

**OCBC AL-AMIN BANK BERHAD**

Registration No. 200801017151 (818444-T)  
(Incorporated in Malaysia)

**REPORTS AND FINANCIAL STATEMENTS**

**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025**

Domiciled in Malaysia  
Registered Office:  
19th Floor, Menara OCBC  
18 Jalan Tun Perak  
50050 Kuala Lumpur

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## **DIRECTORS' REPORT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025**

The Directors hereby submit their report and the audited financial statements of the Bank for the financial year ended 31 December 2025.

### **PRINCIPAL ACTIVITIES**

The Bank is a licensed Islamic Bank principally engaged in Islamic banking, offering customers a comprehensive range of products and services in accordance with Shariah principles. There has been no significant change in the nature of these activities during the financial year.

### **IMMEDIATE AND ULTIMATE HOLDING COMPANY**

The Bank is a wholly owned subsidiary of OCBC Bank (Malaysia) Berhad ("OCBC Malaysia") and the Directors regard Oversea-Chinese Banking Corporation Limited ("OCBC Ltd"), a licensed commercial bank incorporated in Singapore, as the ultimate holding company of the Bank during the financial year and until the date of this report.

### **FINANCIAL RESULTS**

	<b>RM'000</b>
Profit for the year	<u>358,851</u>

### **SHARE CAPITAL**

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

### **RESERVES AND PROVISIONS**

There were no material transfers to or from reserves and provisions during the financial year under review other than those disclosed in the financial statements.

### **DIVIDENDS**

No dividends have been paid or declared by the Bank since the end of the previous financial year. The Directors do not recommend payment of any dividend in respect of the current financial year ended 31 December 2025.

### **FINANCIAL PERFORMANCE**

The Bank recorded net profit of RM358.9 million for the financial year ended 31 December 2025, 29% higher than the previous financial year with an increase of RM80.7 million mainly due to higher net writeback in allowances of RM49.0 million, higher net income derived from depositors' funds & others of RM36.0 million, income derived from shareholder's funds of RM34.2 million and net income from investment account funds of RM15.4 million partly offset by higher tax of RM25.5 million, higher profit attributable to depositors of RM21.7 million and operating expenses of RM6.7 million.

Higher net writeback in allowances of RM49.0 million mainly due to higher other recoveries of RM56.4 million and lower Stage 1 & 2 expected credit losses ("ECL") net charge of RM6.2 million partly offset by lower ECL 3 net writebacks of RM13.4 million.

Gross financing and advances increased by RM1.4 billion or 8% to RM18.5 billion as at 31 December 2025 mainly from purchase of residential properties of RM0.8 billion, wholesale & retail trade and restaurants & hotels of RM0.6 billion, manufacturing of RM0.4 billion, transport, storage & communication of RM0.3 billion, construction of RM0.2 billion, utilities of RM0.1 billion and real estate of RM0.1 billion partly offset by lower financing to finance, insurance and business services of RM1.1 billion. Customer deposits grew in tandem by RM1.3 billion or 11% mainly from negotiable instrument of deposits issued of RM0.8 billion, short-term deposits of RM0.2 billion and demand deposits of RM0.2 billion.

Shareholder's funds strengthened by RM375.7 million to RM2.9 billion. The Bank is well capitalised, after taking into account the effects of RPSIA, with Common Equity Tier 1/Tier 1 capital ratios of 26.374% and Total capital ratio of 26.930%.

## **DIRECTORS' REPORT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025 (continued)**

### **MARKET OUTLOOK**

Malaysia's economy recorded gross domestic product ("GDP") growth of 5.2% in 2025 (2024: 5.1%), on the back of robust domestic demand, stable labour market conditions, sustained investment activity and stronger goods and services exports growth supported by technology upcycle and tourist arrivals. While external demand moderated in the second half of 2025 post implementation of U.S. reciprocal tariffs in April 2025, the impact was partially mitigated by Malaysia's diversified export base and continued regional trade flows.

Bank Negara Malaysia's monetary policy remained supportive of growth throughout 2025. The Overnight Policy Rate ("OPR") stayed flat at 2.75%, following the 25 basis points OPR drop in July 2025, reflecting firm domestic demand and manageable inflation. Looking ahead to 2026, the economic outlook remains constructive, underpinned by resilient domestic drivers and supportive macroeconomic policies. While domestic fundamentals remain strong, the operating environment faces external uncertainties, including geopolitical tensions and evolving global trade tariffs, exacerbated by slower global trade amid the Middle East conflict. The ultimate impact of this conflict remains uncertain and will depend on its duration and severity.

The banking sector remains strong and well-capitalised with healthy funding and liquidity positions as well as prudent risk management, ensuring continued support of the domestic economy's financing needs.

### **ACTIVITIES AND ACHIEVEMENTS 2025**

In 2025, OCBC Al-Amin Bank Berhad ("OCBC Al-Amin") attained multiple industry recognitions, reaffirming our strong commitment to driving sustainability, excellence and innovation across all facets of our business.

At the *Euromoney Islamic Finance Awards 2025*, we won Asia's Best Islamic Local Currency Deal Award for Westports Malaysia's RM5 billion Sukuk Wakalah Programme as joint principal advisers. We also won Malaysia's Best Islamic Local Currency Deal Award as the sole principal advisor for Pantai Holdings's RM15 billion Sukuk Wakalah Programme. In addition, we clinched the GIFA Excellence Award for Islamic Financial Sustainability at the *Global Islamic Finance Awards ("GIFA") 2025*. These accolades underscore our commitment to delivering innovative, Shariah-compliant financial solutions while upholding the highest standards of integrity and performance.

OCBC Al-Amin continued its implementation of sustainability and climate-related initiatives aligned with OCBC Group Sustainability Framework's target to achieve net zero in financed emissions by 2050. We equipped our relationship managers with specialised training through the Net Zero Navigator series, ESG risk management and actively support clients on sustainability financing. The Bank launched the Women Unlimited programme which is catered towards supporting women-led small and medium enterprises ("SMEs") and engagement programmes including OCBC Sustainable Finance Forums held in Kuala Lumpur and Johor Bahru.

Our capability building efforts across the OCBC Malaysia Group on sustainability totalled more than 15,000 hours through short courses and certifications. The Bank was also a co-sponsor of the JC3 SME Conference 2025 which provided knowledge resources and financing avenues for SMEs embarking on their sustainability journey.

As part of our ongoing effort to support emerging entrepreneurs, we successfully rolled out the exclusive CGC Bumiputera tranche in August 2025 to provide focused funding to Bumiputera entrepreneurs in meeting their day-to-day business needs. The Bank continues to strengthen its engagement with entrepreneurs through various initiatives with the support of our strategic partners, namely the Malaysian Investment Development Authority ("MIDA"), SME Corporation Malaysia, Malaysia External Trade Development Corporation (MATRADE) and local state governments.

At the Malaysia International Halal Showcase ("MIHAS") 2025, OCBC Al-Amin formalised a Memorandum of Understanding with Halal Development Corporation, marking a significant milestone in supporting halal entrepreneurs and strengthening Malaysia's halal economy. This partnership reflects our commitment to providing integrated financial solutions and market connectivity to help halal businesses scale domestically and globally.

On the consumer banking business, we strengthened our wealth management proposition and enhanced customer experience through innovative offerings and strategic initiatives. This year marked a significant milestone with the launch of the OCBC Malaysia Premier Private Client Centre in Bangsar which also offers Islamic financial solutions. The centre delivers a bespoke wealth management experience, complemented by exclusive events and curated lifestyle privileges, reinforcing our commitment to serving affluent clients. The Bank remains committed to growing our mortgage portfolio and enhancing our Islamic wealth management and takaful offerings.

## **DIRECTORS' REPORT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025 (continued)**

### **ACTIVITIES AND ACHIEVEMENTS 2025 (continued)**

OCBC Al-Amin continues to be a frontrunner in providing combined investment banking and sustainable finance solutions to domestic government-linked companies and top tier conglomerates. Our integrated Islamic and Environmental Social and Governance frameworks have earned significant industry recognition, demonstrating that our commitment to ethical and sustainable practices benefit both our customers and the broader community. We have been instrumental in supporting the rapid growth and development of the local sustainable finance ecosystem through our comprehensive financing solutions.

On the social front, one of the key highlights was our 10th anniversary collaboration with IDEAS Autism Centre, which provides affordable therapy for autistic children from underprivileged families. The Bank also partner with Pusat Pungutan Zakat Wilayah Persekutuan and Universiti Kuala Lumpur to launch the AZKA Book Center Corner which functions as a dedicated educational resource for students and faculty, promoting knowledge and awareness in Islamic finance. This initiative is expected to benefit more than 5,300 students, 250 academic staff and numerous visitors.

OCBC Al-Amin is an active committee member in the MyZakat programme, an initiative by the Association of Islamic Banking and Financial Institutions Malaysia (AIBIM) under the *Program Transformasi Usahawan Asnaf*. MyZakat, recognised under Bank Negara Malaysia's iTEKAD programme, is designed to empower low-income microentrepreneurs by strengthening their financial management capabilities and business acumen, enabling them to achieve sustainable income and improve their livelihoods.

Our corporate social responsibility ("CSR") efforts continued to thrive through our three-pronged approach at the corporate, divisional, and branch levels, driven by the voluntary efforts of our employees. These initiatives, focusing on environment, education, healthcare, community and humanitarian work collectively impacted more than 20,000 individuals in need.

The Bank remains committed to strengthening Islamic banking capabilities across the OCBC Group. In 2025, more than 760 employees enhanced their knowledge of Islamic banking through in-house training and external certification programmes. Over 21 training sessions were conducted to empower staff to make informed decisions and drive business growth.

### **DIRECTORS OF THE BANK**

Directors who served during the financial year until the date of this report are:

George Lee Lap Wah (Chairman of the Board)  
Ayesha Natchiar Binti Ally Maricar  
Ismail Bin Alowi  
Mevin Nevis AF Nevis (Chairman of the Risk Management Committee)  
Tan Fong Sang (Chairman of the Board Audit Committee)  
Nik Mohamed Din Bin Nik Musa (*appointed on 1 April 2026*)

In accordance with clauses 112 and 113 of the Bank's Constitution, Encik Ismail Bin Alowi and Puan Ayesha Natchiar Binti Ally Maricar, shall retire at the forthcoming Annual General Meeting and being eligible, offer themselves for re-election.

In accordance with Clause 115 of the Bank's Constitution, Encik Nik Mohamed Din Bin Nik Musa, shall be retire at the forthcoming Annual General Meeting and being eligible, offer himself for re-election.

### **PROFILE OF THE BOARD OF DIRECTORS ("The Board")**

#### **Mr George Lee Lap Wah, *Independent Non-Executive Chairman***

Mr George Lee Lap Wah was appointed as Chairman of the Board on 1 October 2024. He is also Chairman of the Board of OCBC Bank (Malaysia) Berhad. An experienced banker with extensive knowledge of the Malaysian market, he was an advisor to the CEO and Management Committee of OCBC Bank (Malaysia) Berhad from April 2016 to July 2017. Prior to that, Mr Lee served as an Executive Vice President and Head of Global Corporate Banking at OCBC Ltd from February 2012 until his retirement in April 2016. Before this, he served as Executive Vice President and Head of Group Investment Banking of OCBC Ltd since 2002.

**DIRECTORS' REPORT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025 (continued)**

**PROFILE OF THE BOARD OF DIRECTORS ("The Board") (continued)**

**Mr George Lee Lap Wah, *Independent Non-Executive Chairman* (continued)**

Mr Lee started his career as a Finance Officer in the Group Treasury Department of Keppel Shipyard in 1978 and joined Marine Midland Bank in 1982. Subsequently, he held managerial positions at various Singapore-based merchant banking units. In 1989, he was appointed as Country Manager of Security Pacific Bank before joining Credit Suisse Singapore as Head of Corporate Banking for South East Asia in 1993. He left as Director, Corporate Lending of Credit Suisse First Boston in 1998 to join OCBC Ltd.

Mr Lee is an Independent Director of Wearnes Starchase Ltd and Great Eastern Holdings Ltd. He holds a Bachelor of Business Administration (Honours) from the University of Singapore and is a qualified Chartered Financial Analyst. He is also a member of the Singapore Exchange ("SGX") Disciplinary Committee.

**Puan Ayesha Natchiar Binti Ally Maricar, *Independent Non-Executive Director***

Puan Ayesha Natchiar Binti Ally Maricar was appointed to the Board on 3 July 2023. She also serves on the Board of OCBC Bank (Malaysia) Berhad. She currently serves as a member of the Risk Management Committee ("RMC"). She has over 40 years of experience in banking and financial services, having served as Senior Vice President and Chief Internal Auditor of OCBC Bank (Malaysia) Berhad from 1987 until her retirement in 2010. She has expertise in banking operations, risk management, credit and audit, along with a strong understanding of the regulatory environment governing the banking sector.

Puan Ayesha was an Independent Non-Executive Director of Bank of America Malaysia Berhad from 2012 to 2021, where she served as Chairman of the Board Risk Committee. She also served as a Director of Merrill Lynch Malaysian Advisory Sdn Bhd from 2015 to 2024.

Puan Ayesha holds a double degrees from the University of Singapore in Bachelor of Arts and a Bachelor of Social Science (Honours). She has also attended the Senior Executive Management Programme at Cornell University, USA and holds a Certification in Islamic Law from the International Islamic University, Malaysia. She is a Certified Risk Professional and Certified Fraud Examiner and is accredited in Internal Quality Assessment and Validation by the Institute of Internal Auditors, Inc (USA). She was a past Chairman of the Chief Internal Auditors Networking Group ("CIANG") and was a member of the CIANG Examination Committee for internal audit examinations.

**Encik Ismail Bin Alowi, *Independent Non-Executive Director***

Encik Ismail Bin Alowi was appointed to the Board on 15 May 2017. He started his career in Bank Negara Malaysia ("BNM") in 1976, where he held various positions in roles involving public finance, balance of payments, financial sector, monetary and exchange rate policies, macroeconomic management, regional and international co-operation, and regional and multilateral trade negotiations. During this time, he acquired extensive experience in policy making and implementation. In November 2002, he was seconded to the International Monetary Fund ("IMF") as an Alternate Executive Director in the IMF Executive Board until October 2004 when he returned to BNM where he served as Director of the International Department until his retirement in 2009. Encik Ismail graduated with a Bachelor of Economics with Honours from University of Malaya and holds a Master of Arts in Development Economics from Boston University, and a Master's degree in Public Administration from Harvard University.

**Mr Mevin Nevis AF Nevis, *Independent Non-Executive Director***

Mr Mevin Nevis AF Nevis was appointed to the Board on 1 November 2022. He currently serves as Chairman of the Risk Management Committee ("RMC"). He brings with him over 35 years of banking experience with responsibilities covering banking operations, international trade finance, credit, commercial, corporate and transaction banking. His senior managerial positions included branch manager, regional manager and head of business such as SME, local corporates, transaction banking and product management. Mr Nevis also served in the United States as vice president and regional account manager in charge of business development among US corporates with business interests in South East Asia. His experience extends to Islamic banking as well, having played a key leadership role in an international Islamic bank where he helped transform its corporate business.

**DIRECTORS' REPORT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025 (continued)**

**PROFILE OF THE BOARD OF DIRECTORS ("The Board") (continued)**

**Mr Mevin Nevis AF Nevis, *Independent Non-Executive Director* (continued)**

Prior to his appointment to the Board, Mr Nevis was Head of Operations of the Corporate Debt Restructuring Committee ("CDRC"), under the purview of Bank Negara Malaysia. He spent over 5 years at the CDRC leading in the resolution of debt restructuring resolutions between distressed corporates and their financial institution creditors. Mr Nevis is also Chairman of Pac Lease Berhad, a wholly-owned subsidiary of OCBC Capital (Malaysia) Sdn Bhd and Overseas-Chinese Banking Corporation Limited is the ultimate holding company of Pac Lease Berhad. An Associate of the Chartered Institute of Bankers UK with an MBA in Business Management, Mr Nevis is a Certified Risk Professional ("CRP"), BAI Certification Centre USA, and also attended the international management programme at INSEAD Euro Asia Centre (Fontainebleau), France.

**Ms Tan Fong Sang, *Independent Non-Executive Director***

Ms Tan Fong Sang was appointed to the Board on 2 January 2024. She currently serves as Chairman of the Board Audit Committee ("BAC"). As a Chartered Accountant registered with the Malaysian Institute of Accountants ("MIA"), she is an experienced banker with a career spanning almost 24 years in OCBC Bank (Malaysia) Berhad. She held various executive positions in OCBC Bank (Malaysia) Berhad, including Chief Financial Officer, before retiring.

Ms Tan is currently also a Director of Great Eastern Labuan Company Limited and Fraser & Neave Holdings Berhad ("F&N"). At F&N, she is Chairman of the Sustainability and Risk Management Committee and a member of the Share Buy Back Committee. She was previously a Director of Great Eastern Life Assurance (Malaysia) Berhad and Great Eastern General Insurance (Malaysia) Berhad. She has also served in several subsidiaries of Oversea-Chinese Banking Corporation Limited ("OCBC Ltd"), namely e2 Power Sdn Bhd (now known as OCBC E2 Power Sdn Bhd), OCBC Credit Berhad, OCBC Capital (Malaysia) Sdn Bhd and OCBC Advisers (Malaysia) Sdn Bhd.

Ms Tan holds a Bachelor of Accounting from Universiti Kebangsaan Malaysia ("UKM") and a Chartered Accountant registered with the Malaysian Institute of Accountants.

**Encik Nik Mohamed Din Bin Nik Musa, *Independent Non-Executive Director***

Encik Nik Mohamed Din Bin Nik Musa was appointed to the Board on 1 April 2026. He is an accomplished regulator with 34 years of experience in central banking and financial services regulation, including leadership roles at Bank Negara Malaysia and as Director-General/Board member of Labuan Financial Services Authority ("Labuan FSA"). He has demonstrated expertise in strategic leadership, governance alignment, Islamic finance, digital transformation, and risk management.

Encik Nik was also appointed as Deputy Chairman of International Islamic Financial Market ("IIFM") Board in Bahrain, the Board member of Financial Park (Labuan) Sdn Bhd as well as the Chairman of Pristine Era Sdn Bhd, from 2021 to 2025.

Encik Nik was conferred Fellow Chartered Banker in June 2025 recognising his 34 years of central banking experience. He holds a Master of Business Administration from Warwick Business School, University of Warwick and a Bachelor of Science (honours) in Economics and Accounting from University of Bristol, both in the United Kingdom.

**DIRECTORS' INTERESTS IN SHARES AND OPTIONS**

The interests and deemed interests in the shares of the Bank and its related corporations of those who were Directors at financial year end (including the interests of the spouses or children of the Directors who themselves are not Directors of the Company) as recorded in the Register of Directors' Shareholding are as follows:

**Oversea-Chinese Banking Corporation Limited**

Shareholdings registered in the name of Directors or in which Directors have a direct interest	At		At	
	1 January 2025	Acquired/ Awarded	Disposed	31 December 2025
<u>Ordinary Shares</u>				
George Lee Lap Wah	85,143	-	-	85,143
Ayesha Natchiar Binti Ally Maricar	2,308	-	-	2,308
Tan Fong Sang	71,352	-	-	71,352

Other than the above, no other Director in office during the financial year held any interest in shares and options of the Bank and its related corporations.

## **DIRECTORS' REPORT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025 (continued)**

### **DIRECTORS' BENEFITS**

Since the end of the previous financial year, no Director of the Bank has received nor become entitled to receive any benefit (other than the benefits included in the aggregate amount of remuneration received or due and receivable by the Directors as shown in Note 26 to the financial statements or the fixed salary of a full time employee of the Bank or of related corporations) by reason of a contract made by the Bank or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest.

There were no arrangements during and at the end of the financial year which had the object of enabling the Directors of the Bank to acquire benefits by means of the acquisition of shares in the Bank or any other body corporate.

### **CORPORATE GOVERNANCE**

#### **Board Composition and Independence**

The Board comprises six Directors, all of whom are Independent Non-Executive Directors.

The Bank has set the policy on the tenure limit at 9 continuous years. The Nominating & Remuneration Committee ("NRC") shall assess the independence of the Directors who have served the Bank continuously for 9 years or more. The NRC can invite the independent Director to serve beyond his or her tenure or beyond 9 years if the NRC is satisfied, after the assessment, that the relevant Director's independence is not compromised and it is in the interest of the Bank to retain the service of the relevant Director in the same capacity.

The roles of the Chairman and the Chief Executive Officer ("CEO") are separated, which is consistent with the principles of corporate governance as set out in Bank Negara Malaysia ("BNM")'s Policy on Corporate Governance, to institute an appropriate balance of power and authority. The Chairman's responsibilities, to name a few, include leading the Board to ensure its effectiveness on all aspects of its role; setting its meeting agendas; ensuring that the Directors receive accurate, timely and clear information; encouraging constructive relations between the Board and management; facilitating the effective contribution of Non-Executive Directors; and promoting high standards of corporate governance.

The members of the Board, as a group, provide skills and competencies to ensure the effectiveness of the Board. These include banking, accounting, Shariah principles and Islamic Finance, legal, strategy formulation, business acumen, management experience, familiarity with regulatory requirements and knowledge of risk management, technology and sustainability.

As a principle of good corporate governance, all Directors are subject to re-election/re-appointment (by rotation) pursuant to the Bank's Constitution and BNM's approval.

Some of the Directors are also members of the BAC, the NRC and the RMC. The Board is satisfied that the Directors have been able to devote adequate time and attention to fulfil their duties as Directors of the Bank, in addition to their representation at Board Committees.

#### **Board Conduct and Responsibilities**

The Board is elected by the shareholder to supervise the management of business and affairs of the Bank. The prime stewardship responsibility of the Board is to ensure the viability of the Bank and to ensure that it is managed in the best interests of the shareholder and other stakeholders.

Broadly, the responsibilities of the Board include, but are not limited, to the following:

- To be responsible for the overall oversight function and the effective functioning of the Shariah governance structure;
- Reviewing and approving overall business strategy developed and recommended by management;
- Ensuring that decisions and investments are consistent with long-term strategic goals;

## **DIRECTORS' REPORT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025 (continued)**

### **CORPORATE GOVERNANCE (continued)**

#### **Board Conduct and Responsibilities (continued)**

- Ensuring that the Bank is operated to preserve its financial integrity and in accordance with policies approved by the Board;
- Overseeing, through the BAC, the quality and integrity of the accounting and financial reporting systems, disclosure controls and procedures and internal controls; and through the RMC, the quality of the risk management processes and systems;
- Reviewing any transaction for the acquisition or disposal of assets that is material to the Bank;
- Providing oversight in ensuring that the Bank's risk appetite and activities are consistent with the strategic intent, operating environment, effective internal controls, capital sufficiency and regulatory standards; and
- Promoting sustainability through appropriate environmental, social and governance considerations in the Bank's business strategies.

Prior to each meeting, members are provided with timely and adequate information to enable them to fulfil their responsibilities. Information provided includes background information on matters to be addressed by the Board, copies of disclosure documents, periodic internal financial reports, risk management reports, budgets, forecasts and reports of variance from budgets and forecasts.

The Board and the Board Audit Committee have separate and independent access to the internal auditors, the external auditors, the Bank's senior management and the Bank's Company Secretary. The Directors may, in addition, seek independent professional advice at the Bank's expense as may be deemed appropriate.

Training and development is provided to the Directors on a continuing basis, to develop and refresh their skills and knowledge to enable them to effectively perform their roles on the Board and its Committees. This, among others, includes updates on Shariah and Islamic finance, regulatory developments, new business and products, accounting and finance, corporate governance, risk management, cybersecurity and technology, sustainability and environment, social and governance ("ESG") which are provided by subject matter experts from within and outside the Bank. A separate programme is established for new Directors which focuses on introductory information, briefings by senior executives on their respective areas and external courses, where relevant.

#### **Board Audit Committee ("BAC")**

The BAC comprises Ms Tan Fong Sang (BAC Chairman), Encik Ismail Bin Alowi and Mr Mevin Nevis AF Nevis, all of whom are Independent Directors.

The terms of reference of the BAC, approved by the Board, describe the responsibilities of its members. The BAC meets regularly, preferably not less than once in every three months or more often, as necessary. It has full access to and co-operation from management, and has the discretion to invite any Director and/or executive officer to attend its meetings. It has explicit authority to investigate any matter within its terms of reference.

In addition to the review of the Bank's financial statements, the BAC reviews, with the external and internal auditors, the adequacy of the system of internal controls including financial, operational and compliance controls. It reviews the audit scope and audit reports, assesses the effectiveness of external audit and internal audit functions as well as ensures the independence and objectivity of the external auditors and internal auditors. When the external auditors provide non-audit services to the Bank, the BAC keeps the nature, extent and costs of such services under review. This is to balance the objectivity of the external auditors against their ability to provide value-for-money services. The BAC also reviews significant financial reporting issues and judgements to ensure the integrity of the financial statements.

The BAC meets at least once a year with the external auditors and internal auditors in separate sessions and without the presence of management to consider any matters which might be raised privately. The BAC has received the requisite disclosures from the external auditors evidencing the latter's independence. It is satisfied that the financial, professional and business relationships between the Bank and the external auditors are compatible with maintaining the independence of the external auditors.

## **DIRECTORS' REPORT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025 (continued)**

### **CORPORATE GOVERNANCE (continued)**

#### **Internal Audit Function**

The BAC approves the Audit Charter of Internal Audit and reviews the effectiveness of the internal audit function. In line with leading practice, Internal Audit's mission statement and charter require it to provide independent and objective assessments to help improve the quality and effectiveness of governance, risk management and internal control processes, and enable the Bank to accomplish its strategic objectives, using a risk-based, systematic and disciplined audit approach.

The scope of work of Internal Audit is to provide reasonable, but not absolute, assurance to the BAC and senior management that the Bank's governance, risk management and internal control processes, as designed and implemented by senior management, are adequate and effective.

Internal Audit also provides consulting or advisory services where the objective is to add value and improve an organisation's governance, risk management and control processes without Internal Audit assuming management responsibility.

Internal Audit also performs investigations into alleged staff misconduct or suspected internal frauds (involving staff), that may arise from a whistle-blow complaint or referred by Business Units. The primary objectives of the investigation are to conduct fact finding, review and assess the facts, gather evidence to substantiate an individual's involvement in an allegation, and identify root causes, so as to facilitate decision making and remedial actions by the necessary stakeholders to protect the interest of the Bank.

#### **Internal Controls**

The Bank has established an internal control policy to provide a solid foundation for building an effective internal control system and to help strengthen the control culture of the Bank. The policy outlines the key control objectives that are essential for internal control activities to remain focused. The policy is reviewed at least every two years or as when required.

The Bank also has in place self-assessment processes for all business units to assess and manage the adequacy and effectiveness of their internal controls, and their level of compliance with applicable rules and regulations. Senior management attests annually to the CEO on the adequacy and effectiveness of the internal control system, as well as to report key control deficiencies and accompanying remedial plans.

The Bank also has in place a whistle blowing policy and an independent investigation process to investigate all whistleblowing reports based on investigation protocol which accords with the principles of fairness, independence and propriety.

Based on the internal controls established and maintained by the Bank, work performed by the internal and external auditors, and reviews performed by management and various Board Committees, the Board, with the concurrence of the BAC and the RMC, is of the opinion that the system of internal controls, including financial, operational, compliance and information technology controls, and risk management systems are adequate and effective to address the risks which the Bank considers relevant and material to its operations.

The system of internal controls provides reasonable, but not absolute, assurance that the Bank will not be adversely affected by any event that could be reasonably foreseen as it strives to achieve its business objectives. However, the Board also notes that no system of internal controls can provide absolute assurance in this regard, or absolute assurance against the occurrence of material errors, poor judgement in decision-making, human error, losses, fraud or other irregularities.

#### **Nominating & Remuneration Committee ("NRC")**

The NRC comprises Encik Ismail Bin Alowi (NRC Chairman), Mr Mevin Nevis AF Nevis and Ms Tan Fong Sang, all of whom are Independent Directors.

The terms of reference of the NRC are approved by the Board. The NRC shall meet at least once every year. The NRC is entitled to secure the attendance of any person with relevant experience and expertise at committee meetings if the Committee considers this appropriate.

## **DIRECTORS' REPORT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025 (continued)**

### **CORPORATE GOVERNANCE (continued)**

#### **Nominating & Remuneration Committee ("NRC") (continued)**

The NRC shall assess and recommend nominees for directorship, Board Committee membership, Shariah Committee membership and for the CEO position, including reappointment of Directors before an application is submitted to BNM for approval. The actual decision as to who shall be nominated shall be the responsibility of the full Board. The Committee shall oversee the annual review of the overall composition of the Board and Board balance, Directors' independence, competency and skills as well as the assessment to ensure that the Directors and key senior management officers are not disqualified under Section 68 of the Islamic Financial Services Act 2013. The annual performance evaluation process of the Board as a whole, and the Board Committees as well as of the individual Directors was established with the endorsement of the Committee. The Committee oversees the appointment, management succession planning and performance evaluation of key senior management officers, including recommending to the Board the removal of key senior management officers if they are ineffective, errant and negligent in discharging their responsibilities.

