and cash equivalents</b>	<b>481,253</b>	<b>350,790</b>	<b>481,253</b>	<b>350,790</b>
<b>Cash and cash equivalents at beginning of year</b>	<b>416,058</b>	<b>64,928</b>	<b>416,058</b>	<b>64,928</b>
Effect of exchange rate changes	-	340	-	340
<b>Cash and cash equivalents at end of year</b>	<b>897,311</b>	<b>416,058</b>	<b>897,311</b>	<b>416,058</b>
<b>Cash and cash equivalents comprises:</b>				
Cash and short-term funds (Note 4)	1,003,423	532,987	1,003,423	532,987
	<b>1,003,423</b>	<b>532,987</b>	<b>1,003,423</b>	<b>532,987</b>
Less: Restricted bank balances	(106,112)	(116,929)	(106,112)	(116,929)
<b>Cash and cash equivalents</b>	<b>897,311</b>	<b>416,058</b>	<b>897,311</b>	<b>416,058</b>

The accompanying notes form an integral part of the financial statements.

# KUWAIT FINANCE HOUSE (MALAYSIA) BERHAD

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## NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2025

### 1 PRINCIPAL ACTIVITIES AND GENERAL INFORMATION

The Bank is principally engaged in the provisions of Islamic banking business as allowed under the Islamic Financial Services Act, 2013. The principal activities of the subsidiary is nominees services.

The Bank is a licensed Islamic Bank under the Islamic Financial Services Act 2013, incorporated and domiciled in Malaysia. The registered office of the Bank is located at Level 26, Menara Prestige, No. 1, Jalan Pinang, P.O.Box 10103, 50450 Kuala Lumpur, Malaysia.

The holding company of the Bank is Kuwait Finance House K.S.C.P., a Kuwaiti Shareholding Public Company, incorporated in Kuwait on 23 March 1977 and is registered as an Islamic Bank with the Central Bank of Kuwait. The registered office of Kuwait Finance House K.S.C.P. is located at Al-Qebla, Block 10, Abdullah Al-Mubarak Street, Building # 4, P.O. Box: 24989, Safat 13110, State of Kuwait.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on

### 2 BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

The financial statements of the Group and of the Bank have been prepared in accordance with MFRS Accounting Standards, IFRS Accounting Standards and the requirements of the Companies Act, 2016 in Malaysia.

Upon undertaking a strategic review exercise to ascertain the best strategic alternative for Kuwait Finance House (Malaysia) Berhad, Kuwait Finance House K.S.C.P. ("KFHK") has on 18 July 2023 formally notified Bank Negara Malaysia ("BNM") of its intention to exit the Malaysia market.

On 2 November 2023, the Board of Directors of Kuwait Finance House (Malaysia) Berhad approved the governance structure and preliminary wind down approach and strategy in relation to the plan arising from the outcome of the strategic review made by KFHK.

Management has initiated the exercise to wind down the Group's and the Bank's operation and would proceed to surrender KFHMB's banking license prior to the commencement of member's voluntary winding up process within a reasonable timeline as approved by relevant authorities and in accordance with applicable regulatory requirements. Hence, the financial statements of the Group and the Bank for the year ended 31 December 2025 have been prepared on a basis other than that of a going concern.

Accordingly, where appropriate, the carrying value of the assets are written down to their recoverable amounts and liabilities are recorded to the extent that such cost are committed at the end of reporting year.

The Group and the Bank present the statements of financial position in order of liquidity.

The financial statements are presented in Ringgit Malaysia (RM) and all values are rounded to the nearest thousand (RM'000) except where otherwise indicated.

# KUWAIT FINANCE HOUSE (MALAYSIA) BERHAD

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## NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2025

### 3 MATERIAL ACCOUNTING POLICIES

#### 3.1 Changes in Accounting Policies

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

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

Description	Effective for annual periods beginning on or after
Amendments to MFRS 121 The Effects of Changes in Foreign Exchange Rates - Lack of Exchangeability	1 January 2025

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

#### 3.2 Standards, amendments and interpretations issued but not yet effective

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

Description	Effective for annual periods beginning on or after
Amendments to MFRS 7 Financial Instruments: Disclosures and MFRS 9 Financial Instruments - Classification and Measurement of Financial Instruments	1 January 2026
Amendments to MFRS 7 Financial Instruments: Disclosures and MFRS 9 Financial Instruments - Contracts Referencing Nature-dependent Electricity	1 January 2026
Amendments that are part of Annual Improvements - Volume 11 <ul style="list-style-type: none"><li>Amendments to MFRS 1 First-time Adoption of Malaysian Financial Reporting Standards</li><li>Amendments to MFRS 7 Financial Instruments: Disclosures</li><li>Amendments to MFRS 9 Financial Instruments</li><li>Amendments to MFRS 10 Consolidated Financial Statements</li><li>Amendments to MFRS 107 Statement of Cash Flows</li></ul>	1 January 2026

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## NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2025

### 3 MATERIAL ACCOUNTING POLICIES (Cont'd.)

#### 3.2 Standards issued but not yet effective (Cont'd.)

Description	Effective for annual periods beginning on or after
MFRS 18 Presentation and Disclosure in Financial Statements	1 January 2027
MFRS 19 Subsidiaries without Public Accountability Disclosures	1 January 2027
Amendments to MFRS 19 Subsidiaries without Public Accountability Disclosures	1 January 2027
Amendment to MFRS 121 : Translation to a Hyperinflationary Presentation Currency	1 January 2027
Amendments to MFRS 10 Consolidated Financial Statements and MFRS 128 Investments in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred

Except for MFRS 18, the initial adoption of the above MFRS Accounting Standards and amendment to MFRS Accounting Standards above are not expected to have any material impact on the financial statements of the Group and Bank. Management is still assessing the impacts, if any, upon the initial adoption of MFRS 18.

#### 3.3 Summary of Material Accounting Policies

##### (a) Subsidiaries and Basis of Consolidation

###### (i) Subsidiaries

Subsidiaries are entities over which the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

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

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

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

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## NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2025

### 3 MATERIAL ACCOUNTING POLICIES (Cont'd.)

#### 3.3 Summary of Material Accounting Policies (Cont'd.)

##### (a) Subsidiaries and Basis of Consolidation (Cont'd.)

###### (i) Subsidiaries (Cont'd.)

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

In the Bank's separate financial statements, investment in subsidiaries is stated at cost less impairment losses. On disposal of such investment, the difference between the net disposal proceeds and their carrying amount is included in income statements.

###### (ii) Basis of Consolidation

The consolidated financial statements comprise the financial statements of the Bank and its subsidiaries as at the reporting date. The financial statements of the subsidiaries are prepared for the same reporting date as the Bank.

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

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

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

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

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

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## NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2025

### 3 MATERIAL ACCOUNTING POLICIES (Cont'd.)

#### 3.3 Summary of Material Accounting Policies (Cont'd.)

##### (b) Financial Assets

###### (i) Recognition and initial measurement

The Group and the Bank initially recognise all regular way purchases and sales of financial assets on the trade date, i.e. that the Group and the Bank commits to purchase or sell the assets. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place.

A financial asset is measured initially at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue.

###### (ii) Classification

The Group and the Bank have applied MFRS 9 and classify their financial assets in the following measurement categories:

- Fair value through profit or loss ("FVTPL");
- Fair value through other comprehensive income ("FVOCI"); or
- Amortised cost.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as FVTPL:

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and profit on the principal amount outstanding.

A debt instrument is measured at FVOCI only if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and profit on the principal amount outstanding.

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## NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2025

### 3 MATERIAL ACCOUNTING POLICIES (Cont'd.)

#### 3.3 Summary of Material Accounting Policies (Cont'd.)

##### (b) Financial Assets (Cont'd.)

##### (ii) Classification (Cont'd.)

On initial recognition of an equity investment that is not held for trading, the Group and the Bank may irrevocably elect to present subsequent changes in fair value in Other Comprehensive Income ("OCI"). This election is made on an investment-by-investment basis. All other financial assets are classified as measured at FVTPL.

In addition, on initial recognition, the Group and the Bank may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or FVOCI as FVTPL if doing so eliminates or materially reduces an accounting mismatch that would otherwise arise.

##### ***Business model assessment***

The Group and the Bank make an assessment of the objective of a business model in which an asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. In particular, whether management's strategy focuses on earning contractual profit income, maintaining a particular profit rate profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Group and the Bank's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales in prior periods, the reasons for such sales and its expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Group and the Bank's stated objective for managing the financial assets is achieved and how cash flows are realised.

Financial assets that are held for trading or managed and whose performance is evaluated on a fair value basis are measured at FVTPL because they are neither held to collect contractual cash flows nor held both to collect contractual cash flows and to sell financial assets.

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## NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2025

### 3 MATERIAL ACCOUNTING POLICIES (Cont'd.)

#### 3.3 Summary of Material Accounting Policies (Cont'd.)

##### (b) Financial Assets (Cont'd.)

##### (ii) Classification (Cont'd.)

###### ***Assessment whether contractual cash flows are solely payments of principal and profit***

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Profit' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as profit margin.

In assessing whether the contractual cash flows are solely payments of principal and profit, the Group and the Bank consider the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making the assessment, the Group and the Bank consider:

- contingent events that would change the amount and timing of cash flows;
- leverage features;
- prepayment and extension terms;
- terms that limit the Group and the Bank's claim to cash flows from specified assets (e.g. non-recourse asset arrangements); and
- features that modify consideration of the time value of money – e.g. periodical reset of profit rates.

###### ***Reclassifications***

Financial assets are not reclassified subsequent to their initial recognition, except in the period after the Group or the Bank changes its business model for managing financial assets.

##### (iii) Derecognition

A financial asset is derecognised when the contractual right to receive the cash flows from the asset has expired. When debt securities at FVOCI are derecognised, the cumulative gain or loss previously recognised in OCI is reclassified to profit or loss and recognised in "Net gains and losses on financial instruments".

Any cumulative gain/loss recognised in OCI in respect of equity investment securities designated as at FVOCI is not recognised in profit or loss on derecognition of such securities. Any profit in transferred financial assets that qualify for derecognition that is created or retained by the Bank is recognised as a separate asset or liability.

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## NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2025

### 3 MATERIAL ACCOUNTING POLICIES (Cont'd.)

#### 3.3 Summary of Material Accounting Policies (Cont'd.)

##### (b) Financial Assets (Cont'd.)

##### (iv) Modifications of financial assets

If the cash flows of the modified asset carried at amortised cost are not substantially different, then the modification does not result in derecognition of the financial asset. In this case, the Group and the Bank recalculate the gross carrying amount of the financial asset and recognises the amount arising from adjusting the gross carrying amount as a modification gain or loss in profit or loss.

##### (v) Impairment

MFRS 9 requires the Group and the Bank to record expected credit losses ("ECL") on all of its debt securities, financing, advances and other receivables either on a 12-month or lifetime basis. The guiding principle of the ECL model is to reflect the general pattern of deterioration or improvement in the credit quality of financial instruments. The amount of ECL to be recognised as a loss allowance or provision depends on the extent of the credit deterioration since initial recognition. The extent of credit deterioration helps define the credit stage of an obligor and hence the loss allowance.

Under MFRS 9, the Group and the Bank will use a three stage approach in recognising the increased credit risk at each higher stage:

- Stage 1 refers to all accounts which have not shown any sign of deterioration since origination. All accounts which have been identified as Low Credit Risk ("LCR") (under low credit risk expedient) shall be classified as Stage 1 without periodic check for Material increase in credit risk.
- Stage 2 refers to all accounts which have shown a Material deterioration in credit quality since origination. The definition of a Material deterioration is subject to assessment on an ad-hoc/annual basis. Lifetime losses are computed for all accounts classified under Stage 2.
- Stage 3 refers to all impaired assets including purchased impaired and original credit impaired assets. Lifetime losses are computed for all accounts classified as Stage 3.

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### 3 MATERIAL ACCOUNTING POLICIES (Cont'd.)

#### 3.3 Summary of Material Accounting Policies (Cont'd.)

##### (b) Financial Assets (Cont'd.)

##### (v) Impairment (Cont'd.)

MFRS 9 requires 12 month expected credit loss provision for all accounts in Stage 1 and lifetime expected credit losses for all other accounts. The 12 month credit loss refers to the portion of expected credit loss resulting from possible default events within 12 months after reporting date. Lifetime losses result from all possible default events over the expected life of the financial instrument after the reporting date. The lifetime refers to the financing tenure of the financial instrument.

The Bank recognises loss allowances for ECL on the following financial instruments that are not measured at FVTPL:

- financing, advances and other receivables;
- financial assets that are debt instruments;
- financial guarantee contracts issued; and
- financing commitments issued.

The Bank measures loss allowances at an amount equal to lifetime ECL, except for the following, for which they are measured as 12-month ECL:

- debt investment securities that are determined to have low credit risk at the reporting date; and
- other financial instruments (other than lease receivables) on which credit risk has not increased Materially since their initial recognition.

The Group and the Bank considers a debt security to have low credit risk when their credit risk rating is equivalent to the globally understood definition of 'investment grade'.

##### Measurement of ECL

ECL are a probability-weighted estimate of credit losses. They are measured as:

- financial assets that are not credit-impaired at the reporting date: as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Group or the Bank in accordance with the contract and the cash flows that the Group or the Bank expect to
- financial assets that are credit-impaired at the reporting date: as the difference between the gross carrying amount and the present value of estimated future cash flows;
- undrawn financing commitments: as the present value of the difference between the contractual cash flows that are due to the Group or the Bank if the commitment is drawn down and the cash flows that the Group or the Bank expect to receive; and
- financial guarantee contracts: the expected payments to reimburse the holder less any amounts that the Bank expects to recover.

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### 3 MATERIAL ACCOUNTING POLICIES (Cont'd.)

#### 3.3 Summary of Material Accounting Policies (Cont'd.)

##### (b) Financial Assets (Cont'd.)

##### (v) Impairment (Cont'd.)

###### **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.
- 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

###### **Credit-impaired financial assets**

At each reporting date, the Bank assesses whether financial assets carried at amortised cost and debt financial assets carried 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 Bank determine whether the financial assets are credit impaired based on indicators disclosed in Note 44(a)(i)(iii).

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### 3 MATERIAL ACCOUNTING POLICIES (Cont'd.)

#### 3.3 Summary of Material Accounting Policies (Cont'd.)

##### (b) Financial Assets (Cont'd.)

##### (v) Impairment (Cont'd.)

###### *Write-off*

Financing receivables and debt securities are written-off (either partially or in full) when there is no realistic prospect of recovery. This is generally the case when the Group or the Bank determines 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-off. However, financial assets that are written-off could still be subject to enforcement activities in order to comply with the Group or the Bank's procedures for recovery of amounts due.

##### (c) Financial liabilities

Deposits from customers, deposits and placements of banks and financial institutions are measured at amortised cost. With the exception of hedging financial instruments, the Group and the Bank do not have any financial liabilities classified at FVTPL.

The Group and the Bank derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognised in profit or loss.

##### (d) Provision for Liabilities

Provision for liabilities are recognised when the Group and the Bank have a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the amount of the provision is the present value of the expenditure expected to be required to settle the obligation.

##### (e) Fair value measurement

The Group measures financial instruments such as investment securities classified as at FVOCI, hedging financial instruments and financing portfolio held for sale at fair value at each reporting date.

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.

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## NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2025

### 3 MATERIAL ACCOUNTING POLICIES (Cont'd.)

#### 3.3 Summary of Material Accounting Policies (Cont'd.)

##### (e) Fair value measurement (Cont'd.)

The principal or the most advantageous market must be accessible to by the Group and the Bank.

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 Group and the Bank does not have any non-financial instruments that are measured at fair value as at reporting date.

The Group and the Bank uses 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 financial assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy described in Note 40.

##### (f) Leases

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

To assess whether a contract conveys the right to control the use of an identified asset for a period of time, the Group and the Bank assesses whether, throughout the period of use, the Group and the Bank

- (a) The right to obtain substantially all of the economic benefits from use of the identified asset; and
- (b) The right to direct the use of the identified asset.

The Group and the Bank recognises Lease Liabilities to make lease payments and Right-Of-Use Assets representing the right to use the underlying assets.

##### (i) Right-of-Use Assets

The Group and the Bank measures the Right-of-Use Assets at cost:

- (a) Less any accumulated depreciation and accumulated impairment losses; and
- (b) Adjusted for the measurement of the lease liability.

The cost of Right-of-Use Assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received.

Right-of-Use Assets are depreciated on a straight line basis over the lease term.

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### 3 MATERIAL ACCOUNTING POLICIES (Cont'd.)

#### 3.3 Summary of Material Accounting Policies (Cont'd.)

##### (f) Leases (Cont'd.)

###### (ii) Lease Liabilities

The Group and the Bank measures the lease liability at the present value of the lease payments to be made over the lease term. The lease payments are discounted using the profit rate implicit in the lease, if that rate can be readily determined. The Group and the Bank uses its incremental borrowing rate at the lease commencement date because the implicit rate is not readily determinable.

After the commencement date, the amount of lease liabilities is increased to reflect the accretion of the profit and reduced for the lease payments made.

The carrying amount of the Lease Liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments or a change in the assessment of an option to purchase the underlying asset. When the lease liability is remeasured, the corresponding adjustment is reflected in the Right-of-Use Asset, or profit and loss if the Right-of-Use Asset is already zero.

During the financial year ended 31 December 2025, the lease term of lease liabilities has been reviewed and adjusted to reflect the estimated lease term over the course of the wind down process as disclosed in Note 2 to the financial statements.

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

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

##### (g) Property and Equipment, and Depreciation

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

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## NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2025

### 3 MATERIAL ACCOUNTING POLICIES (Cont'd.)

#### 3.3 Summary of Material Accounting Policies (Cont'd.)

##### (g) Property and Equipment, and Depreciation (Cont'd.)

Subsequent to recognition, property and equipment except for work-in-progress are stated at cost less accumulated depreciation and any accumulated impairment losses.

Work-in-progress are not depreciated as these assets are not available for use. Depreciation of other property and equipment is provided for on a straight-line-basis to write-off the cost of each asset to its residual value over the estimated useful life, as follows:

Renovation	5 years
Furniture and fittings	5 years
Office equipment	5 years
Computer hardware*	3 - 15 years
Motor vehicles	5 years

\* Computer hardware includes:

Data Centre Structure	15 years
Computer equipment	3 - 4 years
Automated Teller Machine (ATM)	7 years
Core banking system	8 years

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

During the financial year ended 31 December 2025, the useful life of property and equipment has been reviewed and adjusted to reflect its estimated remaining useful life over the course of the wind down process disclosed in Note 2 to the financial statements.

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

##### (h) Computer software

Computer software acquired separately are measured initially at cost. Following initial recognition, computer software are carried at cost less any accumulated amortisation and any accumulated impairment losses. The useful lives of computer software are assessed to be either finite or infinite. Computer software with finite lives are amortised on a straight-line basis over the estimated economic useful lives and assessed for impairment whenever there is an indication that the computer software may be impaired. The amortisation period and the amortisation method for an intangible asset with an infinite useful life are reviewed at least at each reporting date.

During the financial year ended 31 December 2025, the useful life of computer software has been reviewed and adjusted to reflect its estimated remaining useful life over the course of the wind down process disclosed in Note 2 to the financial statements.

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## NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2025

### 3 MATERIAL ACCOUNTING POLICIES (Cont'd.)

#### 3.3 Summary of Material Accounting Policies (Cont'd.)

##### (i) Other Assets

Other assets are carried at anticipated realisable values. Bad debts are written-off when identified. An estimate is made for doubtful debts based on a review of all outstanding amounts as at the reporting date.

##### (j) Income Tax

###### (i) Current tax

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

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

###### (ii) Deferred tax

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

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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## NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2025

### 3 MATERIAL ACCOUNTING POLICIES (Cont'd.)

#### 3.3 Summary of Material Accounting Policies (Cont'd.)

##### (j) Income Tax (Cont'd.)

##### (ii) Deferred tax (Cont'd.)

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be utilised. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition. Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

##### (k) Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the Bank and the revenue can be reliably measured. The following specific criteria must also be met before revenue is recognised:

##### (i) Finance Income Recognition

Finance income is recognised on an effective yield basis. Income on cash line, house and term financing are accounted for by reference to the rest periods as stipulated in the financing agreement, which are either daily or monthly. Income on Musyarakah and Mudharabah financing are recognised based on estimated internal rate of return.

##### Murabahah

Murabahah income is recognised on effective profit rate basis over the period of the contract based on the principal amounts outstanding.

##### Ijarah Muntahia Bittamlik/ Al-Ijarah Thumma Al-Bai'

Ijarah income is recognised on effective profit rate basis over the lease term.

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## NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2025

### 3 MATERIAL ACCOUNTING POLICIES (Cont'd.)

#### 3.3 Summary of Material Accounting Policies (Cont'd.)

##### (k) Revenue Recognition (Cont'd.)

###### (ii) Fee and Other Income Recognition

Financing arrangement, management and participation fees, underwriting commissions and brokerage fees are recognised as income based on contractual arrangements. Due to the short term nature of financial guarantees issued by the Group and the Bank, guarantee fee (administrative fee) is recognised as income upon issuance of the guarantee. Fees from advisory and corporate finance activities are recognised net of service taxes and discounts on completion of each stage of the assignment. Other fees and commissions on services and facilities extended to customers are recognised on inception of such transactions.

Dividend income from subsidiary and other investments are recognised when the Group's and the Bank's right to receive payment is established.

##### (l) Profit Expense Recognition

Attributable profit expense on deposits and financing of the Group and the Bank under non-mudharabah and mudharabah deposits are recognised on an accrual basis.

##### (m) Effective Profit Method

Profit income and expense are recognised in income statement using the effective profit method. The 'effective profit rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- the gross carrying amount of the financial asset; or
- the amortised cost of the financial liability.

When calculating the effective profit rate for financial instruments other than credit-impaired assets, the Group and the Bank estimates future cash flows considering all contractual terms of the financial instrument, but not expected credit losses. For credit-impaired financial assets, a credit-adjusted effective profit rate is calculated using estimated future cash flows including expected credit losses.

The calculation of the effective profit rate includes transaction costs and fees and points paid or received that are an integral part of the effective profit rate. Transaction costs include incremental costs that are directly attributable to the acquisition or issue of a financial asset or financial liability.

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## NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2025

### 3 MATERIAL ACCOUNTING POLICIES (Cont'd.)

#### 3.3 Summary of Material Accounting Policies (Cont'd.)

##### (m) Effective Profit Method (Cont'd.)

###### Amortised cost and gross carrying amount

The 'amortised cost' of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured on initial recognition minus the principal repayments, plus or minus the cumulative amortisation using the effective profit method of any difference between that initial amount and the maturity amount and, for financial assets, adjusted for any expected credit loss allowance or impairment allowance.

The 'gross carrying amount of a financial asset' is the amortised cost of a financial asset before adjusting for any expected credit loss allowance.

##### (n) Presentation of profit income and expense

Profit income and expense presented in the income statements and OCI include:

- profit on financial assets and financial liabilities measured at amortised cost calculated on an effective profit basis; and
- profit on debt instruments measured at FVOCI calculated on an effective profit basis.

Profit income and expense on all trading assets and liabilities are considered to be incidental to the Bank's trading operations and are presented together with all other changes in the fair value of trading assets and liabilities in net trading income.

Profit income and expense on other financial assets and financial liabilities at FVTPL are presented in net income from other financial instruments at FVTPL.

##### (o) Foreign Currencies

###### (i) Functional and Presentational Currency

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Ringgit Malaysia (RM), which is also the Bank's functional currency.

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## NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2025

### 3 MATERIAL ACCOUNTING POLICIES (Cont'd.)

#### 3.3 Summary of Material Accounting Policies (Cont'd.)

##### (o) Foreign Currencies (Cont'd.)

###### (ii) Foreign Currency Transactions

In preparing the financial statements of the individual entities, transactions in currencies other than the Bank's functional currency (foreign currencies) are recorded in the functional currencies using the exchange rates prevailing at the dates of the transactions. At each reporting date, monetary items denominated in foreign currencies are translated at the rates prevailing on the reporting date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not translated.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are included in income statement for the period except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operations. These are initially taken directly to the foreign currency translation reserve within equity until the disposal of the foreign operations, at which time they are recognised in profit or loss. Exchange differences arising on monetary items that form part of the Bank's net investment in foreign operation are recognised in profit or loss in the Bank's separate financial statements or the individual financial statements of the foreign operation, as appropriate.

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

##### (p) Derivatives and Hedging Activities

The initial recognition of hedging financial instruments is at fair value, and subsequently remeasured at fair value with the resulting gain or loss recognised in income statements. Hedging financial instruments with positive fair values are classified as financial assets and as financial liabilities when their fair values are negative.

###### (i) Foreign Exchange Contracts

Foreign exchange trading positions, including spot and forward contracts, are revalued at prevailing market rates at the reporting date and the resultant gains and losses are recognised in income statements.

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## NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2025

### 3 MATERIAL ACCOUNTING POLICIES (Cont'd.)

#### 3.3 Summary of Material Accounting Policies (Cont'd.)

##### (p) Derivatives and Hedging Activities (Cont'd.)

###### (ii) Hedge documentation, effectiveness assessment, and discontinuation

At the inception of the hedge, the Group and the Bank formally designates and documents the hedging relationship to which the Group and the Bank wishes to apply hedge accounting, and the risk management objective and strategy for undertaking the hedge. That documentation shall include identification of the hedging instrument, the hedged item, the nature of the risk being hedged and how the entity will assess whether the hedging relationship meets the hedge effectiveness requirements (including its analysis of the sources of hedge ineffectiveness and how it determines the hedge ratio). Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis at each reporting date or upon a Material change in the circumstances affecting the hedge effectiveness requirements, whichever comes first. The assessment relates to expectations about hedge effectiveness and is therefore only forward-looking.

When the hedging instrument or instruments have been sold or terminated, or when a hedging relationship no longer meets the risk management objective or the criteria for hedge accounting, any cumulative gain or loss that has been recognised in other comprehensive income at that time remains in other comprehensive income and is recognised when the hedged forecast transaction is ultimately recognised in the profit or loss. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in other comprehensive income is immediately transferred to the profit or loss.

###### (iii) Fair value hedge

Where a financial instrument hedges the changes in fair value of a recognised asset or liability, any gain or loss on the hedging instrument is recognised in profit or loss. The hedged item is also stated at fair value in respect of the risk being hedged, with any gain or loss being recognised in profit or loss. For the foreign exchange contracts which are designated as the hedging instrument in the fair value hedge, the forward rate method is applied. This is when the hedged item is alternatively measured at the forward rate instead of the spot rate. The hedge is to manage the foreign currency risk arising from the Group and the Bank receiving funds in USD and SGD for its business which operates in MYR, thus hedging the fair value of the financial liabilities. Credit risks are not part of the hedging.

The effectiveness of the hedging relationship is tested prospectively and retrospectively at each reporting date using the Critical Terms Method, whereby the critical terms of both the hedging instrument and the hedged item are identical.

The list of the fair value for all derivatives and fair value hedge entered by the Group and the Bank is disclosed in Note 9.

##### (q) Financial Guarantees and Financing Commitments

Financial guarantees' are contracts that require the Group and the Bank to make specified payments to reimburse the holder for a loss that it incurs because a specified debtor fails to make payment when it is due in accordance with the terms of a debt instrument. Financing commitments' are firm commitments to provide credit under pre-specified terms and conditions.

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### 3 MATERIAL ACCOUNTING POLICIES (Cont'd.)

#### 3.3 Summary of Material Accounting Policies (Cont'd.)

##### (q) Financial Guarantees and Financing Commitments (cont'd.)

Liabilities arising from financial guarantees and financing commitments are included within provisions.

For other financial guarantee and financing commitments, the Group and the Bank recognise loss allowance. Those are included in Note 7.

##### (r) Employee Benefits

###### (i) Short-Term Benefits

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

###### (ii) Defined Contribution Plan

Defined contribution plan is a post-employment benefit plan under which the Group and the Bank pay fixed contributions into separate entities or funds and will have no legal or constructive obligation to pay further contributions if any of the funds do not hold sufficient assets to pay all employee benefits relating to employee services in the current and preceding financial years. Such contributions are recognised as an expense in the profit or loss when incurred. As required by law, companies in Malaysia make such contributions to the Employees Provident Fund ("EPF").

