

AMBANK ISLAMIC BERHAD
Registration No. 199401009897 (295576-U)
(Incorporated in Malaysia)

Directors' Report and Audited Financial Statements
31 March 2026

AMBANK ISLAMIC BERHAD
(Incorporated in Malaysia)

| CONTENTS | PAGE(S) |
|-----------------------------------|----------------|
| DIRECTORS' REPORT | 1 - 32 |
| STATEMENT BY DIRECTORS | 33 |
| STATUTORY DECLARATION | 34 |
| SHARIAH COMMITTEE'S REPORT | 35 - 37 |
| INDEPENDENT AUDITORS' REPORT | 38 - 44 |
| STATEMENT OF FINANCIAL POSITION | 45 |
| STATEMENT OF PROFIT OR LOSS | 46 |
| STATEMENT OF COMPREHENSIVE INCOME | 47 |
| STATEMENT OF CHANGES IN EQUITY | 48 |
| STATEMENT OF CASH FLOWS | 49 - 51 |
| NOTES TO THE FINANCIAL STATEMENTS | 52 - 221 |

AMBANK ISLAMIC BERHAD
(Incorporated in Malaysia)

DIRECTORS' REPORT

The Directors have pleasure in presenting their report and the audited financial statements of AmBank Islamic Berhad ("the Bank") for the financial year ended 31 March 2026.

PRINCIPAL ACTIVITIES

The Bank is a licensed Islamic banking institution providing Islamic retail and non-retail banking products and services in accordance with Shariah principles. There has been no significant change in the nature of the activities of the Bank during the financial year.

FINANCIAL RESULTS

| | RM'000 |
|-------------------------------|----------------|
| Profit for the financial year | <u>683,167</u> |

There were no material transfer to or from reserves, allowances or provisions during the financial year other than those disclosed in the financial statements.

OUTLOOK FOR NEXT FINANCIAL YEAR

Quarter One ("Q1") Calendar Year ("CY") 2026 Gross Domestic Product ("GDP") off to a solid start, but early-war related headwinds emerge

The global economy entered 2026 on a solid footing, with both the United States ("US") and China recording faster gross domestic product ("GDP") growth in Q1CY2026. However, a closer look at the composition of growth points to uneven underlying momentum, suggesting mounting downside risks to the global outlook ahead, particularly if the conflict in Middle East proves more prolonged. Meanwhile, the Eurozone's flash GDP estimate indicated a moderation in growth, partly dragged down by an outlier contraction in Ireland.

In the US, strong Q1CY2026 growth was primarily driven by a sharp rebound in government spending, following last year's mass federal layoffs, and by robust domestic investment, supported by infrastructure projects and ("AI")-related spending. These helped offset weaker consumer spending as higher energy prices – fuelled by ongoing geopolitical tensions – eroded households' purchasing power. Likewise, China's above-expectations GDP growth masked persistent consumer weakness. While industrial production and exports remained resilient, retail sales growth continued to underperform, reflecting subdued consumer confidence amid heightened uncertainty and an ongoing property sector downturn.

DIRECTORS' REPORT (CONT'D.)

OUTLOOK FOR NEXT FINANCIAL YEAR (CONT'D.)

Rising tensions in Middle East shock energy markets, weaken Purchasing Managers' Index ("PMI") and push global services into contraction

The US-Israel-Iran war triggered one of the largest supply disruptions in the history of global energy markets, with risks of prolonged conflict or even an escalation remains a possibility. Latest PMI surveys reinforced these concerns, revealing a deterioration in business confidence. Notably, the global services sector recorded its first contraction in more than 3 years. Against this backdrop of heightened geopolitical and mounting macroeconomic risks, a joint statement by the International Energy Agency ("IEA"), the International Monetary Fund ("IMF") and the World Bank announced the establishment of a coordination group to strengthen their response, including targeted policy advice and related financial support.

Central banks maintain policy rates while signalling future tightening

Rising inflation risks have prompted the financial markets to reassess the global monetary policy path. Both the European Central Bank ("ECB") and the Bank of England ("BOE") held interest rates steady at 2.0% and 3.75%, respectively, but investors seemed to read the same signal coming from both central banks – hikes are coming later this year. The ECB's decision to hold rates belies a more hawkish shift in its messaging, while the BOE went a step further by warning that United Kingdom("UK") inflation could rise to 6% should the Middle East conflict persist. Meanwhile, the US Federal Reserve ("Fed") held rates steady for a third straight meeting, with an 8–4 vote marking its most divided decision since 1992. The central bank is unlikely to cut rates for the remainder of the year in its latest policy meeting.

Bank of Japan ("BOJ") holds rates steady amid balanced risks and inflation concerns

Meanwhile, in Japan, the IMF has advised the BOJ to continue normalising rates despite rising economic risks, noting that the overall balance of risks remains broadly even. In contrast, steady wage growth should continue to support consumption. Although three of the BOJ's nine policy board members advocated for an interest rate hike at the April meeting, reflecting rising concerns over inflationary pressures linked to the Middle East conflict, Governor Kazuo Ueda said the central bank opted to keep policy unchanged for now to allow more time to assess the conflict's economic impact. Nonetheless, he emphasised that the BOJ remains prepared to raise rates should inflationary risks materialise or intensify significantly.

Q1CY2026 GDP is likely to be the best-performing quarter of the year

Malaysia's economy grew by 5.4% year-on year in Q1CY2026, in line with our forecast, following a 6.2% expansion in the previous quarter. Additionally, growth above 5.0% in Q1CY2026 was consistent with our expectations and had already been incorporated into our full-year growth forecast of 4.5%. Looking ahead, however, we expect growth to moderate amid heightened global uncertainties. The impact of the war in Middle East will likely manifest as a lagged, supply-side shock. As such, we opine that the economy will see material effects only emerging from second half of CY2026. There is currently no immediate recession risk. Unlike past crises, the current environment remains relatively resilient despite the global oil supply crunch. The key uncertainty remains on the durability of consumption demand if global oil prices remain elevated for longer as well as the effects of disrupted supply chains feeding through to higher cost of production across key industrial and manufacturing sectors.

DIRECTORS' REPORT (CONT'D.)

OUTLOOK FOR NEXT FINANCIAL YEAR (CONT'D.)

Financing growth strengthened further in March

Financing activity picked up in March, underpinned by a significant acceleration in non-household growth to 5.61% from 4.45% in February, despite a slight easing in household growth (March: 5.17% vs. February: 5.27%). By purpose, working capital financing growth strengthened markedly to 3.19% in March 2026 from 1.59% previously, signalling heightened liquidity requirements among firms facing cost pressures. Conversely, residential property financing growth continued to ease to 5.58% during the month (February: 5.69%) amid subdued household sentiment, while credit card financing growth moderated to 6.03% from 6.77% in February. Meanwhile, the banking system remains strong with a liquidity coverage ratio of 144.6% in March (February: 149.4%). The financing-to-fund ratio and financing-to-fund-and-equity ratio remained stable at 82.6% (February: 82.6%) and 71.8% (February: 71.9%), respectively, as of the end of the month.

We expect the Overnight Policy Rate ("OPR") to remain unchanged at 2.75% throughout CY2026, consistent with market consensus that anticipates no major hikes or cuts unless there is a significant shift in incoming economic data. With a tight labour market and well-contained inflation expected in CY2026, we find no compelling reason for Bank Negara Malaysia ("BNM") to alter its policy stance. The current monetary policy stance remains accommodative, supporting growth expected to remain within a healthy range.

SIGNIFICANT EVENT

The Middle East Conflict that began on 28 February 2026 and caused the closure of the Strait of Hormuz, has significantly disrupted many business operations around the world. In assessing the potential credit implications of the conflict, specific customers' information and situations with particular focus on exposures to and from Middle East, industry and sectoral developments and trends, forward-looking economic information and a range of external market views were considered, with judgement applied considering the evolving facts and circumstances. The results of the assessment and these considerations have been reflected and incorporated in the expected credit loss ("ECL") allowances as at 31 March 2026.

DIRECTORS' REPORT (CONT'D.)

SIGNIFICANT SUBSEQUENT EVENT

There was no significant event subsequent to the reporting date that required disclosure or adjustment to the financial statements.

BUSINESS PLAN AND STRATEGY

Performance review for financial year ended 31 March 2026

The Bank recorded a profit after zakat and taxation ("PAZT") of RM683.2 million for the financial year ended 31 March 2026 ("FY2026"), representing a strong improvement compared to the PAZT of RM559.3 million achieved in the previous financial year. This notable increase was primarily driven by a higher net profit margin ("NPM"), reflecting improved pricing discipline and funding cost management, as well as higher securities trading gain and net impairment writeback.

The Bank adopted a focused approach by growing in its targeted segments. Through disciplined underwriting, targeted growth initiatives and continued customer franchise strength, the Bank demonstrated notable resilience and execution capability as manifested by financing growth of 8.6% in FY2026.

On the funding side, the Bank continued to strengthen and diversify its funding base, with ongoing emphasis on low-cost and stable deposits. This strategy saw the current account and savings account ("CASA") ratio remain healthy at 38.5%, supporting margin sustainability and liquidity resilience.

Gross impaired financing ("GIF") ratio increased to 1.44% in FY2026 from 1.32% in FY2025. The movement reflects a more cautious operating environment and pockets of stress within selected segments, rather than a broad-based weakening of the financing portfolio. Overall credit fundamentals remain sound, supported by disciplined underwriting standards, proactive portfolio reviews, and early identification of potential problem accounts. The Bank continues to uphold prudent credit risk management practices, complemented by robust monitoring and recovery frameworks across key business segments, which have helped to contain asset quality pressures and sustain portfolio stability.

From a capital perspective, the Bank maintained a strong capitalisation position where the common equity tier 1 ("CET 1") capital ratio stood at 14.59%, while the total capital ratio was 19.00% after deducting the proposed dividend. These ratios remain comfortably above regulatory requirements, providing ample capacity to support future growth and absorb potential stress.

DIRECTORS' REPORT (CONT'D.)

BUSINESS PLAN AND STRATEGY (CONT'D.)

Strategic Highlights

Strategically, the Bank continued to maintain diversified revenue streams to enhance earnings stability and long-term sustainability. The revenue streams included higher-yielding segments such as personal financing and wealth management, as well as the small and medium enterprise ("SME") segment. This deliberate move towards a more diversified portfolio is essential in mitigating concentration risks and ensuring stable performance while pursuing sustainable growth in an evolving operating environment.

The Bank serves as the primary Islamic banking arm of the AMMB Holdings Berhad ("AMMB") Group, offering a comprehensive suite of Shariah-compliant retail and non-retail banking products and services. These include consumer and business financing, treasury, and trade finance solutions, designed to meet the diverse financial needs of individuals, businesses, and institutions. Through its integrated Islamic banking platform, the Bank plays a pivotal role in supporting AMMB Group's universal banking proposition while adhering to the principles of Shariah.

Guided by AMMB Group's FY2025 - FY2029 Winning Together Strategy ("WT29"), the Bank remains fully aligned with that of the AMMB Group, ensuring coherent execution of Group-wide priorities and synergies across business segments. While continuing to operate within its established market segments, the Bank enhances AMMB Group's overall value proposition by selectively penetrating niche segments that naturally gravitate towards Islamic banking solutions. These include customers and industries that place strong emphasis on Shariah compliance, ethical financing, and responsible business practices.

Looking ahead, the Bank is well positioned to further strengthen its income base and profitability through the disciplined execution of its growth strategies. This includes deepening customer relationships, expanding into higher-value segments, and optimising balance sheet utilisation. The Bank remains committed to delivering sustainable value to all stakeholders, including customers, employees, regulators, and the wider community, by generating consistent returns while maintaining prudent capital adequacy and resilient funding profiles. This balanced approach ensures the Bank's continued stability and growth in an increasingly dynamic and competitive operating environment.

Small and Medium Enterprises ("SMEs")

The Bank continued to be recognised as a strong and committed supporter of SMEs in Malaysia. This commitment is reflected in the numerous prestigious accolades received, including being named the "Best Islamic SME Bank Malaysia 2025" by The Asset Triple A for the fifth consecutive year, Global Islamic Finance Awards ("GIFA") for the third consecutive year, and Alpha Southeast Asia for the fifth consecutive year. These consistent recognitions underscore the Bank's sustained excellence, leadership, and dedication in delivering tailored Islamic financial solutions to SMEs. The awards serve as a strong motivation for the Bank to further strengthen its role in empowering SMEs, which remain the backbone of Malaysia's economy, by supporting their growth, resilience, and long-term sustainability.

DIRECTORS' REPORT (CONT'D.)

BUSINESS PLAN AND STRATEGY (CONT'D.)

Small and Medium Enterprises ("SMEs") (Cont'd.)

The Bank remains firmly committed to supporting Malaysian SMEs in their transition towards more sustainable and environmentally responsible business practices, including efforts to reduce carbon emissions. In line with this commitment, the Bank provides targeted financing under Bank Negara Malaysia's ("BNM") Low Carbon Transition Facility ("LCTF") and High Tech and Green Facility ("HTG"), which are designed to encourage the adoption of green technologies, energy-efficient solutions, and sustainable operational models. In addition, the Bank actively participates in various BNM financing schemes for SMEs, including the SME Automation and Digitalisation Facility ("ADF"), Agrofood Facility ("AF"), and All Economic Sectors Facility ("AES"). These initiatives enable SMEs across diverse sectors to access financing at favourable rates, thereby supporting productivity enhancement, digital transformation, and business resilience. Through these comprehensive financing initiatives, the Bank continues to play an integral role in empowering SMEs to achieve sustainable growth while contributing to Malaysia's broader environmental and economic objectives.

Mass Segment

Amongst the Bank's key products which were targeted to the mass segment were:

- Auto Financing-i: Focusing on New National segment;
- Personal Financing-i for public sector;
- ASB Financing-i; and
- AmWafeeq-i: This is an Islamic savings account which was promoted through the AmRewards 5.0 Campaign with prizes totaling more than RM3 million.

Affluent Segment

The Bank provided wealth management services to our affluent customers by distributing Islamic unit trusts, Takaful products and other Shariah-compliant investment products.

Corporate and Institutional Customers

The Bank spearheaded the development of Return on Assets ("ROA") calculator (to complement the existing Return on Capital Employed ("ROCE") calculator) for AMMB Group, which is an initiative to align the AMMB Group's financial tools with its WT29 with ROA being one of the key indicators. The ROA calculator was launched in June 2025. The Bank continued to extend its support to Malaysia's priority economic sectors particularly manufacturing, services, plantation and other critical industries, in line with the strategic sectoral emphasis and economic agenda outlined under the Thirteenth Malaysia Plan.

DIRECTORS' REPORT (CONT'D.)

BUSINESS PLAN AND STRATEGY (CONT'D.)

Climate Transition Business

The Bank plays a leading role in driving AMMB Group's climate transition agenda by spearheading climate-related business initiatives and engagement efforts, particularly with customers operating in climate-sensitive and carbon-intensive sectors. As part of this role, the Bank actively engaged customers to gain a deeper understanding of their Net Zero commitments, transition strategies, and decarbonisation pathways, while providing advisory support to facilitate their progression towards more sustainable business models. The Bank also actively promoted and advocated sustainable, transition, and green financing solutions to support customers in implementing their transition plans. These concerted efforts not only enable customers to manage climate-related risks and opportunities more effectively, but also directly contribute to AMMB Group's decarbonisation pathway and the achievement of its broader climate objectives under the AMMB Group's Net Zero aspirations.

Awards and Recognition

1. The Asset Triple A
 - Best Islamic SME Bank Malaysia 2021, 2022, 2023, 2024 and 2025
 - Best Sustainability-Linked Sukuk – Real Estate 2025 (Shariah Adviser)
 - Best New Sukuk 2025 – Plantation (Shariah Adviser)
 - Best Securitisation Sukuk 2025 (Shariah Adviser)
2. Global Islamic Finance Awards ("GIFA")
 - Best Islamic Bank for SME Banking 2022, 2024 and 2025
 - Best Islamic Wholesale Banking Solutions Award 2021, 2023 and 2025
3. Alpha Southeast Asia
 - Best Islamic Finance SME Bank Malaysia 2019, 2020, 2021, 2023 and 2025
4. Global Banking and Finance Review
 - Best Islamic Bank Malaysia 2022, 2024 and 2025
 - Best Islamic Corporate Bank Malaysia 2020, 2021, 2022 and 2025
 - Best Islamic Banking Chief Executive Officer ("CEO") Malaysia 2019, 2020, 2021, 2024 and 2025

DIRECTORS' REPORT (CONT'D.)

BUSINESS PLAN AND STRATEGY (CONT'D.)

Community Contributions

The total allocation for the Bank business zakat was RM3,994,000.

Based on the allocation, as at 31 March 2026, the Bank has distributed its business zakat as follows:

- RM1,014,000 was paid to state zakat collection centres that have helped various asnaf groups to improve their socio-economic status;
- RM518,200 was distributed to 1,253 recipients from nine (9) public and private universities, as well as one (1) digital academy for Science, Technology, Engineering & Mathematics (“STEM”) education programme. The distribution was in terms of cash assistance for sustenance/education purposes;
- RM263,936 was distributed to four (4) entities benefited 229 patients. The financial assistance was meant to support cost of dialysis treatment for asnaf patients for the period of three (3) months. It was also to support medical treatments for asnaf fakir miskin patients, and medical treatment assistance for 200 Muslim students;
- RM39,900 was distributed to 84 recipients under two (2) Islamic development organisations to support various Islamic activities for Muallaf which includes food assistance and *Tauhid, Fiqh, Tasawwuf, Aqeedah, Ibadah, Sirah and Quran/Iqra* classes; and
- RM157,964 was distributed to five (5) community assistance entities for charity home’s essential expenses and food items for *asnaf fakir/miskin*.

The Bank recognises the payment of business zakat is a fundamental obligation, reflecting its commitment to upholding Islamic principles in all aspects of its operations. This position is aligned with the fatwa issued on 16 August 2001 by the Special Muzakarah of the Fatwa Committee of the National Council for Islamic Religious Affairs Malaysia, which resolved that all Islamic banks are obliged to pay zakat, provided their activities are conducted in accordance with Shariah principles.

In this regard, the Bank has established clearly defined policies, procedures, and internal control mechanisms to ensure that zakat obligations are properly identified, accurately computed, and discharged in a timely and accountable manner. These controls encompass the end-to-end zakat governance process, including the calculation methodology, review and validation processes, approval by the relevant management and the Shariah Committee, and final settlement to the appropriate zakat authorities or beneficiaries.

All zakat-related matters are undertaken in strict adherence to Shariah principles and are subject to oversight and endorsement by the Bank’s Shariah Committee, thereby ensuring consistency, transparency, and compliance with established Shariah rulings. Through this structured approach, the Bank demonstrates its ongoing commitment to Shariah governance excellence and the fulfilment of its religious and social responsibilities.

DIRECTORS' REPORT (CONT'D.)

BUSINESS PLAN AND STRATEGY (CONT'D.)

Community Contributions (Cont'd.)

The balance of RM2,000,000 under the Bank business zakat was allocated for iTEKAD 4.0 ^{Note 1} programme (RM1,500,000) and Qard Microfinancing ^{Note 2} programme (RM500,000) for economic empowerment initiative. This is the fourth participation of iTEKAD programme by the Bank which aims to support asnaf and B40 micro entrepreneurs to generate sustainable income, by boosting their business and digital capacity. The Qard Microfinancing programme, which is the first strategic collaboration with TEKUN Nasional aims to support asnaf entrepreneurs in starting and expanding their businesses.

Similar to previous year, iTEKAD 4.0 comprises three (3) components:

- i. Seed Capital – RM1,557,065 (business zakat fund of RM1,005,000 and a grant of RM552,065 from the Ministry of Finance (“MOF”)/BNM;
- ii. Capacity building – RM495,000 (business zakat fund); and
- iii. Microfinancing - RM100,000.

As at 31 March 2026, the Bank has fully identified the allocated amount through collaborations with five (5) implementation partners namely Ibupreneur, Teraju Ekonomi Asnaf Sdn Bhd (“TERAS”), Pahang Skills Development Centre (“Pahang Skills”), Right Track Education (“RTE”) and Universiti Malaysia Kelantan (“UMK”).

As of 31 March 2026, the Bank has disbursed the Qard Microfinancing to the first batch of ten (10) Qard Microfinancing programme recipients.

Note 1: The iTEKAD program is an initiative by BNM aimed at supporting low-income micro-entrepreneurs (B40) and asnaf (those eligible for zakat) to enhance their financial resilience and generate sustainable income. This program provides microfinancing and social finance solutions to help these entrepreneurs recover from the economic impacts of the COVID-19 pandemic.

Note 2: The collaboration is with TEKUN Nasional, a government agency under the Ministry of Entrepreneur Development and Cooperatives (“KUSKOP”) that provides swift and Shariah-compliant microfinancing to support entrepreneurs in starting and expanding their businesses. Beyond financing solutions, TEKUN Nasional also offers guidance, support, and networking opportunities to nurture competitive entrepreneurs, especially those in micro, small, and medium enterprises (“MSMEs”).

DIRECTORS' REPORT (CONT'D.)

ITEMS OF MATERIAL AND UNUSUAL NATURE

In the opinion of the Directors, the results of operations of the Bank for the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature.

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors, to affect substantially the results of the operations of the Bank for the current financial year in which this report is made.

DIVIDENDS

During the financial year, the Bank had paid on:

- (a) 26 June 2025, a final single-tier dividend of 54.7 sen per share on 494,368,541 ordinary shares amounted to RM270,419,592 in respect of the financial year ended 31 March 2025; and
- (b) 23 December 2025, an interim single-tier dividend of 52.0 sen per share on 494,368,541 ordinary shares amounted to RM257,071,641 in respect of the financial year ended 31 March 2026.

The Directors proposed the payment of a final single-tier dividend of 86.1 sen per ordinary share on 494,368,541 ordinary shares amounting to approximately RM425,651,314 in respect of the current financial year ended 31 March 2026. The financial statements for the current financial year do not reflect this proposed dividend and will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 March 2027.

RESERVES, PROVISIONS AND ALLOWANCES

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

BAD AND DOUBTFUL FINANCING

Before the financial statements of the Bank were made out, the Directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad financing and the making of allowances for doubtful financing and have satisfied themselves that all known bad financing had been written off and that adequate allowances had been made for doubtful financing.

At the date of this report, the Directors are not aware of any circumstances that would render the amount written off for bad financing or the amount of allowances for doubtful financing in the financial statements of the Bank inadequate to any substantial extent.

DIRECTORS' REPORT (CONT'D.)

CURRENT ASSETS

Before the financial statements of the Bank were made out, the Directors took reasonable steps to ascertain that current assets, which were unlikely to be realised in the ordinary course of business, their values as shown in the accounting records of the Bank, have been written down to their estimated realisable values.

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

VALUATION METHODS

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

CONTINGENT AND OTHER LIABILITIES

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

- (a) any charge on the assets of the Bank which has arisen since the end of the financial year which secures the liabilities of any other person; or
- (b) any contingent liability in respect of the Bank which has arisen since the end of the financial year, other than those incurred in the normal course of business of the Bank.

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

CHANGE OF CIRCUMSTANCES

At the date of this report, the Directors are not aware of any circumstances, not otherwise dealt with in this report or the financial statements of the Bank that would render any amount stated in the financial statements misleading.

DIRECTORS' REPORT (CONT'D.)

ISSUANCE OF SHARES AND DEBENTURES

Issuance of Islamic Commercial Paper

On 26 June 2025, the Bank issued the Series 2 of Islamic Commercial Papers ("ICP") with nominal value of RM400.0 million under its RM3.0 billion Islamic Commercial Papers based on Shariah principle of Wakalah Bi Al-Istithmar Programme ("Sukuk Wakalah Programme"). The tenure of the ICP is two (2) months, which was issued at a discount of 3.44% per annum.

Redemption of Islamic Commercial Paper

The Bank redeemed the following ICP under the Sukuk Wakalah Programme:

- (a) Series 1 with nominal value of RM200.0 million on 11 June 2025;
- (b) Series 2 with nominal value of RM400.0 million on 26 August 2025.

Issuance of Subordinated Sukuk

On 30 September 2025, the Bank issued Tranche 12 with nominal value of RM400.0 million under its RM3.0 billion Subordinated Sukuk Murabahah ("Sukuk Murabahah") programme. The profit rate of this tranche is at 3.75% per annum and have a tenure of 10 years (non-callable 5 years).

Redemption of Subordinated Sukuk

On 8 December 2025, the Bank redeemed Tranche 8 of the Sukuk Murabahah on its first call date with nominal value amounting to RM400.0 million.

There were no issuance of shares or debentures by the Bank during the financial year other than those disclosed above and in Note 23 and Note 24 to the financial statements.

SHARE OPTIONS

No options have been granted by the Bank to any parties during the financial year to take up unissued shares of the Bank.

No shares have been issued during the financial year by virtue of the exercise of any option to take up unissued shares of the Bank. As at the end of the financial year, there were no unissued shares of the Bank under options.

DIRECTORS' REPORT (CONT'D.)

INDEMNIFICATION OF DIRECTORS AND OFFICERS

The Bank through the holding company, AMMB, has maintained a Directors' and Officers' Liability Insurance on a group basis up to an aggregate limit of RM200.0 million against any legal liability incurred by the Directors and Officers in the discharge of their duties while holding office within the AMMB Group including the Bank. The Directors and Officers shall not be indemnified by such insurance for any deliberate negligence, fraud, intentional breach of law or breach of trust proven against them. The gross amount of insurance premium paid by AMMB for the Directors and Officers of AMMB and its subsidiaries for the current financial year was RM368,000 (2025: RM418,425).

AMMB EXECUTIVES' SHARE SCHEME

On 5 October 2018, the Board of Directors ("the Board") of AMMB approved the implementation of an Executives' Share Scheme ("ESS") for Eligible Executives of the AMMB Group (including Eligible Executives of the Bank).

The awards under the ESS are up to ten percent (10%) of the total number of issued shares of AMMB (excluding treasury shares) at any point of time for the duration of the ESS for Eligible Executives including Executive Directors. The ESS is implemented and administered by the Group Nomination and Remuneration Committee ("GNRC"). The effective date of the ESS is 5 October 2018 and would be in force for a period of ten (10) years to 4 October 2028.

The awards granted to such Eligible Executives only comprises shares. Shares to be made available under the ESS will only vest to Eligible Executives who have duly accepted the offers of awards under the ESS in accordance with the By-Laws of the ESS and subject to the satisfaction of stipulated conditions. Such conditions are stipulated and determined by the GNRC.

DIRECTORS

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

Dato' Mohamed Rafique Merican bin Mohd Wahiduddin Merican (Chairman) (Appointed on 2 January 2026)

Encik Azlan Bagee bin Abdullah

Dr Mohd Nordin bin Mohd Zain

Mr K. Vithyatharan A/L V Karunakaran

Dato' Seri Mohamed Hassan bin Md Kamil

Puan Farina binti Farikhullah Khan (Resigned on 3 September 2025)

Hajjah Rosmah binti Ismail (Resigned on 1 January 2026)

DIRECTORS' REPORT (CONT'D.)

DIRECTORS' INTERESTS

Under the Bank's Constitution, the Directors are not required to hold shares in the Bank.

There are no interests in shares and options in the Bank or its related corporations, of those who were Directors at the end of the financial year as recorded in the Register of Directors' Shareholdings kept by the Bank under Section 59 of the Companies Act 2016.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no Director of the Bank has received or become entitled to receive any benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by Directors as shown in Note 38 to the financial statements and from related corporations) by reason of a contract made by the Bank or a related corporation with the Director or with a firm in which the Director is a member, or with a company in which the Director has a substantial financial interest except for related party transactions as shown in Note 44 to the financial statements.

Neither during nor at the end of the financial year, did there subsist any arrangements to which the Bank is a party to any arrangements whose objective is to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Bank or any other body corporate.

DIRECTORS' REMUNERATION

The details of the directors' remuneration paid or payable to the Directors of the Bank during the financial year are as follows:

| | RM'000 |
|------------------|--------------------------|
| Fees | 820 |
| Other emoluments | 637 |
| Benefits-in-kind | 30 |
| | <hr/> 1,487 <hr/> |

DIRECTORS' REPORT (CONT'D.)

CORPORATE GOVERNANCE

(a) DIRECTORS' PROFILES

DATO' MOHAMED RAFIQUE MERICAN BIN MOHD WAHIDUDDIN MERICAN Chairman/Independent Non-Executive Director

Dato' Mohamed Rafique Merican bin Mohd Wahiduddin Merican ("Dato' Rafique"), a Malaysian, aged 61, was appointed as the Chairman/Independent Non-Executive Director ("INED") of AmBank Islamic Berhad ("AmBank Islamic") on 2 January 2026. He was also appointed as an INED of AMMB Holdings Berhad ("AMMB") and a Member of Group Nomination and Remuneration Committee and Joint Board Credit Committee of AmBank (M) Berhad and AmBank Islamic Berhad.

Dato' Rafique is a Fellow of the Association of Chartered Certified Accountants ("ACCA"), United Kingdom, and Member of Malaysian Institute of Accountants ("MIA"). He also attended the Advanced Management Programme at Harvard Business School, Harvard University, United States.

Dato' Rafique has over 30 years' experience in multiple industries comprising banking, financial services, power, facilities management, property development and investment. He is an experienced senior professional with a diverse background. His experience included C-suite positions at public listed companies with cross geographical exposure. He was previously the Group Chief Executive Officer ("CEO"), Islamic Banking, Maybank and CEO of Maybank Islamic Berhad from July 2016 to February 2024. Prior to that, he was the Group Chief Financial Officer of Maybank from June 2012 to June 2016. He was redesignated as an Advisor to the President and Group CEO of Maybank in March 2024 prior to his retirement in June 2024.

Dato' Rafique currently sits on the boards of MMC Port Holdings Berhad and Bursa Malaysia Berhad.

Dato' Rafique has no shareholding in AmBank Islamic.

DIRECTORS' REPORT (CONT'D.)

CORPORATE GOVERNANCE (CONT'D.)

(a) DIRECTORS' PROFILES (CONT'D.)

ENCIK AZLAN BAQEE BIN ABDULLAH Non-Independent Non-Executive Director

Encik Azlan Baqee bin Abdullah (“Encik Azlan Baqee”), a Malaysian, aged 63, was appointed as a Non-Independent Non-Executive Director of AmBank Islamic on 3 July 2017. He is a Member of the Joint Board Credit Committee of AmBank (M) Berhad and AmBank Islamic Berhad.

Encik Azlan Baqee obtained a Bachelor of Science in Business Administration, majoring Accounting and Finance from the California State University, Chico in 1985.

Encik Azlan Baqee started his early career in Banking in 1986 at MUI Bank and subsequently joined Arab-Malaysian Finance Berhad in 1988. In 1990, he joined the conglomerate Amcorp Group Berhad (“Amcorp”) and undertook various property management and development projects including Amcorp Trade Centre in Petaling Jaya, Kayangan Heights in Shah Alam, Sibujaya Township in Sarawak, and various other mid-sized projects throughout Malaysia.

In 2007, Encik Azlan Baqee was appointed as the Chief Operating Officer of Amcorp Properties Berhad (“AMPROP”), a listed subsidiary of Amcorp, and he was primarily responsible for expanding into overseas markets such as London, Tokyo, Madrid, Hong Kong, Singapore and Shanghai as well as diversifying the Group’s business into Sustainable Renewable Energy by establishing Solar and also Mini Hydro Power Plants in Malaysia. With effect from 1 July 2024, he was promoted to Group Chief Executive Officer.

Encik Azlan Baqee was previously an Exco member of KESAS Sdn Bhd, the concession holder and operator of the Shah Alam Expressway. Currently, he is a Board Member of AmREIT Holdings Sdn Bhd and AmREIT Managers Sdn Bhd. With effect from 11 June 2025, he has been redesignated as the Board Chairman of AmREIT Managers Sdn Bhd, which manages AmFIRST REIT with total asset value of approximately RM1.6 billion. He also serves as board member of the subsidiaries within Amcorp and AMPROP groups. He also serves as Industry Advisory Panel for Azman Hashim International Business School at University Teknologi Malaysia (UTM) and an Exco Member of Amcorp Global Limited, a public company listed on the Singapore Stock Exchange.

Encik Azlan Baqee has no shareholding in AmBank Islamic.

DIRECTORS' REPORT (CONT'D.)

CORPORATE GOVERNANCE (CONT'D.)

(a) DIRECTORS' PROFILES (CONT'D.)

DR MOHD NORDIN BIN MOHD ZAIN Independent Non-Executive Director

Dr Mohd Nordin bin Mohd Zain ("Dr Nordin"), a Malaysian, aged 67, was appointed as an Independent Non-Executive Director ("INED") of AmBank Islamic on 16 January 2019. He is the Chairman of the Audit and Examination Committee ("AEC") and a Member of the Risk Management Committee ("RMC") of AmBank Islamic. He is also an INED of AmMetLife Takaful Berhad ("AmMetLife Takaful") and the Chairman of AEC and a Member of the RMC and Nomination and Remuneration Committee of AmMetLife Takaful.

Dr Nordin has over 35 years of experience in banking, education, regulatory agency and professional practice. He started his career in internal audit and corporate banking for 6 years, in academic for 10 years, as a Chief Executive Officer for the Malaysian Accounting Standards Board ("MASB") for 10 years and as a Partner in Deloitte for 8 years.

Dr Nordin holds a PhD in Strategic Management from Strathclyde University, UK in 1995 and Masters and Bachelor degrees in Accounting from the USA in the 80's. He had completed a management program at Harvard Business School, USA. A Chartered Accountant, a member of Malaysian Institute of Accountants ("MIA") and a Fellow of Institute of Public Accountants Australia ("FIPA"), he previously served as a Council member of Certified Public Accountants, Australia and MIA, and a founding member of MASB.

Dr Nordin currently sits on the boards of Gopeng Berhad and MARC Ratings Berhad. He is also a Trustee of AmGroup Foundation. He serves as a member of the Finance and Investment Committee of Majlis Agama Islam Wilayah Persekutuan ("MAIWP").

Dr Nordin was a former Board member of UDA Holdings Berhad, MTD Capital Berhad, Zurich General Takaful Malaysia Berhad, Beverly Heights Homeowners Berhad, Accounting & Auditing Organization for Islamic Financial Institutions ("AAOIFI") in Bahrain UAE and IPA Australia in Melbourne. He used to serve as a member of Public Accountants Oversight Committee in Brunei and Investment Committee of a subsidiary of AIA Berhad.

Dr Nordin has no shareholding in AmBank Islamic.

DIRECTORS' REPORT (CONT'D.)

CORPORATE GOVERNANCE (CONT'D.)

(a) DIRECTORS' PROFILES (CONT'D.)

MR K. VITHYATHARAN A/L V KARUNAKARAN

Independent Non-Executive Director

Mr K. Vithyatharan A/L V Karunakaran ("Mr Vithyatharan"), a Malaysian, aged 69, was appointed as an Independent Non-Executive Director ("INED") of AmBank Islamic on 28 September 2021. He is currently the Chairman of the Risk Management Committee and a Member of the Audit and Examination Committee of AmBank Islamic.

Mr Vithyatharan is a member of The Malaysian Institute of Certified Public Accountants ("MICPA") and The Malaysian Institute of Accountants ("MIA"). He has attended executive leadership programs, including Harvard Business School, Boston.

Mr Vithyatharan is an experienced leader in finance, credit, audit, risk management, business and strategy (financial institutions) with local and overseas work experience. He also has had extensive experience in audit of listed companies in Malaysia, Singapore, London, Bahrain and Qatar in various sectors in banking and finance, securities and insurance. He has extensive experience dealing with the Board of Directors of financial institutions, especially Board audit and risk management committees, having dealt with them for more than 20 years in various roles, with KPMG as director and full time executive of banks and as the Acting CEO of ACR Retakaful Bahrain.

Mr Vithyatharan served as a Director of Audit and Financial Services of KPMG Bahrain and Qatar from 2005 to 2011. He also served with KPMG in Malaysia from 1988 to 1997, in London from 1991 to 1993 and in Singapore from 2001 to 2002. He has held senior positions in Citibank and RHB Bank. He was an INED of FWD Takaful Berhad (formerly known as HSBC Amanah Takaful (Malaysia) Berhad) from May 2015 to May 2021.

Mr Vithyatharan has no shareholding in AmBank Islamic.

DIRECTORS' REPORT (CONT'D.)

CORPORATE GOVERNANCE (CONT'D.)

(a) DIRECTORS' PROFILES (CONT'D.)

DATO' SERI MOHAMED HASSAN BIN MD KAMIL

Independent Non-Executive Director

Dato' Seri Mohamed Hassan bin Md Kamil ("Dato' Seri Hassan"), a Malaysian, aged 62, was appointed as an Independent Non-Executive Director ("INED") of AmBank Islamic on 15 October 2024. He is also a Member of the Audit and Examination Committee and Risk Management Committee of AmBank Islamic.

A Chartered Life Underwriter USA, Dato' Seri Hassan is a Fellow of the Society of Actuaries, USA and Fellow of the Actuarial Society of Malaysia. He is also a Chartered Member of Chartered Institute of Islamic Finance Professionals. He obtained his Master of Business Administration in 1986 and Bachelor of Science (with distinction) in Actuarial Science in 1985 from University of Iowa, United States.

Dato' Seri Hassan has over 35 years of experience in the insurance and takaful industry. He was the Group Managing Director of Syarikat Takaful Malaysia Berhad from 1 April 2007 until 25 April 2017 and subsequently the Group Chief Executive Officer of Syarikat Takaful Malaysia Keluarga Berhad from 26 April 2017 to 31 December 2021. He was a member of the Group Management Committee of BIMB Holding from 2018 to 2021. He was also the Chairman of the Board of Commissioners of P.T. Asuransi Takaful Keluarga and P.T. Syarikat Takaful Indonesia from 2007 to 2021.

Dato' Seri Hassan worked in the United States as an Actuary for AIG, Travelers Insurance Company and Towers Perrin Consulting from 1987 to 1994 prior to returning to Malaysia as Deputy General Manager and Chief Actuary at Malaysia National Insurance. In 1996, he joined Aetna Universal Insurance Berhad as Senior Vice President and Chief Actuary and subsequently held the positions of Chief Financial Officer and Chief Operating Officer after ING acquired Aetna. In 2004, he became the Deputy General Manager for P.T. AIA Indonesia until 2006 which was based in Jakarta.

Dato' Seri Hassan currently sits on the board of AIA Public Takaful Berhad and is the Chairman of AIA Pension and Asset Management Sdn Bhd. He is also a Member of the Board of Trustees of the Lung Foundation of Malaysia.

He had previously served on the board of ProtectHealth Corporation Sdn Bhd.

Dato' Seri Hassan has no shareholding in AmBank Islamic.

DIRECTORS' REPORT (CONT'D.)

CORPORATE GOVERNANCE (CONT'D.)

(b) DIRECTORS' TRAINING

The Board recognised the importance of ensuring that Directors are continuously being developed to acquire or enhance the requisite knowledge and skills to discharge their duties effectively.

All new Directors appointed to the Board would attend a formal induction programme to familiarise themselves with the Bank's strategy and aspiration, understanding of the line of businesses and corporate functions, key financial highlights, people initiatives, requirements of audit, compliance and risk management conducted by the various Managing Directors/Chief Executive Officers/Heads of the business units as well as Senior Management, and organised by the Group Learning and Development unit. The Company Secretary would also provide the new Directors with an information kit regarding disclosure obligations of a Director, Board Charter, Code of Ethics, Constitution of the Bank, Board Committees' Terms of Reference and Schedule of Matters Reserved for the Board, amongst others.

Apart from the Financial Institutions Directors' Education ("FIDE") Programme accredited by The International Centre for Leadership in Finance ("ICLIF"), all Directors appointed to the Board have also attended other relevant training programmes and seminars organised by the regulatory authorities and professional bodies to further enhance their business acumen and professionalism in discharging their duties to the Bank. The Directors also attend offsite Strategy Meeting to have an in-depth understanding and continuous engagement with Management pertaining to AMMB Group's (including AmBank Islamic's) strategic direction. In addition, the Directors are constantly updated on information relating to AMMB Group's development and industry development through discussion at Board meetings with the Senior Management team.

(c) BOARD RESPONSIBILITY AND OVERSIGHT

The Board remains fully committed in ensuring that the principles and recommendations in corporate governance are applied consistently in the Bank. The Board complies with the recommendations in corporate governance as set out in the Malaysian Code on Corporate Governance 2021.

The Board supervises the management of the Bank's businesses, policies and affairs with the goal of long term sustainability of the Bank. The Board met eight (8) times during the financial year to carry out its duties and responsibilities, with additional Board meetings being convened, whenever required.

DIRECTORS' REPORT (CONT'D.)

CORPORATE GOVERNANCE (CONT'D.)

(c) BOARD RESPONSIBILITY AND OVERSIGHT (CONT'D.)

The Board addresses key matters concerning strategy, finance, organisation structure, business developments, human resource (subject to matters reserved for shareholder's meetings by law), promote sustainability in the Bank's business strategies and establishes guidelines for overall business, risk and control policies, capital allocation and approves all key business developments. The Board also gives due regard to any decision of the Shariah Committee on any Shariah issue relating to the carrying on of business, affairs or activities of the Bank and approves policies relating to Shariah matters upon consultation with the Shariah Committee.

The Board currently comprises five (5) Directors with wide skills and experience, four (4) of whom are INEDs. The Directors participate fully in decision-making on key issues regarding the Bank. The INEDs ensure strategies proposed by the management are fully discussed and examined, as well as taking into account the long term interests of various stakeholders.

There is a clear division between the roles of Chairman and the CEO of the Bank. The Senior Management team of the Bank is invited to attend Board Meetings to provide presentations and detailed explanations on matters that have been tabled. The Company Secretary has been empowered by the Board to assist the Board in matters of governance and in complying with statutory duties.

(d) COMMITTEES OF THE BOARD

The Board delegates certain responsibilities to the Board Committees. The Board Committees together with the Committees established at AMMB Group level which were created to assist the Board in certain areas of deliberations, are:

1. Audit and Examination Committee (at Bank level);
2. Risk Management Committee (at Bank level);
3. Joint Board Credit Committee (Joint Committee of AmBank (M) Berhad ("AmBank") and the Bank);
4. Group Nomination and Remuneration Committee (at AMMB Group level); and
5. Group Information Technology Committee (at AMMB Group level).

The roles and responsibilities of each Committee are set out under the respective terms of reference, which have been approved by the Board. The minutes of the Committee meetings are tabled at the subsequent Board meetings for notation.

DIRECTORS' REPORT (CONT'D.)

CORPORATE GOVERNANCE (CONT'D.)

(d) COMMITTEES OF THE BOARD (CONT'D.)

The attendance of Board members at the meetings of the Board and the various Board Committees is set out below:-

| Number of meetings attended in Financial Year 2026 ("FY2026") | | | | |
|--|--------------------|---------------------------------|---------------------------|------------------------------|
| | Board of Directors | Audit and Examination Committee | Risk Management Committee | Joint Board Credit Committee |
| Dato' Mohamed Rafique Merican bin Mohd Wahiduddin Merican ³ | 2/2 (Chairman) | N/A | N/A | 5/5 |
| Encik Azlan Baqee bin Abdullah | 8/8 | N/A | N/A | 24/24 |
| Dr Mohd Nordin bin Mohd Zain | 8/8 | 6/6 (Chairman) | 7/7 | N/A |
| Mr K. Vithyatharan A/L V Karunakaran | 8/8 | 6/6 | 7/7 (Chairman) | N/A |
| Dato' Seri Mohamed Hassan bin Md Kamil | 7/8 | 6/6 | 7/7 | N/A |
| Puan Farina binti Farikhullah Khan ⁴ | 3/3 | N/A | N/A | N/A |
| Hajjah Rosmah binti Ismail ⁵ | 6/6 | N/A | N/A | 19/19 (Deputy Chairman) |
| Number of meetings held in FY2026 | 8 | 6 | 7 | 24 |

Notes:

1. All attendances reflect the number of meetings attended during the Directors' tenure of service.
2. N/A represents non-committee member.
3. Appointed on 2 January 2026.
4. Resigned on 3 September 2025.
5. Resigned on 1 January 2026.

DIRECTORS' REPORT (CONT'D.)

CORPORATE GOVERNANCE (CONT'D.)

(d) COMMITTEES OF THE BOARD (CONT'D.)

Audit and Examination Committee ("AEC")

The Board has appointed the AEC to assist in discharging its duties of maintaining a sound system of internal controls to safeguard the Bank's assets and stakeholders' interests. The Committee comprises three (3) members, all of whom are INEDs.

The Committee reviews the scope of work of both the internal audit function and the statutory auditors, the results arising thereafter as well as their evaluation of the system of internal controls. The Committee also follows up on the resolution of major issues raised by the internal auditors, statutory auditors as well as the regulatory authorities in their audit reports. The financial statements are reviewed by the Committee prior to their submission to the Board of the Bank for approval.

In addition, the Committee reviews and reports to the Board any related party transactions and conflict of interest situations that may arise within the Bank.

The Committee met six (6) times during the financial year ended 31 March 2026.

Internal Audit Function

The Internal Audit function is established at AMMB Group level, headed by the Group Chief Internal Auditor.

The Group Chief Internal Auditor reports to the AEC. Group Internal Audit assists the AEC in assessing and reporting on business risks and internal controls, operating within the framework defined in the Audit Charter.

The AEC approves the Group Internal Audit's annual audit plan, which covers the audit of all major business units and operations within the Bank. The results of each audit are submitted to the AEC and significant findings are discussed during the AEC meeting. The minutes of the AEC meetings are formally tabled to the Board for notation and action, where necessary. The Group Chief Internal Auditor attends the AEC meeting by invitation. The AEC also holds separate meetings with the Group Chief Internal Auditor whenever necessary.

DIRECTORS' REPORT (CONT'D.)

CORPORATE GOVERNANCE (CONT'D.)

(d) COMMITTEES OF THE BOARD (CONT'D.)

Internal Audit Function (Cont'd.)

The scope of internal audit includes the review of risk management processes, operational controls, financial controls, compliance with laws and regulations, and information technology systems and security.

Group Internal Audit prioritises its efforts in performing audits in accordance with the audit plan, based on a comprehensive risk assessment of all areas of banking activities. The risk-based audit plan is reviewed at least semi-annually taking into account of the changing business and risk environment.

Group Internal Audit also performs investigations and special reviews, and participates actively in major system development activities and projects to advise on risk management and internal control measures.

Risk Management Committee ("RMC")

Risk management is an integral part of the Bank's strategic decision-making process which ensures that the corporate objectives are consistent with the appropriate risk-return trade-off. The Board approves the risk management strategy and sets the broad risk tolerance level and also approves the engagement of new products or activities after considering the risk bearing capacity and readiness of the Bank.

The RMC exercises oversight on behalf of the Board to ensure adequate overall management of credit, market, funding, operational, legal, regulatory, capital, strategic reputation, sustainability (covering environmental, social and governance), climate change, shariah, information technology and cyber risks impacting the Bank.

The Committee is independent from the Management and comprises three (3) members, all of whom are INEDs. The Committee ensures that the Board's risk tolerance level is effectively enforced, the risk management process is in place and functioning and reviews high-level risk exposures to ensure that they are within the overall interests of the Bank. It also assesses the Bank's ability to accommodate risks under normal and stress scenarios.

The Committee met seven (7) times during the financial year ended 31 March 2026.

DIRECTORS' REPORT (CONT'D.)

CORPORATE GOVERNANCE (CONT'D.)

(d) COMMITTEES OF THE BOARD (CONT'D.)

Risk Management Functions

The AMMB Group Risk Management is independent of the various business units and acts as the catalyst for the development and maintenance of comprehensive and sound risk management policies, strategies and procedures within the AMMB Group. The AMMB Group Risk Management encompasses Wholesale Credit Risk, Business Credit Risk, Retail Credit Risk, Investment Banking and Markets Risk, Operational Risk, Technology Risk, and Portfolio Risk Management (which is responsible for the development of credit models and credit model validation).

AMMB Group Risk Management takes its lead from the AMMB Group Board's approved Risk Appetite Framework that forms the foundation of AMMB Group to set its risk/reward profile. The framework is reviewed and approved annually by the Board taking into account AMMB Group's desired external rating and targeted profitability/return on capital employed ("ROCE") and is also periodically reviewed throughout the financial year by the executive management and subsequently the Board to consider any fine tuning/enhancements based on the prevailing economic condition or situation that may affect the operating environment which AMMB Group operates in.