The Committee may review the human resource management policies and make recommendations to the Board on policies governing the remuneration of the Executive Directors, including the CEO, and the Non-Executive Directors. In considering its recommendations to the Board on the remuneration policies, the Committee shall take into consideration the feedback and inputs from the Risk Management Committee.

In addition, the Committee shall make recommendations to the Board on the remuneration, fee and benefits of the Directors as well as the compensation of the CEO. The Committee shall review and approve the compensation of executive officers of the Bank of any rank as may be delegated by the Board, including key senior management officers and Material Risk Takers.

#### **Remuneration Policy**

The objective of the Bank's remuneration policy is to attract, motivate, reward and retain quality staff. The Board ensures that the remuneration policies are in line with the strategic objectives and corporate values of the Bank, and do not give rise to conflicts between the objectives of the Bank and the interests of individual Directors and key executives.

The total compensation packages for employees comprise basic salary, variable performance bonus, allowances and deferred share awards for eligible executives, as well as benefits. Compensation is significantly differentiated between performance levels. Executives are remunerated based on the achievements of their own performance measures, and the demonstration of core values and competencies, while taking into account market compensation data for their respective job roles. Compensation packages are linked to personal performance, the performance of organisational function as a whole and the overall performance of the Bank. Compensation is tied to the achievement of business and performance objectives based on a balanced scorecard approach and adherence to core values. Where relevant, financial measures are adjusted as appropriate for the various types of risk (such as market, credit and operational risks) and include:

- Operating efficiency measures encompassing revenue, direct and allocated costs and operating profits, net profits as well as efficiency indicators such as unit costs.
- Economic efficiency measures such as cost of capital. Capital is attributed to each business based on the amount of risk-weighted assets used and the return on capital.
- Liquidity is factored into the performance measurement of each business through the application of liquidity premiums charged or credited according to the behavioural maturity of each type of asset and liability booked.

Each business unit has its own performance measures that match its functions and objectives that are consistent with the Bank's risk appetite. In the determination of remuneration of senior executives, risk and control indicators as well as audit findings and compliance issues are taken into account when assessing business performance. The performance of risk and compliance functions is measured independently of the businesses they oversee. Employees in these functions are assessed based on the achievement related to their respective performance measures.

In determining the composition of compensation packages, the Bank takes into account the time horizon of risk and includes, in the total compensation for executives, a portion of deferred payment in the form of deferred shares. For senior management and officers entrusted with the effective implementation of Shariah governance in the business and operations of OCBC Al-Amin Bank Berhad, the Bank shall also take into account the reinforcement of a risk culture that is in line with Shariah governance objectives.

## **DIRECTORS' REPORT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025 (continued)**

### **CORPORATE GOVERNANCE (continued)**

#### **Remuneration Policy (continued)**

The Bank has identified a group of senior executives whose authorities and actions are deemed to have a major influence on the long term performance of the Bank. This group of Material Risk Takers ("MRTs") comprises certain members of senior management, employees of Managing Director 1 rank and above, senior control staff, employees who had been awarded high variable performance bonuses and supervisors of staff identified as MRT.

The Bank's remuneration policy requires MRTs to have 40% of their total variable compensation deferred as long term incentive, if the total variable compensation meets a minimum threshold. The long term incentive will be in the form of OCBC Bank deferred shares. Share awards under the OCBC Deferred Share Plan ("the Plan") are also granted annually to other eligible executives who are paid high variable performance bonuses. The share awards form 20% to 40% of their total variable performance bonus for the year.

Under the Plan, 50% of the share awards will vest after two years with the remaining 50% vesting at the end of the third year in accordance with the guidelines established under the Plan. Prior to the vesting date, the executives are not accorded voting rights on the shares.

The amount of remuneration received by Directors during the financial year ended 31 December 2025 are as follows:

	<b>Variable Cash Directors' Fees <u>RM'000</u></b>
George Lee Lap Wah	355
Ayesha Natchiar Binti Ally Maricar	102
Ismail Bin Alowi	324
Mevin Nevis AF Nevis	330
Tan Fong Sang	330

Quantitative disclosure of the Bank's key management and other MRT remuneration is disclosed in Note 26 to the financial statements.

All variable cash compensation and share grants of MRTs are subject to cancellation and clawback if it is determined that they were made on the basis of materially inaccurate financial statements and/or the employee has engaged in conduct that results in financial loss, reputational harm, restatement of financial results and/or adverse changes of the Bank's risk profile/rating and/or the employee has committed a gross misconduct, fraud or breach of trust in relation to the Bank or OCBC Group.

The Bank's compensation practices are reviewed annually by an independent party to ensure that it meets the Financial Stability Forum ("FSF") principles and implementation standards for Sound Compensation Practices, as well as regulatory requirements.

#### **Risk Management Committee ("RMC")**

The RMC comprises Mr Mevin Nevis AF Nevis (RMC Chairman), Puan Ayesha Natchiar Binti Ally Maricar, Encik Ismail Bin Alowi, Mr George Lee Lap Wah and Ms Tan Fong Sang, all of whom are Independent Non-Executive Directors.

BNM had, on 2 July 2009, approved the delegation of approving authority of the Board of Directors pertaining to risk management matters to the RMC. The terms of reference of the RMC are approved by the Board. The RMC shall meet at least once every quarter. The Committee shall be entitled to secure the attendance of any person with relevant experience and expertise at committee meetings if the RMC considers this appropriate.

The RMC shall review and approve risk management strategies, policies and risk tolerance; review and assess the adequacy of risk management policies and framework in identifying, measuring, monitoring and controlling risks including environmental, social and governance as well as climate-related risks, technology and cybersecurity risks and Shariah risk. The RMC shall ensure the infrastructure, resources and systems are in place for risk management; review management's periodic reports on risk exposure, risk portfolio composition and risk management activities and ensure compliance with OCBC Group's risk management strategies, policies and tolerance.

**DIRECTORS' REPORT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025 (continued)**

**CORPORATE GOVERNANCE (continued)**

**Disclosure of Shariah Committee**

The Shariah Governance Framework requires the Shariah Committee ("SC") members to participate and engage themselves actively in deliberating Shariah issues in relation to the Bank's activities and operations. Their main duties and responsibilities are as follows:

- (a) To provide objective and sound Shariah advice to the Bank to ensure that its aims and operations, business, affairs and activities are in compliance with Shariah. This includes:
  - (i) providing decision or advice to the Bank on the application of any rulings of the Shariah Advisory Council ("SAC") of BNM or standards on Shariah matters that are applicable to the operations, business, affairs and activities of the Bank;
  - (ii) reviewing and endorsing new product or its variation and any Islamic financial instruments such as Sukuk including relevant documentation, product manual or policy, process flow and marketing collaterals;
  - (iii) reviewing and endorsing Shariah related guidelines issued from time to time. This also includes approving Bank's internal standard operating procedures or manuals which govern the functioning of Shariah Secretariat;
  - (iv) providing decision or opinion on matters which require a reference to be made to the SAC of BNM;
  - (v) providing a decision or advice on the operations, business, affairs and activities of the Bank which may trigger a Shariah non-compliance event;
  - (vi) deliberating and affirming a Shariah non-compliance finding by any relevant functions; and
  - (vii) endorsing a rectification measure to address a Shariah non-compliance event.
- (b) To develop a structured and robust methodology to guide its decision-making process which must be documented, adopted and maintained at all times to ensure the credibility of decision-making;
- (c) To review and confirm the accuracy of minutes of SC meetings to record the decisions or advice of the SC, including the key deliberations, rationale for each decision made by each SC member, and any significant concerns and dissenting views;
- (d) To immediately update the Board in the event the SC has reason to believe that any Shariah issues or matter may affect the safety and soundness of the Bank;
- (e) To devote sufficient time to prepare for and attend SC meetings;
- (f) To disclose the nature and extent of interest that constitutes or gives rise to a conflict or potential conflict of interest upon the appointment, reappointment or as soon as there is any changes in his circumstances that may affect his status;
- (g) To oversee the computation and distribution of zakat and treatment of funds that cannot be recognized by the Bank as income (e.g., Shariah non-compliance, gharamah/penalty) to be channeled to zakat institution or charity;

**DIRECTORS' REPORT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025 (continued)**

**CORPORATE GOVERNANCE (continued)**

**Disclosure of Shariah Committee (continued)**

(h) To report the following:

- (i) the state of the Shariah compliance of the Bank which will be disclosed in the annual financial statement of the Bank; and
  - (ii) SC's decisions to the Board at least three times a year which essentially contains at minimum, product development, key Shariah related issues and revision of Bank's internal Shariah standard operating procedures or manuals which govern the functioning of Shariah Secretariat.
- (i) To continuously develop a reasonable understanding of the business and operations of the Bank and keep abreast with relevant market and regulatory developments; and
- (j) SC members shall not act in a manner that would undermine the rulings and decisions made by the SAC of BNM or the committee they represent.

**Members' Attendance at Shariah Committee ("SC") Meetings held in 2025**

	<b><u>Attendance of Meetings Held</u></b>
Dr Khairul Anuar Bin Ahmad	9 of 11
Hj. Faizal Bin Jaffar	11 of 11
Dr Mohd Hilmi Bin Ramli	9 of 11
Dr Mohd Rofaizal Bin Ibhram	11 of 11
Mr Abdul Latif bin Ahmad Subki	11 of 11
Dr Mohd Rizal bin Muwazir	11 of 11

**Management Information**

All Directors review the Board and Board Committee reports prior to the Board and Board Committee meetings. Information and materials, duly endorsed by the CEO and the relevant functional heads, that are important to the Directors' understanding of the agenda items and related topics are distributed in advance of the meeting. These are issued in sufficient time to enable the Directors to obtain further explanations and to be briefed properly, where necessary, before the meeting. The Bank provides information on business, financials and risks to the Directors on a regular basis as well as on an ad-hoc basis.

The Board and Board Committee reports include, amongst others, the following:

- Financial Risks and Non-Financial Risk Reports;
- Compliance Update;
- ESG & Climate Risk Management Update;
- Shariah Risk Update;
- Internal Audit Report;
- Operating Plan and Business Update; and
- Shariah Committee Report.

The Board provides input on the Bank's policies from the country perspective in line with the prevailing regulatory framework, economic and business environment.

**DIRECTORS' REPORT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025 (continued)**

**CORPORATE GOVERNANCE (continued)**

**Management Information (continued)**

**Directors' Attendance At Board and Board Committee Meetings held in 2025**

	<b>Board</b>	<b>BAC</b>	<b>NRC</b>	<b>RMC</b>
George Lee Lap Wah	10 of 10	-	-	6 of 6
Ayesha Natchiar Binti Ally Maricar	10 of 10	-	-	6 of 6
Ismail Bin Alowi	10 of 10	7 of 7	3 of 3	6 of 6
Mevin Nevis AF Nevis	10 of 10	7 of 7	3 of 3	6 of 6
Tan Fong Sang	10 of 10	7 of 7	3 of 3	6 of 6

The Bank's Constitution provides for the Directors to participate in the Board and Board Committee meetings by means of telephone conferencing, video conferencing or audio visual equipment.

**COMPLIANCE WITH BNM'S EXPECTATIONS ON FINANCIAL REPORTING**

In the preparation of the financial statements, the Directors have taken reasonable steps to ensure that BNM's expectations on financial reporting have been complied with, including those as set out in BNM's Guidelines and Policies on Financial Reporting for Islamic Banking Institutions, Capital Funds for Islamic Banks and Corporate Governance.

**DIRECTORS' INDEMNITY**

A Directors' and Officers' Liability Insurance has been entered into by the Bank for the financial year ended 31 December 2025. The policy provides appropriate cover for legal action brought against its Directors in accordance with qualifying third party indemnity provisions (as defined by Section 289 of the Companies Act 2016). During the financial year, the cost of this insurance effected for the Directors and Officers of the Bank amounted to RM7,278 (2024: RM4,753).

**OTHER STATUTORY INFORMATION**

Before the financial statements of the Bank were made out, the Directors took reasonable steps to ascertain that:

- all known bad debts and financing have been written off and adequate impairment allowance made for doubtful debts and financing, and
- any current assets which are unlikely to be realised in the ordinary course of business have been written down to an amount which they might be expected to realise.

At the date of this report, the Directors are not aware of any circumstances:

- that would render the amount written off for bad debts and financing or the amount of the impairment allowance for doubtful debts and financing in the Bank inadequate to any substantial extent, or
- that would render the value attributed to the current assets in the financial statements of the Bank misleading, or
- which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Bank misleading, or inappropriate, or
- not otherwise dealt with in this report or the financial statements that would render any amount stated in the financial statements of the Bank misleading.

**DIRECTORS' REPORT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025 (continued)**

**OTHER STATUTORY INFORMATION (continued)**

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

- any charge on the assets of the Bank that has arisen since the end of the financial year and which secures the liabilities of any other person, or
- any contingent liability in respect of the Bank that has arisen since the end of the financial year, other than in the ordinary course of banking business.

No contingent liability or other liability of the Bank, other than those arising from the transactions made in the ordinary course of business 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.

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

**AUDITORS**

The auditors, PricewaterhouseCoopers PLT, has indicated its willingness to accept re-appointment.

Auditors' remuneration for the financial year is RM329,700 (2024: RM321,667). Details of auditors' remuneration are set out in Note 25 to the financial statements.

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

**GEORGE LEE LAP WAH**  
Chairman

**TAN FONG SANG**  
Director

Kuala Lumpur, Malaysia  
08 April 2026

OCBC AL-AMIN BANK BERHAD  
Registration No. 200801017151 (818444-T)  
(Incorporated in Malaysia)

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

In the opinion of the Directors, the financial statements set out on pages 21 to 104 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Bank as at 31 December 2025 and of its financial performance and cash flows for the financial year then ended.

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

**GEORGE LEE LAP WAH**  
Chairman

**TAN FONG SANG**  
Director

Kuala Lumpur, Malaysia  
08 April 2026

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

I, Yuen Sook Cheng, the officer primarily responsible for the financial management of OCBC Al-Amin Bank Berhad, do solemnly and sincerely declare that the financial statements set out on pages 21 to 104 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.

**YUEN SOOK CHENG**

Subscribed and solemnly declared by the above named Yuen Sook Cheng at Kuala Lumpur in Malaysia on 08 April 2026, before me:

Commissioner for Oaths

**SHARIAH COMMITTEE'S REPORT**

To the shareholders, depositors and customers of OCBC Al-Amin Bank Berhad;

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

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

In carrying out the roles and responsibilities of the Bank's Shariah Committee as prescribed in the Shariah Governance Policy Document issued by Bank Negara Malaysia, we hereby submit the following report for the financial year ended 31 December 2025:

We have reviewed the principles and contracts relating to the transactions and applications undertaken by the Bank during the financial year ended 31 December 2025. We have also conducted our review to form an opinion as to whether the Bank has complied with Shariah rules and relevant resolutions and rulings made by the Shariah Advisory Councils of the regulatory bodies.

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

We have assessed the work carried out by Shariah review and Shariah audit which included examining, on a test basis, each type of transaction, the relevant documentation and procedures adopted by the Bank.

We planned and performed our review 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 not violated the Shariah principles.

We, on behalf of the Shariah Committee of OCBC Al-Amin Bank Berhad, do hereby confirm that:

- (a) The overall operations, business, affairs and activities of the Bank are in compliance with Shariah principles; and
- (b) The overall operation, 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.

There was no material Shariah Non-Compliance Event reported during financial year 2025.

In respect of the financial year 2025, the Shariah Committee has endorsed the zakat computation on the Bank's business based on the growth capital method, which confirmed that the Bank is not eligible to pay zakat. Nonetheless, the Bank has made a discretionary contribution to Lembaga Zakat Selangor.

We, on behalf of the Shariah Committee of OCBC Al-Amin Bank Berhad, do hereby confirm that the operations of the Bank for the year ended 31 December 2025 have been conducted in conformity with the Shariah principles.

**DR KHAIRUL ANUAR BIN AHMAD**  
Chairman

**HJ. FAIZAL BIN JAFFAR**  
Member

Kuala Lumpur, Malaysia  
Date: 08 April 2026

**INDEPENDENT AUDITORS' REPORT  
TO THE MEMBER OF OCBC AL-AMIN BANK BERHAD**  
(Incorporated in Malaysia)  
(Registration No. 200801017151 (818444-T))

**REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS**

Our opinion

In our opinion, the financial statements of OCBC Al-Amin Bank Berhad ("the Bank") give a true and fair view of the financial position of the Bank as at 31 December 2025, and of its financial performance and its cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

What we have audited

We have audited the financial statements of the Bank, which comprise the statement of financial position as at 31 December 2025, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the financial year then ended, and notes to the financial statements, including material accounting policies, as set out on pages 21 to 104.

Basis for opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the "Auditors' responsibilities for the audit of the financial statements" section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

*Independence and other ethical responsibilities*

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

Information other than the financial statements and auditors' report thereon

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

**INDEPENDENT AUDITORS' REPORT**  
**TO THE MEMBER OF OCBC AL-AMIN BANK BERHAD (CONTINUED)**  
(Incorporated in Malaysia)  
(Registration No. 200801017151 (818444-T))

**REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (continued)**

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

In connection with our audit of the financial statements of the 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, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the financial statements

The Directors of the Bank are responsible for the preparation of the financial statements of the Bank that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the 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.

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.

**INDEPENDENT AUDITORS' REPORT  
TO THE MEMBER OF OCBC AL-AMIN BANK BERHAD (CONTINUED)**  
(Incorporated in Malaysia)  
(Registration No. 200801017151 (818444-T))

**REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (continued)**

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

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

- (a) Identify and assess the risks of material misstatement of the financial statements of the 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 omission, misrepresentations, or the override of internal control.
- (b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control.
- (c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- (d) Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the 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.
- (e) 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.

**INDEPENDENT AUDITORS' REPORT  
TO THE MEMBER OF OCBC AL-AMIN BANK BERHAD (CONTINUED)**  
(Incorporated in Malaysia)  
(Registration No. 200801017151 (818444-T))

**OTHER MATTERS**

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

**PRICEWATERHOUSECOOPERS PLT**  
LLP0014401-LCA & AF 1146  
Chartered Accountants

**ONG CHING CHUAN**  
02907/11/2027 J  
Chartered Accountant

Kuala Lumpur  
08 April 2026

**STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2025**

	Note	2025 RM'000	2024 RM'000
<b>ASSETS</b>			
Cash and cash equivalents	3	397,845	940,484
Financial investments at fair value through other comprehensive income ("FVOCI")	4	5,159,144	4,396,524
Financing and advances	5	18,325,583	16,873,602
Derivative financial assets	7	60,995	12,550
Other assets	8	51,733	90,480
Statutory deposits with BNM	9	118,000	196,500
Property and equipment	10	2,523	1,980
Right-of-use ("ROU") assets	11	1,162	2,734
Deferred tax assets	12	26,133	29,166
<b>Total assets</b>		<u>24,143,118</u>	<u>22,544,020</u>
<b>LIABILITIES</b>			
Deposits from customers	13	12,674,782	11,382,006
Investment accounts due to designated financial institution	14	6,476,685	7,736,685
Deposits and placements of banks and other financial institutions	15	1,088,713	289,190
Obligations on securities sold under repurchase agreements		639,411	393,729
Bills and acceptances payable		8,964	10,895
Derivative financial liabilities	7	81,561	13,195
Other liabilities	16	258,175	182,649
Provision for taxation and zakat		25,196	21,775
<b>Total liabilities</b>		<u>21,253,487</u>	<u>20,030,124</u>
<b>EQUITY</b>			
Share capital	17	555,000	555,000
Reserves	18	2,334,631	1,958,896
<b>Total equity</b>		<u>2,889,631</u>	<u>2,513,896</u>
<b>Total liabilities and equity</b>		<u>24,143,118</u>	<u>22,544,020</u>
<b>Commitments and contingencies</b>	30	<u>9,044,145</u>	<u>5,781,997</u>

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

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025**

	Note	2025 RM'000	2024 RM'000
Income derived from investment of depositors' funds and others	19	581,608	545,616
Income derived from investment of investment account funds	20	352,099	300,806
Income derived from investment of shareholder's funds	21	221,026	186,794
Impairment allowance and provisions	22	68,097	19,114
Total distributable income		<u>1,222,830</u>	<u>1,052,330</u>
Income attributable to depositors and others	23	(276,582)	(254,851)
Income attributable to investment account holder	24	(246,469)	(210,564)
Total net income		699,779	586,915
Operating expenses	25	(227,386)	(220,705)
<b>Profit before taxation and zakat</b>		<u>472,393</u>	<u>366,210</u>
Income tax expense	27	(113,492)	(88,013)
Zakat	28	(50)	(50)
<b>Profit for the year</b>		<u>358,851</u>	<u>278,147</u>
<b>Items that may be subsequently reclassified to profit or loss</b>			
Fair value reserve (debt instruments)			
- Change in fair value		24,271	12,480
- Transferred to profit or loss		(2,436)	(1,839)
- Related tax		(5,240)	(2,554)
Change in expected credit loss ("ECL") reserve on debt instruments at FVOCI		289	96
<b>Other comprehensive income for the year, net of income tax</b>		<u>16,884</u>	<u>8,183</u>
<b>Total comprehensive income for the year</b>		<u>375,735</u>	<u>286,330</u>
Profit attributable to the owner of the Bank		<u>358,851</u>	<u>278,147</u>
Total comprehensive income attributable to the owner of the Bank		<u>375,735</u>	<u>286,330</u>
<b>Basic earnings per ordinary share (sen)</b>	29	<u>193.97</u>	<u>150.35</u>

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

**STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025**

	<i>Non-distributable</i>			<i>Distributable</i>		<b>Total Equity RM'000</b>
	<b>Share Capital RM'000</b>	<b>Regulatory Reserve RM'000</b>	<b>ECL Reserve RM'000</b>	<b>Fair Value Reserve RM'000</b>	<b>Retained Earnings RM'000</b>	
<b>2025</b>						
At 1 January 2025	555,000	91,000	251	1,328	1,866,317	2,513,896
Fair value reserve						
- Change in fair value	-	-	-	24,271	-	24,271
- Transferred to profit or loss	-	-	-	(2,436)	-	(2,436)
- Related tax	-	-	-	(5,240)	-	(5,240)
Change in ECL reserve	-	-	289	-	-	289
<b>Total other comprehensive income for the year</b>	-	-	289	16,595	-	16,884
Profit for the year	-	-	-	-	358,851	358,851
<b>Total comprehensive income for the year</b>	-	-	289	16,595	358,851	375,735
At 31 December 2025	555,000	91,000	540	17,923	2,225,168	2,889,631
<b>2024</b>						
At 1 January 2024	555,000	91,000	155	(6,759)	1,588,170	2,227,566
Fair value reserve						
- Change in fair value	-	-	-	12,480	-	12,480
- Transferred to profit or loss	-	-	-	(1,839)	-	(1,839)
- Related tax	-	-	-	(2,554)	-	(2,554)
Change in ECL reserve	-	-	96	-	-	96
<b>Total other comprehensive income for the year</b>	-	-	96	8,087	-	8,183
Profit for the year	-	-	-	-	278,147	278,147
<b>Total comprehensive income for the year</b>	-	-	96	8,087	278,147	286,330
At 31 December 2024	555,000	91,000	251	1,328	1,866,317	2,513,896

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

**STATEMENT OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025**

	<b>2025</b>	<b>2024</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Cash flows from operating activities</b>		
Profit before taxation and zakat	472,393	366,210
<i>Adjustments for:</i>		
Net (gain)/loss from disposal of:		
- Financial assets at FVTPL	-	150
- Financial investments at FVOCI	(2,436)	(1,839)
- Property and equipment	1	2
Depreciation of equipment	894	992
Depreciation of ROU assets	1,448	1,514
Impairment allowance and provisions	(3,220)	4,149
Finance expense on lease liabilities	68	102
Share-based costs	340	435
Unrealised loss on:		
- Financial assets at FVTPL	-	29
- Derivatives	19,831	993
Other non-cash items	(6)	-
Operating profit before changes in working capital	<u>489,313</u>	<u>372,737</u>
<i>Changes in operating assets and operating liabilities:</i>		
Financial assets at FVTPL	-	4,842
Financing and advances	(1,448,476)	(2,081,775)
Derivative financial assets	(68,276)	1,323
Other assets	38,752	(50,875)
Statutory deposits with BNM	78,500	(11,500)
Deposits from customers	1,292,776	(50,227)
Investment accounts due to designated financial institution	(1,260,000)	2,612,369
Deposits and placements of banks and other financial institutions	799,523	(169,989)
Obligations on securities sold under repurchase agreements	245,682	393,729
Bills and acceptances payable	(1,931)	(7,583)
Derivative financial liabilities	68,366	(1,293)
Other liabilities	76,783	(157,676)
<b>Cash generated in operations</b>	<u>311,012</u>	<u>854,082</u>
Income tax and zakat paid	(112,329)	(82,677)
<b>Net cash generated in operating activities</b>	<u>198,683</u>	<u>771,405</u>
<b>Cash flows from investing activities</b>		
Acquisition of financial investments at FVOCI	(7,295,000)	(5,810,000)
Proceeds from disposal of financial investments at FVOCI	6,556,651	4,857,363
Acquisition of equipment	(1,438)	(260)
<b>Net cash used in investing activities</b>	<u>(739,787)</u>	<u>(952,897)</u>
<b>Cash flows from financing activities</b>		
Payment of lease liabilities	(1,535)	(1,589)
<b>Net cash used in financing activities</b>	<u>(1,535)</u>	<u>(1,589)</u>
<b>Net decrease in cash and cash equivalents</b>	(542,639)	(183,081)
<b>Cash and cash equivalents at 1 January</b>	940,484	1,123,565
<b>Cash and cash equivalents at 31 December (Note 3)</b>	<u>397,845</u>	<u>940,484</u>
<b>Change in liabilities arising from financing activity</b>		
	<b>2025</b>	<b>2024</b>
	<b>RM'000</b>	<b>RM'000</b>
At 1 January	2,787	3,504
Payment of lease liabilities	(1,535)	(1,589)
Changes in lease terms and addition of new leases	(130)	770
Finance expense on lease liabilities	68	102
At 31 December	<u>1,190</u>	<u>2,787</u>

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

## NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2025

### GENERAL INFORMATION

The Bank is a limited liability company, incorporated and domiciled in Malaysia.

The registered office of the Bank is located at 19th Floor, Menara OCBC, 18 Jalan Tun Perak, 50050 Kuala Lumpur. The principal place of business is located at 14th Floor, Menara OCBC, 18 Jalan Tun Perak, 50050 Kuala Lumpur.

The Bank is a licensed Islamic Bank principally engaged in Islamic Banking and related financial services. There were no significant changes in these activities during the financial year.

The immediate and ultimate holding companies of the Bank are OCBC Bank (Malaysia) Berhad ("OCBC Malaysia"), incorporated in Malaysia and Oversea-Chinese Banking Corporation Limited ("OCBC Ltd"), incorporated in Singapore, respectively.

The financial statements were approved and authorised for issue by the Board of Directors on 08 April 2026.

### 1 BASIS OF PREPARATION

The financial statements have been prepared on the historical cost basis, except for the assets and liabilities which are stated at fair value as disclosed in the notes to the financial statements: financial assets at FVTPL, financial investments at FVOCI and derivative financial instruments. The financial statements are presented in Ringgit Malaysia ("RM"), which is the Bank's functional currency. All financial information presented in RM have been rounded to the nearest thousand, unless otherwise stated.

#### (a) Statement of compliance

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

The following amendments to accounting standards have been adopted by the Bank during the financial year:

- Amendments to MFRS 121, The Effects of Changes in Foreign Exchange Rates – Lack of Exchangeability

The adoption of the abovementioned amendments to accounting standards did not have any material impact on the financial statements of the Bank.

The Bank has not adopted the following amendments to accounting standards issued by the Malaysian Accounting Standards Board ("MASB") as they are not yet effective:

#### Effective for annual periods commencing on or after 1 January 2026

- Amendments to MFRS 9, *Financial Instruments* and MFRS 7, *Financial Instruments: Disclosures* - *The Classification and Measurement of Financial Instruments*
- Amendments to MFRS Accounting Standards which are part of Annual Improvements - Volume 11
- Amendments to MFRS 9, *Financial Instruments* and MFRS 7, *Financial Instruments: Disclosures* - *Contracts Referencing Nature-dependent Electricity*

#### Effective for annual periods commencing on or after 1 January 2027

- Amendments to MFRS 18, *Presentation and Disclosure in Financial Statements*

The Bank plans to apply the abovementioned amendments to accounting standards, which are relevant to the Bank when they become effective in the respective financial periods. The initial application of the abovementioned amendments to accounting standards are not expected to have any material impact to the financial statements of the Bank except for MFRS 18 which is a new accounting standard for presentation and disclosure of information in the financial statements that replaces MFRS 101, *Presentation of Financial Statements*.

## NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2025 (continued)

### 1 BASIS OF PREPARATION (continued)

#### (a) Statement of compliance (continued)

##### Effective for annual periods commencing on or after 1 January 2027 (continued)

- Amendments to MFRS 18, Presentation and Disclosure in Financial Statements (continued)

The new standard introduces a defined structure for the statement of profit or loss, which comprises new categories and subtotals. Income and expenses included in the statement of profit or loss are to be classified into three new distinct categories i.e., operating, investing and financing, based on the main business activities of the entity; and two new required subtotals to enable analysis, i.e., operating profit or loss and profit or loss before financing and income taxes. It also sets out new disclosure requirements of management-defined performance measures. Furthermore, MFRS 18 also provides enhanced guidance for aggregation and disaggregation of information in the financial statements.

The Bank plans to apply MFRS 18 effective from 1 January 2027 with the comparative information for the financial year ending 31 December 2026 restated in accordance with requirements of MFRS 18. The Bank is currently assessing the impact of MFRS 18 on presentation and disclosures in the Bank's financial statements.

#### (b) Use of estimates and judgements

The preparation of the financial statements in conformity with MFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

There are no significant areas of estimation uncertainty and critical judgements used in applying accounting policies that have significant effect on the amounts recognised in the financial statements other than the following:

- (i) For fair value estimation for financial investments at fair value through other comprehensive income ("FVOCI") (Note 4) and derivative financial assets and liabilities (Note 7), for fair values of financial instruments that are traded in active markets are based on quoted market prices or dealer price quotations. For financial instruments which are not traded in an active market (for example, over-the-counter derivatives), the fair value is determined using valuation techniques, which include the use of mathematical models, comparison to similar instruments for which market observable prices exist and other valuation techniques. Where possible, assumptions and inputs used on valuation techniques include observable data such as risk-free and benchmark discount rates and credit spreads.

Where observable market data is not available, judgement is required in the determination of model input, which normally incorporates assumptions that other market participants would use in their valuations, including assumptions about profit rate yield curves, exchange rates, volatilities and prepayment and default rates. Judgement is also required in assessing the impairment of financial investments at FVOCI as the Bank evaluates, among other factors, the duration and extent to which the fair value of an investment is less than its cost, and the financial health and near-term business outlook of the investee, including factors such as industry and sector performance, changes in technology and operational and financial cash flows.

- (ii) Impairment of financial assets

In determining whether the credit risk of the Bank's financial exposures has increased significantly since initial recognition, the Bank will consider reasonable and supportable information that is readily available without undue cost or effort. This includes both quantitative and qualitative information such as the Bank's historical credit assessment experience and available forward-looking information. Expected credit loss ("ECL") estimates are produced for all relevant instruments based on probability-weighted forward-looking economic scenarios. The measurement of ECL is primarily calculated based on the probability of default ("PD"), loss given default ("LGD") and exposure at default ("EAD"). These are parameters derived from internal rating models after adjusting them to be unbiased and forward-looking. Where internal rating models are not available, such estimates are based on comparable internal rating models after adjusting for portfolio differences.

## NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2025 (continued)

### 1 BASIS OF PREPARATION (continued)

#### (b) Use of estimates and judgements (continued)

##### (ii) Impairment of financial assets (continued)

The PD, LGD and EAD models which support these determinations are reviewed regularly in light of differences between loss estimates and actual loss experience. The underlying models and their calibration, including how they react to forward-looking economic conditions, remain subject to continuous review and refinement. The assumptions and judgements used by management may affect impairment allowances computed.

The significant accounting estimates impacted by these uncertainties relate mainly to impairment of financial assets, as follows:

##### Allowances for non-credit impaired financing to customers

The forward-looking scenarios used in the ECL model have been updated to reflect the latest available macroeconomic view. Additionally, post-model adjustment continued to be applied during the year to account for the estimated impact of economic uncertainties not reflected in the modelled outcome.

##### Allowances for credit-impaired financing to customers

In respect of credit impaired exposures, management judgement and estimation are applied in, amongst others, identifying impaired exposures, estimating the related recoverable cash flows and where applicable, determining collateral values and timing of realisation. Judgements and assumptions in respect of these matters have been updated to reflect the potential impact from economic uncertainties, where applicable.

The Bank's allowances for financial assets are disclosed in Note 6 and Note 22.

- (iii) Management judgement is required for estimating the provision for income taxes, as there may be differing interpretations of tax law for which the final outcome is not determined until a later date. Whereas for deferred tax, management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

### 2 MATERIAL ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently by the Bank to the periods presented in these financial statements.

#### A Foreign currency transactions

Transactions in foreign currencies are translated to RM, which is the functional currency of the Bank at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the end of the reporting period are retranslated to the functional currency at the exchange rate at that date.

Non-monetary assets and liabilities denominated in foreign currencies are not retranslated at the end of the reporting date, except for those that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined.

Foreign currency differences arising on retranslation are recognised in profit or loss, except for differences arising on the retranslation of equity instruments at FVOCI or a financial instrument designated as a cash flow hedge, which are recognised in other comprehensive income.

## NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2025 (continued)

### 2 MATERIAL ACCOUNTING POLICIES (continued)

#### B Financial instruments

##### (a) Recognition and initial measurement

A financial asset or a financial liability is recognised in the statement of financial position when, and only when, the Bank becomes a party to the contractual provisions of the instrument.

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

The Bank accounts for an embedded derivative separately from the host contract when:

- the host contract is not an asset in the scope of MFRS 9;
- the host contract is not itself carried at FVTPL;
- the terms of the embedded derivative would meet the definition of a derivative if they were contained in a separate contract; and
- the economic characteristics and risks of the embedded derivative are not closely related to the economic characteristics and risks of the host contract.

##### (b) Financial instrument categories and subsequent measurement

Categories of financial assets are determined on initial recognition and are not reclassified subsequent to their initial recognition unless the Bank changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change of the business model.

#### *Financial assets*

The categories of financial assets are as follows:

##### (i) Amortised cost

Amortised cost category comprises financial assets that are held within a business model whose objective is to hold assets to collect contractual cash flows and which contractual terms give rise on specified dates to cash flows that are solely payments of principal and profit on the principal amount outstanding and not designated as FVTPL. Subsequent to initial recognition, these financial assets are measured at amortised cost using the effective profit method. The amortised cost is reduced by impairment allowances, if any. Profit income, foreign exchange gains and losses and impairment allowances are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Profit income is recognised by applying effective profit rate to the gross carrying amount except for credit-impaired financial assets (see note 2F(a)) where the effective profit rate is applied to the amortised cost.

Financing and advances consist of sales based contracts (Bai' Inah, Bai' Bithaman Ajil, Tawarruq, Murabahah and Bai' Dayn), lease-based contracts (Ijarah Thumma Al-Bai, Ijarah and Ijarah Muntahiah Bi Al-Tamlik), equity based contracts (Musharakah Mutanaqisah and Mudharabah) and other contracts (Wakalah and Qard). The Bank's core business is in providing financing to customers and not leasing. Lease-based financing contracts are recognised accordingly as financial instruments under MFRS 9. Except for Ijarah financing, assets funded under Ijarah Thumma Al-Bai and Ijarah Muntahiah Bi Al-Tamlik contracts are owned by the Bank throughout the tenor of the financing and ownership of the assets will be transferred to the customer at the end of the financing.

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

#### **Debt investments**

FVOCI category comprises debt investments that are held within a business model which objective is achieved by both collecting contractual cash flows and selling debt investments, and which contractual terms give rise on specified dates to cash flows that are solely payments of principal and profit on the principal amount outstanding, and not designated as FVTPL. Profit income calculated using the effective profit method, foreign exchange gains and losses and impairment allowances are recognised in profit or loss. Other net gains and losses are recognised in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to profit or loss.

## NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2025 (continued)

### 2 MATERIAL ACCOUNTING POLICIES (continued)

#### B Financial instruments (continued)

##### (b) Financial instrument categories and subsequent measurement (continued)

###### *Financial assets (continued)*

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

###### **Debt investments (continued)**

Debt instruments with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and profit.

Profit income is recognised by applying effective profit rate to the gross carrying amount except for credit-impaired financial assets (see note 2F(a)) where the effective profit rate is applied to the amortised cost.

###### **Equity investments**

This category comprises investments in equity that are not held for trading, and the Bank irrevocably elects to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an investment-by-investment basis. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of investment. Other net gains and losses are recognised in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are not reclassified to profit or loss.

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

All financial assets not measured at amortised cost or FVOCI as described above are measured at FVTPL. These include derivative financial assets (except for derivatives that are designated as effective hedging instruments). On initial recognition, the Bank may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets categorised as FVTPL are subsequently measured at their fair value. Net gains or losses, including any profit or dividend income, are recognised in the profit or loss.

###### **Financial liabilities**

At the end of the reporting period, there were no non-derivative financial liabilities categorised as FVTPL.

Financial liabilities are subsequently measured at amortised cost, other than those categorised as FVTPL.

FVTPL category comprises financial liabilities that are derivatives (except for derivatives that are financial guarantee contracts or designated as effective hedging instruments) or financial liabilities that are specifically designated into this category upon initial recognition.

Derivatives that are linked to and must be settled by delivery of equity instruments that do not have a quoted price in an active market for identical instruments which fair values cannot otherwise be reliably measured are measured at cost.

Where derivatives are embedded in the host contract (e.g. structured investments), the embedded derivatives are required to be separated and accounted as a derivative and the host contract at amortised cost (in Other Liabilities) if the economic risks and characteristics of the embedded derivatives are not closely related to the economic risks and characteristics of the host contract. Separate accounting is not required if the combined instrument is fair valued with changes in fair value recognised in profit or loss.

Financial liabilities categorised as FVTPL are measured at their fair values with the gain or loss recognised in profit or loss.

## NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2025 (continued)

### 2 MATERIAL ACCOUNTING POLICIES (continued)

#### B Financial instruments (continued)

##### (c) Financial guarantee contracts

Financial guarantees issued are initially measured at fair value. Subsequently, they are measured at the higher of:

- the amount of the loss allowance; and
- the amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance to the principles of MFRS 15, *Revenue from Contracts with Customers*.

Liabilities arising from financial guarantees are presented together with other allowances.

##### (d) Regular way purchase or sale of financial assets

A regular way purchase or sale is a purchase or sale of a financial asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or convention in the market place concerned.

A regular way purchase or sale of financial assets is recognised and derecognised, as applicable, using settlement date accounting. Settlement date accounting refers to:

- the recognition of an asset to be received and liability to pay for it on the settlement date; and
- the derecognition of an asset that is sold, recognition of any gain or loss on disposal and the recognition of a receivable from the buyer for a payment on the settlement date.

##### (e) Hedge accounting

At inception of a designated hedging relationship, the Bank documents the risk management objective and strategy for undertaking the hedge. The Bank also documents the economic relationship between the hedged item and the hedging instrument including whether the changes in cash flows of the hedged item and hedging instrument are expected to offset each other.

###### (i) Fair value hedge

A fair value hedge is a hedge of the exposure to changes in fair value of a recognised asset or liability or an unrecognised firm commitment, or an identified portion of such an asset, liability or firm commitment, that is attributable to a particular risk and could affect profit or loss.

In a fair value hedge, the gain or loss on the hedging instrument shall be recognised in profit or loss (or other comprehensive income, if the hedging instrument hedges an equity instrument which the Bank has elected to present subsequent changes in fair value of the investment in equity in other comprehensive income).

The hedging gain or loss on the hedged item shall adjust the carrying amount of the hedged item and be recognised in profit or loss. If the hedged item is a financial asset (or a component thereof) that is measured at FVOCI, the hedging gain or loss on the hedged item shall be recognised in profit or loss. However, if the hedged item is an equity instrument for which an entity has elected to present changes in FVOCI, those amounts shall remain in other comprehensive income.

When a hedged item is an unrecognised firm commitment (or a component thereof), the cumulative change in the fair value of the hedged item subsequent to its designation is recognised as an asset or a liability with a corresponding gain or loss recognised in profit or loss.

If the hedge no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of a hedged item for which the effective profit rate method is used is amortised to profit or loss over the period to maturity using a recalculated effective profit rate.

###### (ii) Cash flow hedge

A cash flow hedge is a hedge of the exposure to variability in cash flows that is attributable to a particular risk associated with all, or a component of, a recognised asset or liability or a highly probable forecast transaction and could affect the profit or loss. In cash flow hedge, the portion of the gain or loss on the hedging instruments that is determined to be an effective hedge is recognised in other comprehensive income and accumulated in equity and the ineffective portion is recognised in profit or loss. The effective portion of changes in the fair value of the derivative that is recognised in other comprehensive income is limited to the cumulative change in fair value of the hedged item, determined on a present value basis, from inception of the hedge.

## NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2025 (continued)

### 2 MATERIAL ACCOUNTING POLICIES (continued)

#### B Financial instruments (continued)

##### (e) Hedge accounting (continued)

###### (ii) Cash flow hedge (continued)

Subsequently, the cumulative gain or loss recognised in other comprehensive income is reclassified from equity into profit or loss in the same period or periods during which the hedged forecast cash flows affect profit or loss. If the hedge item is a non-financial asset or liability, the associated gain or loss recognised in other comprehensive income is removed from equity and included in the initial amount of the asset or liability. However, loss recognised in other comprehensive income that will not be recovered in one or more future periods is reclassified from equity into profit or loss immediately.

The Bank designates only the change in fair value of the spot element of forward contracts as the hedging instrument in cash flow hedging relationships. The change in fair value of the forward element of forward exchange contracts ("forward points") and/or the foreign currency basis spread are separately accounted for as cost of hedging and recognised in a cost of hedging reserve within equity.

Cash flow hedge accounting is discontinued prospectively when the hedging instrument expires or is sold, terminated or exercised, the hedge is no longer highly effective, the forecast transaction is no longer expected to occur or the hedge designation is revoked. If the hedge is for a forecast transaction, the cumulative gain or loss on the hedging instrument remains in equity until the forecast transaction occurs.

When hedge accounting for cash flow hedges is discontinued, the amount that has been accumulated in the hedging reserve and the cost of hedging reserve remains in equity until, for a hedge of a transaction resulting in recognition of a non-financial item, it is included in the non-financial item's cost on its initial recognition or, for other cash flow hedges, it is reclassified to profit or loss in the same period or periods as the hedged expected future cash flows affect profit or loss.

If the hedged future cash flows are no longer expected to occur, then the amounts that have been accumulated in the hedging reserve and the cost of hedging reserve are immediately reclassified to profit or loss.

##### (f) Derivatives

Derivatives are categorised as trading unless they are designated as hedging instruments.

Financial derivatives include forward contracts for the purchase and sale of foreign currencies, profit rate and currency swaps, financial futures and option contracts. These instruments allow the Bank and its customers to transfer, modify or reduce their foreign exchange and profit rate risks.

All derivative financial instruments are recognised at inception on the statement of financial position (including transaction costs), which are normally zero or negligible at inception at fair value, and subsequent changes in fair value as a result of fluctuation in market profit rates or foreign exchange rates are recorded as assets when fair value is positive and as liabilities when fair value is negative.

When the Bank enters into derivatives for trading purposes, realised and unrealised gains and losses are recognised in trading income. Observable market data are used to determine the fair values of derivatives held-for-trading. Valuations are either based on quoted price or valuation technique. Where mid prices are used, a bid-offer spread adjustment will be made to ensure that all long positions are marked to bid prices and short positions to offer prices.

##### (g) Derecognition

A financial asset or part of it is derecognised when, and only when, the contractual rights to the cash flows from the financial asset expire or are transferred, or control of the financial asset is not retained or substantially all of the risks and rewards of ownership of the financial asset are transferred to another party. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in equity is recognised in profit or loss.

A financial liability or part of it is derecognised when, and only when, the obligation specified in the contract is discharged, cancelled or expires. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

## NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2025 (continued)

### 2 MATERIAL ACCOUNTING POLICIES (continued)

#### B Financial instruments (continued)

##### (h) Modification

The original terms of a financial asset may be renegotiated or otherwise modified, resulting in changes to the contractual cash flows of the financial asset. Financial assets that are renegotiated or otherwise modified will be accounted based on the nature and extent of changes that is expected to arise as a result of the modification or renegotiation.

##### (i) Offsetting

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when there is a legally enforceable right to offset the amounts and the intention to settle on a net basis or realise the asset and settle the liability simultaneously. Income and expense are presented on a net basis only when permitted by the accounting standards. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy.

#### C Property and equipment

##### (a) Recognition and measurement

Items of property and equipment are measured at cost less any accumulated depreciation and any accumulated impairment allowance.

Costs include expenditures that are directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. The cost of self-constructed assets also includes the cost of materials and direct labour. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs.

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

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

The gain or loss on disposal of an item of property and equipment is determined by comparing the proceeds from disposal with the carrying amount of property and equipment and is recognised net within "other operating income" in profit or loss.

##### (b) Subsequent costs

The cost of replacing a component of an item of property and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Bank, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised to profit or loss. The costs of the day-to-day servicing of property and equipment are recognised in profit or loss as incurred.

##### (c) Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed, and if a component has a useful life that is different from the remainder of that asset, then that component is depreciated separately.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property and equipment from the date that they are available for use. Property and equipment under construction are not depreciated until the assets are ready for their intended use.

## NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2025 (continued)

### 2 MATERIAL ACCOUNTING POLICIES (continued)

#### C Property and equipment (continued)

##### (c) Depreciation (continued)

The estimated useful lives are as follows:

- |                                   |  |
|-----------------------------------|--|
| • Office equipment and furniture  | 3 - 5 years  |
| • Computer equipment and software | 3 - 8 years  |
| • Renovation                      | 8 years or remaining lease life, whichever shorter |

Depreciation methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted as appropriate.

#### D Leases

##### (a) Definition of a lease

A contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Bank assesses whether:

- the contract involves the use of an identified asset - this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- the Bank has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the Bank has the right to direct the use of the asset, i.e. when the Bank has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the Bank has the right to direct the use of the asset if either the Bank has the right to operate the asset; or the Bank designed the asset in a way that predetermines how and for what purpose it will be used.

At inception or on reassessment of a contract that contains a lease component, the Bank allocates the consideration in the contract to each lease and non-lease component on the basis of their relative stand-alone prices. However, for leases of properties for which the Bank is a lessee, the Bank will account for the lease and non-lease components as a single lease component.

##### (b) Recognition and initial measurement

###### (i) As a lessee

The Bank recognises a right-of-use ("ROU") asset and a lease liability at the lease commencement date. The ROU asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and 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, less any lease incentives received.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the Bank's incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments less any incentives receivable;
- amounts expected to be payable under a residual value guarantee;
- the exercise price under a purchase option that the Bank is reasonably certain to exercise; and
- penalties for early termination of a lease unless the Bank is reasonably certain not to terminate early.

The Bank has elected not to recognise ROU assets and lease liabilities for certain short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Bank recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

## NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2025 (continued)

### 2 MATERIAL ACCOUNTING POLICIES (continued)

#### D Leases (continued)

##### (b) Recognition and initial measurement (continued)

###### (ii) As a lessor

When the Bank acts as a lessor, it determines, at the lease inception, whether each lease is a finance lease or an operating lease.

To classify each lease, the Bank makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease.

If an arrangement contains lease and non-lease components, the Bank applies MFRS 15 to allocate the consideration in the contract based on the stand-alone selling prices.

When the Bank is an intermediate lessor, it accounts for its interests in the head lease and the sublease separately. It assesses the lease classification of a sublease with reference to the ROU asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Bank applies the exemption described above, then it classifies the sublease as an operating lease.

##### (c) Subsequent measurement

###### (i) As a lessee

The ROU asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the ROU asset or the end of the lease term. The estimated useful lives of ROU assets are determined on the same basis as those of property and equipment. In addition, the ROU is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is measured at amortised cost using the effective profit rate method. It is remeasured when there is a change in future lease payments arising from a change in the index or rate, if there is a revision of in-substance fixed lease payments, or a change in the Bank's estimate of the amount expected to be payable under a residual value guarantee, or if the Bank changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the ROU asset, or is recorded in profit or loss if the carrying amount of the ROU asset has been reduced to zero.

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

###### (ii) As a lessor

The Bank recognises lease payments under operating leases as income on a straight-line basis over the lease term as part of "revenue".

#### E Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, balances with banks and central banks and highly liquid investments which have an insignificant risk of changes in fair value with original maturities of one month or less.

Cash and cash equivalents are categorised and measured at amortised cost in accordance with Note 2B(b)(i).

## NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2025 (continued)

### 2 MATERIAL ACCOUNTING POLICIES (continued)

#### F Impairment

##### (a) Financial assets

The Bank recognises impairment allowances for ECL on financial assets measured at amortised cost and financial investments measured at FVOCI and certain off-balance sheet financing commitments and financial guarantees.

##### (i) ECL impairment model

Under MFRS 9, impairment allowances on the aforesaid financial assets are measured on each reporting date according to a three-stage ECL impairment model:

- Stage 1: On initial recognition, ECL will be that resulting from default events that are possible over the next 12 months (12-month ECL).
- Stage 2: Following a significant increase in credit risk of the financial assets since its initial recognition, the credit loss allowance will be that which results from all possible default events over the expected life of the asset (Lifetime ECL non credit-impaired). See details in Note 2F(a)(iii).
- Stage 3: When a financial asset exhibits objective evidence of impairment and is considered to be credit-impaired, its loss allowance will be the full lifetime ECL (credit-impaired).

Financing is written off against impairment allowances when all feasible recovery actions have been exhausted or when the recovery prospects are considered remote.

##### (ii) Measurement

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

- Financial assets that are non credit-impaired at the reporting date: At the present value of all cash shortfalls, being the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Bank expects to receive;
- Financial assets that are credit-impaired at the reporting date: At the difference between the gross carrying amount and the present value of estimated future cash flows;
- Undrawn financing commitments: At the present value of the difference between the contractual cash flows that are due to the Bank if the commitment is drawn down and the cash flows that the Bank expects to receive; and
- Financial guarantee contracts: The expected payments to reimburse the holder less any amounts that the Bank expects to recover.

The Stage 1 and Stage 2 ECLs are modelled and estimated based on four macroeconomic scenarios that are most closely correlated with credit losses in the relevant portfolio. The four macroeconomic scenarios comprise a most likely "Base" outcome and three other less likely scenarios consisting of one "Upside" and two "Downside" scenarios. These scenarios are probability-weighted and underlying key macro-economic assumptions are based on a combination of independent external and in-house views. The assumptions are subject to regular management reviews to reflect current economic situations. Stage 3 ECL is quantified based on the recovery strategy adopted, where the Bank takes into account other factors including forward looking scenarios, market conditions and credit risk mitigants.

##### (iii) Movement between stages

Movements between Stage 1 and Stage 2 classification is based on whether an instrument's credit risk as at the reporting date has increased significantly since its initial recognition.

In accordance with MFRS 9, financial assets are classified in Stage 2 where there is a significant increase in credit risk since initial recognition, where impairment allowance will be measured using lifetime ECL.

## NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2025 (continued)

### 2 MATERIAL ACCOUNTING POLICIES (continued)

#### F Impairment (continued)

##### (a) Financial assets (continued)

##### (iii) Movement between stages (continued)

The Bank considers both qualitative and quantitative parameters in the assessment of significant increase in credit risk. These include the following:

- The Bank has established thresholds for significant increases in credit risk based on both relative and absolute changes in lifetime probability of default ("PD") relative to initial recognition.
- The Bank conducts qualitative assessment to ascertain if there has been significant increase in credit risk.
- The Bank uses days past due as an indication of significant increase in credit risk.

Movements between Stage 2 and Stage 3 classification are based on whether financial assets are credit-impaired as at the reporting date. The determination of whether a financial asset is credit-impaired under MFRS 9 will be based on objective evidence of impairment.

The Bank is also guided by BNM's policy document on Financial Reporting whereby a credit facility is classified as credit-impaired if it is past due for more than 3 months, or where the amount is past due for less than 3 months but exhibits weakness in accordance with the Bank's internal credit risk assessment. In addition, where repayments are scheduled on intervals of 3 months or longer, the credit facility is classified as credit-impaired as soon as default occurs.

The assessments for significant increase in credit risk since initial recognition and credit impairment are performed independently as at each reporting period. Assets can move in both directions through the stages of the impairment model. After a financial asset has migrated to Stage 2, if it is no longer considered that credit risk has significantly increased relative to initial recognition in a subsequent reporting period, it will move back to Stage 1. Similarly, an asset that is in Stage 3 will move back to Stage 2 if it is no longer considered to be credit-impaired.

For credit-impaired portfolio, Stage 3 ECL is assessed individually and measured based on lifetime ECL as described in Note 35 to the financial statements.

##### (iv) Regulatory framework

Under BNM's policy document on Financial Reporting for Islamic Banking Institutions, the Bank must maintain, in aggregate, impairment allowance for non credit-impaired exposures and regulatory reserve of no less than 1% of total credit exposures, net of impairment allowance for credit-impaired exposures.

##### (b) Other assets

The carrying amounts of other assets (except for deferred tax assets) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs of disposal. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash-generating unit.

The impairment allowance is recognised in profit or loss if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment loss recognised in respect of cash-generating unit is allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (group of cash-generating units) and then to reduce the carrying amounts of the other assets in the cash-generating unit (group of cash-generating units) on a pro rata basis.

## NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2025 (continued)

### 2 MATERIAL ACCOUNTING POLICIES (continued)

#### F Impairment (continued)

##### (b) Other assets (continued)

Impairment allowances recognised in prior periods are assessed at the end of each reporting date for any indications that the loss has decreased or no longer exists. An impairment allowance is reversed if there has been a change in the estimates used to determine the recoverable amount since the last impairment allowance was recognised. An impairment allowance is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment allowance had been recognised. Reversals of impairment allowances are credited to profit or loss in the financial year in which the reversals are recognised.

#### G Equity Instruments

Instruments classified as equity are measured at cost on initial recognition and are not remeasured subsequently. Costs directly attributable to the issue of instruments classified as equity are recognised as a deduction from equity.

Ordinary shares are classified as equity.

Interim dividends on ordinary shares are recorded in the financial year in which they are declared payable by the Board of Directors. Final dividends are recorded in the financial year when the dividends are approved at the annual general meeting. Liability is recognised for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the Group, on or before the end of the reporting period but not distributed at the end of the reporting period. Distributions to holders of an equity instrument is recognised directly in equity.

#### H Employee benefits

##### (a) Short-term employee benefits

Short-term employee benefit obligations in respect of salaries, paid annual leave and sick leave, variable cash performance bonus and non-monetary benefits are measured on an undiscounted basis and expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short-term cash bonus if the Bank has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

The cost of accumulating compensated absences is recognised as an expense and measured based on the additional amount that the Bank expects to pay as a result of the unused entitlement that has accumulated as at the end of the reporting period.

The Bank's contributions to statutory pension funds are charged to profit or loss in the financial year to which they relate. Once contributions have been paid, the Bank has no further payment obligations.

##### (b) Share-based payment transactions

###### (i) OCBC Deferred Share Plan ("DSP")

Under the DSP, shares of the ultimate holding company of the Bank, Oversea-Chinese Banking Corporation Limited ("OCBC Ltd"), are awarded to eligible executives where share awards form 20% to 40% of their total variable performance bonus for the year. A trust is set up to administer the shares purchased under the DSP. 50% of the share awards will vest after two years with the remaining 50% vesting at the end of the third year in accordance with the guidelines established under the Plan. Prior to the vesting date, the executives will not be accorded voting rights on the shares. The awards will lapse immediately on the termination of employment, except in the event of retirement, redundancy, death, or where approved by the relevant approving authorities at OCBC Ltd may allow the awards to be retained and vested within the relevant vesting periods or such periods as may be determined.

## NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2025 (continued)

### 2 MATERIAL ACCOUNTING POLICIES (continued)

#### H Employee benefits (continued)

##### (b) Share-based payment transactions (continued)

###### (ii) OCBC Share Option Scheme 2001 ("ESOS")

Under the ESOS, shares of OCBC Ltd are offered to eligible executives who are of Manager rank and above, including Non-Executive Directors. Options granted are exercisable for a period commencing after the 1st anniversary and expire on the 10th anniversary of the respective dates of grant except for options granted to Non-Executive Directors which are exercisable up to 5 years. One-third of the share options granted will vest each financial year after the 1st anniversary of the respective dates of grant and options granted fully vested after the 3rd anniversary. OCBC Ltd ceased granting share options under the ESOS effective from financial year 2018 remuneration. Share options granted in prior years continue to be outstanding until the options lapse or are exercised by recipients.

###### (iii) OCBC Employee Share Purchase Plan ("ESPP")

The ESPP is a savings-based share ownership plan that allows eligible employees to participate in shares of OCBC Ltd by making monthly contributions to the ESPP and interest accrued at a preferential rate determined by OCBC Ltd's Remuneration Committee. The Committee will fix the offering period and acquisition price for the new ordinary shares to be issued under the ESPP.

Equity instruments granted are recognised as expense in profit or loss based on the fair value of the equity instrument at the date of the grant. The expense is recognised over the vesting period of the grant, based on the recharge by the ultimate holding company. At each reporting date, the Bank revises the estimates of the number of equity instruments expected to be vested, and the impact of the change to the original estimates, if any, is recognised in profit or loss over the remaining vesting period. A liability is recognised based on the recharge by the ultimate holding company of the Bank over the vesting period. Further details of the equity compensation benefits are disclosed in Note 16(b) to the financial statements.

#### I Provisions

A provision is recognised if, as a result of past event, the Bank has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

Where the Bank expects a provision to be reimbursed by another party, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually clean.

