Mizuho Bank (Malaysia) Berhad

Company No. 201001039768 (923693-H)

(Incorporated in Malaysia)

Financial statements for the financial year ended 31 March 2025

MIZUHO BANK (MALAYSIA) BERHAD
Company No. 201001039768 (923693-H)
(Incorporated in Malaysia)

DIRECTORS' REPORT
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2025

The Directors have pleasure in presenting their report and the audited financial statements of Mizuho Bank (Malaysia) Berhad (the “Bank”) for the financial year ended (“FYE”) 31 March 2025.

Principal activities

The Bank is principally engaged in the provision of banking and related financial services. During the financial year, the Bank launched Islamic Banking Window ("IBW") on 20 September 2024 to expand Islamic businesses in Malaysian Ringgit. There have been no other significant changes in these principal activities during the financial year.

Holding companies

The Directors regard Mizuho Bank, Ltd. and Mizuho Financial Group, Inc. as its immediate holding company and ultimate holding company respectively. Both companies are incorporated in Japan.

Results

	RM'000
Profit before taxation	185,924
Tax expense	(67,776)
Profit for the financial year	118,148

Dividends

Since the end of the previous financial year, no dividend was paid and the Directors do not recommend any dividend to be paid for the current financial year.

Reserves and provisions

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

Directors of the Bank

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

Dato’ Dr Zaha Rina binti Zahari
Abdul Khalil bin Abdul Hamid
Lim Kim Seng
Guan Yeow Kwang
Toshiharu Fujiwara (appointed on 23 May 2025)

Bad and doubtful debts and financing

Before the statement of comprehensive income and statement of financial position of the Bank were made out, the Directors took reasonable steps to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts, and satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts.

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

Current assets

Before the statement of comprehensive income and statement of financial position of the Bank were made out, the Directors took reasonable steps to ensure that any current assets which were unlikely to realise their value as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.

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

Valuation methods

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

Contingent and other liabilities

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

(a) any charge on the assets of the Bank which has arisen since the end of the financial year which secures the liabilities of any other person; or
(b) any contingent liability of the Bank which has arisen since the end of the financial year other than those arising from the ordinary course of business of the Bank.

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

Change of circumstances

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

DIRECTORS' REPORT
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2025

Items of an unusual nature

The results of the operations of the Bank during the financial year were not, in the opinion of the Directors, substantially affected by any item, transaction or event of a material and unusual nature.

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

Business plan and strategy
Business results for the financial year ended 31 March 2025

The Bank recorded a profit before tax ("PBT") of RM185.9 million for the financial year ended 31 March 2025, an increase of RM26.1 million or 16.3% as compared to PBT of RM159.9 million in the previous financial year. The increase was mainly attributable to higher net interest income by RM38.4 million, coupled with higher non-interest income by RM16.6 million. The increase in PBT was partially offset by higher operating expenses, which has increased by RM11.3 million or 12.2% compared to the previous financial year.

Total assets of the Bank stood at RM17.5 billion as at 31 March 2025, an increase of RM0.3 billion or 1.5% as compared to the previous financial year mainly due to new financial investments at amortised cost and higher loans, advances and financing, partially offset by lower deposits and placements with financial institutions. The Bank’s Common Equity Tier 1 capital ratio and Total Capital Ratio remained healthy at 23.66% and 24.82% respectively.

Business outlook for the financial year ending 31 March 2026

Malaysia achieved a strong economic growth with low and stable inflation in 2024, the growth is projected to remain resilient amid manageable inflation in 2025 driven by sustained household spending, robust expansion in investment activity and moderate expansion in export. However, the Malaysia's economy is subject to downside risks from more severe trade and investment restrictions, lower-than-expected commodity production and weaker growth in major trading partners.

Overnight policy rate (“OPR’’) has been lowered by 25 basis points to 2.75% in July 2025. The reduction in the OPR is a pre-emptive measure aimed at preserving Malaysia’s steady growth path amid moderate inflation prospects. The monetary policy will remain focused on maintaining price stability conducive for sustainable economic growth.

Despite the challenging economic environment, the Bank is maintaining its efforts to continue innovating, transforming and maintaining resilience as well as pursuing growth. As part of Mizuho Financial Group, the Bank remains committed to fulfilling its role as a financial institution and fully leveraging its financial capabilities to support its customers.

DIRECTORS' REPORT
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2025

Statement of Corporate Governance

Being responsible for the stewardship of the Bank, the Board of Directors ("Board") is committed to achieving a high standard of corporate governance and ensuring the Bank conducts its business operations responsibly. To this end, the Bank has a well-structured corporate governance framework in place to support the Board's aim of achieving long-term and sustainable value, as well as foster a culture that values ethical behaviour, integrity and respect to protect the shareholder's and other stakeholders' interests at all times.

The Bank's corporate governance practices are based on the principles set out in the Bank Negara Malaysia's Policy Document on Corporate Governance ("BNM CG") and the Malaysian Code on Corporate Governance.

Board of Directors

(a) Board Composition

The Board is represented by individuals of high calibre with relevant experience and skillset that allow a breadth of perspective; this is viewed as optimal given the complexity, size and scope of the business operations of the Bank. As at the date of this report, the Board consists of five (5) members, consisting of three (3) Independent Non-Executive Directors ("INEDs"), one (1) Non-Independent Non-Executive Director ("NINED") and one (1) Executive Director ("ED").

The roles of the Chairman and the ED/Chief Executive Officer ("CEO") of the Bank are clearly separated and this distinction allows an appropriate balance of responsibilities, authority and accountability between the Board and Management. The INEDs of the Bank are independent of Management and free from associations or circumstances that may impair the exercise of their independent judgement. The independence of INEDs is reviewed annually and benchmarked against regulatory provisions. Based on the latest assessment, the Board was satisfied that each of the INEDs continues to be independent and free from any business or other relationship that could interfere with the exercise of independent judgement or the ability to act in the best interest of the Bank. Besides, none of the INEDs have served for a cumulative period of more than nine (9) years in the Bank, i.e. the maximum term imposed on INEDs.

Statement of Corporate Governance (continued)

Board of Directors (continued)

(a) Board Composition (continued)

A brief profile of each Director is as follows:

Dato' Dr. Zaha Rina binti Zahari
Chairman/INED (appointed to the Board on 7 February 2022 and as Chairman on 8 March 2022)
Member of Board Risk Management Committee
Member of Board Audit Committee
Member of Board Nomination Committee
Member of Board Remuneration Committee
64 years old/Malaysian

Academic/Professional Qualification
- Bachelor of Arts (Honours) in Accounting and Finance, Leeds Metropolitan University, United Kingdom ("UK")
- Master in Business Administration, University of Hull, UK
- Doctorate in Business Administration, University of Hull, UK (focusing on capital markets research and specialising in derivatives)

Skills and Experience
Dato' Dr. Zaha Rina binti Zahari ("Dato' Zaha Rina") has more than 33 years of experience in financial, commodities and securities industries and the development of the Malaysian Capital Market. Among her career highlights, Dato' Zaha Rina was instrumental in merging the Commodity and Monetary Exchange of Malaysia ("COMMEX") and Kuala Lumpur Options and Financial Futures Exchange ("KLOFFE") to form the Malaysian Derivatives Exchange ("MDEX") and the subsequent appointment of the Chief Operating Officer ("COO") of MDEX in June 2001. She has previous board appointments at COMMEX from 1993 to 1996, and then as the COO of KLOFFE in 2001.

Other Directorships
- Manulife Holdings Berhad (Chair)
- Manulife Investment Management (M) Berhad (Chair)
- Pacific & Orient Insurance Co Berhad (Chair)
- Pacific & Orient Berhad (Chair)
- Pacific & Orient Properties Limited
- Hibiscus Petroleum Berhad
- IGB Berhad
- Keck Seng (Malaysia) Berhad
- Several private companies

Statement of Corporate Governance (continued)

Board of Directors (continued)

(a) Board Composition (continued)

Mr. Abdul Khalil bin Abdul Hamid
INED (appointed to the Board on 11 November 2019)
Chairman of Board Risk Management Committee
Chairman of Board Nomination Committee
Member of Board Audit Committee
Member of Board Remuneration Committee
69 years old/Malaysian

Academic/Professional Qualification
- Bachelor of Economics (B. Admin) Degree, University of Malaya, Malaysia

Skills and Experience
Mr. Abdul Khalil bin Abdul Hamid ("Mr. Abdul Khalil") began his banking career with Hong Kong & Shanghai Banking Corporation in February 1979 and left the bank as Sub-Manager of the Customer Service Department in October 1985. Mr. Abdul Khalil subsequently joined Bank of Nova Scotia as an Account Manager in November 1985, where he was responsible in managing multiple portfolios ranging from corporate, commercial and public sector business segments. His last position at the Bank of Nova Scotia was as a Manager of Personal Banking. He then spent about 7 years in Affin Bank Berhad where his last position was Head of Credit Management Department. In April 2002, Mr. Abdul Khalil joined Bank of Tokyo-Mitsubishi UFJ (M) Berhad as its Executive Vice President-Operations and was subsequently appointed as the Operations Advisor in 2012 prior to his retirement in October 2013.

Other Directorships
- Prudential Assurance Malaysia Berhad (Chairman)
- Kuwait Finance House (Malaysia) Berhad

Statement of Corporate Governance (continued)

Board of Directors (continued)

(a) Board Composition (continued)

Mr. Lim Kim Seng
INED (appointed to the Board on 14 February 2020)
Chairman of Board Audit Committee
Chairman of Board Remuneration Committee
Member of Board Risk Management Committee
Member of Board Nomination Committee
70 years old/Malaysian

Academic/Professional Qualification
- Higher National Diploma in Accounting, Scottish Business Education Council, Scotland
- Member of the Institute of Chartered Accountants of Scotland

Skills and Experience
Mr. Lim Kim Seng ("Mr. Lim") is a Chartered Accountant (with a commendation). He received his early training as an external auditor with an international accounting firm, Messrs. Touche Ross & Co. in Scotland for 7 years before returning to Malaysia in 1983. He started his career in the local banking industry with Bank of Commerce Berhad in 1985 where he held various positions in both, the front line and back office operations. He had served Bumiputera Merchant Bankers Berhad as Head of Internal Audit Department from 1992 to 2000 before leaving Malaysia to become the Financial Controller of a start-up company in the United Kingdom for 5 years. Upon returning to Malaysia, he joined Courts Mammoth (M) Berhad as Group Chief Internal Auditor for 4 years. He then rejoined the banking industry in 2009 upon his appointment as the Group Chief Internal Auditor of Hong Leong Bank Berhad until his retirement in 2014.

Other Directorships
- Nil

Statement of Corporate Governance (continued)

Board of Directors (continued)

(a) Board Composition (continued)

Mr. Guan Yeow Kwang
NINED (appointed to the Board on 26 June 2018 as ED and subsequently re-designated as NINED on 10 April 2025)
Member of Board Audit Committee
Member of Board Remuneration Committee
Member of Board Risk Management Committee
Member of Board Nomination Committee
68 years old/Singaporean

Academic/Professional Qualification
- Bachelor of Arts (Economics and Political Science), National University of Singapore, Singapore
- Master of Business Administration, University of Manchester, UK

Skills and Experience
Mr. Guan Yeow Kwang ("Mr. Guan") has over 40 years of experience in the financial sector, where he worked mostly at Mizuho Bank, Ltd. and its predecessor entities in Singapore. He started his career with Astley & Pearce Pte Ltd in 1981 and subsequently with First National Bank of Boston. He spent the first 15 years of his career in the financial markets honing his skills as an arbitrager before progressing into risk management, human resource, operations, legal and compliance, technology and finance. Mr. Guan was the CEO of Mizuho Singapore from April 2016 till his retirement in September 2023. He was also General Manager of Mizuho Bank's Asia and Oceania Administration Department from April 2016 to March 2023 and Co-General Manager of Singapore Administration Department from April to September 2023. He has been appointed as Special Advisor to Mizuho Singapore upon his retirement. In October 2023, he was appointed by the Deputy Prime Minister of Singapore as a Member of the Monetary Authority of Singapore Appeals Advisory Panel.

Other Directorships
- Nil

Statement of Corporate Governance (continued)

Board of Directors (continued)

(a) Board Composition (continued)

Mr. Toshiharu Fujiwara
ED/CEO (appointed as the CEO on 21 August 2023 and subsequently to the Board as ED on 23 May 2025)
Member of Board Nomination Committee
56 years old/Japanese

Academic/Professional Qualification
- Bachelor of Economics, Waseda University, Tokyo, Japan
- U.S. CPA (Certified Public Accountant)

Skills and Experience
Mr. Toshiharu Fujiwara ("Mr. Fujiwara") has over 30 years of experience in the banking industry, previously serving as the General Manager of Global Strategic Advisory Department at Mizuho Bank, Ltd. (“MHBK”) before joining the Bank as the CEO. Prior to that, he held various senior leaderships positions within Mizuho Financial Group, which included but not limited to President & CEO of Mizuho Saudi Arabia Company, Joint General Manager of the Strategic Planning Department, Senior Vice President (“SVP”) of the Corporate Planning Department at MHBK, SVP of the Investment Banking Coordination Division, and SVP of Mizuho Corporate Bank (USA), Unites States of America.

Other Directorships
- The Japanese Chamber of Trade & Industry Malaysia
- Mizuho Bank, Ltd., Labuan Branch (Resident Director)

As at the date of this report, none of the Directors have any shareholding in the Bank nor any conflict of interest or personal interest in any business arrangement involving the Bank. All the Directors have properly discharged their duties as required under BNM CG.

(b) Roles and Responsibilities of the Board

The Board has the overall responsibility for promoting the sustainable growth and financial soundness of the Bank and for ensuring reasonable standards of fair dealing, without undue influence from any party. This includes a consideration of the long-term implications of the Board’s decisions on the Bank and its customers, officers and the general public. In fulfilling this role, the Board will review and approve, among others, the Bank's long-term objectives, overall business strategies and significant policies. The Board also, through the established Board Committees, provides effective oversight of the Bank's performance against the budget and plans, risk assessment and controls over business operations, and compliance with regulatory requirements.

Statement of Corporate Governance (continued)

Board of Directors (continued)

(b) Roles and Responsibilities of the Board (continued)

The Board has adopted a Board Charter that sets out the mandate, responsibilities and procedures of the Board and the Board Committees, including matters reserved for the Board's decision. The Board Charter will be reviewed as and when deemed appropriate to ensure that it is up to date and consistent with the Board's objectives and responsibilities as well as relevant regulatory requirements. The Board Charter is available on the Bank's corporate website.

(c) Board Effectiveness Evaluation

The Bank conducts an annual Board Effectiveness Evaluation ("BEE") exercise with the objective of assessing the performance of the Board as a whole, Board Committees and individual Directors. This is to enable the Board to distinguish the Directors' strengths as well as to identify areas for professional development and process improvements for the Board, Board Committees and individual Directors. The results of the BEE also form part of the basis for evaluation by the Board Nomination Committee, for the re-appointment of Directors.

The BEE for FYE2024 was conducted internally (with the assistance of Corporate Secretarial) via the internal customised questionnaires. The overall results were positive with most areas rated as "strong". This indicates that the Board is performing well as a whole, with a strong level of independence and a satisfactory level of contribution, commitment, and competencies from all members. The Board's key strengths identified include strong leadership by the Board Chair, effective oversight in key areas of responsibility, adequate Board composition with a good mix of expertise and background of multiple disciplines, positive boardroom conduct and dynamics, healthy and open Board and Management interaction, strong support from Board Committees, and positive board administration and process. The Board also identified key areas and action plans for improvement through the exercise.

Apart from that, the Board, through the Board Nomination Committee, assessed the fitness and propriety of the Directors in accordance with the Bank's Qualification, Fit and Proper Policy. All Directors are required to complete a Fit & Proper Declaration annually. The Fit & Proper Declarations by the Directors are verified against independent sources. Overall, the Board was satisfied that each of the Directors has met the required standard of qualification, fitness and propriety.

Statement of Corporate Governance (continued)

Board of Directors (continued)

(d) Board and Board Committee Meetings

Board and Board Committee meetings are scheduled well ahead of the start of a calendar year. Additional meetings are held during the year if required by circumstances. The agenda together with the management reports and proposal papers for a meeting are uploaded onto a secure portal, which Directors can access via tablet devices provided by the Bank, 7 working days before the Board and Board Committee meetings.

There is always an avenue for the Directors to seek clarifications or obtain details concerning the proposal papers/reports from the Management, Chief Risk Officer ("CRO"), Chief Compliance Officer ("CCO"), Chief Internal Auditor ("CIA") or Company Secretary. The Directors may seek independent professional advice or third-party experts, at the Bank’s expense, should the need arise in discharging their duties. Senior Management or any other person would be invited to attend Board meetings as and when deemed appropriate.

All Directors are given opportunities to express their views, opinions and ideas to facilitate a proper decision-making process. In particular for Board meetings, the Board is informed of decisions, salient issues and views raised at the Board Committee meetings by the Chairmen of the respective Committees. Minutes of the respective Board Committee meetings are also tabled at the Board Meetings for information.

Depending on the urgency of the matters, the Board may grant approval by way of circular resolution in writing pursuant to the Constitution of the Bank.

All Directors have demonstrated that they are able to allocate sufficient time to the Bank in discharging their duties and responsibilities, and their commitment is affirmed by their attendance at the Board and Board Committee meetings held during the financial year, as reflected below:

Directors	Attendance				
	Board	Board Audit Committee	Board Risk Management Committee	Board Remuneration Committee	Board Nomination Committee
Dato' Dr. Zaha Rina binti Zahari	12/12*	8/8	9/9	4/4	9/9
Mr. Abdul Khalil bin Abdul Hamid	12/12	8/8	9/9*	4/4	9/9*
Mr. Lim Kim Seng	12/12	8/8*	9/9	4/4*	9/9
Mr. Guan Yeow Kwang	12/12	-**	-**	-**	9/9
Mr. Toshiharu Fujiwara	-***	N/A	N/A	N/A	-***

** Chairperson/Chairman of Board/Board Committee*
*** Appointed on 10 April 2025*
**** Appointed on 23 May 2025*

Statement of Corporate Governance (continued)

Board Committees

The Board has established four (4) Board Committees to assist in carrying out its roles and responsibilities. Each Board Committee operates within its Terms of Reference ("TOR"), which clearly define its functions and authorities. The aforesaid TORs are reviewed from time to time to ensure they remain relevant and up-to-date. The Board remains fully accountable for any authority delegated to the Board Committees.

(a) Board Audit Committee

As at the date of this report, the Board Audit Committee (“BAC”) consists of three (3) INEDs and one (1) NINED. The Committee is chaired by an INED.

The BAC supports the Board in overseeing the integrity of financial statements and the financial reporting process, internal control systems, performance of internal audit functions and internal auditors, appointment of external auditors and the evaluation of the external auditors’ qualifications, independence and performance, related party transactions and corporate governance framework of the Bank. It also works closely with Board Risk Management Committee in connection with assessing the effectiveness of the risk management and internal control framework.

The details of BAC’s duties and responsibilities are set out in its TOR which is published on the Bank’s corporate website.

During the financial year, the BAC has held eight (8) meetings. Attendance as set out in the table on page 11.

Statement of Corporate Governance (continued)

Board Committees (continued)

(b) Board Risk Management Committee

As at the date of this report, the Board Risk Management Committee ("BRMC") consists of three (3) INEDs and one (1) NINED. The Committee is chaired by an INED.

The BRMC is established with the objective of assisting the Board in overseeing and ensuring that the Bank's corporate objectives are supported by a sound risk strategy and an effective risk management framework that is appropriate to the nature, scale and complexity of its activities. In fulfilling its role, the BRMC oversees the Senior Management's activities in managing risks which cover, among others, credit, market, liquidity, operational, shariah, compliance, financial crime, technology, cybersecurity, environmental (including climate risk), social and governance risks, as well as ensures compliance with regulations. This includes promoting a sound compliance, corporate governance and risk awareness culture within the Bank; and reviewing risk and compliance strategies, policies and methodologies, as well as related matters.

The details of the duties and responsibilities of the BRMC are set out in its TOR which is available on the Bank's corporate website.

During the financial year, the BRMC has held nine (9) meetings. Attendance as set out in the table on page 11.

Statement of Corporate Governance (continued)

Board Committees (continued)

(c) Board Nomination Committee

As at the date of this report, the Board Nomination Committee ("BNC") consists of three (3) INEDs, one (1) NINED and one (1) ED. The Committee is chaired by an INED.

The BNC is formed to assist the Board in developing, maintaining and reviewing matters with regard to human resource, talent management, succession planning, corporate value and ethical behaviour of the Directors and employees of the Bank. Its oversight role includes reviewing/assessing the following matters concerning the Board, Shariah Committee, Senior Management, Senior Officers and Company Secretary:-

- Composition of the Board
- Succession planning
- Performance evaluation and development
- Fit and proper assessment

The BNC also oversees the appointment/reappointment of expatriate staff. The details of the duties and responsibilities of the BNC are set out in its TOR which is available on the Bank's corporate website.

During the financial year, the BNC has held nine (9) meetings. Attendance as set out in the table on page 11.

(d) Board Remuneration Committee

As at the date of this report, the Board Remuneration Committee ("BRC") consists of three (3) INEDs and one (1) NINED. The Committee is chaired by an INED.

The BRC assists the Board in overseeing the establishment of a sound remuneration system, which is the key component of the governance and incentive structure through which the Board and Senior Management drive performance, convey acceptable risk taking behaviour and reinforce the Bank's corporate and risk culture. Among others, the BRC oversees the design and operation of the Bank's remuneration system and policies, and reviews the compensation proposals, including the bonus payout and annual salary review for Senior Management, Senior Officers and Company Secretary.

The details of BRC's duties and responsibilities are set out in its TOR which is available on the Bank's corporate website.

During the financial year, the BRC has held four (4) meetings. Attendance as set out in the table on page 11.

Statement of Corporate Governance (continued)

Board Training and Development

The Directors of the Bank are required to maintain sound knowledge and understanding of the business of the Bank as well as the relevant market and regulatory developments. For this purpose, the Bank committed to dedicating sufficient resources toward the on-going development of Directors, including setting an adequate budget, having in place development plans for Directors and regularly updating such plans to ensure that each Director possesses the knowledge and skills necessary to fulfil his/her responsibilities.

The Bank has in place an In-house Directors' Induction Programme for newly appointed Directors to familiarise themselves with the industry and the Bank's operations in addition to the regulatory mandatory training programmes such as the Financial Institutions Directors' Education Core Programme and Islamic Finance for Board Programme. During the financial year under review, all Directors have attended the compulsory training programmes as required by Bank Negara Malaysia ("BNM").