AMMB's Group Management Risk Committee meets at least 6 times a year to review and deliberate on all risk related matters, such as framework, policies, methodologies and limits; and to review and monitor AMMB Group's major risk exposures. It also ensures that AMMB Group's business and operational activities are in line with the overall AMMB Group's risk appetite, strategy and profile. In addition, all frameworks, policies and guidelines are required to be reviewed at least once every 2 years to ensure they remain relevant.

Joint Board Credit Committee ("Joint BCC")

The Board has established the Joint BCC, a Joint Committee of AmBank and the Bank on 7 January 2025 to assist in ensuring that credit facilities and commitments, and connected party credit transactions are approved in accordance with policies approved by the Board. The Committee comprises four (4) members, two (2) Non-Executive Directors from AmBank and two (2) Non-Executive Directors from the Bank.

The Committee met twenty four (24) times during the financial year ended 31 March 2026.

DIRECTORS' REPORT (CONT'D.)

CORPORATE GOVERNANCE (CONT'D.)

(d) COMMITTEES OF THE BOARD (CONT'D.)

Group Nomination and Remuneration Committee ("GNRC")

The Board delegated the nomination and remuneration functions to the GNRC which is established at AMMB Group level. The Committee comprises five (5) members, all of whom are Non-Executive Directors and chaired by an Independent Non-Executive Director. The Bank is represented by Dato' Mohamed Rafique Merican bin Mohd Wahiduddin Merican in the GNRC. The GNRC is responsible for, among others, the following:-

- to oversee the overall composition of the Board, Board Committees and Shariah Committee in terms of the appropriate size, skills, experience, qualification and diversity (i.e. gender, ethnicity and age) as well as the balance between Executive Directors, Non-Executive Directors and Independent Directors;
- to assess Directors, Shariah Committee members, Group Chief Executive Officer ("GCEO") and expatriate-filled positions for appointments and re-appointments before an application for approval is submitted to Bank Negara Malaysia, subject to the approval of the Board;
- to assess and recommend on the appointment of Senior Management positions for all banking subsidiaries within AMMB Group prior to submission to the respective banking subsidiary Boards for approval;
- to recommend a formal and transparent procedure for developing the remuneration policy for Non-Executive Directors, Shariah Committee members, Senior Management and employees for the approval of the Board;
- to establish remuneration strategies and frameworks and to recommend remuneration packages that are:
 - Consistent with AMMB Group's culture, objective and strategy;
 - Competitive and equitable to attract and retain talent;
 - Reflective of responsibilities and commitments; and
 - Supports long-term performance and avoids incentives for risk-taking.
- to conduct the annual evaluation exercise to assess the performance and effectiveness of the Board, the Board Committee, individual Directors, Shariah Committee members, Senior Management and the Group Company Secretary;
- to review, on a half yearly basis, the induction and training needs of Directors, including Board induction and other training programmes to ensure that all Directors and Shariah Committee members receive appropriate continuous training in order to keep abreast with the latest developments in the industry and be able to discharge their responsibilities effectively; and
- to oversee the succession planning for the Board Chairman, Directors, Shariah Committee members, Senior Management and expatriate-filled positions in AMMB Group.

The Committee met eight (8) times during the financial year ended 31 March 2026.

DIRECTORS' REPORT (CONT'D.)

CORPORATE GOVERNANCE (CONT'D.)

(d) COMMITTEES OF THE BOARD (CONT'D.)

Group Information Technology Committee ("GITC")

The Committee is established at AMMB Group level. The Committee comprises three (3) members, a majority of whom are Independent Directors and is chaired by an INED.

The Committee assists the Boards of respective entities in AMMB Group in discharging its responsibilities relating to the oversight of AMMB Group's information technology ("IT"), digitalisation and technology-related innovation strategies and ensure that the overall strategic IT direction is aligned with AMMB Group's business objectives and strategy. The key responsibilities of the Committee include, amongst others, the following functions:

- review and recommend AMMB Group-wide IT policies, procedures and frameworks including IT security, IT risk management and digital services for Board approval, to ensure the effectiveness of internal control systems and the reliability of management information systems;
- provide strategic oversight for IT, digital and cybersecurity development within AMMB Group and ensuring that IT, cybersecurity, digitalisation and technology-related innovation strategic plans are aligned and integrated with AMMB Group's business objectives and strategy;
- review IT, digital and cybersecurity planning and strategy, including the financial, tactical and strategic benefits of proposed significant information on technology-related projects and initiatives;
- review and recommend the long-term IT, digital and cybersecurity strategic plans and budgets and implementation;
- review and concur the Cyber Risk Strategy to ensure technology risk profile and security posture are monitored and updated in alignment with IT Security's Strategy and technology deliverables;
- review and oversee project management and the value delivery (including benefits realisation) of all significant IT expenditures and investments;
- oversee the adequacy and utilisation of AMMB Group's IT resources, including computer hardware, software, personnel who are involved in the development, modification and maintenance of computer programs and related standard procedures as well as the recovery controls and incident response plans to mitigate disruptions of operations and services;
- ensure the Senior Management regularly provides status updates on both key performance indicators and forward-looking risk indicators together with sufficient information on key technology risks, critical technology operations and cyber threats;
- review and recommend any deviation from technology-related policies, guidelines and directives issued by the relevant regulators for the approval of the respective Boards, after undertaking a robust assessment of the related risks;

DIRECTORS' REPORT (CONT'D.)

CORPORATE GOVERNANCE (CONT'D.)

(d) COMMITTEES OF THE BOARD (CONT'D.)

Group Information Technology Committee ("GITC") (Cont'd.)

- responsible for overall oversight function on IT-related matters, including ex-ante risk assessments on digital services and the usage of cloud services and emerging technology; and
- advise the Board on matters within the scope of the GITC, as well as any major IT-related issues that merit the attention of the Board.

The Committee met six (6) times during the financial year ended 31 March 2026.

MANAGEMENT INFORMATION

All Directors review Board papers and reports prior to the Board meeting. Information and materials, relating to the operations of the Bank that are important to the Directors' understanding of the items in the agenda and related topics, are distributed in advance of the meeting. The Board reports, include among others, minutes of meetings of all Board Committees, monthly performance of the Bank, review of business strategy, credit risk management, asset liability and market risk management and industry benchmarking as well as prevailing regulatory developments and the economic and business environment.

These reports are issued in sufficient time before the meeting to enable the Directors to be prepared and to obtain further explanations, where necessary, and provide input on Bank policies.

HOLDING COMPANY

The Directors regard AMMB, which is incorporated in Malaysia, as the holding company.

RATING BY EXTERNAL AGENCIES

The Bank continues to maintain credit ratings with RAM Rating Services Berhad ("RAM").

| Rating agency | Date accorded | Rating classification | Ratings |
|----------------------|----------------------|--|---------------------|
| RAM | 22 May 2025 | Long-term financial institution rating Short-term financial institution rating Outlook | AA2 P1 Stable |

DIRECTORS' REPORT (CONT'D.)

SHARIAH COMMITTEE

The Shariah Committee (“ShC”) is responsible and accountable for all Shariah-related decisions, views and opinions. The main functions and duties of the ShC shall include, but are not limited to the following:

1. To advise the Board and the Bank on Shariah matters to ensure that the Bank’s business, operations, affairs and activities comply with Shariah requirements at all times.
2. To review and endorse policies and procedures of the Bank from Shariah perspectives, and to ensure that the contents do not contain any elements which are not in line with Shariah requirements.
3. To review and approve the documentations in relation to the Bank’s products to ensure that the products are in compliance with Shariah requirements, which may include:
 - a. the terms and conditions contained in the forms, contracts, agreements and other legal documentation used in executing the transactions; and
 - b. the product manuals, marketing advertisements, sales illustrations, pamphlets and brochures used to describe the product.
4. To provide a decision, advice or opinion on the Bank’s business, operations, affairs and activities which may trigger a Shariah non-compliance (“SNC”) event.
5. To perform oversight on and assess the strategies, initiatives and work carried out by the Shariah Management Department, in order to ensure compliance with Shariah matters which form part of their duties in providing their assessment of Shariah compliance and assurance information in the annual report. This includes performing the annual assessment of the Head of Shariah Management Department.
6. To perform oversight on the strategies, initiatives and work carried out by the:
 - a. Group Compliance Department relating to the Shariah Review function;
 - b. Group Risk Management Department relating to the Shariah Risk Management function; and
 - c. Group Internal Audit Department relating to the Shariah Audit function, in order to ensure compliance with Shariah matters which form part of their duties in providing their assessment of Shariah compliance and assurance information in the annual report.
7. To provide assistance to parties related to the Bank such as its legal counsel, auditors or consultants on Shariah matters upon request.
8. To advise the Bank to consult the Shariah Advisory Council (“SAC”) of BNM or the SAC of Securities Commission Malaysia (“SC”) on any Shariah matters that could not be resolved by the ShC.
9. To provide written Shariah opinions to the SAC of BNM or SAC of SC as and when required, including the following circumstances where the Bank:
 - a. makes reference to the SAC for advice; or
 - b. submits an application to BNM or SC for new product approval.
10. To provide advice and guidance to senior management on the management of the zakat fund, charity and other social programmes or activities.
11. To endorse the Shariah operations manual which specify the manner in which a submission or request for advice be made to the ShC, the conduct of the ShC’s meeting and the manner of compliance with any Shariah decision.
12. To oversee the overall SNC management including to endorse purification of SNC income.

DIRECTORS' REPORT (CONT'D.)

SHARIAH COMMITTEE (CONT'D.)

The Shariah Committee (“ShC”) is responsible and accountable for all Shariah-related decisions, views and opinions. The main functions and duties of the ShC shall include, but are not limited to the following (cont'd.):

13. To assist in the Bank’s sustainability and VBI agenda, including in relevant capacity building and awareness creation initiatives.
14. To advise on the application of Shariah requirements in the recovery options and other relevant components of the Recovery Plan that covers the following:
 - a. provide direction on how Shariah conditions should be applied to recovery options that are recommended to be prepared in accordance to the level of disruption;
 - b. ensure that Shariah conditions are adhered to, and address issues related to Islamic financial transactions that may have an influence on the Recovery Plan;
 - c. provide advice and clarification on pertinent Shariah decisions, rulings, or policy documents issued by BNM or by any other authority that have an impact on or may have an impact on the Recovery Plan; and
 - d. provide opinions on any other Shariah-related situations when required.
15. The Chairman of the ShC, in leading the ShC is responsible for the effective functioning of the ShC. In fulfilling this role, the Chairman must:
 - a. ensure appropriate procedures are in place to govern the ShC’s deliberations and proceedings;
 - b. act as a direct liaison between the Board and the ShC to foster greater understanding between both organs;
 - c. ensure that Shariah decisions or advice are made on a sound and well-informed basis, including based on a robust decision-making methodology which ensures that all business, operations and risk implications are considered by the ShC;
 - d. encourage healthy discussion, participation and contribution, and ensure that dissenting views can be freely expressed and discussed; and
 - e. ensure sufficient records of the discussion leading to formulation of the ShC’s decision, advice or opinion are maintained.

The ShC may, if it thinks fit and proper and from time to time, delegate, re-delegate, suspend or revoke any powers given to the Shariah Management Department to do certain acts on behalf of the ShC such as review, advice and/or endorse certain materials or issues within the ShC’s terms of reference.

The ShC members are also members of the Shariah Oversight Committee (“SOC”). The SOC is established as a sub-committee of the ShC of the Bank to assist the ShC to oversee the strategies, initiatives and work carried out by the Shariah control functions namely Shariah Review, Shariah Risk Management and Shariah Audit.

DIRECTORS' REPORT (CONT'D.)

SHARIAH COMMITTEE (CONT'D.)

The main functions and duties of SOC shall include, but are not limited to the following:

1. as the authority to endorse Shariah Review's Plan;
2. determine whether potential SNC events are actual SNC incidents or not;
3. endorse action plan/rectification measure in addressing SNC incident and purification of income methodology and amount;
4. recommend alternative ways to rectify issues found through Shariah Audit, Shariah Review and Shariah Risk Management activities and/or other credible sources;
5. provide advice on the recognition of income pursuant to SNC events and/or its disposal; and
6. recommend possible implementation methods to improve the Bank's business activities vis à-vis Shariah in line with applicable statutes and guidelines/policies/circulars issued by relevant regulatory bodies.

The ShC met twelve (12) times and the SOC met four (4) times during the financial year ended 31 March 2026.

The attendance of the members at the meetings of ShC and SOC is set out below:

| Number of Meetings Attended in Financial Year Ended 31 March 2026 | | |
|---|-------------------|-----------------------------|
| | Shariah Committee | Shariah Oversight Committee |
| Assoc. Prof. Dr. Ahmad Zaki Salleh (Chairman) | 12/12 | 4/4 |
| Encik Mohd Fadhy Md Yusoff | 12/12 | 4/4 |
| Prof. Dr. Salina Kassim | 12/12 | 4/4 |
| Encik Ismail Nik | 12/12 | 4/4 |
| Assoc. Prof. Dr Mohd Edil Bin Abd Sukor | 11/12 | 4/4 |
| Puan Apnizan Abdullah * | 7/7 | 3/3 |
| Number of meetings held in FY2026 | 12 | 4 |

* Appointed on 1 August 2025

Registration No. 199401009897 (295576-U)

DIRECTORS' REPORT (CONT'D.)

AUDITORS AND AUDITORS' REMUNERATION

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

The details of the auditors' remuneration for the financial year are as follows:

| | RM'000 |
|----------------------------------|---------------|
| Audit services | 423 |
| Regulatory and assurance related | <u>76</u> |

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



K. VITHYATHARAN A/L V KARUNAKARAN
Director



DR MOHD NORDIN BIN MOHD ZAIN
Director

Kuala Lumpur, Malaysia
28 May 2026

Registration No. 199401009897 (295576-U)

AMBANK ISLAMIC BERHAD
(Incorporated in Malaysia)

STATEMENT BY DIRECTORS
PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT 2016

We, **K. VITHYATHARAN A/L V KARUNAKARAN** and **DR MOHD NORDIN BIN MOHD ZAIN**, being two of the Directors of **AMBANK ISLAMIC BERHAD**, do hereby state that, in the opinion of the Directors, the accompanying financial statements set out on pages 45 to 221 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 Bank as at 31 March 2026 and of its financial performance and cash flows for the financial year then ended.

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


K. VITHYATHARAN A/L V KARUNAKARAN
Director


DR MOHD NORDIN BIN MOHD ZAIN
Director

Kuala Lumpur, Malaysia
28 May 2026

Registration No. 199401009897 (295576-U)

AMBANK ISLAMIC BERHAD
(Incorporated in Malaysia)

STATUTORY DECLARATION
PURSUANT TO SECTION 251(1)(b) OF THE COMPANIES ACT 2016

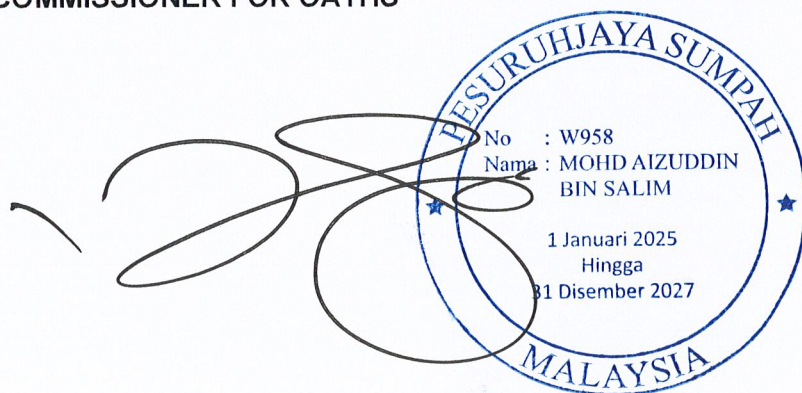
I, **PHUAH SHOK CHENG**, being the Officer primarily responsible for the financial management of **AMBANK ISLAMIC BERHAD**, do solemnly and sincerely declare that the accompanying financial statements set out on pages 45 to 221 are to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the declaration to be true, and by virtue of the Statutory Declarations Act 1960.



PHUAH SHOK CHENG
(MIA Number: 21949)

Subscribed and solemnly declared by the abovenamed **PHUAH SHOK CHENG** at Kuala Lumpur in the State of Wilayah Persekutuan on 28 May 2026, before me

COMMISSIONER FOR OATHS



UNIT 1.47, 1ST FLOOR,
WISMA COSWAY,
NO. 88, JALAN RAJA CHULAN
50200 KUALA LUMPUR.

AMBANK ISLAMIC BERHAD
(Incorporated in Malaysia)

SHARIAH COMMITTEE'S REPORT

In the Name of Allah, The Most Compassionate, The Most Merciful,

All Praise is due to Allah, the Cherisher of the World, and the Peace and Blessing be upon the Prophet of Allah, on his Family and all his Companions.

'Assalamualaikum warahmatullahi wabarakatuh'

To the shareholders, depositors and customers of AmBank Islamic Berhad ("the Bank"):

We hereby confirm that we have reviewed the principles and the contracts relating to the transactions and applications introduced by the Bank during the financial year ended 31 March 2026.

Our Shariah advisory services provided to the Bank were on various aspects ensuring compliance with applicable Shariah principles, relevant resolutions and rulings made by the Shariah Advisory Council of Bank Negara Malaysia and Shariah Advisory Councils of other regulatory bodies/authority whenever applicable.

The Bank's senior management is responsible for ensuring that the Bank conducts its business in accordance with Shariah rules and principles. It is our responsibility to form an independent opinion, based on our review of the operations of the Bank and to produce this report.

Through our sub-committee, being the Shariah Oversight Committee, we have assessed the work carried out by Shariah Risk Management; as well as the work carried out by Shariah Review and Shariah Audit which included examining, on a test basis, each type of transactions, the relevant documentation and procedures adopted by the Bank.

The reviews were planned and performed so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the Bank has complied with Shariah principles.

AMBANK ISLAMIC BERHAD
(Incorporated in Malaysia)

SHARIAH COMMITTEE'S REPORT (CONT'D.)

To the best of our knowledge based on the information provided to us, we are of the opinion that during the financial year ended 31 March 2026:

- a) The contracts, transactions and dealings entered into by the Bank and legal documents used by the Bank, that we have reviewed and assessed are in compliance with Shariah
- b) The allocation of profit and charging of losses relating to investment accounts conform to the basis that had been approved by us in accordance with Shariah principles;
- c) The calculation of zakat is in compliance with Shariah principles; and
- d) Nothing has come to our attention that causes us to believe that the operations, business, affairs and activities of the Bank involve any material Shariah non-compliances.

We, the members of the Shariah Committee of the Bank, do hereby confirm to the best of our knowledge that the operations of the Bank for the financial year ended 31 March 2026, have been conducted in conformity with the Shariah principles.

We beg Allah the Almighty to grant us all the success and straightforwardness and Allah knows best.

Registration No. 199401009897 (295576-U)

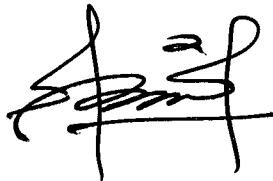
AMBANK ISLAMIC BERHAD
(Incorporated in Malaysia)

SHARIAH COMMITTEE'S REPORT (CONT'D.)

On behalf of the Shariah Committee



ASSOC. PROF. DR. AHMAD ZAKI SALLEH
Chairman of the Committee



ENCIK ISMAIL NIK
Member of the Committee

Kuala Lumpur, Malaysia
28 May 2026



**Shape the future
with confidence**

Ernst & Young PLT
202006000003 (LLP0022760-LCA) & AF 0039
SST ID: W10-2002-32000062
Chartered Accountants
Level 23A Menara Milenium
Jalan Damanlela
Pusat Bandar Damansara
50490 Kuala Lumpur, Malaysia

Tel: +603 7495 8000
Fax: +603 2095 5332 (General line)
+603 2095 9076
+603 2095 9078
ey.com

Registration No. 199401009897 (295576-U)

**Independent auditors' report to the member of
AmBank Islamic Berhad
(Incorporated in Malaysia)**

Report on the audit of the financial statements

Opinion

We have audited the financial statements of AmBank Islamic Berhad, which comprise the statement of financial position as at 31 March 2026 of the Bank, and statement of profit or loss, statement of comprehensive income, statement of changes in equity and statement of cash flows of the Bank for the financial year then ended, and notes to the financial statements, including material accounting policy information, as set out on pages 45 to 221.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Bank as at 31 March 2026, and of its financial performance and its cash flows for the financial year then ended in accordance with MFRS Accounting Standards, IFRS Accounting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for opinion

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

Independence and other ethical responsibilities

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

Key audit matters

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



Shape the future
with confidence

Registration No. 199401009897 (295576-U)

**Independent auditors' report to the member of
AmBank Islamic Berhad (cont'd.)
(Incorporated in Malaysia)**

Key audit matters (cont'd.)

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

Risk area and rationale

Our response

Expected credit losses of financing and advances and debt instruments not carried at fair value through profit or loss

As at 31 March 2026, the financing and advances represent 75% of the total assets of the Bank, and the debt instruments carried at amortised cost and fair value through other comprehensive income represent 15% of the total assets of the Bank.

Our audit procedures included the assessment of key controls over the origination, segmentation, ongoing internal credit quality assessments, recording and monitoring of the financing and advances and the debt instruments not carried at fair value through profit or loss.

MFRS 9 *Financial Instruments* ("MFRS 9") requires the Bank to account for the impairment losses on financing and advances and debt instruments not carried at fair value through profit or loss with a forward-looking expected credit loss ("ECL") approach.

We also assessed the processes and effectiveness of key controls over the transfer criteria (for the three stages of credit exposures under MFRS 9 in accordance with their credit quality), impairment measurement methodologies, governance for development, maintenance, and validation of ECL models, inputs, basis and assumptions used by the Bank in staging the credit exposures and calculating the ECL.

For staging and identification of credit exposures with significant deterioration in credit quality, we assessed and tested the reasonableness of the transfer criteria applied by the Bank for different types of credit exposures. We evaluated if the transfer criteria are consistent with the Bank's credit risk management practices.



Shape the future
with confidence

Registration No. 199401009897 (295576-U)

**Independent auditors' report to the member of
AmBank Islamic Berhad (cont'd.)
(Incorporated in Malaysia)**

Key audit matters (cont'd.)

Risk area and rationale (cont'd.)

Our response (cont'd.)

*Expected credit losses of financing and
advances and debt instruments not carried
at fair value through profit or loss (cont'd.)*

The measurement of ECL requires the application of significant judgment and increased complexity which includes the identification of on-balance sheet and off-balance sheet credit exposures with significant deterioration in credit quality, assumptions used in the ECL models (for exposures assessed individually or collectively) such as the expected future cash flows, forward looking macroeconomic factors and probability-weighted multiple scenarios.

Management overlays are applied due to uncertainties from emerging risks which impacts have not been reflected in ECL models. The overlays are maintained to the extent they can be measured reliably with available, reasonable and supportable information.

Refer to significant event in Note 54, summary of material accounting policies for financial instruments - ECL in Note 2.4 (k), significant accounting judgements, estimates and assumptions for measurement of ECL allowances in Note 5.1, disclosures of financing and advances and debt instruments in Notes 11, 9 and 10, and disclosures on credit risk in Note 50.2 to the financial statements.

For the measurement of ECL, we assessed and tested reasonableness of the Bank's ECL models, including model inputs, model design, and model performance and management overlays for significant portfolios. We challenged whether historical experience is representative of current circumstances and of the recent losses incurred in the portfolios and assessed the reasonableness of forward-looking adjustments, macroeconomic factor analysis and probability-weighted multiple scenarios, and the use of management overlays to address uncertainties arising from emerging risks.

We evaluated if changes in modeling approaches, parameters and assumptions are needed and if any changes made were appropriate. We also assessed, tested and monitored the sensitivity of the credit loss provisions to changes in modelling assumptions. In assessing the management overlays applied in the ECL amid current environment uncertainties from emerging risks, we performed scenario analysis to cross-check the impacts and challenged reasonableness of the basis applied by the management, particularly for the financing and advances and debt instruments not carried at fair value through profit or loss under Stages 1 and 2.



Shape the future
with confidence

Registration No. 199401009897 (295576-U)

Independent auditors' report to the member of
AmBank Islamic Berhad (cont'd.)
(Incorporated in Malaysia)

Key audit matters (cont'd.)

Risk area and rationale (cont'd.)

Our response (cont'd.)

Expected credit losses of financing and
advances and debt instruments not carried
at fair value through profit or loss (cont'd.)

With respect to individually assessed ECL which are mainly in relation to the impaired financing and advances and debt instruments not carried at fair value through profit or loss in Stage 3 and purchased or originated credit-impaired ("POCI") financial assets, we reviewed and tested a sample of financing and advances and debt instruments not carried at fair value through profit or loss to evaluate the timely identification by the Bank of exposures with significant deterioration in credit quality or which have been impaired. For cases where impairment has been identified, we assessed the Bank's assumptions on the expected future cash flows, including the value of realisable collaterals based on available market information and the multiple scenarios considered. We also challenged the assumptions and compared estimates to external evidence where available, including the appropriateness of management overlays applied due to uncertainties from emerging risks.

We also assessed whether the financial statements disclosures are adequately and appropriately reflect the Bank's exposures to credit risk.

We involved our credit modelling specialists and information technology ("IT") specialists in the performance of these procedures where their specific expertise were required.



**Shape the future
with confidence**

Registration No. 199401009897 (295576-U)

**Independent auditors' report to the member of
AmBank Islamic Berhad (cont'd.)
(Incorporated in Malaysia)**

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 the annual report, but does not include the financial statements of the Bank and our auditors' report thereon. The annual report is expected to be made available to us after the date of this auditors' report.

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

In connection with our audit of the financial statements 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 Bank or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditors' report, 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.

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the directors of the Bank and take appropriate action.

Responsibilities of the directors for the financial statements

The directors of the Bank are responsible for the preparation of financial statements 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 Bank that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Bank, the directors are responsible for assessing 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 Bank or to cease operations, or have no realistic alternative but to do so.



**Shape the future
with confidence**

Registration No. 199401009897 (295576-U)

**Independent auditors' report to the member of
AmBank Islamic Berhad (cont'd.)
(Incorporated in Malaysia)**

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements 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 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 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 and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Bank or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Bank to cease to continue as a going concern.



Shape the future
with confidence

Registration No. 199401009897 (295576-U)

**Independent auditors' report to the member of
AmBank Islamic Berhad (cont'd.)
(Incorporated in Malaysia)**

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

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 (cont'd.):

- Evaluate the overall presentation, structure and content of the financial statements of the Bank, including the disclosures, and whether the financial statements of the Bank represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

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

Chan Hooi Lam
No. 02844/02/2028 J
Chartered Accountant

Kuala Lumpur, Malaysia
28 May 2026

AMBANK ISLAMIC BERHAD
(Incorporated in Malaysia)

STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2026

| | Note | 2026 RM'000 | 2025 RM'000 |
|--|------|-------------------|-------------------|
| ASSETS | | | |
| Cash and short-term funds | 6 | 2,825,403 | 2,438,112 |
| Derivative financial assets | 7 | 22,410 | 18,958 |
| Financial assets at fair value through profit or loss ("FVTPL") | 8 | 1,868,436 | 2,289,309 |
| Financial investments at fair value through other comprehensive income ("FVOCI") | 9 | 6,448,691 | 5,851,313 |
| Financial investments at amortised cost | 10 | 3,384,628 | 3,573,489 |
| Financing and advances | 11 | 50,782,321 | 46,652,572 |
| Statutory deposit with Bank Negara Malaysia | 12 | 800,000 | 930,000 |
| Deferred tax assets | 13 | 49,252 | 55,406 |
| Other assets | 14 | 1,127,956 | 663,582 |
| Property and equipment | 15 | 482 | 323 |
| Right-of-use assets | 16 | 813 | 1,679 |
| Intangible assets | 17 | 130 | 210 |
| TOTAL ASSETS | | 67,310,522 | 62,474,953 |
| LIABILITIES AND EQUITY | | | |
| Deposits from customers | 18 | 51,204,226 | 49,665,606 |
| Investment accounts of customers | 19 | 2,057,293 | 12,480 |
| Deposits and placements of banks and other financial institutions | 20 | 1,256,497 | 1,181,653 |
| Investment account due to a licensed bank | 21 | 2,542,135 | 1,194,172 |
| Recourse obligation on financing sold to Cagamas Berhad | 22 | 2,005,042 | 2,210,029 |
| Derivative financial liabilities | 7 | 23,745 | 19,944 |
| Term funding | 23 | 1,000,000 | 1,198,555 |
| Subordinated Sukuk | 24 | 1,300,000 | 1,300,000 |
| Other liabilities | 25 | 568,575 | 497,536 |
| Provision for zakat | | 4,726 | 4,100 |
| TOTAL LIABILITIES | | 61,962,239 | 57,284,075 |
| Share capital | 26 | 1,387,107 | 1,387,107 |
| Reserves | 27 | 3,961,176 | 3,803,771 |
| Equity attributable to equity holder of the Bank | | 5,348,283 | 5,190,878 |
| TOTAL LIABILITIES AND EQUITY | | 67,310,522 | 62,474,953 |
| COMMITMENTS AND CONTINGENCIES | 47 | 14,151,692 | 12,729,503 |
| NET ASSETS PER SHARE (RM) | | 10.82 | 10.50 |

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

AMBANK ISLAMIC BERHAD
(Incorporated in Malaysia)

STATEMENT OF PROFIT OR LOSS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2026

| | Note | 2026 RM'000 | 2025 RM'000 |
|--|------|-----------------------|-----------------------|
| Income derived from investment of depositors' funds | 28 | 2,612,046 | 2,627,669 |
| Income derived from investment of investment account funds | 29 | 110,541 | 58,104 |
| Income derived from investment of shareholder's funds | 30 | 283,798 | 276,305 |
| Allowances for impairment on financing and advances | 31 | (52,253) | (43,503) |
| Writeback of impairment on financial investments | 32 | 140,885 | 3,098 |
| Writeback of/(Allowance for) impairment on other financial assets | 33 | 9 | (4) |
| (Provision)/Writeback of provision for commitments and contingencies | 34 | (222) | 973 |
| Total distributable income | | <u>3,094,804</u> | <u>2,922,642</u> |
| Income attributable to the depositors and others | 35 | (1,455,812) | (1,506,298) |
| Income attributable to the investment account holders | 36 | (94,720) | (51,941) |
| Total net income | | 1,544,272 | 1,364,403 |
| Other operating expenses | 37 | (550,506) | (517,919) |
| Finance costs | 40 | (99,943) | (117,908) |
| Profit before zakat and taxation | | 893,823 | 728,576 |
| Zakat | | (5,114) | (4,876) |
| Taxation | 41 | (205,542) | (164,394) |
| Profit for the financial year | | <u>683,167</u> | <u>559,306</u> |
| Basic/diluted earnings per share (sen) | 42 | <u>138.19</u> | <u>113.14</u> |

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

AMBANK ISLAMIC BERHAD
(Incorporated in Malaysia)

STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2026

| | 2026 | 2025 |
|---|----------------|----------------|
| | RM'000 | RM'000 |
| Profit for the financial year | <u>683,167</u> | <u>559,306</u> |
| Other comprehensive income/(loss): | | |
| Items that will not be reclassified subsequently to statement of profit or loss: | | |
| Equity Instruments | | |
| Financial investments at FVOCI: | | |
| Net unrealised gain/(loss) on changes in fair value | 10,972 | (10,961) |
| Income tax effect (Note 13) | (2,640) | 2,631 |
| Items that may be reclassified subsequently to statement of profit or loss: | | |
| Debt instruments | | |
| Financial investments at FVOCI: | | |
| Net unrealised gain on changes in fair value | 19,876 | 11,256 |
| Changes in expected credit loss (Note 9) | (608) | (1,937) |
| Net gain reclassified to statement of profit or loss | (27,763) | (10,877) |
| Income tax effect (Note 13) | <u>1,893</u> | <u>(91)</u> |
| Other comprehensive income/(loss) for the financial year, net of tax | <u>1,730</u> | <u>(9,979)</u> |
| Total comprehensive income for the financial year | <u>684,897</u> | <u>549,327</u> |

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

**STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2026**

| | Attributable to Equity Holder of the Bank | | | | | |
|--|---|-------------------------|------------------------------|------------------------------|-----------------------------|------------------------|
| | Note | Non-distributable | | Distributable | | |
| | | Share capital RM'000 | Regulatory reserve RM'000 | Fair value reserve RM'000 | Retained earnings RM'000 | Total equity RM'000 |
| At 1 April 2024 | | 1,387,107 | 43,368 | 8,390 | 3,344,076 | 4,782,941 |
| Profit for the financial year | | - | - | - | 559,306 | 559,306 |
| Other comprehensive loss | | - | - | (9,979) | - | (9,979) |
| Total comprehensive (loss)/income for the financial year | | - | - | (9,979) | 559,306 | 549,327 |
| Transfer to regulatory reserve | | - | 37,306 | - | (37,306) | - |
| Dividend on ordinary shares: | | | | | | |
| - final, financial year ended 31 March 2024 | 43 | - | - | - | (20,269) | (20,269) |
| - interim, financial year ended 31 March 2025 | 43 | - | - | - | (121,121) | (121,121) |
| Other equity movements | | - | 37,306 | - | (178,696) | (141,390) |
| At 31 March 2025 | | 1,387,107 | 80,674 | (1,589) | 3,724,686 | 5,190,878 |
| At 1 April 2025 | | 1,387,107 | 80,674 | (1,589) | 3,724,686 | 5,190,878 |
| Profit for the financial year | | - | - | - | 683,167 | 683,167 |
| Other comprehensive income | | - | - | 1,730 | - | 1,730 |
| Total comprehensive income for the financial year | | - | - | 1,730 | 683,167 | 684,897 |
| Transfer to regulatory reserve | | - | 168,621 | - | (168,621) | - |
| Transfer of net loss on disposal of equity instrument of financial investments at fair value through other comprehensive income to retained earnings | | - | - | 27 | (27) | - |
| Dividend on ordinary shares: | | | | | | |
| - final, financial year ended 31 March 2025 | 43 | - | - | - | (270,420) | (270,420) |
| - interim, financial year ending 31 March 2026 | 43 | - | - | - | (257,072) | (257,072) |
| Other equity movements | | - | 168,621 | 27 | (696,140) | (527,492) |
| At 31 March 2026 | | 1,387,107 | 249,295 | 168 | 3,711,713 | 5,348,283 |

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

AMBANK ISLAMIC BERHAD
(Incorporated in Malaysia)

STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2026

| | Note | 2026 RM'000 | 2025 RM'000 |
|---|-------------|----------------|----------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Profit before zakat and taxation | | 893,823 | 728,576 |
| Adjustments for: | | | |
| Net accretion of discount on securities | | (1,775) | (30,032) |
| Net amortisation of premium on term funding | 23 (b), (c) | 3,745 | 448 |
| Allowances for impairment on financing and advances | 31 | 137,184 | 141,351 |
| Amortisation of intangible assets | 17, 37 | 80 | 80 |
| Depreciation of property and equipment | 15, 37 | 131 | 141 |
| Depreciation of right-of-use assets | 16, 37 | 322 | 302 |
| Finance cost for lease liabilities | 25 (a), 37 | 35 | 52 |
| Finance cost for provision for reinstatement of leased premises | 25 (b), 37 | 1 | 1 |
| Gain on disposal of financial assets at FVTPL | 28, 30 | (10,956) | (2,546) |
| Loss/(Gain) on revaluation of financial assets at FVTPL | 28, 30 | 1,122 | (384) |
| Gain on disposal of financial investments at FVOCI | 28, 30 | (27,763) | (10,877) |
| Gain on disposal of property and equipment | | (1) | - |
| Writeback of impairment losses on financial investments and other financial assets | 32, 33 | (140,894) | (3,094) |
| (Gain)/Loss on revaluation of derivatives | | (328) | 2,083 |
| Amortisation for shares granted under AMMB ESS - charge | 37 | 1,152 | 963 |
| Unrealised loss on revaluation of hedged item arising from fair value hedge | 9 | - | 1,075 |
| Provision/(Writeback of provision) for commitments and contingencies | 34 | 222 | (973) |
| Net adjustment on COVID-19 relief measures | | (1,642) | 1,619 |
| Operating profit before working capital changes | | 854,458 | 828,785 |

AMBANK ISLAMIC BERHAD
(Incorporated in Malaysia)

STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2026 (CONT'D.)

| | Note | 2026 RM'000 | 2025 RM'000 |
|---|------------------|------------------|------------------|
| Decrease/(Increase) in operating assets: | | | |
| Financial assets at FVTPL | | 435,747 | 973,991 |
| Financing and advances | | (4,261,632) | (1,809,642) |
| Statutory deposit with Bank Negara Malaysia | | 130,000 | (10,000) |
| Other assets | | (465,525) | 895,513 |
| Increase/(Decrease) in operating liabilities: | | | |
| Deposits from customers | | 1,538,620 | 1,431,313 |
| Investment accounts of customers | | 2,044,813 | (1,579) |
| Deposits and placements of banks and other financial institutions | | 71,184 | (1,737,070) |
| Investment account due to a licensed bank | | 1,347,963 | (172,191) |
| Term funding | 23 (a), (b), (c) | (202,300) | 363,130 |
| Other liabilities | | 49,339 | 11,481 |
| Recourse obligation on financing sold to Cagamas Berhad | | (204,987) | (4,973) |
| Cash generated from operating activities | | <u>1,337,680</u> | <u>768,758</u> |
| Zakat paid | | (4,488) | (3,994) |
| Tax paid | | (177,125) | (114,424) |
| Net cash generated from operating activities | | <u>1,156,067</u> | <u>650,340</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| (Purchase)/Disposal of financial investments at FVOCI | | (569,734) | 867,490 |
| Redemption of financial investments at amortised cost | | 329,078 | 287,120 |
| Purchase of intangible assets | 17 | - | (70) |
| Purchase of property and equipment | 15 | (290) | (213) |
| Net cash (used in)/generated from investing activities | | <u>(240,946)</u> | <u>1,154,327</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Dividends paid | 43 | (527,492) | (141,390) |
| Rental payment for lease liabilities | 25 (a) | (349) | (342) |
| Net cash used in financing activities | | <u>(527,841)</u> | <u>(141,732)</u> |

AMBANK ISLAMIC BERHAD
(Incorporated in Malaysia)

STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2026 (CONT'D.)

| | Note | 2026 RM'000 | 2025 RM'000 |
|---|-------------|------------------------------|------------------------------|
| Net increase in cash and cash equivalents | | 387,280 | 1,662,935 |
| Cash and cash equivalents at beginning of the financial year | | 2,438,130 | 775,195 |
| Cash and cash equivalents at end of the financial year | | <u>2,825,410</u> | <u>2,438,130</u> |
| Cash and cash equivalents comprise: | | | |
| Cash and short-term funds | 6 | 2,825,403 | 2,438,112 |
| Allowances for expected credit loss for cash and cash equivalents | 6 | 7 | 18 |
| | | <u>2,825,410</u> | <u>2,438,130</u> |

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

AMBANK ISLAMIC BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2026

1. CORPORATE INFORMATION

The Bank is a licensed Islamic banking institution providing Islamic retail and non-retail banking products and services in accordance with Shariah principles. There has been no significant change in the nature of the activities of the Bank during the financial year.

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 22nd Floor, Bangunan AmBank Group, No. 55, Jalan Raja Chulan, 50200 Kuala Lumpur. The principal place of business is located at Menara AmBank, Jalan Yap Kwan Seng, 50450 Kuala Lumpur.

The Bank is a wholly-owned subsidiary of AMMB, a company incorporated in Malaysia. AMMB is listed on the Main Market of Bursa Malaysia Securities Berhad.

The financial statements of the Bank have been approved and authorised for issue by the Board of Directors on 28 April 2026.

2. ACCOUNTING POLICIES

2.1 Basis of preparation

The financial statements have been prepared on a historical cost basis unless otherwise indicated in the financial statements.

In the preparation of these financial statements, the management of the Bank has made an assessment on the ability of the Bank to continue as going concern. From the assessment, the management is not aware of any material uncertainties related to events or conditions that may cast significant doubt upon the Bank's ability to continue as going concern, hence these financial statements have been prepared on a going concern basis.

2.2 Statement of compliance

The financial statements 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.

2. ACCOUNTING POLICIES (CONT'D.)

2.3 Presentation of financial statements

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

The statement of financial position is presented in order of liquidity. An analysis regarding recovery or settlement within 12 months after the reporting date (i.e. "current") and more than 12 months after the reporting date (i.e. "non-current") is presented in Note 48.

2.4 Summary of material accounting policies

2.4a Foreign currencies

(i) Functional and presentation currency

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

(ii) Transactions and balances

Transactions in foreign currencies are initially recorded by the Bank at its functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot exchange rate at the reporting date.

All differences arising on settlement or translation of monetary items are recognised in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on retranslation of non-monetary items is treated in line with the recognition of gain or loss on changes in fair value of the item (i.e. translation differences on items whose fair value gain or loss is recognised in other comprehensive income ("OCI") or profit or loss are also recognised in OCI or profit or loss, respectively).

2. ACCOUNTING POLICIES (CONT'D.)

2.4 Summary of material accounting policies (Cont'd.)

2.4b Property and equipment

Property and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses. Such cost includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management, as well as borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset. When significant parts of property and equipment are required to be replaced at intervals, the Bank recognises such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

Purchased computer software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

The annual depreciation rates for the various classes of property and equipment are as follows:

| | |
|--|-----------------|
| Leasehold improvements | 15% to 20% |
| Motor vehicles | 20% |
| Computer equipment | 12.5% to 33.33% |
| Office equipment, furniture and fittings | 10% to 50% |

An item of property and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss when the asset is derecognised.

The assets' residual values, useful lives and methods of depreciation are reviewed at each financial year end and adjusted prospectively if the expectations differ from previous estimates.

2. ACCOUNTING POLICIES (CONT'D.)

2.4 Summary of material accounting policies (Cont'd.)

2.4c Leases

The determination of whether an arrangement is, or contains, a lease is based on whether the arrangement conveys a right to control the use of the asset, even if that right is not explicitly specified in an arrangement.

(i) The Bank as a lessee

Leases are recognised as right-of-use assets and corresponding lease liabilities at the date at which the leased assets are available for use by the Bank.

At the commencement date of the leases, the Bank recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Bank and payments of penalties for terminating a lease, if the lease term reflects the Bank exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Bank uses the incremental borrowing rate at the lease commencement date if the profit rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of profit and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. 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 (if any). Where applicable, the cost of right-of-use assets also includes an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located. Unless the Bank is reasonably certain to obtain ownership of the underlying asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term, as follows:

2. ACCOUNTING POLICIES (CONT'D.)

2.4 Summary of material accounting policies (Cont'd.)

2.4c Leases (Cont'd.)

(i) The Bank as a lessee (Cont'd.)

| | |
|--------------------|---|
| Premises | 50 years or over the term of short term lease |
| Computer equipment | 3 to 8 years |

If the Bank is reasonably certain to obtain ownership of the underlying asset at the end of the lease term, the right-of-use asset is depreciated over the underlying asset's useful life.

Right-of-use assets are assessed for impairment whenever there is an indication that the right-of-use assets may be impaired.

The Bank applies the short-term lease recognition exemption to its short-term leases, 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. It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered of low value, i.e. those with a value of RM20,000 or less when new. 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.

2.4d Intangible assets, other than goodwill arising from business combination

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value as at the date of acquisition. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in profit or loss in the year in which the expenditure is incurred.

Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. The useful lives of intangible assets are assessed as either finite or indefinite.

2. ACCOUNTING POLICIES (CONT'D.)

2.4 Summary of material accounting policies (Cont'd.)

2.4d Intangible assets, other than goodwill arising from business combination (Cont'd.)

Intangible assets with finite lives are amortised over useful lives ranging from 3 to 10 years and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period or method, as appropriate, which are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in profit or loss in the expense category that is consistent with the function of the intangible assets.

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

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

(i) Research and development costs

Research costs are expensed as incurred. Development expenditures on an individual software project are recognised as an intangible asset when the Bank can demonstrate:

- the technical feasibility of completing the intangible asset so that the asset will be available for use or sale;
- its intention to complete and its ability to use or sell the asset;
- how the asset will generate future economic benefits;
- the availability of resources to complete the asset;
- the ability to measure reliably the expenditure during development; and
- the ability to use the intangible asset generated.

2. ACCOUNTING POLICIES (CONT'D.)

2.4 Summary of material accounting policies (Cont'd.)

2.4d Intangible assets, other than goodwill arising from business combination (Cont'd.)

(i) Research and development costs (Cont'd.)

Following initial recognition of the software development expenditure as an asset, the asset is carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete and the asset is available for use. It is amortised on a straight-line basis over the period of expected benefit of 3 to 10 years. During the period of development, the asset is tested for impairment annually.

2.4e Financial instruments – initial recognition and measurement

(i) Initial recognition

Financial assets and financial liabilities are recognised when the Bank becomes a party to the contractual provisions of the instrument. Regular way purchases and sales of financial assets are recognised using trade date accounting or settlement date accounting. The method used is applied consistently for all purchases and sales of financial assets that belong to the same category of financial assets. The Bank applies trade date accounting for derivative financial instruments and investments in equity instruments, and settlement date accounting for investments in debt instruments.

(ii) Initial measurement

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at FVTPL, transaction costs that are attributable to the acquisition of the financial asset.

All financial liabilities are recognised initially at fair value and, in the case of financial liabilities not recorded at FVTPL, net of directly attributable transaction costs.

2. ACCOUNTING POLICIES (CONT'D.)

2.4 Summary of material accounting policies (Cont'd.)

2.4e Financial instruments – initial recognition and measurement (Cont'd.)

(iii) “Day 1” profit or loss

At initial measurement, if the transaction price differs from the fair value, the Bank immediately recognises the difference between the transaction price and fair value (a “Day 1” profit or loss) provided that fair value is evidenced by a quoted price in an active market for an identical asset or liability (i.e. Level 1 input) or based on a valuation technique that uses only data from observable markets. In all other cases, the difference between the transaction price and the model value is recognised in profit or loss on a systematic and rational basis that reflects the nature of the instrument over its tenure.

2.4f Financial assets – classification and subsequent measurement

The Bank classifies its financial assets in the following measurement categories:

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

The classification requirements for debt instruments are described below:

(i) Debt instruments

Debt instruments are those instruments that meet the definition of a financial liability from the issuer's perspective. Classification and subsequent measurement of debt instruments depend on:

Business model

The business model reflects how the Bank manages the financial assets in order to generate cash flows. Specifically, it considers whether the Bank's objective is solely to collect the contractual cash flows from the assets, or is to collect both the contractual cash flows and cash flows arising from the sale of assets. If neither of these objectives applies (e.g. the financial assets are held-for-trading purposes), then the financial assets are classified under "other" business model. Factors considered by the Bank in determining the business model for a portfolio of assets include past experience in collecting the cash flows, how the asset's performance is evaluated and reported to key management personnel, and how risks are assessed and managed.

2. ACCOUNTING POLICIES (CONT'D.)

2.4 Summary of material accounting policies (Cont'd.)

2.4f Financial assets – classification and subsequent measurement (Cont'd.)

The classification requirements for debt instruments are described below (Cont'd.):

(i) Debt instruments (Cont'd.)

Cash flow characteristics

Where the business model is to hold the financial assets to collect contractual cash flows, or to collect both the contractual cash flows and cash flows from the sale of assets, the Bank assesses whether the financial assets' contractual cash flows represent solely payments of principal and profit ("SPPP"). In making this assessment, the Bank considers whether the contractual cash flows are consistent with a basic financing arrangement, i.e. profit includes only consideration for time value of money, credit risk, other basic financing risks and a profit margin that is consistent with a basic financing arrangement. Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are SPPP.

Based on these factors, the Bank classifies the debt instruments into one of the following three measurement categories:

Amortised cost

Financial assets that are held for collection of contractual cash flows where those cash flows represent SPPP, and that are not designated at FVTPL, are measured at amortised cost using the effective profit method. The carrying amount of these assets is adjusted by any expected credit loss allowances recognised and measured using the methodology described in Note 2.4k. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective profit rate ("EPR"). The EPR amortisation is included in "profit income" in profit or loss. The losses arising from impairment are recognised in the statement of profit or loss in "impairment losses on financial investments" for sukuk, "impairment losses on financing and advances" for financing and advances or "doubtful receivables" for losses other than sukuk, financing and advances.

2. ACCOUNTING POLICIES (CONT'D.)

2.4 Summary of material accounting policies (Cont'd.)

2.4f Financial assets – classification and subsequent measurement (Cont'd.)

The classification requirements for debt instruments are described below (Cont'd.):

(i) Debt instruments (Cont'd.)