#### J Income and expenses

##### (a) Finance income and finance expense

Finance income or expense is recognised using the effective profit rate method.

The effective profit rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to the gross carrying amount of the financial asset or amortised cost of the financial liability.

In calculating the finance income and expense, the effective profit rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability. However, for financial assets that have become credit-impaired subsequent to initial recognition, finance income is calculated by applying the effective profit rate to the amortised cost of the financial asset, net of ECL. If the asset is no longer credit-impaired, then the calculation of finance income reverts to the gross basis. The gross carrying amount of a financial asset refers to amortised cost of a financial asset before adjusting for any ECL.

Finance income for sale-based contracts (Bai' Inah, Bai' Bithaman Ajil, Tawarruq, Murabahah and Bai' Dayn) is recognised on effective profit rate basis over the period of the contract based on the principal amounts outstanding.

## NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2025 (continued)

### 2 MATERIAL ACCOUNTING POLICIES (continued)

#### J Income and expenses (continued)

##### (a) Finance income and finance expense (continued)

Finance income for lease-based contracts (Ijarah Thumma Al-Bai, Ijarah and Ijarah Muntahiah Bi Al-Tamlik) is recognised on effective profit rate basis over the lease term.

Finance income for equity-based contracts (Musharakah Mutanaqisah and Mudharabah) is recognised on the basis of the reducing balance on a time-apportioned basis that reflects the effective yield on the asset.

##### (b) Fee and commission income

The Bank earns fees and commissions from a range of services rendered to its customers. Fees and commissions are recognised when the Bank has satisfied its performance obligations in providing the services to the customer. Transaction based fees and commissions are generally recognised upon the completion of a transaction. For services provided over a period of time or credit risk undertaken, fees and commissions are amortised over the relevant period. Expenses are offset against gross fees and commissions in the income statement only when they are directly related.

##### (c) Net trading income

Net trading income comprises gains and losses from changes in financial assets at FVTPL and trading derivatives, gains and losses on foreign exchange trading and other trading activities.

##### (d) Dividend income

Dividend income is recognised in profit or loss on the date that the Bank's right to receive payment is established, which in the case of quoted securities is the ex-dividend date.

##### (e) Other income

Pursuant to BNM's Guidelines on Late Payment Charges for Islamic Banking Institutions, the Bank recognises all late penalty income as 'Non Finance Income' in profit or loss.

#### K Income tax

Income tax expense comprises current and deferred tax. Current and deferred tax are recognised in profit or loss except to the extent that they relate to items recognised directly in equity or other comprehensive income.

##### (a) Current tax

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous financial years.

##### (b) Deferred tax

Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities in the statement of financial position and their tax bases. Deferred tax is not recognised for the initial recognition of assets or liabilities in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting period.

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the reporting date. Deferred tax assets and liabilities are not discounted.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different entities, but they intend to settle current tax assets and liabilities on a net basis or their tax assets and liabilities will be realised simultaneously.

## NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2025 (continued)

### 2 MATERIAL ACCOUNTING POLICIES (continued)

#### K Income tax (continued)

##### (b) Deferred tax (continued)

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at the end of each reporting period and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

#### L Earnings per ordinary share

Basic earnings per ordinary share is calculated by dividing the profit or loss attributable to the ordinary shareholder of the Bank by the weighted average number of ordinary shares outstanding during the period.

#### M Restricted profit sharing investment accounts ("RPSIA")

The RPSIA used to fund specific financing follow the principle of Mudharabah which states that profits will be shared with the Bank as mudarib and losses borne by investors.

#### N Contingencies

##### (a) Contingent liabilities

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is not recognised in the statement of financial position and is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote.

Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

##### (b) Contingent assets

When an inflow of economic benefit of an asset is probable where it arises from past events and where existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not being wholly within the control of the Bank, the asset is not recognised in the statement of financial position but is disclosed as a contingent asset. When the inflow of economic benefit is virtually certain, then the related asset is recognised.

#### O Fair value measurements

Fair value of an asset or a liability, except for share-based payment and lease transactions, is determined as 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 measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

For non-financial asset, the fair value measurement 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 recognises transfers between levels of the fair value hierarchy as of the date of the event or change in circumstances that caused the transfers.

#### P Zakat contribution

Zakat represents business zakat payable by the Bank to comply with the principles of Shariah and as approved by the Shariah Committee. The Bank only pays zakat on its business and does not pay zakat on behalf of depositors or shareholder.

**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2025 (continued)**

**3 CASH AND CASH EQUIVALENTS**

	<b>2025</b>	<b>2024</b>
	<b>RM'000</b>	<b>RM'000</b>
Cash and balances with banks and other financial institutions	74,528	79,471
Deposits and placements with BNM	323,321	861,021
	<u>397,849</u>	<u>940,492</u>
Stage 1 ECL allowance	(4)	(8)
	<u>397,845</u>	<u>940,484</u>
By geographical distribution determined based on where the credit risk resides		
Malaysia	339,491	889,188
Singapore	24,464	19,098
Other ASEAN countries	2,409	784
Rest of the world	31,485	31,422
	<u>397,849</u>	<u>940,492</u>

**4 FINANCIAL INVESTMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME ("FVOCI")**

	<b>2025</b>	<b>2024</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>At fair value</b>		
Malaysian Government Investment Issues	2,909,183	2,251,627
Islamic Corporate Sukuk	909,329	602,859
Islamic Negotiable Instruments of Deposit	1,095,387	1,192,004
Cagamas Sukuk	245,245	350,034
	<u>5,159,144</u>	<u>4,396,524</u>

The above includes the Bank's Malaysian Government Investment Issues which are pledged as collateral for obligations on securities sold under repurchase agreements with nominal value amounting to RM650 million. (2024: RM400 million)

ECL allowance for financial investments at FVOCI is recognised in the ECL reserve.

	<b>2025</b>			<b>2024</b>		
	<b>Stage 1 12 Months ECL non-credit impaired RM'000</b>	<b>Stage 2 Lifetime ECL non-credit impaired RM'000</b>	<b>Total ECL non credit- impaired RM'000</b>	<b>Stage 1 12 Months ECL non-credit impaired RM'000</b>	<b>Stage 2 Lifetime ECL non-credit impaired RM'000</b>	<b>Total ECL non credit- impaired RM'000</b>
At 1 January	251	-	251	155	-	155
Transferred to Stage 1	22	(22)	-	-	-	-
Transferred to Stage 2	(73)	73	-	(1)	1	-
New financial assets originated or purchased	1,179	-	1,179	441	-	441
Financial assets derecognised	(497)	-	(497)	(177)	-	(177)
Net remeasurement during the year	(384)	(9)	(393)	(167)	(1)	(168)
At 31 December	<u>498</u>	<u>42</u>	<u>540</u>	<u>251</u>	<u>-</u>	<u>251</u>

Expected credit loss for financial investments at fair value through other comprehensive income is recognised in the expected credit loss reserve.

**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2025 (continued)**

**5 FINANCING AND ADVANCES**

(i) By type and Shariah contract

	<i>Sale based contracts</i>				<i>Lease based contracts</i>			<i>Equity based contracts</i>				<b>Total</b>
	<b>Bai' Inah</b>	<b>Bai' Bithaman Ajil</b>	<b>Tawarruq</b>	<b>Murabahah</b>	<b>Bai' Dayn</b>	<b>Ijarah Thumma Al-Bai</b>	<b>Ijarah</b>	<b>Ijarah Muntahiah Bi Al-Tamlik</b>	<b>Musharakah Mutanaqisah</b>	<b>Mudharabah</b>	<b>Others</b>	
<b>2025</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>At amortised cost and net of unearned income</b>												
Cash line financing	-	2,193	3,300	-	-	-	754,209	-	-	-	1,240	760,942
Term Financing												
- House financing	-	1,504	1,295,473	-	-	-	-	1,217,918	40,522	-	-	2,555,417
- Syndicated term financing	-	-	3,857,430	-	-	-	-	-	-	183,427	-	4,040,857
- Hire purchase receivables	-	-	-	-	-	57,454	-	60,485	-	-	-	117,939
- Other term financing	11,566	17,722	6,041,410	-	-	-	-	487,820	46,673	-	-	6,605,191
Bills receivable	-	-	-	913	31,353	-	-	-	-	-	-	32,266
Trust receipts	-	-	-	2,708	-	-	-	-	-	-	-	2,708
Revolving credit	-	-	3,878,911	-	-	-	-	-	-	-	-	3,878,911
Claims on customers under acceptance credits	-	-	-	13,392	-	-	-	-	-	-	-	13,392
Other financing	-	-	468,538	-	-	-	-	-	-	-	-	468,538
<b>Gross financing and advances</b>	<b>11,566</b>	<b>21,419</b>	<b>15,545,062</b>	<b>17,013</b>	<b>31,353</b>	<b>57,454</b>	<b>754,209</b>	<b>1,766,223</b>	<b>87,195</b>	<b>183,427</b>	<b>1,240</b>	<b>18,476,161</b>
ECL allowance												(150,578)
<b>Net financing and advances</b>												<b>18,325,583</b>

Included in financing and advances are specific business ventures funded by the Restricted Profit Sharing Investment Account ("RPSIA") arrangements between the Bank and its immediate holding company, OCBC Bank (Malaysia) Berhad (Note 14). The immediate holding company, being the RPSIA investor, is exposed to the risks and rewards of the business venture and accounts for the impairment allowances arising thereon.

As at 31 December 2025, the gross exposure and ECL relating to RPSIA financing amounted to RM6,117 million (2024: RM7,151 million) and RM17 million (2024: RM15 million) respectively.

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2025 (continued)

5 FINANCING AND ADVANCES (continued)

(i) By type and Shariah contract (continued)

	<i>Sale based contracts</i>				<i>Lease based contracts</i>			<i>Equity based contracts</i>				<b>Total</b> RM'000
	<b>Bai' Inah</b> RM'000	<b>Bai' Bithaman Ajil</b> RM'000	<b>Tawarruq</b> RM'000	<b>Murabahah</b> RM'000	<b>Bai' Dayn</b> RM'000	<b>Ijarah Thumma Al- Bai</b> RM'000	<b>Ijarah</b> RM'000	<b>Ijarah Bi Al-Tamlik</b> RM'000	<b>Musharakah Mutanaqisah</b> RM'000	<b>Mudharabah</b> RM'000	<b>Others</b> RM'000	
<b>2024</b>												
<b>At amortised cost and net of unearned income</b>												
Cash line financing	98	1,492	-	-	-	-	628,913	-	-	-	3,318	633,821
Term Financing												
- House financing	-	2,379	382,024	-	-	-	-	1,338,039	43,576	-	-	1,766,018
- Syndicated term financing	-	-	3,237,374	-	-	-	-	-	-	66,139	-	3,303,513
- Hire purchase receivables	-	-	-	-	-	100,142	-	63,802	-	-	-	163,944
- Other term financing	20,297	23,120	6,073,843	-	-	-	-	615,137	54,798	-	-	6,787,195
Bills receivable	-	-	-	18,470	29,185	-	-	-	-	-	-	47,655
Trust receipts	-	-	-	306	-	-	-	-	-	-	-	306
Revolving credit	-	-	3,981,991	-	-	-	-	-	-	-	-	3,981,991
Claims on customers under acceptance credits	-	-	-	140,049	23,500	-	-	-	-	-	-	163,549
Other financing	-	-	237,215	-	-	-	-	-	-	-	-	237,215
<b>Gross financing and advances</b>	<b>20,395</b>	<b>26,991</b>	<b>13,912,447</b>	<b>158,825</b>	<b>52,685</b>	<b>100,142</b>	<b>628,913</b>	<b>2,016,978</b>	<b>98,374</b>	<b>66,139</b>	<b>3,318</b>	<b>17,085,207</b>
ECL allowance												(211,605)
<b>Net financing and advances</b>												<b>16,873,602</b>

**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2025 (continued)**

**5 FINANCING AND ADVANCES (continued)**

	<b>2025</b>	<b>2024</b>
	<b>RM'000</b>	<b>RM'000</b>
(ii) By type of customer		
Domestic banking institutions	-	786,133
Domestic non-bank financial institutions	2,071,458	1,924,441
Domestic business enterprises		
- Small and medium enterprises	3,887,674	2,883,480
- Others	9,771,252	9,534,138
Individuals	2,522,161	1,828,626
Foreign entities	223,616	128,389
	<u>18,476,161</u>	<u>17,085,207</u>
(iii) By profit rate sensitivity		
Fixed rate		
- House financing	29,262	64,987
- Hire purchase receivables	57,454	100,142
- Other fixed rate financing	998,143	772,065
Variable rate		
- Base rate/Base financing rate plus/Standardised base rate	5,985,183	4,236,058
- Cost plus	11,397,269	11,884,723
- Other variable rates	8,850	27,232
	<u>18,476,161</u>	<u>17,085,207</u>
(iv) By sector		
Agriculture, hunting, forestry and fishing	482,378	586,549
Mining and quarrying	11,432	9,697
Manufacturing	1,411,892	1,030,136
Electricity, gas and water	360,623	225,945
Construction	818,530	597,419
Real estate	928,735	858,476
Wholesale & retail trade and restaurants & hotels	2,062,044	1,474,662
Transport, storage and communication	1,363,282	1,018,358
Finance, insurance and business services	7,477,334	8,611,395
Community, social and personal services	814,133	715,554
Household		
- Purchase of residential properties	2,560,977	1,772,065
- Purchase of non-residential properties	53,377	46,257
- Others	131,424	138,694
	<u>18,476,161</u>	<u>17,085,207</u>
(v) By geographical distribution determined based on where the credit risk resides		
Malaysia	18,253,252	16,957,772
Singapore	118,641	82,467
Other ASEAN countries	5,043	4,098
Rest of the world	99,225	40,870
	<u>18,476,161</u>	<u>17,085,207</u>

**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2025 (continued)**

**5 FINANCING AND ADVANCES (continued)**

	<b>2025</b>	<b>2024</b>
	<b>RM'000</b>	<b>RM'000</b>
(vi) By residual contractual maturity		
Up to one year	4,305,044	4,280,864
Over one year to three years	4,147,806	4,910,028
Over three years to five years	3,207,441	2,917,995
Over five years	6,815,870	4,976,320
	<u>18,476,161</u>	<u>17,085,207</u>

**6 IMPAIRED FINANCING AND ADVANCES**

(a) Movements in credit-impaired financing and advances

	<b>2025</b>	<b>2024</b>
	<b>RM'000</b>	<b>RM'000</b>
At 1 January	329,227	550,589
Impaired during the year	79,467	91,747
Reclassified as non credit-impaired	(116,152)	(83,958)
Amount recovered	(83,079)	(103,855)
Amount written off	<u>(61,386)</u>	<u>(125,296)</u>
At 31 December	148,077	329,227
Stage 3 ECL allowance	<u>(39,469)</u>	<u>(108,153)</u>
Net impaired financing and advances	<u>108,608</u>	<u>221,074</u>

	<b>2025</b>	<b>2024</b>
	<b>RM'000</b>	<b>RM'000</b>
(i) By sector		
Agriculture, hunting, forestry and fishing	470	1,568
Manufacturing	14,588	36,200
Electricity, gas and water	269	121
Construction	6,729	7,158
Real estate	806	3,890
Wholesale & retail trade and restaurants & hotels	51,912	174,698
Transport, storage and communication	5,245	5,408
Finance, insurance and business services	2,545	1,505
Community, social and personal services	548	104
Household		
- Purchase of residential properties	57,406	82,517
- Purchase of non-residential properties	1,460	3,526
- Others	<u>6,099</u>	<u>12,532</u>
	<u>148,077</u>	<u>329,227</u>

**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2025 (continued)**

**6 IMPAIRED FINANCING AND ADVANCES (continued)**

(a) Movements in credit-impaired financing and advances (continued)

	<b>2025</b>	<b>2024</b>
	<b>RM'000</b>	<b>RM'000</b>
(ii) By geographical distribution determined based on where the credit risk resides		
Malaysia	142,788	319,201
Singapore	1,679	2,821
Rest of the world	3,610	7,205
	<u>148,077</u>	<u>329,227</u>
(iii) By collateral type		
Property	94,187	233,080
Secured - others	14,837	13,326
Unsecured - corporate and other guarantees	8,469	27,688
Unsecured - clean	30,584	55,133
	<u>148,077</u>	<u>329,227</u>

**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2025 (continued)**

**6 IMPAIRED FINANCING AND ADVANCES (continued)**

(b) Movements in ECL allowance for financing and advances

	<i>Non credit-impaired</i>			<i>Credit-impaired</i>	<b>2025</b>	<i>Non credit-impaired</i>			<i>Credit-impaired</i>	<b>2024</b>
	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>		<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>	
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
At 1 January	34,728	68,724	108,153	211,605	29,881	65,514	257,463	352,858		
Transferred to Stage 1	57,399	(55,987)	(1,412)	-	38,381	(34,753)	(3,628)	-		
Transferred to Stage 2	(11,781)	29,105	(17,324)	-	(8,653)	19,354	(10,701)	-		
Transferred to Stage 3	(28)	(17,852)	17,880	-	(83)	(21,867)	21,950	-		
New financial assets originated or purchased	37,684	25,815	-	63,499	24,081	22,102	-	46,183		
Financial assets derecognised	(15,745)	(31,961)	(17,292)	(64,998)	(17,232)	(27,020)	(2,122)	(46,374)		
Net remeasurement during the year	(51,009)	42,115	12,356	3,462	(31,576)	45,457	(26,900)	(13,019)		
Written-off	-	-	(61,386)	(61,386)	-	-	(125,296)	(125,296)		
Other movements	(195)	97	(1,506)	(1,604)	(71)	(63)	(2,613)	(2,747)		
At 31 December	<b>51,053</b>	<b>60,056</b>	<b>39,469</b>	<b>150,578</b>	<b>34,728</b>	<b>68,724</b>	<b>108,153</b>	<b>211,605</b>		

**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2025 (continued)**

**6 IMPAIRED FINANCING AND ADVANCES (continued)**

(b) Movements in ECL allowance for financing and advances (continued)

**Impact of movements in gross carrying amount on ECL allowance**

Stage 1 ECL allowance increased by RM16.3 million during the financial year mainly due to higher transfers-in to Stage 1 from improvements in credit quality and newly originated financing and advances partly offset by lower net remeasurement, financial assets derecognised and transfers-to Stage 2.

Stage 2 ECL allowance decreased by RM8.7 million mainly due to higher transfers to Stage 1 due to improvements in credit quality, financial assets derecognised and transfers-to Stage 3 partly offset by higher net remeasurement, transfer-in to Stage 2 and newly originated financing.

Stage 3 ECL allowance decreased by RM68.7 million mainly due higher write-offs, transfers-to Stage 2 due to improvements in asset quality, financial assets derecognised partly offset by transfers-in to Stage 3 and higher net remeasurement.

ECL allowance on financing and advances, including on financing commitments and financial guarantees (Note 16).

(i) By sector

	<i>Non credit- impaired</i>	<i>Credit- impaired</i>	<b>Stage 3 ECL</b>	
	<b>Stage 1 and 2 ECL</b>	<b>Stage 3 ECL</b>	<b>Made during the year (Note 22)</b>	<b>Written off</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>2025</b>				
Agriculture, hunting, forestry and fishing	325	182	133	-
Mining and quarrying	351	-	9	-
Manufacturing	24,519	9,478	2,522	5,333
Electricity, gas and water	2,916	105	101	-
Construction	32,546	17,702	1,550	139
Real estate	7,258	159	50	-
Wholesale & retail trade and restaurants & hotels	30,784	10,123	17,667	35,103
Transport, storage and communication	8,993	1,848	1,627	362
Finance, insurance and business services	19,484	780	709	13
Community, social and personal services	2,529	330	347	-
Household				
- Purchase of residential properties	7,041	10,685	19,379	17,952
- Purchase of non-residential properties	704	297	140	-
- Others	1,917	2,777	2,864	2,484
	<b>139,367</b>	<b>54,466</b>	<b>47,098</b>	<b>61,386</b>

**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2025 (continued)**

**6 IMPAIRED FINANCING AND ADVANCES (continued)**

(b) Movements in ECL allowance for financing and advances (continued)

ECL allowance on financing and advances, including on financing commitments and financial guarantees (Note 16)  
(continued)

(i) By sector (continued)

	<i>Non credit- impaired</i>	<i>Credit- impaired</i>	<b>Stage 3 ECL</b>	
	<b>Stage 1 and 2 ECL</b>	<b>Stage 3 ECL</b>	<b>Made during the year (Note 22)</b>	<b>Written off</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>2024</b>				
Agriculture, hunting, forestry and fishing	10,109	118	116	-
Mining and quarrying	227	-	-	-
Manufacturing	22,914	29,189	10,242	62,528
Electricity, gas and water	1,028	4	-	-
Construction	40,674	18,300	5,047	46,126
Real estate	6,153	140	57	-
Wholesale & retail trade and restaurants & hotels	20,328	49,451	18,611	3,681
Transport, storage and communication	6,426	2,225	2,454	8
Finance, insurance and business services	18,933	441	228	279
Community, social and personal services	1,470	13	-	384
Household				
- Purchase of residential properties	5,187	17,995	13,013	10,033
- Purchase of non-residential properties	186	856	14	-
- Others	2,272	5,648	3,898	2,257
	<b>135,907</b>	<b>124,380</b>	<b>53,680</b>	<b>125,296</b>

(ii) By geographical distribution

	<i>Non credit- impaired</i>	<i>Credit- impaired</i>				
	<b>Stage 1 and 2 ECL</b>	<b>Stage 3 ECL</b>	<b>2025</b>	<i>Non credit- impaired</i>	<i>Credit- impaired</i>	<b>2024</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>Total ECL RM'000</b>	<b>Stage 1 and 2 ECL RM'000</b>	<b>Stage 3 ECL RM'000</b>	<b>Total ECL RM'000</b>
<b>ECL</b>						
Malaysia	136,477	52,562	189,039	135,531	120,034	255,565
Singapore	482	1,027	1,509	208	1,353	1,561
Other ASEAN countries	33	-	33	9	1,073	1,082
Rest of the world	2,375	877	3,252	159	1,920	2,079
	<b>139,367</b>	<b>54,466</b>	<b>193,833</b>	<b>135,907</b>	<b>124,380</b>	<b>260,287</b>

**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2025 (continued)**

**7 DERIVATIVE FINANCIAL ASSETS AND LIABILITIES**

Financial derivatives are instruments which value change in response to the change in one or more "underlying" such as foreign exchange rate and profit rate. They include forwards and swaps. In the normal course of business, the Bank customise derivatives to meet the specific needs of their customers.

The tables below analyse the principal amounts and the positive (assets) and negative (liabilities) fair values of the Bank's financial derivatives. The notional amounts of these instruments indicate the volume of transactions outstanding at the reporting date. They do not necessarily indicate the amount of future cash flows or the fair value of the derivatives and therefore, do not represent total amount of risk. The positive (assets) and negative (liabilities) fair values represent the favourable and unfavourable fair value respectively as a result of fluctuations in the value of the underlying relative to their contractual terms as at reporting date.

	2025			2024		
	Contract or underlying principal amount RM'000	Fair value		Contract or underlying principal amount RM'000	Fair value	
		Assets RM'000	Liabilities RM'000		Assets RM'000	Liabilities RM'000
	<b>Trading</b>					
Foreign exchange derivatives						
- Forwards	69,441	196	44	66,948	87	375
- Swaps	2,054,855	60,799	81,517	1,246,781	12,463	12,820
	<u>2,124,296</u>	<u>60,995</u>	<u>81,561</u>	<u>1,313,729</u>	<u>12,550</u>	<u>13,195</u>
Of which related to immediate holding company	<u>1,555,750</u>	<u>305</u>	<u>81,553</u>	<u>740,951</u>	<u>43</u>	<u>12,823</u>

**8 OTHER ASSETS**

	2025 RM'000	2024 RM'000
Profit receivable	45,324	33,947
Other receivables, deposits and prepayments	3,794	3,111
Amount due from immediate holding company	2,244	53,193
Amount due from ultimate holding company	304	226
Amount due from related company	67	3
	<u>51,733</u>	<u>90,480</u>

The amounts due from ultimate and immediate holding companies and related company are unsecured, profit-free and repayable on demand.

**9 STATUTORY DEPOSITS WITH BANK NEGARA MALAYSIA**

The non-profit bearing statutory deposits are maintained with BNM in compliance with Section 26(2)(c) and Section 26(3) of the Central Bank of Malaysia Act 2009, the amounts of which are determined as set percentages of total eligible liabilities.

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2025 (continued)

10 PROPERTY AND EQUIPMENT

	2025				2024			
	Office equipment and furniture RM'000	Computer equipment/ software RM'000	Renovation RM'000	Total RM'000	Office equipment and furniture RM'000	Computer equipment/ software RM'000	Renovation RM'000	Total RM'000
<b>Cost</b>								
At 1 January	9,709	16,151	9,862	35,722	9,558	16,125	9,920	35,603
Additions	234	87	1,117	1,438	178	82	-	260
Disposals/Written off	(266)	(83)	-	(349)	(27)	(56)	(58)	(141)
At 31 December	9,677	16,155	10,979	36,811	9,709	16,151	9,862	35,722
<b>Accumulated depreciation</b>								
At 1 January	(7,967)	(15,938)	(9,837)	(33,742)	(7,172)	(15,827)	(9,890)	(32,889)
Depreciation for the year	(754)	(135)	(5)	(894)	(820)	(167)	(5)	(992)
Disposals/Written off	265	83	-	348	25	56	58	139
At 31 December	(8,456)	(15,990)	(9,842)	(34,288)	(7,967)	(15,938)	(9,837)	(33,742)
<b>Carrying amount</b>								
At 1 January	1,742	213	25	1,980	2,386	298	30	2,714
At 31 December	1,221	165	1,137	2,523	1,742	213	25	1,980

**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2025 (continued)**

**11 RIGHT-OF-USE ("ROU") ASSETS**

	<b>2025</b>	<b>2024</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Properties</b>		
<b>Cost</b>		
At 1 January	4,487	6,557
Additions	-	770
Derecognised during the year	(1,390)	(2,840)
At 31 December	<u>3,097</u>	<u>4,487</u>
<b>Accumulated depreciation</b>		
At 1 January	(1,753)	(3,079)
Depreciation for the year	(1,448)	(1,514)
Derecognised during the year	1,266	2,840
At 31 December	<u>(1,935)</u>	<u>(1,753)</u>
<b>Carrying amount</b>		
At 1 January	2,734	3,478
At 31 December	<u>1,162</u>	<u>2,734</u>

**12 DEFERRED TAX ASSETS**

	<b>Assets</b>		<b>Liabilities</b>		<b>Net</b>	
	<b>2025</b>	<b>2024</b>	<b>2025</b>	<b>2024</b>	<b>2025</b>	<b>2024</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Change in fair value of financial instruments	-	-	(5,660)	(420)	(5,660)	(420)
Stage 1 and 2 ECL allowance	25,214	22,786	-	-	25,214	22,786
Capital allowances over depreciation	-	-	(143)	(251)	(143)	(251)
Provision for expenses	1,659	2,048	-	-	1,659	2,048
Other temporary differences	5,063	5,003	-	-	5,063	5,003
Tax assets/(liabilities)	31,936	29,837	(5,803)	(671)	26,133	29,166
Set off of tax	(5,803)	(671)	5,803	671	-	-
Net tax assets	<u>26,133</u>	<u>29,166</u>	<u>-</u>	<u>-</u>	<u>26,133</u>	<u>29,166</u>

(i) Movement in deferred tax during the financial year

	<b>At 1 January RM'000</b>	<b>Recognised in profit or loss (Note 27) RM'000</b>	<b>Recognised in other comprehensive income RM'000</b>	<b>At 31 December RM'000</b>
<b>2025</b>				
Change in fair value of financial instruments	(420)	-	(5,240)	(5,660)
Stage 1 and 2 ECL allowance	22,786	2,428	-	25,214
Capital allowances over depreciation	(251)	108	-	(143)
Provision for expenses	2,048	(389)	-	1,659
Other temporary differences	5,003	60	-	5,063
	<u>29,166</u>	<u>2,207</u>	<u>(5,240)</u>	<u>26,133</u>

**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2025 (continued)**

**12 DEFERRED TAX ASSETS (continued)**

(i) Movement in deferred tax during the financial year (continued)

	At 1 January RM'000	Recognised in profit or loss (Note 27) RM'000	Recognised in other comprehensive income RM'000	At 31 December RM'000
<b>2024</b>				
Change in fair value of financial instruments	2,134	-	(2,554)	(420)
Stage 1 and 2 ECL allowance	20,826	1,960	-	22,786
Capital allowances over depreciation	(372)	121	-	(251)
Provision for expenses	2,321	(273)	-	2,048
Other temporary differences	4,521	482	-	5,003
	<u>29,430</u>	<u>2,290</u>	<u>(2,554)</u>	<u>29,166</u>

**13 DEPOSITS FROM CUSTOMERS**

	2025 RM'000	2024 RM'000
(a) By type of deposit		
Savings deposits		
- Tawarruq	546,015	558,421
- Qard	190,097	201,447
Demand deposits		
- Tawarruq	1,549,936	1,606,984
- Qard	4,421,766	4,154,768
Term Deposits		
- Tawarruq	4,767,503	4,713,115
- Qard	1,165	1,311
Negotiable instruments of deposit		
- Tawarruq	804,503	-
Short-term deposits		
- Tawarruq	393,797	145,960
	<u>12,674,782</u>	<u>11,382,006</u>
(b) By type of customer		
Government and statutory bodies	6,787	89,255
Non-bank financial institutions	1,234,011	1,122,859
Business enterprises	6,181,664	5,783,129
Individuals	3,779,532	3,879,471
Foreign entities	1,408,515	439,262
Others	64,273	68,030
	<u>12,674,782</u>	<u>11,382,006</u>
(c) By residual maturity for term deposits, negotiable instruments of deposits and short-term deposits		
Up to six months	5,375,563	3,912,294
Over six months to one year	587,618	941,299
Over one year to three years	3,086	4,093
Over three years to five years	701	2,700
	<u>5,966,968</u>	<u>4,860,386</u>

**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2025 (continued)**

**14 INVESTMENT ACCOUNTS DUE TO DESIGNATED FINANCIAL INSTITUTION**

	<b>2025</b>	<b>2024</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Mudharabah RPSIA</b>		
Licensed bank	6,476,685	7,736,685

The placements are from its immediate holding company, OCBC Bank (Malaysia) Berhad and are used to fund specific financing (Note 5 and Note 41). These deposits follow the principle of Mudharabah which states that profits will be shared with the Bank as mudarib and losses borne by depositors.