The Directors have also attended various training programmes, conferences, seminars, briefings and/or workshops on subject matters relevant to their duties and responsibilities to further enhance their skills and knowledge as well as to keep abreast with the latest developments in the industry and changes in the new statutory and regulatory requirements. The list of training programmes attended by the Directors is as follows:

Dato' Dr. Zaha Rina binti Zahari
- Mastering ChatGPT: Unlocking the Potential of Conversational AI
- Overview of Economic and Markets
- BNM Policy Document on Hajah and Darurah
- Mandatory Training: Danger Zone (KnowBe4 eTraining)
- Succession Planning: A Catalyst for Business Growth and Sustainability
- Board Engagement with Parent Bank on Sustainability Initiatives
- Mandatory Training: 2024 Kevin Mitnick Security Awareness Training (KnowBe4 eTraining)
- Security Awareness Proficiency Assessment (SAPA) (KnowBe4 eTraining)
- Building Sustainable Credibility: Assurance, Greenwashing and The Rise of Green–Hushing
- Economic Outlook and Market Update/Treasury and Capital Market/Investment Update
- Knowledge Sharing Session by Regional Office on ESG
- Knowledge Sharing & Engagement Session between Board and Shariah Committee
- Cybersecurity Leadership Talk
- Briefing to Board Members on e-Invoicing
- Mandatory Training: Browser-in-the-Browser Attacks (KnowBe4 eTraining)
- FIDE FORUM: Directors' Remuneration Report 2024 Launch
- MBM Conference 2024 - Budget 2025 & Global Geo-Economic Outlook
- Economic Outlook and Market Update/Treasury and Capital Market /Investment Update
- Mandatory Training: Mobile Device Security (KnowBe4 eTraining)
- Mandatory Training: Smishing Frenzy (KnowBe4 eTraining)
- Biodiversity for Business: Understanding Impacts and the Need for Action
- International Petroleum Technology Conference (IPTC) 2025
- Palm & Lauric Oils Price Outlook Conference (POC2025)

Statement of Corporate Governance (continued)

Board Training and Development (continued)

Mr. Abdul Khalil bin Abdul Hamid
- Mandatory Training: Danger Zone (KnowBe4 eTraining)
- BNM-FIDE FORUM: Responsibility Mapping Engagement with Directors of Financial Institutions
- Overview of Economic and Markets
- BNM Policy Document on Hajah and Darurah
- Global Forum on Islamic Economics and Finance
- BNM Annual Report 2023, Economic and Monetary Review 2023 & Financial Stability Review 2H 2023
- Kuala Lumpur International Sustainability Conference
- BNM Sasana Symposium 2024
- Succession Planning: A Catalyst for Business Growth and Sustainability
- Board Engagement with Parent Bank on Sustainability Initiatives
- Mandatory Training: 2024 Kevin Mitnick Security Awareness Training (KnowBe4 eTraining)
- Security Awareness Proficiency Assessment (SAPA) (KnowBe4 eTraining)
- Distinguished Board Leadership Series 2024: Digital Transformation of the World's Best Bank
- KPMG Board Leadership Center Exclusive - Cybersecurity Oversight: Board Responsibilities in Light of the Cybersecurity Act 2024
- Economic Outlook and Market Update/Treasury and Capital Market/Investment Update
- Knowledge Sharing Session by Regional Office on ESG
- Knowledge Sharing & Engagement Session between Board and Shariah Committee
- Cybersecurity Leadership Talk
- Briefing to Board Members on e-Invoicing
- Mandatory Training: Browser-in-the-Browser Attacks (KnowBe4 eTraining)
- ASPAC Board Leadership Centre (BLC) Webinar 2024, Geopolitical Risks and the Strategic Imperatives for Boards and C-Suite
- FIDE FORUM: Directors' Remuneration Report 2024 Launch
- Economic Outlook & Post-Budget 2025 Forum
- FY24 Security Culture Survey (KnowBe4 eTraining)
- Mandatory Training: Mobile Device Security (KnowBe4 eTraining)
- Mandatory Training: Smishing Frenzy (KnowBe4 eTraining)
- Economic Outlook and Market Update/Treasury and Capital Market /Investment Update
- Shaping Malaysia's Future with AI Conference
- Special Lecture: How Global Events Will Affect the Outlook for the Financial Industry in 2025

Statement of Corporate Governance (continued)

Board Training and Development (continued)

Mr. Lim Kim Seng

- Mandatory Training: Danger Zone (KnowBe4 eTraining)
- Overview of Economic and Markets
- BNM Policy Document on Hajah and Darurah
- Succession Planning: A Catalyst for Business Growth and Sustainability
- Board Engagement with Parent Bank on Sustainability Initiatives
- Mandatory Training: 2024 Kevin Mitnick Security Awareness Training (KnowBe4 eTraining)
- Security Awareness Proficiency Assessment (SAPA) (KnowBe4 eTraining)
- Knowledge Sharing Session by Regional Office on ESG
- Knowledge Sharing & Engagement Session between Board and Shariah Committee
- Cybersecurity Leadership Talk
- Briefing to Board Members on e-Invoicing
- Mandatory Training: Browser-in-the-Browser Attacks (KnowBe4 eTraining)
- FIDE FORUM: Directors' Remuneration Report 2024 Launch
- Economic Outlook & Post-Budget 2025 Forum
- MBM Conference 2024 - Budget 2025 & Global Geo-Economic Outlook
- FY24 Security Culture Survey (KnowBe4 eTraining)
- Mandatory Training: Mobile Device Security (KnowBe4 eTraining)
- Mandatory Training: Smishing Frenzy (KnowBe4 eTraining)
- Economic Outlook and Market Update/Treasury and Capital Market /Investment Update
- Biodiversity for Business: Understanding Impacts and the Need for Action
- Special Lecture: How Global Events Will Affect the Outlook for the Financial Industry in 2025
- ESG & Sustainability Conference 2025: The Next Big Shift: Driving Sustainable Growth in Industry 5.0 through ESG

Mr. Guan Yeow Kwang

- Overview of Economic and Markets
- BNM Policy Document on Hajah and Darurah
- Succession Planning: A Catalyst for Business Growth and Sustainability
- Board Engagement with Parent Bank on Sustainability Initiatives
- Economic Outlook and Market Update/Treasury and Capital Market/Investment Update
- Knowledge Sharing Session by Regional Office on ESG
- Knowledge Sharing & Engagement session between Board and Shariah Committee
- Cybersecurity Leadership Talk
- Economic Outlook and Market Update/Treasury and Capital Market/Investment Update
- ESG & Sustainability Conference 2025: The Next Big Shift: Driving Sustainable Growth in Industry 5.0 through ESG

Statement of Corporate Governance (continued)

Board Training and Development (continued)

Mr. Toshiharu Fujiwara

- Mandatory Training: Danger Zone (KnowBe4 eTraining)
- Overview of Economic and Markets
- BNM Policy Document on Hajah and Darurah
- Engagement Session with FIDE Forum Members on BNM Annual Report 2023, Economic & Monetary Review 2023 and Financial Stability Review 2023
- Succession Planning: A Catalyst for Business Growth and Sustainability
- Board Engagement with Parent Bank on Sustainability Initiatives
- BNM Launch on the Future Skills Framework for Malaysian Financial Sector
- Mandatory Training: 2024 Kevin Mitnick Security Awareness (KnowBe4 eTraining)
- Security Awareness Proficiency Assessment (SAPA) (KnowBe4 eTraining)
- MBM Leadership Team Effectiveness (LTEP) Focus Group Training
- Economic Outlook and Market Update/Treasury and Capital Market/Investment Update
- Knowledge Sharing Session by Regional Office on ESG
- Knowledge Sharing & Engagement Session between Board and Shariah Committee
- Cybersecurity Leadership Talk
- Briefing to Board Members on e-Invoicing
- Mandatory Training: Browser-in-the-Browser Attacks (KnowBe4 eTraining)
- Islamic Finance for Board of Directors Programme (ISRA)
- 52nd ASEAN Banking Council Conference
- FY24 Security Culture Survey (KnowBe4 eTraining)
- Economic Outlook and Market Update/Treasury and Capital Market /Investment Update
- Mandatory Training: Mobile Device Security (KnowBe4 eTraining)
- Mandatory Training: Smishing Frenzy (KnowBe4 eTraining)
- APCF - Cybersecurity Awareness
- BNM Engagement Session with Chairpersons and CEOs of Banking Institutions and Associations in conjunction with the release of Annual Report 2024, Economic & Monetary Review 2024, and Financial Stability Review Second Half 2024

Statement of Corporate Governance (continued)

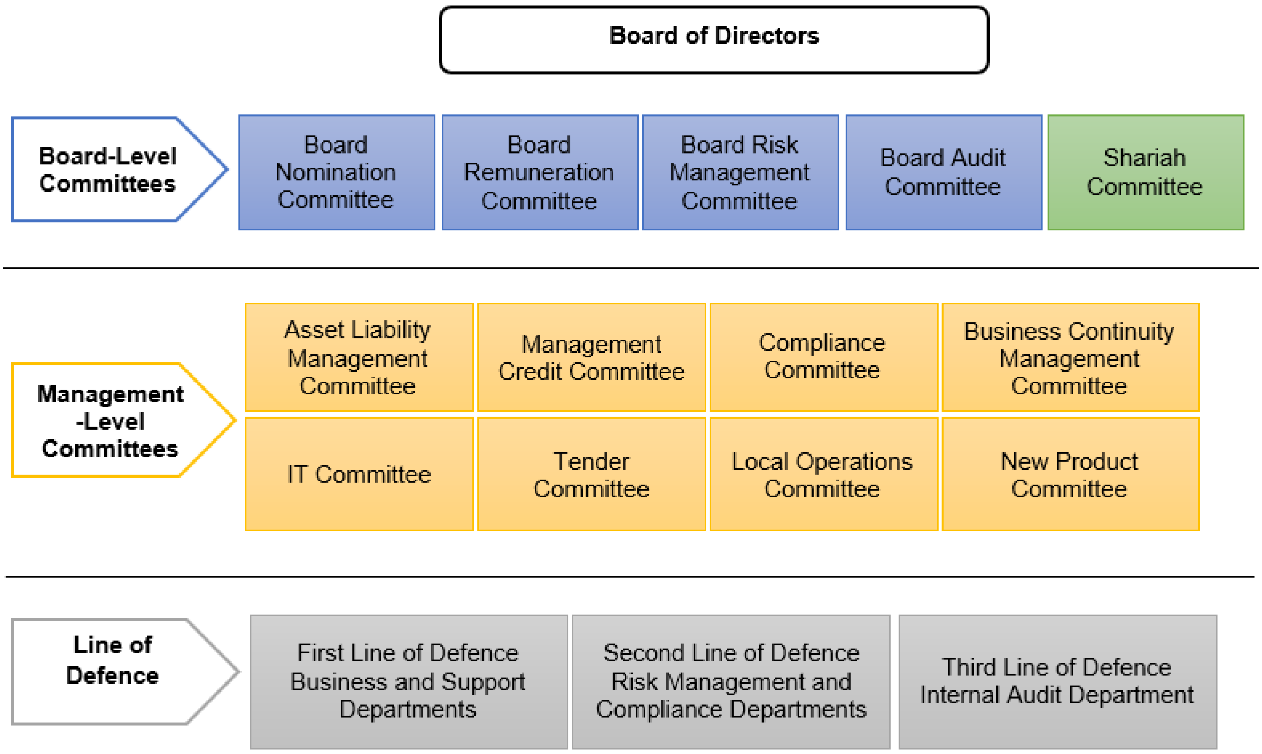
Internal Control Framework

The Bank maintains an effective and well-established system of internal controls and risk management processes to safeguard stakeholders' interests and its assets while mitigating the risk of failure to achieve the business objectives of the Bank.

(a) Governance and Oversight

In acknowledging that having a sound risk management, compliance programme and internal control systems are imperative, the Bank establishes a governance model that ensures effective oversight of risks, compliance and internal controls at all levels. The governance model places accountability and ownership in ensuring an appropriate level of independence and segregation of duties between the Three Lines of Defence. The management of risk and compliance broadly takes place at different hierarchical levels and is emphasised through various levels of committees, business, support and control functions.

The Bank's overall risk governance structure is as illustrated below:



Statement of Corporate Governance (continued)

Internal Control Framework (continued)

(a) Governance and Oversight (continued)

The Board takes cognisance of its overall oversight responsibility in establishing a sound risk management, compliance programme and internal control system as well as reviewing its adequacy and effectiveness to identify, assess and respond to risks which may hinder the Bank from achieving its objectives. In discharging its risk management and internal control oversight responsibilities, the Board has entrusted the BRMC with the responsibility to provide oversight of the management of critical risks that the Bank faces while the BAC is delegated with the responsibility to review the effectiveness of internal controls implemented in the Bank. Other Board committees, i.e. BNC and BRC, have also been set up to assist the Board in executing its overall governance responsibilities and oversight function. Meanwhile, Shariah Committee ("SC") plays a role in advising the Board on Shariah matters to ensure the Bank complies with Shariah principles in its Islamic banking activities at all times. The Board remains responsible for the governance of risk and for all the actions of the Board Committees and SC with regard to the execution of the delegated oversight responsibilities.

The Management is accountable for implementing the Board's policies and procedures on risk and control and its roles include:

- identifying and evaluating the risks relevant to the Bank's business, and the achievement of its business objectives and strategies;
- formulating relevant policies and procedures to manage these risks in accordance with the Bank's strategic vision and overall risk appetite;
- designing, implementing and monitoring the robustness and effectiveness of the risk management and internal control system;
- identifying changes to risks or emerging risks, take actions as appropriate, and promptly bring these to the attention of the Board;
- implementing the policies approved by the Board, and the remedial actions to address the compliance deficiencies as directed by the Board; and
- reporting in a timely manner to the Board any changes to the risks and the corrective actions taken.

The Management is also assisted by various Management Committees to carry out its duties as stated above. These include Asset Liability Management Committee, Management Credit Committee, Compliance Committee, Business Continuity Management Committee, IT Committee, Tender Committee, Local Operations Committee and New Product Committee, which assume the responsibility of monitoring specific area of risks pertaining to the Bank's business activities and implement various risk management policies and procedures.

Statement of Corporate Governance (continued)

Internal Control Framework (continued)

(a) Governance and Oversight (continued)

The Bank adopts Three Lines of Defence model in its risk management and internal control framework:

- **The First Line of Defence** refers to business and support departments which own and manage day-to-day risks inherent in business and activities. The business and support departments have the primary responsibility for implementing and executing effective controls for the management of risks arising from their business activities. This includes establishing adequate managerial and supervisory controls to ensure compliance with risk policies, appetite and limits as well as to highlight control breakdowns, inadequacy of processes and unexpected events.

- **The Second Line of Defence** refers to Risk Management and Compliance functions which have both the oversight and advisory roles to the First Line of Defence. The Risk Management and Compliance functions support the Bank's strategy of balancing growth with stability by establishing risk and compliance frameworks, policies, appetite and limits within which the business functions must operate. These functions actively challenge the initiatives done by the First Line of Defence and are responsible for performing independent reviews and monitoring of the Bank's risk profile and reporting any significant vulnerabilities, risks or compliance issues to the respective Management Committees, Board Committees and/or Board.

  The CRO and Risk Management Department are responsible for establishing and facilitating the implementation of the Bank's risk management framework as well as performing periodic assessments of the consistency of the Bank's risk profile with the risk appetite statement as approved by the Board. The risk management function is guided by the Bank's risk management framework based on the guidelines issued by relevant regulatory authorities, Parent Bank, Regional Office and the best practices in governing banking business.

  The CCO is the central point of authority for the Bank's compliance matters and is responsible for providing an institution-wide view on the management of compliance risk. The CCO is supported by Compliance Department which undertakes the function of identification, assessment, monitoring and reporting of compliance risk. In carrying out the activities, Compliance Department has adopted a risk based approach in the management of compliance risk.

Statement of Corporate Governance (continued)

Internal Control Framework (continued)

(a) Governance and Oversight (continued)

The Bank adopts Three Lines of Defence model in its risk management and internal control framework (continued):

- **The Third Line of Defence** is provided by Internal Audit Department (“IAD”) which is led by the CIA and aptly supported by a team with specialisation in key risk areas. To preserve the independence of the IAD, the CIA has a functional reporting line to the BAC, and administratively to the Management. The internal audit function is governed and guided by the Bank’s Audit Charter, regulatory guidelines and policies of Parent Bank.

  The internal audit function conducts risk-based audits covering all aspects of the First and Second Lines of Defence to provide independent assurance to the Management, the BAC and the Board, on the effectiveness of the risk management and control structure, policies, frameworks, systems and processes. Execution of time-bound remedial action plans are also closely monitored by internal audit function to ensure audit issues are resolved timely.

(b) Key Elements of Internal Control

The fundamental elements of the Bank’s internal control, compliance and risk management framework include, among others, the following:

- Clear organisational structure, where the responsibility, authority and accountability have been clearly defined;
- Sound compliance and risk awareness culture, which facilitates ongoing effective discovery, management and mitigation of risks arising from external factors and business activities, and to use resources efficiently to address these risks;
- Board oversight over Management actions/decisions, including review of regular and comprehensive management reports, which allow for effective monitoring of significant risks and compliance issues faced by the Bank;
- Risk Management Framework as a fundamental guidance to identify, evaluate, monitor, manage and respond to significant risks faced by the Bank in its achievement of the business goals and objectives amidst the dynamic and challenging business environment and increasing regulatory scruitinisation;
- Compliance Framework to ensure effective management of compliance risks in a structured manner with the aim of inculcating a stronger compliance culture and ensuring consistency in management of compliance risks across the Bank;
- Sound Remuneration Framework that promotes a culture of prudent risk-taking;
- Establishment and regular updates of internal policies and procedures (e.g. Anti-Bribery and Corruption Policy, Conflict of Interest Policy, Information Control and Security Policy, Credit Risk Policy, etc.) to adapt to changing risk profiles and address operational concerns;
- Periodic assessment of controls and processes by all business and support units for managing key risks;
- Regular management level meetings to review, identify, discuss and resolve strategic, operational, financial and key management issues; and

Statement of Corporate Governance (continued)

Internal Control Framework (continued)

(b) Key Elements of Internal Control (continued)

The fundamental elements of the Bank’s internal control, compliance and risk management framework include, among others, the following (continued):

- Independent reviews by IAD on the Bank’s key activities using risk based approach, follows up closely on the items that require attention and reports their implementation status to the Management and the Board through BAC in a timely manner.

The compliance and risk awareness culture is driven by a strong tone from the top and strengthened by staff training/orientation and on-going supervision. Incident handling is also reinforced through performance management and consequence management.

Based on the internal controls, compliance and risk management processes established and maintained by the Bank, the work performed by the Internal Audit function, and the reviews performed by Management (including the CRO and CCO) and the relevant Board Committees, the Board is of the opinion that the Bank’s system of risk management, compliance and internal controls, including financial, operational and information technology controls, was adequate and effective as at 31 March 2025.

Statement of Corporate Governance (continued)

Shariah Committee

The Bank's Shariah Committee was established to ensure that the aims and operations of the Bank's business in Islamic finance are in compliance with Shariah principles at all times. The roles and responsibilities of the Bank's Shariah Committee are as prescribed in the policy document of Shariah Governance issued by BNM and in compliance with the respective members' letter of appointment.

During the financial year, the Bank launched Islamic Banking Window ("IBW") on 20 September 2024 and maintained the composition of the Shariah Committee with three (3) members.

The Shariah Committee ("SC") has the responsibility to provide objective and sound advice to the Bank to ensure that its aims and operations, business, affairs and activities are in compliance with Shariah principles. This includes:

- Providing a decision or advice to the Bank on the application of any rulings of the Shariah Advisory Council ("SAC") or standards on Shariah matters that are applicable to the operations, business, affairs and activities of the Bank;
- Providing a decision or advice on matters which require a reference to be made to the SAC;
- Providing a decision or advice on the operations, business, affairs and activities of the Bank which may trigger a Shariah non-compliance event;
- Deliberating and affirming a Shariah non-compliance finding by any relevant functions; and
- Endorsing a rectification measure to address a Shariah non-compliance event.

(a) Shariah Committee's Composition

The SC of the Bank consists of three (3) members. A brief profile of each member is as follows:

Dr. Abdullaah bin Jalil (Chairman)

Dr. Abdullaah is a Senior Lecturer at the Faculty of Economics and Muamalat, Universiti Sains Islam Malaysia (USIM) with over twenty (20) years of experience in teaching, research, writing and advisory in muamalat, Islamic banking and finance. He holds a Bachelor of Shariah (Fiqh and Islamic Studies) from Yarmouk University, Jordan, a Master of Business Administration (Islamic Banking and Finance) from International Islamic University of Malaysia (IIUM) and a Doctor of Philosophy (PhD) in Islamic finance from INCEIF (The Global University of Islamic Finance). He has presented extensively at national and international platforms and contributed to the development of academic and professional standard in Islamic finance, including his role as an expert panelist for the Malaysian Qualifications Agency (MQA). In addition to his academic work, he is actively involved in Shariah advisory where he currently serves as Chairman of the Shariah Committee at Mizuho Bank (Malaysia), a Member of the Shariah Committee at Agrobank and a member of Pahang State Fatwa Committee.

Statement of Corporate Governance (continued)

Shariah Committee (continued)

(a) Shariah Committee's Composition (continued)

Dr. Syaryanti binti Hussin

Dr. Syaryanti Hussin is currently serving as a Senior Lecturer at Universiti Sains Islam Malaysia (USIM). She holds a PhD in Islamic Finance from INCEIF, a Master Degree in Islamic Revealed Knowledge from IIUM, and a Bachelor's degree in Fiqh and Jurisprudence from Al-Bayt University, Jordan. Her areas of academic and research specialisation include Fiqh and Usul Fiqh, Islamic Studies and Islamic Finance with a particular emphasis on the integration of Environmental, Social and Governance (ESG) principles within the Islamic finance framework. Her work reflects a strong commitment to bridging traditional Islamic legal scholarship with contemporary ethical and sustainability concerns in financial practice. Dr Syaryanti has held several key academic leadership positions at USIM, including Head of Programme and Quality Coordinator. In these roles, she has made notable contributions to curriculum development, programme accreditation, and quality assurance processes at both undergraduate and postgraduate levels, in line with national and international academic standards.

En. Megat Hizaini bin Hassan

En. Megat Hizaini Hassan heads the Islamic finance practice at Lee Hishammuddin Allen & Gledhill, advising client on Islamic finance matters as well as corporate legal and regulatory developments. He has extensive experience advising local and international clients on the legal and regulatory framework for Islamic banking and finance, including Shariah-compliant structuring and documentation of various instruments such as Murabahah, Ijarah, Istisna', Bai' Salam, Bai' Bithaman Ajil, Bai' Inah, Musyarakah and Mudarabah. A regular speaker at conferences and seminars on Islamic finance law and regulation, he serves as a Registered Arbitrator for the Asian International Arbitration Centre and Panel of Reference for the Finance Accreditation Agency Malaysia. He is also a member of the Islamic Finance Committee of the Malaysia Bar Council and has lectured part-time at the Ahmad Ibrahim Kulliyyah of Laws, IIUM. A published co-author of several works on Islamic and corporate finance law, he has been consistently recognised as a leading Islamic finance lawyer by industry publications such as the International Financial Law Review, Legal 500, Chambers Asia, and Islamic Finance News.

(b) Shariah Committee Meetings

The details of attendance of each member at Shariah Committee meetings held during the financial year ended 31 March 2025 are as follows:

Shariah Committee Members	Attendance
Dr. Mohd Edil bin Abd Sukor (Retired as Chairman on 30 April 2024)	1/1
Dr. Abdullaah bin Jalil (Appointed as Chairman on 1 May 2024)	7/7
En. Megat Hizaini bin Hassan (Re-appointed as Member on 1 May 2024)	7/7
Dr. Syaryanti binti Hussin (Appointed as Member on 15 April 2024)	7/7

Statement of Corporate Governance (continued)

Remuneration strategy

The remuneration system in the Bank forms a key component of the governance and incentive structure through which all employees including the Senior Management and Other Material Risk Takers drive performance, convey acceptable risk taking behaviour and reinforce the Bank's corporate and risk culture. The goal is to ensure the remuneration system in the Bank is aligned with other management tools in the pursuit of prudent risk taking.

The fundamental objective of the Bank’s Remuneration Policy is to ensure that the Bank has its remuneration framework that is robust and effective in:
(i) attracting and retaining employees including Senior Management and Other Material Risk Takers of requisite quality that increases productivity and profitability in the long run;
(ii) motivating and creating incentives for the employees including Senior Management or Other Material Risk Takers to perform at their best; and
(iii) focusing attention on the achievement of desired goals and objectives.

Design and structure of the remuneration system of the Bank

The remuneration structure of the Bank comprises Fixed Pay (“FP”) and Variable Pay (“VP”). The policy is a balanced formula to attract and retain talent whilst ensuring that the Bank’s funds are not misused or used in a manner that compromises the on-going viability, solvency and reputation of the Bank. The policy is applicable to all employees including Senior Management and Other Material Risk Takers of the Bank only and does not extend to any other entity within the Mizuho group of entities.

The meaning of “Senior Management”, “Other Material Risk Takers” and “Senior Officers” respectively, have the same meaning as prescribed under the Guidelines on Corporate Governance and the Fit and Proper Criteria issued by BNM.

The Human Resources (“HR”) department reviews the remuneration system to ensure it supports the achievement of the Bank’s strategic objectives. The review will consider a range of factors including market practice, changes in market conditions, regulatory developments and our overarching remuneration principles.

The control functions of Audit and Risk operate independently from the business units in the Bank, and have appropriate authority to carry out their individual functions without intervention from the business units. To prevent conflict of interest, remuneration of employees in these control functions are not dictated by business units that they support and are ultimately subject to the approval of the Board. Remuneration of the Chief Risk Officer and the Chief Internal Auditor are approved by the Board Risk Management Committee and Board Audit Committee.