FVOCI

Financial assets that are held for contractual cash flows and cash flows from the sale of the assets, where the assets' cash flows represent SPPP, and are not designated at FVTPL, are measured at FVOCI. Changes in the fair value are recognised through OCI, except for profit income and foreign exchange gains or losses on the assets' amortised cost which are recognised in profit or loss. Profit earned whilst holding the assets is reported as "profit income" using the effective profit method. The losses arising from impairment are reclassified from OCI to profit or loss in "impairment losses on financial investments". When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified to profit or loss and recognised in "other operating income".

FVTPL

Financial assets that do not meet the criteria for amortised cost or FVOCI, including financial assets held-for-trading and derivatives, are measured at FVTPL. A gain or loss on an asset that is subsequently measured at FVTPL and is not part of a hedging relationship is recognised in profit or loss and presented within "other operating income". Profit earned whilst holding the assets is reported as "profit income" using the effective profit method.

In addition, financial assets that meet the criteria for amortised cost or FVOCI may be irrevocably designated by management as FVTPL on initial recognition, provided the designation eliminates or significantly reduces the inconsistent treatment that would otherwise arise from measuring the assets or liabilities or recognising gains or losses on them on a different basis. Such designation is determined on an instrument by instrument basis. Any change in fair value is recognised in profit or loss and presented within "other operating income". Profit earned is recognised in "profit income" using the effective profit method.

2. ACCOUNTING POLICIES (CONT'D.)

2.4 Summary of material accounting policies (Cont'd.)

2.4f Financial assets – classification and subsequent measurement (Cont'd.)

(ii) Reclassification of debt investments

The Bank reclassifies debt investments when and only when the business model for managing those assets changes. The reclassification takes place from the start of the first reporting period following the change. Such changes are expected to be very infrequent and none occurred during the financial year.

2.4g Financial liabilities – classification and subsequent measurement

Financial liabilities are classified and subsequently measured at amortised cost, except for:

- financial liabilities at FVTPL; and
- financial guarantee contracts and financing commitments (see Note 2.4q).

(i) Amortised cost

Financial liabilities issued by the Bank, that are not designated at FVTPL, are classified as financial liabilities at amortised cost, where the substance of the contractual arrangement results in the Bank having an obligation either to deliver cash or another financial asset to the holder, or to satisfy the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of own equity shares.

After initial measurement, term funding, debt capital and other financings are subsequently measured at amortised cost using the effective profit method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EPR.

A compound financial instrument which contains both a liability and an equity component is separated at the issue date. A portion of the net proceeds of the instrument is allocated to the debt component on the date of issue based on its fair value (which is generally determined based on the quoted market prices for similar debt instruments). The equity component is assigned the residual amount after deducting from the fair value of the instrument as a whole the amount separately determined for the debt component. The value of any derivative features (such as a call option) embedded in the compound financial instrument other than the equity component is included in the debt component.

2. ACCOUNTING POLICIES (CONT'D.)

2.4 Summary of material accounting policies (Cont'd.)

2.4g Financial liabilities – classification and subsequent measurement (Cont'd.)

(ii) FVTPL

This classification is applied to derivatives, financial liabilities held-for-trading and other financial liabilities designated as such at initial recognition. Gains or losses on financial liabilities designated at FVTPL are presented partially in OCI (being the amount of change in the fair value of the financial liability that is attributable to changes in credit risk of that liability) and partially in profit or loss (i.e. the remaining amount of change in fair value of the liability). This is unless such presentation would create, or enlarge, an accounting mismatch, in which case the gains and losses attributable to changes in the credit risk of the liability are also presented in profit or loss.

2.4h Derecognition of financial instruments

(i) Derecognition of financial assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired; or
- the Bank has transferred rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a “pass-through” arrangement; and either:
 - the Bank has transferred substantially all the risks and rewards of the asset; or
 - the Bank has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Bank has transferred rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Bank's continuing involvement in the asset. In that case, the Bank also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Bank has retained.

2. ACCOUNTING POLICIES (CONT'D.)

2.4 Summary of material accounting policies (Cont'd.)

2.4h Derecognition of financial instruments (Cont'd.)

(ii) Modification of financial assets

When the contractual cash flows of a financial asset are renegotiated or otherwise modified as a result of commercial restructuring activity, the Bank assesses whether or not the new terms are substantially different to the original terms. The Bank does this by considering, among others, the following factors:

- If the customer is in financial difficulty, whether the modification merely reduces the contractual cash flows to amounts the customer is expected to be able to pay;
- Whether any substantial new terms are introduced, such as a profit share or equity-based return that substantially affects the risk profile of the financial asset;
- Significant extension of the repayment term when the customer is not in financial difficulty;
- Significant change in the profit rate;
- Change in the currency the financial assets is denominated in; or
- Insertion of collateral, other security or credit enhancements that significantly affect the credit risk associated with the financial assets.

If the terms are substantially different, the Bank derecognises the original financial asset and recognises a "new" asset at fair value and recalculates a new EPR for the asset. The date of renegotiation is consequently considered to be the date of initial recognition for impairment calculation purposes, including for the purpose of determining whether a significant increase in credit risk ("SICR") has occurred. However, the Bank also assesses whether the new financial asset recognised is deemed to be credit-impaired at initial recognition, especially in circumstances where the renegotiation was driven by the customer being unable to make the originally agreed payments. Differences in the carrying amount are also recognised in profit or loss as a gain or loss on derecognition. For purchased or originated credit-impaired ("POCI") financial assets, the new gross carrying amount is recalculated by discounting the modified cash flows at the credit-adjusted EPR. Differences in the carrying amount are recognised in profit or loss as a gain or loss on derecognition.

2. ACCOUNTING POLICIES (CONT'D.)

2.4 Summary of material accounting policies (Cont'd.)

2.4h Derecognition of financial instruments (Cont'd.)

(ii) Modification of financing and advances (Cont'd.)

If the terms are not substantially different, the renegotiation or modification does not result in derecognition, and the Bank recalculates the gross carrying amount based on the revised cash flows of the financial asset and recognises a modification gain or loss in profit or loss. The new gross carrying amount is recalculated by discounting the modified cash flows at the original EPR.

(iii) Derecognition of financial liabilities

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

When an existing financial liability is replaced by another from the same financier on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original EPR, is at least 10% different from the discounted present value of the remaining cash flows of the original financial liability. In addition, other qualitative factors such as the currency that the instrument is denominated in, changes in the type of profit rate, new conversion features attached to the instrument and changes in covenants are also taken into consideration. The difference in the respective carrying amount of the original financial liability and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

If the exchange or modification is not accounted for as an extinguishment, any costs or fees incurred are adjusted to the carrying amount of the financial liability and are amortised over the remaining term of the modified financial liability.

2. ACCOUNTING POLICIES (CONT'D.)

2.4 Summary of material accounting policies (Cont'd.)

2.4i Securities borrowing and lending

Securities lending and borrowing transactions are usually collateralised by securities or cash. The transfer of the securities to counterparties is only reflected on the statement of financial position if the risks and rewards of ownership are also transferred. Cash advanced or received as collateral is recorded as an asset or liability.

Securities borrowed are not recognised on the statement of financial position, unless they are then sold to third parties, in which case the obligation to return the securities is recorded as a trading liability and measured at fair value with any gains or losses included in “other operating income”.

2.4j Fair value measurement

The Bank measures financial instruments such as financial assets and financial liabilities at FVTPL, financial investments at FVOCI and derivatives 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.

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

2. ACCOUNTING POLICIES (CONT'D.)

2.4 Summary of material accounting policies (Cont'd.)

2.4j Fair value measurement (Cont'd.)

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.

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

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

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and/or
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

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

The fair value hierarchies of the following are disclosed in Note 51:

- a) financial instruments that are measured at fair value; and
- b) financial assets and financial liabilities that are not measured at fair value, but for which fair value is disclosed.

2. ACCOUNTING POLICIES (CONT'D.)

2.4 Summary of material accounting policies (Cont'd.)

2.4k Financial instruments - expected credit losses ("ECL")

The Bank assesses on a forward-looking basis the ECL associated with debt instrument assets carried at amortised cost and FVOCI and with the exposure arising from financing commitments and financial guarantee contracts. The Bank recognises a loss allowance for such losses at each reporting date. The measurement of ECL reflects:

- an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- the time value of money; and
- reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

The carrying amount of the asset is reduced through the use of an allowance account and the loss is recognised in profit or loss, except for debt instruments measured at FVOCI, an amount equivalent to the allowance is recognised in OCI as an accumulated impairment amount with the corresponding charge to profit or loss. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring or a change in forward-looking adjustments after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account or impairment amount.

For financing commitments and financial guarantee contracts, the loss allowance is recognised as a provision. However, for contracts that include both a financing and an undrawn commitment and the Bank cannot separately identify the ECL on the undrawn commitment component from those on the financing component, the ECL on the undrawn commitment are recognised together with the loss allowance for the financing. To the extent that the combined ECL exceeds the gross carrying amount of the financing, the ECL is recognised as a provision.

The methodology applied in measuring ECL is explained in Note 50.2.

Financing and advances together with the associated allowances are written off when the Bank has exhausted all practical recovery efforts and there is no realistic prospect of future recovery, and all collateral has been realised or has been transferred to the Bank. The Bank may also write-off financial assets that are still subject to enforcement activity when there is no reasonable expectation of full recovery. If a write-off is later recovered, the recovery is credited to profit or loss.

2. ACCOUNTING POLICIES (CONT'D.)

2.4 Summary of material accounting policies (Cont'd.)

2.4k Financial instruments - expected credit losses ("ECL") (Cont'd.)

(i) Rescheduled and restructured financing and advances

Where possible, the Bank seeks to reschedule or restructure financing and advances rather than to take possession of collateral. This may involve extending the payment arrangements and the agreement of new financing and advances conditions. Once the terms have been rescheduled or restructured, any impairment is measured using the original EPR as calculated before the modification of terms. Management continually reviews impaired rescheduled or restructured financing and advances for a certain period to ensure all terms are adhered to and that future payments are likely to occur before the financing is reclassified back to performing status.

(ii) Collateral valuation

The Bank seeks to use collateral, where possible, to mitigate its risks on financial assets. The collateral comes in various forms such as cash, securities, letters of credit/guarantees, real estate, receivables, inventories, other non-financial assets and credit enhancements such as netting agreements. The fair value of collateral is generally assessed, at a minimum, at inception and based on the Bank's quarterly reporting schedule, however, some collateral, for example, cash or securities relating to margining requirements, is valued daily.

To the extent possible, the Bank uses active market data for valuing financial assets held as collateral. Other financial assets which do not have a readily determinable market value are valued using models. Non-financial collateral, such as real estate, is valued based on data provided by third parties such as property valuers, mortgage brokers, housing price indices, audited financial statements and other independent sources. (See Note 50.2 for further analysis of collateral).

2.4l Hedge accounting

The Bank makes use of derivative instruments to manage exposures to profit rate risk, including exposures arising from forecast transactions and firm commitments. In order to manage particular risks, the Bank applies hedge accounting for transactions which meet specified criteria.

2. ACCOUNTING POLICIES (CONT'D.)

2.4 Summary of material accounting policies (Cont'd.)

2.4I Hedge accounting (Cont'd.)

At inception of the hedge relationship, the Bank formally documents the relationship between the hedged item and the hedging instrument, including the nature of the risk, the risk management objective and strategy for undertaking the hedge and the method that will be used to assess the effectiveness of the hedging relationship at inception and on an ongoing basis.

At each hedge effectiveness assessment date, a hedge relationship must be expected to be highly effective on a prospective basis for the designated period in order to qualify for hedge accounting. A formal assessment is undertaken by comparing the hedging instrument's effectiveness in offsetting the changes in fair value or cash flows attributable to the hedged risk in the hedged item, both at inception and at each quarter end on an ongoing basis. Hedge ineffectiveness is recognised in profit or loss. For situations where the hedged item is a forecast transaction, the Bank also assesses whether the transaction is highly probable and presents an exposure to variations in cash flows that could ultimately affect profit or loss.

(i) Fair value hedges

The change in the fair value of a hedging derivative is recognised in "other operating income" in profit or loss. The change in the fair value of the hedged item attributable to the risk hedged is recorded as part of the carrying value of the hedged item and is also recognised in "other operating income" in the statement of profit or loss.

For fair value hedges relating to items recorded at amortised cost, any adjustment to carrying value is amortised through profit or loss over the remaining term of the hedge using the effective profit method. EPR amortisation may begin as soon as an adjustment exists and no later than when the hedged item ceases to be adjusted for changes in its fair value attributable to the risk being hedged.

If the hedged item is derecognised, the unamortised fair value is recognised immediately in profit or loss.

2. ACCOUNTING POLICIES (CONT'D.)

2.4 Summary of material accounting policies (Cont'd.)

2.4m Offsetting financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

2.4n Impairment of non-financial assets

The Bank assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Bank estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's ("CGU") fair value less costs of disposal and its value-in-use ("VIU"). Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing VIU, 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. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded entities or other available fair value indicators.

For assets excluding goodwill and intangible assets with indefinite useful lives, an assessment is made at each reporting date to determine whether there is any indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Bank estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss.

2. ACCOUNTING POLICIES (CONT'D.)

2.4 Summary of material accounting policies (Cont'd.)

2.4n Impairment of non-financial assets (Cont'd.)

The following asset has specific characteristics for impairment testing:

(i) Intangible assets

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the CGU level, as appropriate, and when circumstances indicate that the carrying value may be impaired.

2.4o Cash and cash equivalents

Cash and short-term funds in the statement of financial position comprise cash and bank balances with banks and other financial institutions, and short-term deposits maturing within one month.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term funds with original maturity of 3 months or less.

2.4p Contingent liabilities and contingent assets

A contingent liability is a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation or in extremely rare cases whereby there is a liability that cannot be recognised because it cannot be measured with sufficient reliability. The contingent liability is not recognised but instead is disclosed in the financial statements. A possible obligation that arises from past events whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Bank is also disclosed as a contingent liability unless the probability of outflow of economic resources is remote.

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

2. ACCOUNTING POLICIES (CONT'D.)

2.4 Summary of material accounting policies (Cont'd.)

2.4q Financial guarantee contracts and financing commitments

Financial guarantee contracts issued by the Bank are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified customer fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the amount of loss allowance (calculated as described in Note 2.4(k)) and the premium received on initial recognition less income recognised in accordance with the principles of MFRS 15 *Revenue from Contract with Customers*.

Financing commitments provided by the Bank are measured at the amount of the loss allowances (calculated as described in Note 2.4k).

2.4r Recognition of income and expenses relating to financial instruments

(i) Profit income and similar income and expense

For all profit-bearing financial assets and financial liabilities measured at amortised cost, profit-bearing financial investments at FVOCI and financial assets and financial liabilities at FVTPL, financing income or expense is calculated using the effective profit method. EPR is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset or to the amortised cost of a financial liability. The calculation takes into account all contractual terms of the financial instrument and includes any fees or incremental costs that are directly attributable to the instrument and are an integral part of the EPR, but not future credit losses.

The carrying amount of the financial asset or financial liability is adjusted if the Bank revises its estimates of payments or receipts. The adjusted carrying amount is calculated based on the original EPR and the change in carrying amount is recorded in profit or loss. However, for a reclassified financial asset for which the Bank subsequently increases its estimates of future cash receipts as a result of increased recoverability of those cash receipts, the effect of that increase is recognised as an adjustment to the EPR from the date of the change in estimate.

2. ACCOUNTING POLICIES (CONT'D.)

2.4 Summary of material accounting policies (Cont'd.)

2.4r Recognition of income and expenses relating to financial instruments (Cont'd.)

(i) Profit income and similar income and expense (Cont'd.)

Once the recorded value of a financial asset or a group of similar financial assets has been reduced due to an impairment loss, profit income continues to be recognised using the rate of profit used to discount the future cash flows for the purpose of measuring the impairment loss.

Financing commitment fees for financing and advances that are likely to be drawn down and other credit related fees are deferred (together with any incremental costs) and recognised as an adjustment to the EPR on the financing and advances.

Profit income on financial assets, other than those that are credit-impaired, is calculated by applying the EPR to the gross carrying amount of the financial asset. When a financial asset becomes credit-impaired, profit income is calculated by applying the EPR to the amortised cost of the financial asset.

For POCI financial assets, profit income is calculated by applying credit-adjusted EPR to the amortised cost of the financial asset. The credit-adjusted EPR is the rate that, at initial recognition, discounts the estimated future cash flows, including ECL, to the amortised cost of the POCI financial asset.

Income and expense are recognised in accordance with the principles of Shariah. This includes financing and advances provided, deposits accepted and investment account under the following Shariah contracts:

Murabahah

This is a contract of sale of goods/assets at a mark-up price, which includes a profit margin as agreed by the contracting parties. The price, costs and profit margin in Murabahah shall be made transparent and agreed upon between buyer and seller. Income on financing is recognised on EPR basis over the period of the contract based on the principal amounts outstanding.

2. ACCOUNTING POLICIES (CONT'D.)

2.4 Summary of material accounting policies (Cont'd.)

2.4r Recognition of income and expenses relating to financial instruments (Cont'd.)

(i) Profit income and similar income and expense (Cont'd.)

Bai' Bithaman Ajil

This is a contract of sale and purchase of an asset in which the payment of price is deferred either to be paid in lump-sum or instalment basis within an agreed period of time. Income is recognised on EPR basis over the expected life of the contract based on principal amount outstanding.

The Islamic Negotiable Instruments ("INI") can also be structured along the concept of Bai' Bithaman Ajil for Negotiable Islamic Debt Certificate. Profit attributable to the buyer of the INI will be based on the fixed profit rate which is quoted on the placement date.

Bai' Inah

This is an arrangement that involves sale of an asset to the purchaser on a deferred basis and subsequent purchase of the asset at a cash price lower than the deferred sale price or vice versa, and which complies with the specific requirements of Bai' Inah. Income is recognised on EPR basis over the expected life of the contract based on principal amount outstanding.

Tawarruq

This is an arrangement that involves of two sale and purchase contracts. The first involves the sale of an asset by a seller to a purchaser on a deferred basis. Subsequently, the purchaser of the first sale will sell the same asset to a third party on a cash and spot basis. Income is recognised on EPR basis over the period of the contract based on the principal amounts outstanding.

For Commodity Murabahah term deposits and CASA, profit attributable to the depositors based on the fixed profit rate which is quoted to the customer on the placement date. The commodity trading fee incurred in the Tawarruq arrangement is borne by the Bank and is recognised as an expense in profit or loss as incurred.

2. ACCOUNTING POLICIES (CONT'D.)

2.4 Summary of material accounting policies (Cont'd.)

2.4r Recognition of income and expenses relating to financial instruments (Cont'd.)

(i) Profit income and similar income and expense (Cont'd.)

Al-Ijarah Thumma Al-Bai'

This is a contract of lease ending with the transfer of ownership from the lessor to the lessee in the form of sale transaction based on agreed terms and conditions. There are two contracts in this arrangement. The first contract is Ijarah where the lessee enjoys the usufruct of the assets for an agreed rental during an agreed period of time while the ownership remains with the lessor. The second contract is the sale contract which may take place at the end of the Ijarah period or at any point of time during the period subject to the agreed terms and conditions between the contracting parties. Financing income is recognised on EPR basis over the lease term.

Mudarabah

This refers to a contract between the customer known as an investment account holder and the Bank where the customer agrees to participate in the financial activities undertaken by the Bank and shares the profit generated from financing and/or investment activities based on an agreed Profit Sharing Ratio ("PSR"). Profit is distributed according to the agreed PSR at the point of the contract. The profit attributable to Investment Account Holder is based on the indicative profit rate that may change based on the financial performance of the underlying asset.

Musharakah Mutanaqisah

In Musharakah Mutanaqisah financing, the customer and the Bank jointly acquire and own the asset. The Bank then leases its equity or share of asset to the customer on the basis of Ijarah. The customer is given the right to acquire the Bank's equity in the asset periodically. Financing income is accounted for on the basis of the reducing balance on a time apportioned basis that reflects the effective yield of the asset.

Ujrah

Ujrah refers to fee for services rendered. Income is recognised based on a fee charged by the Bank in providing the credit card facility to credit card customers.

2. ACCOUNTING POLICIES (CONT'D.)

2.4 Summary of material accounting policies (Cont'd.)

2.4r Recognition of income and expenses relating to financial instruments (Cont'd.)

(i) Profit income and similar income and expense (Cont'd.)

Wakalah

This refers to an "investment agency" contract where the Bank is appointed as an agent to undertake investment activities on behalf of the customer for a fee. The Bank acts in two capacities - as "Agent" in accepting funds from the customer who plans to invest, and as Investment Manager in carrying out Shariah compliant investment activities as agreed by both parties. The Bank, as an agent, does not guarantee the profit expected from the investments. Profit distributed is based on the expected profit rate which is quoted to the customer on placement date.

Wadiah (Yad Dhamanah)

A safe keeping contract whereby the custodian guarantees payment of the whole amount of deposits, or any part thereof, outstanding in the account of the depositors, when demanded. The depositors are not entitled to any share of the profits (generated from usage of the deposits by the custodian) but the custodian may provide returns to the depositors as a token of appreciation which is known as hibah.

(ii) Investment and trading income disclosed as other operating income

Results arising from trading activities include all gains and losses from changes in fair value and dividends from financial assets at FVTPL. This includes any ineffectiveness recorded in hedging transactions.

2.4s Recognition of revenue from contracts with customers

Revenue is recognised by reference to each distinct performance obligation promised in the contract with customer as or when the Bank transfers the control of the goods or services promised in a contract and the customer obtains control of the goods or services. Depending on the substance of the respective contract with customer, the control of the promised goods or services may transfer over time or at a point in time.

2. ACCOUNTING POLICIES (CONT'D.)

2.4 Summary of material accounting policies (Cont'd.)

2.4s Recognition of revenue from contracts with customers (Cont'd.)

A contract with customer exists when the contract has commercial substance, the Bank and its customer have approved the contract and intend to perform their respective obligations, the Bank's and the customer's rights regarding the goods or services to be transferred and the payment terms can be identified, and it is probable that the Bank will collect the consideration to which it will be entitled to in exchange of those goods or services.

At the inception of each contract with customer, the Bank assesses the contract to identify distinct performance obligations, being the units of account that determine when and how revenue from the contract with customer is recognised.

Revenue is measured at the amount of consideration to which the Bank expects to be entitled in exchange for transferring the promised goods or services to the customers, excluding amounts collected on behalf of third parties. If the amount of consideration varies, the Bank estimates the amount of consideration that it expects to be entitled based on the expected value or the most likely outcome but the estimation is constrained up to the amount that is highly probable of no significant reversal in the future. If the contract with customer contains more than one distinct performance obligation, the amount of consideration is allocated to each distinct performance obligation based on the relative stand-alone selling prices of the goods or services promised in the contract.

The consideration allocated to each performance obligation is recognised as revenue as or when the customer obtains control of the goods or services. At the inception of each contract with customer, the Bank determines whether control of the goods or services for each performance obligation is transferred over time or at a point in time. Revenue is recognised over time if the control over the goods or services are transferred over time. Revenue for performance obligation that is not satisfied over time is recognised at the point in time at which the customer obtains control of the promised goods or services.

The following specific recognition criteria must be met before revenue is recognised:

(i) Fee and commission income

The Bank earns fee and commission income from a diverse range of services it provides to its customers. Fee income can be divided into the following two categories:

2. ACCOUNTING POLICIES (CONT'D.)

2.4 Summary of material accounting policies (Cont'd.)

2.4s Recognition of revenue from contracts with customers (Cont'd.)

(i) Fee and commission income (Cont'd.)

Fee income earned from services where performance obligations are satisfied over time

Fees earned for the provision of services over a period of time are accrued over that period by reference to the stage of completion of the services. These fees include commission income, interchange, asset management, custody and other management and advisory fees. Financing commitment fees for financing and advances that are unlikely to be drawn down are recognised over the commitment period on a straight-line basis.

Fee income from providing transaction services where performance obligations are satisfied at a point in time

Fees arising from negotiating or participating in the negotiation of a transaction for a third party, such as the arrangement of the acquisition of shares or other securities, the purchase or sale of businesses, brokerage, underwriting, or financing syndication/arrangement services are recognised on completion of the underlying transaction. Fees or components of fees that are linked to a certain performance are recognised after fulfilling the corresponding criteria. Revenue from sale of unit trusts is recognised upon allotment of units, net of cost of units sold or as a percentage of sales value.

(ii) Customer loyalty programmes

Award credits under customer loyalty programmes are accounted for as a separate identifiable component of the transaction in which the award credits are granted. The fair value of the consideration received in respect of the transaction is allocated between the award credits and the other components of the transaction on a relative stand-alone selling price basis. If stand-alone selling price of the other component is uncertain, the Bank estimates the stand-alone selling price by reference to the total transaction price less the fair value of the award credits. Revenue from the award credits is recognised when the award credits are redeemed or expired. The amount of revenue recognised when the award credits are redeemed is based on the number of award credits redeemed relative to the total number expected to be redeemed.

2. ACCOUNTING POLICIES (CONT'D.)

2.4 Summary of material accounting policies (Cont'd.)

2.4t Employee benefits

(i) Short-term benefits

Wages, salaries, bonuses and social security contributions that are expected to be settled wholly within 12 months after the end of the financial year in which the employees render the related service are recognised as an expense in the financial year in which the associated services are rendered by employees of the Bank and are measured at the amounts paid or expected to be paid when the liabilities are settled. Short-term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences, and short-term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

(ii) Defined contribution pension plan

The Bank makes contributions to the Employee Provident Fund ("EPF") as well as defined contribution private retirement schemes in Malaysia. Such contributions are recognised as an expense in profit or loss in the financial year to which they relate. Once the contributions have been paid, the Bank has no further payment obligations.

(iii) Termination benefits

Termination benefits are payable whenever an employee's employment is terminated before the normal retirement date or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Bank recognises termination benefits when the Bank is demonstrably committed to either terminate the employment of current employees according to a detailed formal plan without possibility of withdrawal or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after the reporting date are discounted to present value.

2. ACCOUNTING POLICIES (CONT'D.)

2.4 Summary of material accounting policies (Cont'd.)

2.4t Employee benefits (Cont'd.)

(iv) Share-based payment transactions

The holding company, AMMB, operates an equity-settled share-based compensation scheme, known as the Executives' Share Scheme ("ESS") wherein shares are granted to eligible directors or employees of the AMMB Group of Companies ("AMMB Group") based on certain financial and performance criteria and such conditions as it may deem fit. The ESS, which is valid for 10 years from the implementation date, include Long term incentive Award. The fair value of the share grants awarded is based on the share price of AMMB on grant date, adjusted the number of shares expected to vest and the time value of money of the deferred dividend entitled by the scheme participants.

The cost of equity-settled transactions is recognised by the Bank, together with a corresponding increase in the amount payable to, or the amount receivable from, AMMB over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ("the vesting date"). The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the best estimate of the number of equity instruments that will ultimately vest. The charge or writeback of shares granted under ESS for the period is recorded in "personnel costs" and represents the movement in cumulative expense recognised as at the beginning and the end of that period.

2.4u Dividends on ordinary shares

Dividends on ordinary shares are recognised as a liability and deducted from equity when they are approved by the Bank's shareholder. Interim dividends are deducted from equity when they are declared.

Dividends for the year that are approved between the end of the reporting period and the date the financial statements are authorised for issue are disclosed as an event after the reporting period.

2. ACCOUNTING POLICIES (CONT'D.)

2.4 Summary of material accounting policies (Cont'd.)

2.4v Taxes

(i) Current tax

Current tax assets and liabilities for the current and prior financial years 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. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions, where appropriate, on the basis of amounts expected to be paid to the tax authorities.

Current taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss. Current taxes relating to items recognised in OCI or directly in equity are recognised in OCI or equity respectively.

(ii) Deferred tax

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

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- where the deferred tax liability arises from the initial recognition of goodwill or 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 and associates, 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, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised 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:

2. ACCOUNTING POLICIES (CONT'D.)

2.4 Summary of material accounting policies (Cont'd.)

2.4v Taxes (Cont'd.)

(ii) Deferred tax (Cont'd.)

- 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 and associates, 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.

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 profits will allow the deferred tax assets to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in 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 relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

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.

2.4w Zakat

This represents business zakat payable by the Bank to comply with Shariah principles approved by the Bank's Shariah Committee. Zakat provision is calculated by reference to the zakat rate of 2.5775% of the net profit after taxation and is based on percentage of estimated Muslim shareholders of the holding company. The Bank has fulfilled its obligation to pay business zakat to state zakat authorities and has identified eligible beneficiaries (asnaf).

2. ACCOUNTING POLICIES (CONT'D.)

2.4 Summary of material accounting policies (Cont'd.)

2.4x Earnings Per Share (“EPS”)

The Bank presents basic and diluted EPS data for its ordinary shares in Note 42. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Bank by the weighted average number of ordinary shares outstanding during the period net of treasury shares. Diluted EPS is determined by adjusting the profit or loss attributable to the ordinary shareholder and the weighted average number of ordinary shares outstanding, including the effects of all dilutive potential ordinary shares.

2.4y Segment reporting

Segment reporting in the financial statements is presented on the same basis as that used by management internally for evaluating operating segment performance and in deciding how to allocate resources to operating segments. Operating segments are distinguishable components of the Bank about which separate financial information is available and is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing performance. Reportable segments are operating segments or aggregations of operating segments of similar economic characteristics that meet specific aggregation criteria.

The Bank’s segmental reporting is based on the following operating segments: retail banking, business banking, wholesale banking, investment banking and others, as disclosed in Note 53.

2.4z Government grant

A government grant is recognised only when there is a reasonable assurance that the grant will be received and all attached conditions will be met. It is measured at its fair value and is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. The benefit of a government financing at a below-market rate of profit, measured as the difference between the fair value of the financing and proceeds received, is similarly treated as a government grant.

3. CHANGES IN ACCOUNTING POLICIES

3.1 Adoptions of amendments to standards

The accounting policies adopted are consistent with those of the previous financial year. The adoption of the following amendments to published standards did not require a change in the accounting policies or retrospective adjustments, as they did not have any material impact on the financial statements of the Bank:

- Lack of Exchangeability (Amendments to MFRS 121 *The Effects of Changes in Foreign Exchange Rates*)

The nature of the amendments to published standards relevant to the Bank are described below:

Lack of Exchangeability (Amendments to MFRS 121 *The Effects of Changes in Foreign Exchange Rates*)

The amendments clarified when a currency is exchangeable into another currency and how an entity estimates a spot rate when a currency lacks exchangeability. New disclosure requirements include the nature and financial impacts of the currency not being exchangeable, spot exchange rate used, estimation process and risks to the entity when the currency is not exchangeable.

3.2 New standards and amendments to published standards issued but not yet effective

The following are new standards and amendments to published standards issued but not yet effective for the Bank. The Bank intends to adopt the relevant new standards and amendments to published standards when they become effective.

| Description | Effective for annual periods beginning on or after |
|--|---|
| Amendments to the Classification and Measurement of Financial Instruments (Amendments to MFRS 9 <i>Financial Instruments</i> and MFRS 7 <i>Financial Instruments: Disclosures</i>) | 1 January 2026 |
| Annual Improvements to MFRS Accounting Standards - Volume 11 | 1 January 2026 |
| Contracts Referencing Nature-dependent Electricity (Amendments to MFRS 9 <i>Financial Instruments</i> and MFRS 7 <i>Financial Instruments: Disclosures</i>) | 1 January 2026 |
| MFRS 18 <i>Presentation and Disclosure in Financial Statements</i> | 1 January 2027 |
| MFRS 19 <i>Subsidiaries without Public Accountability: Disclosures</i> | 1 January 2027 |
| Translation to a Hyperinflationary Presentation Currency (Amendments to MFRS 121 <i>The Effects of Changes in Foreign Exchange Rates</i>) | 1 January 2027 |
| Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to MFRS 10 <i>Consolidated Financial Statements</i> and MFRS 128 <i>Investments in Associates and Joint Ventures</i>) | To be determined by MASB |

3. CHANGES IN ACCOUNTING POLICIES (CONT'D.)

3.2 New standards and amendments to published standards issued but not yet effective (Cont'd.)

The nature of the new standards and amendments to published standards issued and relevant to the Bank but not yet effective are described below. The Bank is currently assessing the financial effects of their adoption.

(a) Amendments to published standards effective for financial year ending 31 March 2027

Amendments to the Classification and Measurement of Financial Instruments (Amendments to MFRS 9 *Financial Instruments* and MFRS 7 *Financial Instruments: Disclosures*)

The amendments clarified the dates of recognition and derecognition of financial assets and liabilities, with a new exception for financial liabilities settled through an electronic cash transfer system.

The amendments also provide additional guidance for assessing whether financial assets with contingent features that are not related directly to a change in basic lending risks or costs meet the SPPP criterion.

Key characteristics of contractually linked instruments and the factors to be considered when assessing the cash flows underlying a financial asset with non-recourse features are also included in the amendments.

Additional disclosures are required for certain financial instruments with contractual terms that can change their cash flows and equity instruments designated at fair value through other comprehensive income.

Annual Improvements to MFRS Accounting Standards - Volume 11

The Annual Improvements to MFRS Accounting Standards - Volume 11 include minor amendments affecting the following 5 MFRSs:

- (i) Hedge accounting by a first-time adopter (Amendments to MFRS 1 *First-time Adoption of Malaysian Financial Reporting Standards*)
- (ii) Gain or loss on derecognition (Amendments to MFRS 7 *Financial Instruments: Disclosures*)
- (iii) Lessee derecognition of lease liabilities and transaction price (Amendments to MFRS 9 *Financial Instruments*)
- (iv) Determination of a "de facto agent" (Amendments to MFRS 10 *Consolidated Financial Statements*)
- (v) Cost method (Amendments to MFRS 107 *Statement of Cash Flows*)

Wording in certain paragraphs of these standards has been amended to improve consistency with other relevant standards and cross-references to other standards, where applicable, have been added to enhance the understandability of these standards.

3. CHANGES IN ACCOUNTING POLICIES (CONT'D.)

3.2 New standards and amendments to published standards issued but not yet effective (Cont'd.)

The nature of the new standards and amendments to published standards issued and relevant to the Bank but not yet effective are described below. The Bank is currently assessing the financial effects of their adoption. (Cont'd.)

(a) Amendments to published standards effective for financial year ending 31 March 2027 (Cont'd.)

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

The amendments allow an entity to apply the own-use exemption to its nature-dependent electricity contracts if the entity has been, and expects to be a, net purchaser of electricity for the contract period.

Nature-dependent electricity contracts that do not meet the own-use exemption are accounted for as derivatives and measured at fair value through profit or loss. Applying hedge accounting could reduce profit or loss volatility by reflecting how these contracts hedge the price of future electricity purchases or sales.

Additional disclosures include, but are not limited to, the following:

- contractual features exposing the entity to variability in underlying amount of electricity and risk of oversupply;
- estimated future cash flows from unrecognised contractual commitments to buy electricity in appropriate time bands;
- qualitative information about how the entity assesses whether a contract might become onerous; and
- qualitative and quantitative information about the costs and proceeds associated with purchases and sales of electricity.

3. CHANGES IN ACCOUNTING POLICIES (CONT'D.)

3.2 New standards and amendments to published standards issued but not yet effective (Cont'd.)

The nature of the new standards and amendments to published standards issued and relevant to the Bank but not yet effective are described below. The Bank is currently assessing the financial effects of their adoption. (Cont'd.)

(b) New standard effective for financial year ending 31 March 2028

MFRS 18 *Presentation and Disclosure in Financial Statements*

MFRS 18 is a new accounting standard for presentation and disclosure of information in the financial statements which supersedes MFRS 101 *Presentation of Financial Statements*.

MFRS 18 introduced a defined structure for the statement of profit or loss comprising three main categories which include operating, investing and financing categories. Classification of income and expenses will be driven by the main business activities. Specified totals and subtotals are to be presented in the statement of profit or loss.

Information related to the management-defined performance measures ("MPM") should be disclosed in a note to the financial statements, including a reconciliation between the MPM and the most similar specified subtotal. Entity is also required to present expenses in the operating category by nature, function or a mix of both.

Enhanced guidance on the principles of aggregation and disaggregation, which focus on grouping of items based on their shared characteristics should be applied across the financial statements.

Consequential amendments to other accounting standards include, among others:

(i) **MFRS 107 *Statement of Cash Flows***

The amendments require operating profit or loss subtotal to be used as the starting point when presenting operating cash flows under the indirect method and interest and dividend cash flows to be classified based on the main business activities.

(ii) **MFRS 133 *Earnings per Share***

The amendments permit entities to disclose additional amounts per share using only the following numerators:

- required income and expenses totals and subtotals;
- common income and expenses subtotals listed in MFRS 18; or
- MPM disclosed by the entity.

3. CHANGES IN ACCOUNTING POLICIES (CONT'D.)

3.2 New standards and amendments to published standards issued but not yet effective (Cont'd.)

(b) New standard effective for financial year ending 31 March 2028 (Cont'd.)

MFRS 18 *Presentation and Disclosure in Financial Statements* (Cont'd.)

Consequential amendments to other accounting standards include, among others:
(Cont'd.)

(iii) MFRS 134 *Interim Financial Reporting*

Entity is required to provide additional disclosures for MPM in the condensed interim financial statements.

(iv) MFRS 108 *Accounting Policies, Changes in Accounting Estimates and Errors*

Certain requirements such as going concern assessment have been moved from MFRS 101 to MFRS 108, which will be renamed MFRS 108 *Basis of Preparation of Financial Statements* when MFRS 18 becomes effective.

Translation to a Hyperinflationary Presentation Currency (Amendments to MFRS 121 *The Effects of Changes in Foreign Exchange Rates*)

The amendments require all amounts (including comparatives) to be translated from a functional currency that is the currency of a non-hyperinflationary economy to a presentation currency that is the currency of a hyperinflationary economy using the closing rate at the date of the most recent statement of financial position.

The amendments is not expected to have any impact on the financial statements of the Bank as the Bank does not have a functional or presentation currency that is the currency of a hyperinflationary economy.

4. SIGNIFICANT CHANGES IN REGULATORY REQUIREMENTS

There are no significant changes in regulatory requirements during the current financial year.

5. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the financial statements in accordance with MFRS Accounting Standards requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of revenue, expenses, assets and liabilities, the accompanying disclosures and the disclosure of contingent liabilities. Judgements, estimates and assumptions are continually evaluated and are based on past experience, reasonable expectations of future events and other factors. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

In the process of applying the Bank's accounting policies, management has made the following judgements, estimates and assumptions which have significant effect on the amounts recognised in the financial statements.

5.1 Measurement of ECL allowances (Notes 6, 9, 10, 11, 25, 31, 32, 33, 34, 51 and 54)

The measurement of the ECL allowances for financing and advances, financial assets measured at amortised cost, FVOCI, financing commitments and financial guarantee contracts requires the use of complex models and significant assumptions about future economic conditions and credit behaviour. Explanation of the inputs, assumptions and estimation techniques used in measuring ECL is further detailed in Note 50.2.

Components of ECL models that involve significant judgement includes:

- determining criteria for SICR in the qualitative assessment and the impact of the instrument being measured at lifetime ECL basis due to SICR;
- choosing appropriate models and assumptions including the various formulae and choice of inputs for the measurement of ECL;
- establishing the forward-looking macroeconomic scenarios and the associated probability weightings, which are used in forward-looking ECL measurement;
- establishing groups of similar financial assets for the purposes of measuring ECL; and
- application of AMMB Group's internal credit grading model which assigns Probability of Default ("PD") to the individual grades.

Please refer to Note 54 for the assessment and considerations of Middle East Conflict implications on measurement of ECL allowances as at 31 March 2026.

5. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (CONT'D.)

5.2 Lease term of agreements with renewal options (Note 16)

The Bank determines 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.

The Bank has the option, under some of its leases to lease the assets for additional terms of three to six years. The extension options held are exercisable only by the Bank and not by the respective lessor. In determining the lease term, the Bank considers all facts and circumstances that create an economic incentive to exercise an extension option. Factors considered include historical lease durations and the costs and business disruption required to replace the leased asset. After the commencement date, the Bank reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not to exercise) the option to renew. The Bank included the renewal period as part of the lease term for most of its leases of premises due to the significance of these assets to its operations.

5.3 Deferred tax assets and income taxes (Notes 13 and 41)

The Bank's income tax expense, deferred tax assets and liabilities reflect management's best estimate of current and future taxes to be paid.

Deferred tax assets are recognised in respect of unabsorbed capital allowances and other temporary differences to the extent that it is probable that future taxable profit will be available against which the unabsorbed capital allowances and other temporary differences can be utilised. Management judgement is required to determine the amount of the deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

5. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (CONT'D.)

5.3 Deferred tax assets and income taxes (Notes 13 and 41) (Cont'd.)

Significant judgement is required in estimating the provision for income taxes. Such estimate involves dealing with uncertainties in the application on the tax treatment of certain income or expenses that requires interpretation of the provisions in the income tax act of the relevant tax authorities. Liabilities for taxation are recognised based on estimates as to whether the payment of additional tax is probable. Management may seek experts' advice for such complex areas. As there is significant judgement and estimation uncertainty involved in determining provision for income taxes, the actual tax liability payable to the relevant tax authorities for the relevant year of assessment may be significantly different from the amounts that were initially recorded; and such differences, if any, will be reflected as adjustments of over or under provisions of income tax and deferred tax provision in the period in which the estimate is revised or when the final tax liability is established.

5.4 Fair value measurement of financial instruments (Notes 7, 8, 9, 28, 30 and 51)

When the fair values of financial assets and financial liabilities recorded on the statement of financial position cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of financial models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, judgement is required to establish fair values. Judgements include considerations of liquidity and model inputs such as volatility for longer-dated derivatives and discount rates, prepayment rates and default rate assumptions for asset-backed securities.

6. CASH AND SHORT-TERM FUNDS

| | Note | 2026 RM'000 | 2025 RM'000 |
|--|-------------|------------------------|------------------------|
| Cash and bank balances | | 825,410 | 98,130 |
| Less: Allowances for ECL | (a) | <u>(7)</u> | <u>(18)</u> |
| | | <u>825,403</u> | <u>98,112</u> |
| Deposits and placements maturing within one month with original maturity of three months or less: | | | |
| Bank Negara Malaysia | | <u>2,000,000</u> | <u>2,340,000</u> |
| | | <u>2,000,000</u> | <u>2,340,000</u> |
| Total cash and bank balances and deposits and placements | | <u>2,825,403</u> | <u>2,438,112</u> |

(a) The movements in allowances for ECL are as follows:

| | Stage 1 12-Month ECL RM'000 |
|--|--|
| 2026 | |
| Balance at beginning of the financial year | 18 |
| Net writeback of ECL (Note 33): | (9) |
| Net remeasurement of allowances | <u>(9)</u> |
| Foreign exchange differences | <u>(2)</u> |
| Balance at end of the financial year | <u>7</u> |
| 2025 | |
| Balance at beginning of the financial year | 16 |
| Net allowance for ECL (Note 33): | 4 |
| Net remeasurement of allowances | <u>4</u> |
| Foreign exchange differences | <u>(2)</u> |
| Balance at end of the financial year | <u>18</u> |

The decrease in allowances for ECL in Stage 1 is mainly due to net remeasurement of allowances.

7. DERIVATIVE FINANCIAL ASSETS/LIABILITIES

The table below shows the Bank's derivative financial instruments as at the reporting date. The contractual or underlying principal amounts of these derivative financial instruments and their corresponding gross positive (derivative financial asset) and gross negative (derivative financial liability) fair values at the reporting date are analysed below:

| | Contract/Notional Amount RM'000 | Fair Value | |
|---|--|--------------------------|-------------------------------|
| | | Assets RM'000 | Liabilities RM'000 |
| 2026 | | | |
| Trading Derivatives | | | |
| <u>Foreign exchange related contracts</u> | | | |
| One year or less | 1,692,593 | 22,104 | 21,545 |
| Over one year to three years | 4,855 | 306 | 287 |
| <u>Profit rate related contracts</u> | | | |
| Over three years | 200,000 | - | 1,913 |
| Total | 1,897,448 | 22,410 | 23,745 |
| 2025 | | | |
| Trading Derivatives | | | |
| <u>Foreign exchange related contracts</u> | | | |
| One year or less | 1,992,481 | 17,540 | 16,735 |
| Over one year to three years | 140,494 | 1,418 | 957 |
| <u>Profit rate related contracts</u> | | | |
| Over three years | 200,000 | - | 2,252 |
| Total | 2,332,975 | 18,958 | 19,944 |

7. DERIVATIVE FINANCIAL ASSETS/LIABILITIES (CONT'D.)

Derivative financial instruments and hedge accounting

(i) Fair value hedge

Profit rate risk

The Bank holds a portfolio of long-term fixed rate financial investments, therefore is exposed to changes in fair value due to movements in market profit rates. The Bank manages a portion of this risk exposure that is not naturally offset against floating rate positions held by the Bank in financial investments by entering into pay fixed/receive floating profit rate swaps.

Only the profit rate risk element is hedged and therefore other risks, such as credit risk, are managed but not hedged by the Bank. The profit rate risk component is determined as the change in fair value of the long-term fixed rate financial investments (e.g. sukuk) arising solely from changes in 6-month KLIBOR (the benchmark rate of profit). Such changes are usually the largest component of the overall change in fair value. This strategy is designated as a fair value hedge and its effectiveness is assessed with reference to the effectiveness requirements as set out in MFRS 9, which include demonstrating economic relationship, assessing the effect of credit risk and calculating hedge ratio.

The Bank establishes the hedging ratio by matching the notional of the derivatives with the principal of the long-term fixed rate financial investments being hedged. The main source of ineffectiveness arises from differences in timing of cash flows between debt instruments and profit rate swaps.

The fair value hedge matured as at 31 March 2025.

(ii) The following table contains details of the hedging instruments used in the Bank's hedging strategies:

| | Hedging Instruments | |
|--------------------------|--|--|
| | Statement of financial position line item | Changes in fair value used for calculating hedge ineffectiveness during the year RM'000 |
| 2025 | | |
| Fair value hedge: | | |
| Profit rate risk | | |
| - Profit rate swaps | Derivative financial liabilities | 1,088 |

7. DERIVATIVE FINANCIAL ASSETS/LIABILITIES (CONT'D.)

(iii) The following table contains details of the hedged item covered by the Bank's hedging strategies:

| | Statement of financial position line item | Hedged Item Changes in fair value used for calculating hedge ineffectiveness during the year RM'000 |
|--------------------------|--|--|
| 2025 | | |
| Fair value hedge: | | |
| Profit rate risk | Financial investments at | |
| - Unquoted sukuk | FVOCI | (1,075) |

(iv) The following table contains information regarding the effectiveness of the hedging relationships designated by the Bank, as well as the impact on profit or loss and other comprehensive income:

| | Loss recognised in other comprehensive income RM'000 | Hedge ineffectiveness recognised in profit or loss RM'000 | Statement of profit or loss/other comprehensive income line item that includes hedge ineffectiveness RM'000 |
|--------------------------|---|--|--|
| 2025 | | | |
| Fair value hedge: | | | |
| Profit rate risk | | | |
| - Unquoted sukuk | 1,075 | 13 | Other operating income |

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

| | 2026 | 2025 |
|--|------------------|------------------|
| | RM'000 | RM'000 |
| At fair value | | |
| Money Market Instruments: | | |
| Malaysian Islamic Treasury Bills | 183,699 | 130,082 |
| Malaysian Government Investment Issues | 1,063,077 | 1,516,152 |
| | <u>1,246,776</u> | <u>1,646,234</u> |
| Unquoted securities: | | |
| In Malaysia: | | |
| Sukuk | 621,660 | 643,075 |
| | <u>1,868,436</u> | <u>2,289,309</u> |

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

| | 2026 | 2025 |
|---|------------------|------------------|
| | RM'000 | RM'000 |
| At fair value | | |
| Money Market Instruments: | | |
| Malaysian Government Investment Issues | 2,074,699 | 1,848,281 |
| Islamic Negotiable Instruments of Deposit | 296,652 | 992,049 |
| | <u>2,371,351</u> | <u>2,840,330</u> |
| Quoted Securities: | | |
| In Malaysia: | | |
| Shares | 12,452 | 9,715 |
| | <u>12,452</u> | <u>9,715</u> |
| Unquoted securities: | | |
| In Malaysia: | | |
| Sukuk | 4,027,419 | 2,972,033 |
| Shares | 37,469 | 29,235 |
| | <u>6,448,691</u> | <u>5,851,313</u> |

9. FINANCIAL INVESTMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME ("FVOCI") (CONT'D.)

- (a) Equity instruments at fair value through other comprehensive income comprise the following individual investments:

| | 2026 | 2025 |
|---|-------------------|-------------------|
| | Carrying | Carrying |
| | value | value |
| | RM'000 | RM'000 |
| Quoted securities in Malaysia: | | |
| Shares | | |
| Boustead Heavy Industries Corporation Bhd | 12,452 | 9,715 |
| | <u> </u> | <u> </u> |
| Unquoted securities in Malaysia: | | |
| Redeemable Convertible Preference Shares | | |
| Boustead Heavy Industries Corporation Bhd | 37,469 | 29,235 |
| | <u> </u> | <u> </u> |

The Bank elected to present in other comprehensive income for changes in the fair value of the above equity investment because these equity investments are held for long-term strategic or socio-economic purposes instead of for selling in the near term or for short-term profit taking.

