

Mizuho Bank (Malaysia) Berhad
Company No. 201001039768 (923693-H)
(Incorporated in Malaysia)

**Pillar 3 disclosure
for the financial period ended 30 September 2025**

MIZUHO BANK (MALAYSIA) BERHAD
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(Incorporated in Malaysia)

**PILLAR 3 DISCLOSURE
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2025**

1.0 Overview

The Pillar 3 Disclosure for financial reporting beginning 1 January 2010 is introduced under the Bank Negara Malaysia's Risk-Weighted Capital Adequacy Framework ("RWCAF"), which is the equivalent to Basel II issued by the Basel Committee on Banking Supervision ("BCBS"). Basel II consists of 3 Pillars as follows:

- (a) Pillar 1 sets out the minimum amount of regulatory capital that banking institutions must hold against credit, market and operational risks assumed.
- (b) Pillar 2 focuses on strengthening the supervisory review process in developing more rigorous risk management framework and techniques. The purpose is for banking institutions to implement an effective and rigorous internal capital adequacy assessment process that commensurate with the risk profile and business plans of the bank.
- (c) Pillar 3 sets out the minimum disclosure requirements of information on the risk management practices and capital adequacy of banking institution, aimed to enhance comparability amongst banking institutions.

The approaches adopted by Mizuho Bank (Malaysia) Berhad ("the Bank") are shown in the table below:

Risk Type	Approach Adopted	Capital Requirement Assessment
Credit	Standardised Approach	Standard risk-weights
Market	Standardised Approach	Standard risk-weights
Operational	Basic Indicator Component	Business Indicator Component and Internal Loss Multiplier

The Bank's main business activity is commercial banking, focusing on corporate banking and treasury business. The Bank is also involved in Islamic banking business, providing non-Malaysian Ringgit Islamic financing via International Currency Business Unit ("ICBU") and effective 20 September 2024, the Bank is also providing Malaysian Ringgit Islamic financing via Islamic Banking Window ("IBW").

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2.0 Capital management and capital adequacy

The objective of the Bank's capital management policy is to maintain an adequate level of capital to support business growth strategies under an acceptable risk framework, and to meet its regulatory minimum capital requirements. On top of the minimum regulatory capital requirements, a buffer is added on to arrive at the Bank's internal capital target to ensure adequacy of capital to support the current and anticipated business growth. Internal Capital Adequacy Assessment Process ("ICAAP") is formulated to identify the material risks in the business. The material risk areas that are taken into consideration are credit risk, market risk, operational risk, credit concentration risk, liquidity risk, interest rate risk in banking book, business and strategic risk, technology and cyber risk, compliance risk (including legal risk, regulatory risk, shariah risk, anti-money laundering ("AML") and counter-financing of terrorism ("CFT") risk), sustainability risk as well as reputational risk.

Internal capital assessment is carried out to determine the level of internal capital required by the Bank based on the Pillar 1 and 2 requirements as well as actual results of the preceding financial year (as the base case). Capital plan, business plan and budget are approved by the Board of Directors on an annual basis. The business plan in particular would set out the Bank's risk appetite to be in line with the lending direction and business strategies for the coming year. Senior Management is responsible for ensuring a smooth development and implementation of the ICAAP policy as well as effective systems and processes are in place. The Bank's performance against the internal capital levels is reviewed on a regular basis by the Senior Management.

The Bank undertakes stress test exercise on a half yearly basis to assess the Bank's capability to withstand any adverse environment that may arise. The stress test will at least cover the exceptional but plausible event and the worst case scenario. For the Bank, the stress test is conducted either based on the parameters applied to the current position or using the 3 year business plan projection. The three key segments namely loan growth, deposit growth and profit growth are focused in the 3 year business plan. Impacts on the Bank's potential losses, impairments, liquidity position, earnings and capital ratio is projected based on the selected parameters. With the stress test results that will be communicated to the Board and Board Risk Management Committee ("BRMC"), the Bank shall identify the key strategies to mitigate the effects of stress events and conserve the capital.

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2.0 Capital management and capital adequacy (continued)

Capital adequacy ratios of the Bank are computed in accordance with BNM's Capital Adequacy Framework (Capital Components and Basel II - Risk Weighted Assets) and Capital Adequacy Framework for Islamic Banks ("CAFIB"). For the financial year ended 31 March 2025, the minimum regulatory CET1 capital ratio, Tier 1 capital ratio and total capital ratio requirement including the capital conservation buffer are 7.0%, 8.5% and 10.5% respectively. The following information presents the capital adequacy ratios of the Bank and the breakdown of RWA:

(a) Capital adequacy ratio:

	30 Sep 2025	31 Mar 2025
The Bank		
CET1 Capital Ratio / Tier 1 Capital Ratio	20.722%	23.662%
Total Capital Ratio	21.849%	24.815%
IBW		
CET1 Capital Ratio / Tier 1 Capital Ratio	8780.623%	14970.414%
Total Capital Ratio	8780.623%	14970.414%

There was no dividend declared and payout as at 30 September 2025 (31 March 2025: Nil).