###### (iii) Other Long-Term Benefits

Other long-term employee benefits are benefits that are not expected to be settled wholly before twelve months after the end of the reporting date in which the employees render the related services. These obligations are measured at the present value of the expected future payments to be made in respect of services provided by employees up to the reporting date.

###### (iv) Termination benefits

Termination benefits are employee benefits payable as a result of either an entity's decision to terminate an employee's employment before the normal retirement date or an employee's decision to accept voluntary redundancy in exchange for those benefits. The event which gives rise to an obligation is the termination rather than employee service. Therefore, an entity should recognise termination benefits when, and only when, the entity is demonstrably committed to either:

- Terminate the employment of an employee or group of employees before the normal retirement date; or
- Provide termination benefits as a result of an offer made in order to encourage voluntary.

The measurement of termination benefits is based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after reporting date are discounted to present value.

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### 3 MATERIAL ACCOUNTING POLICIES (Cont'd.)

#### 3.3 Summary of Material Accounting Policies (Cont'd.)

##### (s) Zakat

This represents business zakat. It is an obligatory amount payable by the Bank to comply with the principles of Shariah. Zakat would be paid by Kuwait Finance House K.S.C.P. ("KFHK") who is the main shareholder of the Bank.

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

The carrying amounts of assets (other than investment in subsidiary and deferred tax assets) are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated to determine the amount of impairment loss.

For the purpose of impairment testing of these assets, recoverable amount is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, recoverable amount is determined for the cash-generating unit ("CGU") to which the asset belongs to. Goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's CGUs, or groups of CGUs, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs to sell and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

An impairment loss is recognised in income statements in the period in which it arises, unless the asset is carried at a revalued amount, in which case the impairment loss is accounted for as a revaluation decrease to the extent that the impairment loss does not exceed the amount held in the asset revaluation reserve for the same asset.

##### (u) Cash and Cash Equivalents

For the purpose of statements of cash flows, cash and cash equivalents include cash and bank balances and short-term deposits with contractual maturities of less than three months excluding restricted bank balances.

##### (v) Financial Risk Management Objective and Policies

The Group's and the Bank's financial risk management policy seek to ensure that adequate financial resources are available for the development of the Group's and the Bank's business whilst managing its profit rate risks (both fair value and cash flow), liquidity risk and credit risk. The Board reviews and agrees policies for managing each of these risks as disclosed in the Statement of Corporate Governance.

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### 3 MATERIAL ACCOUNTING POLICIES (Cont'd.)

#### 3.3 Summary of Material Accounting Policies (Cont'd.)

##### (w) Investment Accounts

The KFH Mudharabah Plus Account-i (the "Account(s)") is a demand investment account which is classified under the Unrestricted Investment Account ("URIA") where the customer provides the Group and the Bank with mandate to make the ultimate investment decision without specifying any particular restrictions or conditions. The KFH Mudharabah Plus Account-i is classified under the "Investment Account" classification of Islamic Financial Services Act 2013.

The reference to "Mudharabah" shall mean the Islamic contract of Mudharabah on an unrestricted profit sharing between the Customer(s) as owner of the capital ("Rabbul Mal") and the Group and the Bank as the entrepreneur ("Mudharib"), whereby the Customer(s) shall place a specified sum of money with the the Group and the Bank, and the the Group and the Bank is entrusted to utilise the capital for investment and business relating to Shariah compliant investment and business without any specification and intervention from the Customer(s), to generate income which will be distributed according to the profit sharing ratio ("PSR").

##### (x) Gold Depository

Gold depository account relates to physical gold kept and maintained for gold investment purchased when customer place deposit in gold saving account. The the Group and the Bank buys and sells gold to maintain sufficient gold stock against customer gold saving account. The gold depository is carried at fair value less cost to sell.

#### 3.4 Material Accounting Estimates and Judgments

##### (a) Material Accounting Estimates

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the Group and the Bank's accounting policies.

##### (i) Impairment losses on financing, advances and other receivables

The Group and the Bank review their individually material financing, advances and other receivables at each reporting date to assess whether an impairment loss should be recorded in the income statements. In particular, management's judgement is required in the estimation of the amount and timing of future cash flows when determining the impairment losses. In estimating these cash flows, the Group and the Bank make judgements about the customer's financial situation and make estimates on the net realisable value of collateral. These estimates are based on assumptions on a number of factors and actual results may differ, resulting in future changes to the allowances.

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### 3 MATERIAL ACCOUNTING POLICIES (Cont'd.)

#### 3.4 Material Accounting Estimates and Judgments (Cont'd.)

##### (a) Material Accounting Estimates (Cont'd.)

##### (i) Impairment losses on financing, advances and other receivables (Cont'd.)

The Group's and the Bank's ECL calculations under MFRS 9 are outputs of complex ECL models with a number of underlying assumptions regarding the choices of variable inputs and their interdependencies. Elements of the ECL models that are considered accounting judgements and estimates include:

- (i) Criteria for assessing possible Material increase in credit risk and qualitative information to determine if allowances should be measured using lifetime ECL basis;
- (ii) The segmentation of financial assets when their ECL is assessed on a collective basis;
- (iii) Development of ECL models, including the various formulas and the choice of inputs; and
- (iv) Selection of forward-looking macroeconomic scenarios and their probability weightings to derive the economic inputs into the ECL models.

As the current ECL models may not generate levels of ECL with sufficient reliability yet in view of emerging risks from the current economic environment, overlays and post-model adjustments have been applied to determine a sufficient overall level of ECL as of the financial year end.

The overlays and post-model adjustments involved Material level of judgements and estimates which reflect management's views of uncertainties in the forward-looking assessment for ECL estimation. The drivers of the management judgemental adjustments and estimates continue to evolve with the economic environment.

##### (ii) Incremental Borrowing Rate

The Group and the Bank cannot readily determine the profit rate implicit in the lease, therefore, the Group and the Bank uses its incremental borrowing rate ("IBR") to measure lease liabilities. The IBR is the profit rate that the Group and the Bank would have to pay to finance over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the Right-of-Use Asset in similar economic environment. The IBR therefore reflect what the Group and the Bank 'would have to pay', which requires estimation when no observable rates are available or when the rates need to be adjusted to reflect the terms and conditions of the lease. The Group and the Bank estimates the IBR using observable input (such as market profit rate) when available and is required to make entity-specific estimates (such as the the Group and the Bank's credit rating and underlying collateral).

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### 3 MATERIAL ACCOUNTING POLICIES (Cont'd.)

#### 3.4 Material Accounting Estimates and Judgments (Cont'd.)

##### (a) Material Accounting Estimates (Cont'd.)

###### (iii) Fair value estimation of securities and profit rate related contracts

Where the quoted and observable market prices of certain securities are not available, fair value is estimated using pricing models or discounted cash flow techniques. The usage of these models and techniques require the Group to make certain estimates and assumptions, including but not limited to estimated future cash flows and discount rates.

###### (iv) Deferred tax and income taxes

Deferred tax assets are measured and recognised based on the tax rates that are expected to apply in the period when the asset is realised. Estimates are made as to the amount of taxable profits in these periods which will enable the deferred tax assets to be realised.

###### (v) Fair value of financing held for sale

Fair value of financing held for sale portfolio was determined with reference to the agreed sale consideration with the acquirer based on a cut-off date, adjusted for factors stipulated in the agreement such as changes in the gross balance and the credit quality of the portfolio as of reporting date. The determination of the relevant adjustment factors requires significant judgment to be applied and may differ from the eventual sale consideration on the completion date.

##### (b) Material Accounting Judgments

This note provides an overview of the areas that involve a higher degree of judgement or complexity that may have a Material risk of resulting in a material adjustment within the next financial year. Detailed information about each of these judgements is included in the related notes together with information about the basis of calculation for each affected line item in the financial statements.

###### (i) Material judgements on litigation

Impairment provision, if any, arising from legal proceedings as discussed in Note 43 require a high degree of judgement. When matters are at an early stage, accounting judgement can be difficult because of the high degree on uncertainty associated with determining whether a present obligation exists, and estimating the probability and amount of any outflows that may arise. As matters progress, management and legal advisers evaluate on an ongoing basis whether any impairment provision is required against the restricted cash. Professional advice is taken on the assessment of litigation to determine whether a present obligation exists.

###### (ii) Determination of lease term of contracts with renewal and termination options

The Group and the Bank determine the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised. The Group and the Bank exercises judgement in determining whether it is reasonably certain that the lease contracts will be renewed or terminated.

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### 3 MATERIAL ACCOUNTING POLICIES (Cont'd.)

#### 3.4 Material Accounting Estimates and Judgments (Cont'd.)

##### (b) Material Accounting Judgments (Cont'd.)

###### (iii) Classification of investment securities

On acquisition of an investment security, the Group and the Bank decide whether it should be classified as fair value through profit or loss or fair value through other comprehensive income or financial assets to be measured at amortised cost. The Group and the Bank follow the guidance of MFRS 9 on classifying their investments.

###### (iv) Measurement of the expected credit loss allowance

The measurement of the expected credit loss allowance for financial assets measured at amortised cost and debt instruments at FVOCI is an area that requires the use of complex models and Material assumptions about future economic conditions and credit behaviour (e.g. the likelihood of customers defaulting and the resulting losses).

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

- Determining criteria for Material increase in credit risk;
- 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.

###### (v) Deferred tax and income taxes

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

Deferred tax assets are recognised in respect of tax losses to the extent that it is probable that future taxable profits will be available against which the losses can be utilised. Judgement is applied to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits.

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### 4 CASH AND SHORT-TERM FUNDS

Cash and balances with banks and other financial institutions  
Money at call and interbank placements with remaining  
maturity less than one month

Less : ECL Allowance

Group and Bank	
2025 RM'000	2024 RM'000
175,903	142,978
827,592	390,032
1,003,495	533,010
(72)	(23)
1,003,423	532,987

Included in the above are cash and balances with banks and other financial institutions amounted to USD26.12mil or equivalent to RM106.11mil (2024 : USD26.13mil or equivalent to RM116.9mil) which are currently restricted (no withdrawal allowed) due to an ongoing litigation case as disclosed in Note 43.

#### 4.1 Impairment allowance for cash and short term funds

The table below shows the credit quality and the maximum exposure to credit risk based on the Bank's internal credit rating system and year-end stage classification. The amounts presented are gross of impairment allowances.

Group and Bank	31-Dec-25			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
Internal rating grade :				
Neither past due nor impaired	1,003,495	-	-	1,003,495
Past due but not impaired	-	-	-	-
Individually impaired	-	-	-	-
Total	1,003,495	-	-	1,003,495

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### 4 CASH AND SHORT-TERM FUNDS (Cont'd.)

<u>Group and Bank</u>	31-Dec-24			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
Internal rating grade :				
Neither past due nor impaired	533,010	-	-	533,010
Past due but not impaired	-	-	-	-
Individually impaired	-	-	-	-
Total	533,010	-	-	533,010

#### 4.1 Impairment allowance for cash and short term funds (Cont'd.)

An analysis of changes in the ECL allowances as follows:

31-Dec-25 <u>Group and Bank</u>	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
ECL allowance as at 1 January 2025	23	-	-	23
Allowance made during the year (Note 26)	49	-	-	49
ECL allowance as at 31 December 2025	72	-	-	72

31-Dec-24 <u>Group and Bank</u>	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
ECL allowance as at 1 January 2024	1,603	-	-	1,603
Allowance writeback during the year (Note 26)	(1,580)	-	-	(1,580)
ECL allowance as at 31 December 2024	23	-	-	23

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### 5 GOLD DEPOSITORY

Gold depository account relates to physical gold kept and maintained at Kuveyt Turk Participation Bank in Turkey and at the branches in Malaysia, for gold investments purchased when customer place deposit in gold saving account.

### 6 INVESTMENT IN SECURITIES

The table below shows the fair value of the Bank's debt instruments measured at FVOCI and equity instrument measured at FVTPL by credit risk, based on the Bank's internal credit rating system and year-end stage classification.

Group and Bank	2025	2024
	RM'000	RM'000
Measured at FVOCI:		
Government Sukuk	823,954	1,036,638
Non-Government Sukuk	123,642	123,631
	947,596	1,160,269
Measured at FVTPL:		
Investment in unquoted shares	19,421	19,421
	967,017	1,179,690

Group and Bank	31-Dec-25			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
Internal rating grade :				
Performing	967,017	-	-	967,017
Past due but not impaired	-	-	-	-
Individually impaired	-	-	-	-
Total	967,017	-	-	967,017

Group and Bank	31-Dec-24			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
Internal rating grade :				
Performing	1,179,690	-	-	1,179,690
Past due but not impaired	-	-	-	-
Individually impaired	-	-	-	-
Total	1,179,690	-	-	1,179,690

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### 6 INVESTMENT IN SECURITIES (Cont'd.)

An analysis of changes in ECL for debt instruments measured at FVOCI is, as follows :

<u>Group and Bank</u>	31-Dec-25			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
ECL allowance as at 1 January 2025	1,298	-	-	1,298
Allowance made during the year (Note 26)	56	-	-	56
<b>ECL allowance as at 31 December 2025</b>	<b>1,354</b>	<b>-</b>	<b>-</b>	<b>1,354</b>

<u>Group and Bank</u>	31-Dec-24			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
ECL allowance as at 1 January 2024	5,629	-	-	5,629
Allowance writeback during the year (Note 26)	(4,331)	-	-	(4,331)
<b>ECL allowance as at 31 December 2024</b>	<b>1,298</b>	<b>-</b>	<b>-</b>	<b>1,298</b>

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### 7(a) FINANCING HELD FOR SALE

#### At fair value through profit or loss ("FVTPL")

Term financing	
- Other term financing	
- House financing	
- Personal financing	
- Hire purchase receivables	
Staff financing	
Gross financing held for sale	
Less: Fair value adjustment ("FVA")	
Net financing held for sale at FVTPL	

Group and Bank	
2025	2024
RM'000	RM'000
45,693	60,576
1,045,912	1,104,486
666,537	866,181
317,970	434,457
13,009	15,149
2,089,121	2,480,849
(346,746)	(331,448)
1,742,375	2,149,401

As part of the wind-down exercise, the Bank has sought to dispose of its retail financing portfolio instead of collecting the contractual cash flows. Consequently, the business model for this portfolio has been redesignated to FVTPL.

### 7(b) FINANCING, ADVANCES AND OTHER RECEIVABLES

#### At amortised cost

Term financing	
- Syndicated financing	
- Other term financing	
Gross financing, advances and other receivables	
Less: Impairment allowances	
- Stage 1 Financing	
- Stage 2 Financing	
- Stage 3 Financing	
Net financing and advances to customers	
Less: Impairment allowances	
- Stage 1 Undrawn (Note 36)	
- Stage 1 Letter of Credit (Note 36)	

Group and Bank	
2025	2024
RM'000	RM'000
-	150,693
70,017	583,855
70,017	734,548
-	(12,348)
-	(808)
(36,994)	(66,050)
33,023	655,342
-	(292)
-	(84)
33,023	654,966

Net financing, advances and other receivables (at amortised cost)

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### 7(c) GROSS FINANCING AT FVTPL (BEFORE FVA) AND AT AMORTISED COST

	Group and Bank	
	2025 RM'000	2024 RM'000
<b>(i) By contract</b>		
ljarah Muntahia Bittamlik/Al-ljarah Thumma Al-Bai' (lease ended with ownership)	1,410,122	1,623,366
Murabahah (cost-plus)	745,069	1,542,628
Mudharabah (profit sharing)	-	43,705
Qard (benevolent financing) (Note 7(ix))	608	719
Musarakah (profit and loss sharing)	2,709	4,287
Istisna'	630	692
	<b>2,159,138</b>	<b>3,215,397</b>
<b>(ii) By type of customer</b>		
Domestic business enterprises		
- Small medium enterprises	35,549	151,392
- Others	57,744	618,416
Individuals	2,065,845	2,445,589
	<b>2,159,138</b>	<b>3,215,397</b>
<b>(iii) By residual contractual maturity</b>		
Maturity within one year	88,814	746,006
More than one year to three years	100,531	110,831
More than three years to five years	159,418	204,100
More than five years	1,810,375	2,154,460
	<b>2,159,138</b>	<b>3,215,397</b>
<b>(iv) By geographical distribution</b>		
Malaysia	2,157,368	3,213,310
Middle East	830	1,032
Other countries	940	1,055
	<b>2,159,138</b>	<b>3,215,397</b>
<b>(v) By profit rate sensitivity</b>		
Fixed rate		
- House financing	1,423	1,547
- Hire purchase receivables	317,970	434,457
- Term financing	701,104	913,509
Variable rate		
- House financing	1,044,489	1,102,939
- Syndicated financing	-	150,693
- Term financing	94,152	612,252
	<b>2,159,138</b>	<b>3,215,397</b>

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### 7(c) GROSS FINANCING AT FVTPL (BEFORE FVA) AND AT AMORTISED COST (Cont'd.)

	Group and Bank	
	2025 RM'000	2024 RM'000
<b>(vi) By sector</b>		
Construction	25,379	213,256
Electricity, gas and water	-	10,057
Finance, insurance and business services	-	6,324
Household	2,065,845	2,445,589
Manufacturing	21,159	48,406
Real Estate	23,885	180,621
Transports, storage and communication	-	22,036
Wholesale & retail trade and restaurants & hotels	-	253,620
Others	22,870	35,488
	<b>2,159,138</b>	<b>3,215,397</b>
<b>(vii) By economic purpose</b>		
Purchase of transport vehicles	317,970	434,457
Purchase of landed properties		
- residential	1,045,912	1,104,485
- non-residential	23,546	63,634
Working capital	54,729	432,385
Construction	-	160,750
Personal use	666,537	866,181
Other purposes	50,444	153,505
	<b>2,159,138</b>	<b>3,215,397</b>

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### 7(c) GROSS FINANCING AT FVTPL (BEFORE FVA) AND AT AMORTISED COST (Cont'd.)

#### (viii) Financing by types and Shariah contract

Group and Bank	31-Dec-25						
	Ijarah Muntahia Bittamlik/ Al-Ijarah Thumma Al-Bai' (lease ended with ownership)	Murabahah (cost-plus)	Mudharabah (profit sharing)	Musyarakah (profit and loss sharing)	Qard (benevolent financing)	Istisna'	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
House financing	1,042,594	51	-	2,637	-	630	1,045,912
Personal financing	-	666,534	-	-	3	-	666,537
Hire purchase receivables	317,970	-	-	-	-	-	317,970
Other term financing	38,110	77,600	-	-	-	-	115,710
Staff financing	11,448	884	-	72	605	-	13,009
	1,410,122	745,069	-	2,709	608	630	2,159,138

Group and Bank	31-Dec-24						
	Ijarah Muntahia Bittamlik/ Al-Ijarah Thumma Al-Bai' (lease ended with ownership)	Murabahah (cost-plus)	Mudharabah (profit sharing)	Musyarakah (profit and loss sharing)	Qard (benevolent financing)	Istisna'	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
House financing	1,099,827	57	-	3,909	-	692	1,104,485
Personal financing	-	866,174	-	-	7	-	866,181
Syndicated financing	-	150,693	-	-	-	-	150,693
Hire purchase receivables	434,457	-	-	-	-	-	434,457
Other term financing	75,905	524,524	43,705	298	-	-	644,432
Staff financing	13,177	1,180	-	80	712	-	15,149
	1,623,366	1,542,628	43,705	4,287	719	692	3,215,397

#### (ix) Purpose and Source of Qard financing

As at 1 January

Source of Qard fund:

- Depositors' Fund
- Shareholders' Fund

Uses of Qard fund:

- Financing for asset purchase
- Staff Benevolent

As at 31 December (Note 7(c)(i))

Group and Bank	
2025	2024
RM'000	RM'000
719	892
-	-
-	-
-	-
(111)	(173)
(66)	(123)
(45)	(50)
608	719

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### 7(d) GROSS IMPAIRED FINANCING AT FVTPL (AFTER FVA) AND AT AMORTISED COST

	Group and Bank	
	2025 RM'000	2024 RM'000
<b>(i) Movements in gross impaired financing</b>		
At 1 January	148,337	225,478
- Impaired during the year	38,621	70,005
- Reclassified to performing during the year	(3,454)	(2,566)
- Amount recovered	(52,267)	(103,130)
- Amount written off	(16,111)	(13,967)
	115,126	175,820
Less : Fair value adjustment	(12,679)	(27,483)
At 31 December	102,447	148,337
Ratio of net impaired financing, advances and other receivables to "gross financing, advances and other receivables" and "financing held for sale" less Stage 3 impairment	3.69%	2.92%
<b>(ii) Movements in impairment allowances on financing</b>		
<b>Stage 1 and 2</b>		
As at 1 January	13,532	216,665
Allowance writeback during the year	(13,532)	(103,882)
	-	112,783
Less : Fair value adjustment	-	(99,251)
At 31 December	-	13,532
As % of total "gross financing, advances and other receivables" and "financing held for sale" less Stage 3 impairment	0.00%	0.48%
<b>Stage 3</b>		
At 1 January	66,050	98,021
Movement of net allowance during the year	(13,110)	9,479
Allowance charged during the year	4,358	57,116
Allowance written-back during the year	(17,468)	(47,637)
	(15,946)	(13,967)
Less : Fair value adjustment	-	(27,483)
At 31 December	36,994	66,050



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### 7(d) GROSS IMPAIRED FINANCING AT FVTPL (AFTER FVA) AND AT AMORTISED COST (Cont'd.)

#### (iv) Impairment allowance for financing (Cont'd.)

An analysis of changes in the ECL allowances in relation to financing, advances and other receivables. The whole ECL amount also include Stage 1 ECL from undrawn, letter of credit and financial guarantees.

<u>Group and Bank</u>	31-Dec-25			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
<b>ECL allowance as at 1 January 2025</b>	12,724	808	66,050	79,582
Transfer to 12-month ECL	4,817	(4,443)	(374)	-
Transfer to lifetime ECL not credit impaired	(886)	1,880	(994)	-
Transfer to lifetime ECL credit impaired	(282)	(5,699)	5,981	-
Allowance made during the year	(16,373)	7,454	(17,723)	(26,642)
Net allowance recognised in profit and loss (Note 26)	(12,724)	(808)	(13,110)	(26,642)
Write-offs	-	-	(15,946)	(15,946)
Less : Fair value adjustment	-	-	-	-
<b>ECL allowance as at 31 December 2025</b>	-	-	36,994	36,994

<u>Group and Bank</u>	31-Dec-24			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
<b>ECL allowance as at 1 January 2024</b>	147,337	69,328	98,021	314,686
Transfer to 12-month ECL	7,798	(6,203)	(1,595)	-
Transfer to lifetime ECL not credit impaired	(1,260)	3,496	(2,236)	-
Transfer to lifetime ECL credit impaired	(409)	(4,387)	4,796	-
Allowance made during the year	(80,854)	(22,063)	8,514	(94,403)
Net allowance recognised in profit and loss (Note 26)	(74,725)	(29,157)	9,479	(94,403)
Write-offs	-	-	(13,967)	(13,967)
Less : Fair value adjustment	(59,888)	(39,363)	(27,483)	(126,734)
<b>ECL allowance as at 31 December 2024</b>	12,724	808	66,050	79,582

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### 8 OTHER ASSETS

		Group and Bank	
		2025	2024
Note		RM'000	RM'000
Deposits and prepayments		8,255	6,861
Amount due from related party	(i)	74,006	74,006
Sundry debtors	(ii)	1,930	5,824
		84,191	86,691

Note:

- (i) The amount due from related party is unsecured, profit-free and repayable on demand.
- (ii) Included in this amount is a proceed receivable of RM1.9mil from a related party, which is currently restricted due to an ongoing litigation case as disclosed in Note 43.

### 9 HEDGING FINANCIAL INSTRUMENTS

Group and Bank	Notional Amount RM'000	Fair Value	
		Assets RM'000	Liabilities RM'000
<b>2025</b>			
Forward foreign exchange related contracts			
- other derivatives without a hedging relationship	-	-	-
Total	-	-	-
<b>2024</b>			
Forward foreign exchange related contracts			
- other derivatives without a hedging relationship	245,811	937	6,928
Total	245,811	937	6,928

During the financial year 2024, the Group and Bank has discontinued all hedge relationship between hedged item and hedging instruments due to the early redemption of the hedged item following the winding down announcement of the Bank. The measurement of the hedged item results in no net gain or loss as at 31 December 2024.

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### 10 STATUTORY DEPOSIT WITH BANK NEGARA MALAYSIA

The statutory deposit is maintained with Bank Negara Malaysia in compliance with Paragraph 100(r) of the Central Bank of Malaysia Act, 2009, the amount of which is determined at set percentages of total eligible liabilities.

### 11 INVESTMENT IN SUBSIDIARY

Unquoted shares, at cost  
- in Malaysia

Bank	
2025 RM'000	2024 RM'000
*_-	*_-
-	-

\* Denotes amount below RM1,000.

Details of the subsidiary is as follows:

Subsidiary	Principal activity	Country of Incorporation	Equity interest held (%)	
			2025	2024
KFH Nominees (Tempatan) Sdn. Bhd.	Nominee services	Malaysia	100	100

### 12 RIGHT OF USE OF ASSETS AND LEASE LIABILITIES

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the year:

	Group and Bank			
	Building	Office Equipment	Motor Vehicle	Total
	RM'000	Note	RM'000	RM'000
<b>As at 1 January 2025</b>	15,461	26	67	15,554
Depreciation charge (Note 30)	(10,802)	(26)	(67)	(10,895)
<b>As at 31 December 2025</b>	4,659	-	-	4,659
<b>As at 1 January 2024</b>	6,649	84	150	6,883
Additions	19,095	-	-	19,095
Depreciation charge (Note 30)	(10,119)	(58)	(83)	(10,260)
Adjustment/remeasurement	(164)	-	-	(164)
<b>As at 31 December 2024</b>	15,461	26	67	15,554

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### 12 RIGHT OF USE OF ASSETS AND LEASE LIABILITIES (Cont'd.)

Set out below are the carrying amounts of lease liabilities and the movements during the year: (Cont'd.)

Group and Bank				
	Building	Office Equipment	Motor Vehicle	Total
	RM'000	Note	RM'000	RM'000
<b>As at 1 January 2025</b>	15,630	24	71	15,725
Accretion of profit	421	-	1	422
Payment	(11,251)	(24)	(72)	(11,347)
<b>As at 31 December 2025</b>	4,800	-	-	4,800

Note 31

Group and Bank				
	Building	Office Equipment	Motor Vehicle	Total
	RM'000	RM'000	RM'000	RM'000
<b>As at 1 January 2024</b>	8,403	83	152	8,638
Additions	19,095	-	-	19,095
Accretion of profit	454	1	5	460
Payment	(12,158)	(60)	(86)	(12,304)
Adjustment/remeasurement	(164)	-	-	(164)
<b>As at 31 December 2024</b>	15,630	24	71	15,725

Note 31

The undiscounted maturity analysis of lease liabilities are as follows:

	Group and Bank	
	2025	2024
	RM'000	RM'000
Less than one year	4,856	11,400
Between one and five years	-	4,803
	4,856	16,203

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### 13 PROPERTY AND EQUIPMENT

#### Group and Bank

#### 2025

#### Cost

As at 1 January

Additions

Disposals

Write-offs

Transfers (Note 14)

As at 31 December

#### Accumulated depreciation

As at 1 January

Charge for the year (Note 30)

Disposals

Write-offs

As at 31 December

#### Net book value

As at 31 December

	Renovation	Furniture & fittings	Office equipment	Computer hardware	Motor vehicles	Work-in-progress	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
As at 1 January	17,730	6,706	8,036	37,025	627	2,767	72,891
Additions	-	-	8	7	-	1,074	1,089
Disposals	-	-	(7)	(16)	-	-	(23)
Write-offs	(289)	(138)	(167)	(238)	-	(1,113)	(1,945)
Transfers (Note 14)	-	-	-	-	-	(2,721)	(2,721)
As at 31 December	17,441	6,568	7,870	36,778	627	7	69,291
As at 1 January	17,299	6,689	7,822	29,956	627	-	62,393
Charge for the year (Note 30)	364	11	148	4,831	-	-	5,354
Disposals	-	-	(7)	(16)	-	-	(23)
Write-offs	(289)	(138)	(167)	(238)	-	-	(832)
As at 31 December	17,374	6,562	7,796	34,533	627	-	66,892
As at 31 December	67	6	74	2,245	-	7	2,399

#### Group and Bank

#### 2024

#### Cost

As at 1 January

Additions

Disposals

Write-offs

Transfers (Note 14)

As at 31 December

#### Accumulated depreciation

As at 1 January

Charge for the year (Note 30)

Disposals

Write-offs

As at 31 December

#### Net book value

As at 31 December

	Renovation	Furniture & fittings	Office equipment	Computer hardware	Motor vehicles	Work-in-progress	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
As at 1 January	20,064	7,609	8,285	45,599	627	2,541	84,725
Additions	-	11	122	1,736	-	4,714	6,583
Disposals	-	(459)	-	-	-	-	(459)
Write-offs	(2,334)	(455)	(373)	(11,778)	-	(281)	(15,221)
Transfers (Note 14)	-	-	2	1,468	-	(4,207)	(2,737)
As at 31 December	17,730	6,706	8,036	37,025	627	2,767	72,891
As at 1 January	19,304	7,591	8,042	37,108	627	-	72,672
Charge for the year (Note 30)	329	11	153	4,625	-	-	5,118
Disposals	-	(458)	-	-	-	-	(458)
Write-offs	(2,334)	(455)	(373)	(11,777)	-	-	(14,939)
As at 31 December	17,299	6,689	7,822	29,956	627	-	62,393
As at 31 December	431	17	214	7,069	-	2,767	10,498

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### 14 INTANGIBLE ASSETS

	Group and Bank	
	2025 RM'000	2024 RM'000
<b>Computer software</b>		
<u>Cost</u>		
As at 1 January	113,877	109,776
Additions	589	1,436
Write off	(88)	(72)
Transfers from property and equipment (Note 13)	2,721	2,737
As at 31 December	117,099	113,877
<u>Accumulated amortisation</u>		
As at 1 January	105,152	97,625
Amortisation for the year (Note 30)	8,111	7,599
Write off	(88)	(72)
As at 31 December	113,175	105,152
<u>Carrying amount</u>		
As at 31 December	3,924	8,725

### 15 DEFERRED TAX ASSETS

	Group and Bank	
	2025 RM'000	2024 RM'000
As at 1 January	-	-
Recognised in other comprehensive income	(4,150)	9,351
Recognised in profit and loss (Note 33)	4,150	(9,351)
As at 31 December	-	-

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### 15 DEFERRED TAX ASSETS (Cont'd.)