- (b) In the previous year, the Bank had undertaken a fair value hedge on the profit rate risk of unquoted sukuk of RM350.0 million using profit rate swap with AmBank (M) Berhad ("AmBank"). The said hedge matured as at 31 March 2025. The gain/(loss) arising from the fair value hedge during the previous financial year is as follows:

| | 2025 |
|---------------------------------|-------------------|
| | RM'000 |
| Relating to hedged item | (1,075) |
| Relating to hedging instruments | 1,088 |
| | <u> </u> |
| | <u> </u> |
| | 13 |

The fair value changes on the hedged item is taken up under fair value reserve and the hedging gain or loss on the hedged item is reclassified to profit or loss.

9. FINANCIAL INVESTMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME ("FVOCI") (CONT'D.)

Movements in allowances for ECL are as follows:

| | Stage 1 | Stage 2 | |
|--|-----------------|---------------------|---------------|
| | 12-Month | Lifetime ECL | |
| | ECL | Not Credit | |
| | RM'000 | Impaired | Total |
| | | RM'000 | RM'000 |
| 2026 | | | |
| Balance at beginning of the financial year | 4,714 | - | 4,714 |
| Net writeback of ECL (Note 32): | (608) | - | (608) |
| New financial assets originated | 1,822 | - | 1,822 |
| Financial assets derecognised | (2,178) | - | (2,178) |
| Net remeasurement of allowances | (252) | - | (252) |
| Balance at end of the financial year | <u>4,106</u> | <u>-</u> | <u>4,106</u> |
| 2025 | | | |
| Balance at beginning of the financial year | 5,161 | 1,490 | 6,651 |
| Net writeback of ECL (Note 32): | (447) | (1,490) | (1,937) |
| - Transfer to Stage 1 | 701 | (1,490) | (789) |
| New financial assets originated | 1,259 | - | 1,259 |
| Financial assets derecognised | (2,584) | - | (2,584) |
| Net remeasurement of allowances | 177 | - | 177 |
| Balance at end of the financial year | <u>4,714</u> | <u>-</u> | <u>4,714</u> |

The movements in allowances for ECL during the current financial year are mainly contributed by decrease in Stage 1 ECL mainly due to financial assets derecognised and net remeasurement of allowances offset by new financial assets originated.

10. FINANCIAL INVESTMENTS AT AMORTISED COST

| | | 2026 | 2025 |
|--|-------------|------------------|------------------|
| | | RM'000 | RM'000 |
| At amortised cost | Note | | |
| Money Market Instruments: | | | |
| Malaysian Government Investment Issues | | 1,057,800 | 1,057,483 |
| Unquoted Securities: | | | |
| In Malaysia: | | | |
| Sukuk | | 2,328,771 | 2,991,851 |
| Less: Allowances for ECL | (a) | <u>(1,943)</u> | <u>(475,845)</u> |
| | | <u>3,384,628</u> | <u>3,573,489</u> |

10. FINANCIAL INVESTMENTS AT AMORTISED COST (CONT'D.)

(a) The movements in allowances for ECL are as follows:

| | Stage 1 | Stage 3 | POCI | |
|--|-----------------|---------------------|---------------------|----------------|
| | 12-Month | Lifetime ECL | Lifetime ECL | |
| | ECL | Credit | Credit | |
| | RM'000 | Impaired | Impaired | Total |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| 2026 | | | | |
| Balance at beginning of the financial year | 2,392 | 473,453 | - | 475,845 |
| Net writeback of ECL (Note 32): | (469) | (137,574) | (2,234) | (140,277) |
| New financial assets originated | 503 | - | - | 503 |
| Financial assets derecognised | (785) | - | - | (785) |
| Net remeasurement of allowances | (187) | (137,574) | (2,234) | (139,995) |
| Amount written off | - | (335,879) | - | (335,879) |
| Recoveries | - | - | 2,254 | 2,254 |
| Balance at end of the financial year | <u>1,923</u> | <u>-</u> | <u>20</u> | <u>1,943</u> |
| 2025 | | | | |
| Balance at beginning of the financial year | 1,919 | 475,087 | - | 477,006 |
| Net allowances for/(writeback of) ECL (Note 32): | 473 | (1,634) | - | (1,161) |
| New financial assets originated | 1,017 | - | - | 1,017 |
| Financial assets derecognised | (1,190) | - | - | (1,190) |
| Net remeasurement of allowances | 646 | (1,634) | - | (988) |
| Balance at end of the financial year | <u>2,392</u> | <u>473,453</u> | <u>-</u> | <u>475,845</u> |

The movements in allowances for ECL during the current financial year are mainly contributed by:

- (a) Decrease in Stage 1 ECL mainly due to financial asset derecognised and net remeasurement of allowances offset by new financial assets originated;
- (b) Decrease in Stage 3 ECL is mainly due to investment written off and net remeasurement of allowances; and
- (c) Increase in POCI ECL is mainly due to recoveries received offset by net remeasurement of allowances.

11. FINANCING AND ADVANCES

(a) Financing and advances by type and Shariah contracts are as follows:

| | Bai' Bithaman Ajil RM'000 | Murabahah RM'000 | Musharakah Mutanaqisah RM'000 | Al-Ijarah Thummah Al -Bai' ("AITAB") RM'000 | Bai' Inah RM'000 | Others RM'000 | Total RM'000 |
|---|---------------------------------|---------------------|-------------------------------------|--|---------------------|------------------|-------------------|
| 2026 | | | | | | | |
| At amortised cost | | | | | | | |
| Cash lines | - | 655,395 | - | - | 397,523 | - | 1,052,918 |
| Term financing | 195,228 | 17,997,008 | 6,039 | - | 216,596 | - | 18,414,871 |
| Revolving credit | 1,444 | 5,443,005 | - | - | 544,365 | - | 5,988,814 |
| Housing financing | 1,960,579 | 13,092,464 | 32,285 | - | - | - | 15,085,328 |
| Hire purchase receivables | - | 119 | - | 5,313,960 | - | - | 5,314,079 |
| Bills receivables | - | 2,144,551 | - | - | - | 105,666 | 2,250,217 |
| Credit card receivables | - | 587,366 | - | - | 3,021 | - | 590,387 |
| Trust receipts | - | 673,397 | - | - | - | - | 673,397 |
| Staff financing | - | 19,694 | - | - | - | - | 19,694 |
| Claims on customers under acceptance credits | - | 1,405,762 | - | - | - | 438,516 | 1,844,278 |
| Others | - | - | - | - | - | 20,601 | 20,601 |
| Gross financing and advances* | <u>2,157,251</u> | <u>42,018,761</u> | <u>38,324</u> | <u>5,313,960</u> | <u>1,161,505</u> | <u>564,783</u> | <u>51,254,584</u> |
| Less: Allowances for ECL (Note 11(j)) | | | | | | | |
| - Stage 1 - 12-month ECL | | | | | | | (105,083) |
| - Stage 2 - Lifetime ECL not credit-impaired | | | | | | | (218,703) |
| - Stage 3 - Lifetime ECL credit-impaired | | | | | | | (148,477) |
| Net financing and advances | | | | | | | <u>50,782,321</u> |

11. FINANCING AND ADVANCES (CONT'D.)

(a) Financing and advances by type and Shariah contracts are as follows (Cont'd.):

| | Bai' Bithaman Ajil RM'000 | Murabahah RM'000 | Musharakah Mutanaqisah RM'000 | Al-Ijarah Thummah Al -Bai' ("AITAB") RM'000 | Bai' Inah RM'000 | Others RM'000 | Total RM'000 |
|---|--|-----------------------------|--|--|-----------------------------|--------------------------|-------------------------|
| 2025 | | | | | | | |
| At amortised cost: | | | | | | | |
| Cash lines | - | 614,988 | - | - | 419,104 | - | 1,034,092 |
| Term financing | 228,357 | 14,892,995 | 6,504 | - | 287,958 | - | 15,415,814 |
| Revolving credit | 1,695 | 5,064,152 | - | - | 569,351 | - | 5,635,198 |
| Housing financing | 2,094,124 | 12,626,695 | 34,143 | - | - | - | 14,754,962 |
| Hire purchase receivables | - | 133 | - | 5,130,052 | - | - | 5,130,185 |
| Bills receivables | - | 1,702,146 | - | - | - | 133,902 | 1,836,048 |
| Credit card receivables | - | - | - | - | - | 555,645 | 555,645 |
| Trust receipts | - | 823,413 | - | - | - | - | 823,413 |
| Staff financing | - | 20,819 | - | - | - | - | 20,819 |
| Claims on customers under acceptance credits | - | 1,580,802 | - | - | - | 401,876 | 1,982,678 |
| Others | - | - | - | - | - | 13,629 | 13,629 |
| Gross financing and advances* | <u>2,324,176</u> | <u>37,326,143</u> | <u>40,647</u> | <u>5,130,052</u> | <u>1,276,413</u> | <u>1,105,052</u> | <u>47,202,483</u> |
| Less: Allowances for ECL (Note 11(j)) | | | | | | | |
| - Stage 1 - 12-month ECL | | | | | | | (105,174) |
| - Stage 2 - Lifetime ECL not credit-impaired | | | | | | | (301,921) |
| - Stage 3 - Lifetime ECL credit-impaired | | | | | | | (142,816) |
| Net financing and advances | | | | | | | <u>46,652,572</u> |

* Included in financing and advances are exposures to the Restricted Investment Account ("RA") arrangement between the Bank and AmBank amounting to RM2,558.6 million (2025: RM1,197.5 million). Under the RA contract, the profit is shared based on a pre-agreed ratio. AmBank is exposed to the risks and rewards on the RA financing and it shall account for all allowances for ECL arising from the RA financing. Further details of the RA are disclosed in Note 21.

11. FINANCING AND ADVANCES (CONT'D.)

(b) Gross financing and advances analysed by type of customer are as follows:

| | 2026 | 2025 |
|--|-------------------|-------------------|
| | RM'000 | RM'000 |
| Domestic non-bank financial institutions | 1,920,372 | 2,024,004 |
| Domestic business enterprises | | |
| - Small medium enterprises ("SME") | 8,079,882 | 7,409,117 |
| - Others | 13,883,665 | 10,705,313 |
| Government and statutory bodies | 2,271,624 | 2,503,651 |
| Individuals | 25,062,996 | 24,521,977 |
| Other domestic entities | 34 | 90 |
| Foreign individuals and entities | 36,011 | 38,331 |
| | <u>51,254,584</u> | <u>47,202,483</u> |

(c) All financing and advances reside in Malaysia.

(d) Gross financing and advances analysed by profit rate sensitivity are as follows:

| | 2026 | 2025 |
|--|-------------------|-------------------|
| | RM'000 | RM'000 |
| Fixed rate | | |
| - Housing financing | 409,099 | 430,973 |
| - Hire purchase receivables | 5,241,422 | 5,068,909 |
| - Other financing | 5,163,478 | 5,300,083 |
| Variable rate | | |
| - Base rate and base financing rate plus | 24,340,062 | 23,221,376 |
| - Cost plus | 16,080,965 | 13,062,256 |
| - Other variable rates | 19,558 | 118,886 |
| | <u>51,254,584</u> | <u>47,202,483</u> |

11. FINANCING AND ADVANCES (CONT'D.)

(e) Gross financing and advances analysed by sector are as follows:

| | 2026 | 2025 |
|---|---------------|---------------|
| | RM'000 | RM'000 |
| Agriculture | 1,284,198 | 1,319,453 |
| Mining and quarrying | 159,524 | 128,174 |
| Manufacturing | 5,057,148 | 4,768,685 |
| Electricity, gas and water | 1,321,385 | 895,340 |
| Construction | 1,498,734 | 954,068 |
| Wholesale and retail trade and hotel and restaurants | 3,682,595 | 3,895,350 |
| Transport, storage and communication | 4,302,762 | 2,436,985 |
| Finance and insurance | 3,650,498 | 3,561,999 |
| Real estate | 3,819,431 | 2,899,625 |
| Business activities | 985,930 | 1,391,104 |
| Education and health | 393,372 | 391,392 |
| Household of which: | 25,099,007 | 24,560,308 |
| - Purchase of residential properties | 15,120,962 | 14,818,072 |
| - Purchase of transport vehicles | 4,823,772 | 4,671,833 |
| - Others | 5,154,273 | 5,070,403 |
| | 51,254,584 | 47,202,483 |

(f) Gross financing and advances analysed by residual contractual maturity are as follows:

| | 2026 | 2025 |
|--------------------------------|---------------|---------------|
| | RM'000 | RM'000 |
| Maturing within one year | 12,811,239 | 12,202,010 |
| Over one year to three years | 1,178,407 | 1,410,727 |
| Over three years to five years | 4,928,155 | 2,985,016 |
| Over five years | 32,336,783 | 30,604,730 |
| | 51,254,584 | 47,202,483 |

11. FINANCING AND ADVANCES (CONT'D.)

(g) Movements in impaired financing and advances are as follows:

| | 2026 | 2025 |
|---|----------------|----------------|
| | RM'000 | RM'000 |
| Balance at beginning of the financial year | 624,179 | 655,234 |
| Additions during the financial year | 528,794 | 546,352 |
| Reclassified as non-impaired | (113,409) | (142,546) |
| Recoveries | (85,180) | (207,377) |
| Amount written off | (214,647) | (227,484) |
| Balance at end of the financial year | <u>739,737</u> | <u>624,179</u> |
| Gross impaired financing and advances as % of gross financing and advances | <u>1.44%</u> | <u>1.32%</u> |
| Financing loss coverage (including regulatory reserve) | <u>100.2%</u> | <u>104.1%</u> |

(h) All impaired financing and advances reside in Malaysia.

(i) Impaired financing and advances analysed by sector are as follows:

| | 2026 | 2025 |
|---|----------------|----------------|
| | RM'000 | RM'000 |
| Agriculture | 83,163 | 8,040 |
| Mining and quarrying | 38,312 | 37,319 |
| Manufacturing | 21,989 | 27,445 |
| Electricity, gas and water | 2,479 | 869 |
| Construction | 8,863 | 38,945 |
| Wholesale and retail trade and hotel and restaurants | 48,743 | 50,470 |
| Transport, storage and communication | 7,500 | 7,013 |
| Real estate | 60,272 | 61,946 |
| Business activities | 8,173 | 5,852 |
| Education and health | 7,080 | 641 |
| Household of which: | 453,163 | 385,639 |
| - Purchase of residential properties | <u>381,605</u> | <u>327,921</u> |
| - Purchase of transport vehicles | <u>24,764</u> | <u>17,787</u> |
| - Others | <u>46,794</u> | <u>39,931</u> |
| | <u>739,737</u> | <u>624,179</u> |

11. FINANCING AND ADVANCES (CONT'D.)

(j) Movements in allowances for ECL are as follows:

| | Stage 1 | Stage 2 | Stage 3 | |
|--|-----------------|---------------------|---------------------|----------------|
| | 12-month | Lifetime ECL | Lifetime ECL | |
| | ECL | Not Credit | Credit | |
| | RM'000 | Impaired | Impaired | Total |
| | | RM'000 | RM'000 | RM'000 |
| 2026 | | | | |
| Balance at beginning of the financial year | 105,174 | 301,921 | 142,816 | 549,911 |
| Net allowances for/(writeback of) ECL (Note 31): | 93 | (83,217) | 220,308 | 137,184 |
| - Transfer to Stage 1 | 7,998 | (42,546) | (4,553) | (39,101) |
| - Transfer to Stage 2 | (6,298) | 54,826 | (15,107) | 33,421 |
| - Transfer to Stage 3 | (784) | (23,643) | 70,010 | 45,583 |
| New financial assets originated | 34,594 | 24,261 | 7,587 | 66,442 |
| Net remeasurement of allowances | (3,724) | (18,215) | 159,717 | 137,778 |
| Changes in model assumptions and methodologies | (2,892) | (49,998) | 5,691 | (47,199) |
| Modification of contractual cash flows of financial assets | (1,126) | (2,395) | 17 | (3,504) |
| Financial assets derecognised | (27,675) | (25,507) | (3,054) | (56,236) |
| Foreign exchange differences | (184) | (1) | - | (185) |
| Amount written off | - | - | (214,647) | (214,647) |
| Balance at end of the financial year | <u>105,083</u> | <u>218,703</u> | <u>148,477</u> | <u>472,263</u> |

11. FINANCING AND ADVANCES (CONT'D.)

(j) Movements in allowances for ECL are as follows (Cont'd.):

| | Stage 1 | Stage 2 | Stage 3 | |
|--|-----------------|---------------------|---------------------|---------------|
| | 12-month | Lifetime ECL | Lifetime ECL | |
| | ECL | Not Credit | Credit | |
| | RM'000 | Impaired | Impaired | Total |
| | | RM'000 | RM'000 | RM'000 |
| 2025 | | | | |
| Balance at beginning of the financial year | 109,080 | 337,673 | 196,450 | 643,203 |
| Net (writeback of)/allowances for ECL (Note 31): | (3,845) | (28,654) | 173,850 | 141,351 |
| - Transfer to Stage 1 | 4,590 | (34,126) | (5,006) | (34,542) |
| - Transfer to Stage 2 | (5,909) | 56,103 | (18,347) | 31,847 |
| - Transfer to Stage 3 | (606) | (27,723) | 77,120 | 48,791 |
| New financial assets originated | 38,882 | 30,434 | 3,124 | 72,440 |
| Net remeasurement of allowances | (7,157) | (17,096) | 120,295 | 96,042 |
| Changes in model assumptions and methodologies | (12,927) | 1,375 | - | (11,552) |
| Modification of contractual cash flows of financial assets | (588) | (1,657) | 115 | (2,130) |
| Financial assets derecognised | (20,130) | (35,964) | (3,451) | (59,545) |
| Foreign exchange differences | (61) | (14) | - | (75) |
| Amount written off | - | (7,084) | (227,484) | (234,568) |
| Balance at end of the financial year | 105,174 | 301,921 | 142,816 | 549,911 |

11. FINANCING AND ADVANCES (CONT'D.)

(j) Movements in allowances for ECL are as follows (Cont'd.):

Overall, the total allowances for ECL on financing and advances for the Bank decreased by RM77.6 million due to the following:

- (a) 12-month ECL (Stage 1) – slightly decrease of RM0.1 million mainly due to financial assets derecognised, impact from transfer to Stage 2 and Stage 3, net remeasurement of allowances, changes in model assumptions and methodologies and modification of contractual cash flows of financial assets, partly offset by newly originated financial assets and impact from transfer to Stage 1;
- (b) Lifetime ECL not credit-impaired (Stage 2) – decrease of RM83.2 million mainly due to impact from transfer to Stage 1 and Stage 3, changes in model assumptions and methodologies, financial assets derecognised, net remeasurement of allowances and modification of contractual cash flows of financial assets, offset by impact from transfer to Stage 2 and new financial assets originated; and
- (c) Lifetime ECL credit-impaired (Stage 3) – increase of RM5.7 million mainly due to net remeasurement of allowances, change in credit risk, new financial assets originated and changes in model assumptions and methodologies, offset by financing and advances written off and financial assets derecognised.

12. STATUTORY DEPOSIT WITH BANK NEGARA MALAYSIA

The non-profit bearing statutory deposit is maintained with Bank Negara Malaysia in compliance with Section 26(2)(c) of the Central Bank of Malaysia Act 2009, the amount of which is determined as a set percentage of total eligible liabilities. Effective 16 May 2025, the Statutory Reserve Requirement ("SRR") rate for banking institutions has revised from 2.0% to 1.0% of eligible liabilities.

13. DEFERRED TAX ASSETS

| | 2026 | 2025 |
|---|---------------|---------------|
| | RM'000 | RM'000 |
| Balance at beginning of the financial year | 55,406 | 52,425 |
| Recognised in statement of profit or loss (Note 41) | (5,407) | 441 |
| Recognised in other comprehensive income | (747) | 2,540 |
| Balance at end of the financial year | <u>49,252</u> | <u>55,406</u> |

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set-off current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority. The following amounts are shown in the statement of financial position, after appropriate offsetting:

| | 2026 | 2025 |
|---------------------|---------------|---------------|
| | RM'000 | RM'000 |
| Deferred tax assets | <u>49,252</u> | <u>55,406</u> |

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

| | 2026 | 2025 |
|--------------------------|---------------|---------------|
| | RM'000 | RM'000 |
| Deferred tax assets | 66,635 | 77,036 |
| Deferred tax liabilities | (17,383) | (21,630) |
| | <u>49,252</u> | <u>55,406</u> |

13. DEFERRED TAX ASSETS (CONT'D.)

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

| | Balance at beginning of the financial year RM'000 | Recognised in statement of profit or loss RM'000 | Recognised in other comprehensive income RM'000 | Balance at end of the financial year RM'000 |
|--|---|--|---|---|
| Deferred tax assets | | | | |
| 2026 | | | | |
| Allowances for ECL | 65,118 | (9,866) | - | 55,252 |
| Provision for expenses | 4,855 | (948) | - | 3,907 |
| Deferred income | 5,029 | 1,158 | - | 6,187 |
| Fair value reserve | 1,991 | - | (747) | 1,244 |
| Other temporary differences | 43 | 2 | - | 45 |
| | <u>77,036</u> | <u>(9,654)</u> | <u>(747)</u> | <u>66,635</u> |
| 2025 | | | | |
| Allowances for ECL | 70,590 | (5,472) | - | 65,118 |
| Provision for expenses | 4,104 | 751 | - | 4,855 |
| Deferred income | 3,382 | 1,647 | - | 5,029 |
| Fair value reserve | - | - | 1,991 | 1,991 |
| Other temporary differences | 40 | 3 | - | 43 |
| | <u>78,116</u> | <u>(3,071)</u> | <u>1,991</u> | <u>77,036</u> |
| Deferred tax liabilities | | | | |
| 2026 | | | | |
| Excess of capital allowance over depreciation | (69) | 23 | - | (46) |
| Deferred charges | (21,561) | 4,224 | - | (17,337) |
| | <u>(21,630)</u> | <u>4,247</u> | <u>-</u> | <u>(17,383)</u> |
| 2025 | | | | |
| Excess of capital allowance over depreciation | (45) | (24) | - | (69) |
| Deferred charges | (25,097) | 3,536 | - | (21,561) |
| Fair value reserve | (549) | - | 549 | - |
| | <u>(25,691)</u> | <u>3,512</u> | <u>549</u> | <u>(21,630)</u> |

14. OTHER ASSETS

| | Note | 2026 RM'000 | 2025 RM'000 |
|--|-------------|------------------------|------------------------|
| Other receivables, deposits and prepayments | | 88,405 | 100,949 |
| Amount due from a related company | (a) | 864,931 | 340,820 |
| Profit receivable | | 102,383 | 131,975 |
| Deferred charges | (b) | 72,237 | 89,838 |
| | | <u>1,127,956</u> | <u>663,582</u> |

(a) Amount due from a related company, which related to banking operations, are unsecured, non-profit bearing and are repayable on demand.

(b) Deferred charges represent prepaid expenses for handling fees, marketing and promotion expenses relating to financing and advances.

15. PROPERTY AND EQUIPMENT

| | Leasehold improvements RM'000 | Office equipment, furniture and fittings RM'000 | Computer equipment RM'000 | Motor vehicles RM'000 | Work-in- progress RM'000 | Total RM'000 |
|---|-------------------------------------|---|---------------------------------|--------------------------|--------------------------------|-----------------|
| Cost | | | | | | |
| At 1 April 2024 | 446 | 173 | 988 | 528 | - | 2,135 |
| Additions | 93 | 39 | 81 | - | - | 213 |
| Disposals | - | (1) | - | - | - | (1) |
| At 31 March 2025/1 April 2025 | 539 | 211 | 1,069 | 528 | - | 2,347 |
| Additions | 129 | 51 | 69 | - | 41 | 290 |
| Disposal | - | - | (67) | - | - | (67) |
| Reclassification/adjustments | - | - | 14 | - | (14) | - |
| At 31 March 2026 | 668 | 262 | 1,085 | 528 | 27 | 2,570 |
| Accumulated depreciation | | | | | | |
| At 1 April 2024 | 446 | 172 | 802 | 464 | - | 1,884 |
| Depreciation for the financial year (Note 37) | 1 | 1 | 75 | 64 | - | 141 |
| Disposals | - | (1) | - | - | - | (1) |
| At 31 March 2025/1 April 2025 | 447 | 172 | 877 | 528 | - | 2,024 |
| Depreciation for the financial year (Note 37) | 32 | 16 | 83 | - | - | 131 |
| Disposal | - | - | (67) | - | - | (67) |
| At 31 March 2026 | 479 | 188 | 893 | 528 | - | 2,088 |
| Carrying amount | | | | | | |
| At end of the financial year | | | | | | |
| 31 March 2025 | 92 | 39 | 192 | - | - | 323 |
| 31 March 2026 | 189 | 74 | 192 | - | 27 | 482 |

16. RIGHT-OF-USE ASSETS

| | 2026 | 2025 |
|---|---------------|---------------|
| | RM'000 | RM'000 |
| Premises | | |
| Cost | | |
| At beginning of the financial year | 3,423 | 3,423 |
| Additions | 263 | - |
| Remeasurement | (807) | - |
| Derecognition of expired lease | (1,120) | - |
| At end of the financial year | <u>1,759</u> | <u>3,423</u> |
| Accumulated depreciation | | |
| At beginning of the financial year | 1,744 | 1,442 |
| Depreciation for the financial year (Note 37) | 322 | 302 |
| Derecognition of expired lease | (1,120) | - |
| At end of the financial year | <u>946</u> | <u>1,744</u> |
| Carrying amount | | |
| At end of the financial year | <u>813</u> | <u>1,679</u> |

The carrying amount of the right-of-use assets includes carrying amount of estimated cost for reinstatement amounted to approximately RM21,000 (2025: RM24,000).

The corresponding lease liabilities relating to the right-of-use assets is disclosed in Note 25(a).

The Bank has entered into commercial leases for premises, all of which do not contain any variable payment terms or residual payment guarantees. The Bank is not subjected to any covenants or restrictions by entering into the leases.

The leases are typically made for fixed period of three years, but some of the leases for premises may have extension options between three and six years. These options, which are exercisable only by the Bank and not by the respective lessor, are negotiated by management to provide operational flexibility in managing the assets used in the operations of the Bank. Management exercises significant judgement in determining whether these extension options are reasonably certain to be exercised (refer to Note 5.2). For all of the leases of premises, the periods covered by the extension options are included as part of the lease terms due to the significance of these assets to the Bank. As such, substantially all of the future cash outflows that the Bank is exposed to in connection with the leases have been reflected in the measurement of lease liabilities.

17. INTANGIBLE ASSETS

| | 2026 | 2025 |
|---|---------------|---------------|
| | RM'000 | RM'000 |
| Computer software | | |
| Cost | | |
| At beginning of the financial year | 3,244 | 3,174 |
| Additions | - | 70 |
| At end of the financial year | <u>3,244</u> | <u>3,244</u> |
| Accumulated amortisation | | |
| At beginning of the financial year | 2,995 | 2,915 |
| Amortisation for the financial year (Note 37) | 80 | 80 |
| At end of the financial year | <u>3,075</u> | <u>2,995</u> |
| Allowance for impairment loss | | |
| At beginning and end of the financial year | <u>39</u> | <u>39</u> |
| Carrying amount | | |
| At end of the financial year | <u>130</u> | <u>210</u> |

18. DEPOSITS FROM CUSTOMERS

| | 2026 | 2025 |
|-------------------------|-------------------|-------------------|
| | RM'000 | RM'000 |
| (i) By type of deposit: | | |
| Savings deposits: | | |
| Commodity Murabahah | 3,665,716 | 3,460,994 |
| Qard | 136,890 | 188,243 |
| Demand deposits: | | |
| Commodity Murabahah | 14,043,431 | 12,985,650 |
| Qard | 1,864,517 | 2,812,566 |
| Term deposits: | | |
| Commodity Murabahah | 31,355,784 | 29,904,948 |
| Qard | 137,888 | 313,205 |
| Total | <u>51,204,226</u> | <u>49,665,606</u> |

Included in deposits from customers are deposits of RM750.8 million (2025: RM828.1 million) held as collateral for financing and advances.

18. DEPOSITS FROM CUSTOMERS (CONT'D.)

| | 2026 | 2025 |
|--|-------------------|-------------------|
| | RM'000 | RM'000 |
| (ii) The deposits are sourced from the following types of customers: | | |
| Government and statutory bodies | 4,407,538 | 3,927,843 |
| Business enterprises | 24,613,432 | 25,732,302 |
| Individuals | 18,518,485 | 17,954,016 |
| Others | 3,664,771 | 2,051,445 |
| | <u>51,204,226</u> | <u>49,665,606</u> |

(iii) The maturity structure of term deposits is as follows:

| | | |
|--------------------------------|-------------------|-------------------|
| Due within six months | 24,053,892 | 24,331,023 |
| Over six months to one year | 7,381,218 | 5,698,679 |
| Over one year to three years | 56,902 | 185,634 |
| Over three years to five years | 1,660 | 2,817 |
| | <u>31,493,672</u> | <u>30,218,153</u> |

19. INVESTMENT ACCOUNTS OF CUSTOMERS

| | 2026 | 2025 |
|-----------------------------------|------------------|---------------|
| | RM'000 | RM'000 |
| Unrestricted investment accounts: | | |
| Without maturity | | |
| - Wakalah | 11,113 | 11,359 |
| With maturity | | |
| - Mudarabah | 2,046,180 | 1,121 |
| | <u>2,057,293</u> | <u>12,480</u> |

The investment accounts are sourced from the following type of customers:

| | 2026 | 2025 |
|----------------------|------------------|---------------|
| | RM'000 | RM'000 |
| Business enterprises | 113 | 84 |
| Individuals | 2,057,180 | 12,396 |
| | <u>2,057,293</u> | <u>12,480</u> |

19. INVESTMENT ACCOUNTS OF CUSTOMERS (CONT'D.)

(a) Movements in the investment accounts are as follows:

| | Wakalah RM'000 | Mudarahah RM'000 |
|---|---------------------------|-----------------------------|
| As at 1 April 2024 | 12,619 | 1,440 |
| <u>Funding (outflows)/inflows</u> | | |
| New placements during the financial year | - | 50 |
| Redemptions/withdrawals during the financial year | (1,266) | (399) |
| Income from investment (Note 29(b)) | 371 | 61 |
| <u>Bank's share of profit</u> | | |
| Profit distributed to mudarib | (365) | (31) |
| As at 31 March 2025/1 April 2025 | 11,359 | 1,121 |
| <u>Funding (outflows)/inflows</u> | | |
| New placements during the financial year | - | 2,232,779 |
| Redemptions/withdrawals during the financial year | (252) | (206,271) |
| Income from investment (Note 29(b)) | 327 | 25,588 |
| <u>Bank's share of profit</u> | | |
| Profit distributed to mudarib | (321) | (7,037) |
| As at 31 March 2026 | 11,113 | 2,046,180 |
| Investment assets: | | |
| 2026 | | |
| Interbank placement | 11,113 | - |
| House financing | - | 858 |
| Auto financing | - | 1,370,366 |
| Corporate financing | - | 306,798 |
| Personal financing | - | 368,158 |
| Total investment | 11,113 | 2,046,180 |
| 2025 | | |
| Interbank placement | 11,359 | - |
| House financing | - | 1,121 |
| Total investment | 11,359 | 1,121 |

19. INVESTMENT ACCOUNTS OF CUSTOMERS (CONT'D.)

- (b) Average Profit Sharing Ratio, Average Rate of Return and Average Performance Incentive Fee for the investment accounts based on original contractual maturity are as follows:

| | Investment account holder | | |
|--------------------------|---|----------------------------------|--|
| | Average profit sharing ratio (%) | Average rate of return (%) | Average performance incentive fee (%) |
| 2026 | | | |
| Maturity: | | | |
| - less than 3 months | 39.32 | 0.15 | 2.77 |
| - between 3 to 12 months | 72.54 | 3.60 | - |
| 2025 | | | |
| Maturity: | | | |
| - less than 3 months | 47.38 | 0.17 | 2.94 |
| - between 3 to 12 months | 50.34 | 2.51 | - |

- (c) Maturity structure of investment accounts is as follows:

| | 2026 RM'000 | 2025 RM'000 |
|-----------------------------------|----------------|----------------|
| Unrestricted investment accounts: | | |
| - without maturity | 11,113 | 11,359 |
| - with maturity | | |
| Due within six months | 639,227 | 1,121 |
| Over six months to one year | 1,406,953 | - |
| | 2,057,293 | 12,480 |

20. DEPOSITS AND PLACEMENTS OF BANKS AND OTHER FINANCIAL INSTITUTIONS

| | Note | 2026 RM'000 | 2025 RM'000 |
|------------------------------|------|----------------|----------------|
| <u>Non-Mudarabah</u> | | | |
| Licensed Islamic banks | | 198,969 | - |
| Licensed banks | (a) | 290,902 | 87,545 |
| Licensed investment banks | | 201,440 | 190,458 |
| Other financial institutions | | 358,726 | 736,712 |
| Bank Negara Malaysia | | 206,460 | 166,938 |
| | | 1,256,497 | 1,181,653 |

- (a) Included in the deposits and placements of licensed banks is RM99.5 million (2025: RM99.5 million) of interbank placement from AmBank, a related company, at below market rate with six-year (6) to eight and half year (8.5) maturities. This placement was part of the fund received by AmBank under the government financing scheme for COVID-19 relief measures, for the purpose of lending to SME at below market rate.

Total unwinding amount of RM3.7 million (2025: RM3.5 million) was recognised as income attributable to deposits and placements of banks and other financial institutions as disclosed in Note 35.

21. INVESTMENT ACCOUNT DUE TO A LICENSED BANK

| | Note | 2026 RM'000 | 2025 RM'000 |
|---|------|----------------|----------------|
| <u>Restricted Investment Account ("RA")</u> | | | |
| - Mudarabah Muqayyadah | (a) | 2,542,135 | 1,194,172 |

Note:

- (a) The RA contract is a contract based on the Shariah concept of Mudarabah between two parties, that is, capital provider and entrepreneur to finance a business venture where the business venture is managed solely by the Bank as the entrepreneur. The profit of the business venture is shared between both parties based on a pre-agreed ratio. Losses shall be borne solely by the capital provider. The capital provider for the RA contracts is AmBank.

As at 31 March 2026, ECL allowance for the investment asset borne by AmBank amounted to RM7.2 million (2025: RM2.5 million).

As at 31 March 2026, the tenure of the RA contracts is for a period range of less than 1 year to 20 years (2025: 2 to 5 years).

- (b) Movements in the investment accounts are as follows:

| | 2026 RM'000 | 2025 RM'000 |
|--|------------------|------------------|
| Balance at beginning of the financial year | 1,194,172 | 1,366,363 |
| <u>Funding (outflows)/inflows</u> | | |
| New placements during the financial year | 1,580,251 | - |
| Net redemptions during the financial year | (232,288) | (172,191) |
| Income attributable to investment account holders (Note 36) | (76,164) | (51,905) |
| Income from investment (Note 29(a)) | 84,626 | 57,672 |
| <u>Bank's share of profit</u> | | |
| Profit distributed to mudarib | (8,462) | (5,767) |
| Balance at end of the financial year | 2,542,135 | 1,194,172 |
| Investment asset: | | |
| Financing | 2,542,135 | 1,194,172 |
| Total investment | 2,542,135 | 1,194,172 |

21. INVESTMENT ACCOUNT DUE TO A LICENSED BANK (CONT'D.)

(c) Average Profit Sharing Ratio and Average Rate of Return for the investment account based on original contractual maturity are as follows:

| | Investment account holder | | | |
|-----------------------------|----------------------------------|----------------------------------|----------------------------|----------------------------|
| | 2026 | 2025 | 2026 | 2025 |
| | Average profit sharing ratio (%) | Average profit sharing ratio (%) | Average rate of return (%) | Average rate of return (%) |
| Maturity: | | | | |
| - between 1 year to 2 years | 90 | - | 4.52 | - |
| - over 2 years to 5 years | 90 | 90 | 4.35 | 4.02 |
| - more than 5 years | 90 | 90 | 4.33 | 4.38 |

22. RECOURSE OBLIGATION ON FINANCING SOLD TO CAGAMAS BERHAD

Recourse obligation on financing sold to Cagamas Berhad represents the proceeds received from the Bank's financing sold directly to Cagamas Berhad with recourse. Under this arrangement, the Bank undertakes to administer the financing on behalf of Cagamas Berhad and to buy back any financing, which are regarded as defective based on prudential criteria with recourse to the Bank.

23. TERM FUNDING

| | Note | 2026 RM'000 | 2025 RM'000 |
|--------------------------|------|------------------|------------------|
| Senior Sukuk | (a) | 1,000,000 | 1,000,000 |
| Structured Product | (b) | - | - |
| Islamic Commercial Paper | (c) | - | 198,555 |
| | | <u>1,000,000</u> | <u>1,198,555</u> |

(a) Senior Sukuk

The movements in Senior Sukuk are as follows:

| | 2026 RM'000 | 2025 RM'000 |
|--|------------------|------------------|
| Balance at beginning of the financial year | 1,000,000 | 800,000 |
| Issuance during the financial year | - | 1,000,000 |
| Repayment during the financial year | - | (800,000) |
| Balance at end of the financial year | <u>1,000,000</u> | <u>1,000,000</u> |

In the financial year ended 31 March 2011, the Bank implemented a Senior Islamic securities issuance ("Senior Sukuk") programme under the Shariah principle of Musharakah with nominal value of up to RM3.0 billion. As at 31 March 2026, the Senior Sukuk was assigned a rating of AA2/Stable by RAM.

23. TERM FUNDING (CONT'D.)

(a) Senior Sukuk (Cont'd.)

The salient features of Senior Sukuk issued and outstanding are as follows:

- Tranche 7 which amounted to RM300.0 million was issued on 9 May 2024. This tranche bears profit rate of 4.00% per annum payable semi-annually and has a tenure of five (5) years;
- Tranche 8 which amounted to RM500.0 million was issued on 9 May 2024. This tranche bears profit rate of 4.10% per annum payable semi-annually and has a tenure of seven (7) years; and
- Tranche 9 which amounted to RM200.0 million was issued on 20 September 2024. This tranche bears profit rate of 3.75% per annum payable semi-annually and has a tenure of three (3) years.

(b) Structured Product

| | 2026 | 2025 |
|--|---------------|---------------|
| | RM'000 | RM'000 |
| Balance at beginning of the financial year | - | 34,977 |
| Amortisation of premium | - | 23 |
| Net repayment during the financial year | - | (35,000) |
| Balance at end of the financial year | <u>-</u> | <u>-</u> |

This includes non-principal guaranteed deposit placed by customers and structured products that are only principal guaranteed on maturity. The structured products include investment products with an embedded derivative where the embedded derivative is normally linked to the performance of an underlying asset such as profit rates, equities, commodities and foreign currency rates. Upon maturity, the customer will receive either cash payment or pre-determined units of the underlying asset. The structured product has matured during the previous financial year.

(c) Islamic Commercial Paper

| | 2026 | 2025 |
|--|---------------|----------------|
| | RM'000 | RM'000 |
| Balance at beginning of the financial year | 198,555 | - |
| Issuance during the financial year | 400,000 | 200,000 |
| Accretion of discount | (2,300) | (1,870) |
| Amortisation of premium | 3,745 | 425 |
| Net repayment during the financial year | (600,000) | - |
| Balance at end of the financial year | <u>-</u> | <u>198,555</u> |

23. TERM FUNDING (CONT'D.)

(c) Islamic Commercial Paper (Cont'd.)

In the financial year ended 31 March 2025, the Bank implemented an Islamic Commercial Papers ("ICP") based on Shariah principle of Wakalah Bi Al-Istithmar Programme of RM3.0 billion ("Sukuk Wakalah Programme").

The salient features of ICP issued and outstanding are as follows:

- Series 1 which amounted to RM200.0 million was issued on 11 March 2025. This series was issued at a discount of 3.71% per annum and has tenure of three (3) months. This Series was fully redeemed on 11 June 2025.
- Series 2 which amounted to RM400.0 million was issued on 26 June 2025. This series was issued at discount of 3.44% per annum and has tenure of two (2) months. This Series was fully redeemed on 26 August 2025.

24. SUBORDINATED SUKUK

| | 2026 RM'000 | 2025 RM'000 |
|-----------------|------------------------------|------------------------------|
| Sukuk Murabahah | <u>1,300,000</u> | <u>1,300,000</u> |

The movements in Subordinated Sukuk Murabahah are as follows:

| | 2026 RM'000 | 2025 RM'000 |
|--|------------------------------|------------------------------|
| Balance at beginning of the financial year | 1,300,000 | 1,300,000 |
| Issuance during the financial year | 400,000 | - |
| Repayment during the financial year | <u>(400,000)</u> | <u>-</u> |
| Balance at end of the financial year | <u>1,300,000</u> | <u>1,300,000</u> |

Basel III Subordinated Sukuk Murabahah

On 26 February 2014, the Bank implemented a Subordinated Sukuk Murabahah programme of RM3.0 billion ("Sukuk Murabahah"). The objective of the programme is to enable the issuance of Tier 2 capital from time to time, for the purpose of enhancing the Bank's total capital position. The programme is set-up in accordance to the requirements spelt out in the Capital Adequacy Framework for Islamic Banks (Capital Components) issued by BNM, and the securities issued under this programme qualified for recognition as Tier 2 Capital for the purpose of capital adequacy ratio computation.

The programme has a tenure of thirty (30) years from the date of the first issuance under the programme. Each issuance of Tier 2 Subordinated Sukuk under this programme shall have a tenure of at least five (5) years from the issue date, and is callable on any profit payment date after a minimum period of five (5) years from the date of issuance of each tranche. As at 31 March 2026, the Tier 2 Subordinated Sukuk have been assigned a credit rating of AA3/Stable by RAM.

24. SUBORDINATED SUKUK (CONT'D.)

The salient features of Subordinated Sukuk issued and outstanding are as follows:

- Tranche 8 which amounted to RM400.0 million was issued on 8 December 2020. The profit rate of this tranche is 3.13% per annum, payable semi-annually and has a tenure of ten (10) years. The tranche was fully redeemed on its first call date on 8 December 2025.
- Tranche 9 which amounted to RM250.0 million was issued on 8 March 2022. The profit rate of this tranche is 4.25% per annum, payable semi-annually and has a tenure of ten (10) years.
- Tranche 10 which amounted to RM150.0 million was issued on 28 March 2023. The profit rate of this tranche is 4.53% per annum, payable semi-annually and has a tenure of ten (10) years.
- Tranche 11 which amounted to RM500.0 million was issued on 27 June 2023. The profit rate of this tranche is 4.53% per annum, payable semi-annually and has a tenure of ten (10) years.
- Tranche 12 which amounted to RM400.0 million was issued on 30 September 2025. The profit rate of this tranche is 3.75% per annum, payable semi-annually and has a tenure of ten (10) years.

25. OTHER LIABILITIES

| | Note | 2026 RM'000 | 2025 RM'000 |
|--|-------------|------------------------|------------------------|
| Profit payable | | 315,687 | 321,537 |
| Other creditors and accruals | | 112,077 | 65,654 |
| Lease liabilities | (a) | 916 | 1,774 |
| Provision for reinstatement of leased premises | (b) | 87 | 86 |
| Deferred income | | 25,780 | 20,954 |
| Advance rentals | | 16,319 | 13,021 |
| Amount due to a related company | (c) | 5 | 4 |
| Allowances for ECL on financing commitments and financial guarantees | (d) | 19,659 | 19,472 |
| Provision for taxation | | 78,045 | 55,034 |
| | | <u>568,575</u> | <u>497,536</u> |

25. OTHER LIABILITIES (CONT'D.)

(a) The movements in lease liabilities are as follows:

| | 2026 | 2025 |
|--|---------------|---------------|
| | RM'000 | RM'000 |
| Balance at beginning of the financial year | 1,774 | 2,064 |
| Additions | 263 | - |
| Remeasurement | (807) | - |
| Finance cost charged (Note 37) | 35 | 52 |
| Payment of lease liabilities | (349) | (342) |
| Balance at end of the financial year | <u>916</u> | <u>1,774</u> |

There were no variable lease payments, subleasing, leases with residual value guarantees, leases not yet commenced, restrictions or covenants imposed to which the Bank is committed.

There were no costs relating to leases for which the Bank applied the practical expedient described in Note 2.4c for low-value assets. There was no lease with contract term of less than 12 months.

Lease liabilities analysed by undiscounted contractual payments are as follows:

| | 2026 | 2025 |
|------------------------|---------------|---------------|
| | RM'000 | RM'000 |
| Up to 1 month | 30 | 28 |
| >1 month to 3 months | 60 | 57 |
| >3 months to 6 months | 90 | 67 |
| >6 months to 12 months | 181 | 134 |
| >1 year to 5 years | 589 | 1,073 |
| Over 5 years | - | 469 |
| | <u>950</u> | <u>1,828</u> |

(b) The movements in provision for reinstatement of leased premises are as follows:

| | 2026 | 2025 |
|--|---------------|---------------|
| | RM'000 | RM'000 |
| Balance at beginning of the financial year | 86 | 85 |
| Finance cost charged (Note 37) | 1 | 1 |
| At end of the financial year | <u>87</u> | <u>86</u> |

(c) Amount due to a related company, which related to banking operations, are unsecured, non-profit bearing and are repayable on demand.

25. OTHER LIABILITIES (CONT'D.)

(d) Movements in allowances for ECL on financing commitments and financial guarantees which reflect the ECL model on impairment are as follows:

| | Stage 1 | Stage 2 | Stage 3 | |
|---|-----------------|---------------------|---------------------|---------------|
| | 12-month | Lifetime ECL | Lifetime ECL | |
| | ECL | Not Credit | Credit | |
| | RM'000 | Impaired | Impaired | Total |
| | | RM'000 | RM'000 | RM'000 |
| 2026 | | | | |
| Balance at beginning of the financial year | 11,006 | 4,148 | 4,318 | 19,472 |
| Net allowance for/(writeback of) ECL (Note 34): | 2,278 | (1,129) | (927) | 222 |
| - Transfer to Stage 1 | 189 | (1,278) | - | (1,089) |
| - Transfer to Stage 2 | (216) | 898 | - | 682 |
| - Transfer to Stage 3 | (33) | (405) | 438 | - |
| New exposures originated | 6,891 | 1,183 | - | 8,074 |
| Net remeasurement of allowances | (2,100) | (649) | (1,365) | (4,114) |
| Financial exposures derecognised | (2,453) | (878) | - | (3,331) |
| Foreign exchange difference | (26) | (9) | - | (35) |
| Balance at end of the financial year | <u>13,258</u> | <u>3,010</u> | <u>3,391</u> | <u>19,659</u> |

25. OTHER LIABILITIES (CONT'D.)

- (d) Movements in allowances for ECL on financing commitments and financial guarantees which reflect the ECL model on impairment are as follows (Cont'd.):

| | Stage 1 | Stage 2 | Stage 3 | |
|---|-----------------|---------------------|---------------------|---------------|
| | 12-month | Lifetime ECL | Lifetime ECL | |
| | ECL | Not Credit | Credit | |
| | RM'000 | Impaired | Impaired | Total |
| | | RM'000 | RM'000 | RM'000 |
| 2025 | | | | |
| Balance at beginning of the financial year | 11,337 | 5,355 | 3,770 | 20,462 |
| Net (writeback of)/allowance for ECL (Note 34): | (320) | (1,201) | 548 | (973) |
| - Transfer to Stage 1 | 149 | (1,132) | - | (983) |
| - Transfer to Stage 2 | (278) | 1,195 | - | 917 |
| - Transfer to Stage 3 | (37) | (275) | 312 | - |
| New exposures originated | 4,035 | 1,807 | - | 5,842 |
| Net remeasurement of allowances | (1,445) | (939) | 236 | (2,148) |
| Financial exposures derecognised | (2,744) | (1,857) | - | (4,601) |
| Foreign exchange difference | (11) | (6) | - | (17) |
| Balance at end of the financial year | <u>11,006</u> | <u>4,148</u> | <u>4,318</u> | <u>19,472</u> |

The movements in allowances for ECL during the current financial year are mainly contributed by:

- (a) 12-month ECL (Stage 1) increased by RM2.3 million mainly due to new exposures originated offset by financial exposures derecognised and net remeasurement of allowances;
- (b) Lifetime ECL not credit-impaired (Stage 2) decreased by RM1.1 million mainly due to impact from transfer to Stage 1 and 3, financial exposures derecognised and net remeasurement of allowances, offset by new exposures originated and impact from transfer to Stage 2; and
- (c) Lifetime ECL credit-impaired (Stage 3) decreased by RM0.9 million mainly due to net remeasurement of allowances offset by impact from transfer to Stage 3.