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2.0 Capital management and capital adequacy (continued)

(b) The breakdown of RWA by exposures in each major risk category is as follows:

The Bank

Exposure Class	Gross Exposures RM'000	Net Exposures RM'000	Risk-Weighted Assets RM'000	Minimum Capital Requirement at 8% RM'000
As at 30 September 2025				
Credit Risk (Standardised Approach)				
<u>On-balance sheet exposures:</u>				
Sovereigns/central banks	2,517,751	2,517,751	-	-
Banks, Development Financial Institutions and Multilateral Development Banks ("MDBs")	7,584,685	7,584,685	1,265,131	101,211
Corporates	8,964,452	8,964,452	4,910,736	392,859
Other assets	23,917	23,917	23,917	1,913
Total on-balance sheet exposures	19,090,805	19,090,805	6,199,784	495,983
<u>Off-balance sheet exposures:</u>				
Over-the-counter ("OTC") derivatives	1,075,015	1,075,015	809,690	64,775
Off-balance sheet exposures other than OTC derivatives or credit derivatives	832,219	832,219	796,366	63,709
Total off-balance sheet exposures	1,907,234	1,907,234	1,606,056	128,484
Total on and off-balance sheet exposures	20,998,039	20,998,039	7,805,840	624,467
Market risk (Standardised Approach)				
Interest rate risk	9,864,903	9,838,262	110,075	8,806
Foreign currency risk	24,748	-	309,350	24,748
Operational risk (Basic Indicator Component)			432,611	34,609
Total RWA and capital requirements			8,657,876	692,630

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2.0 Capital management and capital adequacy (continued)

(b) The breakdown of RWA by exposures in each major risk category is as follow (continued):

The Bank (continued)

Exposure Class	Gross Exposures RM'000	Net Exposures RM'000	Risk-Weighted Assets RM'000	Minimum Capital Requirement at 8% RM'000
As at 31 March 2025				
Credit Risk (Standardised Approach)				
<u>On-balance sheet exposures:</u>				
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	<u>17,277,775</u>	<u>17,277,775</u>	<u>5,716,931</u>	<u>457,355</u>
<u>Off-balance sheet exposures:</u>				
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	<u>1,522,721</u>	<u>1,522,721</u>	<u>1,260,403</u>	<u>100,832</u>
Total on and off-balance sheet exposures	<u>18,800,496</u>	<u>18,800,496</u>	<u>6,977,334</u>	<u>558,187</u>
Market risk (Standardised Approach)				
Interest rate risk	8,706,810	8,678,914	108,630	8,690
Foreign currency risk	6,854	-	85,681	6,854
Operational risk (Basic Indicator Component)			396,978	31,758
Total RWA and capital requirements			<u>7,568,623</u>	<u>605,489</u>

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2.0 Capital management and capital adequacy (continued)

(b) The breakdown of RWA by exposures in each major risk category is as follows (continued):

IBW

Exposure Class	Gross Exposures RM'000	Net Exposures RM'000	Risk-Weighted Assets RM'000	Minimum Capital Requirement at 8% RM'000
As at 30 September 2025				
Credit Risk (Standardised Approach)				
<u>On-balance sheet exposures:</u>				
Sovereigns/central banks	25,741	25,741	-	-
Total on-balance sheet exposures	<u>25,741</u>	<u>25,741</u>	<u>-</u>	<u>-</u>
			Risk-Weighted Assets RM'000	Minimum Capital Requirement at 8% RM'000
Operational risk (Basic Indicator Component)			289	23
Total RWA and capital requirements			<u>289</u>	<u>23</u>

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2.0 Capital management and capital adequacy (continued)

(b) The breakdown of RWA by exposures in each major risk category is as follows (continued):

IBW (continued)

Exposure Class	Gross Exposures RM'000	Net Exposures RM'000	Risk-Weighted Assets RM'000	Minimum Capital Requirement at 8% RM'000
As at 31 March 2025				
Credit Risk (Standardised Approach)				
<u>On-balance sheet exposures:</u>				
Sovereigns/central banks	25,300	25,300	-	-
Total on-balance sheet exposures	25,300	25,300	-	-
			Risk-Weighted Assets RM'000	Minimum Capital Requirement at 8% RM'000
Operational risk (Basic Indicator Component)			169	14
Total RWA and capital requirements			169	14