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

Deferred tax assets of the Group and Bank:	Temporary difference in ECL RM'000	Unutilised tax losses RM'000	Other temporary differences RM'000	Total RM'000
<b>2025</b>				
As at 1 January	-	-	1,175	1,175
Recognised in profit or loss	-	-	3,001	3,001
As at 31 December	-	-	4,176	4,176
<b>2024</b>				
As at 1 January	2,576	-	8,520	11,096
Recognised in profit or loss	(2,576)	-	(7,345)	(9,921)
As at 31 December	-	-	1,175	1,175

Deferred tax liabilities of the Group and Bank:	Unrealised gain/(loss) on securities FVOCI RM'000	Accelerated capital allowances RM'000	Total RM'000
<b>2025</b>			
As at 1 January	26	1,149	1,175
Recognised in profit or loss	-	(1,149)	(1,149)
Recognised in other comprehensive income	4,150	-	4,150
As at 31 December	4,176	-	4,176
<b>2024</b>			
As at 1 January	9,377	1,719	11,096
Recognised in profit or loss	-	(570)	(570)
Recognised in other comprehensive income	(9,351)	-	(9,351)
As at 31 December	26	1,149	1,175

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### 15 DEFERRED TAX ASSETS (Cont'd.)

#### Unutilised tax losses

At the reporting date the Group and the Bank have not recognised the deferred tax asset in respect of the following item:

	Group and Bank	
	2025 RM'000	2024 RM'000
Expected Credit Loss	54,176	94,019
Fair value adjustment on financing held for sale	236,525	204,715
Unutilised tax losses	312,465	323,906
Other deductible temporary differences	71,268	88,404
	674,434	711,044

Unutilised tax losses brought forward from the year of assessment 2017 and preceding years of assessment, and from the year of assessment 2018 are allowed to be carried forward and utilised against statutory income of the Bank from years of assessment 2019 to 2028.

Effective from year of assessment 2019, unutilised tax losses are allowed to be carried forward for a maximum period of ten years. Upon expiry of the ten years, the unutilised tax losses will be disregarded. Other temporary differences do not expire under the current legislation.

The table below illustrates the unutilised tax losses incurred for each year of assessment and the statutory limits for each year of assessment.

Year of Assessment In Which Loss Incurred	Unutilised Losses Current Year	Unutilised Losses Previous Year	Expiry Date
	RM'000	RM'000	
2011 - 2018	269,123	301,178	2028
2019	9,320	9,320	2029
2023	11,594	11,594	2033
2024	22,428	22,428	2034
2025	-	-	2035
Total	312,465	344,520	

The availability of unutilised tax losses of the Group and the Bank for offsetting against future taxable profits of the companies in which the losses arose, for which no deferred tax assets is recognised due to uncertainty in its recoverability, are subject to no substantial changes in shareholding of this subsidiary under the Income Tax Act 1967 and other guidelines issued by the tax authority.

The deferred tax assets have not been recognised as at 31 December 2025 as the directors are of the view that it is not probable for the Group and the Bank to realise the deferred tax asset during the wind down process as disclosed in Note 2 to the financial statements.

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## NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2025

### 16 DEPOSITS FROM CUSTOMERS

	Group		Bank	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
<b>(i) By type of deposit</b>				
Qard				
- Demand deposits	15,983	232,483	15,987	232,487
- Gold deposits	97,615	116,556	97,615	116,556
Murabahah				
- Term placement	345,296	1,123,265	345,296	1,123,265
- Savings deposits	53,884	103,828	53,884	103,828
	512,778	1,576,132	512,782	1,576,136
<b>(ii) By type of customer</b>				
Business enterprises	227,831	639,331	227,831	639,331
Individuals	161,045	254,243	161,045	254,243
Subsidiaries	-	-	4	4
Government and statutory bodies	120,291	594,123	120,291	594,123
Others	3,611	88,435	3,611	88,435
	512,778	1,576,132	512,782	1,576,136
<b>(iii) By contractual maturity</b>				
Due within six months	510,705	1,499,635	510,709	1,499,639
More than six months to one year	2,073	76,497	2,073	76,497
	512,778	1,576,132	512,782	1,576,136

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## NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2025

### 17 DEPOSITS AND PLACEMENTS OF BANKS AND OTHER FINANCIAL INSTITUTIONS

	Group and Bank	
	2025 RM'000	2024 RM'000
<u>Murabahah</u>		
Licensed Islamic banks	50,000	100,000
Other financial institutions	1,722,144	1,345,188
	1,772,144	1,445,188

### 18 INVESTMENT ACCOUNTS OF CUSTOMERS

	Group and Bank	
	2025 RM'000	2024 RM'000
As at 1 January	-	2,493
Net withdrawals during the year	-	(2,527)
Income from investment	-	59
Profit distributed to mudarib	-	(25)
As at 31 December	-	-
<b>Investment asset:</b>		
Wadiah placement with BNM	-	-

#### Profit sharing ratio and rate of return

	Investment account holder			
	Average profit sharing ratio		Average rate of return	
	Group and Bank			
	2025 (%)	2024 (%)	2025 (%)	2024 (%)
<b>Unrestricted investment accounts:</b>				
Less than 3 months	-	58	-	1.80

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## NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2025

### 19 OTHER LIABILITIES

	Note	Group		Bank	
		2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Sundry creditors	(i)	31,062	28,453	31,055	28,446
Accrued restoration cost		6,046	6,091	6,046	6,091
Other provisions and accruals		96,068	78,238	96,068	78,238
Undistributed charity funds	(ii)	118	134	118	134
		133,294	112,916	133,287	112,909

(i) Included in sundry creditors is an amount payable to holding company of RM5.0 million (2024: RM4.9 million) arising from revenue streams of Specific Profit Sharing Investment Accounts ("SPSIA").

(ii) Sources and uses of charity funds:

	Group and Bank	
	2025 RM'000	2024 RM'000
Sources of charity funds:		
Undistributed charity funds as at 1 January	134	1,422
Penalty charges on late payment	494	2,149
Total sources of funds during the year	628	3,571
Uses of charity funds:		
Payment for recovery cost and other expenses	(411)	(3,292)
Contribution to non-profit organisations	(85)	(145)
Aid to needy family	(14)	-
Total uses of funds during the year	(510)	(3,437)
Undistributed charity funds as at 31 December	118	134

### 20 PROVISION FOR ZAKAT

In 2025, zakat is calculated based on opening reserve method of Kuwait Finance House (Malaysia) Berhad and paid by Kuwait Finance House K.S.C who is the sole shareholder of the Bank.

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### 21 SHARE CAPITAL

Group and Bank	Number of ordinary shares at RM1.00 each		Amount	
	2025 Units'000	2024 Units'000	2025 RM'000	2024 RM'000
<b>Issued and fully paid:</b>				
As at 1 January/ As at 31 December	1,425,272	1,425,272	1,425,272	1,425,272

### 22 RESERVES

	Note	Group		Bank	
		2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
<b>Non-distributable</b>					
Statutory reserve	(i)	260,486	260,486	260,486	260,486
FVOCI reserve	(ii)	14,581	1,384	14,581	1,384
		275,067	261,870	275,067	261,870
<b>Distributable</b>					
Accumulated Losses		(77,113)	(24,164)	(77,110)	(24,161)
		197,954	237,706	197,957	237,709

The nature and purpose of each category of reserve are as follows:

(i) Statutory reserve

There are no transfer of the Bank's current year profits to statutory reserves.

(ii) FVOCI Reserve

This reserve represents the difference between fair value of the securities and their costs determined as at the statements of financial position date, excluding the amount relating to impaired securities.

### 23 OPERATING REVENUE

Operating revenue of the Group comprises all types of revenue derived from the business of banking but excluding all transactions between related companies.

Operating revenue of the Bank comprises financing income, fee and commission income, investment income, trading income, gross dividends and other income derived from banking operations.

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### 24 INCOME DERIVED FROM INVESTMENT OF DEPOSITORS' FUNDS AND OTHERS

	Group and Bank	
	2025 RM'000	2024 RM'000
Finance income from financing, advances and other receivables	83,189	136,544
Finance income from impaired financing	565	478
Finance income from financial assets at FVOCI	24,547	71,896
Money-at-call and deposits with financial institutions	12,055	9,098
	120,356	218,016
Amortisation of premium less accretion of discount	(976)	(2,410)
Total finance income and hibah	119,380	215,606
Gain arising from sale of securities		
- Financial assets at FVOCI	-	24,253
Net foreign exchange gain/(loss)	870	(447)
Fair value adjustment on financing held for sale	(9,130)	(145,248)
	111,120	94,164

### 25 INCOME DERIVED FROM INVESTMENT OF SHAREHOLDER'S EQUITY

	Group and Bank	
	2025 RM'000	2024 RM'000
Finance income from financing, advances and other receivables	57,601	57,140
Finance income from impaired financing	386	184
Finance income from financial assets at FVOCI	17,039	28,324
Money-at-call and deposits with financial institutions	8,402	3,976
	83,428	89,624
Amortisation of premium less accretion of discount	(680)	(950)
Total finance income and hibah	82,748	88,674
Fee income		
- Commissions	255	1,724
- Other fee income	813	1,667
Gain arising from sale of securities		
- Financial assets at FVOCI	-	9,159
Net foreign exchange gain	2,109	18,756
Unrealised gain/(loss) on forward contract revaluation	5,992	(12,135)
Fair value gain from financial assets at FVTPL	-	19,421
Fair value adjustment on financing held for sale	(6,334)	(59,467)
Gain on disposal of property, plant and equipment	1	5
Reversal of provision on property restoration	-	553
	85,584	68,357

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## NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2025

### 26 CREDIT LOSS WRITTEN BACK ON FINANCIAL ASSETS

The table below shows the net ECL writeback/(charges) on financial instruments for the year recorded in the income statement:

	31-Dec-25			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
<b>Group and Bank</b>				
Cash and short-term funds	(49)	-	-	(49)
Deposit and placements with banks and other financial institutions	-	-	-	-
Financing and advances to customers (note 7(d)(iv))	12,724	808	13,110	26,642
Bad debt recovered	-	-	5,503	5,503
Debt instruments measured at FVOCI	(56)	-	-	(56)
<b>Total impairment loss writeback</b>	<b>12,619</b>	<b>808</b>	<b>18,613</b>	<b>32,040</b>

	31-Dec-24			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
<b>Group and Bank</b>				
Cash and short-term funds	1,580	-	-	1,580
Deposit and placements with banks and other financial institutions	22	-	-	22
Financing and advances to customers (note 7(d)(iv))	74,725	29,157	(9,479)	94,403
Bad debt recovered	-	-	10,319	10,319
Debt instruments measured at FVOCI	4,331	-	-	4,331
<b>Total impairment loss writeback</b>	<b>80,658</b>	<b>29,157</b>	<b>840</b>	<b>110,655</b>

### 27 INCOME ATTRIBUTABLE TO DEPOSITORS

Deposits from customers  
 - Murabahah  
 Deposits and placements of banks and other financial institutions  
 - Murabahah and wakalah  
 - Others

Group and Bank	
2025 RM'000	2024 RM'000
24,698	87,036
56,710	67,217
9	71
<b>81,417</b>	<b>154,324</b>

### 28 PROFIT DISTRIBUTED TO INVESTMENT ACCOUNT HOLDERS

Income derived from investment of investment account funds  
 Profit distributed to mudarib

Group and Bank	
2025 RM'000	2024 RM'000
-	59
-	(26)
<b>-</b>	<b>33</b>

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## NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2025

### 29 PERSONNEL EXPENSES

	Group and Bank	
	2025 RM'000	2024 RM'000
Salaries and wages	30,937	35,041
Social security costs	297	308
Pension costs - defined contribution plan	8,518	8,567
Other staff costs	41,909	51,697
	<b>81,661</b>	<b>95,613</b>

Included in personnel expenses of the Group and the Bank during the financial year are the remuneration attributable to the Chief Executive Officer of the Bank as follow:

Name	Position	Salary and other remuneration* RM'000	Bonus ^ RM'000	Employees Provident Fund RM'000	Total RM'000
<b>2025</b>					
Ida Aizun Husin	Chief Executive Officer	2,671	-	387	3,058
	Total	<b>2,671</b>	<b>-</b>	<b>387</b>	<b>3,058</b>
<b>2024</b>					
Mohd Hazran Abd Hadi (Resigned on 8 July 2024)	Chief Executive Officer	644	1,250	303	2,197
Ida Aizun Husin (Appointed on 1 July 2024)	Chief Executive Officer	3,306	-	314	3,620
	Total	<b>3,950</b>	<b>1,250</b>	<b>617</b>	<b>5,817</b>

\* Includes leave encashment, gratuity, home passage, corporate membership housing allowances, retention and redundancy benefit.

^ Bonus amount above reflect the bonus amount paid during the year and deferred bonus.

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## NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2025

### 30 OTHER OVERHEADS AND EXPENDITURES

	Group & Bank	
	2025 RM'000	2024 RM'000
<b>Establishment</b>		
Rental	713	285
Depreciation of property and equipment (Note 13)	5,354	5,118
Amortisation of intangible assets (Note 14)	8,111	7,599
IT expenses	17,277	9,932
Hire of equipment	360	325
Depreciation of right of use assets (Note 12)	10,895	10,260
	42,710	33,519
<b>General expenses</b>		
Auditors remuneration		
- Statutory audit	697	617
- Non-audit services:	108	97
Directors' remuneration (Note 32)	3,375	3,330
Shariah Committee's remuneration (Note 32)	675	674
Communication expenses	1,971	2,163
Write-off of property and equipment	1,113	283
Legal fees	58,452	24,815
Others	13,242	19,851
	79,633	51,830
<b>Total overheads and expenditures</b>	122,343	85,349

### 31 FINANCE COST

	Group and Bank	
	2025 RM'000	2024 RM'000
Profit expenses on lease liabilities	422	460

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### 32 DIRECTORS' AND SHARIAH COMMITTEE'S REMUNERATION

	Group and Bank	
	2025 RM'000	2024 RM'000
<b>Directors of the Bank</b>		
Fees	3,375	3,330
Other remuneration	-	-
<b>Total directors remuneration*</b>	<b>3,375</b>	<b>3,330</b>
<b>Shariah Committee</b>		
Fees	624	624
Other remuneration	51	50
<b>Total Shariah Committee Remuneration</b>	<b>675</b>	<b>674</b>

The number of directors of the Bank whose total remuneration during the financial year fell within the following bands is analysed below:

	Bank	
	Number of directors	
	2025	2024
Directors		
RM1,000 - RM100,000	-	-
RM100,001 - RM150,000	-	-
RM150,001 - RM200,000	-	-
RM200,001 - RM250,000	-	-
RM250,001 - RM300,000	1	-
RM300,001 - RM400,000	1	1
RM400,001 - RM500,000	-	-
RM500,001 - RM600,000	1	2
RM600,001 - RM700,000	3	3
Total	6	6

\* Fixed remuneration in cash-based and non-deferred in nature.

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### 32 DIRECTORS' AND SHARIAH COMMITTEE'S REMUNERATION (Cont'd.)

The list of directors together with their remuneration during the financial year is as follow:

Name of Directors	Position	Board of Directors Fee RM'000	Board Audit Committee Fee RM'000	Board Risk Management Committee Fee RM'000	Board Nominating And Remuneration Committee Fee RM'000	Board Credit Committee Fee RM'000	Board Corporate Governance Committee Fee RM'000	Board Strategic Committee Fee RM'000	Total RM'000
<b>Group and Bank 2025</b>									
Muad S M M AIOsaimi	Chairman	540	-	-	-	-	90	90	720
Mohammad Nasser AlFouzan	Non-Independent non-executive director	270	45	90	90	-	90	-	585
Ahmad S A A AlKharji	Non-independent executive director	270	-	-	-	-	90	-	360
Khalid Sufat	Non-independent non-executive director	135	45	-	-	45	45	-	270
Abdul Khalil Abdul Hamid	Independent non-executive director	270	90	90	90	90	-	90	720
Mohamed Zaheer	Independent non-executive director	270	90	90	90	90	-	90	720
Mohamed Azreen	Independent non-executive director	270	90	90	90	90	-	90	720
<b>Total</b>		<b>1,755</b>	<b>270</b>	<b>270</b>	<b>270</b>	<b>225</b>	<b>315</b>	<b>270</b>	<b>3,375</b>

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### 32 DIRECTORS' AND SHARIAH COMMITTEE'S REMUNERATION (Cont'd.)

The list of directors together with their remuneration during the financial year is as follow: (Cont'd.)

Name of Directors	Position	Board of Directors Fee RM'000	Board Audit Committee Fee RM'000	Board Risk Management Committee Fee RM'000	Board Nominating And Remuneration Committee Fee RM'000	Board Credit Committee Fee RM'000	Board Corporate Governance Committee Fee RM'000	Board Strategic Committee Fee RM'000	Total RM'000
<b>Group and Bank 2024</b>									
Muad S M M AIOsaimi	Chairman	540	-	-	-	-	90	-	630
Mohammad Nasser AlFouzan	Non-Independent non-executive director	270	-	90	90	-	90	-	540
Ahmad S A A AlKharji	Non-independent executive director	270	-	-	-	-	90	-	360
Khalid Sufat	Non-independent non-executive director	270	90	-	-	90	90	-	540
Abdul Khalil Abdul Hamid	Independent non-executive director	270	90	90	90	90	-	-	630
Mohamed Zaheer	Independent non-executive director	270	90	90	90	90	-	-	630
Mohamed Azreen	Independent non-executive director	270	90	90	90	90	-	-	630
<b>Total</b>		1,890	270	270	270	270	360	-	3,330

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### 32 DIRECTORS' AND SHARIAH COMMITTEE'S REMUNERATION (Cont'd.)

Name of Shariah Committee Member	Total RM '000	Fee RM '000	Fixed Allowances RM '000	Non-Fixed Allowances RM '000
<b>2025</b>				
Sheikh Prof. Dr. Mohammad Abdul Razaq Al-Tabtabae	162	144	8	10
Sheikh Prof. Dr. Mubarak Jaza' Ashban Al-Harbi	128	120	8	-
Prof. Dr. Azman Mohd Noor	130	120	8	2
Sheikh Mehmet Odabasi	128	120	8	-
Sheikh Abdul Rahman Abdulla Khalil Jasim	32	30	2	-
Sheikh Dr. Esam Al-Ghareeb	95	90	5	-
	675	624	39	12
<b>2024</b>				
Sheikh Prof. Dr. Mohammad Abdul Razaq Al-Tabtabae	160	144	8	8
Sheikh Prof. Dr. Mubarak Jaza' Ashban Al-Harbi	128	120	8	-
Prof. Dr. Azman Mohd Noor	130	120	8	2
Sheikh Mehmet Odabasi	128	120	8	-
Sheikh Abdul Rahman Abdulla Khalil Jasim	128	120	8	-
	674	624	40	10

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### 33 TAXATION

Deferred tax (Note 15):

- Relating to origination and reversal of temporary differences
- Under provision in prior years

Total for Taxation

Group & Bank	
2025 RM'000	2024 RM'000
(4,150)	9,351
-	-
(4,150)	9,351

Domestic current income tax is calculated at the Malaysian statutory tax rate of 24% (2024: 24%) of the estimated assessable profit for the year.

Taxation for other jurisdictions are calculated at the rates prevailing in the respective jurisdictions.

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

Loss before taxation

Taxation at Malaysian statutory tax rate  
of 24% (2024: 24%)

Expenses not deductible for tax purposes

Deferred tax assets not recognised on unutilised tax losses

Deferred tax assets not recognised on unrecognized tax losses and  
other deductible temporary differences

Tax expense for the year

Bank	
2025 RM'000	2024 RM'000
(57,099)	(62,544)
(13,704)	(15,011)
19,136	7,203
-	63,697
(9,582)	(46,538)
(4,150)	9,351

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### 34 LOSS PER SHARE

Basic and diluted loss per share of the Group is calculated by dividing the net loss for the financial year by the weighted average number of ordinary shares in issue during the financial year.

	Group	
	2025	2024
Net loss for the year (RM'000)	(52,949)	(71,895)
Weighted average number of ordinary shares in issue ('000)	1,425,272	1,425,272
Basic/diluted loss per share (sen)	(3.72)	(5.04)

### 35 RELATED PARTY TRANSACTIONS

The directors are of the opinion that all transactions below have been entered into in the normal course of business and have been established on terms and conditions that are not materially different from those obtained in transactions with unrelated parties.

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions, or if one other party controls both.

The related parties of the Group and the Bank are as follows:

#### **Holding Company**

Details of holding company are disclosed in Note 42.

#### **Subsidiary**

Details of subsidiary are disclosed in Note 11.

#### **Subsidiaries of holding company**

Subsidiaries of the holding company are Ahli United Bank (Bahrain) B.S.C. (AUB), Kuwait Turkish Participation Bank (KTPB), Al Enma'a Real Estate Company K.S.C.P., Baitak Real Estate Investment Company S.S.C., Ahli United Bank (U.K.) PLC ("AUBUK"), Ahli United Bank K.S.C.P. ("AUBK"), Ahli United Bank (Egypt) S.A.E. ("AUBE"), Commercial Bank of Iraq P.S.C. ("CBIQ"), KFH Capital, Development Enterprises Holding Co., Aref Investment Group, Kuwait Finance House Real Estate Company, International Integrated Computer Systems Group Co., Bahrain Pearl Company, Saudi Kuwaiti Finance House and Baitak Nominees Company.

#### **Key management personnel**

Key management personnel are 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 selected Heads of Divisions.

#### **Directors**

The identity of the directors of the Bank, are disclosed in the Director's report.

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### 35 RELATED PARTY TRANSACTIONS (Cont'd.)

#### (a) Related party transactions

The significant transactions and outstanding balances of the Bank with its related parties are as follows:

Bank 2025	Holding company RM'000	Subsidiaries RM'000	Subsidiaries & joint ventures of holding companies RM'000	Key management personnel RM'000	Companies with common directors RM'000	Directors RM'000
<b>(i) Income</b>						
Profit income on financing	-	-	-	38	-	-
	-	-	-	38	-	-
<b>(ii) Expenditure</b>						
Profit expense on deposits	-	-	2	10	-	1
Other fees	-	-	14,224	-	-	-
	-	-	14,226	10	-	1

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### 35 RELATED PARTY TRANSACTIONS (Cont'd.)

#### (a) Related party transactions (Cont'd.)

The significant transactions and outstanding balances of the Bank with its related parties are as follows: (Cont'd.)

Bank 2025 (Cont'd.)	Holding company RM'000	Subsidiaries RM'000	Subsidiaries & joint ventures of holding companies RM'000	Key management personnel RM'000	Companies with common directors RM'000	Directors RM'000
<b>(iii) Amount due to related parties</b>						
Deposits from customers	-	4	757	686	-	99
Sundry creditors (Note 19)	5,011	-	-	-	-	-
	5,011	4	757	686	-	99
<b>(iv) Amount due from related parties</b>						
Investment in unquoted shares	-	-	19,421	-	-	-
Financing	-	-	-	1,007	-	-
Deposits and placements with banks and other FIs	419	-	-	-	-	-
Other assets	-	-	75,931	-	-	-
	419	-	95,352	1,007	-	-
<b>(v) Others</b>						
Purchases of intangible assets	-	-	257	-	-	-
	-	-	257	-	-	-

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### 35 RELATED PARTY TRANSACTIONS (Cont'd.)

#### (a) Related party transactions (Cont'd.)

The significant transactions and outstanding balances of the Bank with its related parties are as follows: (Cont'd.)

Bank 2024	Holding company RM'000	Subsidiaries RM'000	Subsidiaries & joint ventures of holding companies RM'000	Key management personnel RM'000	Companies with common directors RM'000	Directors RM'000
<b>(i) Income</b>						
Profit income on financing	-	-	-	40	-	-
	-	-	-	40	-	-
<b>(ii) Expenditure</b>						
Profit expense on deposits	8,655	-	757	18	-	1
Other fees	-	-	14,452	-	-	-
	8,655	-	15,209	18	-	1

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### 35 RELATED PARTY TRANSACTIONS (Cont'd.)

#### (a) Related party transactions (Cont'd.)

The significant transactions and outstanding balances of the Bank with its related parties are as follows: (Cont'd.)

Bank 2024 (Cont'd.)	Holding company RM'000	Subsidiaries RM'000	Subsidiaries & joint ventures of holding companies RM'000	Key management personnel RM'000	Companies with common directors RM'000	Directors RM'000
<b>(iii) Amount due to related parties</b>						
Deposits from customers	-	4	7,159	841	-	284
Sundry creditors (Note 19)	4,909	-	-	-	-	-
	4,909	4	7,159	841	-	284
<b>(iv) Amount due from related parties</b>						
Investment in unquoted shares	-	-	19,421	-	-	-
Financing	-	-	-	1,124	-	-
Deposits and placements with banks and other FIs	4,284	-	-	-	-	-
Other assets	-	-	75,891	-	-	-
	4,284	-	95,312	1,124	-	-
<b>(v) Others</b>						
Purchases of intangible assets	-	-	204	-	-	-
	-	-	204	-	-	-

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### 35 RELATED PARTY TRANSACTIONS (Cont'd.)

#### (b) Key management personnel compensation

The remuneration of key management personnel during the year are as follows:

	Group and Bank	
	2025 RM'000	2024 RM'000
- Short-term employee benefits	4,848	9,955
- Post employment benefit	1,557	2,434
- Long term benefit	3,220	5,257
- Termination benefit	3,978	5,035
	13,603	22,681

The total key management personnel compensation includes Chief Executive Officer's remuneration of which details are disclosed in Note 29.

#### (c) Credit transactions and exposures with connected parties

	Total outstanding value RM'000	Total number of accounts	Total exposure * RM'000	Total non- performing credit exposure RM'000
<b>2025</b>				
Financing, credit facility and leasing (except guarantee)	99,701	1	99,701	-
Off-balance sheet exposures	-	-	-	-
	99,701	1	99,701	-
Total exposure to connected parties as % capital base			6.1%	0.0%
Total exposure to connected parties as % of total outstanding credit exposures			3.2%	0.0%

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### 35 RELATED PARTY TRANSACTIONS (Cont'd.)