26. SHARE CAPITAL

| | Number of ordinary shares | | Amount | |
|---|---------------------------|-----------|-----------|-----------|
| | 2026 | 2025 | 2026 | 2025 |
| | Units'000 | Units'000 | RM'000 | RM'000 |
| Issued and fully paid, at no par value: | | | | |
| Balance at beginning and end of the financial year | 494,369 | 494,369 | 1,387,107 | 1,387,107 |

27. RESERVES

| | Note | 2026 RM'000 | 2025 RM'000 |
|--------------------|------|------------------|------------------|
| Regulatory reserve | (a) | 249,295 | 80,674 |
| Fair value reserve | (b) | 168 | (1,589) |
| Retained earnings | (c) | 3,711,713 | 3,724,686 |
| | | <u>3,961,176</u> | <u>3,803,771</u> |

- (a) Regulatory reserve is maintained in accordance with paragraph 10.9 of the BNM's Policy Document on *Financial Reporting for Islamic Banking Institutions* as an additional credit risk absorbent.
- (b) The fair value reserve comprises fair value losses on financial investments measured at FVOCI. In addition, the loss allowances arising from the recognition of ECL on financial investments measured at FVOCI are accumulated in fair value reserve instead of reducing the carrying amount of the assets.
- (c) The Bank can distribute dividends out of its entire retained earnings under the single-tier system.

28. INCOME DERIVED FROM INVESTMENT OF DEPOSITORS' FUNDS

| | 2026 | 2025 |
|---|------------------|------------------|
| | RM'000 | RM'000 |
| <u>Finance income and hibah:</u> | | |
| Financing and advances: | | |
| - Financing income | 2,025,525 | 2,026,774 |
| - Financing income on impaired financing | 3,751 | 2,056 |
| Financial assets at FVTPL | 49,704 | 76,069 |
| Financial investments at FVOCI | 217,654 | 231,678 |
| Financial investments at amortised cost | 144,374 | 154,189 |
| Deposits and placements with banks and other financial institutions | 38,101 | 25,035 |
| Total finance income and hibah | <u>2,479,109</u> | <u>2,515,801</u> |
| <u>Other operating income:</u> | | |
| Fee and commission income: | | |
| - Fees on financing, advances and securities | 52,030 | 56,369 |
| - Guarantee fees | 16,647 | 14,733 |
| - Remittances | 1,717 | 647 |
| - Service charges and fees | 4,309 | 4,135 |
| - Others | 8,172 | 7,179 |
| Gain on foreign exchange | 16,273 | 10,548 |
| Gross dividend income from financial investment at FVOCI | - | 964 |
| Gain on disposal of financial assets at FVTPL | 9,975 | 2,324 |
| (Loss)/Gain on revaluation of financial assets at FVTPL | (1,022) | 350 |
| Gain on disposal of financial investments at FVOCI | 25,277 | 9,930 |
| Gain from redemption of financial investments at amortised cost | - | 8,261 |
| Loss on derivatives | (437) | (3,577) |
| Others | (4) | 5 |
| Total other operating income | <u>132,937</u> | <u>111,868</u> |
| Total | <u>2,612,046</u> | <u>2,627,669</u> |

29. INCOME DERIVED FROM INVESTMENT OF INVESTMENT ACCOUNT FUNDS

| | | 2026 | 2025 |
|------------------------------------|-------------|----------------|---------------|
| | | RM'000 | RM'000 |
| | Note | | |
| Income derived from investment of: | | | |
| Restricted investment account | (a) | 84,626 | 57,672 |
| Unrestricted investment accounts | (b) | 25,915 | 432 |
| | | <u>110,541</u> | <u>58,104</u> |

(a) Income derived from investment of restricted investment account

| | 2026 | 2025 |
|----------------------------------|---------------|---------------|
| | RM'000 | RM'000 |
| <u>Finance income and hibah:</u> | | |
| Financing and advances: | | |
| - Financing income (Note 21(b)) | 84,626 | 57,672 |
| Total finance income and hibah | <u>84,626</u> | <u>57,672</u> |

(b) Income derived from investment of unrestricted investment accounts

| | 2026 | 2025 |
|---|---------------|---------------|
| | RM'000 | RM'000 |
| <u>Finance income and hibah:</u> | | |
| Financing and advances: | | |
| - Financing income (Note 19(a)) | 25,588 | 61 |
| Deposits and placements with banks and other financial institutions (Note 19(a)) | 327 | 371 |
| Total finance income and hibah | <u>25,915</u> | <u>432</u> |

30. INCOME DERIVED FROM INVESTMENT OF SHAREHOLDER'S FUNDS

| | 2026 | 2025 |
|---|----------------|----------------|
| | RM'000 | RM'000 |
| <u>Finance income and hibah:</u> | | |
| Financing and advances: | | |
| - Financing income | 199,194 | 193,345 |
| - Financing income on impaired financing | 369 | 196 |
| Financial assets at FVTPL | 4,888 | 7,257 |
| Financial investments at FVOCI | 21,404 | 22,101 |
| Financial investments at amortised cost | 14,198 | 14,709 |
| Deposits and placements with banks and other financial institutions | 3,747 | 2,388 |
| Total finance income and hibah | <u>243,800</u> | <u>239,996</u> |
| <u>Other operating income:</u> | | |
| Fee and commission income: | | |
| - Bancassurance commission | 14,943 | 13,268 |
| - Fees on financing, advances and securities | 5,120 | 5,387 |
| - Guarantee fees | 1,637 | 1,405 |
| - Remittances | 280 | 188 |
| - Service charges and fees | 4,199 | 4,130 |
| - Others | 8,895 | 9,183 |
| Gain on foreign exchange | 1,600 | 1,006 |
| Gross dividend income from financial investment at FVOCI | - | 92 |
| Gain on disposal of financial assets at FVTPL | 981 | 222 |
| (Loss)/Gain on revaluation of financial assets at FVTPL | (100) | 34 |
| Gain on disposal of financial investments at FVOCI | 2,486 | 947 |
| Gain from redemption of financial investments at amortised cost | - | 788 |
| Loss on derivatives | (43) | (341) |
| Total other operating income | <u>39,998</u> | <u>36,309</u> |
| Total | <u>283,798</u> | <u>276,305</u> |

31. ALLOWANCES FOR IMPAIRMENT ON FINANCING AND ADVANCES

| | 2026 | 2025 |
|--|---------------|---------------|
| | RM'000 | RM'000 |
| Allowances for impairment on financing and advances (Note 11(j)) | 137,184 | 141,351 |
| Impaired financing and advances recovered, net | (84,931) | (97,848) |
| Total | <u>52,253</u> | <u>43,503</u> |

32. WRITEBACK OF IMPAIRMENT ON FINANCIAL INVESTMENTS

| | 2026 | 2025 |
|---|------------------|----------------|
| | RM'000 | RM'000 |
| Financial investments at amortised cost - sukuk (Note 10) | (140,277) | (1,161) |
| Financial investments at FVOCI - sukuk (Note 9) | (608) | (1,937) |
| Total | <u>(140,885)</u> | <u>(3,098)</u> |

33. (WRITEBACK OF)/ALLOWANCE FOR IMPAIRMENT ON OTHER FINANCIAL ASSETS

| | 2026 | 2025 |
|------------------------------------|---------------|---------------|
| | RM'000 | RM'000 |
| Cash and short-term funds (Note 6) | <u>(9)</u> | <u>4</u> |

34. PROVISION/(WRITEBACK OF PROVISION) FOR COMMITMENTS AND CONTINGENCIES

| | 2026 | 2025 |
|--|---------------|---------------|
| | RM'000 | RM'000 |
| Provision/(Writeback of provision) for ECL on financial commitments and financial guarantee contracts (Note 25(d)) | <u>222</u> | <u>(973)</u> |

35. INCOME ATTRIBUTABLE TO THE DEPOSITORS AND OTHERS

| | Note | 2026 RM'000 | 2025 RM'000 |
|---|------|------------------|------------------|
| <u>Non-Mudarabah fund</u> | | | |
| Deposits from customers | | 1,335,086 | 1,343,487 |
| Deposits and placements of banks and other financial institutions | (a) | 35,294 | 45,404 |
| | | <u>1,370,380</u> | <u>1,388,891</u> |
| Others | | 85,432 | 117,407 |
| Total | | <u>1,455,812</u> | <u>1,506,298</u> |

(a) Included total unwinding amount for the current financial year of RM3.7 million (2025: RM3.5 million), as disclosed in Note 20.

36. INCOME ATTRIBUTABLE TO THE INVESTMENT ACCOUNT HOLDERS

| | 2026 RM'000 | 2025 RM'000 |
|---|----------------|----------------|
| <u>Unrestricted</u> | | |
| Customers - investment accounts | 18,556 | 36 |
| <u>Restricted</u> | | |
| Licensed bank - investment account (Note 21(b)) | 76,164 | 51,905 |
| | <u>94,720</u> | <u>51,941</u> |

37. OTHER OPERATING EXPENSES

| | 2026 | 2025 |
|---|----------------|----------------|
| | RM'000 | RM'000 |
| Personnel costs: | | |
| - Salaries, allowances and bonuses | 18,441 | 23,012 |
| - Amortisation for shares granted under AMMB ESS - charge | 1,152 | 963 |
| - Contributions to EPF/Private Retirement Scheme | 2,972 | 3,671 |
| - Social security cost | 115 | 108 |
| - Others | 2,447 | 2,425 |
| | <u>25,127</u> | <u>30,179</u> |
| Establishment costs: | | |
| - Amortisation of intangible assets (Note 17) | 80 | 80 |
| - Cleaning, maintenance and security | 146 | 91 |
| - Computerisation costs | 462 | 729 |
| - Depreciation of property and equipment (Note 15) | 131 | 141 |
| - Depreciation of right-of-use assets (Note 16) | 322 | 302 |
| - Rental of premises | 690 | 556 |
| - Finance costs: | | |
| - Lease liabilities (Note 25(a)) | 35 | 52 |
| - Provision for reinstatement of leased premises (Note 25(b)) | 1 | 1 |
| - Others | 1,622 | 1,018 |
| | <u>3,489</u> | <u>2,970</u> |
| Marketing and communication expenses: | | |
| - Communication, advertising and marketing expenses | 4,764 | 5,765 |
| - Others | 147 | 62 |
| | <u>4,911</u> | <u>5,827</u> |
| Administration and general expenses: | | |
| - Professional services | 4,530 | 3,946 |
| - Others | 15,428 | 12,411 |
| | <u>19,958</u> | <u>16,357</u> |
| Service transfer pricing expenses (net) | 497,021 | 462,586 |
| | <u>550,506</u> | <u>517,919</u> |

37. OTHER OPERATING EXPENSES (CONT'D.)

Included in other operating expenses are the following:

| | 2026 | 2025 |
|------------------------------------|---------------|---------------|
| | RM'000 | RM'000 |
| Auditors' remuneration | | |
| - Audit | 423 | 381 |
| - Regulatory and assurance related | 76 | 72 |
| - Other services | - | 97 |
| | <hr/> | <hr/> |

38. CHIEF EXECUTIVE OFFICER'S AND DIRECTORS' REMUNERATION

The total remuneration (including benefits-in-kind) of the Chief Executive Officer and Directors of the Bank are as follows:

| 2026 | Salary RM'000 | Fees RM'000 | Bonus ¹ RM'000 | Long Term Incentive ("LTI") ¹ RM'000 | Other emoluments ² RM'000 | Benefits- in-kind RM'000 | Total RM'000 |
|---|------------------|----------------|------------------------------|---|--|--------------------------------|-----------------|
| Chief Executive Officer | | | | | | | |
| Eqhwan Mokhzanee bin Muhammad | 1,260 | - | 1,254 | 804 | 693 | 174 | 4,185 |
| Non-Executive Directors: | | | | | | | |
| Dato' Mohamed Rafique Merican bin Mohd Wahiduddin Merican ³ | - | 39 | - | - | 69 | 1 | 109 |
| Encik Azlan Baqee bin Abdullah | - | 150 | - | - | 105 | 3 | 258 |
| Dr Mohd Nordin bin Mohd Zain | - | 150 | - | - | 105 | 3 | 258 |
| Mr K. Vithyatharan A/L V Karunakaran | - | 150 | - | - | 105 | 15 | 270 |
| Dato' Seri Mohamed Hassan bin Md Kamil | - | 150 | - | - | 92 | 3 | 245 |
| Puan Farina binti Farikhullah Khan ⁴ | - | 68 | - | - | 84 | 1 | 153 |
| Hajjah Rosmah binti Ismail ⁵ | - | 113 | - | - | 77 | 4 | 194 |
| | - | 820 | - | - | 637 | 30 | 1,487 |
| Total remuneration | 1,260 | 820 | 1,254 | 804 | 1,330 | 204 | 5,672 |

Note:

¹ The bonus and LTI have been duly approved by the Board of Directors. The bonus is payable in three tranches subsequent to the financial year end. The LTI will vest in three years if the performance conditions are met.

The Chief Executive Officer received RM975,868 (2025: RM841,216) in shares in relation to the LTI vesting.

² Include statutory contributions and allowances.

³ Appointed on 2 January 2026

⁴ Resigned on 3 September 2025

⁵ Resigned on 1 January 2026

38. CHIEF EXECUTIVE OFFICER'S AND DIRECTORS' REMUNERATION (CONT'D.)

The total remuneration (including benefits-in-kind) of the Chief Executive Officer and Directors of the Bank are as follows (Cont'd.):

| | Salary RM'000 | Fees RM'000 | Bonus ¹ RM'000 | Long Term Incentive ("LTI") ¹ RM'000 | Other emoluments ² RM'000 | Benefits- in-kind RM'000 | Total RM'000 |
|--|------------------|----------------|------------------------------|---|--|--------------------------------|-----------------|
| 2025 | | | | | | | |
| Chief Executive Officer | | | | | | | |
| Eqhwan Mokhzanee bin Muhammad | 1,200 | - | 1,003 | 645 | 461 | 57 | 3,366 |
| Non-Executive Directors: | | | | | | | |
| Hajjah Rosmah binti Ismail | - | 150 | - | - | 110 | 4 | 264 |
| Puan Farina binti Farikhullah Khan | - | 152 | - | - | 118 | 4 | 274 |
| Encik Azlan Baqee bin Abdullah | - | 150 | - | - | 110 | 4 | 264 |
| Dr Mohd Nordin bin Mohd Zain | - | 150 | - | - | 107 | 4 | 261 |
| Mr K. Vithyatharan A/L V Karunakaran | - | 150 | - | - | 110 | 11 | 271 |
| Dato' Seri Mohamed Hassan bin Md Kamil ³ | - | 69 | - | - | 51 | 2 | 122 |
| Ybhg Dato' Sri Abdul Hamidy bin Abdul Hafiz ⁴ | - | 123 | - | - | 226 | 4 | 353 |
| | - | 944 | - | - | 832 | 33 | 1,809 |
| Total remuneration | 1,200 | 944 | 1,003 | 645 | 1,293 | 90 | 5,175 |

Note:

¹ The bonus and LTI have been duly approved by AMMB Group's GNRC. The bonus is payable in three tranches subsequent to the financial year end. The LTI will vest in three years if the performance conditions are met.

The Chief Executive Officer received RM841,216 in shares in relation to the LTI vesting.

² Include statutory contributions and allowances.

³ Appointed on 15 October 2024

⁴ Resigned on 7 January 2025

39. SHARIAH COMMITTEE'S MEMBERS' REMUNERATION

The total remuneration of the Shariah Committee members of the Bank are as follows:

| | Fees RM'000 | Allowances RM'000 | Total RM'000 |
|--|------------------------------|------------------------------------|-------------------------------|
| 2026 | | | |
| Assoc. Prof. Dr. Ahmad Zaki Bin Salleh | 50 | 16 | 66 |
| Encik Mohd Fadhly Bin Md Yusoff | 45 | 12 | 57 |
| Prof. Dr. Salina Binti Kassim | 45 | 12 | 57 |
| Encik Ismail Bin Nik | 45 | 12 | 57 |
| Assoc. Prof. Dr. Mohd Edil Abd Sukor | 45 | 11 | 56 |
| Puan Apnizan Binti Abdullah ¹ | 30 | 9 | 39 |
| | <u>260</u> | <u>72</u> | <u>332</u> |

2025

| | | | |
|---|------------|-----------|------------|
| Assoc. Prof. Dr. Ahmad Zaki Bin Salleh | 47 | 16 | 63 |
| Encik Ismail Bin Nik | 41 | 11 | 52 |
| Encik Mohd Fadhly Bin Md Yusoff | 41 | 10 | 51 |
| Prof. Dr. Salina Binti Kassim | 41 | 10 | 51 |
| Assoc. Prof. Dr. Mohd Edil Abd Sukor ² | 38 | 9 | 47 |
| | <u>208</u> | <u>56</u> | <u>264</u> |

Note:

¹ Appointed on 1 August 2025

² Appointed on 1 May 2024

Payment of remuneration to the Shariah Committee is on shared basis arrangement with AmlInvestment Bank Berhad and the amounts stated are solely from the Bank's portion.

40. FINANCE COSTS

Finance costs are mainly in respect of income attributable to investors of the Subordinated Sukuk, Senior Sukuk and ICP programmes.

41. TAXATION

Taxation consists of the following:

| | 2026 | 2025 |
|---|----------------|----------------|
| | RM'000 | RM'000 |
| Current tax: | | |
| - Estimated tax payable | 199,989 | 165,002 |
| - Under/(Over) provision in prior financial year | 146 | (167) |
| | <u>200,135</u> | <u>164,835</u> |
| Deferred tax (Note 13): | | |
| - Origination and reversal of temporary differences | 4,938 | (685) |
| - Under provision in prior financial year | 469 | 244 |
| | <u>5,407</u> | <u>(441)</u> |
| Taxation | <u>205,542</u> | <u>164,394</u> |

Domestic income tax is calculated at the statutory tax rate of 24% (2025: 24%) on the estimated chargeable profit for the financial year. The computation of deferred tax for the current financial year is based on the tax rate of 24% (2025: 24%).

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

| | 2026 | 2025 |
|---|----------------|----------------|
| | RM'000 | RM'000 |
| Profit before zakat and taxation | <u>893,823</u> | <u>728,576</u> |
| Taxation at Malaysian statutory tax rate of 24% (2025: 24%) | 214,518 | 174,858 |
| Income not subject to tax | (9,887) | (10,771) |
| Expenses not deductible for tax purposes | 351 | 275 |
| Tax recoverable recognised on income subject to tax remission | (55) | (45) |
| Under/(Over) provision of current tax in prior financial year | 146 | (167) |
| Under provision of deferred tax in prior financial year | 469 | 244 |
| Taxation for the financial year | <u>205,542</u> | <u>164,394</u> |

42. BASIC/DILUTED EARNINGS PER SHARE

| | 2026 | 2025 |
|--|---------|---------|
| Net profit attributable to equity holder of the Bank (RM'000) | 683,167 | 559,306 |
| Number of ordinary shares ('000) | 494,369 | 494,369 |
| Basic/diluted earnings per share (sen) | 138.19 | 113.14 |

43. DIVIDENDS

| | 2026 RM'000 | 2025 RM'000 |
|--|----------------|----------------|
| In respect of the financial year ended 31 March 2024: | | |
| - Final single-tier dividend of 4.1 sen per share | - | 20,269 |
| In respect of the financial year ended 31 March 2025: | | |
| - Interim single-tier dividend of 24.5 sen per share | - | 121,121 |
| - Final single-tier dividend of 54.7 sen per share | 270,420 | - |
| In respect of financial year ended 31 March 2026: | | |
| - Interim single-tier dividend of 52.0 sen per share | 257,072 | - |
| | <u>527,492</u> | <u>141,390</u> |

The Directors proposed the payment of a final single-tier dividend of 86.1 sen per ordinary share on 494,368,541 ordinary shares amounting to approximately RM425,651,314 in respect of the current financial year ended 31 March 2026. The financial statements for the current financial year do not reflect this proposed dividend and will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 March 2027.

44. SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES

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

The related parties of the Bank are:

(i) Related companies

These are the holding company and subsidiaries of the holding company.

(ii) Key management personnel ("KMP")

KMP are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Bank, either directly or indirectly. The KMP of the Bank includes the Chief Executive Officer and Non-Executive Directors of the Bank and the holding company (including close members of their families).

(iii) Associates and joint ventures of the holding company ("Associates and joint ventures")

Associates of the holding company are AmFirst Real Estate Investment Trust ("AmFirst REIT"), Bonuskad Loyalty Sdn Bhd and Liberty Global Holdings Sdn Bhd.

The joint ventures of the holding company are AmMetlife Takaful Berhad and AmMetLife Insurance Berhad.

(iv) Companies in which certain KMP have substantial financial interest

These are entities in which significant voting power in such entities, directly or indirectly resides with certain KMP of the Bank and the holding company.

(v) Companies which have significant influence over the holding company

These are entities who are substantial shareholders (including its related parties) of the holding company of the Bank.

All related party transactions are conducted on normal commercial terms which are no more favourable than those generally available to the public.

44. SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES (CONT'D.)

(a) In addition to the transactions detailed elsewhere in the financial statements, the Bank had the following transactions with related parties during the financial year:

| | Related companies | | Key management personnel | | Associates and joint ventures | |
|---|-------------------|----------------|--------------------------|----------------|-------------------------------|----------------|
| | 2026 RM'000 | 2025 RM'000 | 2026 RM'000 | 2025 RM'000 | 2026 RM'000 | 2025 RM'000 |
| Income | | | | | | |
| Profit on financing and advances | - | - | 91 | 82 | - | - |
| Profit on deposit | 600 | 321 | - | - | - | - |
| Bancassurance commission | - | - | - | - | 171 | 161 |
| | <u>600</u> | <u>321</u> | <u>91</u> | <u>82</u> | <u>171</u> | <u>161</u> |
| Expenses | | | | | | |
| Insurance premium | - | - | - | - | 987 | 930 |
| Profit on deposits | 12,744 * | 14,231 * | 50 | 77 | 156 | - |
| Profit on restricted investment account | 76,164 | 51,905 | - | - | - | - |
| Service transfer pricing expense, net | 497,021 | 462,586 | - | - | - | - |
| Travelling expenses | - | - | - | - | - | - |
| Profit expense on derivatives | 808 | 1,430 | - | - | - | - |
| Rental expenses | 1,015 | 804 | - | - | - | - |
| | <u>587,752</u> | <u>530,956</u> | <u>50</u> | <u>77</u> | <u>1,143</u> | <u>930</u> |

* The total unwinding amount for the financial year is amounted to RM3.7 million (2025: RM3.5 million) (Note 35).

44. SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES (CONT'D.)

(b) In addition to the transactions detailed elsewhere in the financial statements, the Bank had the following transactions with related parties during the financial year:

| | Related companies | | Key management personnel | | Associates and joint ventures | |
|---|-------------------|------------------|--------------------------|----------------|-------------------------------|----------------|
| | 2026 RM'000 | 2025 RM'000 | 2026 RM'000 | 2025 RM'000 | 2026 RM'000 | 2025 RM'000 |
| Assets | | | | | | |
| Derivative financial assets | 15,919 | 5,516 | - | - | - | - |
| Financing and advances | - | - | 4,279 | 3,305 | - | - |
| Other receivables | 864,931 | 340,820 | - | - | - | - |
| | <u>880,850</u> | <u>346,336</u> | <u>4,279</u> | <u>3,305</u> | <u>-</u> | <u>-</u> |
| Liabilities | | | | | | |
| Deposits and placements | 398,064 | 413,142 | 2,489 | 3,350 | 38,538 | 130 |
| Derivative financial liabilities | 8,687 | 15,061 | - | - | - | - |
| Investment account due to a licensed bank | 2,542,135 | 1,194,172 | - | - | - | - |
| Other payables | 4 | 4 | - | - | - | - |
| Profit payables | 15,922 | 4,056 | - | - | - | - |
| | <u>2,964,812</u> | <u>1,626,435</u> | <u>2,489</u> | <u>3,350</u> | <u>38,538</u> | <u>130</u> |
| Commitments and contingencies | | | | | | |
| Commitments | - | - | 297 | 845 | - | - |
| Contract/notional amount for derivatives | 1,089,299 | 1,291,239 | - | - | - | - |
| | <u>1,089,299</u> | <u>1,291,239</u> | <u>297</u> | <u>845</u> | <u>-</u> | <u>-</u> |

44. SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES (CONT'D.)

(c) The transactions between the Bank and related parties took place at terms agreed between the parties during the financial year.

(d) KMP compensation

The remuneration of the Chief Executive Officer and the Directors, who are also the KMP, during the year is disclosed in Note 38.

(e) The Bank incurs intercompany charges for shared operating costs of the AMMB Group in Malaysia as disclosed under STP expenses, net. The services received relate to expenses incurred for business segment (wholesale, business banking and retail banking) from group shared services in respect of information services, internal audit, risk management, finance, human resource, marketing and communications, legal, company secretarial, group operations, property and administration and compliance.

(f) There were no granting of financing to the Directors of the Bank other than in the normal course of business of the Bank. Financing made to Directors and other key management personnel of the Bank are on similar terms and conditions generally available to other employees within the Bank. No provisions have been recognised in respect of financing given to Directors and KMP.

45. CREDIT TRANSACTIONS AND EXPOSURES WITH CONNECTED PARTIES

| | 2026 | 2025 |
|---|---------|-----------|
| Outstanding credit exposures with connected parties (RM'000) | 887,350 | 1,294,927 |
| Percentage of outstanding credit exposures to connected parties as proportion of total credit exposures (%) | 1.52 | 2.39 |
| Percentage of outstanding credit exposures with connected parties which is impaired or in default (%) | 0.00 | 0.00 |

45. CREDIT TRANSACTIONS AND EXPOSURES WITH CONNECTED PARTIES (CONT'D.)

The disclosure on Credit Transaction and Exposures with Connected Parties above is presented in accordance with Paragraph 9.1 of Bank Negara Malaysia's revised Guidelines on Credit Transactions and Exposures with Connected Parties for Islamic Banks issued on 16 July 2014.

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

Credit transactions and exposures to connected parties as disclosed include the extension of credit facility and/or commitments and contingencies transactions that give rise to credit/counterparty risk, the underwriting and acquisition of equities and corporate bonds and/or sukuk issued by the connected parties.

The credit transactions with connected parties above are all transacted on an arm's length basis and on terms and conditions not more favourable than those entered into with other counterparties with similar circumstances and credit worthiness. Due care has been taken to ensure that the credit worthiness of the connected party is not less than that normally required of other persons.

46. CAPITAL COMMITMENTS

The Bank has no capital commitments as at 31 March 2026 and 31 March 2025.

47. COMMITMENTS AND CONTINGENCIES

In the normal course of business, the Bank makes various commitments and incurs certain contingent liabilities with legal recourse to its customers. No material losses are anticipated as a result of these transactions other than those where provision had been made in the financial statements. The commitments and contingencies are not secured against the Bank's assets.

As at the reporting date, the principal amounts of the commitments and contingencies and notional contracted amounts of derivatives of the Bank are as follows:

| | 2026 | 2025 |
|--|-------------------|-------------------|
| | RM'000 | RM'000 |
| Commitments | | |
| Other commitments, such as formal standby facilities and credit lines, with an original maturity of up to one year | 7,717,536 | 6,143,759 |
| Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year | 597,940 | 635,225 |
| Unutilised credit card lines | 1,859,216 | 1,601,577 |
| Forward asset purchase | 10,126 | 173,308 |
| | <u>10,184,818</u> | <u>8,553,869</u> |
| Contingencies | | |
| Direct credit substitutes | 77,675 | 145,994 |
| Transaction related contingent items | 1,885,706 | 1,644,120 |
| Short-term self-liquidating trade-related contingencies | 106,045 | 52,545 |
| | <u>2,069,426</u> | <u>1,842,659</u> |
| Derivative financial instruments | | |
| Foreign exchange related contracts: | | |
| - One year or less | 1,692,593 | 1,992,481 |
| - Over one year to five years | 4,855 | 140,494 |
| Profit rate related contracts: | | |
| - Over one year to five years | 200,000 | 200,000 |
| | <u>1,897,448</u> | <u>2,332,975</u> |
| Total | <u>14,151,692</u> | <u>12,729,503</u> |

48. MATURITY ANALYSIS OF ASSETS AND LIABILITIES

The table below shows assets and liabilities analysed according to when they are expected to be recovered or settled.

| | Up to 12 months RM'000 | Over 12 months RM'000 | Total RM'000 |
|--|---------------------------------------|--------------------------------------|-------------------------|
| 2026 | | | |
| ASSETS | | | |
| Cash and short-term funds | 2,825,403 | - | 2,825,403 |
| Derivative financial assets | 22,104 | 306 | 22,410 |
| Financial assets at FVTPL | 929,700 | 938,736 | 1,868,436 |
| Financial investments at FVOCI | 1,625,391 | 4,823,300 | 6,448,691 |
| Financial investments at amortised cost | 100,887 | 3,283,741 | 3,384,628 |
| Financing and advances | 12,693,196 | 38,089,125 | 50,782,321 |
| Statutory deposit with Bank Negara | | | |
| Malaysia | - | 800,000 | 800,000 |
| Deferred tax asset | - | 49,252 | 49,252 |
| Other assets | 982,821 | 145,135 | 1,127,956 |
| Property and equipment | - | 482 | 482 |
| Right-of-use assets | - | 813 | 813 |
| Intangible assets | - | 130 | 130 |
| TOTAL ASSETS | 19,179,502 | 48,131,020 | 67,310,522 |
| LIABILITIES | | | |
| Deposits from customers | 51,145,664 | 58,562 | 51,204,226 |
| Investment accounts of customers | 2,057,293 | - | 2,057,293 |
| Deposits and placements of banks and other financial institutions | 1,013,882 | 242,615 | 1,256,497 |
| Investment account due to a licensed bank | 10,525 | 2,531,610 | 2,542,135 |
| Recourse obligation on financing sold to Cagamas Berhad | 1,005,039 | 1,000,003 | 2,005,042 |
| Derivative financial liabilities | 21,545 | 2,200 | 23,745 |
| Term funding | - | 1,000,000 | 1,000,000 |
| Subordinated Sukuk | - | 1,300,000 | 1,300,000 |
| Other liabilities | 497,601 | 70,974 | 568,575 |
| Provision for zakat | 4,726 | - | 4,726 |
| TOTAL LIABILITIES | 55,756,275 | 6,205,964 | 61,962,239 |

48. MATURITY ANALYSIS OF ASSETS AND LIABILITIES (CONT'D.)

| | Up to 12 months RM'000 | Over 12 months RM'000 | Total RM'000 |
|--|---------------------------------------|--------------------------------------|-------------------------|
| 2025 | | | |
| ASSETS | | | |
| Cash and short-term funds | 2,438,112 | - | 2,438,112 |
| Derivative financial assets | 17,540 | 1,418 | 18,958 |
| Financial assets at FVTPL | 1,727,459 | 561,850 | 2,289,309 |
| Financial investments at FVOCI | 2,152,494 | 3,698,819 | 5,851,313 |
| Financial investments at amortised cost | 119,932 | 3,453,557 | 3,573,489 |
| Financing and advances | 12,059,856 | 34,592,716 | 46,652,572 |
| Statutory deposit with Bank Negara | | | |
| Malaysia | - | 930,000 | 930,000 |
| Deferred tax asset | - | 55,406 | 55,406 |
| Other assets | 498,385 | 165,197 | 663,582 |
| Property and equipment | - | 323 | 323 |
| Right-of-use assets | - | 1,679 | 1,679 |
| Intangible assets | - | 210 | 210 |
| TOTAL ASSETS | 19,013,778 | 43,461,175 | 62,474,953 |
| LIABILITIES | | | |
| Deposits from customers | 49,477,155 | 188,451 | 49,665,606 |
| Investment accounts of customers | 12,480 | - | 12,480 |
| Deposits and placements of banks and other financial institutions | 934,845 | 246,808 | 1,181,653 |
| Investment account due to a licensed bank | - | 1,194,172 | 1,194,172 |
| Recourse obligation on financing sold to Cagamas Berhad | 605,013 | 1,605,016 | 2,210,029 |
| Derivative financial liabilities | 16,735 | 3,209 | 19,944 |
| Term funding | 198,555 | 1,000,000 | 1,198,555 |
| Subordinated Sukuk | - | 1,300,000 | 1,300,000 |
| Other liabilities | 443,187 | 54,349 | 497,536 |
| Provision for zakat | 4,100 | - | 4,100 |
| TOTAL LIABILITIES | 51,692,070 | 5,592,005 | 57,284,075 |

49. CAPITAL MANAGEMENT

The Bank's capital management approach is focused on maintaining an optimal capital position that supports the Bank's strategic objectives and risk appetite. In line with the Bank's annual 3-year strategy plan, a capital plan is developed to ensure that adequate level of capital and an optimum capital structure is maintained to meet regulatory requirements, the Bank's strategic objectives and stakeholders' expectations.

The Bank uses internal models and other quantitative techniques in its internal risk and capital assessment. They help to estimate potential future losses arising from credit, market and other material risks, and supplement the regulatory formulae to simulate the amount of capital required to support them.

Stress testing is used to ensure that the Bank's internal capital assessment considers the impact of extreme but probable scenarios on its risk profile and capital position. They provide an insight into the potential impact of significant adverse events on the Bank and how these events could be mitigated. The Bank's target capital levels are set taking into account its risk appetite and its risk profile under future expected and stressed economic scenarios.

The Bank's assessment of risk appetite is closely integrated with the Bank's strategy, business planning and capital assessment processes, and is used to inform senior management's views on the level of capital required to support the Bank's business activities.

The capital that the Bank is required to hold is determined by its risk exposures after applying collaterals and other risk mitigants.

The Bank has in place processes and controls to monitor and manage capital adequacy across the organisation. The Group Assets and Liabilities Committee ("GALCO") is responsible for overseeing and managing the Bank's capital and liquidity positions.

A strong governance and process framework is embedded in the capital planning and assessment methodology. Overall responsibility for the effective management of risk rests with the Board. The Risk Management Committee ("RMC") is specifically delegated the task of reviewing all risk management issues including oversight of the Bank's capital position and any actions impacting the capital levels.

49. CAPITAL MANAGEMENT (CONT'D.)

(a) Capital adequacy

The capital adequacy ratios of the Bank are computed in accordance with BNM's policy documents on Capital Adequacy Framework for Islamic Banks ("CAFIB") (Capital Components) issued on 14 June 2024, CAFIB (Risk Weighted Assets) issued on 18 December 2023, Capital Adequacy Framework (Operational Risk) and Capital Adequacy Framework (Exposures to Central Counterparties) issued on 15 December 2023. Pursuant to the BNM's policy document on CAFIB (Capital Components), the minimum capital adequacy ratios to be maintained under the guideline are at 4.5% for CET1 capital, 6.0% for Tier1 capital and 8.0% for total capital ratio at all times. In addition, banking institutions are also required to maintain capital buffers which comprise the sum of the following:

- (i) a Capital Conservation Buffer ("CCB") of 2.5%;
- (ii) a Countercyclical Capital Buffer ("CCyB"), determined as the weighted-average of the prevailing CCyB rates applied in the jurisdictions in which the Bank has credit exposures. BNM will communicate any decision on the CCyB rate by up to 12 months before the date from which the rate applies; and
- (iii) a Higher Loss Absorbency ("HLA") requirement for a financial institution that is designated as a domestic systemically important bank ("D-SIB").

The Bank adopts the following approaches in determining the capital requirements:

- **Credit Risk:**
The Bank has adopted the FIRB Approach and Supervisory Slotting Criteria for major non-retail portfolios and the Advanced Internal Ratings Based ("AIRB") Approach for major retail portfolios. Credit risk is computed in accordance with CAFIB (Risk Weighted Assets) and Capital Adequacy Framework (Exposures to Central Counterparties).
- **Market Risk:**
Market risk remains to be computed using the Standardized Approach, as per the CAFIB (Risk Weighted Assets).
- **Operational Risk:**
The computation of operational risk-weighted assets is in line with the Capital Adequacy Framework (Operational Risk) issued on 15 December 2023.

49. CAPITAL MANAGEMENT (CONT'D.)

(a) Capital adequacy (Cont'd.)

The capital adequacy ratios of the Bank are as follows:

| | 2026 | 2025 |
|---|----------------|----------------|
| Before deducting proposed dividends: | | |
| CET 1 Capital Ratio | 15.937% | 15.652% |
| Tier 1 Capital Ratio | 15.937% | 15.652% |
| Total Capital Ratio | <u>20.344%</u> | <u>20.276%</u> |
| After deducting proposed dividends: | | |
| CET 1 Capital Ratio | 14.594% | 14.814% |
| Tier 1 Capital Ratio | 14.594% | 14.814% |
| Total Capital Ratio | <u>19.001%</u> | <u>19.439%</u> |

(b) The components of CET 1 Capital, Tier 2 Capital and Total Capital of the Bank as at 31 March are as follows:

| | 2026 RM'000 | 2025 RM'000 |
|---|------------------|------------------|
| <u>CET 1 Capital</u> | | |
| Ordinary shares | 1,387,107 | 1,387,107 |
| Retained earnings | 3,711,713 | 3,724,686 |
| Fair value reserve | 168 | (1,589) |
| Regulatory reserve | 249,295 | 80,674 |
| Less : Regulatory adjustments applied on CET1 Capital | | |
| - Intangible assets | (130) | (210) |
| - Deferred tax assets | (49,268) | (55,440) |
| - 55% of cumulative gains of FVOCI financial instruments | (92) | - |
| - Regulatory reserve | (249,295) | (80,674) |
| - Unrealised fair value gains on financial liabilities due to changes in own credit risk | (13) | (9) |
| CET1 Capital/Tier 1 Capital | <u>5,049,485</u> | <u>5,054,545</u> |
| Tier 2 Capital | | |
| Tier 2 Capital instruments meeting all relevant criteria for inclusion | 1,300,000 | 1,300,000 |
| Surplus of eligible provisions to expected losses | 62,563 | 154,180 |
| General provisions ¹ | 33,743 | 39,241 |
| Tier 2 Capital | <u>1,396,306</u> | <u>1,493,421</u> |
| Total Capital | <u>6,445,791</u> | <u>6,547,966</u> |

¹ Consists of provision for performing assets and regulatory reserve subject to a maximum 1.25% of total credit RWA.

49. CAPITAL MANAGEMENT (CONT'D.)

- (b) The components of CET 1 Capital, Tier 2 Capital and Total Capital of the Bank as at 31 March are as follows: (Cont'd.)

The breakdown of the risk-weighted assets ("RWA") in various categories of risk are as follows:

| | 2026 | 2025 |
|---|--------------------------|--------------------------|
| | RM'000 | RM'000 |
| Credit RWA | 32,122,513 | 29,448,313 |
| Less : Credit RWA absorbed by Investment Account | <u>(2,805,388)</u> | <u>(612,320)</u> |
| Total Credit RWA | 29,317,125 | 28,835,993 |
| Market RWA | 327,492 | 449,684 |
| Operational RWA | 2,039,197 | 1,952,957 |
| Additional RWA due to Capital Floor | - | 1,055,516 |
| Total RWA | <u>31,683,814</u> | <u>32,294,150</u> |

50. RISK MANAGEMENT

50.1 GENERAL RISK MANAGEMENT

Risk Management Framework

The Risk Management Framework takes its lead from the Board's Approved Risk Appetite Framework that forms the foundation for AMMB Group to set its risk/reward profile.

The Risk Appetite Framework is reviewed and approved annually by the Board taking into account the AMMB Group's desired external rating and targeted profitability/return on capital employed ("ROCE") and is reviewed periodically throughout the financial year by both the executive management and the Board to consider any fine tuning/enhancements taking into consideration the prevailing or in anticipation of challenges to the environment that AMMB Group operates in.

The Risk Appetite Framework provides portfolio limits/triggers for Credit Risk, Traded Market Risk, Non-Traded Market Risk, Operational Risk, Sustainability Risk and Technology and Cyber Risk incorporating, inter alia, limits/triggers for countries, industries, single counterparty group, products, value at risk, stop loss, stable funding ratio, liquidity and Operational Risk Management ("ORM") tools.

AMMB Group Risk Direction

AMMB Group's financial year ("FY") 2025 to FY2029 Winning Together Strategy blueprint is to focus and reconstruct on 8 key areas, namely, (1) Path to Return on Equity ("ROE") of $\geq 10\%$, (2) Sharpening Segment Play, (3) Holistic Customer Value Proposition ("CVP") Leveraging A Collaboration Culture and Partnerships, (4) Pushing Capital-Light Revenue, (5) Ramping Up the Next Wave of Digital Initiatives, (6) Future Proofing The Workforce, (7) Integrating Environmental, Social, and Governance ("ESG") Considerations and (8) The Digital Bank.

- AMMB Group aspires to maintain its corporate credit ratings and the financial institution ratings of its banking subsidiaries at a minimum of AA2/P1 by RAM Rating Services Berhad ("RAM").
- AMMB Group aims to maintain a minimum ROCE of 12% and RWA efficiency ("CRWA/EAD") in the range of 40% to 45%, both based on Foundation Internal Rating Based ("FIRB").

50. RISK MANAGEMENT (CONT'D.)

50.1 GENERAL RISK MANAGEMENT (CONT'D.)

AMMB Group Risk Direction (Cont'd.)

- AMMB Group aims to maintain its Capital Ratios and at the AMMB Group's Internal Capital Target and Desired Operating Level Target under normal conditions.
- AMMB Group aims to maintain Available Financial Resources in excess of the capital requirements as estimated in the Internal Capital Adequacy Assessment Process ("ICAAP").
- AMMB Group recognises the importance of funding its own business. It aims to maintain the following:
 - Liquidity Coverage Ratio ("LCR") (both consolidated and entity level) at least 10 percentage points above prevailing regulatory minimum;
 - Stressed LCR (both consolidated and entity level) above the regulatory requirement; and
 - Net Stable Funding Ratio ("NSFR") (Financial Holding Company level) above the prevailing regulatory minimum (effective July 2020).
- AMMB Group aims to maintain adequate controls for all key operational risks (including but not limited to regulatory, compliance, technology, conduct and reputational risks).
 - Keep the overall financial losses (operational losses, regulatory penalties and fraud losses) below 0.8% of Profit After Taxation and Minority Interest ("PATMI"); and
 - Remain vigilant in risk identification and management to protect its reputation and business franchise.
- AMMB Group aims to maintain adequate controls for all Shariah Non-Compliance ("SNC") risks, with zero tolerance to SNC.
- AMMB Group to manage the non-climate supporting and transition exposures of the climate sensitive sectors within 15% by financial year ("FY") 2027 (Short Term) and 10% by FY2030 (Medium Term) of non-retail financing/investment exposures.
- AMMB Group aims to manage its exposures to Green House Gas ("GHG") emission intensive sectors while continuing to engage and assist our customers onto sustainability pathways toward the AMMB Group's ultimate target of net zero, in line with the country aspiration by FY2050.

50. RISK MANAGEMENT (CONT'D.)

50.1 GENERAL RISK MANAGEMENT (CONT'D.)

Risk Management Governance

The Board is ultimately accountable for the management of risks within the Bank. The RMC is formed to assist the Board in discharging its duties in overseeing the overall management of all risks including but not limited to market risk, liquidity risk, credit risk, operational and fraud risk, technology and cyber risk.

The Board has also established the Management Committees to assist in managing the risks and businesses of the Bank. The Management Committees address all classes of risk within its Board delegated mandate: credit risk, legal risk, operational and fraud risk, technology and cyber risk, market risk, liquidity risk, Shariah risk, compliance risk, reputational risk, product and business risk, Information Technology ("IT") risk, climate related risk and sustainability (covering ESG) risk.

AMMB Group has an independent risk management function, headed by the Group Chief Risk Officer who:

- is responsible for establishing an enterprise wide risk management framework in all areas including credit, market, liquidity, operational, fraud, reputational, security, technology and cyber, emerging risks, climate related risk and sustainability risk;
- essentially champions and embeds a positive risk culture across AMMB Group to ensure that risk-taking activities across AMMB Group are aligned to AMMB Group's risk appetite and strategies; and
- through the RMC, has access to AMMB Group's Board and the Boards of the respective banking subsidiaries to facilitate suitable escalation of issues of concern across the organisation.

Potential impact of Emerging Risk

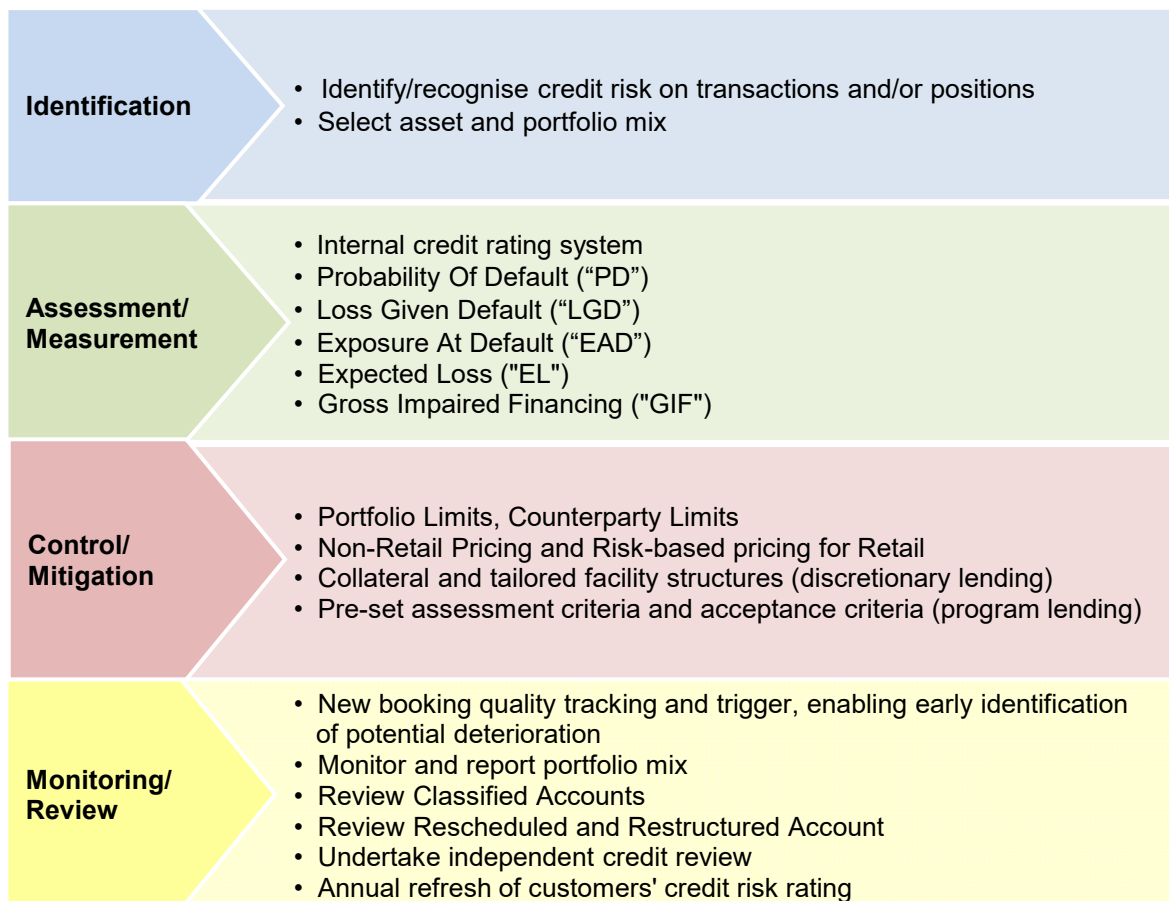
Emerging risks, such as increasing living costs due to inflationary pressure would potentially impact the asset quality of the Bank's receivables. Mitigation actions such as comprehensive assessment through new booking quality tracking and trigger as well as a thorough review of the existing portfolio to identify the potentially vulnerable segment and thereafter allocate reasonable provisions to cushion the potential impacts.