Statement of Corporate Governance (continued)

Remuneration strategy (continued)

Considerations of risk and performance in the remuneration system of the Bank

In the Bank, the overall remuneration framework takes into consideration risks in the industry and the performance of the individuals within the organisation. As the remuneration structure mainly consists of FP and VP, we set out below the main considerations for each type of remuneration.

FP is the primary compensation component for all employees of the Bank. Management will decide on the amount of FP for each employee where management will take into account factors such as the individual employee’s performance, prevailing market or industry level of remuneration and the position held by the individual employee.

VP is based on the industry objective of retaining cost flexibility while attracting and retaining the right talent. The VP in the Bank comprises performance-based, cash long term incentive and special bonuses. The VP is cash-based and does not involve a mix of different forms of variable remuneration (i.e. mix of cash, shares or share-linked instruments).

The budget for the total amount of VP, i.e. the size of the bonus pool, is calculated according to the risk adjusted performance results approved by the Board and is subject to the Board’s discretion. This method ensures the Bank to fix the variable remuneration pool after considering risk exposures and changes and to maintain effective risk management through the remuneration mechanism.

In the Bank, performance indicators are an important element for remuneration. Annual salary increments and promotions are also judged based on the overall evaluation of the employee’s performance and the applicable salary levels within the Bank. The portion of VP provided to each employee is also based on the employee's "Final Evaluation Grade" which is determined based on the evaluation of the employee's performance.

Employees' performance in the Bank is judged based on a combination of financial achievements and non-financial elements such as compliance with risk management policies, adherence to legal, regulatory and ethical standard, customer service and effectiveness and efficiency of supporting operations. The Bank sets annual key performance indicators and the parameters are specifically tailored to the area each individual involved is in and has a level of control over. The level set for each KPI is based on budgeted figures for the Bank and respective industry standards.The individual KPI reflects the Bank’s 5 core values of Integrity, Passion, Agility, Creativity and Empathy.

Statement of Corporate Governance (continued)

Remuneration strategy (continued)

Considerations of risk and performance in the remuneration system of the Bank (continued)

Variable (Performance Based) bonus deferral will be applicable to all employees (including expatriates) where deferral is applied to variable (Performance Based) bonus above RM350,000 (threshold).

Amount	Deferral Rate
> RM350,000 - RM1,000,000	40% of amount above RM350,000
> RM1,000,000 and above	40% of amount above RM350,000 + 50% of amount above RM1,000,000

In general, the deferred amount will be paid over a period of two years in equal instalments.

Employees who are re-employed after reaching the minimum retirement age will still be subject to variable (Performance Based) bonus deferral if their bonus is above the threshold.

All deferred variable (Performance Based) bonus will be subject to leaver, forfeiture and clawback provisions.

Directors' remuneration

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

	Fee RM'000	Other emoluments RM'000	Benefits-in-kind RM'000	Total RM'000
2025				
Executive Director	-	-	1	1
Non-executive Directors	500	199	5	704
	500	199	6	705
2024				
Executive Director	-	-	1	1
Non-executive Directors	463	170	3	636
	463	170	4	637

MIZUHO BANK (MALAYSIA) BERHAD
Company No. 201001039768 (923693-H)
(Incorporated in Malaysia)

DIRECTORS' REPORT
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2025

Statement of Corporate Governance (continued)

Remuneration disclosure for Senior Management and Other Material Risk Takers

Total value of remuneration awards for the financial year	2025 Unrestricted RM'000	2025 Deferred RM'000	2025 Number of Officers	2024 Unrestricted RM'000	2024 Deferred RM'000	2024 Number of Officers
CEO						
Fixed remuneration						
Cash based	489	-	1	520	-	2
Others	263	-	1	341	-	2
Variable remuneration						
Cash based	155	-	1	142	-	2
Others	199	-	1	228	-	2
	1,106	-	1	1,231	-	2
Senior Management						
Fixed remuneration						
Cash based	4,360	-	9	4,147	-	9
Others	1,183	-	9	1,254	-	9
Variable remuneration						
Cash based	1,228	111	9	970	-	9
Others	236	-	9	258	-	9
	7,007	111	9	6,629	-	9
Other Material Risk Takers						
Fixed remuneration						
Cash based	904	-	2	879	-	2
Others	181	-	2	174	-	2
Variable remuneration						
Cash based	165	-	2	153	-	2
Others	4	-	2	4	-	2
	1,254	-	2	1,210	-	2
Total	9,367	111	12	9,070	-	13

DIRECTORS' REPORT
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2025

Related Party Transactions

There were no other significant related party transactions other than as reported in Note 27.

Management Information

All the Directors have reviewed the Board reports prior to the Board 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 prior to the date of the meeting. The Board reports, amongst others, include the quarterly performance of the Bank, minutes of the various Board and Management Committees, risk portfolio reports, any other prevailing regulatory developments as well as economic and business environment updates.

Directors' Interests in Shares

According to the Register of Directors' shareholdings, the Directors in office at the end of the financial year did not have any interest in shares and options over shares in the Bank and its related corporations during the financial year.

Issue of shares and debentures

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

Directors' benefits

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

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

Indemnity and insurance costs

During the financial year, the total amount of indemnity given to Directors of the Bank and the premium paid is RM10,000,000 and RM32,140 respectively.

During the financial year, there were no indemnity given or insurance effected for officers and auditors of the Bank.

MIZUHO BANK (MALAYSIA) BERHAD
Company No. 201001039768 (923693-H)
(Incorporated in Malaysia)

DIRECTORS' REPORT
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2025

Auditors

The auditors, KPMG PLT, have expressed their willingness to continue in office. The auditors' remuneration of the Bank during the year is RM361,300.

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

Dato' Dr. Zaha Rina binti Zahari	Lim Kim Seng
Director	Director

Kuala Lumpur
Date: 22 July 2025

MIZUHO BANK (MALAYSIA) BERHAD
Company No. 201001039768 (923693-H)
(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 40 to 145 are drawn up in accordance with MFRS Accounting Standards as issued by the Malaysian Accounting Standards Board ("MFRS Accounting Standards"), IFRS Accounting Standards as issued by the International Accounting Standards Board ("IFRS Accounting Standards") and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Bank as at 31 March 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:

Dato' Dr. Zaha Rina binti Zahari
Director

Lim Kim Seng
Director

Kuala Lumpur
Date: 22 July 2025

MIZUHO BANK (MALAYSIA) BERHAD
Company No. 201001039768 (923693-H)
(Incorporated in Malaysia)

Statutory Declaration pursuant to
Section 251(1)(b) of the Companies Act 2016

I, Toshiharu Fujiwara, the officer primarily responsible for the financial management of Mizuho Bank (Malaysia) Berhad, do solemnly and sincerely declare that the financial statements set out on pages 40 to 145 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.

Subscribed and solemnly declared by the above named Toshiharu Fujiwara, Passport No. TT1778378, in Kuala Lumpur on 22 July 2025.

Toshiharu Fujiwara
Chief Executive Officer

Before me:

MIZUHO BANK (MALAYSIA) BERHAD

Company No. 201001039768 (923693-H)

SHARIAH COMMITTEE'S REPORT

In the name of Allah, the Beneficent, the Merciful

We have reviewed the principles and the contracts disclosed to us relating to the transactions and applications introduced by Mizuho Bank (Malaysia) Berhad during the financial year ended 31 March 2025. We have also conducted our review to form an opinion as to whether Mizuho Bank (Malaysia) Berhad has complied with the Shariah principles and with the Shariah rulings by the Shariah Advisory Council of Bank Negara Malaysia, as well as Shariah decisions made by us.

The Management of Mizuho Bank (Malaysia) Berhad is responsible for ensuring that the financial institution conducts its business in accordance with Shariah principles. It is our responsibility to form an independent opinion, based on our review of the operations of Mizuho Bank (Malaysia) Berhad, and to report to you.

We planned and performed our review so as to obtain all the information and explanations which are considered necessary in order to provide sufficient evidence and to give reasonable assurance that Mizuho Bank (Malaysia) Berhad has not violated the Shariah principles.

We have assessed the work carried out by the relevant control functions which include examining, on a test basis, each type of transaction, the relevant documentation and procedures adopted by Mizuho Bank (Malaysia) Berhad.

In our opinion:

1. Nothing has come to our attention that causes the Shariah committee to believe that the Islamic banking operations, business, affairs and activities of Mizuho Bank (Malaysia) Berhad involve any material Shariah non-compliance;

2. In respect of the Islamic banking operations and business activities of Mizuho Bank (Malaysia) Berhad, no earning has been realised from sources or by means prohibited by the Shariah principles within the financial year; and

3. The Bank is not obligated to pay zakat on the basis that it is an entity wholly owned and controlled by non-Muslim shareholders, and non-Muslims are not obligated to pay zakat.

We, the Shariah Committee of Mizuho Bank (Malaysia) Berhad, do hereby confirm on the basis of the review and assessments as discussed above that the Islamic banking operations and business activities of Mizuho Bank (Malaysia) Berhad for the financial year ended 31 March 2025 have, in general, been conducted in conformity with the Shariah principles.

MIZUHO BANK (MALAYSIA) BERHAD
Company No. 201001039768 (923693-H)

SHARIAH COMMITTEE'S REPORT

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

Chairman of the Shariah Committee: ……………………………….
(Dr. Abdullaah bin Jalil)

Shariah Committee Member: ……………………………….
(Dr. Syaryanti binti Hussin)

Shariah Committee Member: ……………………………….
(Mr. Megat Hizaini bin Hassan)

Kuala Lumpur, Malaysia
Date: 22 July 2025

Independent auditors' report to the members of
Mizuho Bank (Malaysia) Berhad
(Incorporated in Malaysia)

Report on the audit of financial statements

Opinion

We have audited the financial statements of Mizuho Bank (Malaysia) Berhad (“the Bank”), which comprise the statement of financial position as at 31 March 2025, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information, as set out on pages 40 to 145.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Bank as at 31 March 2025, and of its financial performance and its cash flows for the year then ended in accordance with MFRS Accounting Standards as issued by the Malaysian Accounting Standards Board ("MFRS Accounting Standards"), IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards) and the requirements of the Companies Act 2016 in Malaysia.

Basis for opinion

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

Independence and other ethical responsibilities

We are independent of the Bank in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants (“By-Laws”) and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* (“IESBA Code”), 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 information included in the Directors' Report and Shariah Committee's Report, but does not include the financial statements of the Bank and our auditors' report thereon.

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.

Independent auditors' report to the members of
Mizuho Bank (Malaysia) Berhad (continued)
(Incorporated in Malaysia)

Information other than the financial statements and auditors' report thereon (continued)

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

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

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 members of
Mizuho Bank (Malaysia) Berhad (continued)
(Incorporated in Malaysia)

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:

- Identify and assess the risks of material misstatement of the financial statements of the Bank, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control.

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

- Conclude on the appropriateness of 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.

- 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 gives a true and fair view.

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 members of
Mizuho Bank (Malaysia) Berhad (continued)
(Incorporated in Malaysia)

Other Matters

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

KPMG PLT
(LLP0010081-LCA & AF 0758)
Chartered Accountants

Lee Yeit Yeen
Approval Number: 03484/02/2026 J
Chartered Accountant

Petaling Jaya, Selangor

Date: 22 July 2025

MIZUHO BANK (MALAYSIA) BERHAD
Company No. 201001039768 (923693-H)
(Incorporated in Malaysia)

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2025

	Note	2025 RM'000	2024 RM'000
Assets			
Cash and short-term funds	4	2,688,811	2,784,039
Deposits and placements with financial institutions	5	963,940	2,074,262
Financial assets at fair value through other comprehensive income ("FVOCI")	6	1,449,197	1,595,385
Financial investments at amortised cost	7	906,477	-
Loans, advances and financing	8	11,216,766	10,407,923
Derivative financial assets	9	116,707	320,473
Other assets	10	168,596	69,742
Right of use assets	11	9,830	6,073
Property and equipment	12	9,230	8,865
Intangible assets	13	7,504	7,599
Current tax assets		-	5,352
Deferred tax assets	14	10,295	5,261
Total assets		17,547,353	17,284,974
Liabilities			
Deposits from customers	15	4,965,155	4,944,596
Deposits and placements from financial institutions	16	10,075,263	9,931,819
Obligations on securities sold under repurchase agreements		197,360	-
Derivative financial liabilities	9	236,167	236,040
Lease liabilities		10,438	6,212
Other liabilities	17	167,272	396,085
Current tax liabilities		6,894	-
Total liabilities		15,658,549	15,514,752
Equity			
Share capital	18	1,200,000	1,200,000
Reserves	19	688,804	570,222
Total equity attributable to owner of the Bank		1,888,804	1,770,222
Total liabilities and equity		17,547,353	17,284,974
Commitments and contingencies	29	19,644,955	22,802,704

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

MIZUHO BANK (MALAYSIA) BERHAD
Company No. 201001039768 (923693-H)
(Incorporated in Malaysia)

STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2025

	Note	2025 RM'000	2024 RM'000
Interest income	20	804,192	903,277
Interest expense	21	(609,463)	(746,923)
Net interest income		194,729	156,354
Net income from Islamic Banking operations	35	348	-
Other operating income	22	103,309	86,678
Total net income		298,386	243,032
Other operating expenses	23	(103,343)	(92,073)
Operating profit		195,043	150,959
(Addition)/writeback of allowance for expected credit losses ("ECL")	25	(9,119)	8,914
Profit before taxation		185,924	159,873
Tax expense	26	(67,776)	(63,039)
Profit for the financial year		118,148	96,834
Other comprehensive income that will be reclassified to profit or loss in future periods:			
Fair value changes of financial assets at FVOCI		571	5,442
Income tax effect		(137)	(1,306)
Other comprehensive income for the financial year		434	4,136
Total comprehensive income for the financial year		118,582	100,970
Profit attributable to:			
Owner of the Bank		118,148	96,834
Total comprehensive income attributable to:			
Owner of the Bank		118,582	100,970
Basic earnings per share (sen)	28	9.85	8.07

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

MIZUHO BANK (MALAYSIA) BERHAD
Company No. 201001039768 (923693-H)
(Incorporated in Malaysia)

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

	← Non-distributable reserves →			Distributable reserves	
	Share capital RM'000	**Regulatory reserve RM'000**	**FVOCI reserve RM'000**	**Retained profits RM'000**	**Total RM'000**
At 1 April 2024	1,200,000	88,222	1,395	480,605	1,770,222
Profit for the financial year	-	-	-	118,148	118,148
Other comprehensive income for the financial year	-	-	434	-	434
Transfer from regulatory reserve	-	(9,095)	-	9,095	-
At 31 March 2025	1,200,000	79,127	1,829	607,848	1,888,804
At 1 April 2023	1,200,000	68,437	(2,741)	403,556	1,669,252
Profit for the financial year	-	-	-	96,834	96,834
Other comprehensive income for the financial year	-	-	4,136	-	4,136
Transfer to regulatory reserve	-	19,785	-	(19,785)	-
At 31 March 2024	1,200,000	88,222	1,395	480,605	1,770,222

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

MIZUHO BANK (MALAYSIA) BERHAD
Company No. 201001039768 (923693-H)
(Incorporated in Malaysia)

STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2025

	2025 RM'000	2024 RM'000
Cash flows from operating activities		
Profit before taxation	185,924	159,873
Adjustments for:		
Depreciation of right of use assets	4,353	4,471
Depreciation of property and equipment	2,486	2,004
Amortisation of intangible assets	2,231	2,313
Intangible assets written off	470	-
Addition/(writeback) of allowance for ECL	9,119	(8,914)
Amortisation of premium net of accretion of discount	7,796	12,893
Net unrealised loss/(gain) on revaluation of derivatives	1,361	(18,899)
Net unrealised loss/(gain) on revaluation of financial assets at fair value through profit or loss ("FVTPL")	3,561	(3,174)
Unrealised foreign exchange gain	(59,767)	(12,626)
Operating profit before changes in working capital	157,534	137,941
(Increase)/decrease in operating assets		
Deposits and placements with financial institutions	770,310	610,628
Loans, advances and financing	(611,386)	(1,181,983)
Other assets	(39,427)	15,272
Amount owing by holding company	334	(268)
Increase/(decrease) in operating liabilities		
Deposits from customers	20,559	1,283,265
Deposits and placements from financial institutions	143,444	(2,315,747)
Obligations on securities sold under repurchase agreements	197,360	-
Other liabilities	(232,696)	108,570
Cash generated from/(used in) operating activities	406,032	(1,342,322)
Taxation paid	(60,638)	(62,896)
Net cash generated from/(used in) operating activities	345,394	(1,405,218)
Cash flows from investing activities		
Purchase of property and equipment	(2,916)	(2,875)
Purchase of intangible assets	(2,541)	(5,001)
Net proceeds from/(purchase of) financial assets at FVOCI	138,963	(79,127)
Purchase of financial investments at amortised cost	(910,260)	-
Net cash used in investing activities	(776,754)	(87,003)

MIZUHO BANK (MALAYSIA) BERHAD
Company No. 201001039768 (923693-H)
(Incorporated in Malaysia)

STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2025

	2025 RM'000	2024 RM'000
Cash flows from financing activity		
Payment of lease liabilities	(3,884)	(4,627)
Net cash used in financing activity	(3,884)	(4,627)
Net decrease in cash and cash equivalents	(435,244)	(1,496,848)
Cash and cash equivalents as at 1 April 2024/2023	3,467,459	4,964,307
Cash and cash equivalents as at 31 March	3,032,215	3,467,459
Analysis of cash and cash equivalents:		
Cash and short-term funds (Note 4)	2,688,811	2,784,043
Deposits and placements with financial institutions (Note 5)	963,940	2,074,262
Less: Deposits and placements with financial institutions with original contractual maturity of more than 3 months	(620,536)	(1,390,846)
	3,032,215	3,467,459

Reconciliation of movements of liabilities to cash flows arising from financing activity

	Lease liabilities RM'000
At 1 April 2024	6,212
Net change from financing activity	(3,884)
Acquisition of new leases	3,933
Other changes	4,177
At 31 March 2025	10,438
At 1 April 2023	6,744
Net change from financing activity	(4,627)
Acquisition of new leases	3,453
Other changes	642
At 31 March 2024	6,212

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2025

1. Corporate Information

Mizuho Bank (Malaysia) Berhad is a limited liability company, incorporated and domiciled in Malaysia. The registered office and principal place of business of the Bank is located at Level 27, Menara Maxis, Kuala Lumpur City Centre, 50088, Kuala Lumpur, Malaysia.

The principal activities of the Bank are banking and related financial services. During the financial year, the Bank launched Islamic Banking Window ("IBW") on 20 September 2024 to expand Islamic businesses in Malaysian Ringgit. There have been no other significant changes in these principal activities during the financial year.

The immediate holding company and ultimate holding company of the Bank are Mizuho Bank, Ltd. and Mizuho Financial Group, Inc. respectively, both are incorporated in Japan.

The financial statements were approved by the Board of Directors on 22 July 2025.

2. Basis of preparation of the financial statements

(a) Statement of compliance

The financial statements of the Bank have been prepared in accordance with MFRS Accounting Standards, IFRS Accounting Standards and the requirements of the Companies Act 2016 in Malaysia. The accounting policies adopted by the Bank are consistent with those adopted in the most recent annual financial statements for the financial year ended 31 March 2024, except for the adoption of the following MFRS Accounting Standards, Amendments to MFRS Accounting Standards and Interpretations during the current financial year end which are relevant to the Bank:

i)	Amendments to MFRS 16	*Leases - Lease Liability in a Sale and Leaseback*
ii)	Amendments to MFRS 101	*Presentation of Financial Statements - Non-Current Liabilities with Covenants and Classification of Liabilities as Current or Non-current*
iii)	Amendments to MFRS 107	*Statement of Cash Flows - Supplier Finance Arrangements*
iv)	Amendments to MFRS 7	*Financial Instruments: Disclosures - Supplier Finance Arrangements*

The adoption of the above pronouncements do not have any material impact on the financial statements of the Bank.

2. Basis of preparation of the financial statements (continued)

(a) Statement of compliance (continued)

Accounting standards not yet effective

The MFRS Accounting Standards, Amendments to Standards and Interpretations that are issued but not yet effective and which are relevant to the Bank, up to the date of issuance of the Bank's financial statements are disclosed below. The Bank intends to adopt these pronouncements, if applicable, when they become effective.

MFRS Accounting Standards, Interpretations and amendments effective for annual periods beginning on or after 1 January 2025

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

MFRS Accounting Standards, Interpretations and amendments effective for annual periods beginning on or after 1 January 2026

i)	Amendments to MFRS 7 and Amendments to MFRS 9	*Financial Instruments: Disclosures, Financial Instruments - Amendments to Classification and Measurement of Financial Instruments*
ii)	Amendments to MFRS 7 and Amendments to MFRS 9	*Financial Instruments: Disclosures, Financial Instruments - Contract Referencing Nature-dependent Electricity*
iii)	Annual Improvements to MFRS Accounting Standards - Volume 11	

MFRS Accounting Standards, Interpretations and amendments effective for annual periods beginning on or after 1 January 2027

i)	MFRS 18	*Presentation and Disclosure in Financial Statements*
ii)	MFRS 19	*Subsidiaries without Public Accountability: Disclosures*

The initial application of the abovementioned pronouncements, where applicable, are not expected to have any material impact to the financial statements of the Bank.

2. Basis of preparation of the financial statements (continued)

(b) Basis of measurement

The financial statements have been prepared under the historical cost basis except as mentioned in the respective accounting policy notes.

(c) Functional and presentation currency

These financial statements are presented in Ringgit Malaysia ("RM"), which is the Bank's functional currency. All financial information is presented in RM and has been rounded to the nearest thousand, unless otherwise stated.

(d) Use of estimates and judgements

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

In determining the carrying amounts of some assets and liabilities, the Bank makes assumptions of the effects of uncertain future events on those assets and liabilities at the reporting date. The estimates and assumptions used are based on historical experience and expectation of future events and are reviewed periodically. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are described in the following notes:

i) Estimation of the Bank's ECL

The Bank reviews its individually significant loans, advances and financing at each reporting date to assess whether an impairment loss should be recorded in profit or loss. In particular, management's judgement is required in the estimation of the amount and timing of future cash flows when determining the impairment loss. In estimating these cash flows, the Bank makes judgements about the borrower's or the customer's financial situation and the net realisable value of collateral. These estimates are based on assumptions on a number of factors and actual results may differ, resulting in future changes to the allowances.

2. Basis of preparation of the financial statements (continued)

(d) Use of estimates and judgements (continued)

i) Estimation of the Bank's ECL (continued)

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

- Internal credit grading model, which assigns probability of default ("PD") to the individual grades;
- Criteria for assessing if there has been a significant increase in credit risk and so allowances for financial assets should be measured on a lifetime ECL basis and the qualitative assessments thereon;
- The segmentation of financial assets when their ECL is assessed on a collective basis;
- Development of ECL models, including the various formulae and the choice of inputs;
- Determination of associations between macroeconomic scenarios and, economic inputs, such as gross domestic product and collateral values, and the effect on PD, exposure at default ("EAD"), and loss given default ("LGD"); and
- Selection of forward-looking macroeconomic scenarios and their probability weightings, to derive the economic inputs into the ECL models.

ii) Fair value estimation of financial assets and financial liabilities

The fair values of financial investments and derivatives that are not traded in an active market are determined using appropriate valuation techniques based on assumptions of market conditions existing at the reporting date, including reference to quoted market prices and independent dealer quotes for similar financial instruments and discounted cash flows method.

Where the fair values of financial assets and financial liabilities recorded on the statement of financial position cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of mathematical models. The input to these models is taken from observable markets where possible but where this is not feasible, a degree of judgement is required in establishing fair values. The judgments include consideration of liquidity and model inputs such as correlation and volatility for longer dated derivatives.

2. Basis of preparation of the financial statements (continued)

(d) Use of estimates and judgements (continued)

iii) Estimation of tax provisions and deferred tax assets

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

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

3. Material accounting policies

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

(a) Financial instruments

i) Classification and measurement of financial assets and liabilities

The Bank classifies its financial assets into the following measurement categories: amortised cost; fair value through other comprehensive income; and fair value through profit or loss. Financial liabilities are classified as either amortised cost, or held at fair value through profit or loss. Management determines the classification of its financial assets and liabilities at initial recognition of the instruments or, where applicable, at the time of reclassification.