#### (c) Credit transactions and exposures with connected parties (Cont'd.)

	Total outstanding value RM'000	Total number of accounts	Total exposure * RM'000	Total non- performing credit exposure RM'000
<b>2024</b>				
Financing, credit facility and leasing (except guarantee)	99,701	1	99,701	-
Off-balance sheet exposures	772	1	772	-
	100,473	2	100,473	-
Total exposure to connected parties as % capital base			6.0%	0.0%
Total exposure to connected parties as % of total outstanding credit exposures			2.2%	0.0%

\* Included total outstanding and unutilised limit.

The credit exposure above are derived based on para 9.1 of Bank Negara Malaysia's revised Guidelines on Credit Transaction and Exposures with Connected Parties.

Based on these guidelines, a connected party refers to the following:

- (i) Directors of the Bank and their close relatives;
- (ii) Controlling shareholder and his close relatives;
- (iii) Executive officer, being a member of management having authority and responsibility of planning, directing and/or controlling the activities of the Bank, and his close relatives;
- (iv) Officers who are responsible for or have the authority to appraise and/or approve credit transactions or review the status of existing credit transactions, either as a member of a committee or individually, and their close relatives;
- (v) Firms, partnerships, companies or any legal entities which control, or are controlled by any person listed in (i) to (iv) above, or in which they have an interest, as a director, partner, executive officer, agent or guarantor, and their subsidiaries or entities controlled by them;
- (vi) Any person for whom the persons listed in (i) to (iv) above is a guarantor; and
- (vii) Subsidiary of or an entity controlled by the Bank and its connected parties.

Credit transactions and exposures to connected parties as disclosed above includes the extension of credit facilities and/or off-balance sheet credit exposures such as guarantees, trade-related facilities and financing commitments.

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### 36 COMMITMENTS AND CONTINGENCIES

#### (a) Commitments and contingencies

In the normal course of business, the Bank make various commitments and incur certain contingent liabilities with legal recourse to their customers. No material losses are anticipated as a result of these transactions.

	2025			2024		
	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
<b>Group and Bank</b>						
Direct credit substitutes	3	3	-	1,064	1,064	-
Transaction related contingencies	-	-	-	79,841	39,921	29,212
Irrevocable commitments to extend credit						
- maturity less than one year	-	-	-	57,941	11,588	11,515
- maturity more than one year	13,667	6,833	5,125	18,754	9,377	7,033
Foreign exchange related contracts *						
- less than one year	-	-	-	161,010	4,520	904
- one year to five years	-	-	-	77,927	1,785	356
	13,670	6,836	5,125	396,537	68,255	49,020
		Note 38 (d)	Note 38 (d)		Note 38 (d)	Note 38 (d)

\* The foreign exchange related contracts and ljarah rental swap related contracts are subject to market risk and credit risk.

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## NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2025

### 36 COMMITMENTS AND CONTINGENCIES (Cont'd.)

#### (a) Commitments and contingencies (Cont'd.)

To meet the financial needs of customers, the Bank enters into various irrevocable commitments and contingent liabilities. These consist of financial guarantees, letters of credit and other commitments to lend. Even though these obligations may not be recognised on the statement of financial position, they contain credit risk and, therefore, form part of the overall risk of the Bank.

Letters of credit and guarantees (including standby letters of credit) commit the Bank to make payments on behalf of customers in the event of a specific act, generally related to the import or export of goods. Guarantees and standby letters of credit carry a similar credit risk to financing. The nominal values of such commitments are listed below:

	Group and Bank	
	2025	2024
	RM'000	RM'000
Financial guarantees	3	1,064
Letters of credit	-	79,841
Other undrawn commitments	13,667	76,695
Total commitment	13,670	157,600
Less : ECL allowance	-	(376)
	<u>13,670</u>	<u>157,224</u>

The credit equivalent and risk-weighted amounts are derived from using the credit conversion factors and risk weights respectively as specified in accordance with Bank Negara Malaysia's Capital Adequacy Framework for Islamic Banks ("CAFIB").

#### Market risk

Market risk is the potential change in value caused by movement in market rates or prices. The contractual amounts stated above provide only a measure of involvement in these types of transactions and do not represent the amounts subject to market risk.

#### Credit risk

Credit risk is the risk that a counterparty will be unable to meet the terms of a contract in which the Bank has a gain position. As at 31 December 2025, the amount of credit risk in the Group and in the Bank, measured in terms of the cost to replace the profitable contracts, was Nil (2024: RM936,859). This amount will increase or decrease over the life of the contracts, mainly as a function of maturity dates and market rates or prices.

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### 36 COMMITMENTS AND CONTINGENCIES (Cont'd.)

#### Impairment losses on guarantees and other commitments

An analysis of changes in the allowance for impairment losses in relation to guarantees and other commitments is, as follows:

##### Financial guarantees

Group and Bank	31-Dec-25			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
ECL allowance as at 1 January 2025	-	-	-	-
Net remeasurement of loss allowance	-	-	-	-
New financial assets originated or purchased	-	-	-	-
Financial assets that have matured	-	-	-	-
<b>ECL allowance as at 31 December 2025</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

Group and Bank	31-Dec-24			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
ECL allowance as at 1 January 2024	2	-	-	2
Net remeasurement of loss allowance	-	-	-	-
New financial assets originated or purchased	-	-	-	-
Financial assets that have matured	(2)	-	-	(2)
<b>ECL allowance as at 31 December 2024</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

##### Letters of credit

Group and Bank	31-Dec-25			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
ECL allowance as at 1 January 2025	84	-	-	84
Net remeasurement of loss allowance	-	-	-	-
Financial assets that have matured	(84)	-	-	(84)
<b>ECL allowance as at 31 December 2025</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

Group and Bank	31-Dec-24			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
ECL allowance as at 1 January 2024	241	-	-	241
Net remeasurement of loss allowance	(137)	-	-	(137)
Financial assets that have matured	(20)	-	-	(20)
<b>ECL allowance as at 31 December 2024</b>	<b>84</b>	<b>-</b>	<b>-</b>	<b>84</b>

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**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2025**

**36 COMMITMENTS AND CONTINGENCIES (Cont'd.)**

**Impairment losses on guarantees and other commitments (Cont'd.)**

*Other undrawn commitments*

Group and Bank	31-Dec-25			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
<b>ECL allowance as at 1 January 2025</b>	292	-	-	292
Net remeasurement of loss allowance	-	-	-	-
New financial assets originated or purchased	-	-	-	-
Financial assets that have matured	(292)	-	-	(292)
<b>ECL allowance as at 31 December 2025</b>	-	* -	* -	-

Group and Bank	31-Dec-24			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
<b>ECL allowance as at 1 January 2024</b>	31	-	-	31
Net remeasurement of loss allowance	6	-	-	6
New financial assets originated or purchased	286	-	-	286
Financial assets that have matured	(31)	-	-	(31)
<b>ECL allowance as at 31 December 2024</b>	292	-	-	292

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### 37 CAPITAL COMMITMENTS

#### Capital expenditure:

Authorised and contracted for

- computer hardware
- computer software

Authorised but not contracted for

- computer software

Group and Bank	
2025	2024
RM'000	RM'000
1,317	510
120	1,464
3,343	10,022
4,780	11,996

### 38 CAPITAL ADEQUACY

The Group and the Bank has adopted Bank Negara Malaysia's CAFIB guidelines to further improve capital adequacy assessment; enhance risk management processes, measurements and management capabilities; as well as to promote thorough and transparent reporting.

For the purpose of the computation of capital adequacy ratios, the Group and the Bank has adopted the Standardised Approach for Credit Risk and Market Risk. Effective 1 January 2025, the Group adopted the Standardised Approach for Operational Risk in accordance with regulatory requirements, replacing the previously applied Basic Indicator Approach. The definition and classification of the counterparty, exposure and asset types applied for the purpose of Capital Adequacy's reports are as per the Bank Negara Malaysia's CAFIB.

In addition, the Group and the Bank has also provided detailed Capital Adequacy disclosures as per the requirements stipulated in Bank Negara Malaysia CAFIB - Disclosures Requirements (Pillar 3) guidelines.

The minimum regulatory capital adequacy ratios before including capital conservation buffer ("CCB") and countercyclical capital buffer ("CCyB") for CET I capital ratio, Tier I capital ratio and total capital ratio are 4.5%, 6.0% and 8.0% respectively.

(a) The capital adequacy ratios of the Group and the Bank as at 31 December, are as follows:

	Group		Bank	
	2025	2024	2025	2024
<b>CET 1/ Tier 1 capital ratio</b>	68.154%	51.197%	68.154%	51.197%
<b>Total capital ratio</b>	69.101%	52.263%	69.101%	52.263%

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## NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2025

### 38 CAPITAL ADEQUACY (Cont'd.)

(b) The Tier I and Tier II capital of the Group and the Bank as at 31 December, are as follows:

	Group		Bank	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
<b>CET 1/Tier I capital</b>				
Paid-up share capital	1,425,272	1,425,272	1,425,272	1,425,272
Statutory reserve	260,486	260,486	260,486	260,486
Other reserves	(62,532)	(22,780)	(62,529)	(22,777)
<b>CET 1 capital before regulatory adjustment</b>	<b>1,623,226</b>	<b>1,662,978</b>	<b>1,623,229</b>	<b>1,662,981</b>
Less: Regulatory adjustment on CET1 capital	(11,198)	(12,402)	(11,198)	(12,402)
Deferred tax assets (net)	-	-	-	-
Other regulatory adjustment	(11,198)	(12,402)	(11,198)	(12,402)
<b>Total CET 1/Tier I capital</b>	<b>1,612,028</b>	<b>1,650,576</b>	<b>1,612,031</b>	<b>1,650,579</b>
Collective impairment on financing *	22,390	34,385	22,390	34,385
<b>Total Tier II capital</b>	<b>22,390</b>	<b>34,385</b>	<b>22,390</b>	<b>34,385</b>
<b>Capital base</b>	<b>1,634,418</b>	<b>1,684,961</b>	<b>1,634,421</b>	<b>1,684,964</b>

\* Refer to loss allowances measured at an amount to 12-month and lifetime expected credit losses and regulatory reserve, to the extent they are ascribed to non-credit impaired exposures, determined under Standardised Approach for credit risk subject to a maximum of 1.25% of total Risk-Weighted Assets.

(c) The Risk-Weighted Capital Ratio of the Group and the Bank as at 31 December, are as follows:

	Group		Bank	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
<b>Computation of Total Risk-Weighted Assets ("RWA")</b>				
Total credit RWA	1,791,226	2,750,823	1,791,226	2,750,823
Total market RWA	205,497	131,034	205,497	131,034
Total operational RWA	368,550	342,141	368,550	342,141
<b>Total Risk-Weighted Assets</b>	<b>2,365,273</b>	<b>3,223,998</b>	<b>2,365,273</b>	<b>3,223,998</b>

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### 38 CAPITAL ADEQUACY (Cont'd.)

(d) The breakdown of risk-weighted assets ("RWA") by exposures in each major risk category for the current financial year are as follows:

Group 2025	Gross Exposures RM'000	Net Exposures ** RM'000	Risk- Weighted Assets RM'000	Total Risk- Weighted Assets After Effects of PSIA RM'000	Capital Requirement RM'000
<b>(i) Credit Risk</b>					
<b>(a) On-Balance Sheet Exposures</b>					
Sovereigns/Central Banks	914,884	914,884	-	-	-
Banks, development financial institutions & MDBs	654,155	654,155	163,909	163,909	13,113
Corporates	412,196	412,196	60,719	60,719	4,857
Regulatory retail	1,010,585	1,010,585	925,311	925,311	74,025
Residential mortgages	994,891	994,891	450,409	450,409	36,033
Higher Risk Assets <sup>1</sup>	19,421	19,421	29,132	29,132	2,331
Other assets	287,725	287,725	95,171	95,171	7,614
Defaulted exposures <sup>2</sup>	67,624	67,624	61,450	61,450	4,916
	<b>4,361,481</b>	<b>4,361,481</b>	<b>1,786,101</b>	<b>1,786,101</b>	<b>142,889</b>
<b>(b) Off-Balance Sheet Exposures*</b>					
OTC hedging financial instruments <sup>3</sup>	-	-	-	-	-
Off-balance sheet exposures other than OTC hedging financial instruments	6,836	6,833	5,125	5,125	410
	6,836	6,833	5,125	5,125	410
<b>Total On and Off-Balance Sheet Exposures</b>	<b>4,368,317</b>	<b>4,368,314</b>	<b>1,791,226</b>	<b>1,791,226</b>	<b>143,299</b>

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### 38 CAPITAL ADEQUACY (Cont'd.)

(d) The breakdown of risk-weighted assets ("RWA") by exposures in each major risk category for the current financial year are as follows: (Cont'd.)

Group 2025 (Cont'd.)	Gross Exposures RM'000	Net Exposures ** RM'000	Risk- Weighted Assets RM'000	Total Risk- Weighted Assets After Effects of PSIA RM'000	Capital Requirement RM'000
(ii) Large Exposures Risk Requirement	-	-	-	-	-
	<b>Long Position</b>	<b>Short Position</b>			
(iii) Market Risk Foreign Currency Risk <sup>4</sup>	205,497	-	205,497	205,497	16,440
			<b>205,497</b>	<b>205,497</b>	<b>16,440</b>
(iv) Operational Risk			<b>368,550</b>	<b>368,550</b>	<b>29,484</b>
(v) Total RWA and Capital Requirements			<b>2,365,273</b>	<b>2,365,273</b>	<b>189,223</b>

Note:

\* Credit equivalent of off-balance sheet items

<sup>1</sup> After netting and credit risk mitigation (Eligible financial collateral)

<sup>2</sup> Defaulted exposures are classified based on Appendix 3 'Definition of Default' of CAFIB guidelines issued by Bank Negara Malaysia.

<sup>3</sup> Credit equivalent amount for the OTC derivative positions are calculated based on 'current-exposure method' stipulated in CAFIB guidelines - Appendix VI issued by Bank Negara Malaysia.

<sup>4</sup> Computation is as per Part D - Market Risk of CAFIB guidelines issued by Bank Negara Malaysia.

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### 38 CAPITAL ADEQUACY (Cont'd.)

(d) The breakdown of risk-weighted assets ("RWA") by exposures in each major risk category for the current financial year are as follows: (Cont'd.)

Group 2024	Gross Exposures RM'000	Net Exposures ** RM'000	Risk- Weighted Assets RM'000	Total Risk- Weighted Assets After Effects of PSIA RM'000	Capital Requirement RM'000
<b>(i) Credit Risk</b>					
<b>(a) On-Balance Sheet Exposures</b>					
Sovereigns/Central Banks	750,867	750,867	-	-	-
Banks, development financial institutions & MDBs	371,088	371,088	109,526	109,526	8,762
Corporates	1,285,108	1,237,418	643,361	643,361	51,469
Regulatory retail	1,322,391	1,322,391	1,205,879	1,205,879	96,470
Residential mortgages	1,060,940	1,060,940	499,229	499,229	39,938
Higher Risk Assets <sup>1</sup>	19,421	19,421	29,132	29,132	2,331
Other assets	254,427	254,427	121,468	121,468	9,717
Defaulted exposures <sup>2</sup>	84,646	84,646	93,208	93,208	7,457
	5,148,888	5,101,198	2,701,803	2,701,803	216,144
<b>(b) Off-Balance Sheet Exposures*</b>					
OTC hedging financial instruments <sup>3</sup>	6,305	6,305	1,261	1,261	101
Off-balance sheet exposures other than OTC hedging financial instruments	61,950	50,104	47,759	47,759	3,821
	68,255	56,409	49,020	49,020	3,922
<b>Total On and Off-Balance Sheet Exposures</b>	<b>5,217,143</b>	<b>5,157,607</b>	<b>2,750,823</b>	<b>2,750,823</b>	<b>220,066</b>

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**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2025**

**38 CAPITAL ADEQUACY (Cont'd.)**

(d) The breakdown of risk-weighted assets ("RWA") by exposures in each major risk category for the current financial year are as follows: (Cont'd.)

Group 2024 (Cont'd.)	Gross Exposures RM'000		Net Exposures ** RM'000	Risk- Weighted Assets RM'000	Total Risk- Weighted Assets After Effects of PSIA RM'000	Capital Requirement RM'000
(ii) Large Exposures Risk Requirement	-		-	-	-	-
	Long Position	Short Position				
(iii) Market Risk						
Foreign Currency Risk <sup>4</sup>	131,034	-	131,034	131,034	131,034	10,483
			<b>131,034</b>	<b>131,034</b>	<b>131,034</b>	<b>10,483</b>
(iv) Operational Risk				<b>342,141</b>	<b>342,141</b>	<b>27,371</b>
(v) Total RWA and Capital Requirements				<b>3,223,998</b>	<b>3,223,998</b>	<b>257,920</b>

Note:

\* Credit equivalent of off-balance sheet items

<sup>1</sup> After netting and credit risk mitigation (Eligible financial collateral)

<sup>2</sup> Defaulted exposures are classified based on Appendix 3 'Definition of Default' of CAFIB guidelines issued by Bank Negara Malaysia.

<sup>3</sup> Credit equivalent amount for the OTC derivative positions are calculated based on 'current-exposure method' stipulated in CAFIB guidelines - Appendix VI issued by Bank Negara Malaysia.

<sup>4</sup> Computation is as per Part D - Market Risk of CAFIB guidelines issued by Bank Negara Malaysia.

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### 38 CAPITAL ADEQUACY (Cont'd.)

(d) The breakdown of risk-weighted assets ("RWA") by exposures in each major risk category for the current financial year are as follows: (Cont'd.)

Bank 2025	Gross Exposures RM'000	Net Exposures ** RM'000	Risk- Weighted Assets RM'000	Total Risk- Weighted Assets After Effects of PSIA RM'000	Capital Requirement RM'000
<b>(i) Credit Risk</b>					
<b>(a) On-Balance Sheet Exposures</b>					
Sovereigns/Central Banks	914,884	914,884	-	-	-
Banks, development financial institutions & MDBs	654,155	654,155	163,909	163,909	13,113
Corporates	412,196	412,196	60,719	60,719	4,857
Regulatory retail	1,010,585	1,010,585	925,311	925,311	74,025
Residential mortgages	994,891	994,891	450,409	450,409	36,033
Higher Risk Assets <sup>1</sup>	19,421	19,421	29,132	29,132	2,331
Other assets	287,725	287,725	95,171	95,171	7,614
Defaulted exposures <sup>2</sup>	67,624	67,624	61,450	61,450	4,916
	<b>4,361,481</b>	<b>4,361,481</b>	<b>1,786,101</b>	<b>1,786,101</b>	<b>142,889</b>
<b>(b) Off-Balance Sheet Exposures*</b>					
OTC Hedging financial instruments <sup>3</sup>	-	-	-	-	-
Off-balance sheet exposures other than OTC hedging financial instruments	6,836	6,833	5,125	5,125	410
	6,836	6,833	5,125	5,125	410
<b>Total On and Off-Balance Sheet Exposures</b>	<b>4,368,317</b>	<b>4,368,314</b>	<b>1,791,226</b>	<b>1,791,226</b>	<b>143,299</b>

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### 38 CAPITAL ADEQUACY (Cont'd.)

(d) The breakdown of risk-weighted assets ("RWA") by exposures in each major risk category for the current financial year are as follows: (Cont'd.)

Bank 2025 (Cont'd.)	Gross Exposures RM'000		Net Exposures ** RM'000	Risk- Weighted Assets RM'000	Total Risk- Weighted Assets After Effects of PSIA RM'000	Capital Requirement RM'000
(ii) Large Exposures Risk Requirement						
(iii) Market Risk	Long	Short				
Foreign Currency Risk <sup>4</sup>	205,497	-	205,497	205,497	205,497	16,440
			<b>205,497</b>	<b>205,497</b>	<b>205,497</b>	<b>16,440</b>
(iv) Operational Risk				<b>368,550</b>	<b>368,550</b>	<b>29,484</b>
(v) Total RWA and Capital Requirements				<b>2,365,273</b>	<b>2,365,273</b>	<b>189,223</b>

Note:

\* Credit equivalent of off-balance sheet items

<sup>1</sup> After netting and credit risk mitigation (Eligible financial collateral)

<sup>2</sup> Defaulted exposures are classified based on Appendix 3 'Definition of Default' of CAFIB guidelines issued by Bank Negara Malaysia.

<sup>3</sup> Credit equivalent amount for the OTC derivative positions are calculated based on 'current-exposure method' stipulated in CAFIB guidelines - Appendix VI issued by Bank Negara Malaysia.

<sup>4</sup> Computation is as per Part D - Market Risk of CAFIB guidelines issued by Bank Negara Malaysia.

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### 38 CAPITAL ADEQUACY (Cont'd.)

(d) The breakdown of risk-weighted assets ("RWA") by exposures in each major risk category for the current financial year are as follows: (Cont'd.)

Bank 2024	Gross Exposures RM'000	Net Exposures ** RM'000	Risk- Weighted Assets RM'000	Total Risk- Weighted Assets After Effects of PSIA RM'000	Capital Requirement RM'000
<b>(i) Credit Risk</b>					
<b>(a) On-Balance Sheet Exposures</b>					
Sovereigns/Central Banks	750,867	750,867	-	-	-
Banks, development financial Institutions & MDBs	371,088	371,088	109,526	109,526	8,762
Corporates	1,285,108	1,237,418	643,361	643,361	51,469
Regulatory retail	1,322,391	1,322,391	1,205,879	1,205,879	96,470
Residential mortgages	1,060,940	1,060,940	499,229	499,229	39,938
Higher Risk Assets <sup>1</sup>	19,421	19,421	29,132	29,132	2,331
Other assets	254,427	254,427	121,468	121,468	9,717
Defaulted exposures <sup>2</sup>	84,646	84,646	93,208	93,208	7,457
	5,148,888	5,101,198	2,701,803	2,701,803	216,144
<b>(b) Off-Balance Sheet Exposures*</b>					
OTC hedging financial instruments <sup>3</sup>	6,305	6,305	1,261	1,261	101
Off-balance sheet exposures other than OTC hedging financial instruments	61,950	50,104	47,759	47,759	3,821
	68,255	56,409	49,020	49,020	3,922
<b>Total On and Off-Balance Sheet Exposures</b>	<b>5,217,143</b>	<b>5,157,607</b>	<b>2,750,823</b>	<b>2,750,823</b>	<b>220,066</b>

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## NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2025

### 38 CAPITAL ADEQUACY (Cont'd.)

(d) The breakdown of risk-weighted assets ("RWA") by exposures in each major risk category for the current financial year are as follows: (Cont'd.)

Bank 2024 (Cont'd.)		Gross Exposures		Net Exposures **	Risk-Weighted Assets	Total Risk-Weighted Assets After Effects of PSIA	Capital Requirement
		RM'000					
(ii)	Large Exposures Risk Requirement	-	-	-	-	-	-
		<b>Long</b>	<b>Short</b>				
(iii)	Market Risk						
	Foreign Currency Risk <sup>4</sup>	131,034	-	131,034	131,034	131,034	10,483
				<b>131,034</b>	<b>131,034</b>	<b>131,034</b>	<b>10,483</b>
(iv)	Operational Risk				<b>342,141</b>	<b>342,141</b>	<b>27,371</b>
(v)	Total RWA and Capital Requirements				<b>3,223,998</b>	<b>3,223,998</b>	<b>257,920</b>

Note:

\* Credit equivalent of off-balance sheet items

<sup>1</sup> After netting and credit risk mitigation (Eligible financial collateral)

<sup>2</sup> Defaulted exposures are classified based on Appendix 3 'Definition of Default' of CAFIB guidelines issued by Bank Negara Malaysia.

<sup>3</sup> Credit equivalent amount for the OTC derivative positions are calculated based on 'current-exposure method' stipulated in CAFIB guidelines - Appendix VI issued by Bank Negara Malaysia.

<sup>4</sup> Computation is as per Part D - Market Risk of CAFIB guidelines issued by Bank Negara Malaysia.

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## NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2025

### 38 CAPITAL ADEQUACY (Cont'd.)

(e) The breakdown of credit risk disclosure by risk-weights (including deducted exposures) for the current financial year, are as follows: (Cont'd.)

	<b>Sovereigns &amp; Central Banks RM'000</b>	<b>Banks, MDBs and DFIs RM'000</b>	<b>Corporate RM'000</b>	<b>Regulatory Retail RM'000</b>	<b>Residential Mortgages RM'000</b>	<b>Higher Risk Assets RM'000</b>	<b>Other Assets RM'000</b>	<b>Total Exposures after Netting and Credit Risk Mitigation RM'000</b>	<b>Total Risk- Weighted Assets RM'000</b>
<b>Group and Bank 2025</b>									
<b>Risk-Weights</b>									
0%	914,884	-	271,087	-	-	-	192,554	1,378,525	-
20%	-	543,906	61,899	-	-	-	-	605,805	121,161
35%	-	-	-	-	639,438	-	-	639,438	223,803
50%	-	110,244	75,461	29	271,042	-	-	456,776	228,388
75%	-	-	-	347,930	-	-	-	347,930	260,947
100%	-	6	22,788	669,541	118,172	-	95,171	905,678	905,678
150%	-	-	13,984	760	-	19,421	-	34,165	51,249
<b>Exposures after Netting and Credit Risk Mitigation</b>	<b>914,884</b>	<b>654,156</b>	<b>445,219</b>	<b>1,018,260</b>	<b>1,028,652</b>	<b>19,421</b>	<b>287,725</b>	<b>4,368,317</b>	<b>1,791,226</b>

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### 38 CAPITAL ADEQUACY (Cont'd.)

(e) The breakdown of credit risk disclosure by risk-weights (including deducted exposures) for the current financial year, are as follows: (Cont'd.)

Group and Bank	Sovereigns & Central Banks RM'000	Banks, MDBs and DFIs RM'000	Corporate RM'000	Regulatory Retail RM'000	Residential Mortgages RM'000	Higher Risk Assets RM'000	Other Assets RM'000	Total Exposures after Netting and Credit Risk Mitigation RM'000	Total Risk- Weighted Assets RM'000
<b>2024</b>									
<b>Risk-Weights</b>									
0%	750,867	-	495,154	-	-	-	132,958	1,378,979	-
20%	-	259,702	123,630	-	-	-	-	383,332	76,666
35%	-	-	-	-	642,334	-	-	642,334	224,817
50%	-	117,688	17,012	38	296,734	-	-	431,472	215,736
75%	-	-	-	475,424	-	-	-	475,424	356,568
100%	-	2	659,362	856,410	146,883	-	121,468	1,784,125	1,784,125
150%	-	-	18,376	719	-	42,846	-	61,941	92,911
<b>Exposures after Netting and Credit Risk Mitigation</b>	<b>750,867</b>	<b>377,392</b>	<b>1,313,534</b>	<b>1,332,591</b>	<b>1,085,951</b>	<b>42,846</b>	<b>254,426</b>	<b>5,157,607</b>	<b>2,750,823</b>

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### 38 CAPITAL ADEQUACY (Cont'd.)

(f) The breakdown of risk-weighted assets by risk-weights are as follows:

	Group		Bank	
	Principal RM'000	Risk-weighted RM'000	Principal RM'000	Risk-weighted RM'000
<b>2025</b>				
0%	1,378,525	-	1,378,525	-
20%	605,805	121,161	605,805	121,161
35%	639,438	223,803	639,438	223,803
50%	456,776	228,388	456,776	228,388
75%	347,930	260,947	347,930	260,947
100%	905,678	905,678	905,678	905,678
150%	34,165	51,249	34,165	51,249
RWA for credit risk	4,368,317	1,791,226	4,368,317	1,791,226
RWA for market risk		205,497		205,497
RWA for operational risk		368,550		368,550
Total RWA		2,365,273		2,365,273
<b>2024</b>				
0%	1,378,979	-	1,378,979	-
20%	383,332	76,666	383,332	76,666
35%	642,334	224,817	642,334	224,817
50%	431,472	215,736	431,472	215,736
75%	475,424	356,568	475,424	356,568
100%	1,784,125	1,784,125	1,784,125	1,784,125
150%	61,941	92,911	61,941	92,911
RWA for credit risk	5,157,607	2,750,823	5,157,607	2,750,823
RWA for market risk		131,034		131,034
RWA for operational risk		342,141		342,141
Total RWA		3,223,998		3,223,998

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

	2025		2024	
	Risk-Weighted Assets Equivalent RM'000	Capital Required RM'000	Risk-Weighted Assets Equivalent RM'000	Capital Required RM'000
<b>Group and Bank</b>				
Foreign Exchange Risk	205,497	16,440	131,034	10,483
Total	205,497	16,440	131,034	10,483

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### 39 SEGMENT INFORMATION

Segment information is presented in respect of the Group's business and geographical segments.