The Business Banking - Enterprise Banking portfolio, particularly for smaller small and medium enterprises ("SMEs"), contains segments with elevated risk (i.e. high risk segment) that may affect overall asset quality. Portfolio segmentation has been carried out to enable different strategies to be deployed accordingly, enabling a more effective portfolio management with improved oversight. Furthermore, appropriate provisions have been allocated as necessary.

50. RISK MANAGEMENT (CONT'D.)

50.2 CREDIT RISK MANAGEMENT

The credit risk management process is depicted in the table below:



Credit risk is the risk of loss due to the inability or unwillingness of a counterparty to meet its payment obligations. Exposure to credit risk arises from financing, securities and derivative exposures. The identification of credit risk is done by assessing the potential impact of internal and external factors on the Bank's transactions and/or positions as well as Shariah compliance risk (please refer to Section 50.9 for discussion on Shariah Governance Structure).

The primary objective of credit risk management is to maintain accurate risk recognition - identification and measurement, to ensure that credit risk exposure is in line with the Group Risk Appetite Framework ("GRAF") and related credit policies.

50. RISK MANAGEMENT (CONT'D.)

50.2 CREDIT RISK MANAGEMENT (CONT'D.)

For non-retail credit, risk assessment is a combination of both qualitative and quantitative assessment (including the financial standing of the customer or counterparty using the Bank's credit rating model where the scores are translated into rating grade) on the customer or counterparty. The assigned credit rating grade forms a crucial part of the credit analysis undertaken for each of the Bank's credit exposures and the overall credit assessment is conducted either through a program lending or discretionary lending approach.

For retail credit, credit-scoring systems to better differentiate the quality of customers are being used to complement the credit assessment and approval processes.

To support credit risk management, rating models for major portfolios have been continuously monitored and implemented to facilitate:

- improvement in the accuracy of individual obligor risk ratings;
- enhancement to pricing models;
- credit decisioning process;
- financing loss provision calculation;
- stress-testing; and
- enhancement to portfolio management.

Financing activities are guided by internal credit policies and GRAF that are approved by the Board supplemented by credit guidelines and Management-level GRAF settings approved by the Management. The GRAF is refreshed at least annually and with regard to credit risk, provides direction as to portfolio management strategies and internal limits designed to deliver the Bank's optimal portfolio mix. Credit risk portfolio management strategies include, amongst others:

- Concentration threshold/review triggers:
 - single counterparty credit exposure;
 - industry sector exposure; and
 - country risk exposure.
- Non-Retail Credit Policy ("NRCP") and Retail Credit Policy ("RCP") which set out the credit principles and requirements for managing credit risk in the Wholesale Banking ("WB"), Business Banking ("BB"), Investment Banking ("IB"), Group Wealth Management ("GWM") and Retail Banking ("RB") portfolios;
- Classified Account Management requirements are in place for the non-retail model related portfolio, this sets out the identification and management (including monitoring requirements) of customers that exhibit SICR or show symptoms of potential credit issues;
- Rescheduled and Restructured ("R&R") Account Management (embedded within the NRCP for WB and BB, and RCP for RB) sets out the controls in managing R&R financing; and
- Setting Retail and BB-EB risk controls capping for higher risk segment to ensure credit approval practice is aligned with the credit policies and GRAF.

50. RISK MANAGEMENT (CONT'D.)

50.2 CREDIT RISK MANAGEMENT (CONT'D.)

Exposure outside the approval discretions of individual Credit Approval Delegation ("CAD") holders are escalated to higher approving authority or Credit and Commitments Committee ("CACC") for approval. In the event such exposure exceeds a stipulated customer group threshold within the AMMB Group, the letter of offer shall not be issued until the credit is reviewed by the Joint BCC. Portfolio credit risk is reported to the relevant management and board committees.

The Group Management Risk Committee ("GMRC") regularly meets to review the quality and diversification of the Bank's financing portfolio and review the portfolio risk profile against the GRAF and recommend or approve new and amended credit risk policies or guidelines.

Group Risk Management prepares monthly Risk Reports which detail important portfolio composition and trend analysis incorporating asset growth, asset quality, impairment, flow rates of financing delinquency buckets and exposures by industry sectors are reported monthly to executive management and to all meetings of the Board.

Maximum Credit Risk Exposure and Concentration

Credit Risk Exposure and Concentration

The Bank's concentration of risk are managed by industry sector, risk grade asset quality and single name limit ("SNL"). The Bank applies SNL to monitor and manage the large exposures to single counterparty risk.

For financial assets recognised on the statement of financial position, the maximum exposure to credit risk before taking account of any collateral held or other credit enhancements equals the carrying amount. For contingent exposures, the maximum exposure to credit risk is the maximum amount the Bank would have to pay if the instrument is called upon. For committed facilities which are undrawn, the maximum exposure to credit risk is the full amount of the committed facilities.

The following tables show the maximum exposure to credit risk from financial instruments, including derivatives, by industry and by geography, before taking account of any collateral held or other credit enhancements.

The comparatives for financing and advances have been restated to conform with the current business realignment between the business segments. It applies to Notes 50.2 (i), 50.2 (ii), 50.2 Estimated value of collateral for financial assets and 50.2 Collateral held for credit-impaired financial assets.

50. RISK MANAGEMENT (CONT'D.)

50.2 CREDIT RISK MANAGEMENT (CONT'D.)

(i) Industry Analysis

| 2026 | Agriculture RM'000 | Mining and Quarrying RM'000 | Manufacturing RM'000 | Electricity, Gas and Water RM'000 | Construction RM'000 | Wholesale and Retail Trade and Hotel and Restaurants RM'000 | Transport, Storage and Communication RM'000 | Finance and Insurance RM'000 | Subtotal RM'000 |
|--|-----------------------|-----------------------------------|-------------------------|--|------------------------|---|--|---------------------------------------|--------------------|
| Cash and short-term funds | - | - | - | - | - | - | - | 33,670 | 33,670 |
| Derivative financial assets | - | - | 3,956 | 407 | - | 552 | 2 | 17,428 | 22,345 |
| Financial assets at FVTPL | | | | | | | | | |
| <i>Money market securities</i> | - | - | - | - | - | - | - | - | - |
| <i>Unquoted sukuk</i> | - | - | - | - | 10,035 | 174,287 | 107,487 | 99,155 | 390,964 |
| Total financial assets at FVTPL | - | - | - | - | 10,035 | 174,287 | 107,487 | 99,155 | 390,964 |
| Financial investments at FVOCI | | | | | | | | | |
| <i>Money market securities</i> | - | - | - | - | - | - | - | 296,652 | 296,652 |
| <i>Unquoted sukuk</i> | 270,866 | - | - | 569,668 | 71,161 | 49,967 | 949,351 | 1,904,832 | 3,815,845 |
| Total financial investments at FVOCI | 270,866 | - | - | 569,668 | 71,161 | 49,967 | 949,351 | 2,201,484 | 4,112,497 |
| Financial investments at amortised cost | | | | | | | | | |
| <i>Money market securities</i> | - | - | - | - | - | - | - | - | - |
| <i>Unquoted sukuk</i> | 100,000 | 94,050 | - | - | 1,039,334 | 132,000 | 185,401 | 254,986 | 1,805,771 |
| <i>Allowances for ECL</i> | - | - | - | - | - | - | - | - | - |
| Total financial investments at amortised cost | 100,000 | 94,050 | - | - | 1,039,334 | 132,000 | 185,401 | 254,986 | 1,805,771 |
| Financing and advances | | | | | | | | | |
| <i>Retail banking</i> | 282 | 1,235 | 1,092 | - | 3,307 | 7,349 | 264 | 510 | 14,039 |
| <i>Wholesale banking</i> | 720,463 | 33,527 | 1,376,022 | 425,772 | 595,061 | 611,515 | 2,073,682 | 3,246,986 | 9,083,028 |
| <i>Business banking</i> | 563,453 | 124,762 | 3,680,034 | 895,613 | 900,366 | 3,063,731 | 2,228,816 | 403,002 | 11,859,777 |
| <i>Allowances for ECL</i> | - | - | - | - | - | - | - | - | - |
| Total financing and advances | 1,284,198 | 159,524 | 5,057,148 | 1,321,385 | 1,498,734 | 3,682,595 | 4,302,762 | 3,650,498 | 20,956,844 |
| Statutory deposit with Bank Negara Malaysia | - | - | - | - | - | - | - | - | - |
| Other financial assets | 1,676 | 20 | 151 | 7,133 | 9,671 | 323 | 6,093 | 890,691 | 915,758 |
| Commitments | 209,701 | 86,116 | 2,136,843 | 679,133 | 1,069,425 | 1,059,177 | 1,694,510 | 2,495 | 6,937,400 |
| Contingencies | 8,514 | 20,179 | 335,594 | 499,540 | 653,708 | 110,227 | 99,906 | 56,160 | 1,783,828 |
| Total commitments and contingencies | 218,215 | 106,295 | 2,472,437 | 1,178,673 | 1,723,133 | 1,169,404 | 1,794,416 | 58,655 | 8,721,228 |

50. RISK MANAGEMENT (CONT'D.)

50.2 CREDIT RISK MANAGEMENT (CONT'D.)

(i) Industry Analysis (Cont'd.)

| 2026 | Subtotal from previous page RM'000 | Government and Central Banks RM'000 | Real Estate RM'000 | Business Activities RM'000 | Education and Health RM'000 | Household RM'000 | Others RM'000 | Allowances for ECL RM'000 | Total RM'000 |
|--|---|--|-----------------------|----------------------------------|-----------------------------------|---------------------|------------------|---------------------------------|-----------------|
| Cash and short-term funds | 33,670 | 2,791,740 | - | - | - | - | - | (7) | 2,825,403 |
| Derivative financial assets | 22,345 | - | - | - | - | - | 65 | - | 22,410 |
| Financial assets at FVTPL | | | | | | | | | |
| <i>Money market securities</i> | - | 1,246,776 | - | - | - | - | - | - | 1,246,776 |
| <i>Unquoted sukuk</i> | 390,964 | - | 210,629 | - | 20,067 | - | - | - | 621,660 |
| Total financial assets at FVTPL | 390,964 | 1,246,776 | 210,629 | - | 20,067 | - | - | - | 1,868,436 |
| Financial investments at FVOCI | | | | | | | | | |
| <i>Money market securities</i> | 296,652 | 2,074,699 | - | - | - | - | - | - | 2,371,351 |
| <i>Unquoted sukuk</i> | 3,815,845 | - | 100,812 | - | 110,762 | - | - | - | 4,027,419 |
| Total financial investments at FVOCI | 4,112,497 | 2,074,699 | 100,812 | - | 110,762 | - | - | - | 6,398,770 |
| Financial investments at amortised cost | | | | | | | | | |
| <i>Money market securities</i> | - | 1,057,800 | - | - | - | - | - | - | 1,057,800 |
| <i>Unquoted sukuk</i> | 1,805,771 | - | 125,000 | 5,000 | 393,000 | - | - | - | 2,328,771 |
| <i>Allowances for ECL</i> | - | - | - | - | - | - | - | (1,943) | (1,943) |
| Total financial investments at amortised cost | 1,805,771 | 1,057,800 | 125,000 | 5,000 | 393,000 | - | - | (1,943) | 3,384,628 |
| Financing and advances | | | | | | | | | |
| <i>Retail banking</i> | 14,039 | - | 4,914 | 2,219 | 5,735 | 25,082,093 | - | - | 25,109,000 |
| <i>Wholesale banking</i> | 9,083,028 | - | 865,504 | 1,289 | 117,141 | - | - | - | 10,066,962 |
| <i>Business banking</i> | 11,859,777 | - | 2,949,013 | 982,422 | 270,496 | 16,914 | - | - | 16,078,622 |
| <i>Allowances for ECL</i> | - | - | - | - | - | - | - | (472,263) | (472,263) |
| Total financing and advances | 20,956,844 | - | 3,819,431 | 985,930 | 393,372 | 25,099,007 | - | (472,263) | 50,782,321 |
| Statutory deposit with Bank Negara Malaysia | - | 800,000 | - | - | - | - | - | - | 800,000 |
| Other financial assets | 915,758 | 130,843 | 4,060 | 79 | 412 | - | 70 | - | 1,051,222 |
| Commitments | 6,937,400 | 10,126 | 577,533 | 150,449 | 68,679 | 2,440,631 | - | - | 10,184,818 |
| Contingencies | 1,783,828 | - | 203,895 | 59,009 | 22,435 | 259 | - | - | 2,069,426 |
| Total commitments and contingencies | 8,721,228 | 10,126 | 781,428 | 209,458 | 91,114 | 2,440,890 | - | - | 12,254,244 |

50. RISK MANAGEMENT (CONT'D.)

50.2 CREDIT RISK MANAGEMENT (CONT'D.)

(i) Industry Analysis (Cont'd.)

| 2025 | Agriculture | Mining and Quarrying | Manufacturing | Electricity, Gas and Water | Construction | Wholesale and Retail Trade and Hotel and Restaurants | Transport, Storage and Communication | Finance and Insurance | Subtotal |
|--|-------------|-------------------------|---------------|----------------------------------|--------------|---|--|-----------------------------|------------|
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| Cash and short-term funds | - | - | - | - | - | - | - | 68,610 | 68,610 |
| Derivative financial assets | - | - | 2,559 | 86 | 9 | 220 | - | 16,007 | 18,881 |
| Financial assets at FVTPL | | | | | | | | | |
| <i>Money market securities</i> | - | - | - | - | - | - | - | - | - |
| <i>Unquoted sukuk</i> | - | - | - | 54,898 | - | 173,663 | - | 414,514 | 643,075 |
| Total financial assets at FVTPL | - | - | - | 54,898 | - | 173,663 | - | 414,514 | 643,075 |
| Financial investments at FVOCI | | | | | | | | | |
| <i>Money market securities</i> | - | - | - | - | - | - | - | 992,049 | 992,049 |
| <i>Unquoted sukuk</i> | 269,753 | - | - | 559,183 | 60,286 | 39,412 | 367,200 | 1,320,235 | 2,616,069 |
| Total financial investments at FVOCI | 269,753 | - | - | 559,183 | 60,286 | 39,412 | 367,200 | 2,312,284 | 3,608,118 |
| Financial investments at amortised cost | | | | | | | | | |
| <i>Money market securities</i> | - | - | - | - | - | - | - | - | - |
| <i>Unquoted sukuk</i> | 100,000 | 537,405 | - | - | 1,244,649 | - | 566,775 | - | 2,448,829 |
| <i>Allowances for ECL</i> | - | - | - | - | - | - | - | - | - |
| Total financial investments at amortised cost | 100,000 | 537,405 | - | - | 1,244,649 | - | 566,775 | - | 2,448,829 |
| Financing and advances | | | | | | | | | |
| <i>Retail banking</i> | 920 | 1,386 | 1,588 | - | 3,720 | 10,070 | 359 | 606 | 18,649 |
| <i>Wholesale banking</i> | 849,943 | 33,552 | 869,342 | 332,842 | 322,917 | 974,449 | 439,395 | 3,420,521 | 7,242,961 |
| <i>Business banking</i> | 468,590 | 93,236 | 3,897,755 | 562,498 | 627,431 | 2,910,831 | 1,997,231 | 140,872 | 10,698,444 |
| <i>Allowances for ECL</i> | - | - | - | - | - | - | - | - | - |
| Total financing and advances | 1,319,453 | 128,174 | 4,768,685 | 895,340 | 954,068 | 3,895,350 | 2,436,985 | 3,561,999 | 17,960,054 |
| Statutory deposit with Bank Negara Malaysia | - | - | - | - | - | - | - | - | - |
| Other financial assets | 1,415 | 11,366 | 1,481 | 6,071 | 14,006 | 177 | 3,737 | 376,591 | 414,844 |
| Commitments | 182,749 | 183,905 | 1,726,959 | 153,595 | 818,296 | 1,111,203 | 927,042 | 119,047 | 5,222,796 |
| Contingencies | 10,846 | 142,844 | 343,760 | 281,923 | 666,353 | 113,573 | 81,976 | 5,000 | 1,646,275 |
| Total commitments and contingencies | 193,595 | 326,749 | 2,070,719 | 435,518 | 1,484,649 | 1,224,776 | 1,009,018 | 124,047 | 6,869,071 |

50. RISK MANAGEMENT (CONT'D.)

50.2 CREDIT RISK MANAGEMENT (CONT'D.)

(i) Industry Analysis (Cont'd.)

| 2025 | Subtotal from previous page RM'000 | Government and Central Banks RM'000 | Real Estate RM'000 | Business Activities RM'000 | Education and Health RM'000 | Household RM'000 | Others RM'000 | Allowances for ECL RM'000 | Total RM'000 |
|--|---|--|-----------------------|----------------------------------|-----------------------------------|---------------------|------------------|---------------------------------|-----------------|
| Cash and short-term funds | 68,610 | 2,369,520 | - | - | - | - | - | (18) | 2,438,112 |
| Derivative financial assets | 18,881 | - | - | 1 | 76 | - | - | - | 18,958 |
| Financial assets at FVTPL | | | | | | | | | |
| <i>Money market securities</i> | - | 1,646,234 | - | - | - | - | - | - | 1,646,234 |
| <i>Unquoted sukuk</i> | 643,075 | - | - | - | - | - | - | - | 643,075 |
| Total financial assets at FVTPL | 643,075 | 1,646,234 | - | - | - | - | - | - | 2,289,309 |
| Financial investments at FVOCI | | | | | | | | | |
| <i>Money market securities</i> | 992,049 | 1,848,281 | - | - | - | - | - | - | 2,840,330 |
| <i>Unquoted sukuk</i> | 2,616,069 | - | 100,992 | - | 10,090 | - | 244,882 | - | 2,972,033 |
| Total financial investments at FVOCI | 3,608,118 | 1,848,281 | 100,992 | - | 10,090 | - | 244,882 | - | 5,812,363 |
| Financial investments at amortised cost | | | | | | | | | |
| <i>Money market securities</i> | - | 1,057,483 | - | - | - | - | - | - | 1,057,483 |
| <i>Unquoted sukuk</i> | 2,448,829 | - | - | 5,000 | - | - | 538,022 | - | 2,991,851 |
| <i>Allowances for ECL</i> | - | - | - | - | - | - | - | (475,845) | (475,845) |
| Total financial investments at amortised cost | 2,448,829 | 1,057,483 | - | 5,000 | - | - | 538,022 | (475,845) | 3,573,489 |
| Financing and advances | | | | | | | | | |
| <i>Retail banking</i> | 18,649 | - | 5,834 | 3,102 | 6,510 | 24,546,073 | - | - | 24,580,168 |
| <i>Wholesale banking</i> | 7,242,961 | - | 504,542 | 240,887 | 110,115 | - | - | - | 8,098,505 |
| <i>Business banking</i> | 10,698,444 | - | 2,389,249 | 1,147,115 | 274,767 | 14,235 | - | - | 14,523,810 |
| <i>Allowances for ECL</i> | - | - | - | - | - | - | - | (549,911) | (549,911) |
| Total financing and advances | 17,960,054 | - | 2,899,625 | 1,391,104 | 391,392 | 24,560,308 | - | (549,911) | 46,652,572 |
| Statutory deposit with Bank Negara Malaysia | - | 930,000 | - | - | - | - | - | - | 930,000 |
| Other financial assets | 414,844 | 152,518 | 191 | 78 | 74 | - | 2,308 | - | 570,013 |
| Commitments | 5,222,796 | 173,308 | 351,119 | 135,734 | 409,205 | 2,261,707 | - | - | 8,553,869 |
| Contingencies | 1,646,275 | - | 103,261 | 51,567 | 41,199 | 357 | - | - | 1,842,659 |
| Total commitments and contingencies | 6,869,071 | 173,308 | 454,380 | 187,301 | 450,404 | 2,262,064 | - | - | 10,396,528 |

50. RISK MANAGEMENT (CONT'D.)**50.2 CREDIT RISK MANAGEMENT (CONT'D.)****(ii) Geographical Analysis**

| 2026 | In Malaysia RM'000 | Outside Malaysia RM'000 | Total RM'000 |
|--|-----------------------------------|--|-------------------------|
| Cash and short-term funds | 2,791,740 | 33,670 | 2,825,410 |
| <i>Less: Allowances for ECL</i> | - | (7) | (7) |
| Total cash and short-term funds | <u>2,791,740</u> | <u>33,663</u> | <u>2,825,403</u> |
| Derivative financial assets | <u>22,410</u> | - | <u>22,410</u> |
| Financial assets at FVTPL | | | |
| <i>Money market securities</i> | 1,246,776 | - | 1,246,776 |
| <i>Unquoted sukuk</i> | 621,660 | - | 621,660 |
| Total financial assets at FVTPL | <u>1,868,436</u> | - | <u>1,868,436</u> |
| Financial investments at FVOCI | | | |
| <i>Money market securities</i> | 2,371,351 | - | 2,371,351 |
| <i>Unquoted sukuk</i> | 4,027,419 | - | 4,027,419 |
| Total financial investments at FVOCI | <u>6,398,770</u> | - | <u>6,398,770</u> |
| Financial investments at amortised cost | | | |
| <i>Money market securities</i> | 1,057,800 | - | 1,057,800 |
| <i>Unquoted sukuk</i> | 2,328,771 | - | 2,328,771 |
| <i>Less: Allowances for ECL</i> | (1,943) | - | (1,943) |
| Total financial investments at amortised cost | <u>3,384,628</u> | - | <u>3,384,628</u> |
| Financing and advances | | | |
| <i>Retail banking</i> | 25,109,000 | - | 25,109,000 |
| <i>Wholesale banking</i> | 10,066,962 | - | 10,066,962 |
| <i>Business banking</i> | 16,078,622 | - | 16,078,622 |
| <i>Less: Allowances for ECL</i> | (472,263) | - | (472,263) |
| Total financing and advances | <u>50,782,321</u> | - | <u>50,782,321</u> |
| Statutory deposit with Bank Negara Malaysia | <u>800,000</u> | - | <u>800,000</u> |
| Other financial assets | <u>1,049,826</u> | 1,396 | <u>1,051,222</u> |
| Commitments | 10,184,818 | - | 10,184,818 |
| Contingencies | 2,069,426 | - | 2,069,426 |
| Total commitments and contingencies | <u>12,254,244</u> | - | <u>12,254,244</u> |

50. RISK MANAGEMENT (CONT'D.)**50.2 CREDIT RISK MANAGEMENT (CONT'D.)****(ii) Geographical Analysis (Cont'd.)**

| 2025 | In Malaysia RM'000 | Outside Malaysia RM'000 | Total RM'000 |
|--|-----------------------------------|--|-------------------------|
| Cash and short-term funds | 2,369,520 | 68,610 | 2,438,130 |
| <i>Less: Allowances for ECL</i> | - | (18) | (18) |
| Total cash and short-term funds | <u>2,369,520</u> | <u>68,592</u> | <u>2,438,112</u> |
| Derivative financial assets | <u>18,958</u> | - | <u>18,958</u> |
| Financial assets at FVTPL | | | |
| <i>Money market securities</i> | 1,646,234 | - | 1,646,234 |
| <i>Unquoted sukuk</i> | 643,075 | - | 643,075 |
| Total financial assets at FVTPL | <u>2,289,309</u> | - | <u>2,289,309</u> |
| Financial investments at FVOCI | | | |
| <i>Money market securities</i> | 2,840,330 | - | 2,840,330 |
| <i>Unquoted sukuk</i> | 2,972,033 | - | 2,972,033 |
| Total financial investments at FVOCI | <u>5,812,363</u> | - | <u>5,812,363</u> |
| Financial investments at amortised cost | | | |
| <i>Money market securities</i> | 1,057,483 | - | 1,057,483 |
| <i>Unquoted sukuk</i> | 2,991,851 | - | 2,991,851 |
| <i>Less: Allowances for ECL</i> | (475,845) | - | (475,845) |
| Total financial investments at amortised cost | <u>3,573,489</u> | - | <u>3,573,489</u> |
| Financing and advances | | | |
| <i>Retail banking</i> | 24,580,168 | - | 24,580,168 |
| <i>Wholesale banking</i> | 8,098,505 | - | 8,098,505 |
| <i>Business banking</i> | 14,523,810 | - | 14,523,810 |
| <i>Less: Allowances for ECL</i> | (549,911) | - | (549,911) |
| Total financing and advances | <u>46,652,572</u> | - | <u>46,652,572</u> |
| Statutory deposit with Bank Negara Malaysia | <u>930,000</u> | - | <u>930,000</u> |
| Other financial assets | <u>570,013</u> | - | <u>570,013</u> |
| Commitments | 8,553,869 | - | 8,553,869 |
| Contingencies | 1,842,659 | - | 1,842,659 |
| Total commitments and contingencies | <u>10,396,528</u> | - | <u>10,396,528</u> |

50. RISK MANAGEMENT (CONT'D.)

50.2 CREDIT RISK MANAGEMENT (CONT'D.)

COLLATERAL AND OTHER CREDIT ENHANCEMENT

Collateral taken by the Bank

Collateral is generally taken as security for credit exposures as a secondary source of repayment in case the counterparty cannot meet its contractual payment obligations from cash flow generation. The collateral accepted for credit risk mitigation comprises financial collateral, real estate, other physical asset and guarantees.

The Bank can only accept Shariah-approved assets as permissible collateral. Notwithstanding, for specific products, a collateral that becomes non-Shariah compliant during the tenure of financing may continue to be maintained as collateral.

The Credit Risk Mitigation Policy is the internally recognised collateral framework for AMMB Group. Any collateral that does not conform to the requirements outlined in that policy may be considered by the relevant approval authority to be accepted and approved as an exception. For capital relief purposes, FIRB requirements set out in BNM's Capital Adequacy Framework are to be met, failing which no capital relief is to be accorded.

Processes for Collateral Management

The concept of legal enforceability and certainty are central to collateral management. In order to achieve legal enforceability and certainty, the Bank has standard collateral instruments, and where applicable, security interests are registered.

Guarantee Support

Guarantee support for financing proposals is an integral component in transaction structuring for the Bank. For Non-Retail portfolio, where a counterparty's corporate guarantor guarantees 100% of the credit facility, the credit risk rating of the counterparty is able to be substituted, subject to fulfilling certain stipulated conditions. Otherwise, if the stipulated conditions are met but the guarantee is less than 100%, the weighted-average method is able to be employed.

Under the FIRB Approach for non-retail, the Bank adopts the PD substitution approach whereby the exposure guaranteed by an eligible guarantor will substitute the PD of the counterparty in the computation of capital if the guarantor is internally rated and associated with a PD equivalent to BBB- or better. For retail exposures, guarantor is being considered as part of PD assessment.

Use of Credit Derivatives and Netting for Risk Mitigation

Currently, the Bank does not use credit derivatives and netting for risk mitigation.

50. RISK MANAGEMENT (CONT'D.)

50.2 CREDIT RISK MANAGEMENT (CONT'D.)

COLLATERAL AND OTHER CREDIT ENHANCEMENT (CONT'D.)

Transaction Structuring to Mitigate Credit Risk

Besides tangible security and guarantee support described above, credit risk mitigation techniques are used in structuring transactions. These include duration limits managing the tenure the financing, amortisation schedules and financing covenants. These assist in managing credit risk and providing early warning signals, to enable pre-emptive actions to protect the quality or recoverability of financing assets.

Concentrations of Credit Risk Mitigation

The Bank carefully monitors collateral concentrations via portfolio management reporting and amendments as necessary to its Risk Appetite Framework.

50. RISK MANAGEMENT (CONT'D.)

50.2 CREDIT RISK MANAGEMENT (CONT'D.)

Credit Quality

The credit quality of financial assets are analysed based on broad categories. Internal credit rating grades assigned to corporate and retail financing business are currently aligned to eight rating categories (seven for non-defaulted and one for those that have defaulted) in accordance with the Capital Adequacy Framework for Islamic Banks (Risk-Weighted Assets). The following categories based on the descriptions are appended below.

Description of the Categories for Retail Banking

| Risk Grade | Category | PD Range | Description |
|------------|----------------------|--------------------|---|
| 1 to 6 | Exceptionally Strong | 0.0001% to 0.0737% | <ul style="list-style-type: none"> • Exceptionally strong capacity and willingness to meet its financial commitments as evidenced by prompt repayment track record. • Exhibits very high degree of resilience to adverse development in view of its very established employment profile and track record. |
| 7 to 12 | Very Strong | 0.0738% to 0.5942% | <ul style="list-style-type: none"> • Very strong capacity and willingness to meet its financial commitments as evidenced by generally prompt repayment track record. • Exhibits high degree of resilience to adverse development in view of its established employment profile and track record. |
| 13 to 14 | Strong | 0.5943% to 1.0159% | <ul style="list-style-type: none"> • Exhibits willingness to meet its financial commitments as evidenced by good repayment track record. • Generally in a position to withstand adverse development in view of its favourable employment profile and track record. |

50. RISK MANAGEMENT (CONT'D.)

50.2 CREDIT RISK MANAGEMENT (CONT'D.)

Credit Quality (Cont'd.)

Description of the Categories for Retail Banking (Cont'd.)

| Risk Grade | Category | PD Range | Description |
|------------|--------------|---------------------|--|
| 15 to 16 | Satisfactory | 1.0160% to 2.2722% | <ul style="list-style-type: none"> • Adequate willingness to meet its financial commitments as evidenced by satisfactory repayment track record. • Generally in a position to resolve any apparent shortcoming within an acceptable time frame in view of its satisfactory employment profile and track record. |
| 17 to 18- | Moderate | 2.2723% to 4.1028% | <ul style="list-style-type: none"> • Willingness to meet its financial commitments would be uncertain in the event of adverse changes in circumstances and economic conditions as evidenced by generally satisfactory repayment track record. • Generally in a position to resolve any apparent shortcoming within an acceptable time frame in view of its moderate employment profile and track record. |
| 19+ to 20- | Marginal | 4.1029% to 8.2931% | <ul style="list-style-type: none"> • Willingness to meet its financial commitments would be uncertain under normal circumstances and economic conditions as generally evidenced by fair repayment track record. • Moderate employment profile and track record. |
| 21 to 24 | Substandard | 8.2932% to 99.9999% | <ul style="list-style-type: none"> • Exhibits less willingness to meet its financial commitments under normal circumstances and economic conditions as generally evidenced by poor repayment track record. • Unfavourable employment profile and track record. |

50. RISK MANAGEMENT (CONT'D.)

50.2 CREDIT RISK MANAGEMENT (CONT'D.)

Credit Quality (Cont'd.)

Description of the Categories for Retail Banking (Cont'd.)

| Risk Grade | Category | PD Range | Description |
|------------|----------|----------|--|
| 99 | Impaired | 100% | • Impaired account. Classified as impaired as per the prevailing policy/guideline. |

Description of the categories for Non-Retail Banking

| Credit Quality Classification | Description |
|-------------------------------|---|
| Exceptionally Strong | Highest rating, for exceptionally strong government institutions and a small number of very large multinational institutional clients. The key characteristics are:- <ul style="list-style-type: none"> - Exceptionally solid and stable operating and financial performance; - Debt servicing capacity has been exceptionally strong over the long term; - All available information, of which there is a substantial quantity of extremely high quality, supports the view that these historical performance standards will be maintained for the foreseeable future; and - Highly unlikely to be adversely affected by foreseeable events. |
| Very Strong | Strong government institutions or institutional clients, with identifiably higher, albeit modest, long term risk but still demonstrating solid and stable operating and financial performance. The key characteristics are:- <ul style="list-style-type: none"> - Based on their activities, financial profile and past capacity to repay, counterparties with this rating carry a small, but clearly identifiable degree of risk; and - Debt servicing capacity in previous period has been substantial and solid, and is projected to continue over the medium term but may be more vulnerable to changes in business, economic and financial conditions than is the case for stronger ratings. |

50. RISK MANAGEMENT (CONT'D.)

50.2 CREDIT RISK MANAGEMENT (CONT'D.)

Credit Quality (Cont'd.)

Description of the categories for Non-Retail Banking (Cont'd.)

| Credit Quality Classification | Description |
|-------------------------------|---|
| Strong | <p>Counterparties demonstrate medium to long-term operational and financial stability and consistency but they are identifiably susceptible to cyclical trends or variability in earnings. The key characteristics are:-</p> <ul style="list-style-type: none"> - Counterparties present an identifiable degree of generally acceptable risk, possibly expressing itself as variability in financial and/or operating performance; and - Debt servicing capacity is quite good but adverse changes in circumstances and economic conditions are more likely to impair this capacity. |
| Satisfactory | <p>Counterparties demonstrate adequate medium term operational and financial stability. Protection factors are considered sufficient for prudent investment. The key characteristics are:-</p> <ul style="list-style-type: none"> - Counterparties present a mostly satisfactory risk that requires mitigation, possibly expressing itself as variability in financial and/or operating performance; - Debt servicing capacity is satisfactory but adverse changes in circumstances and economic condition may impair this capacity; and - Counterparty's financial and/or non-financial profile provides a limited buffer to mitigate the negative impact of any future adverse changes in circumstances and economic conditions. |
| Moderate | <p>Counterparties demonstrate limited operational and financial stability and may have a track record of fluctuating and poor earnings and profitability evidencing their past susceptibility to cyclical trends. The key characteristics are:-</p> <ul style="list-style-type: none"> - Capacity for timely fulfillment of financial obligations exists; - Adverse economic condition or changing business environment is more likely to lead to weakened capacity to meet timely repayment in the long run; and - Overall credit quality may be more volatile within this category. |

50. RISK MANAGEMENT (CONT'D.)

50.2 CREDIT RISK MANAGEMENT (CONT'D.)

Credit Quality (Cont'd.)

Description of the categories for Non-Retail Banking (Cont'd.)

| Credit Quality Classification | Description |
|-------------------------------|---|
| Marginal | Counterparties demonstrate sustained operational and financial instability. The key characteristics are:- <ul style="list-style-type: none"> - Erratic performance with one or more recent loss periods, increased borrowings or patchy account conduct; - Debt servicing capacity is marginal; - Often under strong, sustained competitive pressure; - Variability and uncertainty in profitability and liquidity are projected to continue over the short and possibly medium term; and - Significant changes and instability in senior management may be observed. |
| Substandard | Lowest rating for counterparties that continuously demonstrate operational and financial instability. The key characteristics are:- <ul style="list-style-type: none"> - Mediocre financials with consistent loss periods, increased borrowings and/or poor account conduct; - Current and expected debt servicing capacity is inadequate; - Financial solvency is questionable and/or financial structure is weak; - Deteriorating state of business and require significant changes in strategies or practices to return business to sustainable state; and - Experiencing difficulties, which may result in default in the next one to two years. |
| Impaired | Impaired account. The key characteristic is that the counterparty has been classified as “impaired” as per the prevailing policy/guidelines. |

50. RISK MANAGEMENT (CONT'D.)

50.2 CREDIT RISK MANAGEMENT (CONT'D.)

Impairment

The relevant governance for the respective Line of Businesses are established to align with the MFRS Accounting Standards and related BNM's standards/guidelines. In general, an asset is considered impaired when:-

- (a) the obligor has breached its contractual payment obligations and past due for more than 90 days; or
- (b) as soon as default occurs where the principal and/or profit payments are scheduled on intervals of 3 months or longer; or
- (c) other impairment indicators stipulated in the relevant guidelines.

Impaired accounts which undergo restructuring/rescheduling will continue to be impaired for at least 6 months.

AMMB Group Provisioning Methodology

The AMMB Group's provisioning methodology complies with MFRS 9 where the AMMB Group recognises ECL at all times to reflect changes in the credit risk of a financial instrument. The methodology incorporates historical, current and forecasted information into ECL estimation. Consequently, more timely information is required to be provided about ECL.

MFRS 9 applies to all financial assets classified as amortised cost and FVOCI, lease receivables, trade receivables, and commitments to lend money and financial guarantee contracts.

Except for POCI financial assets, financial assets are classified into 3 stages based on the changes in credit risk since initial recognition. The Bank calculates 12-month ECL for Stage 1, Lifetime ECL for Stage 2, Stage 3 and POCI exposures.

50. RISK MANAGEMENT (CONT'D.)

50.2 CREDIT RISK MANAGEMENT (CONT'D.)

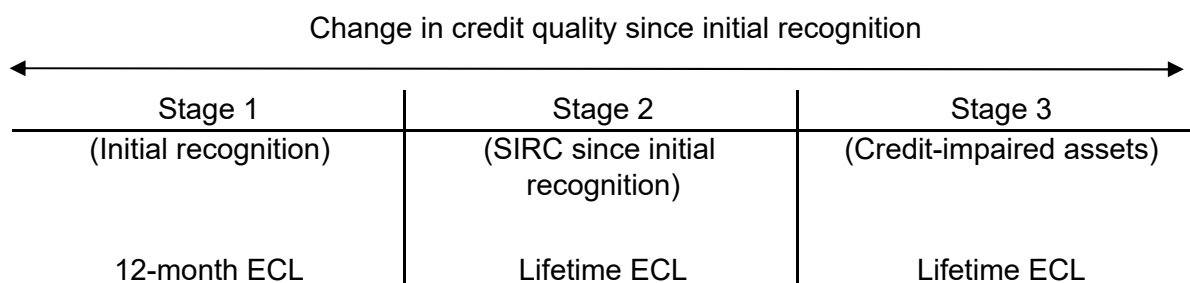
Impairment (Cont'd.)

AMMB Group Provisioning Methodology (Cont'd.)

- (i) Stage 1 : For performing financial assets which credit risk had not been significantly increased since initial recognition.
- (ii) Stage 2 : For underperforming financial assets which credit risk had significantly increased since initial recognition.
- (iii) Stage 3 : For financial assets which are credit impaired subsequent to initial recognition.
- (iv) POCI : For financial assets which are credit-impaired on initial recognition.

Measurement of ECL

The following diagram summarises the impairment requirements under MFRS 9 (other than POCI financial assets):



ECL can be assessed individually or collectively. Financial assets that are not individually significant or not individually credit-impaired are collectively assessed. For financial assets that are individually significant, an assessment is performed to determine whether objective evidence of impairment exists individually.

Individual assessment is divided into two main processes - trigger assessment and measurement of impairment loss. Financial assets which are triggered by the impairment triggers will be measured for evidence of high likelihood of impairment, i.e. estimated recoveries (based on the discounted cash flow projection method and taking into account economic conditions) is less than carrying value.

50. RISK MANAGEMENT (CONT'D.)

50.2 CREDIT RISK MANAGEMENT (CONT'D.)

Impairment (Cont'd.)

Measurement of ECL (Cont'd.)

The key judgements and assumptions adopted by the Bank in addressing the requirements of the standard are discussed below.

Significant increase in credit risk ("SICR")

The Bank considers a financial instrument to have experienced a SICR when it is more than 30 days past due on its contractual payments or when a quantitative and qualitative analysis, based on the Bank's historical experience, expert credit assessment and forward-looking information indicates as such. The requirement is to calculate remaining lifetime ECL at the reporting date when the financial instrument experienced SICR, compared to 12-month ECL calculation when exposure was initially recognised.

(i) Quantitative

Each exposure is allocated to a credit risk grade at initial recognition based on a variety of data that is determined to be predictive of the risk of default and experienced credit judgement about the customer. Factors determining credit risk grades vary depending on nature of exposures and type of customers. Exposures are subject to ongoing monitoring, which may result in an exposure being moved to a different credit risk grade. There are 4 risk bands i.e. low risk, medium risk, high risk and very high risk whereby movements to a poorer band may result in SICR.

(ii) Qualitative

The Bank may determine that an exposure has undergone a SICR experience using its expert credit risk judgement and where possible, relevant historical experience based on qualitative indicators specified by the Bank's watchlist criteria that it considers as such and whose effect may not otherwise be fully reflected in quantitative analysis on a timely basis.

In relation to non-retail financial instruments, where a watchlist is used to monitor credit risk, this assessment is performed at the counterparty customer basis. The criteria used to identify SICR are monitored and reviewed periodically for appropriateness by the Wholesale Credit Risk team and Business Credit Risk team.

The assessment of SICR incorporates forward-looking information and is performed on a monthly basis at a portfolio level for all financial instruments held by the Bank.

50. RISK MANAGEMENT (CONT'D.)

50.2 CREDIT RISK MANAGEMENT (CONT'D.)

Impairment (Cont'd.)

Measurement of ECL (Cont'd.)

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, when it meets one or more of the following criteria:

(i) Quantitative criteria

- (a) The customer is considered in default if its contractual payments is more than 90 days past due;
- (b) as soon as default occurs where the principal and/or profit payments are scheduled on intervals of 3 months or longer; or
- (c) other impairment indicators stipulated in the relevant guidelines.

(ii) Qualitative criteria

The customer meets unlikeliness to pay criteria, which indicates the customer is in significant financial difficulty. These include instances where:

- the customer has ceased operations due to financial distress;
- the customer/corporate guarantor is classified as PN16/PN17/GN3 by Bursa Malaysia;
- a winding up petition has been lodged against customer;
- bankruptcy proceeding has been initiated by creditors/other lenders; or
- a Receiver and Manager has been appointed.

The quantitative criteria above have been applied to all financial instruments held by the Bank while the qualitative criteria mainly applicable to non-retail portfolio and are consistent with the definition of default used for internal credit risk management purposes. The default definition has been applied consistently to model the EAD, PD and LGD throughout the Bank's expected loss calculations.

An instrument is considered to no longer be in default (i.e. to have cured) when it no longer meets the quantitative default criteria.

For non-retail portfolio, reclassification to performing status can be considered subject to the following:

- Satisfactory conduct of the counterparty's payment conduct for at least a 6-month observation period;
- Assessment of the viability of the customer's business; or
- All arrears are settled/regularised.

50. RISK MANAGEMENT (CONT'D.)

50.2 CREDIT RISK MANAGEMENT (CONT'D.)

Impairment (Cont'd.)

Measurement of ECL (Cont'd.)

Measuring ECL – Explanation of inputs, assumptions and estimation techniques

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

- PD;
- LGD; and
- EAD.

or

- Historical Loss Rate ("LR")

These parameters are generally derived from internally developed statistical models and other historical data. They are adjusted to reflect forward-looking information.

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.

Credit risk grades are a primary input in the determination of PD term structure for exposures. If a counterparty or exposure migrates between rating grades, then this will lead to a change in associated PD. The Bank collects performance and default information about its credit risk exposures analysed by portfolio.

LGD is the magnitude of the likely loss if there is a default. The Bank estimates LGD parameters based on history of recovery rates of claims against defaulted counterparties. The LGD models consider the structure, collateral, seniority of the claim, counterparty industry, and recovery costs of any collateral that is integral to the financial asset. They are calculated on a discounted cash flow basis using the EPR as the discount factor.

EAD represents the expected exposure in the event of 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 an on-balance sheet asset is its gross carrying amount. For lending commitments and financial guarantees, the EAD includes the amount drawn, and potential future amounts that may be drawn under the contract, which are estimated based on historical observations and forward-looking forecasts.

Historical LR represents the past record of average loss experience for financial assets of similar classes.

50. RISK MANAGEMENT (CONT'D.)

50.2 CREDIT RISK MANAGEMENT (CONT'D.)

Impairment (Cont'd.)

Measurement of ECL (Cont'd.)

Forward-looking information incorporated in the ECL models

The measurement of ECL also takes into account the expected credit condition over the remaining life of the financial assets. Forward-looking models are built based on statistical relationship established between Observed Default Rate ("ODR") and Macroeconomic Variables ("MEVs").

This analysis includes the identification and calibration of relationships between changes in default rates and to the MEVs. Examples of key macroeconomic indicators include Gross Domestic Product ("GDP") growth, Consumer Price Index ("CPI"), House Price Index ("HPI"), foreign exchange (USD/MYR) and Brent Crude Oil Price.

Three scenarios are projected for forward-looking namely base case, optimistic and pessimistic which requires management judgement of the economic situation i.e. normal, bullish or downturn. A weightage is applied to the scenarios to produce an appropriate forward-looking ECL to best reflect the forward-looking economic outlook.

Key variables/assumptions for ECL calculations

The recognition and measurement of ECL is highly complex and involves the use of significant judgement and estimation. This includes establishing the forward-looking macroeconomic conditions into ECL as required under MFRS 9. The allowances for ECL are sensitive to the inputs used and economic assumptions underlying the estimate.

The following table shows the forecast of key economic variables used in forward-looking models for ECL calculations for financial year ended 31 March 2026 and 31 March 2025.

31 March 2026

| Macroeconomic Variable List | Forward-Looking Scenario | Assigned Probabilities (%) | 2026 | 2027 | 2028 | 2029 | 2030 |
|------------------------------------|--------------------------|----------------------------|-------|-------|-------|-------|-------|
| Consumer Price Index (%) | Base | 60% | 1.78 | 2.15 | 1.86 | 1.78 | 1.74 |
| | Optimistic | 0% | 2.06 | 2.42 | 2.10 | 2.01 | 1.96 |
| | Pessimistic | 40% | 1.51 | 1.83 | 1.58 | 1.51 | 1.48 |
| GDP Growth (%) | Base | 60% | 4.55 | 4.63 | 5.00 | 5.20 | 5.10 |
| | Optimistic | 0% | 5.00 | 5.09 | 5.50 | 5.72 | 5.61 |
| | Pessimistic | 40% | 3.87 | 3.94 | 4.25 | 4.42 | 4.33 |
| House Price Index (%) | Base | 60% | 1.46 | 2.30 | 2.99 | 3.28 | 3.09 |
| | Optimistic | 0% | 2.07 | 3.01 | 3.72 | 4.06 | 3.82 |
| | Pessimistic | 40% | 0.95 | 1.80 | 2.34 | 2.79 | 2.62 |
| USD/MYR Exchange Rate | Base | 60% | 4.00 | 4.05 | 4.19 | 4.20 | 4.20 |
| | Optimistic | 0% | 3.40 | 3.44 | 3.56 | 3.57 | 3.57 |
| | Pessimistic | 40% | 4.40 | 4.45 | 4.61 | 4.62 | 4.62 |
| Brent Crude Oil Price (USD/barrel) | Base | 60% | 63.34 | 64.71 | 65.25 | 65.38 | 65.38 |
| | Optimistic | 0% | 69.67 | 71.18 | 71.77 | 71.92 | 71.92 |
| | Pessimistic | 40% | 53.84 | 55.00 | 55.46 | 55.57 | 55.57 |

50. RISK MANAGEMENT (CONT'D.)**50.2 CREDIT RISK MANAGEMENT (CONT'D.)****Impairment (Cont'd.)****Key variables/assumptions for ECL calculations (Cont'd.)****31 March 2025**

| Macroeconomic Variable List | Forward-Looking Scenario | Assigned Probabilities (%) | 2025 | 2026 | 2027 | 2028 | 2029 |
|------------------------------------|--------------------------|----------------------------|-------|-------|-------|-------|-------|
| Consumer Price Index (%) | Base | 60% | 2.51 | 2.98 | 2.50 | 2.28 | 2.18 |
| | Optimistic | 10% | 2.76 | 3.28 | 2.75 | 2.50 | 2.39 |
| | Pessimistic | 30% | 2.13 | 2.53 | 2.13 | 1.93 | 1.85 |
| GDP Growth (%) | Base | 60% | 4.65 | 4.35 | 4.43 | 4.75 | 4.63 |
| | Optimistic | 10% | 5.12 | 4.79 | 4.87 | 5.23 | 5.09 |
| | Pessimistic | 30% | 3.95 | 3.70 | 3.76 | 4.04 | 3.93 |
| House Price Index (%) | Base | 60% | 2.99 | 3.11 | 3.43 | 3.25 | 3.03 |
| | Optimistic | 10% | 3.29 | 3.42 | 3.77 | 3.57 | 3.33 |
| | Pessimistic | 30% | 2.54 | 2.64 | 2.92 | 2.76 | 2.58 |
| USD/MYR Exchange Rate | Base | 60% | 4.49 | 4.43 | 4.38 | 4.34 | 4.32 |
| | Optimistic | 10% | 3.81 | 3.76 | 3.72 | 3.69 | 3.68 |
| | Pessimistic | 30% | 4.94 | 4.87 | 4.82 | 4.77 | 4.76 |
| Brent Crude Oil Price (USD/barrel) | Base | 60% | 77.07 | 74.59 | 74.23 | 82.19 | 83.74 |
| | Optimistic | 10% | 84.77 | 82.05 | 81.65 | 90.41 | 92.12 |
| | Pessimistic | 30% | 65.51 | 63.40 | 63.09 | 69.86 | 71.18 |

(Yearly values = average of forecasted quarterly values).

Write-off Governance**(i) Stage 1 write-off**

The Bank may partially/fully write-off on financial assets where the receivables is deemed uncollectable and full recovery is not possible taking proceeds from value of securities or where customer has been allowed time to repay on negotiated settlement basis. The outstanding contractual amounts of such assets written off during the current financial year was RM214.6 million (31 March 2025: RM234.6 million). The Bank still seeks legal recovery action, as such, credit exposures for these continue unabated.