A) Financial assets held at amortised cost and FVOCI

Debt instruments held at amortised cost or held at FVOCI, have contractual terms that give rise to cash flows that are solely payments of principal and interest ("SPPI" characteristics). Principal is the fair value of the financial asset at initial recognition but this may change over the life of the instrument as amounts are repaid. Interest consists of consideration for the time value of money, for the credit risk associated with the principal amount outstanding during a particular period and for other basic lending risks and costs, as well as a profit margin.

In assessing whether the contractual cash flows have SPPI characteristics, the Bank considers the contractual terms of the instrument. This includes assessing whether the financial asset contains contractual terms that could change the timing or amount of contractual cash flows such that it would not meet this condition.

Whether financial assets are held at amortised cost or at FVOCI depend on the objectives of the business models under which the assets are held. A business model refers to how the Bank manages financial assets to generate cash flows.

The Bank makes an assessment of the objective of a business model in which an asset is held at the individual product business line, and where applicable within business lines depending on the way the business is managed and information is provided to management.

Financial assets which have SPPI characteristics and that are held within a business model whose objective is to hold financial assets to collect contractual cash flows ("hold to collect") are recorded at amortised cost. Conversely, financial assets which have SPPI characteristics but are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets ("hold to collect and sell") are classified as held at FVOCI.

3. Material accounting policies (continued)

(a) Financial instruments (continued)

i) Classification and measurement of financial assets and liabilities (continued)

B) Financial assets and liabilities held at FVTPL

Financial assets which are not held at amortised cost or that are not held at FVOCI are held at FVTPL. Financial assets and liabilities held at FVTPL are either mandatorily classified at FVTPL or irrevocably designated at FVTPL at initial recognition.

<u>Mandatorily classified at FVTPL</u>

Financial assets and liabilities which are mandatorily held at FVTPL include:
- financial assets and liabilities held for trading, which are those acquired principally for the purpose of selling in the short term;
- hybrid financial assets that contain one or more embedded derivatives;
- financial assets that would otherwise be measured at amortised cost or FVOCI but which do not have SPPI characteristics;
- equity instruments that have not been designated as held at FVOCI; and
- financial liabilities that constitute contingent consideration in a business combination.

<u>Designated at FVTPL</u>

Financial assets and liabilities may be designated at FVTPL when the designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities on a different basis ("accounting mismatch").

Interest rate swaps have been acquired with the intention of significantly reducing interest rate risk on certain loans and advances and debt securities with fixed rates of interest. To significantly reduce the accounting mismatch between assets and liabilities and measurement bases, these loans and advances and debt securities have been designated at fair value through profit or loss.

Financial liabilities may also be designated at FVTPL where they are managed on a fair value basis or have an embedded derivative where the Bank is not able to separately value the embedded derivative component.

Fair value changes due to the Bank's own credit risk are recorded in other comprehensive income rather than profit or loss, unless this creates an accounting mismatch.

3. Material accounting policies (continued)

(a) Financial instruments (continued)

i) Classification and measurement of financial assets and liabilities (continued)

C) Financial liabilities held at amortised cost

Financial liabilities that are not financial guarantees or loan commitments and that are not classified as financial liabilities held at FVTPL are classified as financial liabilities held at amortised cost.

Fair value of financial assets and liabilities

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal market for the asset or liability, or in the absence of a principal market, the most advantageous market to which the Bank has access at that date. The fair value of a liability includes the risk that the Bank will not be able to honour its obligations.

The fair value of financial instruments is generally measured on the basis of the individual financial instrument. However, when a group of financial assets and financial liabilities is managed on the basis of its net exposure to either market risk or credit risk, the fair value of the group of financial instruments is measured on a net basis.

The fair values of quoted financial assets and liabilities in active markets are based on current prices. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. If the market for a financial instrument, and for unlisted securities, is not active, the Bank establishes fair value by using valuation techniques.

Initial recognition

Purchases and sales of financial assets and liabilities held at FVTPL, and debt securities classified as financial assets held at FVOCI are initially recognised on the trade-date (the date on which the Bank commits to purchase or sell the asset). Loans and advances and other financial assets held at amortised cost are recognised on settlement date (the date on which cash is advanced to the borrowers).

All financial instruments are initially recognised at fair value, which is normally the transaction price, plus directly attributable transaction costs for financial assets which are not subsequently measured at FVTPL.

3. Material accounting policies (continued)

(a) Financial instruments (continued)

i) Classification and measurement of financial assets and liabilities (continued)

Initial recognition (continued)

In certain circumstances, the initial fair value may be based on a valuation technique which may lead to the recognition of profits or losses at the time of initial recognition. However, these profits or losses can only be recognised when the valuation technique used is based solely on observable market data. In those cases where the initially recognised fair value is based on a valuation model that uses unobservable inputs, the difference between the transaction price and the valuation model is not recognised immediately in profit or loss but is amortised or released to profit or loss as the inputs become observable, or the transaction matures or is terminated.

Subsequent measurement

A) Financial assets and financial liabilities held at amortised cost

Financial assets and financial liabilities held at amortised cost are subsequently carried at amortised cost using the effective interest rate method. Foreign exchange gains and losses are recognised in profit or loss.

B) Financial assets held at FVOCI

Debt instruments held at FVOCI are subsequently carried at fair value, with all unrealised gains and losses arising from changes in fair value (including any related foreign exchange gains or losses) recognised in other comprehensive income and accumulated in a separate component of equity. Foreign exchange gains and losses on the amortised cost are recognised in profit or loss. Changes in expected credit losses are recognised in profit or loss and are accumulated in a separate component of equity. On derecognition, the cumulative fair value gains or losses, net of the cumulative ECL reserve, are transferred to profit or loss.

C) Financial assets and liabilities held at FVTPL

Financial assets and liabilities mandatorily held at FVTPL and financial assets designated at FVTPL are subsequently carried at fair value, with gains and losses arising from changes in fair value recorded in the net trading income line in profit or loss unless the instrument is part of a cash flow hedging relationship. Contractual interest income on financial assets held at FVTPL is recognised as interest income in a separate line in profit or loss.

3. Material accounting policies (continued)

(a) Financial instruments (continued)

i) Classification and measurement of financial assets and liabilities (continued)

Subsequent measurement (continued)

D) Financial liabilities designated at FVTPL

Financial liabilities designated at FVTPL are held at fair value, with changes in fair value recognised in the net trading income line in profit or loss, other than changes attributable to changes in credit risk. Fair value changes attributable to credit risk are recognised in other comprehensive income and recorded in a separate category of reserves unless this is expected to create or enlarge an accounting mismatch, in which case the entire change in fair value of the financial liability designated at FVTPL is recognised in profit or loss.

ii) Reclassifications

Financial liabilities are not reclassified subsequent to initial recognition.

Reclassifications of financial assets are made when, and only when, the business model for those assets changes. Such changes are expected to be infrequent and arise as a result of significant external or internal changes such as the termination of a line of business or the purchase of a subsidiary whose business model is to realise the value of pre-existing held for trading financial assets through a hold to collect model. Financial assets are reclassified at their fair value on the date of reclassification and previously recognised gains and losses are not restated. Moreover, reclassifications of financial assets between financial assets held at amortised cost and financial assets held at fair value through other comprehensive income do not affect effective interest rate or ECL computations.

A) Reclassified from amortised cost

Where financial assets held at amortised cost are reclassified to financial assets held at FVTPL, the difference between the fair value of the assets at the date of reclassification and the previously recognised amortised cost is recognised in profit or loss.

For financial assets held at amortised cost that are reclassified to FVOCI, the difference between the fair value of the assets at the date of reclassification and the previously recognised gross carrying value is recognised in other comprehensive income. Additionally, the related cumulative ECL amounts relating to the reclassified financial assets are reclassified from loan loss provisions to a separate reserve in other comprehensive income at the date of reclassification.

3. Material accounting policies (continued)

(a) Financial instruments (continued)

ii) Reclassifications (continued)

B) Reclassified from FVOCI

Where financial assets held at FVOCI are reclassified to financial assets held at FVTPL, the cumulative gain or loss previously recognised in other comprehensive income is transferred to profit or loss.

For financial assets held at FVOCI that are reclassified to financial assets held at amortised cost, the cumulative gain or loss previously recognised in other comprehensive income is adjusted against the fair value of the financial asset such that the financial asset is recorded at a value as if it had always been held at amortised cost. In addition, the related cumulative ECL held within other comprehensive income are reversed against the gross carrying value of the reclassified assets at the date of reclassification.

C) Reclassified from FVTPL

Where financial assets held at fair value through profit or loss are reclassified to financial assets held at FVOCI or financial assets held at amortised cost, the fair value at the date of reclassification is used to determine the effective interest rate on the financial asset going forward. In addition, the date of reclassification is used as the date of initial recognition for the calculation of ECL. Where financial assets held at FVTPL are reclassified to financial assets held at amortised cost, the fair value at the date of reclassification becomes the gross carrying value of the financial asset.

iii) Derecognition of financial instruments

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or where the Bank has transferred substantially all risks and rewards of ownership. If substantially all the risks and rewards have been neither retained nor transferred and the Bank has retained control, the assets continue to be recognised to the extent of the Bank's continuing involvement.

Collateral furnished by the Bank under standard repurchase agreements transactions is not derecognised because the Bank retains substantially all the risks and rewards on the basis of the predetermined repurchase price, and the criteria for derecognition are therefore not met.

On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset derecognised) 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 other comprehensive income is recognised in profit or loss except for equity instruments designated at FVOCI and cumulative fair value adjustments attributable to the credit risk of a liability that are held in other comprehensive income.

3. Material accounting policies (continued)

(a) Financial instruments (continued)

iii) Derecognition of financial instruments (continued)

Financial liabilities are derecognised when they are extinguished. A financial liability is extinguished when the obligation is discharged, cancelled or expires and this is evaluated both qualitatively and quantitatively.

iv) 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 marketplace concerned.

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

- the recognition of an asset to be received and the liability to pay for it on the trade date, and
- 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 payment on the trade date.

v) Derivative instruments

The Bank trades derivatives such as interest rate swaps and forward foreign exchange contracts.

Derivative instruments are initially recognised at fair value, which is normally zero or negligible at inception for non-option derivatives and equivalent to the market premium paid or received for purchased or written options. The derivatives are subsequently re-measured at their fair value. Fair values are obtained from quoted market prices in active markets, including recent market transactions and valuation techniques that include discounted cash flow models and option pricing models, as appropriate. All derivatives are carried as assets when fair value is positive and as liabilities when fair value is negative. Changes in the fair value of any derivatives that do not qualify for hedge accounting are recognised immediately in profit or loss.

vi) Offsetting

Financial assets and liabilities are offset and the net amount presented on 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.

3. Material accounting policies (continued)

(a) Financial instruments (continued)

vii) Impairment of financial assets

ECL are determined for all financial assets measured at amortised cost or FVOCI, undrawn commitments and financial guarantee contract, which include loans, advances and financing and debt instruments held by the Bank. The ECL model also applies to contract assets under MFRS 15, *Revenue from Contracts with Customers* and lease receivables under MFRS 16, *Leases* .

An ECL represents the present value of expected cash shortfalls over the residual term of a financial asset, undrawn commitment or financial guarantee.

A cash shortfall is the difference between the cash flows that are due in accordance with the contractual terms of the instrument and the cash flows that the Bank expects to receive over the contractual life of the instrument.

Measurement

ECL are computed as unbiased, probability weighted amounts which are determined by evaluating a range of reasonably possible outcomes, the time value of money, and considering all reasonable and supportable information including that which is forward-looking. The estimate of expected cash shortfalls is determined by multiplying the PD with the LGD with the EAD.

Forward looking economic assumptions are incorporated into the PD, LGD and EAD where relevant and where they influence credit risk, such as Gross Domestic Product ("GDP") growth rates, interest rates and commodity prices amongst others. These assumptions are incorporated using the Bank's most likely forecast for a range of macroeconomic assumptions. These forecasts are determined using all reasonable and supportable information, which includes both internally developed forecasts and those available externally, and are consistent with those used for budgeting, forecasting and capital planning.

To account for the potential non-linearity in credit losses, multiple forward-looking scenarios are incorporated into the range of reasonably possible outcomes for all material portfolios. For example, where there is a greater risk of downside credit losses than upside gains, multiple forward-looking economic scenarios are incorporated into the range of reasonably possible outcomes, both in respect of determining the PD (and where relevant, the LGD and EAD) and in determining the overall ECL amounts.

The period over which cash shortfalls are determined is generally limited to the maximum contractual period for which the Bank is exposed to credit risk.

3. Material accounting policies (continued)

(a) Financial instruments (continued)

vii) Impairment of financial assets (continued)

<u>Recognition</u>

A) 12-months ECL (Stage 1)

Expected credit losses are recognised at the time of initial recognition of a financial instrument and represent the lifetime cash shortfalls arising from possible default events up to 12 months into the future from the reporting date. ECL continue to be determined on this basis until there is either a significant increase in the credit risk of an instrument or the instrument becomes credit-impaired. If an instrument is no longer considered to exhibit a significant increase in credit risk, expected credit losses will revert to being determined on a 12-month basis.

B) Significant increase in credit risk (Stage 2)

If a financial asset experiences a significant increase in credit risk since initial recognition, an ECL provision is recognised for default events that may occur over the lifetime of the asset.

Significant increase in credit risk is assessed by comparing the risk of default of an exposure at the reporting date to the risk of default at origination (after taking into account the passage of time). Significant does not mean statistically significant nor it is assessed in the context of changes in ECL. Whether a change in the risk of default is significant or not is assessed using a number of quantitative and qualitative factors, the weight of which depends on the type of product and counterparty. Financial assets that are 30 or more days past due and not credit-impaired will always be considered to have experienced a significant increase in credit risk.

Quantitative factors include an assessment of whether there has been rating notch downgrade since origination. Qualitative factors assessed include those linked to current credit risk management processes, such as accounts under watch list monitoring. Watch list monitoring account is one which exhibits risk or potential weaknesses of a material nature requiring closer monitoring, supervision, or attention by management.

3. Material accounting policies (continued)

(a) Financial instruments (continued)

vii) Impairment of financial assets (continued)

Recognition (continued)

C) Credit impaired (Stage 3)

Financial assets that are credit impaired (or in default) represent those that are at least 90 days past due in respect of principal and/or interest. Financial assets are also considered to be credit impaired where the obligors are unlikely to pay on the occurrence of one or more observable events that have a detrimental impact on the estimated future cash flows of the financial asset. It may not be possible to identify a single discrete event but instead the combined effect of several events may cause financial assets to become credit impaired. Evidence that a financial asset is credit impaired includes observable data about the following events:

- The principal or interest or both of the financial instrument is past due for more than 90 days or 3 months. In the case of revolving facilities (e.g. overdraft), the facility shall be classified as impaired where the outstanding amount has remained in excess of the approved limit for a period of more than 90 days or 3 months;
- Any financial instrument that exhibits weaknesses in accordance with the Bank's internal credit risk policy; or
- Restructuring and rescheduling of a loan facility involves any modification made to the original repayment terms and conditions of the loan facility following an increase in the credit risk of obligor/counterparty.

Irrevocable lending commitments to a credit impaired obligor that have not yet been drawndown are also included within the Stage 3 credit impairment provision to the extent that the commitment cannot be withdrawn.

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

3. Material accounting policies (continued)

(a) Financial instruments (continued)

vii) Impairment of financial assets (continued)

Write-offs of credit impaired instruments & reversal of impairment

To the extent a financial debt instrument is considered irrecoverable, the applicable portion of the gross carrying value is written off against the related loan provision. Such loans are written off after all the necessary procedures have been completed, it is decided that there is no realistic probability of recovery and the amount of the loss has been determined. Subsequent recoveries of amounts previously written off decrease the amount of the provision for loan impairment in profit or loss. If, in a subsequent period, the amount of the credit impairment loss decreases and the decrease can be related objectively to an event occurring after the credit impairment was recognised (such as an improvement in the debtor's credit rating), the previously recognised credit impairment loss is reversed by adjusting the provision account. The amount of the reversal is recognised in profit or loss.

Improvement in credit risk/Curing

A period may elapse from the point at which instruments enter lifetime ECL (Stage 2 or Stage 3) and are reclassified back to 12-month ECL (Stage 1).

For financial assets that are credit-impaired (Stage 3), a transfer to Stage 2 or Stage 1 is only permitted where the instrument is no longer considered to be credit-impaired.

For financial assets within Stage 2, these can only be transferred to Stage 1 when they are no longer considered to have experienced a significant increase in credit risk.

Where significant increase in credit risk was determined using quantitative measures, the instruments will automatically transfer back to Stage 1 when there was upgrading of rating notches. Where instruments were transferred to Stage 2 due to an assessment of qualitative factors, the issues that led to the reclassification must be cured before the instruments can be reclassified to Stage 1. This includes instances where management actions led to instruments being classified as Stage 2, requiring that action to be resolved before loans are reclassified to Stage 1.

3. Material accounting policies (continued)

(b) Leases - The Bank as lessee

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

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

Lease term

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

The Bank reassesses the lease term upon the occurrence of a significant event or change in circumstances that is within the control of the Bank and affects whether the Bank is reasonably certain to exercise an option not previously included in the determination of lease term, or not to exercise an option previously included in the determination of lease term. A revision in lease term results in remeasurement of the lease liabilities.

ROU assets

ROU assets are initially measured at cost comprising the following:

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

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

3. Material accounting policies (continued)

(b) Leases - The Bank as lessee (continued)

<u>Lease liabilities</u>

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

- fixed payments (including in-substance fixed payments), less any lease incentives receivables;
- amounts expected to be payable by the Bank under residual value guarantees;
- the exercise price of a purchase option if the Bank is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the Bank exercising that option.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Bank, the lessee's incremental borrowing rate is used. This is the rate that the individual lessees would have to pay to borrow the funds necessary to obtain an asset in a similar economic environment with similar terms, security and conditions.

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

The Bank presents the lease liabilities as a separate line item in the statement of financial position. Interest expense on the lease liability is included in profit or loss as establishment costs within "other operating expenses".

<u>Short-term leases and leases of low-value assets</u>

The Bank elects to apply MFRS 16 recognition exemption such as short-term leases and leases for which the underlying asset is of low value. Short-term leases are leases with a lease term of 12 months or less with no purchase option. Payment associated with short-term leases and low-value assets are recognised on a straight-line basis as an expense in profit or loss.

3. Material accounting policies (continued)

(c) Leases - The Bank as lessor

As a lessor, the Bank determines at 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 to the lessee. As part of this assessment, the Bank considers certain indicators such as whether the lease is for the major part of economic life of the asset.

i) Operating leases

When assets are leased out under an operating lease, the asset is included in the statement of financial position based on the nature of the asset. Lease income is recognised over the term of the lease on a straight-line basis.

ii) Finance leases

When assets are leased out under a finance lease, the present value of the lease payment is recognised as a receivable. The receivable is subject to MFRS 9 impairment (refer to accounting policy Note 3(a)(vii) on impairment of financial assets). The difference between gross receivable and the present value of the receivable is recognised as unearned finance income. Lease income is recognised over the term of the lease using the 'net investment' method so as to reflect a constant periodic rate of return.

3. Material accounting policies (continued)

(d) Property and equipment

Property and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. Cost includes expenditure that are directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the assets to its location and working condition for its intended use, and the costs of dismantling and removing the assets and restoring the site on which the assets are located. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

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

Depreciation of property and equipment is computed on a straight-line basis over their estimated useful lives as follows:

Office equipment, furniture and fittings	5 years
Leasehold improvements	10 years
Computer hardware	5 years
Computer equipment	3 years

Depreciation methods, residual values and useful lives of assets are reviewed, and adjusted if appropriate, at each reporting date.

The carrying values of property and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. The residual value, useful life and depreciation method are reviewed at each financial year-end and adjusted prospectively, if appropriate. An item of property and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any, and the net carrying amount is recognised in profit or loss.

(e) Intangible assets

An intangible asset is recognised only when its cost can be measured reliably and it is probable that the expected future economic benefits that are attributable to it will flow to the Bank. Intangible assets as at the year end include computer software.

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

3. Material accounting policies (continued)

(e) Intangible assets (continued)

The useful lives of intangible assets are assessed as either finite or infinite. Intangible assets with finite lives are amortised over the useful economic life. Intangible assets are not amortised until the assets are ready for their intended use. Intangibles with infinite lives or not yet available for use are assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period or method, as appropriate and treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the income statement in the expense category consistent with the function of the intangible asset.

Intangible assets are amortised over their estimated finite useful lives as follows:

Computer software	5 years

Gains or losses arising from the derecognition of intangible assets are measured as the difference between the net disposal proceeds and the carrying amount of the assets and are recognised in income statement when the assets are derecognised.

(f) Other assets

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

(g) Cash and cash equivalents

For the purpose of the cash flow statement, cash and cash equivalents comprise of cash and short-term funds and deposits and placements with financial institutions with original contractual maturity of three months or less and subject to insignificant risk of change in value.

(h) Provisions

A provision is recognised when it is probable that an outflow of resources embodying economic benefits will be required to settle a present obligation (legal or constructive) as a result of a past event and a reliable estimate can be made of the amount. 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, where appropriate, the risks specific to the liability.

3. Material accounting policies (continued)

(i) Employee benefits

Short term employee benefit obligations in respect of salaries, annual bonuses, paid annual leave and sick leave are measured on an undiscounted basis and are expensed as the related service is provided.

A provision 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 Bank contributes to the Employees Provident Fund ("EPF") for eligible employees on a monthly basis. Obligations for contributions to EPF are recognised as an expense in the statement of comprehensive income in the year to which they relate. Once the contributions have been paid, the Bank has no further payment obligations.

(j) Recognition of interest/profit income

Interest/profit income is recognised in profit or loss using the effective interest/profit method for financial assets measured at amortised cost and financial assets at FVOCI. The effective interest/profit rate is the rate that exactly discounts estimated future receipts through the expected life of the financial assets. The calculation of the effective interest/profit rate includes all contractual terms of the financial instrument and includes any fees or incremental costs that are directly attributable to the instrument and are an integral part of the effective interest/profit rate.

Where an account is classified as impaired, impairment provision is made on principal outstanding and interest/fee accrued prior to an account being impaired. Upon impairment, subsequent contractual interest/fee due will not be recognised as income.

(k) Recognition of fees and other income from contracts with customers

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

i) Fee income earned from services that are provided over a certain period of time

Fees earned for the provision of services over a period of time are accrued over that period. These fees include commission income and outsourcing fee on shared-service services to Mizuho Bank, Ltd., Labuan Branch and other management and advisory fees.

Loan commitment fees for loans that are likely to be drawn down and other credit related fees are deferred (together with any incremental costs) and recognised as an adjustment to the effective interest rate on the loan. When it is unlikely that a loan will be drawn down, the loan commitment fees are recognised over the commitment period on a straight-line basis.

3. Material accounting policies (continued)

(k) Recognition of fees and other income from contracts with customers (continued)

ii) Fee income from providing transaction services

Fees arising from negotiating or participating in the negotiation of a transaction for a third party, such as the loan arrangement fees, commissions and placement fees, are recognised as income when all conditions precedent are fulfilled over the contract period.

(l) Tax expense

Tax expense comprises current and deferred tax. Tax expense is recognised in profit or loss except to the extent that it relates to items recognised directly in other comprehensive income, in which case it is recognised in other comprehensive income.

Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted by the reporting date, and any adjustment to tax payable in respect of previous financial years. Deferred tax is recognised, using the liability method, on temporary differences arising between the carrying amounts of assets and liabilities for reporting purposes and the amounts used for taxation purposes. 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 reporting date.

Deferred tax liability is recognised for all taxable temporary differences.

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 each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(m) Foreign currency transactions and balances

Transaction in foreign currencies are translated to the functional currency of the Bank at the exchange rate at the dates of the transactions.

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

Non-monetary items denominated in foreign currencies that are measured at historical costs are translated using the spot exchange rates as at the date of the initial transactions. Non-monetary items denominated in foreign currencies measured at fair value are translated using the spot exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the reporting date are recognised in profit or loss.

3. Material accounting policies (continued)

(n) Fair value measurements

The 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 of 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 assets, 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.

When measuring the fair value of an asset or a liability, the Bank uses observable market data as far as possible. Fair value is categorised into different levels in a fair value hierarchy based on the inputs used in the valuation technique as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Bank can assess at the measurement date.
Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
Level 3: unobservable inputs for the asset or liability.

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.