The primary format, the business segment information, is prepared based on internal management reports, which are used by senior management for decision making and performance management. The amounts for each business segment are shown after the allocation of certain centralised cost, funding income and the applicable transfer pricing where appropriate. Transactions between segments are recorded within the segment as if they are third party transactions and are eliminated on consolidation. All inter-segment transactions are conducted at arm's length basis on normal commercial terms that are not more favourable than those generally available to public.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Segment capital expenditure comprises additions to property and equipment.

#### (a) Primary Segment - By Business Segment

The Group comprises the following main business segments:

##### (i) Treasury and Capital Market

The treasury and capital market operations are involved in proprietary trading in treasury related products and services such as foreign exchange, money market operations and securities trading.

##### (ii) Corporate Banking

The corporate banking operations focus on business needs to corporate customers, primarily public listed and non-public listed companies as well as financial institutions and small medium sized enterprises. The products and services offered to customers include direct long and short term financing, advisory banking service, equity financing, asset-financing, Islamic securities/sukuk issuance, syndicated financing, mergers and acquisition advisory services and debt restructuring advisory services.

##### (iii) Retail Banking

Retail Banking provides everyday banking solutions to individual customers covering Islamic financial products and services such as property financing, personal financing, auto financing, wealth management, remittance and foreign exchange, deposits and internet banking services.

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### 39 SEGMENT INFORMATION (Cont'd.)

#### (a) Primary Segment - By Business Segment (Cont'd.)

Group 2025	Treasury & Capital Markets RM'000	Corporate Banking RM'000	Retail Banking and Others RM'000	Elimination RM'000	Total RM'000
External revenue	80,127	15,743	100,834	-	196,704
Revenue from other segments	-	-	-	-	-
<b>Total Revenue</b>	80,127	15,743	100,834	-	196,704
Segment results	3,839	29,443	76,453	-	109,735
Unallocated expenses					(166,834)
<b>Loss before taxation</b>					(57,099)
Taxation					4,150
<b>Net loss for the year</b>					(52,949)
<b>Other information</b>					
Segment assets	2,028,891	64,921	2,116,961	(4)	4,210,769
Unallocated corporate assets					(164,527)
<b>Total assets</b>					4,046,242
Segment liabilities	5,773,747	394,862	7,607,458	(4)	13,776,063
Unallocated corporate liabilities					(11,353,047)
<b>Total liabilities</b>					2,423,016
<b>Other segment items</b>					
Purchase of property and equipment	-	-	1,089	-	1,089
Purchase of intangible assets	-	-	589	-	589
Depreciation of property and equipment	-	-	5,354	-	5,354
Amortisation of intangible assets	-	-	8,111	-	8,111
Other non-cash expense expenses other than depreciation	-	32,145	(105)	-	32,040

#### (b) Secondary Segment - By Geographical Locations

Group 2025	Operating Revenue RM'000	Profit Before Taxation RM'000	Total Assets RM'000
Outside Malaysia	349	349	115,633
Malaysia	196,355	(57,448)	3,930,609
	196,704	(57,099)	4,046,242

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### 39 SEGMENT INFORMATION (Cont'd.)

#### (a) Primary Segment - By Business Segment (Cont'd.)

Group 2024	Treasury & Capital Markets RM'000	Corporate Banking RM'000	Retail Banking and Others RM'000	Elimination RM'000	Total RM'000
External revenue	150,222	67,844	(55,486)	-	162,580
Revenue from other segments	114,928	2,728	70,819	(188,475)	-
<b>Total Revenue</b>	<b>265,150</b>	<b>70,572</b>	<b>15,333</b>	<b>(188,475)</b>	<b>162,580</b>
Segment results	50,305	28,973	(7,340)	-	71,938
Unallocated expenses					(134,482)
<b>Profit before taxation</b>					<b>(62,544)</b>
Taxation					(9,351)
<b>Net profit for the year</b>					<b>(71,895)</b>
<b>Other information</b>					
Segment assets	1,698,208	606,029	2,591,657	(4)	4,895,890
Unallocated corporate assets					(76,023)
<b>Total assets</b>					<b>4,819,867</b>
Segment liabilities	5,862,438	527,081	9,064,710	(4)	15,454,225
Unallocated corporate liabilities					(12,297,336)
<b>Total liabilities</b>					<b>3,156,889</b>
<b>Other segment items</b>					
Purchase of property and equipment	-	-	6,583	-	6,583
Purchase of intangible assets	-	-	1,436	-	1,436
Depreciation of property and equipment	-	-	5,118	-	5,118
Amortisation of intangible assets	-	-	7,599	-	7,599
Other non-cash expenses other than depreciation	-	194,075	(83,420)	-	110,655

#### (b) Secondary Segment - By Geographical Locations

Group 2024	Operating Revenue RM'000	Profit Before Taxation RM'000	Total Assets RM'000
Outside Malaysia	403	403	125,692
Malaysia	162,177	(62,947)	4,694,175
	<b>162,580</b>	<b>(62,544)</b>	<b>4,819,867</b>

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### 40 FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES

#### Financial instrument measured at fair value

The Bank uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets and liabilities;

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable market data, either directly or indirectly; and

Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

	Level 2 RM'000	Level 3 RM'000	Total RM'000
<b>Group and Bank 2025</b>			
<b>Financial assets</b>			
Debt instruments measured at FVOCI	947,596	-	947,596
Investment in Intraded at FVTPL	-	19,421	19,421
Financing held for sale	-	1,742,375	1,742,375
Hedging financial instruments	-	-	-
<b>Total</b>	<b>947,596</b>	<b>1,761,796</b>	<b>2,709,392</b>
<b>Financial liabilities</b>			
Hedging financial instruments	-	-	-
	-	-	-
<b>Group and Bank 2024</b>			
<b>Financial assets</b>			
Debt instruments measured at FVOCI	1,160,269	-	1,160,269
Investment in unquoted shares at FVTPL	-	19,421	19,421
Financing held for sale	-	2,149,401	2,149,401
Hedging financial instruments	937	-	937
<b>Total</b>	<b>1,161,206</b>	<b>2,168,822</b>	<b>3,330,028</b>
<b>Financial liabilities</b>			
Hedging financial instruments	6,928	-	6,928
	6,928	-	6,928

Movement of Level 3 instruments:

	31 December 2025		31 December 2024	
	Financing Held For Sale RM'000	Investment in Unquoted at FVTPL RM'000	Financing Held For Sale RM'000	Investment in Unquoted at FVTPL RM'000
Opening balance	2,149,401	19,421	-	-
Transfer from financing, advances and other receivables at amortised cost	-	-	2,146,376	-
Add : Profit accrued	95,786	-	121,137	-
Less : Repayment	(487,514)	-	(93,199)	-
(Less)/Add: Fair value (loss)/gain movement	(15,298)	-	(24,913)	19,421
Closing balance	1,742,375	19,421	2,149,401	19,421

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### 40 FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES (Cont'd.)

#### Financial instrument not measured at fair value (Cont'd.)

Financial instruments comprise financial assets and financial liabilities. The fair value of a financial instrument is the amount at which the instrument could be exchanged or settled between knowledgeable and willing parties in an arm's length transaction, other than in a forced or liquidation sale. The information presented herein represents best estimates of fair values of financial instruments at the reporting date.

The on-balance sheet financial assets and financial liabilities of the Group and of the Bank whose fair values are required to be disclosed in accordance with MFRS 132 comprise all the Group and of the Bank assets and liabilities with the exception of investments in subsidiaries, interest in associates and joint ventures, property, plant and equipment and provision for current and deferred taxation.

The estimated fair values of those on-balance sheets financial assets and financial liabilities as at the reporting date approximate their carrying amounts as shown in the statement of financial position, except for the following assets and liabilities.

The table below analyses financial instruments not carried at fair value for which fair value is disclosed, together with carrying amount shown in the statement of financial position:

Group	Level 2	Level 3	Total Fair Value	Carrying Value
2025	RM'000	RM'000	RM'000	RM'000
<b>Financial Assets</b>				
Financing, advances and other receivables	-	33,023	33,023	33,023
<b>Financial Liabilities</b>				
Deposits from customers	509,434	-	509,434	512,778
<b>Group</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total Fair Value</b>	<b>Carrying Value</b>
<b>2024</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Financial Assets</b>				
Financing, advances and other receivables	-	654,966	654,966	654,966
<b>Financial Liabilities</b>				
Deposits from customers	1,558,929	-	1,558,929	1,576,132
<b>Bank</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total Fair Value</b>	<b>Carrying Value</b>
<b>2025</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Financial Assets</b>				
Financing, advances and other receivables	-	33,023	33,023	33,023
<b>Financial Liabilities</b>				
Deposits from customers	509,438	-	509,438	512,782
<b>Bank</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total Fair Value</b>	<b>Carrying Value</b>
<b>2024</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Financial Assets</b>				
Financing, advances and other receivables	-	654,966	654,966	654,966
<b>Financial Liabilities</b>				
Deposits from customers	1,558,934	-	1,558,934	1,576,136

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### 40 FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES (Cont'd.)

#### Determination of fair value and fair value hierarchy

The following methods and assumptions used to estimate the fair values of the following classes of financial instruments:

##### (a) Cash and short-term funds

The carrying amount approximates fair value due to the relatively short maturity of the financial instruments.

##### (b) Deposits and placements with banks and other financial institutions

The fair values of those financial instruments with remaining maturities of less than one year approximate their carrying values due to their relatively short maturities. For those financial instruments with maturities of more than one year, the fair values are estimated based on discounted cash flows using applicable prevailing market rates of similar remaining maturities at the reporting date. As at the reporting date, all deposits and placements with banks and other financial institutions have maturity less than one year.

##### (c) Hedging financial instruments

Derivatives products valued using a valuation technique with market observable inputs are mainly promissory foreign exchange contracts. The most frequently applied valuation techniques include forward pricing and swap models, using present value calculations. The models incorporate various inputs including the credit quality of counterparties, foreign exchange spot and forward rates and profit rate curves.

##### (d) Financing, advances and other receivables

###### (i) At amortised cost

The fair values of variable rate financing are estimated to approximate their carrying values. In respect of impaired financing, the fair values are deemed to approximate the carrying values which are net of impairment allowances.

###### Description of significant unobservable inputs to valuation:

As at 31 December 2025, level 3 only reflect corporate financing portfolio at variable rate financing which are estimated to approximate carrying values.

###### (ii) At FVTPL

As at 31 December 2025, fair value of financing held for sale portfolio was determined with reference to the agreed sale consideration with the acquirer based on a cut-off date, adjusted for factors stipulated in the agreement such as changes in the gross balance and credit quality of the portfolio as of the reporting date.

The determination of the relevant adjustment factors requires significant judgment to be applied and may differ from the eventual sale consideration on the completion date.

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### 40 FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES (Cont'd.)

#### Determination of fair value and fair value hierarchy (Cont'd.)

##### (d) Investment in Unquoted Shares

###### At FVTPL

Following the bank's winding down announcement, management plans to dispose of its investment in unquoted shares in one of the related company. The fair value of the investment in unquoted shares has been reassessed based on the recoverability of the company's net tangible assets, as reflected in the company's latest audited financial statements.

##### (e) Deposits from customers, deposits and placement of banks and other financial institutions

The fair values of deposits payable on demand and deposits and placements with maturities of less than one year approximate their carrying values due to the relatively short maturity of these instruments. The fair values of fixed deposits and placements with remaining maturities of more than one year are estimated based on discounted cash flows using applicable rates currently offered for deposits and placements with similar remaining maturities.

### 41 SIGNIFICANT EVENTS

#### (a) Significant events during the year

##### • Sale of Retail performing financing portfolio

On 31 July 2025, the Bank has reached an agreement with a third party on the sale of the Bank's Retail performing financing portfolio covering Personal, Auto and Home financing. The portfolio is expected to be transferred to the third party upon closure of the proposed transaction. It is estimated that completion will take place in second half of 2026, depending on the progress and outcome of the regulatory approval process.

Bank and the third party have jointly submitted application of Transfer of Business ("TOB") to BNM on 22 December 2025.

##### • Sale of Retail non performing financing portfolio

On 18th December 2025, BNM granted approval on the sale of Retail nonperforming financing portfolio to a local non-bank entity based on outstanding accounts listed as at 30 September 2024.

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### 41 SIGNIFICANT EVENTS OCCURRING (Cont'd.)

#### (b) Subsequent events after the reporting date

- Sale of Retail non performing financing portfolio

Sale & Purchase Agreement (S&P) is signed on 14th January 2026 and court vesting order applied on 23rd January 2026. The court order received on 11 March 2026. Legal day 1 ("LD1") is determined to be on 1st April 2026, marking the date of transfer of right on the portfolio to the buyer and derecognition of the assets from bank's book.

### 42 HOLDING COMPANY

The holding company for the Bank is Kuwait Finance House K.S.C.P. ("KFHK"), a licensed Islamic Bank incorporated in Kuwait.

### 43 LITIGATION

Plaintiffs served an ex parte writ of execution against KFH Malaysia's correspondent account maintained with Citibank in New York (Defendant) in an effort to enforce their judgment against another unrelated party. The Plaintiffs alleged that KFH Malaysia is an agent or instrumentality of that unrelated party such that KFH Malaysia is liable for the judgment against that party. KFH Malaysia intervened in the proceeding and moved to vacate the writ of execution.

After the district court denied the motion to vacate the writ of execution, KFH Malaysia appealed to the United States Court of Appeals for the Second Circuit. The Second Circuit vacated the writ of execution and remanded the case to the district court for further proceedings consistent with its opinion. Before the Second Circuit's mandate issued, the Plaintiffs served a restraining notice on KFH Malaysia's correspondent account.

KFH Malaysia moved to vacate the restraining notice in the district court. The Plaintiffs opposed and moved for a writ of attachment. The district court denied the motion to vacate the restraining notice and granted the Plaintiffs' motion for a writ of attachment. The Plaintiffs also filed a motion seeking KFH Malaysia to transfer funds into the registry of the court, which the district court granted. KFH Malaysia is now appealing those and other rulings to the United States Court of Appeals for the Second Circuit.

This case is currently in discovery and there has been no final ruling on the merits of Plaintiffs' claims. The directors are of the opinion that the claim can be successfully defeated following discovery, merits briefing, a possible hearing or trial, and any ultimate appeal.

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### 44 FINANCIAL RISK MANAGEMENT

The following section discusses the Group and the Bank's risk management policies. The measurement of Expected Credit Loss ("ECL") under MFRS9 uses the information and approaches that the Bank uses to manage credit risk, though certain adjustments are made in order to comply with the MFRS9 requirements.

As an Islamic Bank with diverse financial product offerings, the Group and the Bank are exposed to different types of financial risks arising from their financial instruments. Financial risks encompass credit risks, liquidity risks and market risks. Due to these, risk management is integral to the Group and the Bank's operation.

The main financial risks affecting the Group and the Bank are discussed further as follows:

#### (a) Credit Risk

Credit risk is the risk of suffering financial loss, should any of the Bank's customers, clients or market counterparties fail to fulfil their contractual obligations to the Bank. Credit risk arises mainly from interbank, corporate and consumer financing and advances, and commitments arising from such financing activities, but can also arise from credit enhancement provided, such as financial guarantees and letters of credit.

The Bank is also exposed to other credit risks arising from investments in securities and other exposures arising from its trading activities ('trading exposures') including non-equity trading portfolio assets and derivatives as well as settlement balances with market counterparties.

Management carefully manages its exposure to credit risk. The credit risk management and control are centralised in credit risk management team which reports regularly to the Board of Directors and head of each business unit.

#### (i) Expected credit loss ("ECL") measurement

MFRS 9 outlines a three-stage model for impairment based on changes in credit quality since initial recognition as summarised below:

- A financial instrument that is not credit-impaired on initial recognition is classified in Stage 1 and has its credit risk continuously monitored by the Bank.
- If a significant increase in credit risk ("SICR") since initial recognition is identified, the financial instrument is moved to Stage 2 but is not yet deemed to be credit-impaired. Note 44(a)(i)(iii) describe how the Bank determines whether a significant increase in credit risk has occurred.
- If the financial instrument is credit-impaired, the financial instrument is then moved to Stage 3. Note 44(a)(i)(iv) describe how the Bank defines credit-impaired and default.
- Financial instruments in Stage 1 have their ECL measured at an amount equal to the portion of lifetime expected credit losses that result from default events possible within the next 12 months. Instruments in Stages 2 or 3 have their ECL measured based on expected credit losses on a lifetime basis. Note 44(a)(i)(v) describe the inputs, assumptions and estimation techniques used in measuring the ECL.
- A pervasive concept in measuring ECL in accordance with MFRS 9 is that it should consider forward-looking information. Note 44(a)(i)(vi) describe how the Bank has incorporated this in its ECL models.

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### 44 FINANCIAL RISK MANAGEMENT (Cont'd.)

#### (a) Credit Risk (Cont'd.)

##### (i) Expected credit loss ("ECL") measurement (Cont'd.)

Further explanation is also provided of how the Bank determines appropriate groupings when ECL is measured on a collective basis under Note 44(a)(i)(vii).

##### (i) Credit risk grades

The Bank allocates each exposure to a credit risk grade based on a variety of data that is determined to be predictive of the risk of default and applying experienced credit judgement. Credit risk grades are defined using qualitative and quantitative factors that are indicative of risk of default. These factors vary depending on the nature of the exposure and the type of customer. A master scale is a scale of credit risk grades, typically denominated by a combination of numbers, letters or both, which represent the relative credit risk assigned to each class or grade.

Credit risk grades are defined and calibrated such that the risk of default occurring increases exponentially as the credit risk deteriorates so, for example, the difference in risk of default between credit risk grades 1 and 2 is smaller than the difference between credit risk grades 2 and 3.

Each exposure is allocated to a credit risk grade at initial recognition based on available information about the customer. Exposures are subject to ongoing monitoring, which may result in an exposure being moved to a different credit risk grade. The monitoring typically involves use of the following data.

Non - Retail exposures	Retail exposures	All exposures
Information obtained during periodic review of customer files – e.g. audited financial statements, management accounts, budgets and projections. Examples of areas of particular focus are: gross profit margins, financial leverage ratios, debt service coverage, compliance with covenants, quality of management, senior management changes.	Internally collected data on customer behaviour.  Any other information about the customers which impacts the creditworthiness – e.g. unemployment, previous delinquency.	Payment record – this includes overdue status as well as a range of variables about payment ratios.  Utilisation of the granted limit.  Requests for and granting of forbearance.
Data from credit reference agencies, press articles, changes in external credit ratings.		Existing and forecast changes in business, financial and economic conditions.
Actual and expected significant changes in the political, regulatory and technological environment of the customer or in its business activities.		

The Bank's rating method comprises 7 rating levels for instruments not in default (1 to 7) and one default class (8). The master scale assigns each rating category a specified range of probabilities of default, which is stable over time. The rating methods are subject to an annual validation and recalibration so that they reflect the latest projections in the light of all actual observed defaults.

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### 44 FINANCIAL RISK MANAGEMENT (Cont'd.)

#### (a) Credit Risk (Cont'd.)

##### (i) Expected credit loss ("ECL") measurement (Cont'd.)

##### (i) Credit risk grades (Cont'd.)

###### *Credit rating mapping table*

The principal objective of credit risk measurement for KFHMB is to produce accurate quantitative assessment of the credit risk to which the Bank is exposed to. To determine the counterparty risk, KFHMB has a risk rating system that enables the rank-ordering of the customers' risk profile to assess the credit quality of customers and assigns them an internal risk rating. The rating system is actively monitored and a monthly analysis of the corporate and commercial customers are provided to the senior management and the Board for oversight.

For retail banking, KFHMB has in place a series of internal scorecards, which will assess the credit worthiness of the individual customers prior to approval. The main attributes of the credit assessment within the scorecard is mostly based on statistically derived default patterns within the customer profile and also credit bureau data. The performance of the scorecard is being reviewed to ensure that it continues to effectively discriminate between good and potentially bad customers.

This provides useful information to users of the 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:

Description of the grade	Bank rating	Moody's Rating	PD
High grade	1 to 4	Aaa to Baa3	0.03% to 0.82%
Standard grade	4- to 7-	Ba1 to Caa3	1.14% to 21.58%
Impaired	=8 or >8	Ca, C	100.00%
Unrated	Retail customers whom are not rated against the bank's internal rating		

##### (ii) Generating the term structure of Probability of Default ("PD")

Credit risk grades are a primary input into the determination of the term structure of PD for exposures. The Bank collects performance and default information about its credit risk exposures analysed by jurisdiction or region and by type of product and customer as well as by credit risk grading.

The Bank employs statistical models to analyse the data collected and generate estimates of the remaining lifetime PD of exposures and how these are expected to change as a result of the passage of time.

This analysis includes the identification and calibration of relationships between changes in default rates and changes in key macro-economic factors as well as in-depth analysis of the impact of certain other factors (e.g. forbearance experience) on the risk of default.

For exposures to specific industries and/or regions, the analysis may extend to relevant commodity and/or real estate prices. Based on advice from the Bank Market Risk Committee and economic experts and consideration of a variety of external actual and forecast information, the Bank formulates a 'base scenario' of the future direction of relevant economic variables as well as a representative range of other possible forecast scenarios. The Bank then uses these forecasts to adjust its estimates of PD.

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### 44 FINANCIAL RISK MANAGEMENT (Cont'd.)

#### (a) Credit Risk (Cont'd.)

##### (i) Expected credit loss ("ECL") measurement (Cont'd.)

##### (iii) Significant increase in credit risk ("SICR")

The Bank considers a financial instrument to have experienced a significant increase in credit risk when one or more of the following quantitative, qualitative or backstop criteria have been met:

- a) The criteria for determining whether credit risk has increased significantly vary by portfolio and include quantitative changes in PDs and qualitative factors, including a backstop based on delinquency. The credit risk of a particular exposure is deemed to have increased significantly since initial recognition if, based on the Bank's quantitative modelling, the remaining lifetime PD is determined to have increased by more than a predetermined percentage/range.
- b) Using its expert credit judgement and, where possible, relevant historical experience, the Bank may determine that an exposure has undergone a significant increase in credit risk based on particular qualitative indicators that it considers are indicative of such and whose effect may not otherwise be fully reflected in its quantitative analysis on a timely basis.
- c) As a backstop, the Bank considers that a significant increase in credit risk occurs no later than when an asset is > 30 days past due ("DPD"). Days past due are determined by counting the number of days since the earliest elapsed due date in respect of which full payment has not been received. Due dates are determined without considering any grace period that might be available to the customer.

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### 44 FINANCIAL RISK MANAGEMENT (Cont'd.)

#### (a) Credit Risk (Cont'd.)

##### (i) Expected credit loss ("ECL") measurement (Cont'd.)

##### (iii) Significant increase in credit risk ("SICR") (cont'd.)

Criteria under Stage 2 highlighted as follows:

		Retail	Non-Retail
<b>Primary indicators</b>			
1	Rating deterioration since inception	<ul style="list-style-type: none"> <li>Rating deterioration will not be applicable to the retail portfolio</li> </ul>	<ul style="list-style-type: none"> <li>2 Notches down to 5- or Ba3 and worse</li> </ul>
<b>Secondary indicators</b>			
2	Credit Review / Early Warning indicators ("EWI")	<ul style="list-style-type: none"> <li>Early warning indicators</li> <li>Credit Review / Credit Committee decision</li> </ul>	<ul style="list-style-type: none"> <li>Early warning indicators</li> <li>Credit Review / Credit Committee decision</li> </ul>
3	Restructure and reschedule	<ul style="list-style-type: none"> <li>Restructure and reschedule customers which has DPD &lt; 90days</li> </ul>	<ul style="list-style-type: none"> <li>Restructure and reschedule customers as approved by Credit Committee</li> </ul>
<b>Backstop</b>			
4	30 Days Past Due ("DPD")	<ul style="list-style-type: none"> <li>Backstop of 30 DPD will be applied to all facilities</li> </ul>	<ul style="list-style-type: none"> <li>Backstop of 30 DPD will be applied to all facilities</li> </ul>
5	Rating / Probability of Default ("PD") cut-off	<ul style="list-style-type: none"> <li>Rating cut-off will not be applicable to the retail portfolio</li> </ul>	<ul style="list-style-type: none"> <li>Internal rating cut off of 7-</li> </ul>

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### 44 FINANCIAL RISK MANAGEMENT (Cont'd.)

#### (a) Credit Risk (Cont'd.)

#### (i) Expected credit loss ("ECL") measurement (Cont'd.)

#### (iii) Significant increase in credit risk ("SICR") (Cont'd.)

Criteria under Stage 3 highlighted as follows:

		Retail	Non-Retail
<b>Primary indicators</b>			
1	Rating deterioration since inception	<ul style="list-style-type: none"> <li>Rating deterioration will not be applicable to the retail portfolio</li> </ul>	<ul style="list-style-type: none"> <li>Internal Rating 8, 9 and 10</li> <li>External Rating from C and worse</li> </ul>
2	Obligor Status	<ul style="list-style-type: none"> <li>Bankruptcy</li> </ul>	<ul style="list-style-type: none"> <li>Bankruptcy</li> </ul>
<b>Secondary indicators</b>			
3	Credit Review / Early Warning indicators ("EWI")	<ul style="list-style-type: none"> <li>Credit Committee decision</li> </ul>	<ul style="list-style-type: none"> <li>Credit Committee decision</li> </ul>
4	Cross facility contagion	<ul style="list-style-type: none"> <li>Related facilities to be tagged as Stage 3 subject to;                             <ul style="list-style-type: none"> <li>i) principal customer is adjudged bankrupt/ deceased or;</li> <li>ii) under the same financing contract/letter of offer.</li> </ul> </li> </ul> <p>Note: This is in view of legal recovery process cannot be pursued simultaneously for different contracts.</p>	<ul style="list-style-type: none"> <li>To be referred to the term of the facility offered. (Credit Committee's decision on final rating)</li> </ul>
<b>Backstop</b>			
5	90 Days Past Due ("DPD")	<ul style="list-style-type: none"> <li>Backstop of 90 DPD will be applied to all facilities</li> </ul>	<ul style="list-style-type: none"> <li>Backstop of 90 DPD will be applied to all facilities</li> </ul>
6	Rating / Probability of Default ("PD") cut-off	<ul style="list-style-type: none"> <li>Rating cut-off will not be applicable to the retail portfolio</li> </ul>	<ul style="list-style-type: none"> <li>Internal rating cut off of 8</li> </ul>

The Bank monitors the effectiveness of the criteria used to identify significant increases in credit risk by regular reviews to confirm that the criteria are capable of identifying significant increase in credit risk before an exposure is in default.

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### 44 FINANCIAL RISK MANAGEMENT (Cont'd.)

#### (a) Credit Risk (Cont'd.)

##### (i) Expected credit loss ("ECL") measurement (Cont'd.)

##### (iii) Significant increase in credit risk ("SICR") (cont'd.)

##### Criteria under Stage 3 highlighted as follows: (Cont'd.)

##### *Qualitative criteria:*

For Retail portfolios, if the customer meets one or more of the following criteria:

- In short-term forbearance
- Extension to the terms granted
- Previous arrears within the last 12 month

For Non retail and Treasury portfolios, if the customer is on the Watchlist and/or the instrument meets one or more of the following criteria:

- Significant increase in credit spread
- Significant adverse changes in business, financial and/or economic conditions in which the customer operates
- Actual or expected forbearance or restructuring
- Actual or expected significant adverse change in operating results of the customer
- Significant change in collateral value (secured facilities only) which is expected to increase risk of default
- Early signs of cash flow/liquidity problems such as delay in servicing of trade creditors/loans

For treatment of Low Credit Risk ("LCR") practical expedient the Bank will maintain a higher threshold of externally rated, Aa- and above as the cut-off grade for applying LCR.

The assessment of SICR incorporates forward-looking information and is performed on a quarterly basis at a portfolio level for all Retail financial instruments held by the Bank. In relation to Non-Retail and Treasury financial instruments, where a Watchlist is used to monitor credit risk, this assessment is performed at the counterparty level and on a periodic basis.

##### (iv) Definition of default and credit-impaired assets

The Bank defines a financial instrument as in default, which is fully aligned with the definition of credit-impaired.