(ii) Stage 2 write-off

The Bank write-off financial assets in whole when it has exhausted all necessary recovery actions against credit exposures and there is minimal prospect of recovery and/or further recovery is not economical, then the credit exposures will be written off from both the general ledger and subsidiary ledger.

50. RISK MANAGEMENT (CONT'D.)

50.2 CREDIT RISK MANAGEMENT (CONT'D.)

Impairment (Cont'd.)

Modified Financial Assets

The Bank sometimes modifies the terms of financing provided to customers due to commercial renegotiations, or for distressed financing, with a view to maximising recovery.

Such restructuring activities include extended payment term arrangements, payment holidays and payment forgiveness. Restructuring governance and practices are based on indicators or criteria which, in the judgement of management, indicate that payment will most likely continue. These governances are kept under continuous review.

The risk of default of such assets after modification is assessed at the reporting date and compared with the risk under the original terms at initial recognition. The Bank then monitors the subsequent performance of modified assets. The Bank may determine that the credit risk has significantly improved after restructuring and if so, the assets are moved from Stage 2 - Lifetime ECL not credit-impaired or Stage 3 - Lifetime ECL credit-impaired to Stage 1 - 12-month ECL or Stage 2 - Lifetime ECL not credit-impaired as per AMMB Group's internal SICR criteria. This is only the case for assets which have performed in accordance with the new terms for at least six consecutive months or more.

The following table includes summary information for financial assets whose cash flows were modified during the financial year as part of the Bank's restructuring activities and their respective effect on the Bank's financial performance:

| | 2026 | 2025 |
|--|---------------|---------------|
| | RM'000 | RM'000 |
| Financing and advances | | |
| Amortised cost before modification | 399,456 | 123,296 |
| Net modification gain included under profit income | <u>322</u> | <u>488</u> |

50. RISK MANAGEMENT (CONT'D.)

50.2 CREDIT RISK MANAGEMENT (CONT'D.)

Credit Quality By Class of Financial Assets

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.

Financial investments at FVOCI

| | Stage 1 | Stage 2 | |
|--------------------------|------------------|---------------------|------------------|
| | 12-month | Lifetime ECL | |
| | ECL | not credit- | |
| | RM'000 | impaired | Total |
| | | RM'000 | RM'000 |
| 2026 | | | |
| Risk grade | | | |
| Exceptionally strong | 3,359,530 | 39,981 | 3,399,511 |
| Very strong | 2,455,839 | - | 2,455,839 |
| Strong | 543,420 | - | 543,420 |
| Gross exposure | <u>6,358,789</u> | 39,981 | <u>6,398,770</u> |
| Less: Allowances for ECL | (4,106) | - | (4,106) |
| Net exposure | <u>6,354,683</u> | 39,981 | <u>6,394,664</u> |
| 2025 | | | |
| Risk grade | | | |
| Exceptionally strong | 2,914,054 | - | 2,914,054 |
| Very strong | 2,445,839 | - | 2,445,839 |
| Strong | 452,470 | - | 452,470 |
| Gross exposure | <u>5,812,363</u> | - | <u>5,812,363</u> |
| Less: Allowances for ECL | (4,714) | - | (4,714) |
| Net exposure | <u>5,807,649</u> | - | <u>5,807,649</u> |

50. RISK MANAGEMENT (CONT'D.)

50.2 CREDIT RISK MANAGEMENT (CONT'D.)

Credit Quality By Class of Financial Assets (Cont'd.)

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. (Cont'd.)

Financial investments at amortised cost

| | Stage 1 | Stage 3 | POCI | |
|--------------------------|------------------|-----------------|-----------------|------------------|
| | 12-month | Lifetime | Lifetime | |
| | ECL | ECL | ECL | |
| | RM'000 | credit- | credit- | Total |
| | | impaired | impaired | RM'000 |
| | | RM'000 | RM'000 | |
| 2026 | | | | |
| Risk grade | | | | |
| Exceptionally strong | 1,437,786 | - | - | 1,437,786 |
| Very strong | 700,090 | - | - | 700,090 |
| Strong | 1,154,645 | - | - | 1,154,645 |
| Impaired | - | - | 94,050* | 94,050 |
| Gross exposure | 3,292,521 | - | 94,050 | 3,386,571 |
| Less: Allowances for ECL | (1,923) | - | (20) | (1,943) |
| Net exposure | 3,290,598 | - | 94,030 | 3,384,628 |
| 2025 | | | | |
| Risk grade | | | | |
| Exceptionally strong | 1,437,468 | - | - | 1,437,468 |
| Very strong | 1,104,859 | - | - | 1,104,859 |
| Strong | 969,602 | - | - | 969,602 |
| Impaired | - | 537,405 | - | 537,405 |
| Gross exposure | 3,511,929 | 537,405 | - | 4,049,334 |
| Less: Allowances for ECL | (2,392) | (473,453) | - | (475,845) |
| Net exposure | 3,509,537 | 63,952 | - | 3,573,489 |

* The Bank recognised expected credit losses of RM180.1 million on the POCI assets at origination.

50. RISK MANAGEMENT (CONT'D.)

50.2 CREDIT RISK MANAGEMENT (CONT'D.)

Credit Quality By Class of Financial Assets (Cont'd.)

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. (Cont'd.)

Financing and advances

| | Stage 1 | Stage 2 | Stage 3 | |
|---|-----------------|-----------------|-----------------|---------------|
| | 12-month | Lifetime | Lifetime | Total |
| | ECL | ECL not | ECL | |
| | RM'000 | credit- | credit- | RM'000 |
| | | impaired | impaired | RM'000 |
| | | RM'000 | RM'000 | |
| 2026 | | | | |
| Risk grade | | | | |
| Exceptionally strong | 2,946,426 | - | - | 2,946,426 |
| Very strong | 19,707,931 | 58,102 | - | 19,766,033 |
| Strong | 8,730,991 | 99,119 | - | 8,830,110 |
| Satisfactory | 9,484,245 | 676,533 | - | 10,160,778 |
| Moderate | 2,409,769 | 418,483 | - | 2,828,252 |
| Marginal | 705,297 | 281,666 | - | 986,963 |
| Substandard | 3,000,960 | 1,985,410 | - | 4,986,370 |
| Impaired | - | - | 739,737 | 739,737 |
| Impaired (with cash received from Credit Guarantee Corporation Malaysia Berhad) | - | - | 9,915 | 9,915 |
| Gross exposure | 46,985,619 | 3,519,313 | 749,652 | 51,254,584 |
| Less: Allowances for ECL | (105,083) | (218,703) | (148,477) | (472,263) |
| Net exposure | 46,880,536 | 3,300,610 | 601,175 | 50,782,321 |
| 2025 | | | | |
| Risk grade | | | | |
| Exceptionally strong | 2,521,678 | - | - | 2,521,678 |
| Very strong | 20,952,539 | 115,177 | - | 21,067,716 |
| Strong | 7,593,330 | 221,408 | - | 7,814,738 |
| Satisfactory | 8,617,915 | 239,809 | - | 8,857,724 |
| Moderate | 2,369,439 | 421,105 | - | 2,790,544 |
| Marginal | 422,545 | 318,836 | - | 741,381 |
| Substandard | 730,883 | 2,053,640 | - | 2,784,523 |
| Impaired | - | - | 624,179 | 624,179 |
| Gross exposure | 43,208,329 | 3,369,975 | 624,179 | 47,202,483 |
| Less: Allowances for ECL | (105,174) | (301,921) | (142,816) | (549,911) |
| Net exposure | 43,103,155 | 3,068,054 | 481,363 | 46,652,572 |

50. RISK MANAGEMENT (CONT'D.)

50.2 CREDIT RISK MANAGEMENT (CONT'D.)

Credit Quality By Class of Financial Assets (Cont'd.)

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. (Cont'd.)

Other financial assets (using simplified approach)

| | Lifetime ECL not credit- impaired RM'000 | Lifetime ECL credit- impaired RM'000 | Total RM'000 |
|----------------------|---|---|-------------------------|
| 2026 | | | |
| Risk grade | | | |
| Exceptionally strong | 141,938 | - | 141,938 |
| Very strong | 893,622 | - | 893,622 |
| Strong | 15,292 | - | 15,292 |
| Unrated | 329 | - | 329 |
| Impaired | - | 41 | 41 |
| Net exposure | 1,051,181 | 41 | 1,051,222 |
| 2025 | | | |
| Risk grade | | | |
| Exceptionally strong | 163,970 | - | 163,970 |
| Very strong | 379,307 | - | 379,307 |
| Strong | 14,440 | - | 14,440 |
| Unrated | 930 | - | 930 |
| Impaired | - | 11,366 | 11,366 |
| Net exposure | 558,647 | 11,366 | 570,013 |

50. RISK MANAGEMENT (CONT'D.)

50.2 CREDIT RISK MANAGEMENT (CONT'D.)

Credit Quality By Class of Financial Assets (Cont'd.)

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. (Cont'd.)

Financing commitments and financial guarantee contracts

| | Stage 1 | Stage 2 | Stage 3 | |
|--------------------------|-----------------|-----------------|-----------------|---------------|
| | 12-month | Lifetime | Lifetime | Total |
| | ECL | ECL not | ECL | |
| | RM'000 | credit- | credit- | RM'000 |
| | | impaired | impaired | RM'000 |
| | | RM'000 | RM'000 | |
| 2026 | | | | |
| Risk grade | | | | |
| Exceptionally strong | 1,608,333 | - | - | 1,608,333 |
| Very strong | 4,092,652 | 85,263 | - | 4,177,915 |
| Strong | 3,011,813 | 54,690 | - | 3,066,503 |
| Satisfactory | 2,036,229 | 168,637 | - | 2,204,866 |
| Moderate | 347,902 | 28,766 | - | 376,668 |
| Marginal | 106,415 | 39,944 | - | 146,359 |
| Substandard | 575,552 | 63,302 | - | 638,854 |
| Impaired | - | - | 24,620 | 24,620 |
| Gross exposure | 11,778,896 | 440,602 | 24,620 | 12,244,118 |
| Less: Allowances for ECL | (13,258) | (3,010) | (3,391) | (19,659) |
| Net exposure | 11,765,638 | 437,592 | 21,229 | 12,224,459 |
| 2025 | | | | |
| Risk grade | | | | |
| Exceptionally strong | 636,458 | - | - | 636,458 |
| Very strong | 4,825,550 | 9,146 | - | 4,834,696 |
| Strong | 2,299,727 | 35,384 | - | 2,335,111 |
| Satisfactory | 1,309,242 | 101,169 | - | 1,410,411 |
| Moderate | 344,599 | 127,810 | - | 472,409 |
| Marginal | 75,527 | 91,114 | - | 166,641 |
| Substandard | 234,665 | 108,472 | - | 343,137 |
| Impaired | - | - | 24,357 | 24,357 |
| Gross exposure | 9,725,768 | 473,095 | 24,357 | 10,223,220 |
| Less: Allowances for ECL | (11,006) | (4,148) | (4,318) | (19,472) |
| Net exposure | 9,714,762 | 468,947 | 20,039 | 10,203,748 |

50. RISK MANAGEMENT (CONT'D.)

50.2 CREDIT RISK MANAGEMENT (CONT'D.)

Credit Quality By Class of Financial Assets (Cont'd.)

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. (Cont'd.)

| Stage 1 | Cash and short-term funds RM'000 | Statutory deposit with Bank Negara Malaysia RM'000 |
|--------------------------|---|---|
| 2026 | | |
| Risk grade | | |
| Exceptionally strong | 2,825,410 | 800,000 |
| Gross exposure | <u>2,825,410</u> | <u>800,000</u> |
| Less: Allowances for ECL | (7) | - |
| Net exposure | <u>2,825,403</u> | <u>800,000</u> |
| 2025 | | |
| Risk grade | | |
| Exceptionally strong | 2,437,830 | 930,000 |
| Very strong | 300 | - |
| Gross exposure | <u>2,438,130</u> | <u>930,000</u> |
| Less: Allowances for ECL | (18) | - |
| Net exposure | <u>2,438,112</u> | <u>930,000</u> |

50. RISK MANAGEMENT (CONT'D.)

50.2 CREDIT RISK MANAGEMENT (CONT'D.)

Credit Quality By Class of Financial Assets (Cont'd.)

Maximum exposure to credit risk - financial instruments not subject to impairment.

The table below shows the credit quality of financial assets measured at FVTPL:

| Stage 1 | Financial assets at FVTPL RM'000 | Derivative financial assets RM'000 |
|----------------------------|---|---|
| 2026 | | |
| Risk grade | | |
| Exceptionally strong | 1,357,629 | 1,522 |
| Very strong | 510,807 | 18,517 |
| Strong | - | 1,597 |
| Satisfactory | - | 766 |
| Moderate | - | 8 |
| Net carrying amount | <u>1,868,436</u> | <u>22,410</u> |
| 2025 | | |
| Risk grade | | |
| Exceptionally strong | 1,646,234 | 10,484 |
| Very strong | 593,201 | 7,401 |
| Strong | 49,874 | 679 |
| Satisfactory | - | 231 |
| Moderate | - | 163 |
| Net carrying amount | <u>2,289,309</u> | <u>18,958</u> |

50. RISK MANAGEMENT (CONT'D.)

50.2 CREDIT RISK MANAGEMENT (CONT'D.)

Estimated value of collateral for financial assets

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

The following table summarises the financial effects of collateral received from financing and advances:

| | Gross exposure to credit risk | | Financial effects of collateral | | Unsecured portion of credit exposure | |
|-------------------------------------|--------------------------------------|-------------------|--|-------------------|---|-------------------|
| | 2026 | 2025 | 2026 | 2025 | 2026 | 2025 |
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| Gross financing and advances | | | | | | |
| Retail banking | 25,109,000 | 24,580,168 | 23,339,688 | 22,625,630 | 1,769,312 | 1,954,538 |
| Wholesale banking | 10,066,962 | 8,098,505 | 5,463,352 | 3,535,987 | 4,603,610 | 4,562,518 |
| Business banking | 16,078,622 | 14,523,810 | 9,350,933 | 9,083,690 | 6,727,689 | 5,440,120 |
| Total | 51,254,584 | 47,202,483 | 38,153,973 | 35,245,307 | 13,100,611 | 11,957,176 |

50. RISK MANAGEMENT (CONT'D.)

50.2 CREDIT RISK MANAGEMENT (CONT'D.)

Collateral Repossessed

There was no collateral taken into possession during the financial year and held as at the end of the financial year.

Collateral held for credit-impaired financial assets

The Bank closely monitors collateral held for financial assets considered to be credit-impaired, as it becomes more likely that the Bank will take possession of collateral to mitigate potential credit losses. Financial assets that are credit-impaired and related collateral held in order to mitigate potential losses are shown below:

| | Gross exposure RM'000 | Impairment allowances RM'000 | Carrying amount RM'000 | Fair value of collateral RM'000 |
|---|--------------------------|---------------------------------|---------------------------|------------------------------------|
| 2026 | | | | |
| Credit-impaired financial assets | | | | |
| Financing and advances | | | | |
| Retail banking | 455,129 | 94,072 | 361,057 | 421,675 |
| Wholesale banking | 35,175 | 2,273 | 32,902 | 34,747 |
| Business banking | 249,433 | 52,132 | 197,301 | 228,716 |
| Total credit-impaired financial assets | <u>739,737</u> | <u>148,477</u> | <u>591,260</u> | <u>685,138</u> |
| 2025 | | | | |
| Credit-impaired financial assets | | | | |
| Financing and advances | | | | |
| Retail banking | 386,692 | 83,137 | 303,555 | 361,631 |
| Wholesale banking | 58,620 | 19,741 | 38,879 | 36,837 |
| Business banking | 178,867 | 39,938 | 138,929 | 147,529 |
| Total credit-impaired financial assets | <u>624,179</u> | <u>142,816</u> | <u>481,363</u> | <u>545,997</u> |

50. RISK MANAGEMENT (CONT'D.)

50.2 CREDIT RISK MANAGEMENT (CONT'D.)

Overlays and adjustments for ECL continues, stemming from emerging risks on the Consumer and BB-EB portfolios as well as exposure to vulnerable customers

Management overlay has been provided in anticipation of potential deterioration of credit risk for financing for vulnerable/high risk customers.

The overlays adjustments were generally made to specific customers and at portfolio level in determining the sufficient level of ECL.

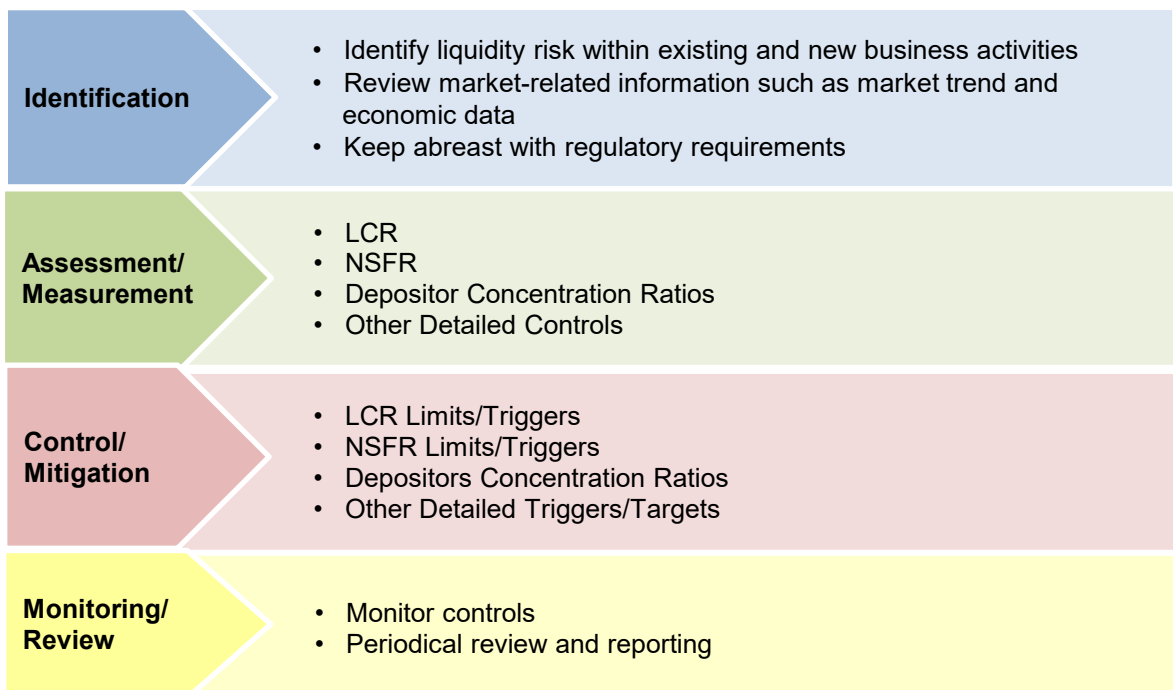
The overlays adjustments as at 31 March 2026 amounted RM74.3 million (31 March 2025: RM130.5 million).

50. RISK MANAGEMENT (CONT'D.)

50.3 LIQUIDITY RISK AND FUNDING MANAGEMENT

Liquidity risk is the risk that the organisation either does not have sufficient financial resources available to meet all its obligations and commitments as they fall due, or can only access these financial resources at an unreasonable cost. Liquidity risk exposure arises mainly from the deposit taking and financing activities and market disruption, and to a lesser extent, significant drawdown of funds from previously contracted financing and purchase commitments. Funding management is the ongoing ability to raise sufficient funds to finance actual and proposed business activities at a reasonable cost. Improper funding risk management may lead to liquidity problem. On the other hand, insufficient liquidity risk management may also give rise to funding risk.

The liquidity risk management process is depicted in the table below:



The liquidity risk management of the Bank is aligned to the Liquidity Risk policy document, LCR policy document and NSFR policy document issued by BNM. The primary objective of the Bank's liquidity risk management is to ensure the availability of sufficient funds at a reasonable cost to honour all financial commitments when they fall due. This objective is partly managed through maintenance of a portfolio of high-quality liquid assets to protect against adverse funding conditions and support day-to-day operations. The secondary objective is to ensure an optimal funding structure and to balance the key liquidity risk management objectives, which includes diversification of funding sources, customer base and maturity period.

50. RISK MANAGEMENT (CONT'D.)

50.3 LIQUIDITY RISK AND FUNDING MANAGEMENT (CONT'D.)

The Board provides the liquidity risk management oversight including setting and reviewing the liquidity risk appetite while GALCO is the core management committee established by the Board to oversee the overall liquidity management of the Bank.

The Bank has put in place a Contingency Funding Plan which is established by Capital and Balance Sheet Management ("CBSM") to identify early warning signals of possible liquidity problem. The Contingency Funding Plan also sets out the detailed responsibilities among the relevant departments in the event of actual liquidity crises occurring to ensure orderly execution of procedures to restore the liquidity position and confidence in the organisation.

Various liquidity measurements have been put in place to support the broader strategic objectives of the Bank and amongst others include the BNM LCR, BNM NSFR and other Liquidity Ratios such as Depositor Concentration Ratio. Investment Banking and Markets Risk ("IBMR") is responsible for developing and monitoring the controls and limits while the Group Treasury and Markets ("GTM") and CBSM are responsible to ensure the controls and limits are within the thresholds.

Stress testing is undertaken to assess and plan for the impact for various scenarios which may put the Bank's liquidity at risk. The Bank further stresses the importance of the stable funding sources to finance lending and financing to customers. They are monitored using the financing to funds ratio, which compares financing and advances to customers as a percentage of the Bank's total funds.

50. RISK MANAGEMENT (CONT'D.)**50.3 LIQUIDITY RISK AND FUNDING MANAGEMENT (CONT'D.)****Analysis of Assets and Liabilities By Remaining Contractual Maturities as per requirement of BNM's policy document *Financial Reporting***

| 2026 | Up to 1 month | >1 month to 3 months | >3 months to 6 months | >6 months to 12 months | >1 year to 5 years | Over 5 years | No maturity specified | Total |
|---|---------------------|-------------------------|--------------------------|---------------------------|-----------------------|-------------------|--------------------------|-------------------|
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| Assets | | | | | | | | |
| Cash and short-term funds | 2,825,403 | - | - | - | - | - | - | 2,825,403 |
| Derivative financial assets | 5,668 | 6,110 | 7,539 | 2,787 | 306 | - | - | 22,410 |
| Financial assets at FVTPL | 100,789 | 357,987 | 470,924 | - | 800,409 | 138,327 | - | 1,868,436 |
| Financial investments at FVOCI | 40,008 | 245,376 | 647,076 | 692,931 | 3,385,199 | 1,388,180 | 49,921 | 6,448,691 |
| Financial investments at amortised cost | - | - | 100,887 | - | 1,416,725 | 1,867,016 | - | 3,384,628 |
| Financing and advances | 715,821 | 24,590 | 120,973 | 11,831,812 | 6,050,295 | 32,038,830 | - | 50,782,321 |
| Statutory deposit with Bank Negara Malaysia | - | - | - | - | - | 800,000 | - | 800,000 |
| Deferred tax assets | - | - | - | - | - | - | 49,252 | 49,252 |
| Other assets | 922,837 | 24,429 | 27,113 | 8,442 | 38,157 | 24,669 | 82,309 | 1,127,956 |
| Property and equipment | - | - | - | - | - | - | 482 | 482 |
| Right-of-use assets | - | - | - | - | - | - | 813 | 813 |
| Intangible assets | - | - | - | - | - | - | 130 | 130 |
| Total Assets | 4,610,526 | 658,492 | 1,374,512 | 12,535,972 | 11,691,091 | 36,257,022 | 182,907 | 67,310,522 |
| Liabilities | | | | | | | | |
| Deposits from customers | 29,042,493 | 8,574,197 | 6,147,756 | 7,381,218 | 58,562 | - | - | 51,204,226 |
| Investment accounts of customers | 235,928 * | 153,579 | 251,781 | 1,416,005 | - | - | - | 2,057,293 |
| Deposits and placements of banks and other financial institutions | 829,704 | 57,448 | 101,688 | 25,042 | 150,696 | 91,919 | - | 1,256,497 |
| Investment account due to a licensed bank | - | - | - | 10,525 | 1,674,772 | 856,838 | - | 2,542,135 |
| Recourse obligation on financing sold to Cagamas Berhad | - | 355,010 | 400,021 | 250,008 | 600,002 | 400,001 | - | 2,005,042 |
| Derivative financial liabilities | 5,607 | 5,966 | 7,398 | 2,574 | 2,200 | - | - | 23,745 |
| Term funding | - | - | - | - | 500,000 | 500,000 | - | 1,000,000 |
| Subordinated Sukuk | - | - | - | - | - | 1,300,000 | - | 1,300,000 |
| Other liabilities | 110,468 | 263,413 | 19,956 | 103,764 | 24,291 | 46,683 | - | 568,575 |
| Provision for zakat | - | - | - | 4,726 | - | - | - | 4,726 |
| Total Liabilities | 30,224,200 | 9,409,613 | 6,928,600 | 9,193,862 | 3,010,523 | 3,195,441 | - | 61,962,239 |
| Net gap | (25,613,674) | (8,751,121) | (5,554,088) | 3,342,110 | 8,680,568 | 33,061,581 | 182,907 | 5,348,283 |

* The balance includes current accounts without maturity as the investment accounts are available for customer redemption on-demand.

50. RISK MANAGEMENT (CONT'D.)**50.3 LIQUIDITY RISK AND FUNDING MANAGEMENT (CONT'D.)**Analysis of Assets and Liabilities By Remaining Contractual Maturities as per requirement of BNM's policy document *Financial Reporting* (Cont'd.)

| 2025 | Up to 1 month | >1 month to 3 months | >3 months to 6 months | >6 months to 12 months | >1 year to 5 years | Over 5 years | No maturity specified | Total |
|--|---------------------|-------------------------|--------------------------|---------------------------|-----------------------|-------------------|--------------------------|-------------------|
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| Assets | | | | | | | | |
| Cash and short-term funds | 2,438,112 | - | - | - | - | - | - | 2,438,112 |
| Derivative financial assets | 11,427 | 2,376 | 668 | 3,069 | 1,418 | - | - | 18,958 |
| Financial assets at FVTPL | 234,887 | 323,560 | 195,587 | 973,425 | 379,218 | 182,632 | - | 2,289,309 |
| Financial investments at FVOCI | 20,003 | 930,506 | 557,316 | 644,669 | 3,198,191 | 461,678 | 38,950 | 5,851,313 |
| Financial investments at amortised cost | - | 20,007 | - | 99,925 | 527,694 | 2,925,863 | - | 3,573,489 |
| Financing and advances | 120,542 | 12,460 | 42,791 | 11,884,063 | 4,344,533 | 30,248,183 | - | 46,652,572 |
| Statutory deposit with Bank Negara Malaysia | - | - | - | - | - | 930,000 | - | 930,000 |
| Deferred tax assets | - | - | - | - | - | - | 55,406 | 55,406 |
| Other assets | 325,744 | 22,837 | 143,246 | 6,558 | 49,148 | 33,740 | 82,309 | 663,582 |
| Property and equipment | - | - | - | - | - | - | 323 | 323 |
| Right-of-use assets | - | - | - | - | - | - | 1,679 | 1,679 |
| Intangible assets | - | - | - | - | - | - | 210 | 210 |
| Total Assets | 3,150,715 | 1,311,746 | 939,608 | 13,611,709 | 8,500,202 | 34,782,096 | 178,877 | 62,474,953 |
| Liabilities | | | | | | | | |
| Deposits from customers | 28,548,192 | 9,038,842 | 6,191,442 | 5,698,679 | 188,451 | - | - | 49,665,606 |
| Investment accounts of customers | 12,176 * | 159 | 145 | - | - | - | - | 12,480 |
| Deposits and placements of banks and other financial institutions | 555,476 | 373,095 | 1,320 | 4,954 | 188,284 | 58,524 | - | 1,181,653 |
| Investment account due to a licensed bank | - | - | - | - | 1,194,172 | - | - | 1,194,172 |
| Recourse obligation on financing sold to Cagamas Berhad | - | - | 605,013 | - | 1,605,016 | - | - | 2,210,029 |
| Derivative financial liabilities | 11,253 | 2,153 | 502 | 2,827 | 3,209 | - | - | 19,944 |
| Term funding | - | 198,555 | - | - | 500,000 | 500,000 | - | 1,198,555 |
| Subordinated Sukuk | - | - | - | - | - | 1,300,000 | - | 1,300,000 |
| Other liabilities | 57,831 | 294,553 | 14,288 | 76,515 | 26,008 | 28,341 | - | 497,536 |
| Provision for zakat | - | - | - | 4,100 | - | - | - | 4,100 |
| Total Liabilities | 29,184,928 | 9,907,357 | 6,812,710 | 5,787,075 | 3,705,140 | 1,886,865 | - | 57,284,075 |
| Net gap | (26,034,213) | (8,595,611) | (5,873,102) | 7,824,634 | 4,795,062 | 32,895,231 | 178,877 | 5,190,878 |

* The balance includes current accounts without maturity as the investment accounts are available for customer redemption on-demand.

50. RISK MANAGEMENT (CONT'D.)**50.3 LIQUIDITY RISK AND FUNDING MANAGEMENT (CONT'D.)****Analysis of Liabilities By Remaining Contractual Maturities on Undiscounted basis**

| 2026 | Up to 1 month RM'000 | >1 month to 3 months RM'000 | >3 months to 6 months RM'000 | >6 months to 12 months RM'000 | >1 year to 5 years RM'000 | Over 5 years RM'000 | Total RM'000 |
|--|----------------------------|-----------------------------------|------------------------------------|-------------------------------------|---------------------------------|---------------------------|-------------------|
| Liabilities | | | | | | | |
| Deposits from customers | 29,387,286 | 8,675,990 | 6,220,742 | 7,468,848 | 59,257 | - | 51,812,123 |
| Investment accounts of customers | 241,893 * | 164,088 | 266,515 | 1,432,640 | - | - | 2,105,136 |
| Deposits and placements of banks and other financial institutions | 839,554 | 58,130 | 102,895 | 25,339 | 152,485 | 93,010 | 1,271,413 |
| Investment account due to a licensed bank | 9,455 | 19,226 | 28,997 | 67,867 | 2,007,845 | 1,121,623 | 3,255,013 |
| Derivative financial liabilities | 4,750 | 5,980 | 6,507 | 5,377 | 1,586 | - | 24,200 |
| Recourse obligation on financing sold to Cagamas Berhad | - | 367,441 | 427,408 | 274,127 | 706,732 | 422,362 | 2,198,070 |
| Term funding | - | 16,205 | 3,719 | 20,034 | 615,803 | 510,053 | 1,165,814 |
| Subordinated Sukuk | 4,526 | 9,204 | 13,881 | 27,459 | 220,431 | 1,441,840 | 1,717,341 |
| Other liabilities** | 71,328 | 4,137 | 7,388 | 16,121 | 6,660 | 9,696 | 115,330 |
| Provision for zakat | - | - | - | 4,726 | - | - | 4,726 |
| Total Undiscounted Liabilities | 30,558,792 | 9,320,401 | 7,078,052 | 9,342,538 | 3,770,799 | 3,598,584 | 63,669,166 |
| Commitments | | | | | | | |
| Other commitments, such as formal standby facilities and credit lines | 167,024 | 1,040,686 | 1,214,195 | 2,453,030 | 543,636 | 2,896,905 | 8,315,476 |
| Unutilised credit card lines | 1,859,216 | - | - | - | - | - | 1,859,216 |
| Forward asset purchase | 10,126 | - | - | - | - | - | 10,126 |
| Contingencies | | | | | | | |
| Direct credit substitutes | 5,248 | 2,755 | 51,027 | 9,493 | 9,152 | - | 77,675 |
| Transaction-related contingent items | 55,042 | 164,371 | 198,440 | 597,088 | 820,174 | 50,591 | 1,885,706 |
| Short-term self-liquidating trade-related contingencies | 75,331 | 19,705 | 11,009 | - | - | - | 106,045 |
| | 2,171,987 | 1,227,517 | 1,474,671 | 3,059,611 | 1,372,962 | 2,947,496 | 12,254,244 |

* The balance includes current accounts without maturity as the investment accounts are available for customer redemption on-demand.

** The balances had included the undiscounted contractual payments for lease liabilities and excluded the non-financial liabilities. Detail maturity analysis for lease commitments is disclosed in Note 25 (a).

50. RISK MANAGEMENT (CONT'D.)**50.3 LIQUIDITY RISK AND FUNDING MANAGEMENT (CONT'D.)****Analysis of Liabilities By Remaining Contractual Maturities on Undiscounted basis (Cont'd.)**

| 2025 | Up to 1 month | >1 month to 3 months | >3 months to 6 months | >6 months to 12 months | >1 year to 5 years | Over 5 years | Total |
|--|-------------------|-------------------------|--------------------------|---------------------------|-----------------------|------------------|-------------------|
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| Liabilities | | | | | | | |
| Deposits from customers | 28,897,123 | 9,149,319 | 6,267,116 | 5,768,331 | 190,754 | - | 50,272,643 |
| Investment accounts of customers | 12,181 * | 161 | 147 | - | - | - | 12,489 |
| Deposits and placements of banks and other financial institutions | 562,265 | 377,655 | 1,336 | 5,015 | 190,585 | 59,239 | 1,196,095 |
| Investment account due to a licensed bank | 4,162 | 8,461 | 12,760 | 25,244 | 1,303,579 | - | 1,354,206 |
| Derivative financial liabilities | 11,027 | 2,287 | 587 | 3,549 | 2,834 | - | 20,284 |
| Recourse obligation on financing sold to Cagamas Berhad | 7,426 | 12,356 | 637,029 | 32,368 | 1,700,975 | - | 2,390,154 |
| Term funding | - | 214,493 | 3,822 | 20,151 | 635,232 | 530,666 | 1,404,364 |
| Subordinated Sukuk | 4,322 | 8,789 | 13,256 | 26,223 | 210,504 | 1,423,006 | 1,686,100 |
| Other liabilities** | 20,294 | 4,399 | 4,625 | 10,143 | 12,402 | 536 | 52,399 |
| Provision for zakat | - | - | - | 4,100 | - | - | 4,100 |
| Total Undiscounted Liabilities | 29,518,800 | 9,777,920 | 6,940,678 | 5,895,124 | 4,246,865 | 2,013,447 | 58,392,834 |
| Commitments | | | | | | | |
| Other commitments, such as formal standby facilities and credit lines | 496,230 | 617,936 | 860,618 | 1,511,872 | 542,694 | 2,749,634 | 6,778,984 |
| Unutilised credit card lines | 1,601,577 | - | - | - | - | - | 1,601,577 |
| Forward asset purchase | 173,308 | - | - | - | - | - | 173,308 |
| Contingencies | | | | | | | |
| Direct credit substitutes | 109,295 | 7,109 | 7,279 | 2,773 | 19,538 | - | 145,994 |
| Transaction-related contingent items | 91,314 | 106,445 | 167,755 | 514,666 | 739,457 | 24,483 | 1,644,120 |
| Short-term self-liquidating trade-related contingencies | 43,327 | 7,652 | 1,566 | - | - | - | 52,545 |
| | 2,515,051 | 739,142 | 1,037,218 | 2,029,311 | 1,301,689 | 2,774,117 | 10,396,528 |

* The balance includes current accounts without maturity as the investment accounts are available for customer redemption on-demand.

** The balances had included the undiscounted contractual payments for lease liabilities and excluded the non-financial liabilities. Detail maturity analysis for lease commitments is disclosed in Note 25 (a).

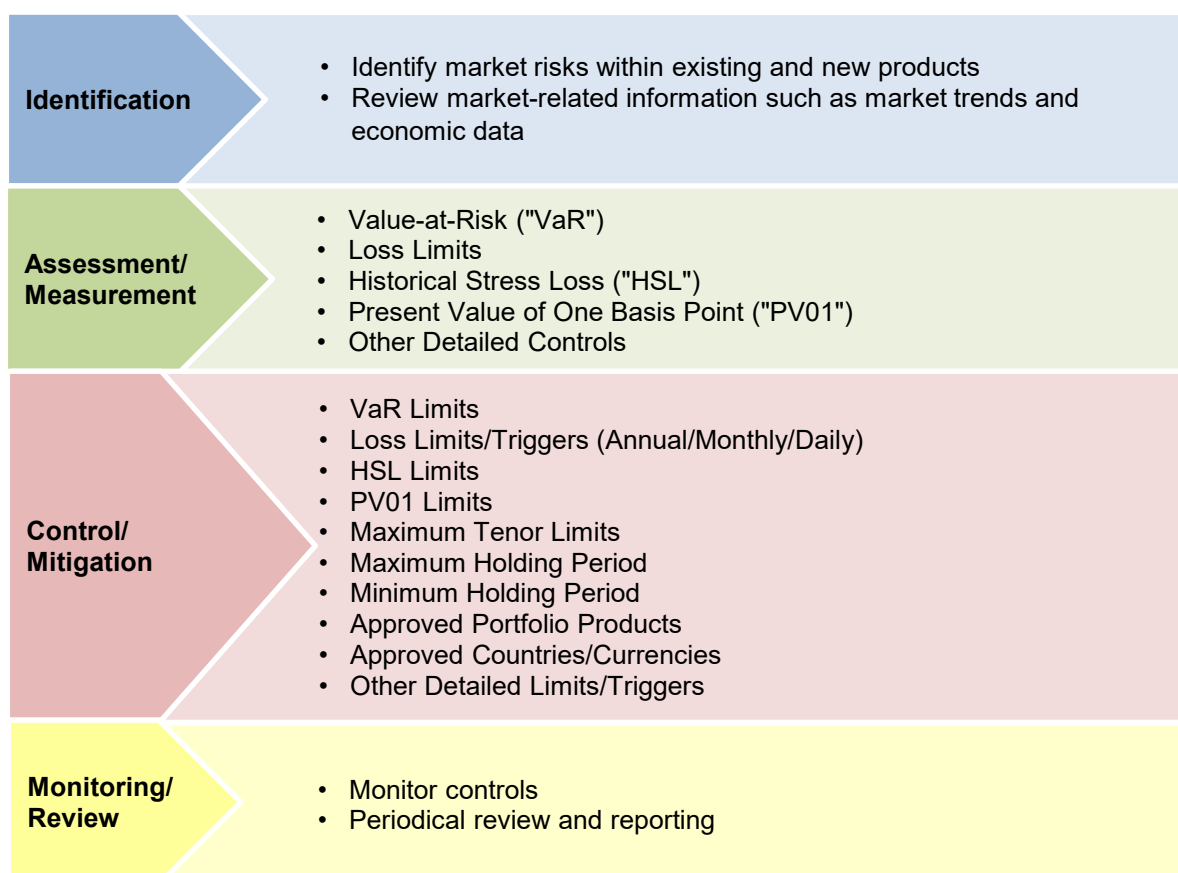
50. RISK MANAGEMENT (CONT'D.)

50.4 MARKET RISK MANAGEMENT

Market risk is the risk of losses due to adverse changes in the level or volatility of market rates or prices, such as profit rates, credit spreads, equity prices and foreign exchange rates. The Bank differentiates between two categories of market risk: Traded Market Risk ("TMR") and Non-Traded Market Risk ("NTMR"). Assessment, control and monitoring of these risks are the responsibilities of IBMR.

Traded Market Risk ("TMR")

The TMR management process is depicted in the table below.



TMR arises from transactions in which the Bank acts as principal with clients or the market. It involves taking positions in fixed income, equity, foreign exchange, commodities and/or derivatives. The objectives of TMR management are to understand, accurately measure and work with the Business Units to ensure exposures are managed within the Board and GMRC approved limit structures and risk appetite. This is done via robust TMR measurement, limit setting, limit monitoring and collaboration and agreement with Business Units.

50. RISK MANAGEMENT (CONT'D.)

50.4 MARKET RISK MANAGEMENT (CONT'D.)

Traded Market Risk ("TMR") (Cont'd.)

VaR, Loss Limits, HSL and other detailed management controls are used to measure, monitor and control TMR exposures. VaR is a quantitative measure which the Bank applies recent historical market conditions to estimate potential losses in market value, at a certain confidence level and over a specified time horizon (i.e. holding period). Loss Limits serve to alert management on the need to take relevant and appropriate action once they are triggered.

To complement VaR, HSL is used as a measure of the potential impact on portfolio values due to more extreme, albeit plausible, market movements. In addition, HSL is used to gauge and ensure that the Bank is able to absorb extreme, unanticipated market movements.

Apart from VaR, Loss Limits and HSL, additional sensitivity controls (e.g. PV01 Limits) and indicators are used to monitor changes in portfolio value due to changes in risk factors under different market conditions.

IBMR independently monitors risk exposures against limits on a daily basis. Portfolio market risk positions are independently monitored and reported by IBMR to GMRC, RMC and the Board. Furthermore, policies and procedures are in place to ensure prompt action is taken in the event of non-adherence to limits. Business Units exposed to TMR are required to maintain risk exposures within approved risk limits and to provide an explanation for any non-adherence event to Senior Management.

The Bank adopts the Standardised Approach for market risk capital charge computation. The capital charge serves as a buffer against losses from potential adverse market movements.

IBMR is committed to on-going improvements in market risk processes and systems, and allocates substantial resources to this endeavour.

50. RISK MANAGEMENT (CONT'D.)

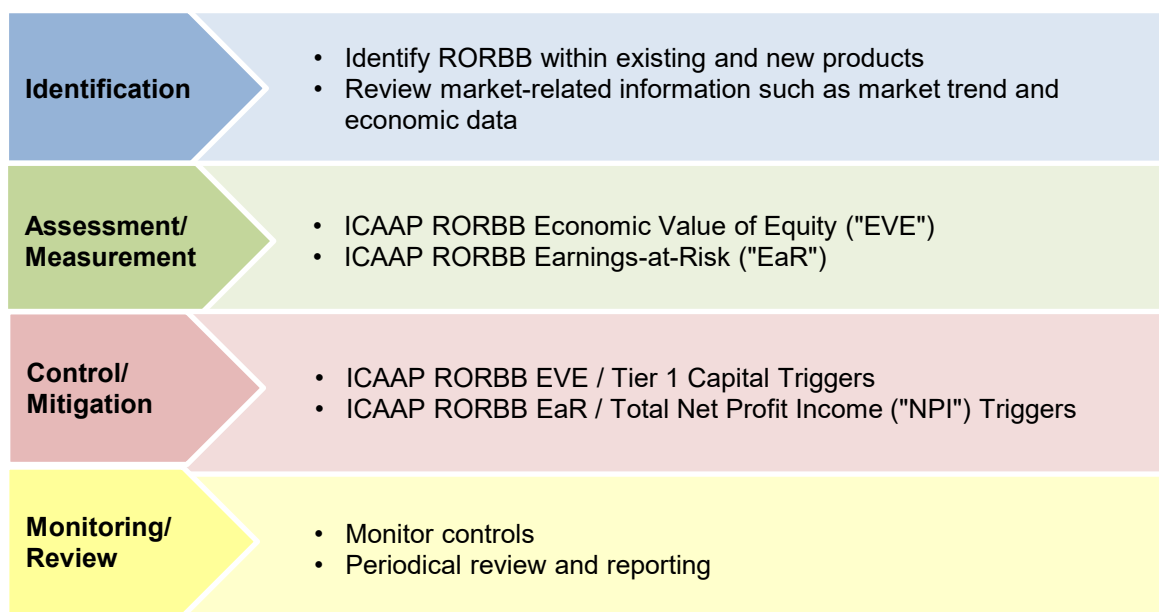
50.4 MARKET RISK MANAGEMENT (CONT'D.)

Non-Traded Market Risk ("NTMR")

NTMR refers to rate of return risk in the banking book including those arising from balance sheet management activities as covered under the risk appetite.

Rate of Return Risk in Banking Book ("RORBB")

The RORBB risk management process is depicted in the table below:



RORBB arises from changes in market profit rates that impact core net profit income, future cash flows or fair values of financial instruments. This risk arises from mismatches between repricing dates of assets and liabilities, changes in yield curves, volatilities in profit margins and implied volatilities on profit rate options. The provision of retail and wholesale banking products and services (primarily financing and deposit-taking activities) creates profit rate sensitive positions in the Bank's statement of financial position.

The principal objectives of balance sheet risk management are to manage profit income sensitivity while maintaining acceptable levels of RORBB and funding risk, and to manage the economic value of the Bank's capital.

The Board's oversight of RORBB is supported by the GALCO and GMRC. The Board and GMRC are responsible for the alignment of Bank-wide risk appetite. GALCO reviews strategies to ensure a comfortable level of RORBB is maintained, taking into consideration the Bank's business strategies and is responsible for overseeing the Bank's gapping positions, asset growth and liability mix against the profit rate outlook. The Bank has successfully engaged long-term funding and written profit rate swaps to manage RORBB and maintained an acceptable gapping profile as a result. In accordance with the Bank's policy, RORBB positions are monitored on a monthly basis and hedging strategies are employed to ensure risk exposures are maintained within Board and Management-approved triggers.

50. RISK MANAGEMENT (CONT'D.)

50.4 MARKET RISK MANAGEMENT (CONT'D.)

Non-Traded Market Risk ("NTMR") (Cont'd.)

Rate of Return Risk in Banking Book ("RORBB") (Cont'd.)

The Bank measures the RORBB exposures using EVE and EaR, which are quantitative measures to assess the impact of change in value of future cash flows or fair values of financial instruments and net profit income due to movement in market profit rates. The Bank complements EVE and EaR by stress testing RORBB exposures to highlight potential risk that may arise from extreme market events that are rare but plausible.

Key assumptions in the gap and sensitivity analysis relate to the behaviour of profit rates and spreads, changes in financing and advances and deposit product balances due to behavioural characteristics under different profit rate environments. Material assumptions include the repricing characteristics and the stability of indeterminate or non-maturity deposits and financing and advances.

The rate scenarios may include rapid ramping of profit rates, gradual ramping of profit rates, and narrowing or widening of spreads. Usually each analysis incorporates what Management deems the most appropriate assumptions about customer behaviour in a profit rate scenario. However, in certain cases, assumptions are deliberately changed to test the Bank's exposure to a specified event.

The Bank's strategy seeks to optimise exposure to RORBB within Board and Management-approved triggers. This is achieved through the ability to reposition the profit rate exposure of the statement of financial position using various product and funding strategies, supported by profit rate hedging activities using profit rate swaps and other derivatives. These approaches are governed by the Bank's policies in the areas of product and liquidity management as well as the Trading Book and Banking Book Policy, hedging policies and Non-Traded Profit Rate Risk Framework.

RORBB exposures are monitored by IBMR and positions reported to the GALCO, GMRC, RMC and Board.

50. RISK MANAGEMENT (CONT'D.)

50.4 MARKET RISK MANAGEMENT (CONT'D.)

Market Risk Sensitivity

(i) Rate of Return Risk

Rate of return risk is the risk that the value of a financial instrument will fluctuate due to changes in market profit rate and is managed through gap and sensitivity analysis. Profit rate movements also affect the Bank's income and expense from assets and liabilities as well as capital fund. The Bank has adopted profit rate risk hedging measures to cushion the profit rate volatility.

The following table demonstrates the sensitivity of the Bank's profit before zakat and taxation and equity to a reasonable possible change in profit rate with all the other variables remaining constant.

Traded Market Risk:

| | 2026 | | 2025 | |
|--|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| | Rate of Return + 100 bps | Rate of Return - 100 bps | Rate of Return + 100 bps | Rate of Return - 100 bps |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Impact on profit before zakat and taxation | (20,573) | 21,265 | (26,697) | 27,979 |

Non-Traded Market Risk:

| | 2026 | | 2025 | |
|--|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| | Rate of Return + 100 bps | Rate of Return - 100 bps | Rate of Return + 100 bps | Rate of Return - 100 bps |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Impact on profit before zakat and taxation | 349,376 | (349,376) | 305,651 | (305,651) |
| Impact on equity | (165,623) | 177,130 | (118,315) | 124,334 |

50. RISK MANAGEMENT (CONT'D.)

50.4 MARKET RISK MANAGEMENT (CONT'D.)

Market Risk Sensitivity (Cont'd.)

(ii) Foreign Exchange Risk

Foreign exchange risk arises from changes in foreign exchange rates to exposure on the Bank's financial instruments denominated in currencies other than the functional currency of the transacting entity. Position limits are imposed to prevent the Bank from being exposed to excessive foreign exchange risk.