**15 DEPOSITS AND PLACEMENTS OF BANKS AND OTHER FINANCIAL INSTITUTIONS**

	<b>2025</b>	<b>2024</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Non-Mudharabah</b>		
Licensed banks	1,067,969	283,925
Other financial institutions	20,744	5,265
	<u>1,088,713</u>	<u>289,190</u>

The above includes deposits and placements of its immediate holding company of RM1,050 million (2024: RM241 million), which are unsecured and profit bearing.

**16 OTHER LIABILITIES**

	<b>2025</b>	<b>2024</b>
	<b>RM'000</b>	<b>RM'000</b>
Profit payable	46,754	56,187
Other payables and accruals	52,912	52,461
Amount due to immediate holding company (a)	113,244	20,749
Amount due to ultimate holding company (a)	228	1,097
Equity compensation benefits (b)	592	686
Lease liabilities	1,190	2,787
ECL allowances for financing commitments and financial guarantees (c)	43,255	48,682
	<u>258,175</u>	<u>182,649</u>

(a) The amount due to ultimate and immediate holding companies are unsecured, profit free and repayable on demand.

(b) Equity compensation benefits

Equity compensation benefits which are granted by the ultimate holding company refer to the fair value for all goods and services received in respect of equity-settled share-based payment transactions recognised under MFRS 2, *Share-based Payment*. The liability recognised is based on the amount recharged by the ultimate holding company of the Bank over the vesting period. The equity compensation benefits are:

**(i) OCBC Deferred Share Plan ("DSP")**

Under the DSP, shares of the ultimate holding company of the Bank are awarded to eligible executives where share awards form 20% to 40% of their total variable performance bonus for the year. A trust is set up to administer the shares purchased under the DSP. 50% of the share awards will vest after two years with the remaining 50% vesting at the end of the third year in accordance with the guidelines established under the DSP. Prior to the vesting date, the executives will not be accorded voting rights on the shares. The awards will lapse immediately on the termination of employment, except in the event of retirement, redundancy, death, or where approved by the relevant approving authorities at OCBC Ltd which may allow the awards to be retained and vested within the relevant vesting periods or such periods as may be determined.

**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2025 (continued)**

**16 OTHER LIABILITIES (continued)**

(b) Equity compensation benefits (continued)

**(ii) OCBC Share Option Scheme 2001 ("ESOS")**

Under the ESOS, shares of the ultimate holding company of the Bank are offered to eligible executives who are of Manager rank and above, including Non-Executive Directors. Options granted are exercisable for a period commencing after the 1st anniversary and expire on the 10th anniversary of the respective dates of grant except for options granted to Non-executive Directors which are exercisable up to 5 years. One-third of the share options granted will vest each financial year after the 1st anniversary of the respective dates of grant and options granted fully vested after the 3rd anniversary. OCBC Ltd has ceased granting share options under the ESOS effective from financial year 2018 remuneration. Share options granted in prior years continue to be outstanding until the options lapse or are exercised by recipients.

Movements in the number options and weighted average exercise prices, denominated in Singapore dollars (S\$), are as follows:

	2025		2024	
	Number of share options	Weighted average acquisition price (S\$)	Number of share options	Weighted average acquisition price (S\$)
At 1 January	10,847	13.340	10,847	13.340
Exercised	(10,847)	13.340	-	-
At 31 December	-	-	10,847	13.340
Exercisable on 31 December	-	-	10,847	13.340
Weighted average share price underlying the options exercised (S\$)		16.891		14.263

Details of the options outstanding are as follows:

Grant year	Grant date	Exercise period	Acquisition price (S\$)	2025	
				Outstanding	Exercisable
2018	22/03/2018	22/3/2019 - 21/3/2028	13.340	-	-
				-	-
Grant year	Grant date	Exercise period	Acquisition price (S\$)	2024	
				Outstanding	Exercisable
2018	22/03/2018	22/3/2019 - 21/3/2028	13.340	10,847	10,847
				10,847	10,847

**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2025 (continued)**

**16 OTHER LIABILITIES (continued)**

(b) Equity compensation benefits (continued)

**(iii) OCBC Employee Share Purchase Plan ("ESPP")**

The ESPP is a savings-based share ownership plan to help employees of the Bank own ordinary shares in the ultimate holding company through their monthly contributions via deductions from payroll and/or from Employee's Provident Fund. Employees have the option to convert the contributions to ordinary shares after one year or withdraw the contributions at anytime. As a further incentive to employees to enrol in the ESPP, interest is given on the amounts saved at a preferential interest rate. The duration of each offering period is 24 months.

In July 2025, OCBC Ltd launched its 20th offering of ESPP for its employees, which commenced on 1 September 2025 and expires on 31 August 2027. Under the offering, OCBC Ltd granted the Bank's employees 4,932 (2024: 4,810) rights to acquire ordinary shares in OCBC Ltd. The fair value of rights for OCBC Ltd shares determined using the binomial valuation model were S\$5,372 (2024: S\$2,964). Significant inputs to the valuation model are set out below:

	<b>2025</b>	<b>2024</b>
Acquisition price (S\$)	16.73	14.45
Closing share price at valuation date (S\$)	16.79	14.80
Expected volatility based on last 250 days historical volatility as of acceptance date (%)	19.42	13.19
Singapore government bond yields (%)	1.56	2.83
Expected dividend yield (%)	6.66	6.54

Movements in the number of acquisition rights of the ESP Plan are as follows:

	<b>2025</b>		<b>2024</b>	
	<b>Number of share options</b>	<b>Weighted average acquisition price (S\$)</b>	<b>Number of share options</b>	<b>Weighted average acquisition price (S\$)</b>
At 1 January	9,528	13.442	13,108	12.260
Acquired	4,932	16.730	4,810	14.450
Forfeited/Lapsed	(1,342)	14.331	(2,523)	12.333
Exercised and converted upon expiry	(4,719)	12.530	(5,867)	12.103
At 31 December	<u>8,399</u>	<u>15.743</u>	<u>9,528</u>	<u>13.442</u>
Average share price underlying acquisition rights exercised/converted (S\$)		<u>16.649</u>		<u>14.820</u>

**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2025 (continued)**

**16 OTHER LIABILITIES (continued)**

(c) The movements in ECL Stage 1, 2 and 3 allowances for financing commitments and financial guarantees are as follows:

<b>2025</b>	<i>Non credit-impaired</i>		<i>Credit-impaired</i>	<b>Total</b>
	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
At 1 January	17,432	15,023	16,227	48,682
Transferred to Stage 1	10,906	(10,906)	-	-
Transferred to Stage 2	(1,032)	1,032	-	-
Transferred to Stage 3	-	(1)	1	-
New financial assets originated or purchased	7,417	709	-	8,126
Financial assets derecognised	(2,785)	(10,387)	(1,173)	(14,345)
Net remeasurement during the year	(14,299)	15,561	(1)	1,261
Other movements	(286)	(126)	(57)	(469)
At 31 December	<u>17,353</u>	<u>10,905</u>	<u>14,997</u>	<u>43,255</u>

  

<b>2024</b>	<i>Non credit-impaired</i>		<i>Credit-impaired</i>	<b>Total</b>
	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
At 1 January	13,028	17,829	15,154	46,011
Transferred to Stage 1	7,149	(7,149)	-	-
Transferred to Stage 2	(2,330)	2,330	-	-
Transferred to Stage 3	(2)	(385)	387	-
New financial assets originated or purchased	10,816	2,217	-	13,033
Financial assets derecognised	(5,435)	(7,349)	-	(12,784)
Net remeasurement during the year	(5,674)	7,545	611	2,482
Other movements	(120)	(15)	75	(60)
At 31 December	<u>17,432</u>	<u>15,023</u>	<u>16,227</u>	<u>48,682</u>

**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2025 (continued)**

**17 SHARE CAPITAL**

	<b>2025</b>	<b>2024</b>
	<b>RM'000</b>	<b>RM'000</b>
Issued and fully paid ordinary shares	555,000	555,000

**18 RESERVES**

The detailed breakdown of the reserves are shown in the Statement of Changes in Equity.

Regulatory reserve is maintained in compliance with the requirements under BNM's policy document on Financial Reporting for Islamic Banking Institutions to maintain, in aggregate, loss allowance for non credit-impaired exposures (Stage 1 and Stage 2 ECL) and regulatory reserve of no less than 1% of total credit exposures, net of loss allowance for credit-impaired exposures (Stage 3 ECL).

ECL reserve comprises ECL allowance for financial investments at fair value through other comprehensive income. The ECL allowance will be reversed to profit or loss upon disposal or derecognition of the financial instruments.

Fair value reserve comprises fair value of financial investments at FVOCI. The cumulative fair value adjustments for financial investments at FVOCI will be reversed to profit or loss upon disposal or derecognition except for equity instruments which will be reversed from this reserves to retained earnings upon disposal or derecognition of the financial instruments.

**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2025 (continued)**

**19 INCOME DERIVED FROM INVESTMENT OF DEPOSITORS' FUNDS AND OTHERS**

	<b>2025</b>	<b>2024</b>
	<b>RM'000</b>	<b>RM'000</b>
Income derived from investment of:		
(i) Term deposits	227,522	209,342
(ii) Other deposits	<u>354,086</u>	<u>336,274</u>
	<u>581,608</u>	<u>545,616</u>
(i) Income derived from investment of term deposits		
<b>Finance income and hibah</b>		
Financing and advance		
- Finance income earned other than recoveries	169,799	155,843
- Recoveries from credit-impaired financing	2,752	4,156
- Discount unwind from credit-impaired financing	482	825
Financial assets at FVTPL	-	43
Financial investments at FVOCI	51,954	42,887
Deposits and placements with banks and other financial institutions	<u>1,453</u>	<u>4,307</u>
	<u>226,440</u>	<u>208,061</u>
<b>Other trading income</b>		
Net loss from sale of financial assets at FVTPL	-	(50)
Unrealised loss on financial assets at FVTPL	-	(9)
<b>Other operating income</b>		
Net gain from sale of financial investments at FVOCI	820	597
Others	<u>262</u>	<u>743</u>
	<u>227,522</u>	<u>209,342</u>
(ii) Income derived from investment of other deposits		
<b>Finance income and hibah</b>		
Financing and advance		
- Finance income earned other than recoveries	264,957	250,407
- Recoveries from credit-impaired financing	4,140	6,660
- Discount unwind from credit-impaired financing	750	1,334
Financial assets at FVTPL	-	72
Financial investments at FVOCI	80,367	68,697
Deposits and placements with banks and other financial institutions	<u>2,303</u>	<u>7,057</u>
	<u>352,517</u>	<u>334,227</u>
<b>Other trading income</b>		
Net loss from sale of financial assets at FVTPL	-	(73)
Unrealised loss on financial assets at FVTPL	-	(15)
<b>Other operating income</b>		
Net gain from sale of financial investments at FVOCI	1,161	917
Others	<u>408</u>	<u>1,218</u>
	<u>354,086</u>	<u>336,274</u>

**20 INCOME DERIVED FROM INVESTMENT OF INVESTMENT ACCOUNT FUNDS**

	<b>2025</b>	<b>2024</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Finance income and hibah</b>		
Financing and advance		
- Finance income earned other than recoveries	333,685	291,941
Deposits and placements with banks and other financial institutions	9,056	7,855
Financial investments at FVOCI	<u>9,358</u>	<u>1,010</u>
	<u>352,099</u>	<u>300,806</u>

**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2025 (continued)**

**21 INCOME DERIVED FROM INVESTMENT OF SHAREHOLDER'S FUNDS**

	<b>2025</b>	<b>2024</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Finance income and hibah</b>		
Financing and advance		
- Finance income earned other than recoveries	96,795	85,546
- Recoveries from credit-impaired financing	1,547	2,281
- Discount unwind from credit-impaired financing	274	454
Financial assets at FVTPL	-	24
Financial investments at FVOCI	29,506	23,522
Deposits and placements with banks and other financial institutions	833	2,377
	<u>128,955</u>	<u>114,204</u>
<b>Other trading income</b>		
Net loss from sale of financial assets at FVTPL	-	(27)
Unrealised loss on financial assets at FVTPL	-	(5)
<b>Other operating income</b>		
Commission	21,649	21,326
Service charges and fees	33,464	19,528
Shared services income received from immediate holding company	3,457	4,145
Shared services income received from ultimate holding company	53	131
Net gain from sale of financial investments at FVOCI	455	325
Others	149	410
<b>Other trading income</b>		
Net trading gain/(loss)		
- Foreign currency	24,497	8,580
- Trading derivatives	28,178	19,170
- Revaluation of derivatives	(19,831)	(993)
	<u>221,026</u>	<u>186,794</u>

**22 IMPAIRMENT ALLOWANCE AND PROVISIONS**

	<b>2025</b>	<b>2024</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Financing, advances and commitments</b>		
Stage 1 and Stage 2 ECL net charge during the year	3,460	9,655
Stage 3 ECL		
- Made during the year	47,098	53,680
- Written back	(54,063)	(74,083)
Credit-impaired financing recovered	(64,877)	(23,263)
Recovery from RPSIA holder*	-	14,796
<b>Financial investments at FVOCI</b>		
Stage 1 and Stage 2 ECL net charge during the year	289	96
<b>Other assets</b>		
Stage 1 ECL net (writeback)/charged during the year	(4)	5
	<u>(68,097)</u>	<u>(19,114)</u>

\* The RPSIA holder is the Bank's immediate holding company (Note 14).

**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2025 (continued)**

**23 INCOME ATTRIBUTABLE TO DEPOSITORS AND OTHERS**

	<b>2025</b>	<b>2024</b>
	<b>RM'000</b>	<b>RM'000</b>
Deposits from customers		
- Non-Mudharabah	251,709	240,071
Deposits and placements of banks and other financial institutions		
- Non-Mudharabah	24,805	14,678
Lease liabilities	68	102
	<u>276,582</u>	<u>254,851</u>

**24 INCOME ATTRIBUTABLE TO INVESTMENT ACCOUNT HOLDER**

	<b>2025</b>	<b>2024</b>
	<b>RM'000</b>	<b>RM'000</b>
Investment accounts due to designated financial institution (Note 32)		
- Mudharabah	<u>246,469</u>	<u>210,564</u>

**25 OPERATING EXPENSES**

	<b>2025</b>	<b>2024</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Personnel expenses</b>		
Wages, salaries and bonus	16,123	17,624
Employees Provident Fund contributions	2,537	2,709
Share-based costs	340	435
Others	3,388	3,282
	<u>22,388</u>	<u>24,050</u>
<b>Establishment expenses</b>		
Depreciation of equipment	894	992
Depreciation of ROU assets	1,448	1,514
Rental of premises	(a) 135	31
Repair and maintenance	643	527
Information technology costs	535	705
Hire of equipment	(a) 94	80
Others	2,049	1,985
	<u>5,798</u>	<u>5,834</u>

**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2025 (continued)**

**25 OPERATING EXPENSES (continued)**

	<b>2025</b>	<b>2024</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Marketing expenses</b>		
Advertising and business promotion	438	216
Transport and travelling	102	90
Others	199	183
	<u>739</u>	<u>489</u>
<b>General administrative expenses</b>		
Shared service fees to immediate holding company (Note 32)	163,381	151,374
IT and transaction processing fees to related companies (Note 32)	21,225	23,350
Auditors' remuneration		
- Statutory audit	214	183
- Audit related fees	62	62
- Non-audit related	54	77
Shariah Committee remuneration	(b) 515	509
Others	13,010	14,777
	<u>198,461</u>	<u>190,332</u>
<b>Total operating expenses</b>	<u>227,386</u>	<u>220,705</u>

(a) These expenses are in respect of short-term and/or low value item leases which the Bank has elected not to recognise as ROU assets and lease liabilities under MFRS 16.

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

	<b>2025</b>	<b>2024</b>
	<b>RM'000</b>	<b>RM'000</b>
Dr Khairul Anuar Bin Ahmad	100	101
Hj. Faizal Bin Jaafar	83	81
Dr Mohd Hilmi Bin Ramli	83	81
Dr Mohd Rofaizal Bin Ibhram	83	82
Mr Abdul Latif bin Ahmad Subki	83	82
Dr Mohd Rizal bin Muwazir	83	82
	<u>515</u>	<u>509</u>

**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2025 (continued)**

**26 KEY MANAGEMENT AND OTHER MATERIAL RISK TAKER REMUNERATION**

(a) The remuneration of the CEO and Directors during the year are as follows:

	<i>Unrestricted</i>			<i>Deferred</i>		<b>2025</b>	<i>Unrestricted</i>			<i>Deferred</i>		<b>2024</b>
	<b>Salaries and fees*</b>	<b>Variable bonuses</b>	<b>Benefits-in-kind</b>	<b>Employees Provident Fund</b>	<b>Shares and share options^</b>		<b>Salaries and fees*</b>	<b>Variable bonuses</b>	<b>Benefits-in-kind</b>	<b>Employees Provident Fund</b>	<b>Shares and share options^</b>	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>CEO</b>												
Syed Abdull Aziz Jailani												
Bin Syed Kechik	983	474	19	233	316	2,025	983	462	19	231	308	2,003
<b>Non-Executive Directors</b>												
George Lee Lap Wah	355	-	-	-	-	355	65	-	-	-	-	65
Ayesha Natchiar Binti Ally Maricar	102	-	-	-	-	102	86	-	-	-	-	86
Ismail Bin Alowi	324	-	-	-	-	324	250	-	-	-	-	250
Mevin Nevis AF Nevis	330	-	-	-	-	330	232	-	-	-	-	232
Tan Fong Sang	330	-	-	-	-	330	227	-	-	-	-	227
Tan Ngiap Joo	-	-	-	-	-	-	206	-	-	-	-	206
(Retired on 30 September 2024)												
Andrew Lee Kok Keng	-	-	-	-	-	-	54	-	-	-	-	54
(Resigned on 29 February 2024)												
	<b>2,424</b>	<b>474</b>	<b>19</b>	<b>233</b>	<b>316</b>	<b>3,466</b>	<b>2,103</b>	<b>462</b>	<b>19</b>	<b>231</b>	<b>308</b>	<b>3,123</b>

\* Excluding Sales and Service Tax.

^ Deferred shares and share options are awarded/granted under the OCBC Share Plans as disclosed in Note 16(b) to the financial statements.

**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2025 (continued)**

**26 KEY MANAGEMENT AND OTHER MATERIAL RISK TAKER REMUNERATION (continued)**

(b) Remuneration awarded to senior management (including the CEO) and other Material Risk Taker are as follows:

	2025			Number of officers	2024			Number of officers
	Unrestricted RM'000	Deferred RM'000	Total RM'000		Unrestricted RM'000	Deferred RM'000	Total RM'000	
<b>Fixed remuneration</b>								
Cash based	3,059	-	3,059		2,798	-	2,798	
Sign-on awards	100	-	100	1	-	-	-	
Others	43	-	43		76	-	76	
	<u>3,202</u>	<u>-</u>	<u>3,202</u>		<u>2,874</u>	<u>-</u>	<u>2,874</u>	
<b>Variable remuneration</b>								
Cash based	1,216	-	1,216	6	1,065	-	1,065	
Shares and share options	-	316	316	1	-	308	308	
	<u>1,216</u>	<u>316</u>	<u>1,532</u>		<u>1,065</u>	<u>308</u>	<u>1,373</u>	
<b>Total</b>	<u>4,418</u>	<u>316</u>	<u>4,734</u>		<u>3,939</u>	<u>308</u>	<u>4,247</u>	

There were no other Material Risk Taker other than from senior management. Other than the above, no senior management received or was awarded any guaranteed bonus or severance payment.

(c) Outstanding deferred remuneration

	2025 RM'000	2024 RM'000
Share and share options		
Exposed to ex-post explicit and implicit adjustments	<u>1,411</u>	<u>1,139</u>
Deferred remuneration paid out during the year	<u>511</u>	<u>415</u>
Reduction during the year due to:		
(i) Ex-post explicit adjustments (such as malus, clawbacks or similar reversals of downward revaluations of awards)	-	-
(ii) Ex-post implicit adjustments (such as fluctuations in the value of shares or performance of units)	<u>-</u>	<u>-</u>

**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2025 (continued)**

**27 INCOME TAX EXPENSE**

	<b>2025</b>	<b>2024</b>
	<b>RM'000</b>	<b>RM'000</b>
Malaysian income tax		
- Current year charge	115,812	90,669
- Prior years	(113)	(366)
Deferred tax		
- Origination and reversal of temporary differences	(2,091)	(2,603)
- Prior years	(116)	313
	<u>113,492</u>	<u>88,013</u>

The reconciliation between the average effective tax rate and the applicable tax rate is as follows:

	<b>2025</b>	<b>2024</b>
	<b>%</b>	<b>%</b>
Malaysian tax rate	24.0	24.0
Tax effect of:		
Expenses not deductible for tax purposes	0.1	0.1
Income not subject to tax	-	(0.1)
(Over)/under provision in prior years:		
- income tax	(0.1)	(0.1)
- deferred tax	-	0.1
Average effective tax rate	<u>24.0</u>	<u>24.0</u>

(a) The Bank is part of OCBC Ltd and its subsidiaries, a multinational enterprise group that is within the scope of the Organisation for Economic Co-operation and Development ("OECD") Pillar Two model rules. Pillar Two legislation was enacted in Malaysia, the jurisdiction in which the Bank is incorporated, and came into effect from 1 January 2025.

The Bank applies the MFRS 112 exception to recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes.

The Bank has determined that it has either met the transitional country-by-country reporting safe harbour provisions or has effective tax rates exceeding 15%. Accordingly, the Bank does not have any exposure to Pillar Two legislation as at 31 December 2025.

**28 ZAKAT**

The Bank only pays zakat on its business. The Bank does not pay zakat on behalf of its depositors nor shareholder.

**29 BASIC EARNINGS PER ORDINARY SHARE**

The basic earnings per ordinary share of the Bank is calculated based on the net profit attributable to the ordinary shareholder and the number of ordinary shares in issue during the financial year. The Bank has no dilution in its earnings per ordinary share as there are no dilutive potential ordinary shares.

	<b>2025</b>	<b>2024</b>
Net profit for the year (RM'000)	<u>358,851</u>	<u>278,147</u>
Number of ordinary shares in issue ('000)	<u>185,000</u>	<u>185,000</u>
Basic earnings per share (sen)	<u>193.97</u>	<u>150.35</u>

**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2025 (continued)**

**30 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. There were no material losses anticipated as a result of these transactions.

The credit equivalent and risk weighted amounts are computed using the credit conversion factors and risk weights as defined by BNM for regulatory capital adequacy purposes.

	2025			2024		
	Principal amount RM'000	Credit equivalent amount RM'000	Risk weighted amount RM'000	Principal amount RM'000	Credit equivalent amount RM'000	Risk weighted amount RM'000
Transaction-related contingent items	437,326	226,488	155,230	408,254	208,789	146,611
Short-term self-liquidating trade-related contingencies	31,892	6,379	4,146	74,170	15,241	8,202
Lending of bank's securities or the posting of securities as collateral by banks	671,610	671,610	-	410,284	410,284	-
Foreign exchange related contracts						
- Up to one year	1,094,515	13,904	779	234,735	289	161
- Over one year to five years	1,029,781	122,627	33,048	1,078,994	109,766	32,523
Formal standby facilities and credit lines						
- Original maturity up to one year	918	689	483	819	614	270
- Original maturity over one year	1,989,408	1,602,392	1,002,734	833,361	671,809	434,905
Other unconditionally cancellable commitments	3,788,695	354,057	71,124	2,741,380	256,328	36,993
	<b>9,044,145</b>	<b>2,998,146</b>	<b>1,267,544</b>	<b>5,781,997</b>	<b>1,673,120</b>	<b>659,665</b>

The fair value of derivatives are recognised as derivative financial assets and liabilities in Note 7.

**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2025 (continued)**

**31 CAPITAL COMMITMENTS**

	<b>2025</b>	<b>2024</b>
	<b>RM'000</b>	<b>RM'000</b>
Capital commitments in respect of property and equipment		
- Contracted but not provided for	980	43

**32 SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES**

For the purpose of these financial statements, parties are considered to be related to the Bank if:

- the Bank has the ability, directly or indirectly, to control the party, or exercise significant influence over the party in making financial and operating decisions or vice versa; or
- where the Bank and the party are subject to common control or common significant influence.

Related parties may be individuals or other entities. Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Bank either directly or indirectly and entities that provide key management personnel services to the Bank. The key management personnel include all Directors and senior management of the Bank.

The Bank has related party relationship with the following:

- Ultimate holding company, Oversea-Chinese Banking Corporation Limited;
- Immediate holding company, OCBC Bank (Malaysia) Berhad;
- Other related companies within the Oversea-Chinese Banking Corporation Limited Group; and
- Key management personnel, including close family members of key management personnel and entities that are controlled or jointly controlled by them.

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2025 (continued)

32 SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES (continued)

(a) Significant transactions and outstanding balances with related parties

	2025				2024			
	Ultimate Holding Company RM'000	Immediate Holding Company RM'000	Other Related Companies RM'000	Key Management Personnel RM'000	Ultimate Holding Company RM'000	Immediate Holding Company RM'000	Other Related Companies RM'000	Key Management Personnel RM'000
<b>Income</b>								
Shared service fees	53	3,457	-	-	131	4,145	-	-
Fee and commission income	7,255	-	3,870	-	7,259	-	2,667	-
	<u>7,308</u>	<u>3,457</u>	<u>3,870</u>	<u>-</u>	<u>7,390</u>	<u>4,145</u>	<u>2,667</u>	<u>-</u>
<b>Expenditure</b>								
Profit expense on term deposits	-	-	-	2	-	-	-	4
Profit expense on other deposits	12,659	-	2,238	-	-	-	2,927	-
Profit expense on investment accounts (Note 24)	-	246,469	-	-	-	210,564	-	-
Profit expense on deposits and placements	-	10,608	-	-	-	12,597	-	-
Shared service fees (Note 25)	-	163,381	-	-	-	151,374	-	-
IT and transaction processing fees (Note 25)	-	-	21,225	-	-	-	23,350	-
Other expenses	474	122	934	-	569	62	793	-
	<u>13,133</u>	<u>420,580</u>	<u>24,397</u>	<u>2</u>	<u>569</u>	<u>374,597</u>	<u>27,070</u>	<u>4</u>
<b>Intercompany charges from related parties</b>								
		<b>2025</b>	<b>Total</b>			<b>2024</b>	<b>Total</b>	
	<b>Malaysia</b>	<b>Singapore</b>	<b>RM'000</b>		<b>Malaysia</b>	<b>Singapore</b>	<b>RM'000</b>	
- Shared service fees	163,381	-	163,381		151,374	-	151,374	
- IT and transaction processing fees	18,186	3,039	21,225		19,021	4,329	23,350	
- Others	1,056	474	1,530		855	569	1,424	
	<u>182,623</u>	<u>3,513</u>	<u>186,136</u>		<u>171,250</u>	<u>4,898</u>	<u>176,148</u>	

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2025 (continued)

32 SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES (continued)

(a) Significant transactions and outstanding balances with related parties (continued)

	2025				2024			
	Ultimate Holding Company RM'000	Immediate Holding Company RM'000	Other Related Companies RM'000	Key Management Personnel RM'000	Ultimate Holding Company RM'000	Immediate Holding Company RM'000	Other Related Companies RM'000	Key Management Personnel RM'000
<b>Amount due from</b>								
Cash and cash equivalents	26,342	-	531	-	19,359	-	524	-
Derivative financial assets	-	305	-	-	-	43	-	-
Other assets	299	2,244	67	-	216	53,193	3	-
Shared service fee receivable	5	-	-	-	10	-	-	-
	<u>26,646</u>	<u>2,549</u>	<u>598</u>	<u>-</u>	<u>19,585</u>	<u>53,236</u>	<u>527</u>	<u>-</u>
<b>Amount due to</b>								
Demand deposits and term deposits	-	-	165,732	53	-	-	216,780	55
Other deposits	-	-	21,090	35	-	-	20,630	40
Investment accounts	-	6,476,685	-	-	-	7,736,685	-	-
Deposits and placements of banks and other financial institutions	-	1,050,118	-	-	-	241,096	-	-
Profit payable	-	13,464	2	-	-	16,383	2	-
Derivative financial liabilities	-	81,553	-	-	-	12,823	-	-
Other liabilities	804,739 <sup>^</sup>	113,244	-	-	1,105 <sup>^</sup>	20,749	-	-
	<u>804,739</u>	<u>7,735,064</u>	<u>186,824</u>	<u>88</u>	<u>1,105</u>	<u>8,027,736</u>	<u>237,412</u>	<u>95</u>
<b>Commitments</b>								
Foreign exchange derivatives	76	1,555,750	58	-	183	740,951	557	-
	<u>76</u>	<u>1,555,750</u>	<u>58</u>	<u>-</u>	<u>183</u>	<u>740,951</u>	<u>557</u>	<u>-</u>

<sup>^</sup> Other liabilities due to Ultimate Holding Company includes equity compensation benefits of RM7,253 (2024: RM7,732).