The Bank considers a financial asset to be in default when:

- the customer is unlikely to pay its credit obligations to the Bank in full, without recourse by the Bank to take actions such as realising security (if any is held); or
- the customer is past due 90 days or more on any material credit obligation to the Bank.
- Overdrafts are considered as being past due once the customer has breached an advised limit or been advised of a limit smaller than the current amount outstanding.

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### 44 FINANCIAL RISK MANAGEMENT (Cont'd.)

#### (a) Credit Risk (Cont'd.)

##### (i) Expected credit loss ("ECL") measurement (Cont'd.)

##### (iv) Definition of default and credit-impaired assets (Cont'd.)

In assessing whether a customer is in default, the Bank considers indicators that are:

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

Inputs into the assessment of whether a financial instrument 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 Bank for regulatory capital purposes.

##### (v) Measuring ECL – Explanation of inputs, assumptions and estimation techniques

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")

These parameters are generally derived from internally developed statistical models and other historical data. They are adjusted to reflect forward-looking information as described above.

PD estimates are estimates at a certain date, which are calculated based on statistical rating models, and assessed using rating tools tailored to the various categories of counterparties and exposures. These statistical models are based on internally compiled data comprising both quantitative and qualitative factors. Where it is available, market data may also be used to derive the PD for large corporate counterparties. If a counterparty or exposure migrates between rating classes, then this will lead to a change in the estimate of the associated PD. PDs are estimated considering the contractual maturities of exposures and estimated prepayment rates.

LGD represents the Bank's expectation of the extent of loss on a defaulted exposure. LGD varies by type of counterparty, type and seniority of claim and availability of collateral or other credit support. LGD is expressed as a percentage loss per unit of exposure at the time of default (EAD). LGD is calculated on a 12-month or lifetime basis, where 12-month LGD is the percentage of loss expected to be made if the default occurs in the next 12-months and Lifetime LGD is the percentage of loss expected to be made if the default occurs over the remaining expected lifetime of the financing.

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### 44 FINANCIAL RISK MANAGEMENT (Cont'd.)

#### (a) Credit Risk (Cont'd.)

##### (i) Expected credit loss ("ECL") measurement (Cont'd.)

##### (v) Measuring ECL – Explanation of inputs, assumptions and estimation techniques (Cont'd.)

EAD represents the expected exposure in the event of a default. The Bank derives the EAD from the current exposure to the counterparty and potential changes to the current amount allowed under the contract including amortisation. The EAD of a financial asset is its gross carrying amount. For lending commitments and financial guarantees, the EAD includes the amount drawn, as well as potential future amounts that may be drawn under the contract, which are estimated based on historical observations and forward-looking forecasts. 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 financial assets for which credit risk has not significantly increased, the Bank measures ECL considering the risk of default over the maximum contractual period (including any customer's extension options) over which it is exposed to credit risk, even if, for risk management purposes, the Bank considers a longer period. The maximum contractual period extends to the date at which the Bank has the right to require repayment of an advance or terminate a loan commitment or guarantee.

However, for credit card facilities that include both a financing and an undrawn commitment component, the Bank measures ECL over a period longer than the maximum contractual period if the Bank's contractual ability to demand repayment and cancel the undrawn commitment does not limit the Bank's exposure to credit losses to the contractual notice period. These facilities do not have a fixed term or repayment structure and are managed on a collective basis. 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 Bank becomes 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 Bank expects 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.

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### 44 FINANCIAL RISK MANAGEMENT (Cont'd.)

#### (a) Credit Risk (Cont'd.)

##### (i) Expected credit loss ("ECL") measurement (Cont'd.)

##### (vi) Forward-looking information incorporated in the ECL models

The Bank incorporates forward-looking information into both its assessment of whether the credit risk of an instrument has increased significantly since its initial recognition and its measurement of ECL. Based on advice from the KFHK Group Risk expert and economic experts and consideration of a variety of external actual and forecast information, the Bank formulates a 'base case' view of the future direction of relevant economic variables as well as a representative range of other possible forecast scenarios. This process involves developing additional economic scenarios and considering the relative probabilities of each outcome. External information includes economic data and forecasts published by governmental bodies and monetary authorities in the countries where the Bank operates, supranational organisations such as the Organisation for Economic Cooperation and Development ("OECD") and the International Monetary Fund, and selected private-sector and academic forecasters.

The base case represents a most-likely outcome and is aligned with information used by the Bank for other purposes such as strategic planning and budgeting. The other scenarios represent more optimistic and more pessimistic outcomes. Periodically, the Bank carries out stress testing of more extreme shocks to calibrate its determination of these other representative scenarios.

The Bank relied on Moody's historical industry analysis and has identified the key macroeconomic variables impacting credit risk and expected credit losses for each portfolio.

	2024	2025
Gross Domestic Product ("GDP") (RM Billion)	1,694.19	1,767.96
Kuala Lumpur Stock Exchange Index ("KLSE") (Index)	1,626.16	1,625.54

Predicted relationships between the key indicators and default loss rates on various portfolios of financial assets have been used in reference to Moody's economic database for the ranges of historical data of 3.25 years (13 Quarters) and forecasted data of 5 years (20 Quarters).

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### 44 FINANCIAL RISK MANAGEMENT (Cont'd.)

#### (a) Credit Risk (Cont'd.)

##### (i) Expected credit loss ("ECL") measurement (Cont'd.)

##### (vii) Grouping of instruments for losses measured on a collective basis

For expected credit loss provisions modelled on a collective basis, a grouping of exposures is performed on the basis of shared risk characteristics, such that risk exposures within a group are homogeneous. In performing this grouping, there must be sufficient information for the group to be statistically credible. Where sufficient information is not available internally, the Bank has considered benchmarking internal/external supplementary data to use for modelling purposes. The characteristics and any supplementary data used to determine groupings are outlined below:

Retail – Groupings for collective measurement

- Product type (e.g. Auto Financing, Personal Financing and Home and Property Financing)

Non-Retail – Groupings for collective measurement

- Industry – External data sourced from study by Moody's
- Collateral type
- Credit Rating band
- Geographical region of risk exposures – external data sourced from study by Moody's

The following exposures are assessed individually:

Retail

- Stage 3 financing includes Auto Financing, Personal Financing and Home and Property Financing

Non-Retail

- Stage 3 facilities

The appropriateness of groupings is monitored and reviewed on a periodic basis by the Credit Risk team.

##### (ii) Maximum exposure to credit risk without taking account of any collateral

The following tables show the maximum exposure to credit risk for the components of the statements of financial position, including derivatives, before the effect of mitigation through the use of master netting and collateral agreements.

For on-balance sheet financial assets, the exposure to credit risk equals to their carrying amount. For off-balance sheet exposures, the maximum exposure to credit risk are maximum amount that the Group and the Bank would have to pay if the obligations of the instruments issued are called upon and/or the full amount of the undrawn credit facilities granted to customers.

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### 44 FINANCIAL RISK MANAGEMENT (Cont'd.)

#### (a) Credit Risk (Cont'd.)

#### (ii) Maximum exposure to credit risk without taking account of any collateral (Cont'd.)

	<b>Total maximum exposure RM'000</b>
<b>Group and Bank 2025</b>	
Cash and short-term funds	1,003,423
Investment in securities	967,017
Financing held for sale	1,742,375
Financing, advances and other receivables	33,023
Other assets	84,191
Statutory deposits with Bank Negara Malaysia	18,267
<b>Total On-Balance Sheet</b>	<b>3,848,296</b>
Financial guarantees	3
Contingent liabilities	-
Commitments	13,667
<b>Total Off-Balance Sheet</b>	<b>13,670</b>
<b>Total On and Off-Balance Sheet</b>	<b>3,861,966</b>
<b>Group and Bank 2024</b>	
Cash and short-term funds	532,987
Investment in securities	1,179,690
Financing held for sale	2,149,401
Financing, advances and other receivables	655,342
Other assets	86,691
Statutory deposits with Bank Negara Malaysia	56,667
Hedging financial instruments	937
<b>Total On-Balance Sheet</b>	<b>4,661,715</b>
Financial guarantees	1,064
Contingent liabilities	79,757
Commitments	76,403
<b>Total Off-Balance Sheet</b>	<b>157,224</b>
<b>Total On and Off-Balance Sheet</b>	<b>4,818,939</b>

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### 44 FINANCIAL RISK MANAGEMENT (Cont'd.)

#### (a) Credit Risk (Cont'd.)

#### (ii) Maximum exposure to credit risk without taking account of any collateral (Cont'd.)

By geographical segment:

	Geographical region				Total maximum exposure RM'000
	Malaysia RM'000	Middle East RM'000	Others RM'000	Stage 1 & 2 impairment RM'000	
<b>Group and Bank 2025</b>					
Cash and short-term funds	889,282	465	113,748	(72)	1,003,423
Investment in securities	967,017	-	-	-	967,017
Financing held for sale	1,740,955	750	670	-	1,742,375
Financing, advances and other receivables	33,023	-	-	-	33,023
Other assets	84,191	-	-	-	84,191
Statutory deposits with Bank Negara Malaysia	18,267	-	-	-	18,267
Hedging financial instruments	-	-	-	-	-
<b>Total On-Balance Sheet</b>	<b>3,732,735</b>	<b>1,215</b>	<b>114,418</b>	<b>(72)</b>	<b>3,848,296</b>
Financial guarantees	3	-	-	-	3
Contingent liabilities	-	-	-	-	-
Commitments	13,651	-	16	-	13,667
<b>Total Off-Balance Sheet</b>	<b>13,654</b>	<b>-</b>	<b>16</b>	<b>-</b>	<b>13,670</b>
<b>Total On and Off-Balance Sheet</b>	<b>3,746,389</b>	<b>1,215</b>	<b>114,434</b>	<b>(72)</b>	<b>3,861,966</b>

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### 44 FINANCIAL RISK MANAGEMENT (Cont'd.)

#### (a) Credit Risk (Cont'd.)

#### (ii) Maximum exposure to credit risk without taking account of any collateral (Cont'd.)

By geographical segment: (Cont'd.)

Group and Bank 2024	Geographical region			Stage 1 & 2 impairment RM'000	Total maximum exposure
	Malaysia RM'000	Middle East RM'000	Others RM'000		
Cash and short-term funds	410,910	4,426	117,674	(23)	532,987
Investment in securities	1,179,690	-	-	-	1,179,690
Financing held for sale	2,145,809	716	2,876	-	2,149,401
Financing, advances and other receivables	668,498	-	-	(13,156)	655,342
Other assets	86,691	-	-	-	86,691
Statutory deposits with Bank Negara Malaysia	56,667	-	-	-	56,667
Hedging financial instruments	937	-	-	-	937
<b>Total On-Balance Sheet</b>	<b>4,549,202</b>	<b>5,142</b>	<b>120,550</b>	<b>(13,179)</b>	<b>4,661,715</b>
Financial guarantees	1,064	-	-	-	1,064
Contingent liabilities	79,841	-	-	(84)	79,757
Commitments	76,679	-	16	(292)	76,403
<b>Total Off-Balance Sheet</b>	<b>157,584</b>	<b>-</b>	<b>16</b>	<b>(376)</b>	<b>157,224</b>
<b>Total On and Off-Balance Sheet</b>	<b>4,706,786</b>	<b>5,142</b>	<b>120,566</b>	<b>(13,555)</b>	<b>4,818,939</b>

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### 44 FINANCIAL RISK MANAGEMENT (Cont'd.)

#### (a) Credit Risk (Cont'd.)

#### (ii) Maximum exposure to credit risk without taking account of any collateral (Cont'd.)

By industry sector:

	Industry							Total gross maximum exposure RM'000
	Trading and manufacturing RM'000	Banks and financial institutions RM'000	Construction and real estate RM'000	Transportation, storage and communication RM'000	Government RM'000	Others RM'000	Stage 1 & 2 Impairment RM'000	
<b>Group and Bank</b>								
<b>2025</b>								
Cash and short-term funds	-	1,003,495	-	-	-	-	(72)	1,003,423
Investment in securities	-	179,670	76,157	15,259	552,867	143,064	-	967,017
Financing held for sale	-	-	341	-	-	1,742,034	-	1,742,375
Financing, advances and other receivables	10,081	-	22,942	-	-	-	-	33,023
Other assets	-	-	-	-	-	84,191	-	84,191
Statutory deposits with Bank Negara Malaysia	-	18,267	-	-	-	-	-	18,267
Hedging financial instruments	-	-	-	-	-	-	-	-
<b>Total On-Balance Sheet</b>	<b>10,081</b>	<b>1,201,432</b>	<b>99,440</b>	<b>15,259</b>	<b>552,867</b>	<b>1,969,289</b>	<b>(72)</b>	<b>3,848,296</b>
Financial guarantees	3	-	-	-	-	-	-	3
Contingent liabilities	-	-	-	-	-	-	-	-
Commitments	-	-	-	-	-	13,667	-	13,667
<b>Total Off-Balance Sheet</b>	<b>3</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>13,667</b>	<b>-</b>	<b>13,670</b>
<b>Total On and Off-Balance Sheet</b>	<b>10,084</b>	<b>1,201,432</b>	<b>99,440</b>	<b>15,259</b>	<b>552,867</b>	<b>1,982,956</b>	<b>(72)</b>	<b>3,861,966</b>

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### 44 FINANCIAL RISK MANAGEMENT (Cont'd.)

#### (a) Credit Risk (Cont'd.)

#### (ii) Maximum exposure to credit risk without taking account of any collateral (Cont'd.)

By industry sector: (Cont'd.)

Group and Bank	Industry							Total gross maximum exposure RM'000
	Trading and manufacturing RM'000	Banks and financial institutions RM'000	Construction and real estate RM'000	Transportation, storage and communication RM'000	Government RM'000	Others RM'000	Stage 1 & 2 Impairment RM'000	
<b>2024</b>								
Cash and short-term funds	-	533,010	-	-	-	-	(23)	532,987
Investment in securities	-	176,084	227,801	91,268	541,485	143,052	-	1,179,690
Financing held for sale	200		942			2,148,259	-	2,149,401
Financing, advances and other receivables	263,743		349,731	22,036		32,988	(13,156)	655,342
Other assets	-	-	-	-		86,691	-	86,691
Statutory deposits with Bank Negara Malaysia	-	56,667	-	-	-	-	-	56,667
Hedging financial instruments	-	937	-	-	-	-	-	937
<b>Total On-Balance Sheet</b>	<b>263,943</b>	<b>766,698</b>	<b>578,474</b>	<b>113,304</b>	<b>541,485</b>	<b>2,410,990</b>	<b>(13,179)</b>	<b>4,661,715</b>
Financial guarantees	293	-	771	-	-	-	-	1,064
Contingent liabilities	-	-	8,708	2,680	-	68,453	(84)	79,757
Commitments	25,902	-	21,134	259	-	29,400	(292)	76,403
<b>Total Off-Balance Sheet</b>	<b>26,195</b>	<b>-</b>	<b>30,613</b>	<b>2,939</b>	<b>-</b>	<b>97,853</b>	<b>(376)</b>	<b>157,224</b>
<b>Total On and Off-Balance Sheet</b>	<b>290,138</b>	<b>766,698</b>	<b>609,087</b>	<b>116,243</b>	<b>541,485</b>	<b>2,508,843</b>	<b>(13,555)</b>	<b>4,818,939</b>

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### 44 FINANCIAL RISK MANAGEMENT (Cont'd.)

#### (a) Credit Risk (Cont'd.)

#### (ii) Maximum exposure to credit risk without taking account of any collateral (Cont'd.)

By residual maturity:

	Residual Maturity				Not on demand and no maturity date RM'000	Stage 1 & 2 Impairment RM'000	Total gross maximum exposure RM'000
	Less than 6 months RM'000	6 months to 1 year RM'000	1 year to 5 years RM'000	More than 5 years RM'000			
<b>Group and Bank</b>							
<b>2025</b>							
Cash and short-term funds	827,601	-	-	-	175,894	(72)	1,003,423
Placements of investment accounts with Bank Negara Malaysia	-	-	-	-	-	-	-
Investment in securities	-	-	287,780	659,816	19,421	-	967,017
Financing held for sale	2,286	7,079	202,023	1,530,987	-	-	1,742,375
Financing, advances and other receivables	692	27,012	5,319	-	-	-	33,023
Other assets	-	-	-	-	84,191	-	84,191
Statutory deposits with Bank Negara Malaysia	-	-	-	-	18,267	-	18,267
<b>Total On-Balance Sheet</b>	<b>830,579</b>	<b>34,091</b>	<b>495,122</b>	<b>2,190,803</b>	<b>297,773</b>	<b>(72)</b>	<b>3,848,296</b>
Financial guarantees	3	-	-	-	-	-	3
Contingent liabilities	-	-	-	-	-	-	-
Commitments	12	-	40	13,615	-	-	13,667
<b>Total Off-Balance Sheet</b>	<b>15</b>	<b>-</b>	<b>40</b>	<b>13,615</b>	<b>-</b>	<b>-</b>	<b>13,670</b>
<b>Total On and Off-Balance Sheet</b>	<b>830,594</b>	<b>34,091</b>	<b>495,162</b>	<b>2,204,418</b>	<b>297,773</b>	<b>(72)</b>	<b>3,861,966</b>

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### 44 FINANCIAL RISK MANAGEMENT (Cont'd.)

#### (a) Credit Risk (Cont'd.)

#### (ii) Maximum exposure to credit risk without taking account of any collateral (Cont'd.)

By residual maturity: (Cont'd.)

	Residual Maturity				Not on demand and no maturity date RM'000	Stage 1 & 2 Impairment RM'000	Total gross maximum exposure RM'000
	Less than 6 months RM'000	6 months to 1 year RM'000	1 year to 5 years RM'000	More than 5 years RM'000			
<b>Group and Bank</b>							
<b>2024</b>							
Cash and short-term funds	390,037	-	-	-	142,973	(23)	532,987
Investment in securities	152,610	76,349	35,766	895,544	19,421	-	1,179,690
Financing held for sale	2,474	7,151	257,883	1,881,893	-	-	2,149,401
Financing, advances and other receivables	589,962	53,060	11,578	13,898	-	(13,156)	655,342
Other assets	-	-	-	-	86,691	-	86,691
Statutory deposits with Bank Negara Malaysia	-	-	-	-	56,667	-	56,667
Hedging financial instruments	374	563	-	-	-	-	937
<b>Total On-Balance Sheet</b>	<b>1,135,457</b>	<b>137,123</b>	<b>305,227</b>	<b>2,791,335</b>	<b>305,752</b>	<b>(13,179)</b>	<b>4,661,715</b>
Financial guarantees	890	174	-	-	-	-	1,064
Contingent liabilities	-	77,161	2,680	-	-	(84)	79,757
Commitments	57,574	367	52	18,702	-	(292)	76,403
<b>Total Off-Balance Sheet</b>	<b>58,464</b>	<b>77,702</b>	<b>2,732</b>	<b>18,702</b>	<b>-</b>	<b>(376)</b>	<b>157,224</b>
<b>Total On and Off-Balance Sheet</b>	<b>1,193,921</b>	<b>214,825</b>	<b>307,959</b>	<b>2,810,037</b>	<b>305,752</b>	<b>(13,555)</b>	<b>4,818,939</b>

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### 44 FINANCIAL RISK MANAGEMENT (Cont'd.)

#### (a) Credit Risk (Cont'd.)

#### (iii) Amounts arising from ECL

##### *Overlays and adjustments for expected credit loss*

As the current MFRS 9 models are not expected to generate levels of expected credit loss ("ECL") with sufficient reliability in view of the emerging risks from current economic environment and the remaining effect of COVID-19 pandemic, overlays and post-model adjustments have been applied to determine a sufficient overall level of ECLs for the year ended 31 December 2025.

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

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

##### *Write-off policy*

The Bank writes-off financial assets, in whole or in part, when it has exhausted all practical recovery efforts and has concluded there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include (i) ceasing enforcement activity and (ii) where the Bank's recovery method is foreclosing on collateral and the value of the collateral is such that there is no reasonable expectation of recovering in full.

The Bank may write-off financial assets that are still subject to enforcement activity. The outstanding contractual amounts of such assets written-off during the year ended 31 December 2025 was RM16,110,672 (2024 : RM13,967,347). The Bank still seeks to recover amounts it is legally owed in full, but which have been partially written off due to no reasonable expectation of full recovery.

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### 44 FINANCIAL RISK MANAGEMENT (Cont'd.)

#### (a) Credit Risk (Cont'd.)

#### (iv) Credit quality analysis

The following table sets out information about the credit quality of financial assets measured at amortised cost and FVOCI. Unless specifically indicated, for financial assets, the amounts in the table represents gross carrying amounts. For financing commitments and financial guarantee contracts, the amounts represent the amounts committed or guaranteed, respectively.

Explanation of the terms : 12-month ECL, lifetime ECL and credit-impaired are included in Note 3.3(b)(v).

Group and Bank	2025			
	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	Total
	RM'000	RM'000	RM'000	RM'000
<b>Cash &amp; Bank Balances</b>				
High Grade	1,003,495	-	-	1,003,495
Standard Grade	-	-	-	-
Impaired	-	-	-	-
	1,003,495	-	-	1,003,495
Loss allowance	(72)	-	-	(72)
<b>Carrying amount</b>	<b>1,003,423</b>	<b>-</b>	<b>-</b>	<b>1,003,423</b>
<b>Deposit and placement with banks</b>				
High Grade	-	-	-	-
Standard Grade	-	-	-	-
Impaired	-	-	-	-
	-	-	-	-
Loss allowance	-	-	-	-
<b>Carrying amount</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

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### 44 FINANCIAL RISK MANAGEMENT (Cont'd.)

#### (a) Credit Risk (Cont'd.)

#### (iv) Credit quality analysis (Cont'd.)

Group and Bank	2024			
	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	Total
	RM'000	RM'000	RM'000	RM'000
<b>Cash &amp; Central Bank Balances</b>				
High Grade	533,010	-	-	533,010
Standard Grade	-	-	-	-
Impaired	-	-	-	-
	533,010	-	-	533,010
Loss allowance	(23)	-	-	(23)
<b>Carrying amount</b>	<b>532,987</b>	<b>-</b>	<b>-</b>	<b>532,987</b>
<b>Deposit and placement with banks</b>				
High Grade	-	-	-	-
Standard Grade	-	-	-	-
Impaired	-	-	-	-
Loss allowance	-	-	-	-
<b>Carrying amount</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

Group and Bank	2025			
	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	Total
	RM'000	RM'000	RM'000	RM'000
<b>Investment in securities</b>				
High Grade	947,596	-	-	947,596
Standard Grade	-	-	-	-
Unrated	19,421	-	-	19,421
	967,017	-	-	967,017
Loss allowance	(1,354)	-	-	(1,354)
<b>Carrying amount</b>	<b>967,017</b>	<b>-</b>	<b>-</b>	<b>967,017</b>

Group and Bank	2024			
	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	Total
	RM'000	RM'000	RM'000	RM'000
<b>Investment in securities</b>				
High Grade	1,160,269	-	-	1,160,269
Standard Grade	-	-	-	-
Unrated	19,421	-	-	19,421
	1,179,690	-	-	1,179,690
Loss allowance	(1,298)	-	-	(1,298)
<b>Carrying amount</b>	<b>1,179,690</b>	<b>-</b>	<b>-</b>	<b>1,179,690</b>

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### 44 FINANCIAL RISK MANAGEMENT (Cont'd.)

#### (a) Credit Risk (Cont'd.)

#### (iv) Credit quality analysis (Cont'd.)

Group and Bank	2025			
	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	Total
	RM'000	RM'000	RM'000	RM'000
<b>Financing</b>				
High Grade	-	-	-	-
Standard Grade	-	-	-	-
Unrated	1,876,655	139,874	72,592	2,089,121
Impaired	-	-	70,017	70,017
Gross financing	1,876,655	139,874	142,609	2,159,138
Loss allowance	-	-	(36,994)	(36,994)
Fair value adjustment	(255,574)	(51,010)	(40,162)	(346,746)
<b>Carrying amount</b>	<b>1,621,081</b>	<b>88,864</b>	<b>65,453</b>	<b>1,775,398</b>

Group and Bank	2024			
	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	Total
	RM'000	RM'000	RM'000	RM'000
<b>Financing</b>				
High Grade	241,242	-	-	241,242
Standard Grade	369,861	3,108	-	372,969
Unrated	2,288,945	136,421	55,482	2,480,848
Impaired	-	-	120,338	120,338
Gross financing	2,900,048	139,529	175,820	3,215,397
Loss allowance	(12,348)	(808)	(66,050)	(79,206)
Fair value adjustment	(252,952)	(51,013)	(27,483)	(331,448)
<b>Carrying amount</b>	<b>2,634,748</b>	<b>87,708</b>	<b>82,287</b>	<b>2,804,743</b>

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### 44 FINANCIAL RISK MANAGEMENT (Cont'd.)

#### (a) Credit Risk (Cont'd.)

#### (iv) Credit quality analysis (Cont'd.)

Group and Bank	2025			
	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	Total
	RM'000	RM'000	RM'000	RM'000
<b>Undrawn Commitments</b>				
High Grade	-	-	-	-
Standard Grade	-	-	-	-
Unrated	13,269	351	47	13,667
Impaired	-	-	-	-
	13,269	351	47	13,667
Loss allowance	-	-	-	-
Carrying amount	<b>13,269</b>	<b>351</b>	<b>47</b>	<b>13,667</b>
<b>Trade Facilities (Financial Guarantee &amp; Letter of Credit)</b>				
High Grade	3	-	-	3
Standard Grade	-	-	-	-
Impaired	-	-	-	-
	3	-	-	3
Loss allowance	-	-	-	-
Carrying amount	<b>3</b>	<b>-</b>	<b>-</b>	<b>3</b>

Group and Bank	2024			
	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	Total
	RM'000	RM'000	RM'000	RM'000
<b>Undrawn Commitments</b>				
High Grade	36,808	-	-	36,808
Standard Grade	19,200	1,933	-	21,133
Unrated	18,488	204	62	18,754
Impaired	-	-	-	-
	74,496	2,137	62	76,695
Loss allowance	(292)	-	-	(292)
Carrying amount	<b>74,204</b>	<b>2,137</b>	<b>62</b>	<b>76,403</b>
<b>Trade Facilities (Financial Guarantee &amp; Letter of Credit)</b>				
High Grade	80,905	-	-	80,905
Standard Grade	-	-	-	-
Impaired	-	-	-	-
	80,905	-	-	80,905
Loss allowance	(84)	-	-	(84)
Carrying amount	<b>80,821</b>	<b>-</b>	<b>-</b>	<b>80,821</b>

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### 44 FINANCIAL RISK MANAGEMENT (Cont'd.)

#### (a) Credit Risk (Cont'd.)

#### (iv) Credit quality analysis (Cont'd.)

##### *Credit quality per class of financial assets*

The credit quality of financial assets is managed by the Group and the Bank using internal credit ratings. The table below shows the credit quality by class of asset for all financial assets exposed to credit risk, based on the Bank's internal credit rating system. The amount presented are gross of impairment allowances.

Group and Bank 2025	Neither past due nor impaired rated RM'000	Neither past due nor impaired unrated RM'000	Past due but not impaired RM'000	Restructured & rescheduled RM'000	Impaired RM'000	Total RM'000
Cash and short-term funds	1,003,495	-	-	-	-	1,003,495
Investment in securities	947,596	19,421	-	-	-	967,017
Financing held for sale	-	1,476,796	196,873	36,276	32,430	1,742,375
Financing, advances and other receivables	-	-	-	-	70,017	70,017
Other assets	-	84,191	-	-	-	84,191
Statutory deposits with Bank Negara Malaysia	18,267	-	-	-	-	18,267
<b>Total On-Balance Sheet</b>	<b>1,969,358</b>	<b>1,580,408</b>	<b>196,873</b>	<b>36,276</b>	<b>102,447</b>	<b>3,885,362</b>
Financial guarantees	3	-	-	-	-	3
Contingent liabilities	-	-	-	-	-	-
Commitments	13,667	-	-	-	-	13,667
<b>Total Off-Balance Sheet</b>	<b>13,670</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>13,670</b>
<b>Total On and Off-Balance Sheet</b>	<b>1,983,028</b>	<b>1,580,408</b>	<b>196,873</b>	<b>36,276</b>	<b>102,447</b>	<b>3,899,032</b>

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### 44 FINANCIAL RISK MANAGEMENT (Cont'd.)