The following table demonstrates the sensitivity of the Bank's profit before zakat and taxation to a reasonable possible change in foreign exchange rates with all other variables remaining constant.

| Currency | 2026 | | 2025 | |
|----------|---------------|---------------|---------------|---------------|
| | Exchange rate | Exchange rate | Exchange rate | Exchange rate |
| | + 10 % | - 10 % | + 10 % | - 10 % |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| USD | 22,205 | (22,205) | (5,481) | 5,481 |
| SGD | 536 | (536) | (145) | 145 |
| EUR | 14,327 | (14,327) | (2,898) | 2,898 |
| JPY | (123) | 123 | - | - |
| AUD | (1,264) | 1,264 | (1,009) | 1,009 |
| GBP | 9,834 | (9,834) | (1,098) | 1,098 |
| HKD | (26) | 26 | - | - |
| Others | (302) | 302 | (27) | 27 |

There is no impact to equity for financial year ended 31 March 2026 and 31 March 2025 in respect of foreign exchange risk.

(iii) Equity Price Risk

Equity price risk arises from the adverse movements in the price of equities. Equity price risk is controlled via loss limits and VaR limits.

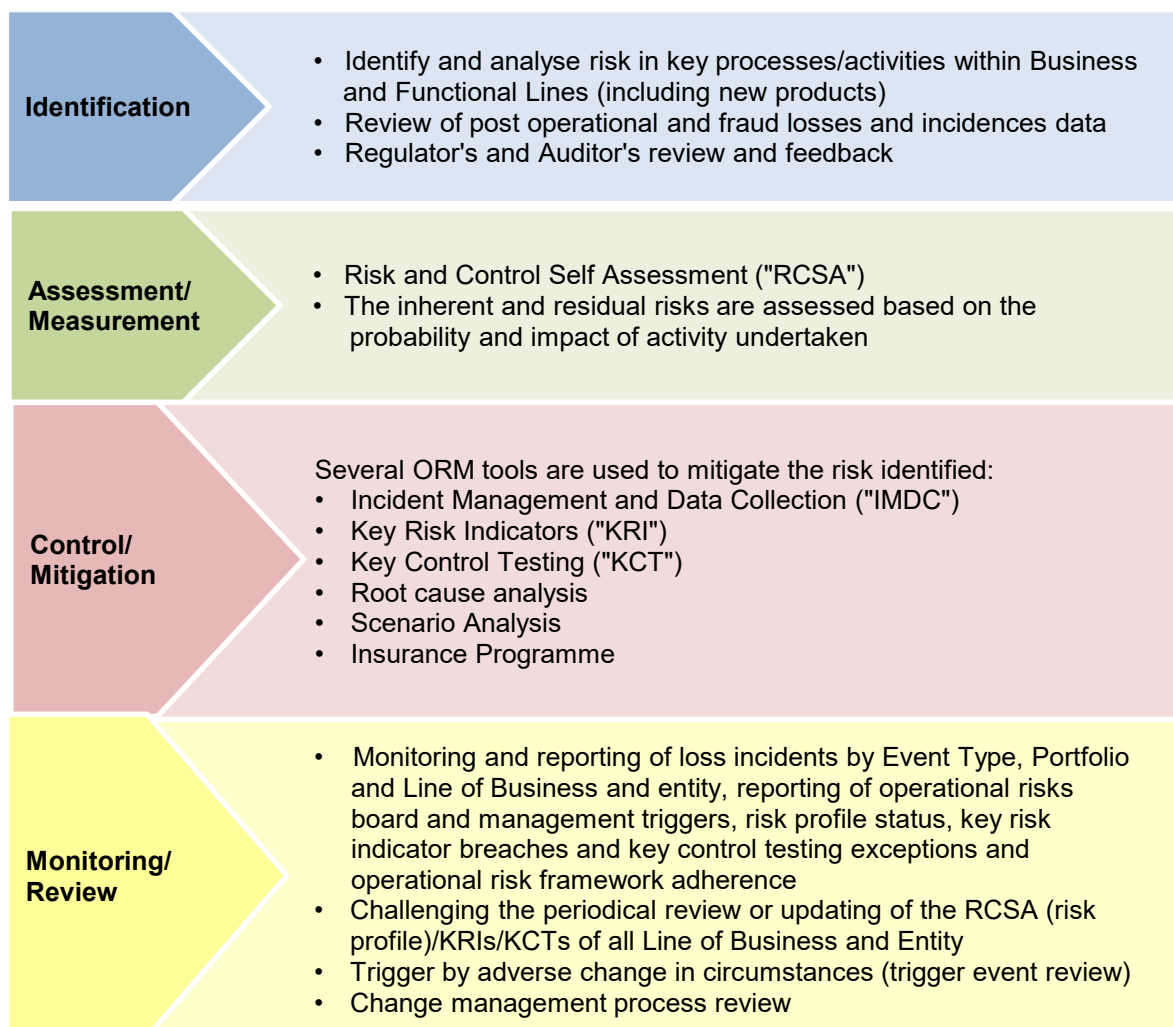
The following table demonstrates the sensitivity of the Bank's equity to a reasonable possible change in equity prices with all other variables remaining constant:

| Impact on equity | 2026 | | 2025 | |
|------------------|--------|---------|--------|--------|
| | Prices | Prices | Prices | Prices |
| | + 10 % | - 10 % | + 10 % | - 10 % |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| | 1,245 | (1,245) | 972 | (972) |

50. RISK MANAGEMENT (CONT'D.)

50.5 ENTERPRISE FRAUD AND OPERATIONAL RISK MANAGEMENT ("EFORM")

The Operational Risk Management ("ORM") process is depicted in the table below:



Operational risk is defined as the risk of loss resulting from inadequate or failed internal processes, people and systems or from external incidents which includes, but is not limited to legal risk, outsourcing risk, technology (including cyber) risk, fraud risk and Shariah compliance risk (Please refer to Note 50.9 for discussion on Shariah Governance Structure). It excludes strategic, systemic and reputational risk.

50. RISK MANAGEMENT (CONT'D.)

50.5 ENTERPRISE FRAUD AND OPERATIONAL RISK MANAGEMENT ("EFORM") (CONT'D.)

Operational Risk Appetite ("ORA") is set as part of overall GRAF, which sets the acceptable tolerance levels of operational risk that the Bank is willing to accept, taking into consideration of the relevant financial and non-financial risk or return attributes in order to support the achievement of the Bank's strategic plan and business objectives. The ORA statements and measurements are classified based on operational loss event types, which are grouped into five (5) categories as below and monitored via IMDC, KRI and KCT:

- Fraud (internal and external);
- Employment Practices and Workplace Safety;
- Client, Products and Business Practices;
- Business Disruption, System Failures and Damage to Physical Assets; and
- Execution, Delivery and Process Management.

The strategy for managing operational and fraud risk in the Bank is anchored on the three (3) lines of defence concept which are as follows:

- The First Line of Defence ("FLOD") is responsible for the management of operational and fraud risk in order for accountability and ownership to be as close as possible to the activity that creates the risk and ensuring that effective actions are taken to manage them. Enhanced FLOD provides a business specific focus on the implementation of operational and fraud risk management activities and supports more effective day-to-day monitoring of operational and fraud risks.
- In the second line of defense, EFORM is responsible for exercising governance over operational and fraud risk through the management of the operational risk and enterprise fraud risk framework, policy development and communication, quality assurance of internal controls, operational and fraud risk measurement, validation of FLOD effectiveness, operational risk, fraud and scam training and reporting of operational risk triggers, breaches, KCT exceptions, operational loss incidents to GMRC, RMC and the Board.
- Group Internal Audit Department ("GIAD") acts as the third and final line of defence by providing independent assurance on the internal control effectiveness through periodic audit programme.

50. RISK MANAGEMENT (CONT'D.)

50.5 ENTERPRISE FRAUD AND OPERATIONAL RISK MANAGEMENT ("EFORM") (CONT'D.)

EFORM maintains close working relationships with all Business and Functional Lines, continually assisting in the identification of operational and fraud risks inherent in their respective business activities, assessing the impact and significance of these risks and ensuring that satisfactory risk mitigation measures and controls are in place. Various tools and methods are employed to identify, measure, control and monitor/report operational and fraud risk issues within the Bank. The ORM process contains the following ORM tools:

- The IMDC module provides a common platform for reporting operational and fraud risks incidents that fall within the seven Event Types as stated in Basel II. IMDC also serves as a centralised database of operational and fraud risk incidents to model the potential exposure to operational and fraud risks in future and estimate the amount of economic capital charge.
- The RCSA is a process of continual identification, assessment of risks and controls effectiveness. By using structured questionnaires to assess and measure key risk and its corresponding controls effectiveness, RCSA provides risk profiling across AMMB Group.
- The KRI module provides early warning of increasing risk and/or control failures by monitoring the changes of the underlying risk measurements.
- The KCT is the test steps or assessment performed periodically to assure that the key controls are in place and they are operating as intended or effective in managing the operational and fraud risks.
- Root cause analysis is conducted by the Enterprise Fraud and Operational Risk Relationship Managers within EFORM to prevent recurrence of operational and fraud risk incidents.
- Scenario analysis is a forward-looking assessment tool to assess the severity impact on the Bank's profitability and capital adequacy should the plausible and worse case scenarios materialise.

The GMRC, Risk Management Committee ("RMC") and Board are the main reporting and escalation committees for operational risk matters including outsourcing risk, information technology (including cyber) risk, shariah risk, legal risk, fraud risk and business continuity management.

In an increasingly digital and interconnected financial landscape, the Bank recognises that fraud risk is a persistent and evolving threat. This risk encompasses the potential for financial loss, reputational damage, and regulatory sanction resulting from deceptive acts by external parties or internal personnel. Our strategy to combat fraud is built on a multi-layered framework of prevention, detection, and response. We invest in technological solutions to monitor transactions in real-time, identify anomalous patterns to detect and prevent fraudulent activity.

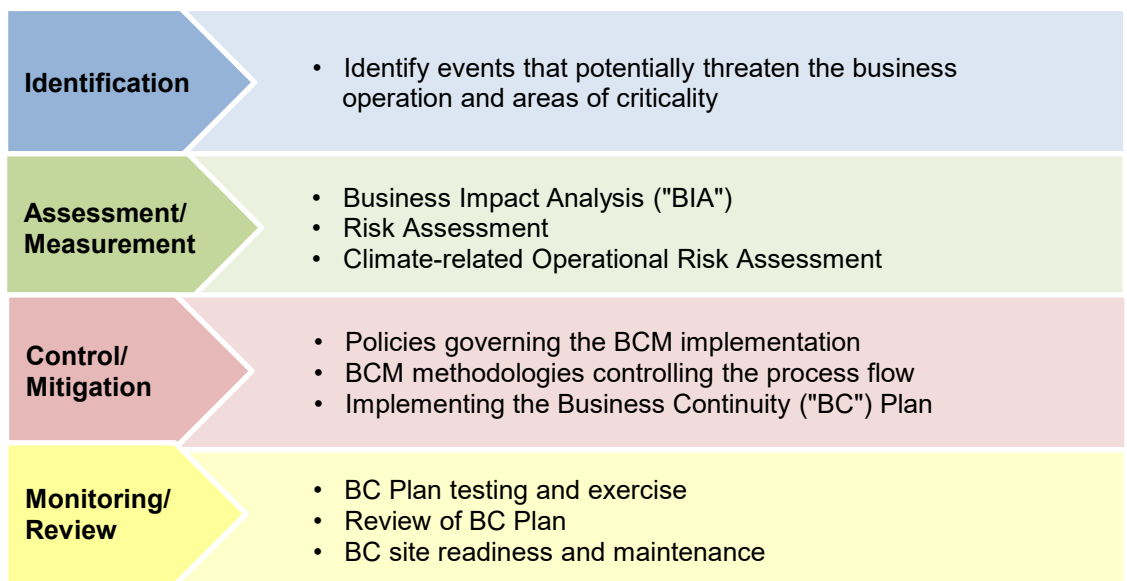
50. RISK MANAGEMENT (CONT'D.)

50.5 ENTERPRISE FRAUD AND OPERATIONAL RISK MANAGEMENT ("EFORM") (CONT'D.)

Furthermore, we maintain a robust system of internal controls and conduct employee training to foster a strong culture of security awareness and ethical conduct. We continuously enhance our authentication protocols and customer education initiatives to protect our customers' assets and data. While the sophistication and volume of fraud attempts continue to rise, the Bank's dedicated Fraud Risk Management team works continuously to anticipate emerging threats. We collaborate closely with industry partners and law enforcement to strengthen the entire financial ecosystem's resilience. Although it is not possible to eliminate all fraud risk, we are committed to managing it within acceptable levels to safeguard the interests of our shareholders, customers, and the Bank.

i. Business Continuity Management ("BCM")

The BCM process is depicted in the table below:



The BCM function is an integral part of EFORM. It places the importance of maintaining a BCM framework and policies to identify events that could potentially threaten AMMB Group's operations and the identification of critical functions through BIA exercise for the development of recovery strategy. BCM builds the resilience and recovery capability to safeguard the interest of AMMB Group's stakeholders by protecting our brand and reputation.

The BCM process complements the effort of the recovery team units to ensure that the Bank has the required critical capabilities and resources, such as IT system disaster recovery, alternate workspace arrangements and effective communication during interruptions.

50. RISK MANAGEMENT (CONT'D.)

50.5 ENTERPRISE FRAUD AND OPERATIONAL RISK MANAGEMENT ("EFORM") (CONT'D.)

i. Business Continuity Management ("BCM") (Cont'd.)

AMMB Group is continuously reviewing the level of business operations resiliency to enhance the BCM capability throughout all critical departments and branches across the region. Training is an integral part of the process to heighten BCM awareness and inculcate a business resiliency culture.

AMMB Group integrates climate-related operational risk into its BCM programs and activities to ensure the continuity of its Critical Business Functions ("CBF") and Third Party Service Providers ("TPSP") in the face of climate related events. The integration shall include an objective risk assessment from credible external parties that evaluates the climate-related risk vulnerabilities of CBFs and TPSPs.

50.6 TECHNOLOGY AND CYBER RISK MANAGEMENT

Technology risk is defined as the potential for financial loss, operational disruption, or reputational damage caused by failures in an organization's IT infrastructure, software, systems, or data. It encompasses cyber risks (often considered a subset of technology risk, though they are frequently used interchangeably), system downtime, and hardware failures. It arises from both internal factors and external threats.

The scope addresses the various cyber and technology domains as listed (not limited to) below. This should include consideration on the bank's eco system, risk appetite, strategy transformation and the usage of emerging technology i.e. Artificial Intelligence ("AI") & Machine Learning ("ML").

Similar to Operation Risk Management, the Technology and Cyber Risk Management process comprises the 4 phases encompassing the technology(ies), mechanisms, tools, policies, procedures, controls and processes, including management oversight, to continuously identify, assess, monitor, report and mitigate / control technology risks, which include (but not limited to) IT risk, information security risk and cyber security risk.

Technology and cyber security risks remain a persistent threat for the financial industry. The constantly evolving nature of the regulatory, digital landscape and sophistication of cyber threats and attack vectors calls for increased vigilance, readiness and ability to respond to upcoming threats. The resilience of the AMMB Group's IT infrastructure and cyber security capabilities are of paramount importance, especially with regards to safeguarding customers' information.

50. RISK MANAGEMENT (CONT'D.)

50.6 TECHNOLOGY AND CYBER RISK MANAGEMENT (CONT'D.)

AMMB Group continues to monitor its cyber resilience posture to enhance its cyber security controls framework, execute internal assessment reviews, build defense mechanisms and uplift governance processes alongside AMMB Group's cyber risk management strategy-to identify threats in a timely manner, and build or enhance the right defences to mitigate risks. Creating a security mindset for employees and customers via its Cyber Security awareness programs also remains a priority.

The Group Technology Risk team acts as a second line of defence to monitor alongside the first line of defence to ensure that risks and controls are properly managed. The Group's technology risk management capabilities include oversight over infrastructure security risk, data leakage risk, application security risk, third party security risk, governance and process robustness.

Group Technology Risk works closely with all Business and Functional Lines to identify technology and cyber risks inherent in the respective business activities, impact assessment and ensuring remedial actions are in place to mitigate risks accordingly. Various tools and methods are employed (similar to Operation Risk tools) to support the execution of these assessments. Progressive tracking and advisory are performed in parallel to execute an effective security program to combine maturity-based and risk-based programs towards proactive cyber security.

50.7 LEGAL RISK

In all jurisdictions that the AMMB Group conducts its business, there could be potential legal risks arising from breaches of applicable laws, unenforceability of contracts, lawsuits, adverse judgement, failure to respond to changes in regulatory requirements and failure to protect assets (including intellectual properties) owned by the AMMB Group which may lead to incurrence of losses, disruption or otherwise impact on the AMMB Group's financials or reputation.

Legal risk is overseen by GMRC/Group Management Committee ("GMC"), upon advice by internal legal counsel and, where necessary, in consultation with external legal counsel to ensure that such risks are appropriately managed.

50. RISK MANAGEMENT (CONT'D.)

50.8 REGULATORY COMPLIANCE RISK

AMMB Group adopts a zero tolerance approach to regulatory breaches including bribery, corruption and Shariah non-compliance.

AMMB Group is committed to upholding high integrity and ethical standards by complying to the Code of Conduct and the applicable laws and regulations to safeguards the organization and support sound and ethical business operations.

AMMB Group has in place a comprehensive Regulatory Compliance Risk Management Framework to promote the safety and soundness of AMMB Group by minimising financial, reputational and operational risks arising from regulatory non-compliance.

The compliance framework defines clear roles and responsibilities for compliance with regulatory guidelines and requirements and outlines the accountability of business and support units in managing compliance risks within their respective areas. The responsible parties are accountable for the management of compliance risks associated with the AMMB Group's processes and increasing awareness on the role of every employee to be compliant and safeguard the AMMB Group's reputation against any potential legal violations and/or regulatory non-compliance.

The Group Chief Compliance Officer provides independent oversight and has a direct reporting line to the Board Risk Management Committee ("RMC"). A structured governance and escalation process is in place to ensure timely identification, escalation, and reporting of compliance risks, with regular compliance updates submitted through monthly compliance reports to the RMC and the Board.

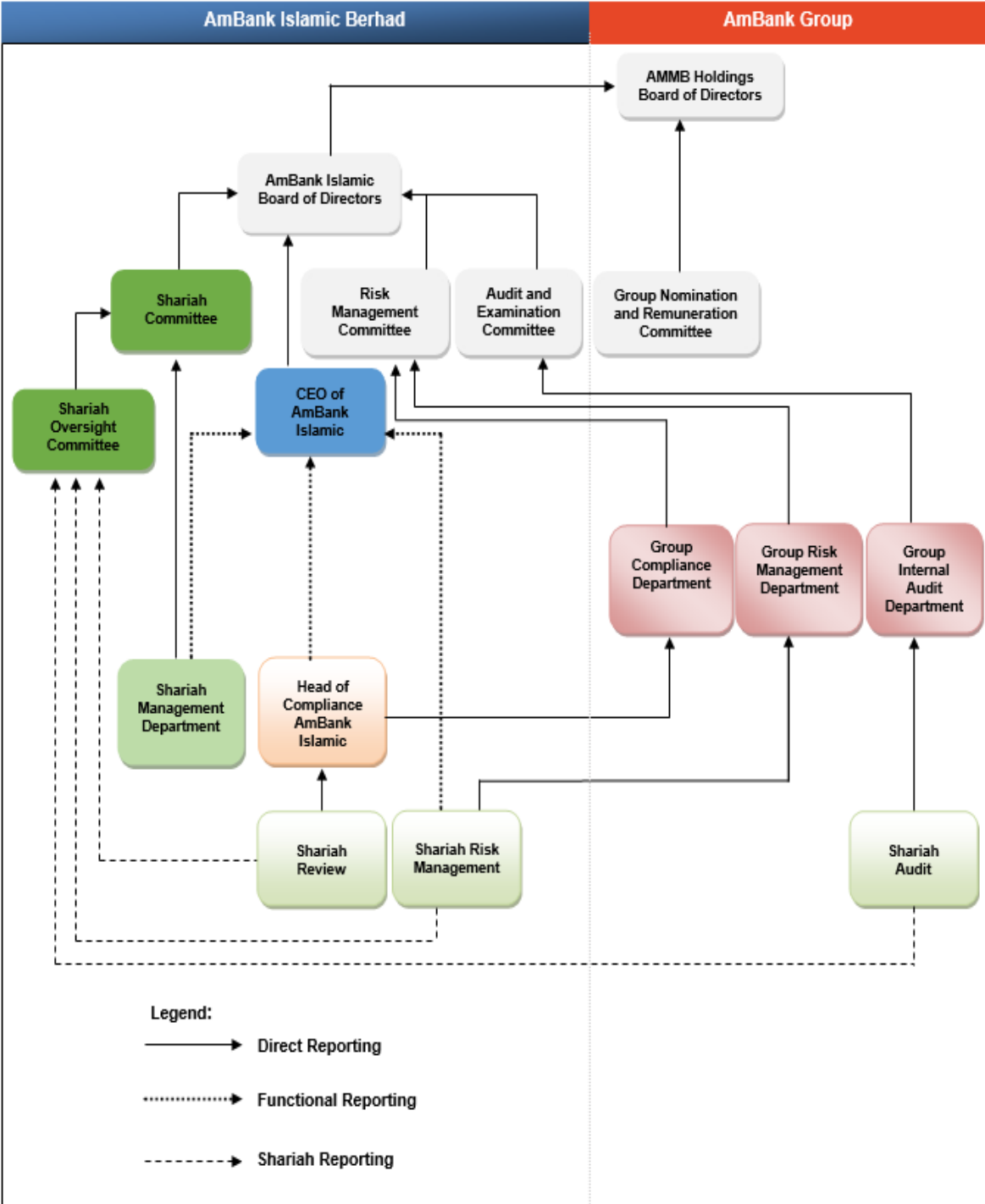
The Senior Management team is responsible for communicating the compliance framework to all employees across the organization and ensuring the appropriate corrective actions are taken in response to any identified non-compliance. To support effective oversight, the Group Management Governance and Compliance Committee ("GMGCC"), comprising Senior Management representatives from Group Compliance, Group Risk, Group Internal Audit and Business Units, meets regularly to discuss and deliberate on regulatory updates, assess compliance issues, and address areas of non-compliance.

AMMB Group continues to strengthen its compliance culture, supported by strong leadership commitment to high ethical standards and integrity. The Group remains vigilant to emerging regulatory risks, enhances its due-diligence and governance processes, and proactively responds to heightened regulatory scrutiny and supervisory expectations. The Board and Senior Management lead by example in fostering a robust compliance culture, ensuring that integrity and ethical conduct are embedded across the organization.

50. RISK MANAGEMENT (CONT'D.)

50.9 SHARIAH RISK

Shariah Governance Structure



50. RISK MANAGEMENT (CONT'D.)

50.9 SHARIAH RISK (CONT'D.)

Shariah Governance Structure (Cont'd.)

The Bank has established its Shariah governance structure in accordance with the requirements of the IFSA and BNM's Policy Document on Shariah Governance ("SGPD"). This is to ensure that the operations and business activities of the Bank comply with Shariah principles and requirements.

Apart from the Shariah Management Department, Shariah Risk Management and Shariah Review functions which reside in the Bank, the Bank's Shariah governance structure leverages on the GIAD for the Shariah Audit function.

Board of Directors

The Board is responsible for the overall oversight on the Shariah governance and Shariah compliance, including the appointment, remuneration, performance evaluation and reappointment of the Shariah Committee members. The Board performs its oversight role through various committees such as the Audit and Examination Committee, Risk Management Committee and the Shariah Committee.

Audit and Examination Committee ("AEC")

The AEC is a Board committee responsible for assisting the Board in ensuring that the Bank's operations are Shariah compliant through the independent assurance from the Shariah audit function. The reports from the Shariah Review Section are also presented to the AEC for information.

Risk Management Committee ("RMC")

The RMC is a Board committee responsible for assisting the Board in ensuring that risk management (including Shariah risk management) controls and processes are in place.

Group Nomination and Remuneration Committee ("GNRC")

The GNRC is established as a committee of the AMMB to provide assistance to the AMMB Group in the following areas:

- Review and assess the appointment/reappointment and remuneration of Directors, Shariah Committee members and Senior Management for recommendation to the Board.
- Oversee the establishment of a formal and transparent procedure for the performance evaluation of Directors, Shariah Committee members and Senior Management.
- Advise the Board on the optimal size and mix of skills of the Board and Board Committee.

50. RISK MANAGEMENT (CONT'D.)

50.9 SHARIAH RISK (CONT'D.)

Shariah Committee

The Shariah Committee is responsible on matters related to Shariah. This includes advising the Board and Senior Management on Shariah matters as well as endorsing products and services, Shariah policies and the relevant documentation in relation to the Bank's business and operations. In addition to endorsing the zakat computation mechanism and the proposed recipients for zakat distribution, the Shariah Committee provides advice and guidance on the management of the zakat fund, charity and other social programmes or activities.

Shariah Oversight Committee

The Shariah Oversight Committee, which is a sub-committee to the Shariah Committee, performs an oversight function via the Shariah Control Functions (i.e. Shariah Review, Shariah Risk Management, and Shariah Audit). The Shariah Oversight Committee provides guidance and advice on matters pertaining to Shariah non-compliant ("SNC") incidents as well as treatment of any SNC income.

Senior Management

The Chief Executive Officer ("CEO") and senior officers of the Bank and AMMB Group are responsible to make reference to the Shariah Committee and/or Shariah Oversight Committee on Shariah matters of the Bank and to take the necessary measures for implementation. The Senior Management is also responsible in establishing the infrastructure and adequate resources to support the Shariah governance structure. This includes putting in place adequate systems and controls in order to ensure compliance with Shariah and to mitigate Shariah non-compliance risk.

Shariah Management

The Shariah Management Department is accountable to the Shariah Committee with functional reporting to the CEO, and is responsible for providing operational support for the effective functioning of the Shariah Committee including day-to-day Shariah advisory, conducting Shariah research, formulating Shariah policies and acting as the Secretariat to the Shariah Committee and the Shariah Oversight Committee.

Shariah Risk Management

The Shariah Risk Management Department is accountable to the Group Risk Management Department and the CEO of the Bank, and has Shariah reporting to the Shariah Oversight Committee. Shariah Risk Management Department is the designated second-line of defense that shall be responsible of managing Shariah risk within AMMB Group with the exception for Shariah risk of Amlslamic Funds Management Sdn Bhd. The Department systematically identifies, measures, monitors and reports Shariah non-compliance risks to mitigate any possible non-compliance incidents.

50. RISK MANAGEMENT (CONT'D.)

50.9 SHARIAH RISK (CONT'D.)

Shariah Review

The Shariah Review Section is accountable to the Head of Compliance of the Bank with functional reporting to the CEO of the Bank, with Shariah reporting to the Shariah Oversight Committee. Shariah Review refers to a function that conducts regular assessment on the compliance of the operations, business, affairs and activities of the Bank which are predominantly transactional in nature, with Shariah requirements.

The Shariah Review Section also acts as the Shariah Non-Compliance Officer (“SNCO”) of the Bank. The SNCO is responsible to assess and decide whether the reported Shariah related incidents shall be classified as Potential SNC, and also in preparing the SNC report for deliberation by the Shariah Oversight Committee in determining whether the Shariah related incident is an SNC or otherwise.

Shariah Audit

The Shariah Audit Section is accountable to the AEC in relation to Shariah-related matters and reports to the Shariah Oversight Committee. The Shariah Audit Section is a dedicated team within the GIAD, and is responsible to conduct independent assessment on the quality and effectiveness of the Bank’s internal control, risk management systems, governance processes as well as the overall compliance of the Bank’s operations, business, affairs and activities with Shariah requirements. The scope of Shariah audit includes but not limited to activities undertaken by departments and functions that relate to Islamic products and services.

Shariah Non-Compliant ("SNC") Income

For the financial year as at 31 March 2026, there were no SNC incidents.

For the financial year ended 31 March 2025, there was one SNC event declared with estimated SNC income of RM75,537.

51. FAIR VALUES OF FINANCIAL INSTRUMENTS

Financial instruments are contracts that give rise to both a financial asset of one enterprise and a financial liability or equity instrument of another enterprise. 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 a forced or liquidated sale. The information presented herein represents best estimates of fair values of financial instruments at the reporting date.

Where available, quoted and observable market prices are used as the measure of fair values. Where such quoted and observable market prices are not available, fair values are estimated based on a number of methodologies and assumptions regarding risk characteristics of various financial instruments, discount rates, estimates of future cash flows and other factors. Changes in the assumptions could materially affect these estimates and the corresponding fair values.

In addition, fair value information for non-financial assets and liabilities such as deferred taxation are excluded, as they do not fall within the scope of MFRS 7 *Financial Instruments: Disclosures*, which requires the fair value information to be disclosed.

- a) Financial instruments not measured at fair value (excluding those financial instruments where the carrying amounts are reasonable approximation of their fair values).

| | 2026 | | 2025 | |
|---|--------------------|------------------|--------------------|------------------|
| | Carrying amount | Fair value | Carrying amount | Fair value |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Financial assets | | | | |
| Financial investments at amortised cost | 3,384,628 | 3,620,073 | 3,573,489 | 4,155,396 |
| Financing and advances * | 5,240,171 | 4,471,520 | 5,039,900 | 4,372,423 |
| | <u>8,624,799</u> | <u>8,091,593</u> | <u>8,613,389</u> | <u>8,527,819</u> |
| Financial liabilities | | | | |
| Recourse obligation on financing sold to Cagamas Berhad | 2,005,042 | 2,139,970 | 2,210,029 | 2,301,412 |
| Term funding | 1,000,000 | 1,013,454 | 1,198,555 | 1,205,600 |
| Subordinated Sukuk | 1,300,000 | 1,312,144 | 1,300,000 | 1,311,618 |
| | <u>4,305,042</u> | <u>4,465,568</u> | <u>4,708,584</u> | <u>4,818,630</u> |

Note

- * Excluding financing and advances of RM45,542.2 million (2025: RM41,612.7 million) where the carrying amounts are reasonable approximation of their fair values.

51. FAIR VALUES OF FINANCIAL INSTRUMENTS (CONT'D.)

- b) The following table provides the fair value measurement hierarchy of the Bank's assets and liabilities:

| | Valuation techniques | | | Total RM'000 |
|--|-----------------------------|---------------------------|---------------------------|-------------------------|
| | Level 1 RM'000 | Level 2 RM'000 | Level 3 RM'000 | |
| 2026 | | | | |
| Financial assets measured at fair value | | | | |
| Derivative financial assets | - | 22,410 | - | 22,410 |
| Financial assets at FVTPL | | | | |
| - Money market securities | - | 1,246,776 | - | 1,246,776 |
| - Unquoted sukuk | - | 621,660 | - | 621,660 |
| Financial investments at FVOCI | | | | |
| - Money market securities | - | 2,371,351 | - | 2,371,351 |
| - Quoted shares | 12,452 | - | - | 12,452 |
| - Unquoted sukuk | - | 4,027,419 | - | 4,027,419 |
| - Unquoted shares | - | 37,469 | - | 37,469 |
| Assets for which fair values are disclosed | | | | |
| Financial investments at amortised cost | - | 3,620,073 | - | 3,620,073 |
| Financing and advances | - | 4,471,520 | - | 4,471,520 |
| | 12,452 | 16,418,678 | - | 16,431,130 |
| Financial liabilities measured at fair value | | | | |
| Derivative financial liabilities | - | 23,745 | - | 23,745 |
| Financial liabilities for which fair values are disclosed | | | | |
| Recourse obligation on financing sold to Cagamas Berhad | - | 2,139,970 | - | 2,139,970 |
| Term funding | - | 1,013,454 | - | 1,013,454 |
| Subordinated Sukuk | - | 1,312,144 | - | 1,312,144 |
| | - | 4,489,313 | - | 4,489,313 |

51. FAIR VALUES OF FINANCIAL INSTRUMENTS (CONT'D.)

- b) The following table provides the fair value measurement hierarchy of the Bank's assets and liabilities: (Cont'd.)

| | Valuation techniques | | | Total RM'000 |
|--|-----------------------------|---------------------------|---------------------------|-------------------------|
| | Level 1 RM'000 | Level 2 RM'000 | Level 3 RM'000 | |
| 2025 | | | | |
| Financial assets measured at fair value | | | | |
| Derivative financial assets | - | 18,958 | - | 18,958 |
| Financial assets at FVTPL | | | | |
| - Money market securities | - | 1,646,234 | - | 1,646,234 |
| - Unquoted sukuk | - | 643,075 | - | 643,075 |
| Financial investments at FVOCI | | | | |
| - Money market securities | - | 2,840,330 | - | 2,840,330 |
| - Quoted shares | 9,715 | - | - | 9,715 |
| - Unquoted sukuk | - | 2,972,033 | - | 2,972,033 |
| - Unquoted shares | - | 29,235 | - | 29,235 |
| Assets for which fair values are disclosed | | | | |
| Financial investments at amortised cost | - | 4,155,396 | - | 4,155,396 |
| Financing and advances | - | 4,372,423 | - | 4,372,423 |
| | <u>9,715</u> | <u>16,677,684</u> | <u>-</u> | <u>16,687,399</u> |
| Financial liabilities measured at fair value | | | | |
| Derivative financial liabilities | - | 19,944 | - | 19,944 |
| Financial liabilities for which fair values are disclosed | | | | |
| Recourse obligation on financing sold to Cagamas Berhad | - | 2,301,412 | - | 2,301,412 |
| Term funding | - | 1,205,600 | - | 1,205,600 |
| Subordinated Sukuk | - | 1,311,618 | - | 1,311,618 |
| | <u>-</u> | <u>4,838,574</u> | <u>-</u> | <u>4,838,574</u> |

51. FAIR VALUES OF FINANCIAL INSTRUMENTS (CONT'D.)

Determination of fair value

The following describes the methodologies and assumptions used to determine fair values for those financial instruments which are not already recorded at fair value in the financial statements.

(a) Financial assets and financial liabilities for which fair value approximates carrying amounts

For financial assets and financial liabilities that have a short-term maturity (less than six months), the carrying amounts approximate to their fair value.

(b) Financial investments at amortised cost

Fair value of securities is based on observable mid prices at reporting date and where observable mid prices are not available, the fair value is based on net tangible asset backing.

(c) Financing and advances

The fair value of variable rate financing and advances are estimated to approximate their carrying values. For fixed rate financing and advances, the fair values are estimated based on expected future cash flows of contractual instalments discounted at prevailing indicative rates adjusted for credit risk. For impaired financing and advances, the fair values are deemed to approximate the carrying amounts (net of impairment losses).

(d) Term funding and debt capital

The Bank uses observable mid prices to estimate the fair values and where mid prices are not available, the fair values are estimated by discounting the expected future cash flows using market indicative rates of instruments with similar risk profile.

(e) Recourse obligation on financing sold to Cagamas Berhad

The fair value for recourse obligation on financing sold to Cagamas Berhad is determined based on the discounted cash flows of future instalment payments at prevailing rates quoted by Cagamas Berhad as at reporting date.

51. FAIR VALUES OF FINANCIAL INSTRUMENTS (CONT'D.)

Financial assets and liabilities measured using a valuation technique based on assumptions that are supported by prices from observable current market transactions are assets and liabilities for which pricing is obtained via pricing services, but where prices have not been determined in an active market, financial assets with fair values based on broker quotes, investments in private equity funds with fair values obtained via fund managers and assets that are valued using the Bank's own models whereby the majority of assumptions are market observable.

Non market observable inputs means that fair values are determined, in whole or in part, using a valuation technique (model) based on assumptions that are neither supported by prices from observable current market transactions in the same instrument, nor are they based on available market data. The main asset classes in this category are unquoted debt instruments. Valuation techniques are used to the extent that observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at the measurement date. However, the fair value measurement objective remains the same, that is, an exit price from the perspective of the Bank. Therefore, unobservable inputs reflect the Bank's own assumptions about the assumptions that market participants would use in pricing the asset or liability (including assumptions about risk). These inputs are developed based on the best information available, which might include the Bank's own data, as well as financial information of the counterparties.

52. OFFSETTING OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

Financial assets and financial liabilities subject to offsetting, enforceable master netting arrangements and similar agreements excluding financial assets not subject to offset and that are only subject to collateral arrangements (e.g. financing and advances) are as follows:

| | Gross amount of recognised financial assets/liabilities RM'000 | Gross amount offset in the statement of financial position RM'000 | Amount presented in the statement of financial position RM'000 | Amount not offset in the statement of financial position | | Net amount RM'000 |
|---|--|---|--|---|---|----------------------|
| | | | | Financial instruments RM'000 | Cash collateral received/pledged RM'000 | |
| 2026 | | | | | | |
| Derivative financial assets (Note 7) | 22,410 | - | 22,410 | (13,409) | - | 9,001 |
| Derivative financial liabilities (Note 7) | 23,745 | - | 23,745 | (13,409) | - | 10,336 |
| 2025 | | | | | | |
| Derivative financial assets (Note 7) | 18,958 | - | 18,958 | (9,942) | - | 9,016 |
| Derivative financial liabilities (Note 7) | 19,944 | - | 19,944 | (9,942) | - | 10,002 |

53. BUSINESS SEGMENT ANALYSIS

Segment information is presented in respect of the Bank's business segments. The business segment information is prepared based on internal management reports, which are regularly reviewed by the Chief Operating Decision Maker in order to allocate resources to a segment and to assess its performance.

The Bank comprises the following main business segments:

(a) Retail Banking

Retail Banking continues to focus on building mass affluent and affluent customers. Retail Banking offers products and financial solutions which includes auto finance, mortgages, personal financing, credit cards, priority banking services, wealth management, remittance services and deposits.

(b) Business Banking

Business Banking ("BB") focuses on all sizes of businesses and enterprises by providing a range of products and solutions such as Commercial, Enterprise and SME Lending, Business Wealth, Industrial Hire Purchase and Bancassurance.

(c) Wholesale Banking

Wholesale Banking comprises Corporate Banking, Transaction Banking and Group Treasury and Markets:

(i) Corporate and Transaction Banking

Corporate Banking offers a full range of products and services, including corporate lending, investment banking advisory, trade finance, offshore banking and cash management solutions to wholesale banking clients.

Transaction Banking delivers tailor-made digital and cash management solutions, as well as trade financing and remittance services, to corporate and SME clients.

(ii) Group Treasury and Markets

Group Treasury and Markets manages funding and liquidity for the banking group and offers financial market and hedging solutions across all asset classes to a broad range of clients. The sales and trading activities cover fixed income, profit rates, foreign exchange, money market, equity derivatives, commodities and other derivatives.

53. BUSINESS SEGMENT ANALYSIS (CONT'D.)

(d) Investment Banking

Investment Banking offers Islamic advisory services and a wide range of Shariah-compliant financial and investment solutions that include sukuk origination and Islamic structured finance.

(e) Others

Others comprise activities to support operations of the main business units and non-core operations of the Bank.

Measurement of Segment Performance

The segment performance is measured on income, expenses and profit basis. These are shown after allocation of certain centralised costs, funding income and expenses directly associated with each segment. Transactions between segments are recorded within the segment as if they are third party transactions and are eliminated on aggregation.

Notes:

- (i) The Chief Operating Decision Maker relies primarily on the net finance income information to assess the performance of, and to make decisions about resources to be allocated to these operating segments.
- (ii) The financial information by geographical segment is not presented as the Bank's activities are principally conducted in Malaysia.
- (iii) The comparatives have been restated to conform with current business realignment between the business segment.

53. BUSINESS SEGMENT ANALYSIS (CONT'D.)

2026

| | Retail banking RM'000 | Business banking RM'000 | Wholesale banking | | Investment banking RM'000 | Others RM'000 | Total RM'000 |
|--|--------------------------|-------------------------------|--------------------------------|--|---------------------------------|------------------|-----------------|
| | | | Corporate banking RM'000 | Group treasury and market RM'000 | | | |
| External net income | 755,353 | 617,686 | 305,166 | (324,389) | 3,103 | (1,009) | 1,355,910 |
| Intersegments net income | (264,112) | (173,512) | (144,470) | 581,758 | (971) | 1,307 | - |
| Net income | 491,241 | 444,174 | 160,696 | 257,369 | 2,132 | 298 | 1,355,910 |
| Net finance income | 459,004 | 387,039 | 140,086 | 206,790 | 337 | (418) | 1,192,838 |
| Other income | 32,237 | 57,135 | 20,610 | 50,579 | 1,795 | 716 | 163,072 |
| Net income | 491,241 | 444,174 | 160,696 | 257,369 | 2,132 | 298 | 1,355,910 |
| Other operating expenses of which: | (317,317) | (152,727) | (59,025) | (25,041) | - | 3,604 | (550,506) |
| <i>Depreciation of property and equipment</i> | - | - | - | - | - | (131) | (131) |
| <i>Depreciation of right-of-use assets</i> | - | - | - | - | - | (322) | (322) |
| <i>Amortisation of intangible assets</i> | (3) | (2) | - | - | - | (75) | (80) |
| Profit before impairment losses and provision (Allowances for)/Writeback of impairment on financing and advances | 173,924 | 291,447 | 101,671 | 232,328 | 2,132 | 3,902 | 805,404 |
| Writeback of impairment on financial investments | (47,710) | (32,178) | 27,635 | - | - | - | (52,253) |
| Writeback of impairment on other financial assets | - | 778 | 139,442 | 665 | - | - | 140,885 |
| Writeback of provision/(Provision) for commitments and contingencies | - | - | - | 9 | - | - | 9 |
| Profit/(loss) before zakat and taxation | 166 | (963) | 575 | - | - | - | (222) |
| Zakat and taxation | 126,380 | 259,084 | 269,323 | 233,002 | 2,132 | 3,902 | 893,823 |
| Profit/(loss) for the financial year | (30,331) | (62,180) | (64,638) | (46,594) | (511) | (6,402) | (210,656) |
| | 96,049 | 196,904 | 204,685 | 186,408 | 1,621 | (2,500) | 683,167 |
| Other information | | | | | | | |
| Total segment assets | 24,840,538 | 16,208,613 | 10,913,191 | 14,332,543 | 16,859 | 998,778 | 67,310,522 |
| Total segment liabilities | 20,547,856 | 13,219,131 | 6,933,344 | 21,162,469 | 1,034 | 98,405 | 61,962,239 |
| Cost to income ratio | 64.6% | 34.4% | 36.7% | 9.7% | 0.0% | >-100% | 40.6% |
| Gross financing and advances | 25,109,000 | 16,078,622 | 10,066,962 | - | - | - | 51,254,584 |
| Net financing and advances | 24,765,815 | 15,971,565 | 10,044,941 | - | - | - | 50,782,321 |
| Impaired financing and advances | 455,129 | 249,433 | 35,175 | - | - | - | 739,737 |
| Deposits | 18,297,547 | 13,120,017 | 6,891,241 | 14,151,918 | - | - | 52,460,723 |
| Additions to: | | | | | | | |
| Property and equipment | - | - | - | - | - | 290 | 290 |
| Intangible assets | - | - | - | - | - | - | - |

53. BUSINESS SEGMENT ANALYSIS (CONT'D.)

2025 (Restated)

| | Retail banking RM'000 | Business banking RM'000 | Wholesale banking | | Investment banking RM'000 | Others RM'000 | Total RM'000 |
|--|--------------------------|-------------------------------|--------------------------------|--|---------------------------------|------------------|-----------------|
| | | | Corporate banking RM'000 | Group treasury and market RM'000 | | | |
| External net income | 780,120 | 540,249 | 303,921 | (338,774) | 1,353 | (938) | 1,285,931 |
| Intersegments net income | (295,719) | (93,294) | (171,282) | 561,193 | (52) | (846) | - |
| Net income | 484,401 | 446,955 | 132,639 | 222,419 | 1,301 | (1,784) | 1,285,931 |
| Net finance income | 447,890 | 392,350 | 115,918 | 192,959 | 127 | (2,423) | 1,146,821 |
| Other income | 36,511 | 54,605 | 16,721 | 29,460 | 1,174 | 639 | 139,110 |
| Net Income | 484,401 | 446,955 | 132,639 | 222,419 | 1,301 | (1,784) | 1,285,931 |
| Other operating expenses of which: | (302,264) | (132,439) | (55,206) | (25,208) | - | (2,802) | (517,919) |
| <i>Depreciation of property and equipment</i> | - | - | - | - | - | (141) | (141) |
| <i>Depreciation of right-of-use assets</i> | - | - | - | - | - | (302) | (302) |
| <i>Amortisation of intangible assets</i> | (3) | (3) | - | - | - | (74) | (80) |
| Profit before impairment losses and provision | 182,137 | 314,516 | 77,433 | 197,211 | 1,301 | (4,586) | 768,012 |
| (Allowances for)/Writeback of impairment on financing and advances | (90,000) | (19,678) | 66,175 | - | - | - | (43,503) |
| Writeback of/(Allowances for) provision for impairment on financial investments | - | (210) | 1,400 | 1,908 | - | - | 3,098 |
| Allowances for impairment on other financial assets | - | - | - | (4) | - | - | (4) |
| Writeback of provision/(Provision) for commitments and contingencies | 520 | (23) | 476 | - | - | - | 973 |
| Profit before zakat and taxation | 92,657 | 294,605 | 145,484 | 199,115 | 1,301 | (4,586) | 728,576 |
| Zakat and taxation | (22,238) | (70,705) | (34,916) | (38,353) | (312) | (2,746) | (169,270) |
| Profit for the financial year | 70,419 | 223,900 | 110,568 | 160,762 | 989 | (7,332) | 559,306 |
| Other information | | | | | | | |
| Total segment assets | 24,291,571 | 15,036,225 | 8,691,065 | 13,974,394 | - | 481,698 | 62,474,953 |
| Total segment liabilities | 18,192,491 | 12,486,611 | 6,670,697 | 19,854,817 | 1,974 | 77,485 | 57,284,075 |
| Cost to income ratio | 62.4% | 29.6% | 41.6% | 11.3% | 0.0% | >-100% | 40.3% |
| Gross financing and advances | 24,580,168 | 14,523,810 | 8,098,505 | - | - | - | 47,202,483 |
| Net financing and advances | 24,201,504 | 14,416,915 | 8,034,153 | - | - | - | 46,652,572 |
| Impaired financing and advances | 386,692 | 178,867 | 58,620 | - | - | - | 624,179 |
| Deposits | 18,011,075 | 12,397,201 | 6,642,157 | 13,796,826 | - | - | 50,847,259 |
| Additions to: | | | | | | | |
| Property and equipment | - | - | - | - | - | 213 | 213 |
| Intangible assets | - | - | - | - | - | 70 | 70 |

Note:

1. Operating revenue of the Bank comprises of financing income and hibah and other operating income.

54. SIGNIFICANT EVENT

The Middle East Conflict that began on 28 February 2026 and caused the closure of the Strait of Hormuz, has significantly disrupted many business operations around the world. In assessing the potential credit implications of the conflict, specific customers' information and situations with particular focus on exposures to and from Middle East, industry and sectoral developments and trends, forward-looking economic information and a range of external market views were considered, with judgement applied considering the evolving facts and circumstances.

The assessment considered the actual and possible assistances the borrowers and customers would require and possibilities of more adverse developments. The process involved judgements on areas including duration, extent, and ultimate outcomes of the conflict which are subject to high degree of uncertainties. The results of the assessment and these considerations have been reflected and incorporated in the expected credit loss ("ECL") allowances as at 31 March 2026. While available, reasonable and supportable information have been considered in determining the ECL allowances for the current financial year ended 31 March 2026, actual outcomes may differ from these estimates due to high level of uncertainties involved.

Provisioning against credit loss under the MFRS 9 *Financial Instruments* and IFRS 9 *Financial Instruments* also requires forward-looking analysis which involves forecasts and projections of future scenarios at least twelve months after the balance sheet date. There are inherent limitations in determining possible future scenarios due to the highly uncertain situation and volatile development of the Middle East Conflict. There is a wide range of possible outcomes with practical difficulty to assign probabilities for quantifying their financial impacts meaningfully and reliably. A worst-case scenario indicated a possible global recession triggered by geopolitics with significant impact on ECL allowances, while a base-case scenario on the other hand, indicated a muted impact on ECL allowances if the Iran War ended in near future. Only reasonable scenario(s) supportable by internal and external views were used in this analysis as required under the accounting standard.

Given the inherent uncertainties and the high level of subjectivity involved in the recognition or measurement of ECL allowances as stated above, it is possible that the outcomes in the next financial year could differ from the expectations on which these estimates are based, resulting in the recognition and measurement of materially different amounts from those recorded in the financial statements. The extent of any adverse impacts on the Bank's customers, particularly on their ability to meet financial obligations to the Bank, will continue to affect the ECL allowances in the next financial year ending 31 March 2027. The Bank will continue to monitor these developments and implement appropriate measures to mitigate any adverse impacts on its credit portfolio.