**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2025 (continued)**

**32 SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES (continued)**

**(b) Credit exposure arising from credit transactions with connected parties**

Disclosure made pursuant to BNM's Guidelines on Credit Transactions and Exposures with Connected Parties:

	<b>2025</b>	<b>2024</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Aggregate value of outstanding credit exposure with connected parties<sup>^</sup></b>		
Credit facility and leasing (except guarantee)	88,431	88,197
Commitments and contingencies*	257,965	268,167
	<u>346,396</u>	<u>356,364</u>
<b>Credit-impaired or in default</b>	<u>-</u>	<u>-</u>
<b>Outstanding credit exposures to connected parties</b>		
As a proportion of total credit exposures	<u>1.78%</u>	<u>1.83%</u>

<sup>^</sup> Comprises total outstanding balances and unutilised limits.

\* Commitments and contingencies transactions that give rise to credit and/or counterparty risk.

**(c)** Key management personnel remuneration is disclosed in Note 26 to the financial statements.

**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2025 (continued)**

**33 FINANCIAL INSTRUMENTS**

**OFFSETTING FINANCIAL ASSETS AND FINANCIAL LIABILITIES**

The Bank enters into master netting arrangements with counterparties in its normal course of business. The credit risk associated with favourable contracts is reduced by the master netting arrangement to the extent that if an event of default occurs, all amounts with the counterparty are settled on a net basis. These arrangements do not qualify for net presentation on the statement of financial position as the right to offset is enforceable only on the occurrence of future events such as default or other credit events.

The disclosures set out in the tables below pertain to financial assets and financial liabilities that are not presented net in the Bank's statement of financial position but are subject to enforceable master netting agreement or similar arrangement that covers similar financial instruments. The disclosures enable the evaluation on the potential effect of netting arrangements as well as provide additional information on how such credit risk is mitigated.

Types of financial assets/liabilities	Carrying amount in the statement of financial position RM'000	Financial instruments not in scope for offsetting disclosures RM'000	Gross recognised financial instruments in scope RM'000	Related amounts not offset in the statement of financial position		Net amount in scope RM'000
				Financial instruments RM'000	Cash collateral received/pledged RM'000	
<b>2025</b>						
Derivative financial assets	60,995	(60,995)	-	-	-	-
Derivative financial liabilities	81,561	(81,561)	-	-	-	-
<b>2024</b>						
Derivative financial assets	12,550	(12,550)	-	-	-	-
Derivative financial liabilities	13,195	(13,195)	-	-	-	-

**34 FAIR VALUE OF FINANCIAL INSTRUMENTS**

Financial instruments comprise financial assets, financial liabilities and off-balance sheet financial instruments. The fair value of a financial instrument is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants.

In addition, fair value information is not provided for non-financial instruments and financial instruments that are excluded from the scope of MFRS 9 which requires fair value information to be disclosed. These include property and equipment, investments in subsidiaries, tax recoverable and deferred tax assets.

For financial assets and liabilities not carried at fair value on the statements of financial position, the Bank has determined that their fair values are not materially different from the carrying amount at the reporting date. The carrying amounts and fair values of financial instruments of the Bank are described below:

**(A) Financial assets and financial liabilities**

(a) Short term financial instruments

The carrying amounts approximate the fair values of cash and cash equivalents, deposits and placements with/of banks and other financial institutions with maturity less than one year, profit and other short-term receivables due to their short tenor or frequent re-pricing.

**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2025 (continued)**

**34 FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)**

**(A) Financial assets and financial liabilities (continued)**

(b) Deposits and placements with/of banks and other financial institutions

For deposits and placements with maturity of one year or more, the fair value is estimated based on discounted cash flows using prevailing money market rates for deposits and placements with similar remaining periods to maturity.

(c) Financial assets at FVTPL and financial investments at FVOCI

The fair value of financial assets that are actively traded is determined by quoted bid prices. For non-actively traded financial investments, independent broker quotations are obtained or valuation techniques are used to fair value the financial investments. The fair value of unquoted equity instruments classified under FVOCI portfolio is estimated using internal valuation techniques.

(d) Financing and advances

The fair values of variable rate financing and advances are carried approximately to their carrying amounts. For fixed rate financing and advances, the fair values are valued based on expected future discounted cash flows using market rates of financing and advances of similar credit risks and maturity. For credit-impaired financing and advances, the fair values are carried at amortised cost net of ECL allowance.

(e) Derivative financial assets and liabilities

Observable market data are used to determine the fair values of derivatives at FVTPL. Valuations are either based on quoted price or valuation technique. Where mid prices are used, a bid-offer spread adjustment will be made to ensure that all long positions are marked to bid prices and short positions to offer prices.

(f) Deposits from customers

For deposits with maturity of less than one year, the carrying amount is a reasonable estimate of the fair value. For deposits with maturity of one year or more, the fair value is estimated using discounted cash flows based on market rates for similar products and maturity.

(g) Bills and acceptances payable

Bills and acceptances payable are substantially with maturity of less than one year. The carrying amount of bills and acceptances payable is a reasonable estimate of the fair value.

**Off-statement of financial position financial instruments**

The fair value of off-statement of financial position financial instruments is the estimated amount the Bank would receive or pay to terminate the contracts at the reporting date. The fair value of off-statement of financial position financial instruments are disclosed in Note 30 to the financial statements.

**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2025 (continued)**

**34 FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)**

**(B) Fair value hierarchy of financial instruments**

The Bank determines the fair values of financial assets and liabilities using various measurement. The different levels of fair value measurements are as follows:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable market data either directly (ie as prices) or indirectly (ie derived from observable market data). The valuation techniques that use market parameters as inputs include, but are not limited to, yield curves, volatilities and foreign exchange rates.
- Level 3: Inputs for the valuation that are not based on observable market data.

**(i) Financial instruments carried at fair value**

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
<b>2025</b>				
<b>Financial assets at fair value</b>				
Financial investments at FVOCI	4,063,757	1,095,387	-	5,159,144
Derivative financial assets	112	60,858	25	60,995
	<u>4,063,869</u>	<u>1,156,245</u>	<u>25</u>	<u>5,220,139</u>
<b>Financial liabilities at fair value</b>				
Derivative financial liabilities	12	81,549	-	81,561
	<u>12</u>	<u>81,549</u>	<u>-</u>	<u>81,561</u>
<b>2024</b>				
<b>Financial assets at fair value</b>				
Financial investments at FVOCI	3,204,520	1,192,004	-	4,396,524
Derivative financial assets	44	12,474	32	12,550
	<u>3,204,564</u>	<u>1,204,478</u>	<u>32</u>	<u>4,409,074</u>
<b>Financial liabilities at fair value</b>				
Derivative financial liabilities	9	12,927	259	13,195
	<u>9</u>	<u>12,927</u>	<u>259</u>	<u>13,195</u>

Movements in the Bank's Level 3 financial assets and liabilities are as follows:

	2025 RM'000	2024 RM'000
<b>Financial assets at fair value</b>		
At 1 January	32	3
Net unrealised (loss)/gain recognised in profit or loss	(7)	29
At 31 December	<u>25</u>	<u>32</u>
<b>Financial liabilities at fair value</b>		
At 1 January	259	-
Net unrealised (gain)/loss recognised in profit or loss	(259)	259
At 31 December	<u>-</u>	<u>259</u>

**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2025 (continued)**

**34 FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)**

**(B) Fair value hierarchy of financial instruments (continued)**

**(i) Financial instruments carried at fair value (continued)**

**Policy on transfer between levels**

The fair value of an asset to be transferred between levels is determined as of the date of the event or change in circumstances that caused the transfer.

**Level 3 fair value**

The following table shows the valuation techniques used in the determination of fair value within Level 3, as well as the unobservable inputs used in the valuation model:

<b>Bank</b>	<b>2025 Fair value RM'000</b>	<b>2024 Fair value RM'000</b>	<b>Classification</b>	<b>Valuation technique</b>	<b>Unobservable input</b>
<b>Asset</b>					
Derivative financial assets	25	32	Non-hedging	Option pricing model	Standard deviation
<b>Liability</b>					
Derivative financial liabilities	-	259	Non-hedging	Option pricing model	Standard deviation

The Bank considers that any reasonably possible changes to the unobservable input will not result in a significant financial impact.

**Valuation control framework**

The OCBC Malaysia Group (hereafter referred to as the "Group") has an established control framework with respect to the measurement of fair values, which includes formalised processes for the review and validation of fair values independent of the businesses entering into the transactions and this is applied to the Bank as well.

The Market Risk Management ("MRM") function within the Group Risk Management ("GRM") Division and with the support from the ultimate holding company's Risk Management Division, is responsible for market data validation, assessment of model validation and ongoing performance monitoring.

The Group's Treasury Financial Control & Advisory – Valuation Control function within the Finance Division is responsible for the establishment of the overall valuation control framework. This includes, but is not limited to, reviewing and recommending appropriate valuation reserves, methodologies and adjustments, independent price testing, and identifying valuation gaps. Valuation related policies are reviewed annually. Any material change to the framework is recommended by the Asset and Liability Management Committee ("ALCO") for approval by the Risk Management Committee. Group Internal Audit provide independent assurance on the respective divisions' compliance with the policies.

**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2025 (continued)**

**34 FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)**

**(B) Fair value hierarchy of financial instruments (continued)**

**(ii) Fair value of financial instruments not carried at fair value**

The table below is a comparison of the carrying amounts and fair values of the financial assets and liabilities of the Bank which are not measured at fair value. It does not include those short term financial assets and financial liabilities where their fair values are not materially different from the carrying amounts.

	Level 2 RM'000	Level 3 RM'000	Total fair values RM'000	Carrying amount RM'000
<b>2025</b>				
<b>Financial assets not carried at fair value</b>				
Financing and advances	-	18,329,804	18,329,804	18,325,583
<b>Financial liabilities not carried at fair value</b>				
Deposits from customers	12,687,511	-	12,687,511	12,674,782
Investment accounts due to designated financial institution	6,476,685	-	6,476,685	6,476,685
Deposits and placements of banks and other financial institutions	1,088,713	-	1,088,713	1,088,713
	<u>20,252,909</u>	<u>-</u>	<u>20,252,909</u>	<u>20,240,180</u>
<b>2024</b>				
<b>Financial assets not carried at fair value</b>				
Financing and advances	-	16,877,617	16,877,617	16,873,602
<b>Financial liabilities not carried at fair value</b>				
Deposits from customers	11,395,547	-	11,395,547	11,382,006
Investment accounts due to designated financial institution	7,736,685	-	7,736,685	7,736,685
Deposits and placements of banks and other financial institutions	289,190	-	289,190	289,190
	<u>19,421,422</u>	<u>-</u>	<u>19,421,422</u>	<u>19,407,881</u>

## NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2025 (continued)

### 35 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Principal risk types are managed with the requisite competencies and resources, detailed guidelines and procedures, infrastructure and systems that commensurate with our defined risk-taking parameter. We pay close attention to identifying, measuring, monitoring and reporting, while setting tolerances for and dynamically reviewing the risks we accept. Established escalation processes are in place to ensure that risks are discussed and sanctioned at the appropriate levels. Our risk management frameworks and approaches are periodically reviewed and enhanced to incorporate best-in-class practices.

As risks are increasingly inter-connected and must be assessed holistically, we have established cross functional assessments of risk. We regularly engage in emerging risk discussions, while a suite of stress-testing and scenario analyses inform what the impact of plausible risk factors could be to our earnings, capital, liquidity, customer segments, and obligations.

Such impacts are taken into account in shaping our risk strategies and contingency plans. Additionally, we continue to invest in risk infrastructure, digital technologies and data analytics to enhance our risk management capabilities. This includes the selected adoption of artificial intelligence (AI) techniques in early warning and risk assessments which enable us to make more informed decisions and develop proactive strategies to mitigate potential risks.

#### Principal Risk Types

We generally categorise the risks we face into the following principal risk types:

- (i) Credit risk is the risk of loss of principal and/or income arising from the failure of an obligor or counterparty to meet its financial or contractual obligations due to an adverse change in the credit profile of the obligor or counterparty.
- (ii) Market risk is the risk of losing income and/or market value due to fluctuations in factors such as profit rates, foreign exchange rates and credit spreads, as well as equity and commodity prices or the volatilities and correlations arising from both trading and/or banking activities.
- (iii) Liquidity risk is the risk arising from the inability to meet financial and cash outflow obligations as they fall due.
- (iv) Rate of Return Risk in the Banking Book is the risk to income and/or capital arising from exposure to adverse changes in the profit rate environment.
- (v) Operational risk is the risk of loss caused by failures in internal processes and systems, people or external events. It covers various non-financial risks including fraud; money laundering, terrorism financing and sanctions risk; new product risk; third-party risk; physical and people security risk; conduct risk, business continuity risk, unauthorised trading risk, regulatory risk, legal risk, fiduciary risk and reputational risk.
- (vi) Information security risk of comprising confidentiality, integrity and/or availability of information (in physical or digital form). Digital risk includes cyber and technology risks. Cyber risk is the risk arising from malicious acts perpetrated by threat actors. Technology risk is the risk of disruption, failure or irregularity in essential financial services arising from the use of information and communication technologies.

#### ESG and Climate Risks

Effectively managing ESG and climate risks is essential to our operations, as these factors influence credit, market, liquidity, operational, and reputational risks. We adopt an integrated and risk-based approach to identifying, assessing, and managing ESG and climate risks. This strategy is embedded in our risk appetite framework, which accounts for both the financial and reputational impacts associated with ESG considerations. Oversight is provided by the relevant principal risk management committees that govern the Bank's ESG and climate risk management.

Currently, ESG and climate factors pose an impact to credit and reputational risks primarily relating to our wholesale financing activities. We therefore incorporate relevant risk management measures into our Responsible Financing framework and credit decision processes. These include ESG and climate risk metrics monitoring and reporting for financial and reputational risks, climate scenario analyses and stress tests. For clients in high-risk sectors, we assess their ability to manage ESG, transition, and physical risks, with high-risk clients undergoing enhanced due diligence. Time-bound action plans or covenants may be imposed and transactions posing significant reputational risks are escalated to the OCBC Group Reputational Risk Review Group for further review and clearance.

We are committed to integrating quantitative ESG and climate risk metrics into our practices while enhancing our climate risk scenario analysis methodologies. We are guided by industry developments, data availability and ongoing dialogue with regulators.

## NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2025 (continued)

### 35 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

#### **Risk Governance and Organisation**

A robust risk governance structure ensures effective oversight and accountability of risk. This enables smooth reporting and escalation of risks to the Board of Directors who have ultimate responsibility for the effective management of risk. The Board establishes the corporate strategy and approves the risk appetite within which senior management executes the strategy.

Risk Management Committee ("RMC") is the designated board committee overseeing risk management matters. It ensures that the Bank's overall risk management philosophy and principles and risk appetite are aligned with the corporate strategy. The RMC has oversight of credit, market, liquidity, information security and digital, operational, conduct, money laundering and terrorism financing, fraud, legal, regulatory, strategic, ESG and fiduciary risks, as well as any other category of risk that may be delegated by the Board or deemed necessary by the Committee.

The RMC ensures that the overall risk management organisation is in place and effective. It provides quantitative and qualitative guidance to major business units and risk functions to guide risk-taking. Senior management, functional risk committees, CEO and RMC regularly review our risk drivers, risk profiles, risk management framework and policies, and compliance matters.

Risk Management Division (RMD)'s day-to-day responsibility involve providing independent risk control and managing credit, market, liquidity, information security and digital, operational and ESG risks. It provides regular risk reports and updates on developments in material risk drivers and potential vulnerabilities. It recommends mitigating actions, to senior management, risk committees, RMC and the Board.

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

All employees are responsible for identifying and managing risk; a responsibility embedded in our corporate culture and robust internal control environment. This is operationalised via a three-line defence structure that distinctly outlines the roles, responsibilities and accountability of risk.

(i) **First Line - Day-to-day Risk Management**

Business and Support Units own and manage risks arising from their business activities on a day-to-day basis. It carries out business activities which are consistent with our Bank's strategy and risk appetite and operates within the approved boundaries of our policies and limits and complies with applicable laws and regulations.

(ii) **Second Line - Risk and Control Oversight**

The Risk and Control Functions independently and objectively identifies and assesses the risk-taking activities of the first line. They establish relevant risk management frameworks, policies, processes and systems, and provide independent identification, assessment, monitoring and reporting of the Bank's risk profiles, portfolio concentrations and material risk issues.

(iii) **Third Line - Independent Assurance**

Internal Audit independently assures CEO, Audit Committee and the Board of the adequacy and effectiveness of our risk management and internal control systems and evaluates the overall risk awareness and control consciousness of the management in discharging its supervisory and oversight responsibilities.

#### **Risk Appetite**

Our aim is to manage risks in a prudent and sustainable manner for the long-term viability of the Bank. The Board determines the Bank's risk appetite, defining the level and nature of risks that we can undertake on behalf of our shareholders while maintaining our commitments to customers, employees, regulators and other stakeholders. Business plans take into account the corporate strategy, the forward-looking operating environment and potential risks assessed against our risk appetite. Our risk appetite is operationalized across the Bank through our policies, processes and limits to manage both financial and non-financial risks.

Senior business and risk managers participate in regular forums to review the macroeconomic and financial development and discuss the operating conditions, event risks and potential "dark clouds" that may have a significant impact on our earnings or solvency. These risks are measured via stress tests as well as segment-specific and ad hoc event-specific portfolio reviews. The results are used to assess the potential impact of various scenarios on the Bank's earnings and capital, and to identify vulnerabilities of material portfolios and trigger appropriate risk management actions.

**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2025 (continued)**

**35 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)**

**Risk Appetite (continued)**

We conduct an annual Internal Capital Adequacy Assessment Process (ICAAP) that incorporates the results of stress tests for various risk types. The aim is to assess if we can maintain sufficient capital levels under a forward-looking operating environment and in severe stress scenarios. Appropriate risk-mitigating actions are taken to manage potential risks.

**Credit Risk Management**

Credit risk arises from our financing activities to retail, corporate and institutional customers. It also includes counterparty and issuer credit risks arising from our underwriting, trading and investment banking activities.

**Credit Risk Management Approach**

Our credit risk management framework provides a comprehensive and proactive approach towards managing credit risk in the Bank. The framework documents the credit risk objectives and minimum standards for the full credit risk management cycles of the Bank's financing businesses. Effective risk management is enhanced by the experience and sound judgement of our credit specialists.

Our credit risk management approach is tailored based on the unique characteristics or nature of the various portfolios or customer segments as follows:

<b>Credit Risk Management Approach for Major Customer Segments:</b>	
Consumer and Small Business	<ul style="list-style-type: none"> <li>● Assess credits through credit programmes with predefined customer selection criteria and risk acceptable criteria.</li> <li>● Use scorecard models and credit decision-making systems for efficient, objective and consistent credit decisions and customer due diligence checks.</li> <li>● Apply bankruptcy, credit bureau checks, together with systems and processes such as identity checks and independent verification of documentation for credit screening.</li> <li>● Monitor credit risk on portfolio basis, using comprehensive risk management information systems (MIS), behavioural models and stress testing for monitoring and early identification of potentially weak credits.</li> </ul>
Corporate and Institutional Customers	<ul style="list-style-type: none"> <li>● Assess credits individually with robust independent evaluation carried out by experienced credit officers.</li> <li>● Use predefined target markets and risk acceptance criteria to guide credit extensions.</li> <li>● Make credit decisions after comprehensive qualitative and quantitative risk assessment, including a thorough understanding of the customer and customer group's interdependencies.</li> <li>● Business and credit risk units jointly approve credits to ensure objectivity and shared risk ownership.</li> <li>● Conduct regular reviews and forward-looking stress tests at borrower and portfolio levels to monitor credit quality and identify potential weak credits early.</li> </ul>

*Counterparty Credit Risk Management*

Counterparty credit risk emerges from the potential default of a counterparty during our trading and/or banking activities in derivatives and debt securities. The credit exposure to a counterparty is measured as the sum of current mark-to-market value of the transactions plus an appropriate add-on for potential future exposures in response to market prices fluctuations. The risk also covers settlement risk, which is the potential loss incurred if a counterparty fails to fulfil its obligation after the Bank has performed its obligation under a contract or agreement at the settlement date.

Each counterparty undergoes robust credit assessment, including the suitability and appropriateness of the product offered. Credit risk mitigation tools are also used to manage counterparty credit risk where appropriate. Please refer to Credit Risk Mitigation Section for details. The Bank manages our credit exposures independently through daily limit excess monitoring, excess escalation, pre-deal excess approval and timely risk reporting.

## NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2025 (continued)

### 35 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

#### Credit Risk Management (continued)

##### *Credit Risk Mitigation*

Credit risk mitigation is managed via various measures such as holding collateral, buying credit protection and setting netting arrangements to reduce credit risk exposures. Risk mitigation does not replace our proper assessment of the obligor's ability to repay, which remains the primary repayment source. Our credit policies outline the key considerations for eligible credit risk mitigants including legal certainty and enforceability, correlation, liquidity, marketability, counterparty risk of the credit protection provider and collateral-specific minimum operational requirements. Eligible physical and financial collateral types include cash, real estate, marketable securities, standby letters of credit and credit insurances.

Where collateral is taken, appropriate haircuts to the value to reflect its inherent nature, quality, liquidity and volatility. Regular independent valuations of the collateral are conducted. We also monitor our collateral holdings to maintain diversification across asset classes and markets. We accept guarantees from individuals, corporates, and institutions as a form of support. Where guarantees are recognised as credit risk mitigants via the PD substitution approach, we have established eligibility criteria and guidelines.

Netting, collateral arrangements, early termination options and central clearing mechanisms are common risk mitigation tools for managing counterparty credit risk. In approved netting jurisdictions, netting agreements allow us to offset our obligations against what is due from that counterparty in the event of a default, thereby reducing credit risk exposure. Collateral arrangements are typically governed under market standard documentation such as International Swaps and Derivatives Association (ISDA) and Credit Support Annexes (CSA) or Global Master Repurchase Agreements (GMRA). Such arrangements will require the posting of additional collateral if the mark-to-market exposures exceed an agreed threshold amount. We apply a haircut to the value of the eligible collateral to cover potential adverse market volatility. Regulatory margin requirements may apply to the agreed threshold amount. ISDA agreements may also include rating triggers to allow for transaction termination or require additional collateral if a rating downgrade occurs.

##### *Credit Portfolio Management*

Credit portfolio management focuses on managing the collective or aggregate risk of our credit portfolios, instead of the credit risk of individual borrowers. We have developed and implemented a range of capabilities to identify, measure and monitor credit risk at a portfolio level. These capabilities include:

- (i) **Portfolio Segmentation:** This is the process of grouping credit exposures that are similar in nature. It involves the use of attributes that represent common business drivers such as geography, industry and business segment, as well as common risk drivers such as exposure to material downside risks like a property price correction, a sharp hike in profit rates, or a country risk event.
- (ii) **Portfolio Modelling:**  
This includes using internal rating models to quantify the exposure risk, default risk and potential losses of our borrowers. Please refer to the table below for information on our internal rating models. We also use stress testing models to simulate the potential increase in our credit losses and Credit Risk-Weighted Assets (CRWA) under stressed scenarios.

##### *Overview of Internal Rating Models*

Internal credit rating models and their components such as probability of default ("PD"), loss given default ("LGD") and exposure at default ("EAD") – are used in limit setting, credit approval, portfolio monitoring and reporting, remedial management, stress testing and assessment of the capital adequacy and portfolio allowances.

Our model risk management framework governs the development, validation, application and maintenance of rating models. Models are assessed against internal and regulatory requirements and approved by regulators for use in capital assessment. Approval for the adoption and continued use of material models rests with the RMC.

While our internal risk grades are not explicitly mapped to external credit ratings, they may correlate to external credit ratings in terms of the PD ranges as factors used to rate obligors would be similar. As such, an obligor rated poorly by an external rating agency is likely to have a weak internal risk rating.

**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2025 (continued)**

**35 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)**

**Credit Risk Management (continued)**

*Credit Portfolio Management (continued)*

(ii) **Portfolio Modelling (continued)**

IRB Models and Portfolios

The table below describes the approaches used to estimate the key parameters for Advanced Internal Rating (A-IRB) and Foundation Internal Ratings Based (F-IRB) credit risk models used to calculate CRWA.

Key Components of Internal Ratings Based ("IRB") Models		
IRB Models and Portfolios	PD	LGD and EAD
<b>A-IRB approach</b> covers major retail portfolios such as residential mortgages, and small business financing.	<ul style="list-style-type: none"> <li>Estimated based on the application and behaviour scores of obligors.</li> <li>PD models are calibrated to reflect the expected long-run average one-year default rate over an economic cycle.</li> </ul>	<ul style="list-style-type: none"> <li>Product and collateral characteristics are major factors.</li> <li>LGD models are calibrated to reflect the economic loss under downturn conditions.</li> <li>EAD models are calibrated to reflect the default-weighted average and economic downturn conditions.</li> </ul>
<b>F-IRB (Non-Supervisory Slotting) approach</b> covers major wholesale portfolios such as bank, non-bank financial institutions, corporate real estate (including income producing real estate) and general corporate.	<ul style="list-style-type: none"> <li>PD models are statistical based or expert judgement models that use both quantitative and qualitative factors to assess an obligor's repayment capacity and calibrated to reflect the expected long-term average one-year default rate over an economic cycle.</li> <li>Expert judgement models based on inputs from internal credit experts are typically used for portfolios with low default rates.</li> </ul>	<ul style="list-style-type: none"> <li>Estimated based on rules prescribed in BNM's Risk-Weighted Capital Adequacy Framework (RWCAF).</li> </ul>
<b>F-IRB (Supervisory Slotting) approach</b> covers other specialised financing portfolios such as project finance, object finance and commodities finance.	<ul style="list-style-type: none"> <li>Risk grades derived from internal models are mapped to the five supervisory slotting categories prescribed in BNM's RWCAF.</li> </ul>	<ul style="list-style-type: none"> <li>Estimated based on rules prescribed in BNM's RWCAF.</li> </ul>

(iii) **Portfolio Reporting:**

This includes internal and external reporting of portfolio risk information to respective stakeholders. These reports provide a better understanding of how the quality of our credit portfolio is evolving in response to the changing operating environment and downside risks. Regular risk reports covering detailed credit exposures, credit migration, expected losses and risk concentrations by business segment are provided to senior management and the Board for making timely and better-informed decisions.

Using insights provided by portfolio modelling and reporting, we allocate appropriate risk and financial resources such as funding and capital to support growth opportunities. We use these insights to set credit concentration limits to manage the potential downside risks from adverse changes in the operating environment. The design of these limits considers direct and indirect risk drivers, such as economic sector, industry, geographic location, collateral type or other credit risk mitigation.

**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2025 (continued)**

**35 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)**

**Credit Risk Management (continued)**

*Remedial Management*

Processes are in place to foster early identification of vulnerable borrowers. The quality of our credit portfolios is proactively monitored and deliberated at various credit risk forums. Action plans to remediate deteriorating trends are worked out and reviewed at such forums.

We classify our credit exposures as restructured assets when the Bank grants non-commercial concessions to borrowers which are unable to meet their original repayment obligations. We further classify a restructured credit exposure into the appropriate impaired financing grade based on the assessment of the borrower's financial condition and ability to pay under the restructured terms. Such credit exposure must comply fully with the restructured terms before it can be restored to non-impaired status.

Dedicated remedial management units manage the restructuring, work-out and recovery of Impaired Financing (IFs) for wholesale portfolios. The objective is to rehabilitate IFs where possible or maximise recoveries for IFs that are on exit strategy. For the retail portfolios, we develop appropriate risk-based and time-based collection strategies to maximise recoveries. We use data such as delinquency buckets and adverse status tags for delinquent retail financing to constantly analyse, fine-tune and prioritise our collection efforts.