(o) Share capital

Ordinary shares are classified as equity when there is no contracted obligation to transfer cash or other financial assets. Transaction costs directly attributable to the issuance of new equity shares are taken for equity as a deduction for the proceeds.

(p) Contingent liabilities and contingent assets

The Bank does not recognise a contingent liability but discloses its existence in the financial statements. A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Bank or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation or the amount cannot be estimated reliably. Contingent liabilities are disclosed, unless the probability of outflow of economic resources is remote. However, contingent liabilities do not include financial guarantee contracts.

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

3. Material accounting policies (continued)

(q) Obligations on securities sold under repurchase agreements

Obligations on securities sold under repurchase agreements are securities which the Bank had sold from its portfolio, with a commitment to repurchase at future dates. Such financing transactions and the obligation to repurchase the securities are reflected as a liability on the statement of financial position.

Obligations on securities sold under repuchase agreements are carried at amortised cost in the statement of financial position.

4. Cash and short-term funds

	2025 RM'000	2024 RM'000
Cash and balances with banks and other financial institutions	355,078	302,035
Money at call and deposit placements maturing within one month	2,333,733	2,482,008
	2,688,811	2,784,043
Less: Allowance for expected credit losses	-	(4)
	2,688,811	2,784,039

5. Deposits and placements with financial institutions

	2025 RM'000	2024 RM'000
Deposits and placements maturing within three months	963,940	2,074,262

6. Financial assets at FVOCI

	2025 RM'000	2024 RM'000
At fair value		
Malaysian government securities	608,286	626,285
Government investment issues	790,659	873,328
Government guaranteed bonds	50,252	95,772
	1,449,197	1,595,385

Included in the financial assets at FVOCI are securities which are pledged as collateral for obligations on securities sold under repurchase agreements for the Bank amounting to RM202,100,000 (2024: Nil).

7. Financial investments at amortised cost

	2025 RM'000	2024 RM'000
At amortised cost		
Unquoted securities in Malaysia:		
Corporate Sukuk	910,260	-
Less: Allowance for expected credit losses	(3,783)	-
	906,477	-

8. Loans, advances and financing

	2025 RM'000	2024 RM'000
(a) By type:		
At amortised cost:		
Term loans	5,206,007	5,225,226
Revolving credits	3,142,791	2,857,438
Bills receivable	9,327	31,676
Trust receipts	-	35,637
Banker's acceptances	2,419	68,244
	8,360,544	8,218,221
Less: Unearned interest	(10)	(391)
Gross loans, advances and financing at amortised cost	8,360,534	8,217,830
Less: Allowance for expected credit losses	(18,433)	(16,919)
Net loans, advances and financing at amortised cost	8,342,101	8,200,911
At FVTPL:		
Term loans	2,874,665	2,207,012
Total net loans, advances and financing	11,216,766	10,407,923
Total gross loans, advances and financing		
- At amortised cost	8,360,534	8,217,830
- At FVTPL	2,874,665	2,207,012
	11,235,199	10,424,842
(b) By geographical distribution:		
Within Malaysia	9,450,395	8,514,822
Outside Malaysia	1,784,804	1,910,020
	11,235,199	10,424,842
(c) By type of customer:		
Commercial banks	886,434	944,338
Domestic business enterprises	2,661,180	2,809,769
Domestic non-bank financial institutions	5,902,781	4,760,715
Foreign business entities	1,784,804	1,910,020
	11,235,199	10,424,842

8. Loans, advances and financing (continued)

	2025 RM'000	2024 RM'000
(d) By interest/profit rate sensitivity:		
Fixed rate	3,800,926	3,442,756
Variable rate	7,434,273	6,982,086
	11,235,199	10,424,842
(e) By economic purpose:		
Purchase of fixed assets other than land and building	5,350	69,432
Working capital	9,420,955	8,598,179
Other purpose	1,808,894	1,757,231
	11,235,199	10,424,842
(f) By economic sector:		
Manufacturing	1,293,109	1,535,073
Electricity, gas and water supply	155,015	162,370
Construction	235,771	311,491
Wholesale and retail trade, and restaurants and hotels	185,811	169,208
Transport, storage and communication	467,250	321,480
Finance, insurance, real estate and business activities	8,605,722	7,622,572
Education, health and others	292,521	302,648
	11,235,199	10,424,842
(g) By maturity structure:		
Maturing within one year	4,536,170	4,632,001
One year to three years	5,101,253	3,777,287
Three years to five years	1,508,749	2,015,554
Over five years	89,027	-
	11,235,199	10,424,842

8. Loans, advances and financing (continued)

(h) Movements in gross loans, advances and financing carrying amount at amortised cost:

	Not credit-impaired		Credit-impaired	
	Stage 1 RM'000	**Stage 2 RM'000**	**Stage 3 RM'000**	**Total RM'000**
At 1 April 2024	7,795,654	422,176	-	8,217,830
Changes due to loans, advances and financing recognised as at 1 April 2024:				
Transfer to lifetime ECL (Stage 2)	(52,274)	52,274	-	-
New financial assets originated	3,379,007	265,391	-	3,644,398
Financial assets derecognised	(3,027,244)	(474,450)	-	(3,501,694)
At 31 March 2025	8,095,143	265,391	-	8,360,534
At 1 April 2023	7,855,913	24,428	-	7,880,341
Changes due to loans, advances and financing recognised as at 1 April 2023:				
Transfer to lifetime ECL (Stage 2)	(414,403)	414,403	-	-
New financial assets originated	3,497,350	19,214	-	3,516,564
Financial assets derecognised	(3,143,206)	(35,869)	-	(3,179,075)
At 31 March 2024	7,795,654	422,176	-	8,217,830

8. Loans, advances and financing (continued)

(i) Movements in impairment allowances on loans, advances and financing which reflect the ECL model on impairment are as follows:

	Not credit-impaired		Credit-impaired	
	Stage 1	**Stage 2**	**Stage 3**	**Total**
	RM'000	**RM'000**	**RM'000**	**RM'000**
At 1 April 2024	11,993	4,926	-	16,919
Changes due to loans, advances and financing recognised as at 1 April 2024:				
Transfer to lifetime ECL (Stage 2)	(335)	335	-	-
New financial assets originated	10,535	5,969	-	16,504
Financial assets derecognised	(9,656)	(5,261)	-	(14,917)
Net remeasurement during the financial year	(73)	-	-	(73)
At 31 March 2025	12,464	5,969	-	18,433
At 1 April 2023	25,270	992	-	26,262
Changes due to loans, advances and financing recognised as at 1 April 2023:				
Transfer to lifetime ECL (Stage 2)	(17,698)	17,698	-	-
New financial assets originated	10,498	170	-	10,668
Financial assets derecognised	(6,107)	(7,932)	-	(14,039)
Net remeasurement during the financial year	30	(6,002)	-	(5,972)
At 31 March 2024	11,993	4,926	-	16,919

(j) Movements in impairment allowance for loans, advances and financing:

	2025	**2024**
	RM'000	**RM'000**
At 1 April	16,919	26,262
Addition/(writeback) during the financial year (Note 25)	1,514	(9,343)
At 31 March	18,433	16,919
As percentage of total loans, advances and financing	0.16%	0.16%

The Bank has no impaired loans, advances and financing and no individual impairment allowance was deemed required as at 31 March 2025 (2024: Nil).

9. Derivative financial instruments

Derivative financial instruments are financial instruments whose values change in response to changes in prices or rates of the underlying instruments. These instruments allow the Bank to transfer, modify or reduce its foreign exchange and interest rate risks via hedge relationships. Most of the Bank's derivative trading activities relate to deals with customers which the Bank normally enters corresponding positions with counterparties. The Bank may also take positions with the expectation of profiting from favourable movements in prices, rates or indices. The table below shows the Bank’s derivative financial instruments as at the date of statement of financial position. The contractual or underlying principal amounts of these derivative financial instruments and their corresponding gross positive (derivative financial asset) and gross negative (derivative financial liability) fair values at the date of statement of financial position are analysed below.

	Notional amount RM'000	Fair value Assets RM'000	Fair value Liabilities RM'000
2025			
At fair value:			
Foreign exchange related contracts	4,480,012	33,533	(23,621)
Interest rate related contracts	5,867,888	83,174	(212,546)
Total derivative assets/(liabilities)	10,347,900	116,707	(236,167)
2024			
At fair value:			
Foreign exchange related contracts	5,973,302	48,555	(30,268)
Interest rate related contracts	6,320,037	271,918	(205,772)
Total derivative assets/(liabilities)	12,293,339	320,473	(236,040)

10. Other assets

	Note	2025 RM'000	2024 RM'000
Accrued interest receivable		30,600	49,906
Cash collateral placements	(a)	131,420	11,999
Other receivables, deposits and prepayments		6,146	7,130
Amount due from holding company	(b)	430	707
		168,596	69,742

(a) The cash collaterals are placed in respect of derivative balances pursuant to agreements in accordance with International Swaps and Derivatives Association (“ISDA”) and Credit Support Annex (“CSA”) entered into with respective counterparties amounting to RM131,420,000 (2024: RM11,999,000).

(b) The amount due from holding company is unsecured, interest-free and repayable on demand.

11. Right of use assets

The Bank leases various offices, apartments, equipment and vehicles. The leases typically run for a period of 1 to 5 years, with an option to renew the lease after that date.

	Buildings RM'000	Equipment RM'000	Vehicles RM'000	Total RM'000
2025				
Cost				
At 1 April 2024	15,236	562	4,126	19,924
Additions	1,781	395	1,757	3,933
Derecognition	(2,056)	(557)	(1,705)	(4,318)
Remeasurements	4,714	(6)	15	4,723
At 31 March 2025	19,675	394	4,193	24,262
Accumulated depreciation				
At 1 April 2024	10,911	464	2,476	13,851
Depreciation charged	3,437	121	795	4,353
Derecognition	(1,523)	(547)	(1,702)	(3,772)
At 31 March 2025	12,825	38	1,569	14,432
Carrying amount				
At 31 March 2025	6,850	356	2,624	9,830
2024				
Cost				
At 1 April 2023	15,295	562	3,764	19,621
Additions	2,390	-	1,063	3,453
Derecognition	(3,588)	-	(975)	(4,563)
Remeasurements	1,139	-	274	1,413
At 31 March 2024	15,236	562	4,126	19,924
Accumulated depreciation				
At 1 April 2023	10,190	337	2,645	13,172
Depreciation charged	3,555	127	789	4,471
Derecognition	(2,834)	-	(958)	(3,792)
At 31 March 2024	10,911	464	2,476	13,851
Carrying amount				
At 31 March 2024	4,325	98	1,650	6,073

11. Right of use assets (continued)

	2025 RM'000	2024 RM'000
Cash outflows for leases as a lessee:		
Interest on lease liabilities	861	223
Income from sub-leasing right of use assets presented in 'other operating income'	(71)	(70)
Expenses relating to leases of low-value assets, excluding short-term leases	57	53
Payment of lease liabilities	3,884	4,627
Total cash outflows for leases	4,731	4,833

12. Property and equipment

	Office equipment, furniture and fittings RM'000	Leasehold improvements RM'000	Computer equipment RM'000	Computer hardware RM'000	Total RM'000
2025					
Cost					
At 1 April 2024	1,526	5,527	1,512	13,167	21,732
Additions	159	155	158	2,444	2,916
Written off	(103)	-	(36)	-	(139)
At 31 March 2025	1,582	5,682	1,634	15,611	24,509
Accumulated depreciation					
At 1 April 2024	756	1,452	1,288	9,371	12,867
Depreciation charged	208	532	165	1,581	2,486
Written off	(38)	-	(36)	-	(74)
At 31 March 2025	926	1,984	1,417	10,952	15,279
Carrying amount					
At 31 March 2025	656	3,698	217	4,659	9,230
2024					
Cost					
At 1 April 2023	1,489	5,470	1,432	10,513	18,904
Additions	62	57	102	2,654	2,875
Written off	(25)	-	(22)	-	(47)
At 31 March 2024	1,526	5,527	1,512	13,167	21,732
Accumulated depreciation					
At 1 April 2023	582	913	1,058	8,357	10,910
Depreciation charged	199	539	252	1,014	2,004
Written off	(25)	-	(22)	-	(47)
At 31 March 2024	756	1,452	1,288	9,371	12,867
Carrying amount					
At 31 March 2024	770	4,075	224	3,796	8,865

13. Intangible assets

	Software RM'000	Software development in-progress RM'000	Total RM'000
2025			
Cost			
At 1 April 2024	34,209	1,848	36,057
Additions	93	2,448	2,541
Transferred to software	2,152	(2,152)	-
Written off *	(4)	(403)	(407)
At 31 March 2025	36,450	1,741	38,191
Accumulated amortisation			
At 1 April 2024	28,458	-	28,458
Amortisation charged	2,231	-	2,231
Written off	(2)	-	(2)
At 31 March 2025	30,687	-	30,687
Carrying amount			
At 31 March 2025	5,763	1,741	7,504
2024			
Cost			
At 1 April 2023	32,783	744	33,527
Additions	865	4,136	5,001
Transferred to software	3,032	(3,032)	-
Written off	(2,471)	-	(2,471)
At 31 March 2024	34,209	1,848	36,057
Accumulated amortisation			
At 1 April 2023	28,616	-	28,616
Amortisation charged	2,313	-	2,313
Written off	(2,471)	-	(2,471)
At 31 March 2024	28,458	-	28,458
Carrying amount			
At 31 March 2024	5,751	1,848	7,599

* Included software development in-progress of RM403,000 (2024: Nil) was reclassified to information technology expenses during the financial year.

14. Deferred tax assets/(deferred tax liabilities)

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

	2025 RM'000	2024 RM'000
At 1 April	5,261	3,578
Recognised in profit or loss	5,171	2,989
Recognised in other comprehensive income	(137)	(1,306)
At 31 March	10,295	5,261
Presented after appropriate offsetting as follows:		
Deferred tax assets	12,679	10,076
Deferred tax liabilities	(2,384)	(4,815)
	10,295	5,261

14. Deferred tax assets/(deferred tax liabilities) (continued)

The movements in deferred tax assets/(liabilities) during the financial year comprise the following:

2025	Allowance for expected credit losses RM'000	Accelerated capital allowances RM'000	Financial assets at FVOCI RM'000	Unrealised foreign exchange gain RM'000	Others RM'000	Total RM'000
At 1 April 2024	3,887	(1,345)	(440)	(3,030)	6,189	5,261
Recognised in profit or loss	1,711	(462)	-	3,030	892	5,171
Recognised in other comprehensive income	-	-	(137)	-	-	(137)
At 31 March 2025	5,598	(1,807)	(577)	-	7,081	10,295
2024						
At 1 April 2023	6,462	(450)	866	(8,296)	4,996	3,578
Recognised in profit or loss	(2,575)	(895)	-	5,266	1,193	2,989
Recognised in other comprehensive income	-	-	(1,306)	-	-	(1,306)
At 31 March 2024	3,887	(1,345)	(440)	(3,030)	6,189	5,261

15. Deposits from customers

		2025	2024
		RM'000	**RM'000**
(a)	By type of deposits:		
	Demand deposits	1,756,294	2,251,569
	Fixed deposits	914,156	889,632
	Short-term deposits	2,292,245	1,800,960
	Others	2,460	2,435
		4,965,155	4,944,596

The maturity structure of fixed deposits and short-term deposits are as follows:

	2025	2024
Due within six months	3,120,845	2,592,243
Due over six months to one year	85,556	98,349
	3,206,401	2,690,592

		2025	2024
(b)	By type of customers:		
	Domestic non-bank financial institutions	233,082	487,085
	Domestic business enterprises	4,009,415	4,119,703
	Foreign business enterprises	722,407	337,599
	Domestic other enterprises	251	209
		4,965,155	4,944,596

16. Deposits and placements from financial institutions

	2025	2024
	RM'000	**RM'000**
Licensed banks	10,075,263	9,931,819

17. Other liabilities

	Note	2025 RM'000	2024 RM'000
Accrued interest payable		66,542	88,495
Cash collateral placements	(a)	49,346	276,760
Other accruals		27,276	12,317
Other payables		18,376	16,664
Advances from holding company	(b)	92	35
Allowance for ECL on credit commitments and contingencies	(c)	5,640	1,814
		167,272	396,085

(a) The cash collaterals are received in respect of derivative balances pursuant to agreements in accordance with ISDA and CSA entered into with respective counterparties.

(b) Advances from holding company is unsecured, interest-free and repayable on demand.

(c) Movements in impairment allowance on credit commitments and contingencies which reflect ECL model on impairment are as follows:

	Not credit-impaired		Credit-impaired	
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
At 1 April 2024	1,659	155	-	1,814
Changes due to credit commitments and contingencies recognised as at 1 April 2024:				
Transfer to 12-Month ECL (Stage 1)	2	(2)	-	-
Transfer to Lifetime ECL (Stage 2)	(682)	682	-	-
New credit commitments and contingencies originated	1,720	1,711	-	3,431
Credit commitments and contingencies derecognised	(595)	(265)	-	(860)
Net remeasurement during the financial year	452	803	-	1,255
At 31 March 2025	2,556	3,084	-	5,640
At 1 April 2023	906	460	-	1,366
Changes due to credit commitments and contingencies recognised as at 1 April 2023:				
Transfer to 12-Month ECL (Stage 1)	377	(377)	-	-
New credit commitments and contingencies originated	1,372	155	-	1,527
Credit commitments and contingencies derecognised	(726)	(82)	-	(808)
Net remeasurement during the financial year	(270)	(1)	-	(271)
At 31 March 2024	1,659	155	-	1,814

18. Share capital

	Number of ordinary shares		Amount	
	2025	**2024**	**2025**	**2024**
	'000	**'000**	**RM'000**	**RM'000**
Issued and fully paid with no par value classified as equity instruments:				
At beginning/end of the financial year	1,200,000	1,200,000	1,200,000	1,200,000

19. Reserves

	Note	2025 RM'000	2024 RM'000
Non-distributable:			
Regulatory reserve	(a)	79,127	88,222
FVOCI reserve	(b)	1,829	1,395
		80,956	89,617
Distributable:			
Retained profits	(c)	607,848	480,605
		688,804	570,222

(a) Regulatory reserve is maintained in compliance with BNM's Revised Policy Documents on Financial Reporting, whereby the Bank must maintain, in aggregate, loss allowance for non-credit impaired exposures and regulatory reserve of no less than 1% of total credit exposures, net of loss allowance for credit-impaired exposures.

(b) The FVOCI reserve comprises the cumulative net change in the fair value of financial assets at fair value through other comprehensive income.

(c) The retained profits of the Bank as at 31 March 2025 and 31 March 2024 represent distributable profits and may be distributed as dividends under the single-tier system.

20. Interest income

	2025 RM'000	2024 RM'000
Loans, advances and financing	542,352	573,633
Money at call and deposits and placements with financial institutions	177,186	281,179
Financial assets at FVOCI	50,731	48,402
Financial investments at amortised cost	30,224	-
Others	3,699	63
	804,192	903,277

21. Interest expense

	2025 RM'000	2024 RM'000
Deposits and placements from financial institutions	493,099	616,796
Deposits from customers	112,920	119,756
Others	3,444	10,371
	609,463	746,923

22. Other operating income

	2025 RM'000	2024 RM'000
Fee income	10,411	11,439
Realised gain in fair value of derivative financial instruments	16,598	15,214
Unrealised (loss)/gain in fair value of derivative financial instruments	(1,361)	18,899
Realised foreign exchange gain	21,384	25,256
Unrealised foreign exchange gain	59,767	12,626
Net unrealised (loss)/gain on revaluation of financial assets at FVTPL	(3,561)	3,174
Others	71	70
	103,309	86,678

23. Other operating expenses

	2025 RM'000	2024 RM'000
Personnel costs:		
Salaries, allowances and bonuses	47,217	40,266
Contribution to Employees Provident Fund	7,140	5,651
Other staff related costs	9,869	9,365
Establishment costs:		
Repair and maintenance	7,270	7,022
Depreciation of right of use assets	4,353	4,471
Depreciation of property and equipment	2,486	2,004
Amortisation of intangible assets	2,231	2,313
Rental of premises	221	207
Information technology expenses	6,942	5,816
Others	1,418	684
Marketing expenses:		
Advertisement and publicity	172	139
Others	876	883
Administration and general expenses:		
Communication expenses	1,068	1,075
Legal and professional fees	1,048	2,133
Others	11,032	10,044
	103,343	92,073

The above expenses include the following statutory disclosures:

	2025 RM'000	2024 RM'000
Directors' remuneration (Note 24)	705	637
Auditors' remuneration:		
- Statutory audit	360	345
- Non-audit service	1	-

24. CEO's and Directors' remuneration

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

2025	Salary and Bonus RM'000	Fee RM'000	Other emoluments RM'000	Benefits-in-kind RM'000	Total RM'000
CEO:					
Mr. Toshiharu Fujiwara	642	-	265	199	1,106
Executive Director:					
Mr. Guan Yeow Kwang	-	-	-	1	1
Non-executive Directors:					
Mr. Abdul Khalil bin Abdul Hamid	-	160	67	1	228
Mr. Lim Kim Seng	-	160	65	3	228
Dato' Dr. Zaha Rina binti Zahari	-	180	67	1	248
	-	500	199	6	705
2024					
CEO:					
Mr. Toshiharu Fujiwara	377	-	184	154	715
Mr. Katsutoshi Toba	282	-	160	74	516
	659	-	344	228	1,231
Executive Director:					
Mr. Guan Yeow Kwang	-	-	-	1	1
Non-executive Directors:					
Mr. Abdul Khalil bin Abdul Hamid	-	148	56	1	205
Mr. Lim Kim Seng	-	148	56	1	205
Dato' Dr. Zaha Rina binti Zahari	-	167	58	1	226
	-	463	170	4	637

25. Addition/(Writeback) of allowance for ECL

	2025 RM'000	2024 RM'000
Cash and short-term funds	(4)	(19)
Loans, advances and financing	1,514	(9,343)
Financial investments at amortised cost	3,783	-
Credit commitments and contingencies	3,826	448
	9,119	(8,914)

26. Tax expense

	2025 RM'000	2024 RM'000
Current tax expense		
Current financial year	69,662	66,311
Under/(over) provision in prior financial years	3,285	(283)
	72,947	66,028
Deferred tax expense		
Relating to origination and reversal of temporary differences	(2,082)	(3,064)
(Over)/under provision in prior financial years	(3,089)	75
	(5,171)	(2,989)
Income tax expense	67,776	63,039

Income tax is calculated at the Malaysian statutory rate of 24% (2024: 24%) of the estimated chargeable profit for the financial year.

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

	2025 RM'000	2024 RM'000
Profit before taxation	185,924	159,873
Taxation at Malaysian statutory tax rate of 24% (2024: 24%)	44,622	38,370
Expenses not deductible for tax purposes	22,958	24,877
Under/(over) provision of current tax expense in prior financial years	3,285	(283)
(Over)/under provision of deferred tax in prior financial years	(3,089)	75
Tax expense for the financial year	67,776	63,039

The Bank is within the scope of the Organisation for Economic Co-operation and Development ("OECD") Pillar Two model rules, which has been substantively enacted in Malaysia on 29 December 2023 and implemented effective 1 January 2025. Pillar Two introduced a global minimum Effective Tax Rate ("ETR") via a system where multinational groups with consolidated revenue over EUR 750 million are subject to a minimum ETR of 15% on income arising in low-tax jurisdictions.

As provided in the amendments to IAS 12 issued in May 2023, the Bank applies the exception to recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes. The Bank does not anticipate any material top-up tax charges as the effective tax rate of the tax jurisdictions in which the Bank operates is above 15%.

27. 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 or jointly 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. The key management personnel includes all the Directors and certain members of Senior Management of the Bank.

The Bank has related party relationships with its holding companies, related companies/entities of its holding companies and key management personnel.

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

	2025 RM'000	**2024 RM'000**
Transactions with related parties		
Interest income on money at call and deposits and placements	1,774	1,696
Interest expense on deposits and placements	(477,232)	(613,674)
Outsourcing fee income	3,066	4,755
Other income	3,402	1,034
Other fee and commission expenses	(39,220)	(36,993)
Other expenses	(490)	(242)

The Directors are of the opinion that the transactions have been entered into in the normal course of business and have been established on a negotiated basis that are not materially different from those obtainable in transactions with unrelated parties.