#### (a) Credit Risk (Cont'd.)

#### (iv) Credit quality analysis (Cont'd.)

##### *Credit quality per class of financial assets (Cont'd.)*

The credit quality of financial assets is managed by the Group and the Bank using internal credit ratings. The table below shows the credit quality by class of asset for all financial assets exposed to credit risk, based on the Bank's internal credit rating system. The amount presented are gross of impairment allowances.

Group and Bank 2024	Neither past due nor impaired rated RM'000	Neither past due nor impaired unrated RM'000	Past due but not impaired RM'000	Restructured & rescheduled RM'000	Impaired RM'000	Total RM'000
Cash and short-term funds	533,010	-	-	-	-	533,010
Investment in securities	1,160,269	19,421	-	-	-	1,179,690
Financing held for sale	-	1,894,196	192,004	35,202	27,999	2,149,401
Financing, advances and other receivables	614,210	-	-	-	120,338	734,548
Other assets	-	86,691	-	-	-	86,691
Statutory deposits with Bank Negara Malaysia	56,667	-	-	-	-	56,667
Hedging financial instruments	937	-	-	-	-	937
<b>Total On-Balance Sheet</b>	<b>2,365,093</b>	<b>2,000,308</b>	<b>192,004</b>	<b>35,202</b>	<b>148,337</b>	<b>4,740,944</b>
Financial guarantees	1,064	-	-	-	-	1,064
Contingent liabilities	79,841	-	-	-	-	79,841
Commitments	76,695	-	-	-	-	76,695
<b>Total Off-Balance Sheet</b>	<b>157,600</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>157,600</b>
<b>Total On and Off-Balance Sheet</b>	<b>2,522,693</b>	<b>2,000,308</b>	<b>192,004</b>	<b>35,202</b>	<b>148,337</b>	<b>4,898,544</b>

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### 44 FINANCIAL RISK MANAGEMENT (Cont'd.)

#### (a) Credit Risk (Cont'd.)

#### (v) Credit risk exposure based on the Group and the Bank's internal credit risk rating

##### Group and Bank

2025

##### Securities

	Aaa to Aa3	A1 to A3	Baa1 to Ba3	B+ to C			
S&P	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D			
Fitch	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D			
RAM	AAA to AA3	A to A3	BBB to BB	B to D			
MARC	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D	Unrated	Government - guaranteed	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Group and Bank</b> Investment in securities	61,899	61,743	-	-	19,421	823,954	967,017

##### Group and Bank

2024

##### Securities

	Aaa to Aa3	A1 to A3	Baa1 to Ba3	B+ to C			
S&P	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D			
Fitch	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D			
RAM	AAA to AA3	A to A3	BBB to BB	B to D			
MARC	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D	Unrated	Government - guaranteed	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Group and Bank</b> Investment in securities	123,631	-	-	-	19,421	1,036,638	1,179,690

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## NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2025

### 44 FINANCIAL RISK MANAGEMENT (Cont'd.)

#### (a) Credit Risk (Cont'd.)

#### (vi) Aging analysis of past due but not impaired financing by class of financial assets

##### (i) Past due but not impaired financing by days past due

**Group and Bank  
2025**

**Financing held for sale**  
Retail & Consumer financing

Less than 30 days	31 to 60 days	61 to 90 days	Total
RM'000	RM'000	RM'000	RM'000
146,614	37,972	12,287	196,873
146,614	37,972	12,287	196,873

**Group and Bank  
2024**

**Financing held for sale**  
Retail & Consumer financing

Less than 30 days	31 to 60 days	61 to 90 days	Total
RM'000	RM'000	RM'000	RM'000
143,145	35,900	12,959	192,004
143,145	35,900	12,959	192,004

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## NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2025

### 44 FINANCIAL RISK MANAGEMENT (Cont'd.)

#### (a) Credit Risk (Cont'd.)

##### (vii) Collateral held and other credit enhancements

The Group and the Bank employs a range of policies and practices to mitigate credit risk. The most common one is acceptance of collateral for funds advanced. The Group and the Bank has internal policies on the acceptability of specific classes of collateral or credit risk mitigation.

The Group and the Bank prepares a valuation of the collateral obtained as part of the financing origination process. This assessment is reviewed periodically. The principal collateral types for financing and advances are:

- Margin agreement for derivatives, for which the Bank has also entered into master netting agreements;
- Charges over business assets such as premises, inventory and accounts receivable; and
- Charges over financial instruments such as debt securities and equities.

Longer-term finance and lending to corporate entities are generally secured; revolving individual credit facilities are generally unsecured.

Collateral held as security for financial assets other than financing and advances depends on the nature of the instrument. Debt securities, treasury and other eligible bills are generally unsecured, with the exception of asset-backed securities and similar instruments, which are secured by portfolios of financial instruments. Derivatives are also collateralised.

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

The Group and the Bank closely monitors collateral held for financial assets considered to be credit-impaired, as it becomes more likely that the Group and the Bank will take possession of collateral to mitigate potential credit losses. The Group and the Bank holds collateral and other credit risk enhancements against certain of its credit exposures. The following table sets out the principal types of collateral held against different types of financial assets.

Financing and advances RM'000	Percentage of exposure that is subjected to collateral requirements		
	2025	2024	Principle type of collateral
Financing held for sale	1,742,375	2,149,401	Real Estate, Securities, Cash & Sovereign Guarantees
Financing and advances	33,023	654,966	
Corporate	100.00%	54.24%	
Retail	51.96%	45.75%	

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### 44 FINANCIAL RISK MANAGEMENT (Cont'd.)

#### (a) CREDIT RISK (Cont'd.)

#### (vii) Collateral held and other credit enhancements (Cont'd.)

The following table shows the distribution of LTV ratios for the Group and the Bank's mortgage credit-impaired portfolio:

Mortgage portfolio – LTV distribution	Credit-impaired (Gross carrying amount) (RM'000)	
	2025	2024
LTV ratio		
< 50%	8,879	8,946
51–70%	6,394	6,721
71–90%	22,515	12,630
91–100%	8,691	9,372
>100%	-	-
Total	46,479	37,669

#### Collateral

The amount and type of collateral required depends on an assessment of the credit risk of the counterparty. The Group and the Bank has established clear guidelines that have been approved by the management and the Board on the types of acceptable collateral, valuation parameters and processes and secured margins to be taken.

The main types of collateral accepted include real estate, securities, cash and sovereign guarantees. The Group and the Bank also obtains guarantees from parent companies for finance facilities extended to their subsidiaries. In line with the Group and the Bank's established credit guidelines, proper due diligence on the guarantor is conducted to ascertain their creditworthiness. Management monitors the market value of collateral, requests additional collateral in accordance with the underlying agreements, and monitors the market value of collateral obtained during its review of the adequacy of the allowance for impairment losses.

The financial effect of collateral (quantification of the extent to which collateral and other enhancements mitigate credit risk) held for financing, advances and other receivables for the Group and the Bank is at 77.8% as at 31 December 2025 (2024: 68.2%). The financial effect of collateral held for other financial assets is not significant.

#### Guidelines on Musyarakah and Mudharabah Contracts for Islamic Banking Institutions

In order to cater for the inherently higher credit risks associated to dealings in Musyarakah and Mudharabah contracts, the Group and the Bank has been maintaining an internal credit policy to cover the Group and the Bank's activities in such portfolio, in addition to complying with BNM's Guidelines on Musyarakah and Mudharabah Contracts for Islamic Banking Institutions. The internal policy, which sets stricter and more clearly defined guidelines, encompasses areas of managing risks associated to profit-sharing activities such as the business management, strategy, exit mechanisms, business monitoring/control, and trigger alerts for potential watchlist and impaired accounts. The credit policy is enhanced from time to time to cater for latest changes in the risk profile of the portfolio.

In terms of approval of new Musyarakah and Mudharabah contracts, the Group and the Bank has introduced greater control where all new proposals are tabled to Management Committee for approval and subsequently to Board Credit Committee for concurrence. This further augments the Board's credit monitoring oversight role, specifically on the relatively higher risk profit-sharing portfolio.

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### 44 FINANCIAL RISK MANAGEMENT (Cont'd.)

#### (b) LIQUIDITY RISK

Liquidity risk is defined as the exposure to loss as a result of the inability to meet cash flow obligations in a timely and cost-effective manner. It arises when the Group and the Bank does not have sufficient maturing assets to cover maturing liabilities that are not rolled-over. The Group and the Bank has adopted the BNM's liquidity standard on Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR). While the LCR encourages the short-term resilience (30 days) of a banking institution's liquidity risk profile, the NSFR aims to reduce funding risk over a time horizon of up to one year. LCR aims to ensure that banking institutions hold sufficient high-quality liquid assets (HQLA) to withstand an acute liquidity stress scenario over a 30-day horizon where a stable funding profile reduces the likelihood of a banking institution's liquidity position being severely eroded by material disruptions to its regular sources of funding.

The Group and the Bank also uses a range of tools to monitor and control liquidity risk exposure such as liquidity gap, early warning signals, liquidity indicators and stress testing. The liquidity positions of the Group and the Bank are monitored regularly against the established policies, procedures and limits.

#### **Contractual maturity of total assets and liabilities**

The tables below provide analysis of assets and liabilities into relevant maturity tenures based on remaining contractual maturities as at 31 December 2025 and 31 December 2024. The disclosure is made in accordance with the requirement of Financial Reporting for Islamic Banking Institutions.

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### 44 FINANCIAL RISK MANAGEMENT (Cont'd.)

#### (b) LIQUIDITY RISK (Cont'd.)

##### Contractual maturity of total assets and liabilities (Cont'd.)

2025

Group

#### ASSETS

Cash and short-term funds

Investment in securities

Financing held for sale

Financing, advances and receivables

Right of Use Asset

Other assets

**Total Assets**

#### LIABILITIES AND SHAREHOLDER'S EQUITY

Deposits from customers

Deposits and placements of banks and other financial institutions

Lease Liabilities

Other liabilities

**Total Liabilities**

Shareholder's equity

**Total Liabilities and Shareholder's equity**

#### OFF-BALANCE SHEET LIABILITIES

Commitments & contingencies

**Net maturity mismatch**

	Up to 6 months	>6 - 12 months	>1 - 5 years	Over 5 years	Not on demand & no maturity date	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Cash and short-term funds	827,529	-	-	-	175,894	1,003,423
Investment in securities	-	-	287,780	659,816	19,421	967,017
Financing held for sale	2,286	7,079	202,023	1,530,987	-	1,742,375
Financing, advances and receivables	692	27,012	5,319	-	-	33,023
Right of Use Asset	4,659	-	-	-	-	4,659
Other assets	-	-	-	-	295,745	295,745
<b>Total Assets</b>	835,166	34,091	495,122	2,190,803	491,060	4,046,242
Deposits from customers	343,210	2,086	-	-	167,482	512,778
Deposits and placements of banks and other financial institutions	1,772,144	-	-	-	-	1,772,144
Lease Liabilities	4,800	-	-	-	-	4,800
Other liabilities	-	-	-	-	133,294	133,294
<b>Total Liabilities</b>	2,120,154	2,086	-	-	300,776	2,423,016
Shareholder's equity	-	-	-	-	1,623,226	1,623,226
<b>Total Liabilities and Shareholder's equity</b>	2,120,154	2,086	-	-	1,924,002	4,046,242
Commitments & contingencies	15	-	40	13,615	-	13,670
<b>Net maturity mismatch</b>	(1,285,003)	32,005	495,082	2,177,188	(1,432,942)	(13,670)

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### 44 FINANCIAL RISK MANAGEMENT (Cont'd.)

#### (b) LIQUIDITY RISK (Cont'd.)

##### Contractual maturity of total assets and liabilities (Cont'd.)

2024 Group	Up to 6 months RM'000	>6 - 12 months RM'000	>1 - 5 years RM'000	Over 5 years RM'000	Not on demand & no maturity date RM'000	Total RM'000
<b>ASSETS</b>						
Cash and short-term funds	390,014	-	-	-	142,973	532,987
Investment in securities	152,610	76,349	35,766	895,544	19,421	1,179,690
Financing held for sale	2,474	7,151	257,883	1,881,893	-	2,149,401
Financing, advances and receivables	580,720	48,862	11,536	13,848	-	654,966
Hedging financial instrument assets	374	563	-	-	-	937
Other assets	-	-	-	-	301,886	301,886
<b>Total Assets</b>	<b>1,126,192</b>	<b>132,925</b>	<b>305,185</b>	<b>2,791,285</b>	<b>464,280</b>	<b>4,819,867</b>
<b>LIABILITIES AND SHAREHOLDER'S EQUITY</b>						
Deposits from customers	1,059,440	63,815	10	-	452,867	1,576,132
Deposits and placements of banks and other financial institutions	1,434,273	10,915	-	-	-	1,445,188
Hedging financial instrument liabilities	3,808	3,120	-	-	-	6,928
Lease Liabilities	5,703	5,411	4,611	-	-	15,725
Other liabilities	-	-	-	-	112,916	112,916
<b>Total Liabilities</b>	<b>2,503,224</b>	<b>83,261</b>	<b>4,621</b>	<b>-</b>	<b>565,783</b>	<b>3,156,889</b>
Shareholder's equity	-	-	-	-	1,662,978	1,662,978
<b>Total Liabilities and Shareholder's equity</b>	<b>2,503,224</b>	<b>83,261</b>	<b>4,621</b>	<b>-</b>	<b>2,228,761</b>	<b>4,819,867</b>
<b>OFF-BALANCE SHEET LIABILITIES</b>						
Commitments & contingencies	58,464	77,702	2,732	18,702	-	157,600
<b>Net maturity mismatch</b>	<b>(1,435,496)</b>	<b>(28,038)</b>	<b>297,832</b>	<b>2,772,583</b>	<b>(1,764,481)</b>	<b>(157,600)</b>

# KUWAIT FINANCE HOUSE (MALAYSIA) BERHAD

(200401033666)

(Incorporated in Malaysia)

## NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2025

### 44 FINANCIAL RISK MANAGEMENT (Cont'd.)

#### (b) LIQUIDITY RISK (Cont'd.)

##### Contractual maturity of total assets and liabilities (Cont'd.)

	Up to 6 months	>6 - 12 months	>1 - 5 years	Over 5 years	Not on demand & no maturity date	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>2025</b>						
<b>Bank</b>						
<b>ASSETS</b>						
Cash and short-term funds	827,529	-	-	-	175,894	1,003,423
Investment in securities	-	-	287,780	659,816	19,421	967,017
Financing held for sale	2,286	7,079	202,023	1,530,987	-	1,742,375
Financing, advances and receivables	692	27,012	5,319	-	-	33,023
Right of Use Asset	4,659	-	-	-	-	4,659
Other assets	-	-	-	-	295,745	295,745
<b>Total Assets</b>	<b>835,166</b>	<b>34,091</b>	<b>495,122</b>	<b>2,190,803</b>	<b>491,060</b>	<b>4,046,242</b>
<b>LIABILITIES AND SHAREHOLDER'S EQUITY</b>						
Deposits from customers	343,210	2,086	-	-	167,486	512,782
Deposits and placements of banks and other financial institutions	1,772,144	-	-	-	-	1,772,144
Lease Liabilities	4,800	-	-	-	-	4,800
Other liabilities	-	-	-	-	133,287	133,287
<b>Total Liabilities</b>	<b>2,120,154</b>	<b>2,086</b>	<b>-</b>	<b>-</b>	<b>300,773</b>	<b>2,423,013</b>
Shareholder's equity	-	-	-	-	1,623,229	1,623,229
<b>Total Liabilities and Shareholder's equity</b>	<b>2,120,154</b>	<b>2,086</b>	<b>-</b>	<b>-</b>	<b>1,924,002</b>	<b>4,046,242</b>
<b>OFF-BALANCE SHEET LIABILITIES</b>						
Commitments & contingencies	15	-	40	13,615	-	13,670
<b>Net maturity mismatch</b>	<b>(1,285,003)</b>	<b>32,005</b>	<b>495,082</b>	<b>2,177,188</b>	<b>(1,432,942)</b>	<b>(13,670)</b>

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### 44 FINANCIAL RISK MANAGEMENT (Cont'd.)

#### (b) LIQUIDITY RISK (Cont'd.)

##### Contractual maturity of total assets and liabilities (Cont'd.)

**2024**

**Bank**

**ASSETS**

Cash and short-term funds

Investment in securities

Financing held for sale

Financing, advances and receivables

Hedging Financial Instrument Assets

Other assets

**Total Assets**

**LIABILITIES AND SHAREHOLDER'S EQUITY**

Deposits from customers

Deposits and placements of banks and other financial institutions

Hedging Financial Instrument Assets

Lease Liabilities

Other liabilities

**Total Liabilities**

Shareholder's equity

**Total Liabilities and Shareholder's equity**

**OFF-BALANCE SHEET LIABILITIES**

Commitments & contingencies

**Net maturity mismatch**

	Up to 6 months	>6 - 12 months	>1 - 5 years	Over 5 years	Not on demand & no maturity date	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Cash and short-term funds	390,014	-	-	-	142,973	532,987
Investment in securities	152,610	76,349	35,766	895,544	19,421	1,179,690
Financing held for sale	2,474	7,151	257,883	1,881,893	-	2,149,401
Financing, advances and receivables	580,720	48,862	11,536	13,848	-	654,966
Hedging Financial Instrument Assets	374	563	-	-	-	937
Other assets	-	-	-	-	301,886	301,886
<b>Total Assets</b>	<b>1,126,192</b>	<b>132,925</b>	<b>305,185</b>	<b>2,791,285</b>	<b>464,280</b>	<b>4,819,867</b>
Deposits from customers	1,059,440	63,815	10	-	452,871	1,576,136
Deposits and placements of banks and other financial institutions	1,434,273	10,915	-	-	-	1,445,188
Hedging Financial Instrument Assets	3,808	3,120	-	-	-	6,928
Lease Liabilities	5,703	5,411	4,611	-	-	15,725
Other liabilities	-	-	-	-	112,909	112,909
<b>Total Liabilities</b>	<b>2,503,224</b>	<b>83,261</b>	<b>4,621</b>	<b>-</b>	<b>565,780</b>	<b>3,156,886</b>
Shareholder's equity	-	-	-	-	1,662,981	1,662,981
<b>Total Liabilities and Shareholder's equity</b>	<b>2,503,224</b>	<b>83,261</b>	<b>4,621</b>	<b>-</b>	<b>2,228,761</b>	<b>4,819,867</b>
Commitments & contingencies	58,464	77,702	2,732	18,702	-	157,600
<b>Net maturity mismatch</b>	<b>(1,435,496)</b>	<b>(28,038)</b>	<b>297,832</b>	<b>2,772,583</b>	<b>(1,764,481)</b>	<b>(157,600)</b>

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### 44 FINANCIAL RISK MANAGEMENT (Cont'd.)

#### (b) LIQUIDITY RISK (Cont'd.)

##### Contractual maturity of financial liabilities on an undiscounted basis

The tables below present the cash flows payable by the Group and the Bank under non-derivatives financial liabilities by remaining contractual maturities at the end of the reporting period. The amounts disclosed in the tables are the contractual undiscounted cash flow. The Group and the Bank manage inherent liquidity risk based on undiscounted expected cash flows.

Group	Up to 6 months	> 6 -12 months	> 1 – 5 years	Not on demand & no maturity	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
<b>2025</b>					
Deposits from customers	347,477	2,125	-	167,482	517,084
Deposit and placements of banks and other financial institutions	1,802,834	-	-	-	1,802,834
Lease liabilities	4,856	-	-	-	4,856
Other liabilities	-	-	-	133,294	133,294
<b>Total</b>	<b>2,155,167</b>	<b>2,125</b>	<b>-</b>	<b>300,776</b>	<b>2,458,068</b>
<b>2024</b>					
Deposits from customers	1,073,556	65,095	11	452,867	1,591,529
Deposit and placements of banks and other financial institutions	1,461,411	11,226	-	-	1,472,637
Lease liabilities	5,767	5,633	4,803	-	16,203
Other liabilities	-	-	-	112,916	112,916
<b>Total</b>	<b>2,540,734</b>	<b>81,954</b>	<b>4,814</b>	<b>565,783</b>	<b>3,193,285</b>

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### 44 FINANCIAL RISK MANAGEMENT (Cont'd.)

#### (b) LIQUIDITY RISK (Cont'd.)

##### Contractual maturity of financial liabilities on an undiscounted basis (Cont'd.)

Bank	Up to 6 months	> 6 -12 months	> 1 – 5 years	Not on demand & no maturity	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
<b>2025</b>					
Deposits from customers	347,477	2,125	-	167,486	517,088
Deposit and placements of banks and other financial institutions	1,802,834	-	-	-	1,802,834
Lease liabilities	4,856	-	-	-	4,856
Other liabilities	-	-	-	133,286	133,286
<b>Total</b>	<b>2,155,167</b>	<b>2,125</b>	<b>-</b>	<b>300,772</b>	<b>2,458,064</b>
<b>2024</b>					
Deposits from customers	1,073,556	65,095	11	452,871	1,591,533
Deposit and placements of banks and other financial institutions	1,461,411	11,226	-	-	1,472,637
Lease liabilities	5,767	5,633	4,803	-	16,203
Other liabilities	-	-	-	112,909	112,909
<b>Total</b>	<b>2,540,734</b>	<b>81,954</b>	<b>4,814</b>	<b>565,780</b>	<b>3,193,282</b>

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### 44 FINANCIAL RISK MANAGEMENT (Cont'd.)

#### (b) LIQUIDITY RISK (Cont'd.)

To manage the risk inherent from the above position, limits on the following ratios are imposed to ensure that the Group and the Bank has sufficient liquidity to meet the liability obligations:

- (i) The sum of assets to mature within a period of one week and liquefiable assets over the liabilities that will mature within a period of 1 week;
- (ii) The sum of assets to mature within a period of one month and liquefiable assets over the liabilities that will mature within a period of 1 month; and
- (iii) The sum of cash, bank balances, placements and deposits with banks and financial institutions, and liquefiable assets over the total deposits from the 10 largest depositors of the the Group and the Bank.

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### 44 FINANCIAL RISK MANAGEMENT (Cont'd.)

#### (c) MARKET RISK

Market risk is the risk that movements in market variables, including rates of return, foreign exchange rates, credit spreads, commodity prices and equity prices, will reduce the earnings or capital of the Group and the Bank.

##### i. Traded Market Risk

Traded Market Risk arising from financial instruments held either with trading intent or to hedge other elements of the Trading Book. Positions held with trading intent are those held intentionally for short-term resale and/or with the intent of benefiting from actual or expected short-term price movements or to lock in arbitrage profits. These positions attract market risk capital charge. For example, proprietary positions, positions arising from client servicing and market making.

##### ii. Non-Traded Market Risk

###### Rate of Return in the Banking Book

Rate of return risk in the banking book refers to the risk of the Group and the Bank's earnings and economic value of equity due to the adverse movements in benchmark rate. The risk may arise from the mismatches in the timing of repricing of assets and liabilities from both on and off-balance sheet positions in the banking book, changes in slope and shape of the yield curve, basis risk and optionality risk.

The following tables indicate the effective rate of return at the reporting date and the Group's and the Bank's sensitivity to the rate of return by time band based on the earlier of contractual repricing date and maturity date. Actual repricing dates may differ from contractual repricing dates due to prepayment of financing and advances.

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## NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2025

### 44 FINANCIAL RISK MANAGEMENT (Cont'd.)

#### (c) MARKET RISK (Cont'd.)

##### ii. Non-Traded Market Risk (Cont'd.)

##### Rate of Return in the Banking Book (Cont'd.)

Group 2025	Non-trading book					Trading book RM'000	Total RM'000	Effective profit rate %
	Up to 1 month RM'000	>1 - 3 months RM'000	>3 - 12 months RM'000	>1 - 5 years RM'000	Over 5 years RM'000			
<b>ASSETS</b>								
Cash and short-term funds	827,529	-	-	-	-	175,894	1,003,423	
Investment in securities	-	-	-	287,780	659,816	19,421	967,017	4.22
Financing held for sale	883,270	441	8,325	190,788	627,121	32,430	1,742,375	5.40
Financing, advances and receivables	-	-	-	-	-	33,023	33,023	5.58
Hedging financial instrument assets	-	-	-	-	-	-	-	
Other assets	-	-	-	-	-	300,404	300,404	
<b>TOTAL ASSETS</b>	1,710,799	441	8,325	478,568	1,286,937	561,172	4,046,242	

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## NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2025

### 44 FINANCIAL RISK MANAGEMENT (Cont'd.)

#### (c) MARKET RISK (Cont'd.)

##### ii. Non-Traded Market Risk (Cont'd.)

##### Rate of Return in the Banking Book (continued)

Group 2025	Non-trading book					Non- profit sensitive RM'000	Trading book RM'000	Total RM'000	Effective profit rate %
	Up to 1 month RM'000	>1 - 3 months RM'000	>3 - 12 months RM'000	>1 - 5 years RM'000	Over 5 years RM'000				
<b>LIABILITIES AND SHAREHOLDER'S EQUITY</b>									
Deposits from customers	218,137	134,100	16,115	46,811	-	97,615	-	512,778	<b>2.50</b>
Deposits and placements of banks and other financial institutions	474,750	450,406	846,988	-	-	-	-	1,772,144	<b>3.49</b>
Investment accounts of customers	-	-	-	-	-	-	-	-	
Hedging financial instrument liabilities	-	-	-	-	-	-	-	-	
Other liabilities	-	-	-	-	-	138,094	-	138,094	
<b>Total Liabilities</b>	<b>692,887</b>	<b>584,506</b>	<b>863,103</b>	<b>46,811</b>	<b>-</b>	<b>235,709</b>	<b>-</b>	<b>2,423,016</b>	
Shareholder's equity	-	-	-	-	-	1,623,226	-	1,623,226	
<b>Total Liabilities and Shareholder's equity</b>	<b>692,887</b>	<b>584,506</b>	<b>863,103</b>	<b>46,811</b>	<b>-</b>	<b>1,858,935</b>	<b>-</b>	<b>4,046,242</b>	
On-balance sheet profit sensitivity gap	1,017,912	(584,065)	(854,778)	431,757	1,286,937	(1,297,763)	-	-	
Off-balance sheet profit sensitivity gap	-	-	-	-	-	-	-	-	
<b>Total profit sensitivity gap</b>	<b>1,017,912</b>	<b>(584,065)</b>	<b>(854,778)</b>	<b>431,757</b>	<b>1,286,937</b>	<b>(1,297,763)</b>	<b>-</b>	<b>-</b>	

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### 44 FINANCIAL RISK MANAGEMENT (Cont'd.)

#### (c) MARKET RISK (Cont'd.)

##### ii. Non-Traded Market Risk (Cont'd.)

##### Rate of Return in the Banking Book (Cont'd.)

	Non-trading book					Non-profit sensitive RM'000	Trading book RM'000	Total RM'000	Effective profit rate %
	Up to 1 month RM'000	>1 - 3 months RM'000	>3 - 12 months RM'000	>1 - 5 years RM'000	Over 5 years RM'000				
<b>Group 2024</b>									
<b>ASSETS</b>									
Cash and short-term funds	390,014	-	-	-	-	142,973	-	532,987	
Investment in securities	-	152,610	76,349	35,766	895,544	19,421	-	1,179,690	4.25
Financing held for sale	978,610	579	8,421	245,302	888,491	27,998	-	2,149,401	5.53
Financing, advances and receivables	257,756	304,072	38,850	-	-	54,288	-	654,966	6.21
Hedging financial instrument assets	138	139	660	-	-	-	-	937	
Other assets	-	-	-	-	-	301,886	-	301,886	
<b>TOTAL ASSETS</b>	<b>1,626,518</b>	<b>457,400</b>	<b>124,280</b>	<b>281,068</b>	<b>1,784,035</b>	<b>546,566</b>	<b>-</b>	<b>4,819,867</b>	

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### 44 FINANCIAL RISK MANAGEMENT (Cont'd.)