*Impairment allowances for Financing and Advances*

We maintain sufficient impairment allowances to absorb credit losses inherent in our credit portfolio. Allowance for Expected Credit Losses (ECL) is recognised for credit impaired and non-credit impaired exposures in accordance with the Malaysian Financial Reporting Standard (MFRS) 9 - Financial Instruments through a forward looking ECL model. We assess our ECL allowances on a forward-looking basis, taking into account the three stages of credit risk.

<b>Stages of Credit Risk and Expected Credit Losses</b>		
<b>Non Credit-Impaired</b>		<b>Credit-Impaired</b>
<b>Stage 1</b> 12-month ECL	<b>Stage 2</b> Lifetime ECL	<b>Stage 3</b> Lifetime ECL
Non-impaired exposures without significant increase in credit risk since initial recognition.	Non-impaired exposures with significant increase in credit risk since initial recognition.	Impaired exposures.

**Market Risk Management**

Market risks arise primarily from the Bank's trading, customer servicing and balance sheet management activities. Given the volatile macroeconomic environment, it is paramount that the management of market risk is robust and timely. This is achieved through the market risk management approach, which involves the identification, measurement, monitoring, reporting and control of market risks.

*Market Risk Management Approach*

Market risk policies and procedures are established to provide common guidelines and standards for managing market risks. We regularly review our market risk management strategy and limits, which are established in accordance with the Bank's risk appetite and are aligned with the Bank's business strategies, taking into account prevailing macroeconomic and market conditions.

## NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2025 (continued)

### 35 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

#### Market Risk Management (continued)

##### *Identification*

Our internal approval processes ensure that market risk is properly identified and quantified, allowing us to manage and mitigate such risks.

##### *Measurements*

#### 1) Value-at-risk

Value-at-risk (VaR) is a key metric used to quantify market risk exposures arising from the Bank's trading portfolio activities. VaR is measured and monitored by the different asset class risks, namely profit rate risk, foreign exchange risk, equity risk, credit spread risk and commodity risk, as well as at the aggregate level. Our VaR model is based on the historical simulation approach, calibrated at the 99% confidence level and a one-day holding period. A 99% confidence level means that, statistically, losses on a single trading day may exceed VaR on average, once every 100 days.

#### 2) Other Risk Measures

As profit rate movements are a key driver of the Bank's market risk exposure, Present Value of a Basis Point (PV01), which measures the change in value of profit rate-sensitive exposures resulting from a one basis point increase across the entire yield curve, is an important measure that is monitored on a daily basis. Other than VaR and PV01, we use risk metrics such as notional positions, Present Value of a One Basis Point Move in Credit Spreads (CS01) and other risk measures for specific exposure types.

##### *Stress Testing and Scenario Control*

We perform stress testing and scenario analyses to assess and quantify potential losses from unlikely but plausible extreme market conditions. We regularly review and adjust the stress scenarios to ensure their relevance to the Bank's trading portfolio activities and risk profile, as well as current and forecasted economic conditions. These analysis determine if potential losses from such extreme market conditions are within the Bank's risk tolerance. In addition to regular stress scenarios, we also use ad hoc event-specific stress scenarios to assess the potential impact of specific market conditions on the Bank's market risk exposures.

##### *Risk Monitoring, Reporting and Control*

#### 1) Limits

Trading units may only undertake authorised trading activities for approved products. All trading risk positions are monitored on a daily basis against approved and allocated limits. Trading activities are conducted within approved mandates and are dynamically hedged to remain within limits. Hedge effectiveness is enforced through independent limit monitoring to ensure compliance with market risk limits. Limits are approved to reflect the Bank's risk appetite and manage the downside risks from trading opportunities, with clearly defined exception escalation procedures. We report exceptions, including temporary breaches, promptly to senior management and the Board. We also manage market risk exposure holistically by using multiple market risk limits (VaR and market risk sensitivities), P&L Stop-Loss and other measures.

#### 2) Model Validation

Model validation is an integral part of our risk control process. Financial models are used to price financial instruments and calculate risk measures. We ensure that the models used are fit for their intended purposes through periodic independent validation and reviews. To enhance the integrity of the trading profit or loss and risk measures generated, we source market rates independently for risk measurement and valuation.

#### 3) Back Testing

To ensure the continued integrity of our VaR models, we back-test the VaR against actual trading profit or loss and hypothetical profit or loss daily to confirm that the models do not underestimate the Bank's market risk exposures.

## NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2025 (continued)

### 35 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

#### Market Risk Management (continued)

##### *Risk Monitoring, Reporting and Control (continued)*

#### 4) Designation of Trading Positions

We comply with the regulatory guidelines in designating trades as trading positions. The designation is primarily based on the Bank's intention for short-term resale, to realise gains from price movements, or to engage in price arbitrage. We maintain robust governance processes to monitor and report any transfers between trading and banking books. In addition, trading positions are subject to regular reviews to identify and address stale positions that exceed our internally prescribed holding periods.

#### **Asset Liability Management**

Asset liability management is the strategic management of the Bank's balance sheet structure and liquidity requirements. It covers liquidity sourcing and diversification and rate of return risk management.

##### *Asset Liability Management (ALM) Approach*

The Bank maintains an established ALM risk framework to oversee and manage Liquidity Risk and Rate of Return Risk in the Banking Book (RoRBB). The Bank's ALCO provides stewardship and regularly reviews the Bank's ALM risk profiles to ensure alignment with the Bank's business strategies and risk appetite, taking into account prevailing macroeconomic and market developments.

##### *Liquidity Risk*

The aim of liquidity risk management is to ensure that the Bank can meet its financial obligations and pursue new businesses by effectively managing liquidity and funding risks within the Bank's risk appetite. Effective liquidity risk management requires maintaining adequate and diversified funding sources and liquidity while balancing cost efficiency.

- **Identification**

We identify liquidity risk by monitoring cash flow mismatches across assets, liabilities and off-balance sheet items, supported by risk metrics and early warning indicators that signal potential liquidity risks stemming from market developments.

- **Measurements**

The Bank measure liquidity risk based on the projected cash flow mismatches under both contractual and behavioural assumptions across business-as-usual conditions and stressed idiosyncratic and market scenarios. We also track concentration and regulatory liquidity ratios to assess funding diversification and resilience under stressed liquidity conditions.

- **Risk Monitoring, Reporting and Control**

We continuously monitor liquidity risk positions against approved liquidity risk limits and triggers, aligned with the Bank's risk appetite and regulatory requirements. A rigorous review, oversight and escalation process facilitates prompt escalation and remediation of any limit exceptions.

- **Stress Testing and Scenario Analysis**

We conduct regular stress tests under a variety of adverse scenarios to assess the potential impact of idiosyncratic and market events on the Bank's liquidity risk profile. These outcomes inform funding strategies, liquidity policies and contingency funding plans to minimise the impact of any liquidity crunch.

##### *RoRBB*

RoRBB is the current and prospective risk that profit rate movements pose to the Bank's capital and earnings. With a broad range of products across different profit rate structures, curves and maturities, mismatches in assets and liability repricing profiles can occur. Changes in profit rates and yield curves may affect the Bank's economic value and earnings. Our goal is to maintain the impact on our rate of return risk exposures from these events within the Bank's risk appetite, defined risk tolerances and regulatory requirements.

## NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2025 (continued)

### 35 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

#### Market Risk Management (continued)

##### Asset Liability Management (continued)

- *Identification*

We identify rate of return risk inherent in repricing periods, currencies, embedded options and profit rate basis. It arises from profit rate sensitive instruments which are:

- Repricing at different times (gap risk).
- Referencing different profit rate benchmarks (basis risk).
- Possessing optionality with respect to timing of cashflows or profit rate reset under different circumstances (optionality risk).

- *Measurements*

The Bank manage RoRBB using both earnings and capital-based measures.

- Net Finance Income (NFI) sensitivity estimates the potential earnings impact under various profit rate scenarios, assuming the Bank's balance sheet remains unchanged over the next one year. Profit rate caps and floors are applied in profit income cashflow projections in line with contractual obligations and business practices.
- Economic Value of Equity (EVE) sensitivity and Present Value of one basis point (PV01) simulate the potential impact of profit rate shocks on the Bank's capital by discounting repricing cashflows, including commercial margins and spreads, using risk-free rates or appropriate proxies.

These measures take into account the impact of financing prepayment and fixed deposit early redemption, which are modelled by referencing historical customer behaviour, product features and market indicators. For non-maturity deposits which do not have explicit maturity or repricing dates, the repricing profile is determined by studying the elasticity of deposit rates against market profit rates and the volatility of deposit balances. The results from these modelling assumptions are independently validated, reviewed and approved by the Group's ALCO Sub-Committee (ASC) and applied consistently across public disclosure and internal risk monitoring.

- *Risk Monitoring, Reporting and Control*

We compute rate of return risk positions and metrics at least monthly and monitor them against approved risk limits and triggers. Profit rate derivatives are commonly used as hedging instruments to manage RORBB within risk limits, with hedge accounting adopted where appropriate.

- *Stress Testing*

We conduct regular stress tests across historical, hypothetical and regulatory profit rate shock scenarios as well as internal scenarios, to assess the potential impact of adverse profit rate movements on the Bank's financial position. These assessments serve as critical inputs for shaping rate of return risk profiles and management strategies.

##### Operational Risk Management

Operational risk is the risk or loss caused by failures in internal processes, systems, people or external events. This risk is inherent in all banking products, activities, processes and systems. It covers various non-financial risks including fraud, money laundering, terrorism financing and sanctions risk, third-party risk, physical and people security risk, conduct risk, business continuity risk, unauthorised trading risk, regulatory, legal and reputational risk.

Our operational risk framework sets out the approach to managing and controlling the operational risks arising from the Bank's business activities and operations. The framework is supported by various programmes to ensure preparedness and minimise the impact of any adverse event through timely response, recovery, and adaptability of Critical Business Services and Functions. Senior management and Board receive regular updates on the operational risk profile, including operational risk events, key risk indicators, material issues and trends.

##### **Strengthening our Operational Resilience**

Operational Resilience refers to our ability to continue delivering critical banking services through disruptions. We recognise the heightened risk of business disruptions arising from operational failures and the importance of strengthening our operational resilience. We continue to anticipate and prevent potential operational risk events through robust risk management practices.

**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2025 (continued)**

**35 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)**

**Operational Risk Management (continued)**

**Strengthening our Operational Resilience (continued)**

Our approach towards Operational Resilience leverages existing Operational Risk Management and Information Security and Digital Risk Management programmes. This proactively mitigates disruption risk by anticipating, preparing, responding, recovering and learning from events.

Key Components of Operational Risk Management:

Risk Management Capabilities	<b>New Product Approval</b>
	<ul style="list-style-type: none"> <li>Each new product or channel undergoes a stringent review process, to identify and mitigate risks inherent in the product or channel. This ensures prudent allocation of resources and capital, compliance with regulatory requirements, and effective risk management to support sustainable business growth initiatives.</li> </ul>
	<b>Third-Party Risk Management</b>
	<ul style="list-style-type: none"> <li>We have in place a robust third-party risk management programme to manage the risks of third-party arrangements.</li> <li>Third-party service providers are subjected to stringent onboarding process, ongoing monitoring and periodic due diligence assessment. This minimises any potential adverse impact on our operations.</li> </ul>
	<b>Business Continuity Management</b>
	<ul style="list-style-type: none"> <li>We have in place a robust Business Continuity Management programme that identifies Critical Business Services and its related Service Recovery Time Objective. End-to-end dependency on processes, systems and resources required in the delivery of the business services are mapped out.</li> <li>Business Continuity Plans are established following Business Impact Analysis, where corresponding recovery strategies are planned based on identified service disruption scenarios.</li> <li>Annual test are conducted to validate that business continuity plans and recovery strategies are adequate and that target recovery time objectives can be met.</li> </ul>
Incident Response and Crisis Response	<b>Anti-Money Laundering/ Countering the Financing of Terrorism</b>
	<ul style="list-style-type: none"> <li>Enhanced risk assessment methodologies that overlay on existing monitoring and screening platforms to assess customer, product and geographical risks.</li> <li>Robust risk surveillance capabilities that leverage on artificial intelligence and data analytics for dynamic monitoring and detection of emerging financial crime trends and typologies.</li> </ul>
	<b>Anti-Fraud</b>
Insurance	<ul style="list-style-type: none"> <li>Real-time transaction monitoring capabilities to detect and alert customers to suspicious account activities, effectively preventing potentially fraudulent transactions from being completed.</li> <li>Enhanced fraud surveillance systems to adapt to evolving fraud and scam typologies, as well as changes in the regulatory landscape.</li> </ul>
	<ul style="list-style-type: none"> <li>We have in place robust incident response procedures and crisis management processes to manage severe disruptive events.</li> <li>Crisis Management plans are regularly tested through simulation exercises, drills and participation in industry level exercises to enhance employees' and senior management's preparedness; as well as validate the effectiveness of established processes.</li> <li>We perform continuous monitoring of global security incidents that could impact the safety and security of our premises. Some examples include public disorder, crime, terrorism and natural hazards.</li> </ul>
Awareness and Training	<ul style="list-style-type: none"> <li>We have in place financial lines insurance programmes, including the Bankers Blanket Bond and Professional Indemnity Programme, as well as the Directors and Officers Liability Insurance Programme, to cover key operational risks.</li> <li>Operational Risk Working Group to foster continuous engagement with stakeholders across the organisation, facilitating awareness and understanding of operational risk.</li> <li>Targeted and specialised training, including certified courses, are available to raise staff competency.</li> </ul>
Industry Collaboration	<ul style="list-style-type: none"> <li>Active participation in the industry committees and working groups to share and stay abreast of the developments in the operational risk landscape.</li> </ul>

## NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2025 (continued)

### 35 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

#### Operational Risk Management (continued)

##### *Anti-Fraud Programme*

OCBC Anti-Fraud and Whistleblowing Programmes are established to manage fraud risk in the Bank. A comprehensive governance model to manage and respond to digital payment scams/ fraud risks through the Dynamic Response Committee ("DRC") and Anti-Fraud Standing Committee ("AFSC"). Board and senior management are kept apprised on fraud threats and incident reports, including root cause analysis, extent of damage, supporting remedial actions and recovery steps of major incidents, through regular reports to the Operational Risk Management Committee ("ORC") and the RMC. The Audit Committee is also responsible for the review of the Bank's Whistleblowing Policy as well as any concerns, including anonymous complaints, which staff may in confidence raise about possible improprieties in matters of financial reporting or other matters.

##### *Legal and Regulatory Risk Management*

The Bank holds to high standards when conducting our business and at all times observes and complies with applicable laws, rules and standards. The Bank has in place a compliance risk programme which defines the required environment and organisational components for managing the risk in a structured, systematic and consistent manner. Each business unit is responsible for having adequate and effective controls to manage both legal and regulatory risks. Senior management provides the CEO and the RMC with an annual Regulatory Compliance Certification regarding the state of regulatory compliance.

##### *Information Security and Digital Risk Management*

The Bank plays a critical role in safeguarding its information and technology assets against the continuously evolving landscape of cyber threats. Our cybersecurity strategy integrates robust risk governance, seasoned professionals, well-defined processes, and cutting-edge technological solutions to protect customer information and assets from cyberattacks and data breaches. Aligned with the NIST Cybersecurity Framework (CSF 2.0) and industry best practices, the Bank adopts a comprehensive risk management approach encompassing the following core functions:

- i) **Govern:** Establish robust policies, standard and oversight mechanism to align technology risk practices with business objectives and regulatory requirements.
- ii) **Identify:** Continuously assess and address potential vulnerabilities, threats and risks to critical information systems, enabling proactive risk management.
- iii) **Protect:** Ensure strong security controls and preventive measures are in place to safeguard Bank's infrastructure, data and customer information from unauthorised access and cyber threats.
- iv) **Detect:** Utilise advanced monitoring tools and analytics to identify anomalous activities and detect potential cyber incidents.
- v) **Respond:** Develop and execute effective response plans to mitigate the impact of cyber incidents and ensure operational continuity.
- vi) **Recover:** Ensure resilient systems and recover strategies are in place to restore business operations swiftly and minimize disruptions.

The Bank actively fosters a culture of cybersecurity awareness and vigilance through regular communications, comprehensive training programs, and simulated phishing exercises, empowering staff to effectively manage and mitigate risks. Collaboration remains a cornerstone of our approach, with ongoing partnerships established with industry peers and government agencies to facilitate intelligence sharing and counter emerging cyber threats

#### Shariah Governance

Shariah principles are the foundation of the practice of Islamic Finance through the observance of the tenets, conditions and principles espoused by Shariah to ensure all the operations and activities of the Bank complies with Shariah rules and principles at all times. The Bank is governed by the Shariah Governance Framework ("SGF") of the Bank which, in essence, sets out the following:

- (i) Sets out the Shariah governance framework and structures to ensure that all its operations and business, affairs and activities are compliance with Shariah within the scope of Islamic banking business as espoused in Islamic Financial Services Act 2013;
- (ii) Outlines the expectation by BNM and responsibilities of the Board, Shariah Committee and Management of the Bank in discharging their respective duties in matters relating to Shariah;

## NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2025 (continued)

### 35 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

#### Shariah Governance (continued)

- (iii) Outlines the functions relating to key Shariah control functions consist of Shariah Review, Shariah Risk Management and Shariah Audit to ensure effective management of Shariah non-compliance risk; and
- (iv) Outlines the roles of Shariah Secretariat in providing operational support for effective functioning of the Shariah Committee.

The SGF is applicable to all employees of the Bank and also extends to all employees of the Group who are involved in the business and operations of the Bank under shared services and other service providers under outsourcing arrangements. Compliance with Shariah principles must be embedded in the Bank's core processes ie. business processes are designed with Shariah compliance in mind.

#### *Shariah Non-Compliance Risk*

Shariah Non-Compliance Risk is a distinctive aspect of our risk management framework, specifically tailored for Islamic banking. This risk arises from the potential failure to adhere to Shariah rules and principles as established by BNM's Shariah Advisory Council, the Securities Commission's Shariah Advisory Council, and our Bank's Shariah Committee.

It is essential to recognize that the responsibility for ensuring compliance with Shariah principles extends beyond the Board and Management; fostering a culture of compliance with all relevant regulations is integral to our organizational ethos. Consequently, every business division and its personnel share accountability for any breaches of laws, guidelines, and regulations pertaining to Islamic banking and finance.

In line with this commitment, our Bank is dedicated to cultivating a robust Shariah compliance risk culture. Throughout the lifecycle of our products and services, adherence to Shariah requirements is paramount, as any failure to comply may result in the income generated being deemed non-recognizable and subsequently donated to charitable causes. This approach not only underscores our dedication to upholding the integrity of our Islamic financial practices but also reinforces our commitment to ethical banking principles that align with Shariah guidelines.

The key components of the Bank's Shariah Non-Compliance Risk Management process are:

- (i) **Risk Identification** – Identification of inherent SNC risks associated with the Bank's products, operations and services.
- (ii) **Risk Assessment/Measurement** – Assess and measure the likelihood of SNC risks and evaluate their potential impact on the Bank. This assessment includes a review of the adequacy, effectiveness, appropriateness, and quality of both detective and preventive control measures in place to manage and mitigate inherent SNC risks.
- (iii) **Mitigation/Control/Awareness** – SNC risks are mitigated through the implementation and enforcement of appropriate control measures, including policies, guidelines, and procedures designed to ensure compliance with Shariah requirements. The Bank practices sound Shariah Risk Management in its daily operations, particularly in the development, processing, and execution of Islamic products and transactions. To further strengthen our Shariah risk compliance culture, relevant training is provided to all personnel involved in Islamic products, operations, and services.
- (iv) **Monitoring & Reporting** – Establishing early warning systems, monitoring protocols and reporting mechanisms to track SNC exposures.

All potential SNC events are initially assessed by the Shariah Review Department (SRD), which serves as the control function responsible for this assessment. The findings are then submitted to the Bank's Shariah Committee for confirmation and decision-making regarding the status of potential SNC events and the treatment of any associated income. All confirmed potential and actual SNC events are reported to BNM within a stipulated timeframe.

For the financial year ended 2025, the bank did not realise any Shariah non-compliant income from sources or activities prohibited under Shariah principles that required channelling to charity.

**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2025 (continued)**

**36 CREDIT RISK**

Credit risk is the risk of a financial loss to the Bank if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Bank's maximum credit exposure on the financial assets without taking into account any collateral held or other credit enhancements of the Bank equals their carrying amount as reported in the statement of financial position. For contingent liabilities, the maximum exposure to credit risk is the maximum amount that the Bank would have to pay if the obligations of the instruments issued are called upon. For credit commitments, the maximum exposure to credit risk is the full amount of the undrawn credit facilities granted to customers.

	<b>Note</b>	<b>2025 RM'000</b>	<b>2024 RM'000</b>
Cash and cash equivalents *	3	381,676	912,317
Financial investments at FVOCI	4	5,159,144	4,396,524
Financing and advances	5	18,325,583	16,873,602
Derivative financial assets	7	60,995	12,550
Other assets ^		49,149	89,310
Contingent liabilities and credit commitments		6,919,849	4,468,268
		<u>30,896,396</u>	<u>26,752,571</u>

\* Excluding cash in hand

^ Excluding prepayments

**Credit quality analysis**

(i) By credit rating/internal grading and ECL stage

	<b>2025</b>				<b>2024</b>			
	<b>Stage 1 RM'000</b>	<b>Stage 2 RM'000</b>	<b>Stage 3 RM'000</b>	<b>Total RM'000</b>	<b>Stage 1 RM'000</b>	<b>Stage 2 RM'000</b>	<b>Stage 3 RM'000</b>	<b>Total RM'000</b>
<b>Cash and cash equivalents</b>	381,676	-	-	381,676	912,317	-	-	912,317

**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2025 (continued)**

**36 CREDIT RISK (continued)**

**Credit quality analysis (continued)**

(i) By credit rating/internal grading and ECL stage (continued)

	2025				2024			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
<b>Financial investments at FVOCI</b>								
Government (AAA to BBB)	1,031,557		-	1,031,557	1,471,222	-	-	1,471,222
Government and Central Bank (unrated)	1,877,626	-	-	1,877,626	780,405	-	-	780,405
Investment grade (AAA to BBB)	345,548	135,250	-	480,798	484,516	-	-	484,516
Unrated	1,769,163	-	-	1,769,163	1,660,381	-	-	1,660,381
	<b>5,023,894</b>	<b>135,250</b>	<b>-</b>	<b>5,159,144</b>	<b>4,396,524</b>	<b>-</b>	<b>-</b>	<b>4,396,524</b>
<b>Contingent liabilities and credit commitments (excluding derivative financial assets)</b>								
Pass	6,696,650	188,604	-	6,885,254	4,063,935	371,248	-	4,435,183
Special mention	-	17,381	-	17,381	-	1,228	-	1,228
Credit-impaired	-	-	17,214	17,214	-	-	31,857	31,857
	<b>6,696,650</b>	<b>205,985</b>	<b>17,214</b>	<b>6,919,849</b>	<b>4,063,935</b>	<b>372,476</b>	<b>31,857</b>	<b>4,468,268</b>

**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2025 (continued)**

**36 CREDIT RISK (continued)**

**Credit quality analysis (continued)**

(i) By credit rating/internal grading and ECL stage (continued)

**Financing and advances**

Financing and advances are categorised according to the Bank's customer classification grades as Pass, Special Mention, Substandard, Doubtful and Loss.

Financing and advances classified as Pass and Special Mention are not credit-impaired whereas Substandard, Doubtful and Loss are credit-impaired.

Past due but not credit-impaired are financing and advances where the customer has failed to make a principal or profit payment when contractually due, and includes financing which are past due one or more days after the contractual due date but less than 3 months past due.

**Credit quality and ECL stages**

	2025				2024			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
<b>Neither past due nor credit-impaired</b>								
By internal grading								
Pass	17,193,198	970,030	-	18,163,228	14,974,326	1,534,818	-	16,509,144
Special mention	-	68,854	-	68,854	-	197,672	-	197,672
	<u>17,193,198</u>	<u>1,038,884</u>	<u>-</u>	<u>18,232,082</u>	<u>14,974,326</u>	<u>1,732,490</u>	<u>-</u>	<u>16,706,816</u>
<b>Past due but not credit-impaired</b>								
By period overdue								
Less than 2 months	-	80,973	-	80,973	-	40,482	-	40,482
2 months to less than 3 months	-	15,029	-	15,029	-	8,682	-	8,682
	<u>-</u>	<u>96,002</u>	<u>-</u>	<u>96,002</u>	<u>-</u>	<u>49,164</u>	<u>-</u>	<u>49,164</u>
<b>Credit-impaired</b>								
Past due	-	-	121,353	121,353	-	-	210,795	210,795
Not past due	-	-	26,724	26,724	-	-	118,432	118,432
	<u>-</u>	<u>-</u>	<u>148,077</u>	<u>148,077</u>	<u>-</u>	<u>-</u>	<u>329,227</u>	<u>329,227</u>
Gross financing and advances	17,193,198	1,134,886	148,077	18,476,161	14,974,326	1,781,654	329,227	17,085,207
ECL allowance	(51,053)	(60,056)	(39,469)	(150,578)	(34,728)	(68,724)	(108,153)	(211,605)
Net financing and advances	<u>17,142,145</u>	<u>1,074,830</u>	<u>108,608</u>	<u>18,325,583</u>	<u>14,939,598</u>	<u>1,712,930</u>	<u>221,074</u>	<u>16,873,602</u>

Past due but not credit-impaired financing are classified as part of Special Mention.

The analysis of impaired financing and advances is detailed in Note 6(a) to the financial statements.

**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2025 (continued)**

**36 CREDIT RISK (continued)**

**Credit quality analysis (continued)**

(i) By credit rating/internal grading and ECL stage (continued)

**Financing and advances (continued)**

**Past due financing**

	<b>2025</b>	<b>2024</b>
	<b>RM'000</b>	<b>RM'000</b>
(i) By sector		
Manufacturing	9,162	7,057
Electricity, gas and water	898	-
Construction	27,842	4,097
Real estate	340	-
Wholesale & retail trade and restaurants & hotels	9,548	6,096
Transport, storage and communication	706	249
Finance, insurance and business services	4,172	3,201
Community, social and personal services	2,346	1,425
Household		
- Purchase of residential properties	25,586	20,193
- Purchase of non-residential properties	2,310	-
- Others	3,075	1,325
	<b>85,985</b>	<b>43,643</b>
(ii) By geographical distribution		
Malaysia	85,696	43,329
Other ASEAN countries	289	-
Rest of the world	-	314
	<b>85,985</b>	<b>43,643</b>

**Collateral**

(i) The main types of collateral obtained by the Bank are as follows:

- For personal house financing, mortgages over residential properties;
- For commercial property financing, charges over properties being financed; and
- For vehicle financing, charges over the vehicles being financed.
- For other financing, charges over business assets such as premises, inventories, trade receivables, equipment or deposits.

(ii) The quantification of the extent to which collateral and other credit enhancements mitigate credit risk and that best represents the maximum exposure to credit risk for credit-impaired financing is as follows:

	<b>2025</b>	<b>2024</b>
	<b>RM'000</b>	<b>RM'000</b>
Fair value of collateral held against the covered portion of credit-impaired financing and advances	176,708	370,663
Covered portion of credit-impaired financing and advances	109,024	246,406
Uncovered portion of credit-impaired financing and advances	39,053	82,821
	<b>148,077</b>	<b>329,227</b>

**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2025 (continued)**

**36 CREDIT RISK (continued)**

**Credit quality analysis (continued)**

	2025			2024		
	Financial investments at FVOCI RM'000	Derivative financial assets RM'000	Contingent liabilities and credit commitments* RM'000	Financial investments at FVOCI RM'000	Derivative financial assets RM'000	Contingent liabilities and credit commitments** RM'000
(ii) By issuer/counterparty						
Government and Central Bank	2,909,183	-	671,610	2,251,627	-	410,284
Public sector	670,065	-	-	588,408	-	-
Banking institutions	697,650	306	-	694,674	44	-
Non-bank financial institutions	642,982	-	29,243	847,364	1	20,084
Business enterprises	239,264	60,689	5,727,882	14,451	12,505	3,840,213
Individuals	-	-	491,114	-	-	197,687
	<b>5,159,144</b>	<b>60,995</b>	<b>6,919,849</b>	<b>4,396,524</b>	<b>12,550</b>	<b>4,468,268</b>
(iii) By geographical distribution						
Malaysia	5,159,144	60,995	6,844,808	4,396,524	12,549	4,374,275
Other ASEAN countries	-	-	45,642	-	1	26,147
Rest of the world	-	-	29,399	-	-	67,846
	<b>5,159,144</b>	<b>60,995</b>	<b>6,919,849</b>	<b>4,396,524</b>	<b>12,550</b>	<b>4,468,268</b>

\* Financing and advances by geographical distribution is detailed in Note 5(v) to the financial statements.

\*\* Excluding derivative financial assets.