27. Significant related party transactions and balances (continued)

(b) In addition to the transactions detailed elsewhere in the financial statements, the Bank had the following intercompany charges with related parties.

Intercompany charges with related parties	2025 RM'000	2024 RM'000
(i) By type of service:		
Collateral deposit fees	36,294	33,518
Interest expense	477,232	613,674
Commission expenses	364	-
Administration and general expenses	626	896
Establishment costs - outsourcing	2,426	2,821
	516,942	650,909
(ii) By country:		
Malaysia	367,034	398,466
Singapore	146,436	248,687
Japan	2,882	3,717
United Kingdom	390	39
India	200	-
	516,942	650,909

(c) Related parties balances

Included in the statement of financial position are the amounts due from/(to) related parties, represented by the following:

	2025 RM'000	2024 RM'000
Amount due from/(to) related parties:		
- Cash and short-term funds	111,290	87,252
- Derivative assets	2,879	323
- Outsourcing fee	307	619
- Other assets	128	88
- Interest receivable on deposits and other receivables	-	5
- Deposits from customers	(432)	(288)
- Deposits and placements from financial institutions	(9,581,883)	(9,697,414)
- Interest payable on deposits and other payables	(58,425)	(81,872)
- Derivative liabilities	(3,460)	(3,358)
- Other liabilities	(57)	-

27. Significant related party transactions and balances (continued)

(d) Key management personnel

The remuneration of key management personnel included in the profit or loss are as follows:

	2025 RM'000	2024 RM'000
Salary and emoluments	6,736	6,560
Defined contribution plan	942	814
Benefits-in-kind	435	486
	8,113	7,860

(e) Credit transactions and exposures with connected parties

	2025 RM'000	2024 RM'000
Outstanding credit exposures with connected parties	60,623	68,794
Percentage of outstanding credit exposures to connected parties as proportion of total credit exposures	0.11%	0.13%

Currently, none of the exposures to connected parties are classified as impaired.

The credit exposures above are determined based on Bank Negara Malaysia's revised Guidelines on Credit Transactions and Exposures with Connected Parties.

28. Earnings per ordinary share - basic

The calculation of the basic earnings per ordinary share at 31 March 2025 was based on the profit attributable to owner of the Bank of RM118,148,000 (2024: RM96,834,000) and the weighted average number of ordinary shares outstanding during the financial year of 1,200,000,000 (2024: 1,200,000,000).

There was no dilutive potential impact (2024: Nil) on the ordinary shares at the end of the year.

29. Commitments and contingencies

In the normal course of business, the Bank makes various commitments and incurs certain contingent liabilities with legal recourse to customers. No material losses are anticipated as a result of these transactions. The risk-weighted exposures of the Bank are as follows:

	Principal amount RM'000	Credit equivalent amount* RM'000	Risk-weighted amount* RM'000
2025			
Direct credit substitutes	159,861	159,861	159,701
Transaction related contingent items	228,179	114,090	103,728
Short-term self-liquidating trade related contingencies	101,188	20,238	20,238
Foreign exchange related contracts			
- One year or less	4,478,888	99,710	59,203
- Over one year to five years	1,124	74	37
Interest/profit related contracts			
- One year or less	2,648,721	135,418	96,345
- Over one year to five years	6,034,580	704,737	532,558
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	696,861	288,593	288,593
Any commitments that are unconditionally cancelled at any time without prior notice	5,295,553	-	-
Total	19,644,955	1,522,721	1,260,403

* The credit equivalent amount and risk-weighted amount are arrived at using the credit conversion factors and risk-weights respectively as specified by Bank Negara Malaysia for regulatory capital adequacy purposes.

29. Commitments and contingencies (continued)

In the normal course of business, the Bank makes various commitments and incurs certain contingent liabilities with legal recourse to customers. No material losses are anticipated as a result of these transactions. The risk-weighted exposures of the Bank are as follows (continued):

	Principal amount RM'000	Credit equivalent amount* RM'000	Risk-weighted amount* RM'000
2024			
Direct credit substitutes	194,785	194,785	194,625
Transaction related contingent items	215,678	107,840	92,702
Short-term self-liquidating trade related contingencies	4,620	924	924
Foreign exchange related contracts			
- One year or less	5,927,154	119,887	62,819
- Over one year to five years	46,148	7,080	3,930
Interest/profit related contracts			
- One year or less	3,971,941	265,872	122,851
- Over one year to five years	4,520,748	519,199	363,679
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	1,794,968	252,713	252,713
Any commitments that are unconditionally cancelled at any time without prior notice	6,126,662	-	-
Total	22,802,704	1,468,300	1,094,243

* The credit equivalent amount and risk-weighted amount are arrived at using the credit conversion factors and risk-weights respectively as specified by Bank Negara Malaysia for regulatory capital adequacy purposes.

30. Financial risk management objectives and policies

The Bank’s principal financial liabilities, other than derivatives, comprise loans and borrowings, other payables and financial guarantee contracts. The main purpose of these financial liabilities is to finance the Bank’s operations and to provide guarantees to support its operations. The Bank has loan and other receivables, trade and other receivables, and cash and short-term deposits that arrive directly from its operations. The Bank also holds financial assets at FVOCI, financial investments at amortised cost and enters into derivative transactions.

Risk Management Department ("RMD") is responsible for identifying, monitoring, analysing and reporting the principal risks to which the Bank is exposed. In facilitating the Bank’s achievement of its objectives whilst operating in a sound business environment, teams from RMD are engaged from an early stage in the risk process for independent inputs and risk assessments.

The approach adopted by RMD in maintaining effective oversight on day-to-day risk taking activities while continuously enhancing its infrastructure to provide a more holistic view of its risk exposures and positions has enabled the Bank to better manage the challenges arising from the uncertainties and market volatility.

The objectives of the Bank's risk management activities are:

- To develop, maintain and enhance the Bank's risk management framework, quantitative methodologies and policies for monitoring and managing Credit, Market, Operational, Liquidity, Shariah, Technology and Cyber, Environmental, Social and Governance Risks (including Climate Risk);

- To conduct independent monitoring to ensure that Risk Taking Departments are in line with approved policies and limits; and

- To initiate and execute upon approval, specific strategic decisions in relation to Credit, Market and Operational, Liquidity, Shariah, Technology and Cyber, Environmental, Social and Governance Risks (including Climate Risk).

The Board of Directors through BRMC is ultimately responsible to oversee and ensure the Bank’s corporate objectives are supported by a sound risk strategy and an effective risk management framework that is appropriate to the nature, scale and complexity of its activities. RMD is principally tasked to assist the various risk committees and undertakes the performance of the day-to-day risk management functions.

30. Financial risk management objectives and policies (continued)

Establishment of the three (3) lines of Defence Concept – risk taking units, risk control units and internal audit. The risk taking units manage the day-to-day management of risks inherent in their business activities and ensuring the proper implementation and execution of its policies while the risk control units are responsible for setting the risk management framework and developing tools and methodologies for the identification, measurement, monitoring and reporting of risks. Complementing this is internal audit, which provides independent assurance of the effectiveness of the risk management approach and provides independent responsibility to ensure adequacy, effectiveness and robustness of the risk management policies.

The CEO, with the Board's support, has established various management level risk committees to assist and support the Board Risk Management Committees in the operations of the Bank. The Asset Liability Management Committee ("ALMC") is chaired by the CEO on a monthly basis and Management Credit Committee ("MCC") is chaired by the CEO which will be held at least six times per year.

(a) Credit risk management

Major areas of the Bank's risk management are as follows:

Credit risk is defined as risk of loss arising from the failure of a counterparty to perform their contractual obligations in accordance with the agreed terms and conditions. Corporate and institutional credits are assessed by business units and ratings were assigned based on quantitative and qualitative factors. These credits are subsequently evaluated and approved by independent parties.

Apart from credit risk, credit concentration risks and large exposure risks are managed by setting limits for single counterparty, connected parties, market sectors, etc. These limits are monitored to control and prevent excessive concentration of risk exposure. In addition, reviews of the limits are conducted on a periodic basis.

The credit approving authority is established and documented in the Bank's credit risk policy. The Board of Directors has the approving authority to approve credit facilities above CEO's approval limit. Secondly, the Board of Directors also has the veto power. CEO's approval of credit facilities limit is capped at Single Counterparty Exposure Limit ("SCEL") limit. There are certain customers and credit facilities will be subjected to Parent Bank consultation first before obtaining CEO's approval.

The MCC is set up to enhance the efficiency and effectiveness of the credit oversight. The Committee ensures the overall loan/financing portfolio meets the guidelines of the regulatory authorities and adherence to the approved credit policies and procedures.

Adherence to established credit limits is monitored daily by RMD, which combines all exposures for each counterparty or group, including off-balance sheet items and potential exposures. Credit limits are also monitored based on rating classification of the obligor.

30. Financial risk management objectives and policies (continued)

(a) Credit risk management (continued)

The credit rating models for corporate customers are designed to assess the credit worthiness in paying their obligations, derived from risk factors such as financial position, conduct of account and market conditions.

These credit rating models are developed and implemented to standardise and enhance the credit decision-making process for the Mizuho Bank Group's corporate exposures.

Credit reviews and rating are conducted on the credit exposures on an annual basis and more frequently when material information on the obligor or other external factors come to light.

(i) Maximum exposure to credit risk

The maximum exposure to credit risk of the Bank relates to amounts on the statement of financial position as well as commitments and contingencies, without taking into account of any collateral held or other credit enhancements. 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. The table below shows the maximum exposure to credit risk for the Bank:

	2025 RM'000	2024 RM'000
On-balance sheet exposures:		
Cash and short-term funds	2,688,811	2,784,039
Deposits and placements with financial institutions	963,940	2,074,262
Loans, advances and financing	11,216,766	10,407,923
Financial assets at FVOCI	1,449,197	1,595,385
Financial investments at amortised cost	906,477	-
Other financial assets	164,542	65,465
Derivative financial assets	116,707	320,473
	17,506,440	17,247,547
Off-balance sheet exposures:		
Commitments and contingencies	19,644,955	22,802,704
Total maximum credit risk exposure	37,151,395	40,050,251

30. Financial risk management objectives and policies (continued)

(a) Credit risk management (continued)

(ii) Credit risk concentration profile

2025	Cash and short-term funds RM'000	Deposits and placements with financial institutions RM'000	Loans, advances and financing RM'000	Financial assets at FVOCI RM'000	Financial investments at amortised cost RM'000	Other financial assets RM'000	Derivative financial assets RM'000	Total RM'000	Commitments and contingencies RM'000
Manufacturing	-	-	1,293,109	-	-	186	1,505	1,294,800	2,790,826
Electricity, gas and water supply	-	-	155,015	-	-	3	2	155,020	21,545
Construction	-	-	235,771	-	-	-	7	235,778	845,591
Wholesale and retail trade, and restaurants and hotels	-	-	185,811	-	-	-	1,888	187,699	862,672
Transport, storage and communication	-	-	467,250	-	660,141	194	-	1,127,585	913,360
Finance, insurance, real estate and business activities	2,688,811	963,940	8,605,722	1,449,197	250,119	163,112	113,305	14,234,206	13,988,038
Education, health and others	-	-	292,521	-	-	75	-	292,596	222,923
Others	-	-	-	-	-	972	-	972	-
	2,688,811	963,940	11,235,199	1,449,197	910,260	164,542	116,707	17,528,656	19,644,955
Less: Allowance for ECL	-	-	(18,433)	-	(3,783)	-	-	(22,216)	-
	2,688,811	963,940	11,216,766	1,449,197	906,477	164,542	116,707	17,506,440	19,644,955

30. Financial risk management objectives and policies (continued)

(a) Credit risk management (continued)

(ii) Credit risk concentration profile (continued)

2024	Cash and short-term funds RM'000	Deposits and placements with financial institutions RM'000	Loans, advances and financing RM'000	Financial assets at FVOCI RM'000	Other financial assets RM'000	Derivative financial assets RM'000	Total RM'000	Commitments and contingencies RM'000
Manufacturing	-	-	1,535,073	-	-	1,760	1,536,833	2,519,202
Electricity, gas and water supply	-	-	162,370	-	-	-	162,370	21,929
Construction	-	-	311,491	-	1,005	83	312,579	750,287
Wholesale and retail trade, and restaurants and hotels	-	-	169,208	-	1	1,912	171,121	814,471
Transport, storage and communication	-	-	321,480	-	709	-	322,189	2,130,177
Finance, insurance, real estate and business activities	2,784,043	2,074,262	7,622,572	1,595,385	62,667	316,718	14,455,647	16,031,402
Education, health and others	-	-	302,648	-	107	-	302,755	535,236
Others	-	-	-	-	976	-	976	-
	2,784,043	2,074,262	10,424,842	1,595,385	65,465	320,473	17,264,470	22,802,704
Less: Allowance for ECL	(4)	-	(16,919)	-	-	-	(16,923)	-
	2,784,039	2,074,262	10,407,923	1,595,385	65,465	320,473	17,247,547	22,802,704

30. Financial risk management objectives and policies (continued)

(a) Credit risk management (continued)

(iii) Credit measurement

Following the implementation of MFRS 9, the Bank's assets are classified and measured using a forward looking model to compute ECL.

Staging approach is applied into ECL computation when assessing significant increases in credit risk of financial instruments. There are 3 stages:

(1) Stage 1 (Performing): Financial instrument with no significant deterioration in credit quality and 12-month ECL is recognised.

(2) Stage 2 (Underperforming): Financial instrument with significant increase in credit risk but no objective evidence of impairment. For these financial instrument, lifetime ECL is recognised.

(3) Stage 3 (Non-performing): Financial instrument with objective evidence of impairment/default at the reporting date. For these financial instrument, individual allowance is recognised.

The three main components to measure ECL are as follows:

<u>Probability of Default ("PD")</u>
The PD of the Bank is derived based on modelling approach of which statistical analysis and expert judgement was performed to derive the PD estimates given the historical zero-default observation in the Bank. The model relies on the credit quality in the Bank's asset portfolio to predict the 12-month PD. The Lifetime PD is developed using the Bank’s year-on-year relative change approach with the application of forecasted macroeconomic variable ("MEV").

<u>Loss Given Default ("LGD")</u>
The Bank applies LGD based on rating classification of counterparty, seniority of claim, availability of collateral and other credit support. With zero defaults to-date, the Bank refers on the regulatory standards on the assigned LGD for unsecured senior claims and subordinated claims.

30. Financial risk management objectives and policies (continued)

(a) Credit risk management (continued)

(iii) Credit measurement (continued)

Exposure at Default ("EAD")

The 12-month and lifetime EADs are determined based on the expected payment profile, which varies by product type. In the EAD model, the Bank applies the regulator's Credit Conservation Factor ("CCF") on the on-and off-balance sheet exposures. The CCF ratios varies depending on the product type.

Forecast of key macroeconomic variables

Based on MFRS 9, the Bank shall hold provision against potential future credit risk losses which depend not only on the present economy but also on the potential changes to the economic environment in the future.

The Bank captures the effect of changes to the economic environment in the future in the computation of PD. Hence, ECL incorporates forward looking information, assumptions on economic variables that are likely to have an effect on the repayment capabilities of the Bank's customers and counterparties.

The Bank incorporates the forward looking adjustments in the credit risk parameter used in ECL calculation, where GDP growth is the main economic input used in the computation of forward looking scalar. The Bank applies three scenarios which include "Baseline", "Favourable" and "Downturn" scenarios, taking into account the probability weighted range of possible future outcomes in estimating ECL.

Below table shows the MEV applied for the ECL estimation.

2025

Year	**2025**	**2026**	**2027**	**2028**	**2029**	**2030**
GDP Growth Forecast	4.7%	4.6%	4.5%	4.4%	4.4%	4.4%

2024

Year	**2024**	**2025**	**2026**	**2027**	**2028**	**2029**
GDP Growth Forecast	4.2%	4.6%	4.5%	4.3%	4.3%	4.3%

30. Financial risk management objectives and policies (continued)

(a) Credit risk management (continued)

(iv) Credit quality

For the purposes of disclosure in accordance to MFRS 7, all financial assets are categorised into the following:
- Neither past due nor impaired;
- Past due but not impaired; and
- Past due and impaired.

Customer categorisation is the categorisation of customers into Insolvent Customers, Unrecoverable Customers, Customers to be Insolvent, Customers under Strict Management, Customers with Special Attention (I or II) and Ordinary Customers after comprehensively determining the viability of the customer's business using the customer's profit/loss for the period and cash flow, shareholders' equity in substance, achievability of business restructuring plans and support from the parent company and financial institutions, and is carried out before asset classification.

<table>
<tr><th>Customer Categorisation</th><th colspan="2">Credit Rating</th><th colspan="2">Customer Profile</th><th>Status</th><th colspan="2">Comparable External Rating</th></tr>
<tr><td rowspan="11">Ordinary Customers</td><td rowspan="3">A</td><td>1</td><td rowspan="11">Business conditions are favourable and there are no specific problems in the customer's financial position.</td><td rowspan="3">Very high probability of performance on obligations. Extremely stable in terms of credit management.</td><td rowspan="11">Non-default</td><td>AAA</td><td rowspan="5">Investment grade</td></tr>
<tr><td>2</td><td>AA</td></tr>
<tr><td>3</td><td>A</td></tr>
<tr><td rowspan="2">B</td><td>1</td><td rowspan="2">No problem, for the time being, with performance on obligations. Sufficiently stable in terms of credit management. ("For the time being" means that if the business environment should change in the future, there is a possibility that the change would affect the customer.)</td><td>BBB+/ BBB</td></tr>
<tr><td>2</td><td>BBB-</td></tr>
<tr><td rowspan="3">C</td><td>1</td><td rowspan="3">No problem, for the time being, with performance on obligations and stability in terms of credit management. ("For the time being" means that if the business environment should change in the future, there is a possibility that the change would affect the customer.)</td><td rowspan="3">(BB)</td><td rowspan="6">Non-Investment grade</td></tr>
<tr><td>2</td></tr>
<tr><td>3</td></tr>
<tr><td rowspan="3">D</td><td>1</td><td rowspan="3">No problem at present with performance on obligations but has low resistance to future changes in the business environment.</td><td rowspan="3">(B)</td></tr>
<tr><td>2</td></tr>
<tr><td>3</td></tr>
</table>

MIZUHO BANK (MALAYSIA) BERHAD
Company No. 201001039768 (923693-H)
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2025

30. Financial risk management objectives and policies (continued)

(a) Credit risk management (continued)

(iv) Credit quality (continued)

Customer Categorisation	Credit Rating		Customer Profile	Status	Comparable External Rating	
Customers with Special Attention (I)	E	1	Customers with Special Attention (I): Customers that require close observation, such as customers whose business conditions are on a deteriorating trend or have unstable business performance; customers that have minor problems in their financial position or have problems in their financial position but recovery according to plan is anticipated.	Non-default	(CCC or lower)	Non-Investment grade
Customers with Special Attention (II)		2	Customers with Special Attention (II): Customers that require particularly close observation, such as customers that have problematic lending conditions, e.g. interest reduced, forgiven, or suspended; customers that have problems with performance of obligations, e.g. those that are effectively in arrears for principal and/or interest payments; as well as customers with deteriorating business conditions, unstable business performance, and problems in their financial position.			
Customers under Strict Management		R	Customers Under Strict Management: Customers that are assessed to have Claims under Strict Management as stipulated in Provision 4 Item 4 of the Law concerning urgent measures for the reconstruction of the functions of the financial system (1998 Financial Reconstruction Commission Rules and Regulations No.2) in terms of exposure.	Default		

30. Financial risk management objectives and policies (continued)

(a) Credit risk management (continued)

(iv) Credit quality (continued)

Customer Categorisation	Credit Rating		Customer Profile	Status	Comparable External Rating	
Customers to be Insolvent	F	1	Customers to be Insolvent: Customers that are not insolvent, but are having business difficulties with insufficient progress on their business improvement plans. There is a high probability that the customer will become insolvent (includes customers that are under the continuing support of a financial institution and/or other entities).	Default	(CCC or lower)	Non-Investment grade
Unrecoverable Customers	G	1	Unrecoverable Customers: Customers that are not at present legally or formally bankrupt, but are having serious business difficulties, and it is deemed that there is no prospect for recovery. The customer is essentially bankrupt.			
Insolvent Customers	H	1	Insolvent Customers: Customers that are legally and formally bankrupt.			

30. Financial risk management objectives and policies (continued)

(a) Credit risk management (continued)

(v) Credit quality of financial assets - gross loans, advances and financing at amortised cost

2025	Neither past due nor impaired RM'000	Total RM'000
Term loans	5,206,007	5,206,007
Revolving credits	3,142,791	3,142,791
Invoice Discount Finance	9,327	9,327
Banker's acceptances	2,409	2,409
Gross loans, advances and financing at amortised cost	8,360,534	8,360,534
Less: Allowance for expected credit losses	(18,433)	(18,433)
Net loans, advances and financing at amortised cost	8,342,101	8,342,101
Impairment allowance as a percentage of total loans, advances and financing at amortised cost	0.22%	0.22%

All gross loans, advances and financing at amortised cost are neither past due nor impaired as of the reporting date. Summary of risk categories of gross loans, advances and financing at amortised cost of the Bank are assessed based on credit quality classification as described in Note 30(a)(iv).

2025	Ordinary RM'000	Special attention RM'000	Total RM'000
Term loans	5,206,007	-	5,206,007
Revolving credits	3,110,052	32,739	3,142,791
Invoice Discount Finance	9,327	-	9,327
Banker's acceptances	2,409	-	2,409
Total - neither past due nor impaired	8,327,795	32,739	8,360,534
As a percentage of total loans, advances and financing at amortised cost	99.61%	0.39%	100.00%

Note: Ordinary category includes accounts under watch list monitoring. Special attention category includes special attention (I) and special attention (II).

30. Financial risk management objectives and policies (continued)

(a) Credit risk management (continued)

(v) Credit quality of financial assets - gross loans, advances and financing at amortised cost (continued)

2024	Neither past due nor impaired RM'000	Total RM'000
Term loans	5,225,226	5,225,226
Revolving credits	2,857,438	2,857,438
Bills receivable	31,544	31,544
Trust receipts	35,637	35,637
Banker's acceptances	67,985	67,985
Gross loans, advances and financing at amortised cost	8,217,830	8,217,830
Less: Allowance for expected credit losses	(16,919)	(16,919)
Net loans, advances and financing at amortised cost	8,200,911	8,200,911
Impairment allowance as a percentage of total loans, advances and financing at amortised cost	0.21%	0.21%

All gross loans, advances and financing at amortised cost are neither past due nor impaired as of the reporting date. Summary of risk categories of gross loans, advances and financing at amortised cost of the Bank are assessed based on credit quality classification as described in Note 30(a)(iv).

2024	Ordinary RM'000	Special attention RM'000	Total RM'000
Term loans	5,225,226	-	5,225,226
Revolving credits	2,820,760	36,678	2,857,438
Bills receivable	31,544	-	31,544
Trust receipts	35,637	-	35,637
Banker's acceptances	67,985	-	67,985
Total - neither past due nor impaired	8,181,152	36,678	8,217,830
As a percentage of total loans, advances and financing at amortised cost	99.55%	0.45%	100.00%

Note: Ordinary category includes accounts under watch list monitoring. Special attention category includes special attention (I) and special attention (II).

30. Financial risk management objectives and policies (continued)

(a) Credit risk management (continued)

(vi) Credit quality of financial assets - financial investments portfolio and other financial assets

All financial investments portfolio and other financial assets are neither past due nor impaired and categorised as ordinary customers as of reporting date. Summary of risk categories of financial investments portfolio and other financial assets of the Bank are assessed based on credit quality classification as described in Note 30(a)(iv).

	2025 **RM'000**	**2024** **RM'000**
Cash and short-term funds	2,688,811	2,784,039
Deposits and placements with financial institutions	963,940	2,074,262
Financial assets at FVOCI	1,449,197	1,595,385
Financial investments at amortised cost	906,477	-
Other financial assets	164,542	65,465
Derivative financial assets	116,707	320,473
Total - neither past due nor impaired	6,289,674	6,839,624

(vii) Overlays and adjustments for expected credit losses

As the current MFRS 9 model is not expected to generate levels of ECL with sufficient reliability in view of global geopolitical tensions, external demand is expected to moderate and weighted by headwinds to global growth, the overlay and post-model adjustments have been applied to determine a sufficient overall level of ECL for the year ended and as at 31 March 2025. The overlay and post-model adjustments was introduced in May 2021.