#### (c) MARKET RISK (Cont'd.)

##### ii. Non-Traded Market Risk (Cont'd.)

##### Rate of Return in the Banking Book (Cont'd.)

Group 2024	Non-trading book					Non- profit sensitive RM'000	Trading book RM'000	Total RM'000	Effective profit rate %
	Up to 1 month RM'000	>1 - 3 months RM'000	>3 - 12 months RM'000	>1 - 5 years RM'000	Over 5 years RM'000				
<b>LIABILITIES AND SHAREHOLDER'S EQUITY</b>									
Deposits from customers	510,919	479,171	244,147	225,339	-	116,556	-	1,576,132	2.68
Deposits and placements of banks and other financial institutions	566,282	567,403	311,503	-	-	-	-	1,445,188	3.82
Hedging financial instrument liabilities	1,244	1,593	4,091	-	-	-	-	6,928	
Other liabilities	-	-	-	-	-	128,641	-	128,641	
<b>Total Liabilities</b>	1,078,445	1,048,167	559,741	225,339	-	245,197	-	3,156,889	
Shareholder's equity	-	-	-	-	-	1,662,978	-	1,662,978	
<b>Total Liabilities and Shareholder's equity</b>	1,078,445	1,048,167	559,741	225,339	-	1,908,175	-	4,819,867	
On-balance sheet profit sensitivity gap	548,073	(590,767)	(435,461)	55,729	1,784,035	(1,361,609)	-	-	
Off-balance sheet profit sensitivity gap	-	-	-	-	-	-	-	-	
<b>Total profit sensitivity gap</b>	548,073	(590,767)	(435,461)	55,729	1,784,035	(1,361,609)	-	-	

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### 44 FINANCIAL RISK MANAGEMENT (Cont'd.)

#### (c) MARKET RISK (Cont'd.)

##### ii. Non-Traded Market Risk (Cont'd.)

##### Rate of Return in the Banking Book (Cont'd.)

	Non-trading book					Non-profit sensitive RM'000	Trading book RM'000	Total RM'000	Effective profit rate %
	Up to 1 month RM'000	>1 - 3 months RM'000	>3 - 12 months RM'000	>1 - 5 years RM'000	Over 5 years RM'000				
<b>Bank 2025</b>									
<b>ASSETS</b>									
Cash and short-term funds	827,529	-	-	-	-	175,894	-	1,003,423	
Investment in securities	-	-	-	287,780	659,816	19,421	-	967,017	4.22
Financing held for sale	883,270	441	8,325	190,788	627,122	32,429	-	1,742,375	5.40
Financing, advances and receivables	-	-	-	-	-	33,023	-	33,023	5.58
Hedging financial instrument assets	-	-	-	-	-	-	-	-	
Other assets	-	-	-	-	-	300,404	-	300,404	
<b>TOTAL ASSETS</b>	<b>1,710,799</b>	<b>441</b>	<b>8,325</b>	<b>478,568</b>	<b>1,286,938</b>	<b>561,171</b>	<b>-</b>	<b>4,046,242</b>	

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### 44 FINANCIAL RISK MANAGEMENT (Cont'd.)

#### (c) MARKET RISK (Cont'd.)

##### ii. Non-Traded Market Risk (Cont'd.)

##### Rate of Return in the Banking Book (Cont'd.)

	Non-trading book						Trading book RM'000	Total RM'000	Effective profit rate %
	Up to 1 month RM'000	>1 - 3 months RM'000	>3 - 12 months RM'000	>1 - 5 years RM'000	Over 5 years RM'000	Non-profit sensitive RM'000			
<b>Bank 2025</b>									
<b>LIABILITIES AND SHAREHOLDER'S EQUITY</b>									
Deposits from customers	218,139	134,100	16,115	46,813	-	97,615	-	512,782	2.50
Deposits and placements of banks and other financial institutions	474,750	450,406	846,988	-	-	-	-	1,772,144	3.49
Investment accounts of customers	-	-	-	-	-	-	-	-	
Hedging financial instrument liabilities	-	-	-	-	-	-	-	-	
Other liabilities	-	-	-	-	-	138,087	-	138,087	
<b>Total Liabilities</b>	692,889	584,506	863,103	46,813	-	235,702	-	2,423,013	
Shareholder's equity	-	-	-	-	-	1,623,229	-	1,623,229	
<b>Total Liabilities and Shareholder's equity</b>	692,889	584,506	863,103	46,813	-	1,858,931	-	4,046,242	
On-balance sheet profit sensitivity gap	1,017,910	(584,065)	(854,778)	431,755	1,286,938	(1,297,760)	-	-	
Off-balance sheet profit sensitivity gap	-	-	-	-	-	-	-	-	
<b>Total profit sensitivity gap</b>	1,017,910	(584,065)	(854,778)	431,755	1,286,938	(1,297,760)	-	-	

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### 44 FINANCIAL RISK MANAGEMENT (Cont'd.)

#### (c) MARKET RISK (Cont'd.)

##### ii. Non-Traded Market Risk (Cont'd.)

##### Rate of Return in the Banking Book (Cont'd.)

	Non-trading book					Non-profit sensitive RM'000	Trading book RM'000	Total RM'000	Effective profit rate %
	Up to 1 month RM'000	>1 - 3 months RM'000	>3 - 12 months RM'000	>1 - 5 years RM'000	Over 5 years RM'000				
<b>Bank 2024</b>									
<b>ASSETS</b>									
Cash and short-term funds	390,014	-	-	-	-	142,973	-	532,987	
Investment in securities	-	152,610	76,349	35,766	895,544	19,421	-	1,179,690	<b>4.25</b>
Financing held for sale	978,610	579	8,421	245,302	888,491	27,998	-	2,149,401	<b>5.53</b>
Financing, advances and receivables	257,756	304,072	38,850	-	-	54,288	-	654,966	<b>6.21</b>
Hedging financial instrument assets	138	139	660	-	-	-	-	937	
Other assets	-	-	-	-	-	301,886	-	301,886	
<b>TOTAL ASSETS</b>	<b>1,626,518</b>	<b>457,400</b>	<b>124,280</b>	<b>281,068</b>	<b>1,784,035</b>	<b>546,566</b>	<b>-</b>	<b>4,819,867</b>	

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### 44 FINANCIAL RISK MANAGEMENT (Cont'd.)

#### (c) MARKET RISK (Cont'd.)

##### ii. Non-Traded Market Risk (Cont'd.)

##### Rate of Return in the Banking Book (Cont'd.)

	Non-trading book						Trading book RM'000	Total RM'000	Effective profit rate %
	Up to 1 month RM'000	>1 - 3 months RM'000	>3 - 12 months RM'000	>1 - 5 years RM'000	Over 5 years RM'000	Non- profit sensitive RM'000			
<b>Bank 2024</b>									
<b>LIABILITIES AND SHAREHOLDER'S EQUITY</b>									
Deposits from customers	510,921	479,171	244,147	225,341	-	116,556	-	1,576,136	2.68
Deposits and placements of banks and other financial institutions	566,282	567,403	311,503	-	-	-	-	1,445,188	3.82
Hedging financial instrument liabilities	1,244	1,593	4,091	-	-	-	-	6,928	
Other liabilities	-	-	-	-	-	128,634	-	128,634	
<b>Total Liabilities</b>	1,078,447	1,048,167	559,741	225,341	-	245,190	-	3,156,886	
Shareholder's equity	-	-	-	-	-	1,662,981	-	1,662,981	
<b>Total Liabilities and Shareholder's equity</b>	1,078,447	1,048,167	559,741	225,341	-	1,908,171	-	4,819,867	
On-balance sheet profit sensitivity gap	548,071	(590,767)	(435,461)	55,727	1,784,035	(1,361,605)	-	-	
Off-balance sheet profit sensitivity gap	-	-	-	-	-	-	-	-	
<b>Total profit sensitivity gap</b>	548,071	(590,767)	(435,461)	55,727	1,784,035	(1,361,605)	-	-	

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### 44 FINANCIAL RISK MANAGEMENT (Cont'd.)

#### (c) MARKET RISK (Cont'd.)

##### ii. Non-Traded Market Risk (Cont'd.)

##### Rate of Return in the Banking Book (Cont'd.)

The following table indicates the sensitivity of the net revenue and the economic value of equity on over the rate of return upward and downward rate shocks.

##### Profit Rate Risk Sensitivity Analysis

	Impact on Position as at Reporting Period (100 basis points) Parallel Shift			
	Increase/(Decline) in Earnings		Increase/(Decline) in Economic Value	
	Impact based on +100 basis points	Impact based on -100 basis points	Impact based on +100 basis points	Impact based on -100 basis points
	RM'000	RM'000	RM'000	RM'000
<b>2025</b>				
<b>Group and Bank</b>				
MYR - Ringgit Malaysia	1,050	(1,050)	(94,518)	94,518
USD - United States Dollars	-	-	-	-
Other Currencies	-	-	-	-
<b>Total</b>	<b>1,050</b>	<b>(1,050)</b>	<b>(94,518)</b>	<b>94,518</b>
<b>2024</b>				
<b>Group and Bank</b>				
MYR - Ringgit Malaysia	(1,137)	1,137	(111,747)	111,747
USD - United States Dollars	-	-	-	-
Other Currencies	-	-	-	-
<b>Total</b>	<b>(1,137)</b>	<b>1,137</b>	<b>(111,747)</b>	<b>111,747</b>

##### Note:

The earnings and economic values were computed based on the standardised approach adopted by BNM.

The reported amounts do not capture the impact of business growth or of management actions and are based on the balance sheet as at reporting date. In reality, the Assets & Liabilities Management Committee ("ALCO") seeks to proactively change the profit rate/rate of return risk profile to minimise losses and maximise net revenue. The projection assumes a constant statements of financial position and that all positions run to maturity.

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### 44 FINANCIAL RISK MANAGEMENT (Cont'd.)

#### (d) FOREIGN EXCHANGE RISK

Foreign exchange risk is the risk to earnings and value of foreign currency assets, liabilities and hedging financial instruments caused by fluctuations in foreign exchange rates.

The banking activities of providing financial products and services to customers expose the Group and the Bank to foreign exchange risk. Foreign exchange risk is managed by treasury function, and monitored by Risk Management against delegated limits. The Group's policy is to ensure, where appropriate and practical, that its capital is protected from foreign exchange exposures. Hedging against foreign exchange exposures is mainly to protect the real economic value, rather than to avoid the short-term accounting impact.

The table below analyses the net foreign exchange positions of the Group and the Bank by major currencies, which are mainly in Ringgit Malaysia, Singapore Dollar, and US Dollar.

Group 2025	MYR RM'000	SGD RM'000	USD RM'000	EUR RM'000	KWD RM'000	Others RM'000	Total RM'000
<b>ASSETS</b>							
Cash and short-term funds	889,176	11	106,112	7,331	406	387	1,003,423
Investment in securities	967,017	-	-	-	-	-	967,017
Financing held for sale	1,742,375	-	-	-	-	-	1,742,375
Financing, advances and receivables	33,023	-	-	-	-	-	33,023
Other assets	111,515	-	-	1,925	-	186,964	300,404
<b>Total Assets</b>	<b>3,743,106</b>	<b>11</b>	<b>106,112</b>	<b>9,256</b>	<b>406</b>	<b>187,351</b>	<b>4,046,242</b>

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### 44 FINANCIAL RISK MANAGEMENT (Cont'd.)

#### (d) FOREIGN EXCHANGE RISK (Cont'd.)

The table below analyses the net foreign exchange positions of the Group and the Bank by major currencies, which are mainly in Ringgit Malaysia, Singapore Dollar, and US Dollar. (Cont'd.)

Group 2025 (Cont'd.)	MYR RM'000	SGD RM'000	USD RM'000	EUR RM'000	KWD RM'000	Others RM'000	Total RM'000
<b>LIABILITIES AND SHAREHOLDER'S EQUITY</b>							
Deposits from customers	415,164	-	-	-	-	97,614	512,778
Deposits and placements of banks and other financial institutions	1,772,144	-	-	-	-	-	1,772,144
Other liabilities	138,070	-	24	-	-	-	138,094
<b>Total Liabilities</b>	2,325,378	-	24	-	-	97,614	2,423,016
Shareholder's equity	1,623,226	-	-	-	-	-	1,623,226
<b>Total Liabilities and Shareholder's equity</b>	3,948,604	-	24	-	-	97,614	4,046,242
On-balance sheet open position	(205,498)	11	106,088	9,256	406	89,737	-
Off-balance sheet open position	-	-	-	-	-	-	-
<b>Net open position</b>	(205,498)	11	106,088	9,256	406	89,737	-

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### 44 FINANCIAL RISK MANAGEMENT (Cont'd.)

#### (d) FOREIGN EXCHANGE RISK (Cont'd.)

The table below analyses the net foreign exchange positions of the Group and the Bank by major currencies, which are mainly in Ringgit Malaysia, Singapore Dollar, and US Dollar. (Cont'd.)

Group 2024	MYR RM'000	SGD RM'000	USD RM'000	EUR RM'000	KWD RM'000	Others RM'000	Total RM'000
<b>ASSETS</b>							
Cash and short-term funds	410,887	82	116,942	349	4,271	456	532,987
Investment in securities	1,179,690	-	-	-	-	-	1,179,690
Financing held for sale	2,149,401	-	-	-	-	-	2,149,401
Financing, advances and receivables	654,966	-	-	-	-	-	654,966
Other assets	177,182	-	-	1,885	-	123,756	302,823
<b>Total Assets</b>	<b>4,572,126</b>	<b>82</b>	<b>116,942</b>	<b>2,234</b>	<b>4,271</b>	<b>124,212</b>	<b>4,819,867</b>
<b>LIABILITIES AND SHAREHOLDER'S EQUITY</b>							
Deposits from customers	1,459,576	-	-	-	-	116,556	1,576,132
Deposits and placements of banks and other financial institutions	1,445,188	-	-	-	-	-	1,445,188
Other liabilities	135,418	-	27	-	-	124	135,569
<b>Total Liabilities</b>	<b>3,040,182</b>	<b>-</b>	<b>27</b>	<b>-</b>	<b>-</b>	<b>116,680</b>	<b>3,156,889</b>
Shareholder's equity	1,662,978	-	-	-	-	-	1,662,978
<b>Total Liabilities and Shareholder's equity</b>	<b>4,703,160</b>	<b>-</b>	<b>27</b>	<b>-</b>	<b>-</b>	<b>116,680</b>	<b>4,819,867</b>
On-balance sheet open position	(131,034)	82	116,915	2,234	4,271	7,532	-
Off-balance sheet open position	-	-	-	-	-	-	-
<b>Net open position</b>	<b>(131,034)</b>	<b>82</b>	<b>116,915</b>	<b>2,234</b>	<b>4,271</b>	<b>7,532</b>	<b>-</b>

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### 44 FINANCIAL RISK MANAGEMENT (Cont'd.)

#### (d) FOREIGN EXCHANGE RISK (Cont'd.)

The table below analyses the net foreign exchange positions of the Group and the Bank by major currencies, which are mainly in Ringgit Malaysia, Singapore Dollar, and US Dollar. (Cont'd.)

Bank 2025	MYR RM'000	SGD RM'000	USD RM'000	EUR RM'000	KWD RM'000	Others RM'000	Total RM'000
<b>ASSETS</b>							
Cash and short-term funds	889,176	11	106,112	7,331	406	387	1,003,423
Investment in securities	967,017	-	-	-	-	-	967,017
Financing held for sale	1,742,375	-	-	-	-	-	1,742,375
Financing, advances and receivables	33,023	-	-	-	-	-	33,023
Other assets	111,515	-	-	1,925	-	186,964	300,404
<b>Total Assets</b>	<b>3,743,106</b>	<b>11</b>	<b>106,112</b>	<b>9,256</b>	<b>406</b>	<b>187,351</b>	<b>4,046,242</b>
<b>LIABILITIES AND SHAREHOLDER'S EQUITY</b>							
Deposits from customers	415,167	-	-	-	-	97,615	512,782
Deposits and placements of banks and other financial institutions	1,772,144	-	-	-	-	-	1,772,144
Other liabilities	138,063	-	24	-	-	-	138,087
<b>Total Liabilities</b>	<b>2,325,374</b>	<b>-</b>	<b>24</b>	<b>-</b>	<b>-</b>	<b>97,615</b>	<b>2,423,013</b>
Shareholder's equity	1,623,229	-	-	-	-	-	1,623,229
<b>Total Liabilities and Shareholder's equity</b>	<b>3,948,603</b>	<b>-</b>	<b>24</b>	<b>-</b>	<b>-</b>	<b>97,615</b>	<b>4,046,242</b>
On-balance sheet open position	(205,497)	11	106,088	9,256	406	89,736	-
Off-balance sheet open position	-	-	-	-	-	-	-
<b>Net open position</b>	<b>(205,497)</b>	<b>11</b>	<b>106,088</b>	<b>9,256</b>	<b>406</b>	<b>89,736</b>	<b>-</b>

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### 44 FINANCIAL RISK MANAGEMENT (Cont'd.)

#### (d) FOREIGN EXCHANGE RISK (Cont'd.)

The table below analyses the net foreign exchange positions of the Group and the Bank by major currencies, which are mainly in Ringgit Malaysia, Singapore Dollar, and US Dollar. (Cont'd.)

Bank 2024	MYR RM'000	SGD RM'000	USD RM'000	EUR RM'000	KWD RM'000	Others RM'000	Total RM'000
<b>ASSETS</b>							
Cash and short-term funds	410,887	82	116,942	349	4,271	456	532,987
Investment in securities	1,179,690	-	-	-	-	-	1,179,690
Financing held for sale	2,149,401	-	-	-	-	-	2,149,401
Financing, advances and receivables	654,966	-	-	-	-	-	654,966
Other assets	177,182	-	-	1,885	-	123,756	302,823
<b>Total Assets</b>	<b>4,572,126</b>	<b>82</b>	<b>116,942</b>	<b>2,234</b>	<b>4,271</b>	<b>124,212</b>	<b>4,819,867</b>
<b>LIABILITIES AND SHAREHOLDER'S EQUITY</b>							
Deposits from customers	1,459,580	-	-	-	-	116,556	1,576,136
Deposits and placements of banks and other financial institutions	1,445,188	-	-	-	-	-	1,445,188
Other liabilities	135,410	-	27	-	-	125	135,562
<b>Total Liabilities</b>	<b>3,040,178</b>	<b>-</b>	<b>27</b>	<b>-</b>	<b>-</b>	<b>116,681</b>	<b>3,156,886</b>
Shareholder's equity	1,662,981	-	-	-	-	-	1,662,981
<b>Total Liabilities and Shareholder's equity</b>	<b>4,703,159</b>	<b>-</b>	<b>27</b>	<b>-</b>	<b>-</b>	<b>116,681</b>	<b>4,819,867</b>
On-balance sheet open position	(131,033)	82	116,915	2,234	4,271	7,531	-
Off-balance sheet open position	-	-	-	-	-	-	-
<b>Net open position</b>	<b>(131,033)</b>	<b>82</b>	<b>116,915</b>	<b>2,234</b>	<b>4,271</b>	<b>7,531</b>	<b>-</b>

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### 44 FINANCIAL RISK MANAGEMENT (Cont'd.)

#### (d) FOREIGN EXCHANGE RISK (Cont'd.)

The table below indicates the currencies to which the Group and the Bank had significant exposure as at 31 December 2025. The analysis calculates the effect of a reasonably possible movement of the currencies' exchange rates against Ringgit Malaysia, with all other variables held constant, on the income statement. A negative amount in the table reflects a potential net reduction in income statement, while a positive amount reflects a net potential increase.

	2025		2024	
	Change in exchange rate %	Effect on Income Statements/ Equity RM'000	Change in exchange rate %	Effect on Income Statements/ Equity RM'000
<b>Group and Bank</b>				
Singapore Dollar (SGD)	1	-	1	1
US Dollar (USD)	1	1,061	1	1,169
Euro (EUR)	1	93	1	22
Kuwait Dinar (KWD)	1	4	1	43

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### 44 FINANCIAL RISK MANAGEMENT (Cont'd.)

#### (e) Credit Risk Disclosures for portfolios under the Standardised Approach

For the calculation of credit risk-weighted assets under the Standardised Approach for Capital Adequacy Framework for Islamic Bank ("CAFIB") issued by Bank Negara Malaysia ("BNM"), external credit assessments (or external ratings) on the obligor (the issuer) or specific securities issued by the issuer (the issue) form as a basis for the determination of risk weights for exposures to sovereigns, central banks, public sector entities, banking institutions, corporates as well as certain other specific portfolios in the banking book. The Group and the Bank captures all available external ratings of obligor or issues and adheres to the conditions stipulated in the BNM CAFIB to choose the applicable rating assessment for exposures with single or multiple external ratings. The Group and the Bank then assigns the appropriate risk weight to the banking book exposure that is equivalent to the standard risk-weights in CAFIB for issue-specific rating. The Group and the Bank also applies the principles stipulated in CAFIB to determine the applicable risk weights to the exposures that do not have issue-specific rating.

(i) Names of External Credit Assessment Institution ("ECAIs") used are:

Standard & Poor's Rating Services ("S&P")  
 Moody's Investor's Service ("Moody's")  
 Fitch Ratings ("Fitch")  
 Rating Agency Malaysia ("RAM")  
 Malaysian Rating Corporation Berhad ("MARC")

(ii) Types of exposures for which each ECAIs is used :

Exposures to Sovereign and Central Banks  
 Exposures to Non-Federal Government Public Sector Entities ("PSEs")  
 Exposures to Multilateral Banks ("MDB's")  
 Exposures to Banking Institutions and Corporates

(iii) The breakdown of all rated and unrated exposures in each major risk category for the current financial year are as follows:

Exposure class	Rating of Corporates by approved ECAIs					
	Moodys	Aaa to Aa3	A1 to A3	Baa1 to Ba3	B+ to C	Unrated
	S&P	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D	Unrated
	Fitch	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D	Unrated
	RAM	AAA to AA3	A to A3	BBB to BB	B to D	Unrated
	MARC	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D	Unrated
	Rating & Investment Inc	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D	Unrated
<b>On and Off-Balance Sheet Exposures</b>						
<b>Credit exposures (using corporate risk-weights)</b>						
		RM '000	RM '000	RM '000	RM '000	RM '000
<b>Group and Bank 2025</b>						
Corporates		61,899	61,743	-	-	321,577
<b>Group and Bank 2024</b>						
Corporates		123,630	-	-	-	1,189,904

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### 44 FINANCIAL RISK MANAGEMENT (Cont'd.)

#### (e) Credit Risk Disclosures for portfolios under the Standardised Approach (Cont'd.)

(iii) The breakdown of all rated and unrated exposures in each major risk category for the current financial year are as follows:  
(Cont'd.)

Exposure class	Rating of Sovereigns and Central Banks by approved ECAIs						
	Moody's	Aaa to Aa3	A1 to A3	Baa1 to Baa3	Ba1 to B3	Caa1 to C	Unrated
	S&P	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to D	Unrated
	Fitch	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to D	Unrated
	Rating & Investment Inc	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to C	Unrated
<b>On and Off-Balance Sheet Exposures</b>		RM '000	RM '000	RM '000	RM '000	RM '000	RM '000
<b>Group and Bank 2025</b> Sovereigns/Central Banks		-	914,884	-	-	-	-
<b>Group and Bank 2024</b> Sovereigns/Central Banks		-	750,867	-	-	-	-

Exposure class	Rating of Banking Institutions by approved ECAIs						
	Moody's	Aaa to Aa3	A1 to A3	Baa1 to Baa3	Ba1 to B3	Caa1 to C	Unrated
	S&P	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to D	Unrated
	Fitch	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to D	Unrated
	RAM	AAA to AA3	A to A3	BBB1 to BBB3	BB1 to B3	C1 to D	Unrated
	MARC	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	C+ to D	Unrated
	Rating & Investment Inc	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to C	Unrated
<b>On and Off-Balance Sheet Exposures</b>		RM '000	RM '000	RM '000	RM '000	RM '000	RM '000
<b>Group and Bank 2025</b> Banks, MDBs and FDIs		543,906	102,901	52	-	-	7,297
<b>Group and Bank 2024</b> Banks, MDBs and FDIs		259,702	117,197	438	-	-	55

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### 44 FINANCIAL RISK MANAGEMENT (Cont'd.)

#### (f) Credit Risk Mitigation ("CRM") Disclosures under the Standardised Approach

The Group and the Bank's exposures covered by eligible guarantee and collateral under CAFIB are as follows:

Group and Bank 2025	Exposures before CRM	Exposures Covered by Guarantees	Exposures Covered by Eligible Financial Collateral
	RM'000	RM'000	RM'000
<b>(i) Credit Risk</b>			
<b>(a) On-Balance Sheet Exposures</b>			
Sovereigns/Central Banks	914,884	552,867	-
Banks, Development Financial Institutions & MDBs	654,155	-	-
Corporates	412,196	271,087	-
Regulatory Retail	1,010,585	-	-
Residential Mortgages	994,891	-	-
Higher Risk Assets <sup>1</sup>	19,421	-	-
Other Assets	287,725	-	-
Defaulted Exposures	67,624	-	-
<b>Total On Balance Sheet Exposures</b>	<b>4,361,481</b>	<b>823,954</b>	<b>-</b>
<b>(b) Off-Balance Sheet Exposures*</b>			
OTC Derivatives	-	-	-
Off-balance sheet exposures other than OTC derivatives	6,836	-	3
<b>Total Off-Balance Sheet Exposures</b>	<b>6,836</b>	<b>-</b>	<b>3</b>
<b>Total On and Off-Balance Sheet Exposures</b>	<b>4,368,317</b>	<b>823,954</b>	<b>3</b>

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### 44 FINANCIAL RISK MANAGEMENT (Cont'd.)

#### (f) Credit Risk Mitigation ("CRM") Disclosures under the Standardised Approach (Cont'd.)

The Group and the Bank's exposures covered by eligible guarantee and collateral under CAFIB are as follows: (Cont'd.)

Group and Bank 2024	Exposures before CRM	Exposures Covered by Guarantees	Exposures Covered by Eligible Financial Collateral
	RM'000	RM'000	RM'000
<b>(i) Credit Risk</b>			
<b>(a) On-Balance Sheet Exposures</b>			
Sovereigns/Central Banks	750,867	541,485	-
Banks, Development Financial Institutions & MDBs	371,088	-	-
Corporates	1,285,108	495,154	47,689
Regulatory Retail	1,322,391	-	-
Residential Mortgages	1,060,940	-	-
Higher Risk Assets <sup>1</sup>	19,421	-	-
Other Assets	254,427	-	-
Defaulted Exposures	84,646	-	-
<b>Total On Balance Sheet Exposures</b>	<b>5,148,888</b>	<b>1,036,639</b>	<b>47,689</b>
<b>(b) Off-Balance Sheet Exposures*</b>			
OTC Derivatives	6,305	-	-
Off-balance sheet exposures other than OTC derivatives	61,950	-	11,846
<b>Total Off-Balance Sheet Exposures</b>	<b>68,255</b>	<b>-</b>	<b>11,846</b>
<b>Total On and Off-Balance Sheet Exposures</b>	<b>5,217,143</b>	<b>1,036,639</b>	<b>59,535</b>

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### 44 FINANCIAL RISK MANAGEMENT (Cont'd.)

#### (g) General Disclosure for Off-Balance Sheet exposures and Counterparty Credit Risk

Off-Balance Sheet exposures and Counterparty Credit Risk ("CCR") are as follows:

Group and Bank 2025	Principal Amount RM'000	Positive Fair Value of Derivative Contracts RM'000	Credit Equivalent Amount RM'000	Risk-Weighted Assets RM'000
Direct credit substitutes	3	-	3	-
Transaction related contingent items	-	-	-	-
Foreign exchange related contracts				
- One year or less	-	-	-	-
- Over one year to five years	-	-	-	-
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	13,667	-	6,833	5,125
Other commitments, such as formal standby facilities and credit lines, with an original maturity of up to one year	-	-	-	-
	13,670	-	6,836	5,125

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## NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2025

### 44 FINANCIAL RISK MANAGEMENT (Cont'd.)

#### (g) General Disclosure for Off-Balance Sheet exposures and Counterparty Credit Risk (Cont'd.)

Off-Balance Sheet exposures and Counterparty Credit Risk ("CCR") are as follows: (Cont'd.)

Group and Bank 2024	Principal Amount RM'000	Positive Fair Value of Derivative Contracts RM'000	Credit Equivalent Amount RM'000	Risk-Weighted Assets RM'000
Direct credit substitutes	1,064	-	1,064	-
Transaction related contingent items	79,841	-	39,921	29,212
Foreign exchange related contracts				
- One year or less	161,010	937	4,520	904
- Over one year to five years	77,927	-	1,785	356
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	18,754	-	9,377	7,033
Other commitments, such as formal standby facilities and credit lines, with an original maturity of up to one year	57,941	-	11,588	11,515
	396,537	937	68,255	49,020

### 45 SHARIAH GOVERNANCE DISCLOSURES

#### Rectification process of non-Shariah compliant income

There was no Shariah non-compliance incident reported in 2025 and 2024.