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2025 (continued)

36 CREDIT RISK (continued)

Credit quality analysis (continued)

	2025			2024		
	Financial investments at FVOCI RM'000	Derivative financial assets RM'000	Contingent liabilities and credit commitments* RM'000	Financial investments at FVOCI RM'000	Derivative financial assets RM'000	Contingent liabilities and credit commitments* RM'000
(iv) By sector						
Agriculture, hunting, forestry and fishing	-	-	128,704	-	-	48,692
Mining and quarrying	-	-	9,591	-	-	13,711
Manufacturing	-	33	871,841	-	36	1,084,043
Electricity, gas and water	20,190	-	101,302	34,940	-	57,854
Construction	599,213	-	1,090,715	299,058	5	812,626
Real estate	-	-	495,824	-	-	219,163
Wholesale & retail trade and restaurants & hotels	-	87	653,113	-	18	517,797
Transport, storage and communication	-	1	394,054	5,003	1	420,016
Finance, insurance and business services	1,584,992	60,871	1,985,967	1,556,489	12,490	657,545
Community, social and personal services	45,566	3	26,014	249,407	-	28,850
Household						
- Purchase of residential properties	-	-	486,168	-	-	192,674
- Purchase of non-residential properties	-	-	4,946	-	-	5,013
- Others	-	-	-	-	-	-
Others	2,909,183	-	671,610	2,251,627	-	410,284
	<u>5,159,144</u>	<u>60,995</u>	<u>6,919,849</u>	<u>4,396,524</u>	<u>12,550</u>	<u>4,468,268</u>
(v) By residual contractual maturity						
Up to one year	2,538,508	454	4,408,101	2,236,429	109	3,519,399
Over one year to five years	2,236,485	60,541	1,429,399	2,155,090	12,441	370,822
Over five years	384,151	-	1,082,349	5,005	-	578,047
	<u>5,159,144</u>	<u>60,995</u>	<u>6,919,849</u>	<u>4,396,524</u>	<u>12,550</u>	<u>4,468,268</u>

\* Financing and advances by geographical distribution is detailed in Note 5(v) to the financial statements.

\*\* Excluding derivative financial assets.

**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2025 (continued)**

**37 LIQUIDITY RISK**

The tables below show the Bank's maturity analysis of assets and liabilities based on remaining contractual maturities and/or their behavioural profile.

		<b>Gross carrying amount RM'000</b>	<b>Up to 3 months RM'000</b>	<b>&gt;3-6 months RM'000</b>	<b>&gt;6-12 months RM'000</b>	<b>&gt;1-3 years RM'000</b>	<b>&gt;3-5 years RM'000</b>	<b>Over 5 years RM'000</b>	<b>Non-specific maturity RM'000</b>
<b>2025</b>	<b>Note</b>								
Cash and cash equivalents		397,845	397,845	-	-	-	-	-	-
Financial investments at FVOCI		5,159,144	1,479,070	145,046	914,392	1,288,995	947,490	384,151	-
Financing and advances	(a)	18,476,161	3,097,134	549,768	658,142	4,147,806	3,207,441	6,815,870	-
Derivative financial assets		60,995	433	21	-	60,541	-	-	-
Statutory deposits with Bank Negara Malaysia		118,000	-	-	-	-	-	-	118,000
Others	(b)	81,551	4,065	118	9,846	17,272	14,393	3,435	32,422
<b>Total assets</b>		<b>24,293,696</b>	<b>4,978,547</b>	<b>694,953</b>	<b>1,582,380</b>	<b>5,514,614</b>	<b>4,169,324</b>	<b>7,203,456</b>	<b>150,422</b>
Deposits from customers		12,674,782	10,012,492	2,070,885	587,618	3,086	701	-	-
Investment accounts due to designated financial institution		6,476,685	406,650	140,000	323,296	2,834,087	2,086,352	686,300	-
Deposits and placements of banks and other financial institutions		1,088,713	919,537	150,750	1,520	6,352	6,458	4,096	-
Obligations on securities sold under repurchase agreements		639,411	639,411	-	-	-	-	-	-
Bills and acceptances payable		8,964	8,964	-	-	-	-	-	-
Derivative financial liabilities		81,561	14,607	6,345	-	60,609	-	-	-
Lease liabilities		1,190	271	260	464	195	-	-	-
Others	(c)	238,926	155,528	11,418	30,628	10,853	5,125	996	24,378
<b>Total liabilities</b>		<b>21,210,232</b>	<b>12,157,460</b>	<b>2,379,658</b>	<b>943,526</b>	<b>2,915,182</b>	<b>2,098,636</b>	<b>691,392</b>	<b>24,378</b>

(a) Stated at gross before ECL allowance.

(b) Other assets consist of other assets, tax recoverable, property and equipment, ROU assets and deferred tax assets.

(c) Other liabilities consist of other liabilities and provision for taxation and zakat but excludes lease liabilities and ECL allowance on financing commitments and financial guarantees.

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2025 (continued)

37 LIQUIDITY RISK (continued)

		Gross carrying amount RM'000	Up to 3 months RM'000	>3-6 months RM'000	>6-12 months RM'000	>1-3 years RM'000	>3-5 years RM'000	Over 5 years RM'000	Non-specific maturity RM'000
<b>2024</b>	<b>Note</b>								
Cash and cash equivalents		940,484	940,484	-	-	-	-	-	-
Financial investments at FVOCI		4,396,524	1,359,768	375,802	500,859	931,401	1,223,689	5,005	-
Financing and advances	(a)	17,085,207	3,086,206	88,459	1,106,199	4,910,028	2,917,995	4,976,320	-
Derivative financial assets		12,550	109	-	-	12,441	-	-	-
Statutory deposits with BNM		196,500	-	-	-	-	-	-	196,500
Others	(b)	124,360	56,315	-	4,610	12,383	18,587	149	32,316
<b>Total assets</b>		<b>22,755,625</b>	<b>5,442,882</b>	<b>464,261</b>	<b>1,611,668</b>	<b>5,866,253</b>	<b>4,160,271</b>	<b>4,981,474</b>	<b>228,816</b>
Deposits from customers		11,382,006	8,500,812	1,933,102	941,299	4,093	2,700	-	-
Investment accounts due to designated financial institution		7,736,685	715,400	-	1,048,288	3,342,226	1,871,507	759,264	-
Deposits and placements of banks and other financial institutions		289,190	285,225	303	617	1,238	1,246	561	-
Obligations on securities sold under repurchase agreements		393,729	393,729	-	-	-	-	-	-
Bills and acceptances payable		10,895	10,895	-	-	-	-	-	-
Derivative financial liabilities		13,195	700	-	-	12,495	-	-	-
Lease liabilities		2,787	394	390	770	1,233	-	-	-
Others	(c)	152,955	62,711	18,788	32,696	10,472	2,837	47	25,404
<b>Total liabilities</b>		<b>19,981,442</b>	<b>9,969,866</b>	<b>1,952,583</b>	<b>2,023,670</b>	<b>3,371,757</b>	<b>1,878,290</b>	<b>759,872</b>	<b>25,404</b>

(a) Stated at gross before ECL allowance.

(b) Other assets consist of other assets, tax recoverable, property and equipment, ROU assets and deferred tax assets.

(c) Other liabilities consist of other liabilities and provision for taxation and zakat but excludes lease liabilities and ECL allowance on financing commitments and financial guarantees.

**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2025 (continued)**

**37 LIQUIDITY RISK (continued)**

The tables below show the undiscounted cash outflows of the Bank's financial liabilities by remaining contractual maturities. The expected cash flows of these liabilities could vary significantly from what is shown in the table.

	Note	Up to 3 months RM'000	>3-6 months RM'000	>6-12 months RM'000	>1-3 years RM'000	>3-5 years RM'000	Over 5 years RM'000	Total RM'000
<b>2025</b>								
<b>Non-derivative financial liabilities</b>								
Deposits from customers		10,043,811	2,099,228	603,127	3,370	768	-	12,750,304
Investment accounts due to designated financial institution	(a)	407,777	141,824	332,916	2,991,185	2,378,213	848,771	7,100,686
Deposits and placements of banks and other financial institutions		925,931	152,416	1,520	6,352	6,458	4,096	1,096,773
Obligations on securities sold under repurchase agreements		641,153	-	-	-	-	-	641,153
Bills and acceptances payable		8,964	-	-	-	-	-	8,964
Lease liabilities		272	263	475	204	-	-	1,214
Others	(b)	130,427	1,805	28,009	7,205	59	286	167,791
		<b>12,158,335</b>	<b>2,395,536</b>	<b>966,047</b>	<b>3,008,316</b>	<b>2,385,498</b>	<b>853,153</b>	<b>21,766,885</b>
<b>Commitments and contingencies</b>								
Transaction-related contingent items		51,539	85,605	50,889	179,237	34,758	35,298	437,326
Short-term self-liquidating trade-related contingencies		31,892	-	-	-	-	-	31,892
Lending of bank's securities or the posting of securities as collateral by banks		671,610						671,610
Formal standby facilities and credit lines								
- Original maturity up to one year		918	-	-	-	-	-	918
- Original maturity exceeding one year		28,921	-	2,618	533,831	670,533	753,505	1,989,408
Other unconditionally cancellable commitments		3,218,149	277,000	-	-	-	293,546	3,788,695
		<b>4,003,029</b>	<b>362,605</b>	<b>53,507</b>	<b>713,068</b>	<b>705,291</b>	<b>1,082,349</b>	<b>6,919,849</b>
<b>Derivative financial liabilities</b>								
<b>Gross settled derivatives</b>								
Foreign exchange derivatives								
- Forward and swap								
- Outflow		579,293	424,999	23,775	1,076,762	-	-	2,104,829
- Inflow		(565,405)	(419,588)	(23,775)	(1,076,762)	-	-	(2,085,530)
		<b>13,888</b>	<b>5,411</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>19,299</b>

(a) Stated at gross before amount receivable from immediate holding company.

(b) The above excludes balances with no specific maturity amounting to RM24 million, lease liabilities and ECL allowance on financing commitments and financial guarantees.

**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2025 (continued)**

**37 LIQUIDITY RISK (continued)**

		Up to 3 months RM'000	>3-6 months RM'000	>6-12 months RM'000	>1-3 years RM'000	>3-5 years RM'000	Over 5 years RM'000	Total RM'000
<b>2024</b>								
<b>Non-derivative financial liabilities</b>								
Deposits from customers		8,522,888	1,975,044	970,662	4,296	2,987	-	11,475,877
Investment accounts due to designated financial institution	(a)	732,003	-	1,081,804	3,600,762	2,162,225	944,045	8,520,839
Deposits and placements of banks and other financial institutions		286,281	303	617	1,238	1,246	561	290,246
Obligations on securities sold under repurchase agreements		393,795	-	-	-	-	-	393,795
Bills and acceptances payable		10,895	-	-	-	-	-	10,895
Lease liabilities		395	395	789	1,301	-	-	2,880
Others	(b)	30,927	1,955	25,311	10,402	2,786	47	71,428
		<u>9,977,184</u>	<u>1,977,697</u>	<u>2,079,183</u>	<u>3,617,999</u>	<u>2,169,244</u>	<u>944,653</u>	<u>20,765,960</u>
<b>Commitments and contingencies</b>								
Transaction-related contingent items		57,240	55,155	55,637	149,778	43,561	46,883	408,254
Short-term self-liquidating trade-related contingencies		73,084	1,086	-	-	-	-	74,170
Lending of bank's securities or the posting of securities as collateral by banks		410,284	-	-	-	-	-	410,284
Formal standby facilities and credit lines								
- Original maturity up to one year		-	819	-	-	-	-	819
- Original maturity exceeding one year		172,792	16,902	51,701	104,028	86,609	401,329	833,361
Other unconditionally cancellable commitments		2,626,534	-	-	11	-	114,835	2,741,380
		<u>3,339,934</u>	<u>73,962</u>	<u>107,338</u>	<u>253,817</u>	<u>130,170</u>	<u>563,047</u>	<u>4,468,268</u>
<b>Derivative financial liabilities</b>								
<b>Gross settled derivatives</b>								
Foreign exchange derivatives								
- Forward and swap								
- Outflow		212,270	14,040	26,995	1,186,521	-	-	1,439,826
- Inflow		(211,488)	(14,040)	(26,995)	(1,186,521)	-	-	(1,439,044)
		<u>782</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>782</u>

(a) Stated at gross before amount receivable from immediate holding company.

(b) The above excludes balances with no specific maturity amounting to RM25 million, lease liabilities and ECL allowance on financing commitments and financial guarantees.

**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2025 (continued)**

**38 RATE OF RETURN RISK**

The Bank is exposed to various risks associated with the effects of fluctuation in the prevailing level of market profit rate on the financial position and cashflows. The following tables summarise the Bank's exposure to rate of return risk. The financial assets and financial liabilities at carrying amounts are categorised by the earlier of the next contractual repricing and maturity dates.

2025	<i>Non Trading Book</i>						Trading Book RM'000	Total RM'000
	Up to 3 months RM'000	>3-12 months RM'000	>1-3 years RM'000	>3-5 years RM'000	Over 5 years RM'000	Non-profit sensitive RM'000		
<b>Financial Assets</b>								
Cash and cash equivalents	317,000	-	-	-	-	80,845	-	397,845
Financial investments at FVOCI	1,479,070	1,059,438	1,288,995	947,490	384,151	-	-	5,159,144
Financing and advances								
- Non credit-impaired	17,370,853	514,068	71,905	241,462	83,885	(65,198)	-	18,216,975
- Credit-impaired	-	-	-	-	-	108,608	-	108,608
Derivative financial assets	-	-	-	-	-	-	60,995	60,995
Other assets	-	-	-	-	-	51,733	-	51,733
Statutory deposits with BNM	-	-	-	-	-	118,000	-	118,000
	<b>19,166,923</b>	<b>1,573,506</b>	<b>1,360,900</b>	<b>1,188,952</b>	<b>468,036</b>	<b>293,988</b>	<b>60,995</b>	<b>24,113,300</b>
<b>Financial Liabilities</b>								
Deposits from customers	4,987,409	2,658,503	3,419,539	701	-	1,608,630	-	12,674,782
Investment accounts due to designated financial institution	6,476,685	-	-	-	-	-	-	6,476,685
Deposits and placements of banks and other financial institutions	900,172	150,000	-	-	-	38,541	-	1,088,713
Obligations on securities sold under repurchase agreements	639,411	-	-	-	-	-	-	639,411
Bills and acceptances payable	-	-	-	-	-	8,964	-	8,964
Derivative financial liabilities	-	-	-	-	-	-	81,561	81,561
Other liabilities	-	-	-	-	-	258,175	-	258,175
	<b>13,003,677</b>	<b>2,808,503</b>	<b>3,419,539</b>	<b>701</b>	<b>-</b>	<b>1,914,310</b>	<b>81,561</b>	<b>21,228,291</b>
On-statement of financial position profit sensitivity gap	6,163,246	(1,234,997)	(2,058,639)	1,188,251	468,036	(1,620,322)	(20,566)	2,885,009
Off-statement of financial position profit sensitivity gap	-	-	398,785	-	240,626	-	-	639,411
<b>Total profit sensitivity gap</b>	<b>6,163,246</b>	<b>(1,234,997)</b>	<b>(1,659,854)</b>	<b>1,188,251</b>	<b>708,662</b>	<b>(1,620,322)</b>	<b>(20,566)</b>	<b>3,524,420</b>

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2025 (continued)

38 RATE OF RETURN RISK (continued)

2024	Non Trading Book						Trading Book RM'000	Total RM'000
	Up to 3 months RM'000	>3-12 months RM'000	>1-3 years RM'000	>3-5 years RM'000	Over 5 years RM'000	Non-profit sensitive RM'000		
<b>Financial Assets</b>								
Cash and cash equivalents	855,000	-	-	-	-	85,484	-	940,484
Financial investments at FVOCI	1,359,768	876,661	931,401	1,223,689	5,005	-	-	4,396,524
Financing and advances								
- Non credit-impaired	15,955,461	403,985	99,453	229,924	14,281	(50,576)	-	16,652,528
- Credit-impaired	-	-	-	-	-	221,074	-	221,074
Derivative financial assets	-	-	-	-	-	-	12,550	12,550
Other assets	-	-	-	-	-	90,480	-	90,480
Statutory deposits with BNM	-	-	-	-	-	196,500	-	196,500
	<b>18,170,229</b>	<b>1,280,646</b>	<b>1,030,854</b>	<b>1,453,613</b>	<b>19,286</b>	<b>542,962</b>	<b>12,550</b>	<b>22,510,140</b>
<b>Financial Liabilities</b>								
Deposits from customers	3,692,234	2,874,400	3,482,086	2,700	-	1,330,586	-	11,382,006
Investment accounts due to designated financial institution	7,736,685	-	-	-	-	-	-	7,736,685
Deposits and placements of banks and other financial institutions	241,096	198	713	-	-	47,183	-	289,190
Obligations on securities sold under repurchase agreements	393,729	-	-	-	-	-	-	393,729
Bills and acceptances payable	-	-	-	-	-	10,895	-	10,895
Derivative financial liabilities	-	-	-	-	-	-	13,195	13,195
Other liabilities	-	-	-	-	-	182,649	-	182,649
	<b>12,063,744</b>	<b>2,874,598</b>	<b>3,482,799</b>	<b>2,700</b>	<b>-</b>	<b>1,571,313</b>	<b>13,195</b>	<b>20,008,349</b>
On-statement of financial position profit sensitivity gap	6,106,485	(1,593,952)	(2,451,945)	1,450,913	19,286	(1,028,351)	(645)	2,501,791
Off-statement of financial position profit sensitivity gap	-	-	99,179	294,550	-	-	-	393,729
<b>Total profit sensitivity gap</b>	<b>6,106,485</b>	<b>(1,593,952)</b>	<b>(2,352,766)</b>	<b>1,745,463</b>	<b>19,286</b>	<b>(1,028,351)</b>	<b>(645)</b>	<b>2,895,520</b>

The below table sets out the impact on net finance income simulated based on a 50bps parallel shift in profit rates at reporting date, for a period of 12 months:

	2025 RM'000	2024 RM'000
<b>+ 50bps</b>	17,200	17,200
<b>- 50bps</b>	(24,600)	(22,700)

The 50 bps shock on net finance income is based on simplified scenarios, using the Bank's profit risk profile as at the reporting date. It does not take into account actions that would be taken by the Global Markets Division or business units to mitigate the impact of the rate of return risk. In reality, the Global Markets Division seeks to proactively change the rate of return risk profile to minimise losses and maximise income. The projection assumes that profit rates of all maturities move by the same amount and, therefore, do not reflect the potential impact on net finance income of some rates changing while others remain unchanged. The projections also assume a constant statement of financial position and that all positions run to maturity.

**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2025 (continued)**

**39 CURRENCY RISK**

<b>2025</b>	<b>MYR RM'000</b>	<b>GBP RM'000</b>	<b>USD RM'000</b>	<b>SGD RM'000</b>	<b>Others RM'000</b>	<b>Total RM'000</b>
<b>Financial assets</b>						
Cash and cash equivalents	339,487	7,774	13,858	24,464	12,262	397,845
Financial investments at FVOCI	5,159,144	-	-	-	-	5,159,144
Financing and advances	15,862,751	-	2,457,635	5,197	-	18,325,583
Derivative financial assets	60,995	-	-	-	-	60,995
Other assets	49,171	-	1,337	1,144	81	51,733
Statutory deposits with BNM	118,000	-	-	-	-	118,000
	<u>21,589,548</u>	<u>7,774</u>	<u>2,472,830</u>	<u>30,805</u>	<u>12,343</u>	<u>24,113,300</u>
<b>Financial liabilities</b>						
Deposits from customers	11,177,593	60,206	1,319,225	93,193	24,565	12,674,782
Investment accounts due to designated financial institution	4,706,554	-	1,770,131	-	-	6,476,685
Deposits and placements of banks and other financial institutions	958,034	-	125,857	-	4,822	1,088,713
Obligations on securities sold under repurchase agreements	639,411	-	-	-	-	639,411
Bills and acceptances payable	8,964	-	-	-	-	8,964
Derivative financial liabilities	81,561	-	-	-	-	81,561
Other liabilities	252,176	33	2,796	2,807	363	258,175
	<u>17,824,293</u>	<u>60,239</u>	<u>3,218,009</u>	<u>96,000</u>	<u>29,750</u>	<u>21,228,291</u>
<b>Net financial assets/(liabilities) exposure</b>	<u>3,765,255</u>	<u>(52,465)</u>	<u>(745,179)</u>	<u>(65,195)</u>	<u>(17,407)</u>	<u>2,885,009</u>

**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2025 (continued)**

**39 CURRENCY RISK (continued)**

<b>2024</b>	<b>MYR RM'000</b>	<b>GBP RM'000</b>	<b>USD RM'000</b>	<b>SGD RM'000</b>	<b>Others RM'000</b>	<b>Total RM'000</b>
<b>Financial assets</b>						
Cash and cash equivalents	889,180	3,193	14,872	19,099	14,140	940,484
Financial investments at FVOCI	4,396,524	-	-	-	-	4,396,524
Financing and advances	13,512,614	-	3,352,942	8,046	-	16,873,602
Derivative financial assets	12,550	-	-	-	-	12,550
Other assets	90,070	-	216	-	194	90,480
Statutory deposits with BNM	196,500	-	-	-	-	196,500
	<u>19,097,438</u>	<u>3,193</u>	<u>3,368,030</u>	<u>27,145</u>	<u>14,334</u>	<u>22,510,140</u>
<b>Financial liabilities</b>						
Deposits from customers	10,802,637	56,199	382,895	122,468	17,807	11,382,006
Investment accounts due to designated financial institution	5,005,496	-	2,731,189	-	-	7,736,685
Deposits and placements of banks and other financial institutions	198,094	-	82,695	3,286	5,115	289,190
Obligations on securities sold under repurchase agreements	393,729	-	-	-	-	393,729
Bills and acceptances payable	10,895	-	-	-	-	10,895
Derivative financial liabilities	13,195	-	-	-	-	13,195
Other liabilities	168,084	41	10,890	3,508	126	182,649
	<u>16,592,130</u>	<u>56,240</u>	<u>3,207,669</u>	<u>129,262</u>	<u>23,048</u>	<u>20,008,349</u>
<b>Net financial assets/(liabilities) exposure</b>	<u>2,505,308</u>	<u>(53,047)</u>	<u>160,361</u>	<u>(102,117)</u>	<u>(8,714)</u>	<u>2,501,791</u>

**Value-at-Risk ("VaR")**

The usage of market VaR by risk type based on 1-day holding period of the Bank's trading exposures is set out below:

	<b>2025 RM'000</b>	<b>2024 RM'000</b>
<b>VaR By Risk Type</b>		
- Profit rate risk	2	3
- Foreign exchange risk	30	34
- Total	<u>30</u>	<u>36</u>

**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2025 (continued)**

**40 CAPITAL ADEQUACY**

**Capital Management**

The key objective of the Bank's capital management policy is to maintain a strong capital position to support business growth and strategic investments, and to sustain investor, depositor, customer and market confidence. The Bank actively manages its capital composition with an optimal mix of capital instruments in order to keep our overall cost of capital low.

The Bank's capital is closely monitored and actively managed to ensure that there is sufficient capital to support business growth, and pursue strategic business and investment opportunities that will create value for our stakeholders, while taking into consideration OCBC Malaysia's risk appetite. The Bank's internal capital adequacy assessment process ("ICAAP") involves a comprehensive assessment of all material risks that the Bank is exposed to and an evaluation of the adequacy of the Bank's capital in relation to those risks. This includes an annual capital planning exercise to forecast capital demands and assess the Bank's capital adequacy over a multi-year horizon. This process takes into consideration the Bank's business strategy, operating environment, regulatory changes, target capital ratios and composition, as well as expectations of its various stakeholders. In addition, capital stress tests are conducted to understand the sensitivity of the key assumptions in the capital plan to the effects of plausible stress scenarios, and evaluate how the Bank can continue to maintain adequate capital under such scenarios.

**Capital Adequacy Ratios**

The Bank is in compliance with BNM's Capital Adequacy Framework for Islamic Banks which requires banks to meet minimum Common Equity Tier 1 ("CET1"), Tier 1 and Total Capital Adequacy Ratio ("CAR") of 7.0%, 8.5% and 10.5% respectively (inclusive of Capital Conservation Buffer of 2.5%).

The Bank is subject to a Countercyclical Buffer requirement if applied by regulators in countries which the Bank has credit exposures. Generally in the range of 0% to 2.5% of risk-weighted assets, the Countercyclical Buffer is not an ongoing requirement but it may be applied by regulators to limit excessive credit growth in their economy.

The table below shows the composition of the Bank's regulatory capital and capital adequacy ratios which were determined in accordance with the requirements of BNM's Capital Adequacy Framework (Capital Components). The Bank computes total risk-weighted assets based on the Internal Rating Based Approach for Credit Risk for their major credit portfolios and the Standardised Approach for Market Risk. With effect from 1 January 2025, Operational Risk is computed based on Standardised Approach under Basel III as set out in BNM's Capital Adequacy Framework (Operational Risk) issued on 15 December 2023, which supersedes the previously adopted Basic Indicator Approach under Basel II. (Operational Risk for 2024 was based on Basic Indicator Approach).

	<b>2025</b>	<b>2024</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>CET 1 capital</b>		
Paid-up ordinary share capital	555,000	555,000
Retained earnings	2,225,168	1,866,317
Other reserves	108,923	92,328
Regulatory adjustment	<u>(127,957)</u>	<u>(124,245)</u>
	<u>2,761,134</u>	<u>2,389,400</u>

**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2025 (continued)**

**40 CAPITAL ADEQUACY (continued)**

	<b>2025</b>	<b>2024</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Tier 2 capital</b>		
Stage 1 and 2 ECL and qualifying regulatory reserves under the Standardised Approach	1,243	1,884
Surplus eligible provisions over expected losses	56,942	43,400
	<u>58,185</u>	<u>45,284</u>
<b>Capital base</b>	<u>2,819,319</u>	<u>2,434,684</u>
	<b>2025</b>	<b>2024</b>
<b>Before the effects of RPSIA</b>		
CET 1/Tier 1 capital ratio	18.980%	19.559%
Total capital ratio	<u>19.380%</u>	<u>19.929%</u>
<b>After the effects of RPSIA</b>		
CET 1/Tier 1 capital ratio	26.374%	28.540%
Total capital ratio	<u>26.930%</u>	<u>29.081%</u>

In accordance with BNM's Guidelines on the Recognition and Measurement of Profit Sharing Investment Account as Risk Absorbent, the credit and market risks of the assets funded by the RPSIA which qualify as risk absorbent are excluded from the total capital ratio calculation. As at 31 December 2025, the credit risk relating to RPSIA assets excluded from the total capital ratio calculation amounted to RM4,079 million (2024: RM3,844 million).

Breakdown of risk-weighted assets ("RWA") in the various categories of risk-weights:

	<b>2025</b>	<b>2024</b>
	<b>RM'000</b>	<b>RM'000</b>
Total RWA for credit risk	9,589,824	7,384,084
Total RWA for market risk	67,640	4,349
Total RWA for operational risk	811,596	983,595
	<u>10,469,060</u>	<u>8,372,028</u>

**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2025 (continued)**

**41 MUDHARABAH RESTRICTED PROFIT SHARING INVESTMENT ACCOUNT**

**(i) Movement in the Mudharabah Restricted Profit Sharing Investment Account**

	<b>2025</b>	<b>2024</b>
	<b>RM'000</b>	<b>RM'000</b>
As at 1 January	7,736,685	5,109,520
<b>Funding inflows/(outflows)</b>		
New placement during the year	1,122,712	3,034,000
Redemption during the year	(2,378,972)	(605,236)
Effect of foreign exchange difference	(250,209)	(26,959)
Income from investment	352,099	300,806
<b>Bank's share of profit</b>		
Profit distributed to mudarib	(105,630)	(90,242)
Recovery due to immediate holding company	-	14,796
As at 31 December	<u>6,476,685</u>	<u>7,736,685</u>
<b>Investment assets</b>		
Financing and advances	6,103,835	7,130,085
Deposits and placements with BNM	<u>372,850</u>	<u>606,600</u>

**(ii) Profit sharing ratio and rate of return**

	<b>Average profit sharing ratio</b>		<b>Average rate of return</b>	
	<b>(Depositor: Bank)</b>			
	<b>2025</b>	<b>2024</b>	<b>2025</b>	<b>2024</b>
Up to 1 year	70:30	70:30	3.27%	3.30%
> 1 - 2 years	70:30	70:30	3.32%	3.35%
> 2 - 5 years	70:30	70:30	3.22%	3.36%
Over 5 years	70:30	70:30	3.18%	3.23%

**42 PROFIT RATE BENCHMARK REFORM**

Malaysia Overnight Rate ("MYOR") is running parallel to KLIBOR as of the reporting date, with the full transition to MYOR ongoing and uncertainties persisting regarding the timeline and details of these changes. The Bank will, however, closely monitor BNM's announcement on the MYOR and the discontinuation of KLIBOR and the Bank will engage with its counterparties to discuss the necessary contract changes.

As at 31 December 2025, the Bank did not have any exposure in hedges.

The following table shows the total gross carrying amount of non-derivative financial instruments referencing to KLIBOR that have yet to transition to alternative benchmark rate as at 31 December 2025.

	<b>2025</b>	<b>2024</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Non-derivative financial assets and liabilities</b>		
Financing and advances	1,815,632	929,905
Deposits from customers	2,341,943	1,426,490