The overlay and post-model adjustments were taken to reflect the latest macroeconomic outlook not captured in the modelled outcome which includes effects of climate-related matters and economic developments on tariffs imposed by United States. As at 31 March 2025, the impact of the overlay and post-model adjustments outside the MFRS 9 ECL Model applied to loans, advances and financing and credit commitments and contingencies amounted to RM10,323,000 (2024: RM4,206,000).

30. Financial risk management objectives and policies (continued)

(b) Market risk management

Market risk is defined as the risk of potential losses on the values of assets and liabilities held (including off-balance sheet items) arising from the movements in market variables, such as interest/profit rates, foreign exchange rates, commodity prices and equity prices.

Broadly, the Bank is exposed to two major types of market risk namely interest/profit rate risk and foreign exchange risk.

The Bank manages those market risks by entering into a back-to-back deal with external counterparties. This reduces the negative effect or probability of the risk through offsetting positions of a particular risk.

RMD controls the exposure by setting the limits which is in accordance to Parent Bank. RMD monitors the exposures through Interest Rate 10 Basis Point Value ("BPV"), Foreign Exchange Position Limit, Foreign Exchange Positions 1BPV and Loss Cut Limit.

These position limits are monitored on a daily basis and changes in market value of the Bank's Treasury portfolio due to interest rate and foreign exchange movements are reported to the CEO.

The Bank's market risk and liquidity risk position are discussed and managed at the Asset Liability Management Committee ("ALMC") on a monthly basis and the Board Risk Management Committee ("BRMC") on a quarterly basis, which is in line with the approved guidelines and policies.

Interest/Profit rate risk

Interest/Profit rate risk is defined as the exposure of a bank's financial condition to the adverse movements in interest/profit rates. Interest/Profit rate risk arises from the mismatch of maturity date and repricing date of the Bank's assets, liabilities and off-balance sheet items, as a result to the changes in interest/profit rates related to the shift in yield curves and repricing patterns.

Foreign exchange risk

Foreign exchange risk arises as a result of the movements in currencies, which affects the Bank's profit and capital from the open position in foreign currencies. Currently the Bank is allowed to take position in its foreign exchange ("FX") activity. The Bank employs a robust foreign exchange risk measure as below:

- FX BOE: to monitor the open position for each currency and overall position using Bank of England method.
- FX1BPV: to measure the change in present value with a rise of 1 basis point in FX yield. It is monitored by currency and tenor.
- FX MTM P/L (Loss Cut): to calculate MTM profit/loss within a specified period, i.e. daily, monthly and termly, and confirm not to breach the loss cut limits.

30. Financial risk management objectives and policies (continued)

(b) Market risk management (continued)

(i) Interest rate risk/Profit rate risk

The Bank is exposed to various risks associated with the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flow. The following table represents the Bank's assets and liabilities at carrying amount, categorised by the earlier of contractual maturity or repricing dates as at 31 March 2025 and 31 March 2024.

	Non-trading book							
2025	**Up to 1 Month RM'000**	**> 1 to 3 Months RM'000**	**> 3 to 12 Months RM'000**	**> 1 to 5 Years RM'000**	**Over 5 Years RM'000**	**Non-Interest Sensitive RM'000**	**Trading Book RM'000**	**Total RM'000**
Assets								
Cash and short-term funds	2,333,733	-	-	-	-	355,078	-	2,688,811
Deposits and placements with financial institutions	-	963,940	-	-	-	-	-	963,940
Financial assets at FVOCI	10,001	-	481,962	957,234	-	-	-	1,449,197
Financial investments at amortised cost	250,118	660,142	-	-	-	(3,783)	-	906,477
Loans, advances and financing	5,692,570	5,036,865	505,764	-	-	(18,433)	-	11,216,766
Derivative financial assets	-	-	-	-	-	-	116,707	116,707
Other non-interest sensitive balances	-	-	-	-	-	205,455	-	205,455
Total assets	8,286,422	6,660,947	987,726	957,234	-	538,317	116,707	17,547,353

30. Financial risk management objectives and policies (continued)

(b) Market risk management (continued)

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

2025	Non-trading book: Up to 1 Month RM'000	> 1 to 3 Months RM'000	> 3 to 12 Months RM'000	> 1 to 5 Years RM'000	Over 5 Years RM'000	Non-Interest Sensitive RM'000	Trading Book RM'000	Total RM'000
Liabilities								
Deposits from customers	2,325,001	719,365	162,035	-	-	1,758,754	-	4,965,155
Deposits and placements from financial institutions	5,896,245	4,104,255	70,032	-	-	4,731	-	10,075,263
Obligations on securities sold under repurchase agreements	-	197,360	-	-	-	-	-	197,360
Derivative financial liabilities	-	-	-	-	-	-	236,167	236,167
Other non-interest sensitive balances	-	-	-	-	-	184,604	-	184,604
Total liabilities	8,221,246	5,020,980	232,067	-	-	1,948,089	236,167	15,658,549
Shareholder's equity	-	-	-	-	-	1,888,804	-	1,888,804
Total liabilities and shareholder's equity	8,221,246	5,020,980	232,067	-	-	3,836,893	236,167	17,547,353
On-balance sheet interest sensitivity gap representing total interest sensitivity gap	65,176	1,639,967	755,659	957,234	-	(3,298,576)	(119,460)	-

30. Financial risk management objectives and policies (continued)

(b) Market risk management (continued)

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

	Non-trading book							
2024	**Up to 1 Month RM'000**	**> 1 to 3 Months RM'000**	**> 3 to 12 Months RM'000**	**> 1 to 5 Years RM'000**	**Over 5 Years RM'000**	**Non-Interest Sensitive RM'000**	**Trading Book RM'000**	**Total RM'000**
Assets								
Cash and short-term funds	2,482,008	-	-	-	-	302,031	-	2,784,039
Deposits and placements with financial institutions	-	2,074,262	-	-	-	-	-	2,074,262
Financial assets at FVOCI	15,008	80,049	321,057	1,179,271	-	-	-	1,595,385
Loans, advances and financing	4,725,812	5,126,833	572,197	-	-	(16,919)	-	10,407,923
Derivative financial assets	-	-	-	-	-	-	320,473	320,473
Other non-interest sensitive balances	-	-	-	-	-	102,892	-	102,892
Total assets	7,222,828	7,281,144	893,254	1,179,271	-	388,004	320,473	17,284,974

30. Financial risk management objectives and policies (continued)

(b) Market risk management (continued)

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

2024	Non-trading book: Up to 1 Month RM'000	> 1 to 3 Months RM'000	> 3 to 12 Months RM'000	> 1 to 5 Years RM'000	Over 5 Years RM'000	Non-Interest Sensitive RM'000	Trading Book RM'000	Total RM'000
Liabilities								
Deposits from customers	2,087,170	397,491	205,931	-	-	2,254,004	-	4,944,596
Deposits and placements from financial institutions	4,690,133	4,913,428	320,260	-	-	7,998	-	9,931,819
Derivative financial liabilities	-	-	-	-	-	-	236,040	236,040
Other non-interest sensitive balances	-	-	-	-	-	402,297	-	402,297
Total liabilities	6,777,303	5,310,919	526,191	-	-	2,664,299	236,040	15,514,752
Shareholder's equity	-	-	-	-	-	1,770,222	-	1,770,222
Total liabilities and shareholder's equity	6,777,303	5,310,919	526,191	-	-	4,434,521	236,040	17,284,974
On-balance sheet interest sensitivity gap representing total interest sensitivity gap	445,525	1,970,225	367,063	1,179,271	-	(4,046,517)	84,433	-

30. Financial risk management objectives and policies (continued)

(b) Market risk management (continued)

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

The projection, by using the repricing gap method, assumes that interest rate moves up and down parallelly by 100 basis points ("bps") across all maturities for all the interest bearing assets and liabilities. It is further assumed that all positions are repriced at the mid-point of each time band and will run to maturity. The repricing profile of any loan that does not have maturity is based on the earliest possible repricing dates. The impact on earnings and economic value is measured on a monthly basis.

The table below illustrates the impact under a 100 bps parallel upward and downward interest rate shock on the Bank's earnings and economic value.

	2025		2024	
	- 100 bps RM'000	+ 100 bps RM'000	- 100 bps RM'000	+ 100 bps RM'000
Impact on net interest income				
Ringgit Malaysia	(8,187)	8,187	(11,168)	11,168
United States Dollar	(1,649)	1,649	(4,021)	4,021
Japanese Yen	(325)	325	(167)	167
Others	(969)	969	(1,565)	1,565
Total	(11,130)	11,130	(16,921)	16,921
Impact on economic value				
Ringgit Malaysia	(14,613)	14,613	(16,952)	16,952
United States Dollar	3,418	(3,418)	6,730	(6,730)
Japanese Yen	1,508	(1,508)	1,045	(1,045)
Others	2,618	(2,618)	2,968	(2,968)
Total	(7,069)	7,069	(6,209)	6,209

30. Financial risk management objectives and policies (continued)

(b) Market risk management (continued)

(ii) Currency risk

The table below analyses the net foreign exchange positions of the Bank as at 31 March 2025 and 31 March 2024, by major currencies, which are mainly in Ringgit Malaysia, US Dollar and Japanese Yen. The "others" foreign exchange risk include mainly exposure to Singapore Dollar, The Great British Pound, Hong Kong Dollar, Euro, and Thailand Baht.

2025	Ringgit Malaysia RM'000	United States Dollar RM'000	Japanese Yen RM'000	Others RM'000	Total RM'000
Assets					
Cash and short-term funds	1,404,750	970,140	82,013	231,908	2,688,811
Deposits and placements with financial institutions	100,000	797,832	-	66,108	963,940
Financial assets at FVOCI	1,449,197	-	-	-	1,449,197
Financial investments at amortised cost	906,477	-	-	-	906,477
Loans, advances and financing	1,703,565	8,564,785	948,416	-	11,216,766
Derivative financial assets	37,982	77,860	226	639	116,707
Other financial assets	154,767	9,490	9	276	164,542
Total financial assets	5,756,738	10,420,107	1,030,664	298,931	17,506,440
Liabilities					
Deposits from customers	3,195,316	1,331,742	145,054	293,043	4,965,155
Deposits and placements from financial institutions	432,551	8,844,118	797,756	838	10,075,263
Obligations on securities sold under repurchase agreements	197,360	-	-	-	197,360
Derivative financial liabilities	185,816	45,097	4,562	692	236,167
Other financial liabilities	106,708	59,286	976	302	167,272
Total financial liabilities	4,117,751	10,280,243	948,348	294,875	15,641,217
On-balance sheet open position	1,638,987	139,864	82,316	4,056	1,865,223
Less: Derivative assets	(37,982)	(77,860)	(226)	(639)	(116,707)
Add: Derivative liabilities	185,816	45,097	4,562	692	236,167
Net open position	1,786,821	107,101	86,652	4,109	1,984,683

30. Financial risk management objectives and policies (continued)

(b) Market risk management (continued)

(ii) Currency risk (continued)

2024	Ringgit Malaysia RM'000	United States Dollar RM'000	Japanese Yen RM'000	Others RM'000	Total RM'000
Assets					
Cash and short-term funds	1,745,331	689,545	41,392	307,771	2,784,039
Deposits and placements with financial institutions	400,000	1,653,260	-	21,002	2,074,262
Financial assets at FVOCI	1,595,385	-	-	-	1,595,385
Loans, advances and financing	1,427,877	8,006,673	922,610	50,763	10,407,923
Derivative financial assets	18,440	298,790	33	3,210	320,473
Other financial assets	36,616	28,605	-	244	65,465
Total financial assets	5,223,649	10,676,873	964,035	382,990	17,247,547
Liabilities					
Deposits from customers	3,194,732	1,276,702	149,913	323,249	4,944,596
Deposits and placements from financial institutions	23,274	9,074,492	782,148	51,905	9,931,819
Derivative financial liabilities	50,884	173,151	7,582	4,423	236,040
Other financial liabilities	311,205	83,782	920	178	396,085
Total financial liabilities	3,580,095	10,608,127	940,563	379,755	15,508,540
On-balance sheet open position	1,643,554	68,746	23,472	3,235	1,739,007
Less: Derivative assets	(18,440)	(298,790)	(33)	(3,210)	(320,473)
Add: Derivative liabilities	50,884	173,151	7,582	4,423	236,040
Net open position	1,675,998	(56,893)	31,021	4,448	1,654,574

30. Financial risk management objectives and policies (continued)

(b) Market risk management (continued)

(ii) Currency risk (continued)

Sensitivity analysis - impact on profit/loss before taxation

	2025 RM'000	2024 RM'000
• if USD weakened by 100 basis points (or 1%)	(1,071)	569
• if JPY weakened by 100 basis points (or 1%)	(867)	(310)
• if other currencies weakened by 100 basis points (or 1%)	(41)	(45)
	(1,979)	214

30. Financial risk management objectives and policies (continued)

(c) Liquidity risk

Liquidity risk is the risk that the Bank is unable to meet its cash flow obligations as they fall due, such as upon the maturity of deposits and loan draw downs.

The table below analyses assets and liabilities (inclusive of non-financial instruments) of the Bank in the relevant maturity tenures based on remaining contractual maturities as at 31 March 2025 and 31 March 2024.

Contractual maturity of total assets and liabilities

2025	Up to 1 Month RM'000	> 1 to 3 Months RM'000	> 3 to 12 Months RM'000	> 1 to 5 Years RM'000	Over 5 Years RM'000	No specific maturity RM'000	Total RM'000
Assets							
Cash and short-term funds	2,688,811	-	-	-	-	-	2,688,811
Deposits and placements with financial institutions	-	963,940	-	-	-	-	963,940
Financial assets at FVOCI	10,001	-	481,962	957,234	-	-	1,449,197
Financial investments at amortised cost	-	71,716	250,118	584,643	-	-	906,477
Loans, advances and financing	2,531,700	404,108	1,584,332	6,607,803	88,823	-	11,216,766
Derivative financial assets	9,355	7,956	54,670	44,726	-	-	116,707
Other assets	22,947	5,981	3,088	-	-	136,580	168,596
Right of use assets	-	-	-	-	-	9,830	9,830
Property and equipment	-	-	-	-	-	9,230	9,230
Intangible assets	-	-	-	-	-	7,504	7,504
Deferred tax assets	-	-	-	-	-	10,295	10,295
Total assets	5,262,814	1,453,701	2,374,170	8,194,406	88,823	173,439	17,547,353

30. Financial risk management objectives and policies (continued)

(c) Liquidity risk (continued)

Contractual maturity of total assets and liabilities (continued)

2025	Up to 1 Month RM'000	> 1 to 3 Months RM'000	> 3 to 12 Months RM'000	> 1 to 5 Years RM'000	Over 5 Years RM'000	No specific maturity RM'000	Total RM'000
Liabilities							
Deposits from customers	4,083,755	719,365	162,035	-	-	-	4,965,155
Deposits and placements from financial institutions	859,592	279,596	1,189,039	7,747,036	-	-	10,075,263
Obligations on securities sold under repurchase agreements	-	197,360	-	-	-	-	197,360
Derivative financial liabilities	31,173	3,992	40,400	160,602	-	-	236,167
Lease liabilities	377	746	2,986	6,329	-	-	10,438
Other liabilities	34,327	3,721	7,828	56,441	72	64,883	167,272
Current tax liabilities	-	-	-	-	-	6,894	6,894
Total liabilities	5,009,224	1,204,780	1,402,288	7,970,408	72	71,777	15,658,549
Net liquidity gap	253,590	248,921	971,882	223,998	88,751	101,662	1,888,804

30. Financial risk management objectives and policies (continued)

(c) Liquidity risk (continued)

Contractual maturity of total assets and liabilities (continued)

2024	Up to 1 Month RM'000	> 1 to 3 Months RM'000	> 3 to 12 Months RM'000	> 1 to 5 Years RM'000	Over 5 Years RM'000	No specific maturity RM'000	Total RM'000
Assets							
Cash and short-term funds	2,784,039	-	-	-	-	-	2,784,039
Deposits and placements with financial institutions	-	2,074,262	-	-	-	-	2,074,262
Financial assets at FVOCI	15,008	80,049	321,057	1,179,271	-	-	1,595,385
Loans, advances and financing	2,048,125	526,817	2,042,142	5,790,839	-	-	10,407,923
Derivative financial assets	37,082	14,752	151,122	117,517	-	-	320,473
Other assets	18,095	30,077	4,227	-	-	17,343	69,742
Right of use assets	-	-	-	-	-	6,073	6,073
Property and equipment	-	-	-	-	-	8,865	8,865
Intangible assets	-	-	-	-	-	7,599	7,599
Current tax assets	-	-	-	-	-	5,352	5,352
Deferred tax assets	-	-	-	-	-	5,261	5,261
Total assets	4,902,349	2,725,957	2,518,548	7,087,627	-	50,493	17,284,974

30. Financial risk management objectives and policies (continued)

(c) Liquidity risk (continued)

Contractual maturity of total assets and liabilities (continued)

2024	Up to 1 Month RM'000	> 1 to 3 Months RM'000	> 3 to 12 Months RM'000	> 1 to 5 Years RM'000	Over 5 Years RM'000	No specific maturity RM'000	Total RM'000
Liabilities							
Deposits from customers	4,341,174	397,491	205,931	-	-	-	4,944,596
Deposits and placements from financial institutions	372,755	-	2,516,944	7,042,120	-	-	9,931,819
Derivative financial liabilities	8,994	10,755	105,739	110,552	-	-	236,040
Lease liabilities	381	764	2,700	2,367	-	-	6,212
Other liabilities	4,775	2,207	46,865	52,961	617	288,660	396,085
Total liabilities	4,728,079	411,217	2,878,179	7,208,000	617	288,660	15,514,752
Net liquidity gap	174,270	2,314,740	(359,631)	(120,373)	(617)	(238,167)	1,770,222

30. Financial risk management objectives and policies (continued)

(c) Liquidity risk (continued)

Contractual maturity of financial liabilities on an undiscounted basis

The tables below present the cash flows payable by the Bank under non-derivative financial liabilities by remaining contractual maturities as at 31 March 2025 and 31 March 2024. The amounts disclosed in the table will not agree to the carrying amounts reported in the statements of financial position as the amounts incorporated all contractual cash flows, on an undiscounted basis, relating to both principal and interest/profit analysis. The Bank manages inherent liquidity risk based on discounted expected cash flows.

2025	Up to 1 Month RM'000	> 1 to 3 Months RM'000	> 3 to 12 Months RM'000	> 1 to 5 Years RM'000	Over 5 Years RM'000	No specific maturity RM'000	Total RM'000
Non-derivative liabilities							
Deposits from customers	4,089,563	726,008	166,784	-	-	-	4,982,355
Deposits and placements from financial institutions	865,346	281,601	1,201,762	7,832,040	-	-	10,180,749
Obligations on securities sold under repurchase agreements	-	199,011	-	-	-	-	199,011
Lease liabilities	400	788	3,141	6,525	-	-	10,854
Other liabilities	34,327	3,721	7,828	56,441	72	64,883	167,272
	4,989,636	1,211,129	1,379,515	7,895,006	72	64,883	15,540,241

30. Financial risk management objectives and policies (continued)

(c) Liquidity risk (continued)

Contractual maturity of financial liabilities on an undiscounted basis (continued)

2025	Up to 1 Month RM'000	> 1 to 3 Months RM'000	> 3 to 12 Months RM'000	> 1 to 5 Years RM'000	Over 5 Years RM'000	No specific maturity RM'000	Total RM'000
Commitment and contingencies							
Direct credit substitutes	1,942	17,892	115,900	24,127	-	-	159,861
Transaction related contingencies	2,401	5,958	52,014	167,758	48	-	228,179
Short-term self-liquidating trade related contingencies	-	44	30,868	70,276	-	-	101,188
Foreign exchange related contracts	1,144,863	530,011	2,804,014	1,124	-	-	4,480,012
Interest/profit related contracts	595,260	14,108	2,039,353	6,034,580	-	-	8,683,301
Other commitments, such as formal standby facilities and credit lines, with an original maturity over one year	-	-	-	636,375	60,486	-	696,861
Any commitments that are unconditionally cancelled at any time by the Bank without prior notice	5,295,553	-	-	-	-	-	5,295,553
	7,040,019	568,013	5,042,149	6,934,240	60,534	-	19,644,955

30. Financial risk management objectives and policies (continued)

(c) Liquidity risk (continued)

Contractual maturity of financial liabilities on an undiscounted basis (continued)

2024	Up to 1 Month RM'000	> 1 to 3 Months RM'000	> 3 to 12 Months RM'000	> 1 to 5 Years RM'000	Over 5 Years RM'000	No specific maturity RM'000	Total RM'000
Non-derivative liabilities							
Deposits from customers	4,346,862	401,556	211,882	-	-	-	4,960,300
Deposits and placements from financial institutions	374,042	-	2,566,651	7,136,310	-	-	10,077,003
Lease liabilities	393	787	2,767	2,435	-	-	6,382
Other liabilities	4,775	2,207	46,865	52,961	617	288,660	396,085
	4,726,072	404,550	2,828,165	7,191,706	617	288,660	15,439,770

30. Financial risk management objectives and policies (continued)

(c) Liquidity risk (continued)

Contractual maturity of financial liabilities on an undiscounted basis (continued)

2024	Up to 1 Month RM'000	> 1 to 3 Months RM'000	> 3 to 12 Months RM'000	> 1 to 5 Years RM'000	Over 5 Years RM'000	No specific maturity RM'000	Total RM'000
Commitment and contingencies							
Direct credit substitutes	1,928	17,340	151,827	23,690	-	-	194,785
Transaction related contingencies	1,038	1,837	85,175	115,096	12,532	-	215,678
Short-term self-liquidating trade related contingencies	403	-	4,217	-	-	-	4,620
Foreign exchange related contracts	2,180,688	1,243,469	2,502,997	46,148	-	-	5,973,302
Interest/profit related contracts	637,774	2,891	3,331,276	4,520,748	-	-	8,492,689
Other commitments, such as formal standby facilities and credit lines, with an original maturity over one year	-	-	1,417,080	377,888	-	-	1,794,968
Any commitments that are unconditionally cancelled at any time by the Bank without prior notice	6,126,662	-	-	-	-	-	6,126,662
	8,948,493	1,265,537	7,492,572	5,083,570	12,532	-	22,802,704

30. Financial risk management objectives and policies (continued)

(d) Operational risk management

The Bank defines operational risk as the risk of loss that it may incur resulting from inadequate or failed internal processes, people and systems, or from external events.

(i) *Internal Process*
resulting from inadequate/failure of business processes or transactions process flows. Well-controlled and organised processes are essential.

(ii) *People*
resulting from staff defaulting in expected behaviour or the Bank being ineffective/inefficient in the management of its human capital.

(iii) *Systems*
arising from system downtime or delays in available data, inadequate integrity between old and new software, and incapability of hardware to fulfil business requirements.

(iv) *External Events*
risk of events and actions from outside (beyond organisation's immediate control) which bring negative impact on the Bank.

As part of initiatives to improve operational risk management, there are 4 main operational risk tools adopted within the Bank, namely Loss Event Data ("LED"), Control Self-Assessment ("CSA"), Key Risk Indicator ("KRI") and Scenario Analysis ("SA").

(i) LED involved the process of managing, tracking and reporting of individual operational risks from the point of discovery until resolution.

(ii) CSA is an approach to identify the risk exposures in the Bank's operations, assess the inherent risks and enhance any control gaps identified in the Bank's operations.

(iii) KRI is a statistics or metrics that provide insight into the Bank's risk position and reflects the potential sources of Operational Risk from a forward looking perspective.

(iv) SA is a systematic and forward-looking tool to assist in the identification of potential operational risk events and assessment on the potential outcomes, which enables the Bank to identify potential significant operational risks and the need for additional risk management controls and to enhance the Bank's business continuity management plans.

The Bank's operational risk exposures are managed in accordance to the approved guidelines and policies, and reported to the BRMC on a quarterly basis.

31. Offsetting of financial assets and financial liabilities

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

	Gross amount of recognised financial assets/ liabilities RM'000	Gross amounts offset in the statement of financial position RM'000	Amounts presented in the statement of financial position RM'000	Amount not offset in the statement of financial position		
				Financial instruments RM'000	Cash collateral received/ pledged RM'000	Net Amount RM'000
2025						
Financial assets						
Derivative financial assets	116,707	-	116,707	-	(49,346)	67,361
Financial liabilities						
Derivative financial liabilities	236,167	-	236,167	-	(131,420)	104,747
2024						
Financial assets						
Derivative financial assets	320,473	-	320,473	-	(276,761)	43,712
Financial liabilities						
Derivative financial liabilities	236,040	-	236,040	-	(11,999)	224,041

32. Fair value measurements

This note provides fair value measurement information for both financial instruments and non-financial assets and liabilities and is structured as follows:

(a) Valuation principles;
(b) Valuation techniques;
(c) Fair value measurements and classification within the fair value hierarchy;
(d) Transfers between Level 1 and Level 2 in the fair value hierarchy;
(e) Movements of Level 3 instruments;
(f) Sensitivity of fair value measurements to changes in unobservable input assumptions; and
(g) Financial instruments not measured at fair value.

(a) Valuation principles

Fair value is defined as the price that would be received for the sale of an asset or paid to transfer a liability in an orderly transaction between market participants in the principal or most advantageous market as of the measurement date. The Bank determines the fair value by reference to quoted prices in active markets or by using valuation techniques based on observable inputs or unobservable inputs. Management judgment is exercised in the selection and application of appropriate parameters, assumptions and modelling techniques where some or all of the parameter inputs are not observable in deriving fair value. The Bank has also established a framework and policies that provide guidance concerning the practical considerations, principles and analytical approaches for the establishment of prudent valuation for financial instruments measured at fair value.

Valuation adjustment is also an integral part of the valuation process. Valuation adjustment is to reflect the uncertainty in valuations generally for products that are less standardised, less frequently traded and more complex in nature. In making a valuation adjustment, the Bank follows methodologies that consider factors such as bid-offer spread, unobservable prices/inputs in the market and uncertainties in the assumptions/parameters.

The Bank continuously enhances its design, validation methodologies and processes to ensure the valuations are reflective. The valuation models are validated both internally and externally, with periodic reviews to ensure the model remains suitable for their intended use.

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

  Refers to instruments which are regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, and those prices which represent actual and regularly occurring market transactions in an arm’s length basis. Such financial instruments include actively traded government securities, listed derivatives and cash products traded on exchange.

32. Fair value measurements (continued)

(a) Valuation principles (continued)

- Level 2: Valuation techniques for which all significant inputs are, or are based on, observable market data

  Refers to inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. prices) or indirectly (i.e. derived from prices). Examples of Level 2 financial instruments include over-the-counter ("OTC") derivatives, corporate and other government bonds, illiquid equities and consumer loans and financing with homogeneous or similar features in the market.

- Level 3: Valuation techniques for which significant inputs are not based on observable market data

  Refers to instruments where fair value is measured using significant unobservable market data. The valuation technique is consistent with the Level 2. The chosen valuation technique incorporates the Bank’s own assumptions and data. Examples of Level 3 instruments include corporate bonds in illiquid markets, private equity investments and loans and financing priced primarily based on internal credit assessment.

(b) Valuation techniques

The valuation techniques used for both the financial instruments and non-financial assets and liabilities that are not determined by reference to quoted prices (Level 1) are described below:

Derivatives, loans and financing and financial liabilities

The fair values of the Bank's derivative instruments, loans and financing and financial liabilities are derived using discounted cash flows analysis, option pricing and benchmarking models.

Financial assets designated at fair value through profit or loss and financial assets at fair value through other comprehensive income

The fair values of financial assets designated at fair value through profit or loss and financial assets at fair value through other comprehensive income are determined by reference to prices quoted by independent data providers and independent broker quotations.

32. Fair value measurements (continued)

(c) Fair value measurements and classification within the fair value hierarchy

The classification in the fair value hierarchy of the Bank's financial assets and liabilities measured at fair value is summarised in the table below:

	Valuation technique using			
	Quoted Market Price (Level 1) RM'000	**Observable Inputs (Level 2) RM'000**	**Unobservable Inputs (Level 3) RM'000**	**Total RM'000**
2025				
Financial assets:				
Financial assets at FVTPL	**-**	**2,874,665**	**-**	**2,874,665**
Loans, advances and financing	-	2,874,665	-	2,874,665
Financial assets at FVOCI	**-**	**1,449,197**	**-**	**1,449,197**
Money market instruments	-	1,449,197	-	1,449,197
Derivative assets	**-**	**116,707**	**-**	**116,707**
Foreign exchange related contracts	-	33,533	-	33,533
Interest rate related contracts	-	83,174	-	83,174
	-	**4,440,569**	**-**	**4,440,569**
Financial liabilities:				
Derivative liabilities	**-**	**236,167**	**-**	**236,167**
Foreign exchange related contracts	-	23,621	-	23,621
Interest rate related contracts	-	212,546	-	212,546

32. Fair value measurements (continued)

(c) Fair value measurements and classification within the fair value hierarchy (continued)

The classification in the fair value hierarchy of the Bank's financial assets and liabilities measured at fair value is summarised in the table below (continued):

		Valuation technique using		
	Quoted Market Price (Level 1) RM'000	Observable Inputs (Level 2) RM'000	Unobservable Inputs (Level 3) RM'000	Total RM'000
2024				
Financial assets:				
Financial assets at FVTPL	**-**	**2,207,012**	**-**	**2,207,012**
Loans, advances and financing	-	2,207,012	-	2,207,012
Financial assets at FVOCI	**-**	**1,595,385**	**-**	**1,595,385**
Money market instruments	-	1,595,385	-	1,595,385
Derivative assets	**-**	**320,473**	**-**	**320,473**
Foreign exchange related contracts	-	48,555	-	48,555
Interest rate related contracts	-	271,918	-	271,918
	-	**4,122,870**	**-**	**4,122,870**
Financial liabilities:				
Derivative liabilities	**-**	**236,040**	**-**	**236,040**
Foreign exchange related contracts	-	30,268	-	30,268
Interest rate related contracts	-	205,772	-	205,772

32. Fair value measurements (continued)

(d) Transfers between Level 1 and Level 2 in the fair value hierarchy

The accounting policy for determining when transfers between levels of the fair value hierarchy occurred is disclosed in Note 3(n). There were no transfers between Level 1 and 2 for the Bank during the financial year ended 31 March 2025 and 31 March 2024.

(e) Movements of Level 3 instruments

There are no Level 3 instruments as at 31 March 2025 and 31 March 2024.

(f) Sensitivity of fair value measurements to changes in unobservable input assumptions

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

(g) Financial instruments not measured at fair value

The on-balance sheet financial assets and financial liabilities of the Bank whose fair values are required to be disclosed in accordance with MFRS 132 comprise all its assets and liabilities with the exception of property and equipment, intangible assets, provision for current and deferred taxation.

For loans and advances to borrowers, where such market prices are not available, various methodologies have been used to estimate the approximate fair values of such instruments. These methodologies are significantly affected by the assumptions used and judgments made regarding risk characteristics of various financial instruments, discount rates, estimates of future cash flows, future expected loss experience and other factors. Changes in the assumptions could significantly affect these estimates and the resulting fair value estimates. Therefore, for a significant portion of the Bank's financial instruments, including loans and advances to borrowers/customers, their respective fair value estimates do not purport to represent, nor should they be construed to represent, the amounts that the Bank could realise in a sale transaction at the reporting date. The fair value information presented herein should also in no way be construed as representative of the underlying value of the Bank as a going concern.

The estimated fair values of those on-balance sheet financial assets and financial liabilities as at the reporting date approximate their carrying amounts as shown in the statement of financial position, except for the financial assets and liabilities as stated below.

32. Fair value measurements (continued)

(g) Financial instruments not measured at fair value (continued)

The table below analyses financial instruments not carried at fair value for which fair value is disclosed, together with their fair values and carrying amount shown in the statement of financial position:

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total fair value RM'000	Carrying amount RM'000
2025					
Financial assets					
Loans, advances and financing	-	8,325,712	16,772	8,342,484	8,342,101
Financial investments at amortised cost	-	906,477	-	906,477	906,477
2024					
Financial assets					
Loans, advances and financing	-	8,099,562	101,312	8,200,874	8,200,911
Financial investments at amortised cost	-	-	-	-	-

The fair values of variable rate financial assets are estimated to approximate their carrying values. For fixed rate loans and Islamic financing, the fair values are estimated based on expected future cash flows of contractual instalment payments, discounted at applicable and prevailing rates at the reporting date offered for similar facilities to new borrowers with similar credit profiles. In respect of impaired loans, the fair values are deemed to approximate the carrying values which are net of impairment allowances.

33. Capital management

The Bank is fully funded by its parent bank, Mizuho Bank, Ltd. and currently operates under Mizuho group's acceptable risk framework to meet its regulatory requirements and market expectations.

34. Capital adequacy

The capital ratios are computed in accordance with Bank Negara Malaysia's Capital Adequacy Framework (Capital Components) issued on 14 June 2024 and Capital Adequacy Framework (Basel II - Risk Weighted Assets) issued on 18 December 2023. The Bank has adopted Standardised Approach for credit risk and market risk and the Business Indicator Component (2024: Basic Indicator Approach) for operational risk. In line with transitional arrangements under BNM's Capital Adequacy Framework (Capital Components), the minimum regulatory capital adequacy requirement for common equity Tier 1 ("CET1") capital ratio, Tier 1 capital ratio and total capital ratio including the capital conservation buffer are 7.0%, 8.5% and 10.5% on the risk-weighted assets ("RWA") respectively. The minimum regulatory capital adequacy requirement remains at 8% for total capital ratio.

(i) Based on the above, the capital adequacy ratios of the Bank are as follows:

	2025	2024 Restated
Capital ratios:		
CET1 Capital Ratio / Tier 1 Capital Ratio	23.662%	23.866%
Total Capital Ratio	24.815%	24.982%

(ii) The components of CET1 capital, Tier-1 and Tier-2 capital of the Bank are as follows:

	2025 RM'000	2024 RM'000 Restated
CET 1 / Tier 1 Capital		
Paid-up share capital	1,200,000	1,200,000
Retained profits	607,848	480,605
Other reserves and regulatory adjustments	(16,924)	(12,420)
Total CET 1 / Tier 1 Capital	1,790,924	1,668,185
Tier 2 Capital		
General provisions and regulatory reserve	87,217	77,958
Total Capital	1,878,141	1,746,143

(iii) The breakdown of risk-weighted assets ("RWA") by each major risk categories are as follows:

	2025 RM'000	2024 RM'000 Restated
Total RWA for Credit risk	6,977,334	6,236,648
Total RWA for Market risk	194,311	371,801
Total RWA for Operational risk	396,978	381,281
Total RWA	7,568,623	6,989,730

34. Capital adequacy (continued)

(iv) The breakdown of risk-weighted assets (excluding deferred tax assets) of the Bank in the various categories of risk-weights are as follows:

	2025		2024 (Restated)	
	Principal RM'000	Risk-Weighted Assets RM'000	Principal RM'000	Risk-Weighted Assets RM'000
0%	7,733,213	-	8,765,734	-
20%	4,709,231	941,846	3,893,800	778,760
50%	645,128	322,564	729,471	364,736
100%	5,712,924	5,712,924	5,093,152	5,093,152
Total RWA for Credit risk	18,800,496	6,977,334	18,482,157	6,236,648
Total RWA for Market risk	-	194,311	-	371,801
Total RWA for Operational risk	-	396,978	-	381,281
Total RWA	18,800,496	7,568,623	18,482,157	6,989,730

34. Capital adequacy (continued)

(v) Disclosures relating to credit risk and market risk are as below:

Exposure Class	Gross Exposures RM'000	Net Exposures RM'000	Risk-Weighted Assets RM'000	Minimum Capital Requirements at 8% RM'000
2025				
Credit Risk				
On-balance sheet exposures:				
Sovereigns/central banks	1,747,630	1,747,630	-	-
Banks, Development Financial Institutions and Multilateral Development Banks ("MDBs")	6,344,293	6,344,293	893,150	71,452
Corporates	9,160,216	9,160,216	4,798,145	383,852
Other assets	25,636	25,636	25,636	2,051
Total on-balance sheet exposures	17,277,775	17,277,775	5,716,931	457,355
Off-balance sheet exposures:				
Over-the-counter ("OTC") derivatives	939,939	939,939	688,143	55,051
Off-balance sheet exposures other than OTC derivatives or credit derivatives	582,782	582,782	572,260	45,781
Total off-balance sheet exposures	1,522,721	1,522,721	1,260,403	100,832
Total on and off-balance sheet exposures	18,800,496	18,800,496	6,977,334	558,187

	Long Position RM'000	Short Position RM'000	Risk-Weighted Assets RM'000	Minimum Capital Requirements at 8% RM'000
Market risk				
Interest rate risk	8,706,810	8,678,914	108,630	8,690
Foreign currency risk	6,854	-	85,681	6,854
Operational risk			396,978	31,758
Total RWA and capital requirements			7,568,623	605,489

34. Capital adequacy (continued)

(v) Disclosures relating to credit risk and market risk are as below (continued):

Exposure Class	Gross Exposures RM'000	Net Exposures RM'000 Restated	Risk-Weighted Assets RM'000 Restated	Minimum Capital Requirements at 8% RM'000 Restated
2024				
Credit Risk				
On-balance sheet exposures:				
Sovereigns/central banks	2,729,712	2,729,712	-	-
Banks, Development Financial Institutions and Multilateral Development Banks ("MDBs")	6,621,610	6,621,610	851,426	68,114
Corporates	7,634,409	7,634,409	4,262,853	341,029
Other assets	28,126	28,126	28,126	2,250
Total on-balance sheet exposures	17,013,857	17,013,857	5,142,405	411,393
Off-balance sheet exposures:				
Over-the-counter ("OTC") derivatives	912,038	912,038	553,279	44,262
Off-balance sheet exposures other than OTC derivatives or credit derivatives	556,262	556,262	540,964	43,277
Total off-balance sheet exposures	1,468,300	1,468,300	1,094,243	87,539
Total on and off-balance sheet exposures	18,482,157	18,482,157	6,236,648	498,932

	Long Position RM'000	Short Position RM'000	Risk-Weighted Assets RM'000	Minimum Capital Requirements at 8% RM'000
Market risk				
Interest rate risk	8,514,624	8,493,984	95,196	7,616
Foreign currency risk	22,128	-	276,605	22,128
Operational risk			381,281	30,502
Total RWA and capital requirements			6,989,730	559,178

35. The operations of Islamic Banking Window ("IBW")

This is the first financial statements prepared for IBW which covers the financial period from 20 September 2024 to 31 March 2025 and hence the comparative financial information is not presented.

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2025

		2025 RM'000
Assets		
Cash and short-term funds	(a)	4,961
Financial assets at FVOCI	(b)	19,995
Other assets		344
Total assets		25,300
Liabilities and Islamic banking funds		
Total Liabilities		-
Capital funds		25,300
Islamic banking funds		25,300
Total liabilities and Islamic banking funds		25,300

The operations of Islamic Banking is based on internal funding arrangement through Wakalah. IBW provides financing in Ringgit Malaysia through an internal Wakalah (agency) arrangement with Conventional banking. The financing is reported at the entity level. At the time of this report, the financing under the Wakalah scheme is nil.

35. The operations of Islamic Banking Window ("IBW") (continued)

STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2025

		2025 RM'000
Income derived from investment of Islamic Banking capital funds	(c)	348
Total net income		348
Other operating expenses	(d)	(27)
Profit before taxation		321
Tax expense		-
Profit for the financial year		321
Other comprehensive loss that will be reclassified to profit or loss in future periods:		
Fair value changes of financial assets at FVOCI		(21)
Income tax effect		-
		(21)
Total comprehensive income for the financial year		300

STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2025

	Capital funds RM'000	FVOCI reserve RM'000	Retained profits RM'000	Total RM'000
At 20 September 2024	-	-	-	-
Capital contribution	25,000	-	-	25,000
Profit for the financial year	-	-	321	321
Other comprehensive loss	-	(21)	-	(21)
At 31 March 2025	25,000	(21)	321	25,300

35. The operations of Islamic Banking Window ("IBW") (continued)

STATEMENT OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2025

	2025 RM'000
Cash flows from operating activities	
Profit before taxation	321
Adjustment for:	
Amortisation of premium net of accretion of discount	3
Operating profit before changes in working capital	324
(Increase)/decrease in operating assets	
Other assets	(344)
Net cash used in operating activities	(20)
Cash flows from investing activity	
Purchase of financial assets at FVOCI	(20,019)
Net cash used in investing activity	(20,019)
Cash flows from financing activity	
Capital contribution	25,000
Net cash generated from financing activity	25,000
Net increase in cash and cash equivalents	4,961
Cash and cash equivalents as at 1 April 2024/2023	-
Cash and cash equivalents as at 31 March	4,961
Analysis of cash and cash equivalents:	
Cash and short-term funds (Note 35(a))	4,961
	4,961

35. The operations of Islamic Banking Window ("IBW") (continued)

Shariah Committee

The Shariah Committee was established under BNM's "Shariah Governance Policy Document" to advise the Board of Directors on Shariah matters in its Islamic Banking business operations and to provide technical assistance in ensuring the Islamic Banking products and services offered by the Bank and the relevant documentation are in compliance with Shariah principles.

The Shariah Committee comprises of Dr. Abdullah bin Jalil, Dr. Syaryanti binti Hussin and En. Megat Hizaini bin Hassan.

Basis of preparation

The financial statements of the Islamic Banking business have been prepared on the basis consistent with that of the Bank as disclosed in Notes 1 and 2.

(a) Cash and short-term funds

	2025 **RM'000**
Cash and balances with banks and other financial institutions	4,961

(b) Financial assets at FVOCI

	2025 **RM'000**
At fair value	
Government investment issues	19,995

(c) Income derived from investment of Islamic Banking Capital funds

	2025 **RM'000**
Financial assets at FVOCI	348

(d) Other operating expenses

	2025 **RM'000**
Personnel costs:	
Salaries, allowances and bonuses	23
Contribution to Employees Provident Fund	4
	27

35. The operations of Islamic Banking Window ("IBW") (continued)

(e) Capital adequacy

The capital adequacy ratios of the Islamic Banking business of the Bank are computed in accordance with the Capital Adequacy Framework for Islamic Banks ("CAFIB"). The Bank's Islamic Banking business has adopted the Standardised Approach for credit risk and market risk, and the Business Indicator Component for operational risk.

(i) Based on the above, the capital adequacy ratios of the Bank's IBW are as follows:

	2025
Capital ratios:	
CET1 Capital Ratio / Tier 1 Capital Ratio	14970.414%
Total Capital Ratio	14970.414%

(ii) The components of CET1 capital, Tier-1 and Tier-2 capital of the Bank's IBW are as follows:

	2025 **RM'000**
CET 1 / Tier 1 Capital	
Paid-up share capital	25,000
Retained profits	321
Other reserves and regulatory adjustments	(21)
Total CET 1 / Tier 1 Capital	25,300
Tier 2 Capital	
General provisions and regulatory reserve	-
Total Capital	25,300

(iii) The breakdown of risk-weighted assets ("RWA") by each major risk categories are as follows:

	2025 **RM'000**
Total RWA for Credit risk	-
Total RWA for Market risk	-
Total RWA for Operational risk	169
Total RWA	169

35. The operations of Islamic Banking Window ("IBW") (continued)

(e) Capital adequacy (continued)

(iv) The breakdown of risk-weighted assets (excluding deferred tax assets) of the Bank's IBW in the various categories of risk-weights are as follows:

	Principal RM'000	Risk-Weighted Assets RM'000
2025		
0%	25,300	-
Total RWA for Credit risk	25,300	-
Total RWA for Operational risk	-	169
Total RWA	25,300	169

(v) Disclosures relating to credit risk are as below:

Exposure class	Gross Exposures RM'000	Net Exposures RM'000	Risk-Weighted Assets RM'000	Minimum Capital Requirements at 8% RM'000
2025				
Credit risk				
On-balance sheet exposures:				
Sovereigns/central banks	25,300	25,300	-	-
Total on-balance sheet exposures	25,300	25,300	-	-

	Risk-Weighted Assets RM'000	Minimum Capital Requirements at 8% RM'000
Operational risk	169	14
Total RWA and capital requirements	169	14

35. The operations of Islamic Banking Window ("IBW") (continued)

(f) Liquidity risk

Liquidity risk is the risk that the Bank's IBW is unable to meet its cash flow obligations as they fall due, such as upon the maturity of deposits and loan draw downs.

The table below analyses assets and liabilities (inclusive of non-financial instruments) of the Bank's IBW in the relevant maturity tenures based on remaining contractual maturities as at 31 March 2025.

Contractual maturity of total assets and liabilities

2025	Up to 1 Month RM'000	> 1 to 5 Years RM'000	Total RM'000
Assets			
Cash and short-term funds	4,961	-	4,961
Financial assets at FVOCI	-	19,995	19,995
Other assets	-	344	344
Total assets	4,961	20,339	25,300

36. Comparative figures

The Bank has restated the prior year's comparatives to correct the RWA for credit risk with the correct risk weight calculation for the on-balance sheet exposures. There is no impact to the Bank's basic earning for share.

Notes to the financial statements for the financial year ended 31 March 2024

Capital adequacy (Note 34)

	As restated	As previously reported
(i) **Capital ratios:**		
CET1 Capital Ratio / Tier 1 Capital Ratio	23.866%	24.129%
Total Capital Ratio	24.982%	25.243%

(ii) The components of CET1 capital, Tier-1 and Tier-2 capital of the Bank are as follows:

	As restated RM'000	As previously reported RM'000
CET 1 / Tier 1 Capital		
Paid-up share capital	1,200,000	1,200,000
Retained profits	480,605	480,605
Other reserves and regulatory adjustments	(12,420)	(12,420)
Total CET 1 / Tier 1 Capital	1,668,185	1,668,185
Tier 2 Capital		
General provisions and regulatory reserve	77,958	77,006
Total Capital	1,746,143	1,745,191

(iii) The breakdown of risk-weighted assets ("RWA") by each major risk categories are as follows:

	As restated RM'000	As previously reported RM'000
Total RWA for Credit risk	6,236,648	6,160,468
Total RWA for Market risk	371,801	371,801
Total RWA for Operational risk	381,281	381,281
Total RWA	6,989,730	6,913,550

36. Comparative figures (continued)

Notes to the financial statements for the financial year ended 31 March 2024 (continued)

Capital adequacy (Note 34) (continued)

(iv) The breakdown of risk-weighted assets (excluding deferred tax assets) of the Bank in the various categories of risk-weights are as follows:

	As restated		As previously reported	
	Principal RM'000	Risk-Weighted Assets RM'000	Principal RM'000	Risk-Weighted Assets RM'000
2024				
0%	8,765,734	-	3,131,079	-
20%	3,893,800	778,760	3,693,800	738,760
50%	729,471	364,736	729,471	364,736
100%	5,093,152	5,093,152	5,056,972	5,056,972
Total RWA for Credit risk	18,482,157	6,236,648	12,611,322	6,160,468
Total RWA for Market risk	-	371,801	-	371,801
Total RWA for Operational risk	-	381,281	-	381,281
Total RWA	18,482,157	6,989,730	12,611,322	6,913,550

36. Comparative figures (continued)

Notes to the financial statements for the financial year ended 31 March 2024 (continued)

Capital adequacy (Note 34) (continued)

(v) Disclosures relating to credit risk are as below:

	As restated				As previously reported			
Exposure Class	Gross Exposures RM'000	Net Exposures RM'000	Risk-Weighted Assets RM'000	Minimum Capital Requirements at 8% RM'000	Gross Exposures RM'000	Net Exposures RM'000	Risk-Weighted Assets RM'000	Minimum Capital Requirements at 8% RM'000
2024								
Credit Risk								
On-balance sheet exposures:								
Sovereigns/central banks	2,729,712	2,729,712	-	-	2,729,712	2,729,712	-	-
Banks, Development Financial Institutions and Multilateral Development Banks ("MDBs")	6,621,610	6,621,610	851,426	68,114	6,621,610	4,101,140	851,426	68,114
Corporates	7,634,409	7,634,409	4,262,853	341,029	7,634,409	4,284,044	4,186,673	334,934
Other assets	28,126	28,126	28,126	2,250	28,126	28,126	28,126	2,250
Total on-balance sheet exposures	17,013,857	17,013,857	5,142,405	411,393	17,013,857	11,143,022	5,066,225	405,298