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3.0 Capital structure

The components of Tier I and Tier II capital of the Bank are as follows:

	30 Sep 2025 RM'000	31 Mar 2025 RM'000
The Bank		
CET 1 / Tier 1 Capital		
Paid-up share capital	1,200,000	1,200,000
Retained profits	611,720	607,848
Other reserves and regulatory adjustments	(17,649)	(16,924)
Total CET 1 / Tier 1 Capital	<u>1,794,071</u>	<u>1,790,924</u>
Tier 2 Capital		
General provisions and regulatory reserve	97,573	87,217
Total Capital	<u>1,891,644</u>	<u>1,878,141</u>
IBW		
CET 1 / Tier 1 Capital		
Paid-up share capital	25,000	25,000
Retained profits	321	321
Other reserves and regulatory adjustments	55	(21)
Total CET 1 / Tier 1 Capital	<u>25,376</u>	<u>25,300</u>
Tier 2 Capital		
General provisions and regulatory reserve	-	-
Total Capital	<u>25,376</u>	<u>25,300</u>

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4.0 Stress test

The Bank conducts a robust and dynamic exercise on semi-annually basis. The stress test exercise is part of risk and management process in capital and business planning.

The stress test including reverse stress test involve in identifying possible events or future changes in the financial and economic conditions that could have unfavourable effects on the Bank's exposure. It provides the assessment of the Bank's ability to withstand such changes, usually in relation to the capacity of its capital and earning to absorb potentially significant losses. Steps are then identified to manage the risks and conserve capital to prepare for such eventualities.

The assumptions used for stress test are regularly reviewed by the Stress Test Working Group. The assumptions used in the past include global economic turmoil, cyber attack, weakening of Malaysian Ringgit, crude oil price hike, higher bond yield, rising of inflation rate, amongst others.

With the stress test results that will be communicated to the Board and BRMC, the Bank shall identify the key strategies to mitigate the effects of stress test events and conserve the capital.

5.0 Risk management framework

The Board of Directors establishes the Bank's risk appetite and risk principles. The BRMC is delegated by the Board to oversee Risk Management within the Bank. While Management Credit Committee ("MCC") and Asset-Liability Management Committee ("ALMC") are established to support BRMC in the risk oversight and formulating risk management policies and frameworks.

The Board of Directors through BRMC is ultimately responsible to oversee and ensure 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. Risk Management Department ("RMD") is principally tasked to assist the various risk committees and undertakes the performance of the day-to-day risk management functions.

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. Complementing this is internal audit, which provides independent assurance of the effectiveness of the risk management approach.

The Bank has exposure to the following risks, amongst others, from financial instruments:

- Credit risk
- Market risk
- Operational risk
- Liquidity risk

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6.0 Credit risk

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 have the approving authority to approve credit facilities above Chief Executive Officer's ("CEO's") approval limit. Secondly, the Board of Directors also have the veto power. CEO's approval of credit facilities limit is capped at Single Counterparty Exposure Limit ("SCEL"). 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.

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.

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6.1 Distribution of credit exposures

(i) Industry analysis

The following tables present the gross credit exposures of financial assets of the Bank analysed by industrial distribution:

The Bank	Cash and short-term funds	Deposits and placements with financial institutions	Financial assets at FVOCI	Financial investments at amortised cost	Loans, advances and financing	Derivative financial assets	Other financial assets	Total on-balance sheet exposures	Total off-balance sheet exposures	Total credit exposures
As at 30 September 2025	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Manufacturing	-	-	-	-	1,275,189	892	205	1,276,286	2,278,118	3,554,404
Electricity, gas and water supply	-	-	-	-	153,420	-	-	153,420	15,812	169,232
Construction	-	-	-	-	241,071	285	140	241,496	917,422	1,158,918
Wholesale and retail trade, and restaurants and hotels	-	-	-	-	217,404	639	-	218,043	768,933	986,976
Transport, storage and communication	-	-	-	660,741	30,237	-	208	691,186	1,390,700	2,081,886
Finance, insurance, real estate and business activities	2,883,808	3,001,795	1,280,033	249,383	8,755,800	108,059	332,160	16,611,038	19,567,776	36,178,814
Education, health and others	-	-	-	-	250,653	-	61	250,714	226,375	477,089
Others	-	-	-	-	-	-	1,002	1,002	-	1,002
	<u>2,883,808</u>	<u>3,001,795</u>	<u>1,280,033</u>	<u>910,124</u>	<u>10,923,774</u>	<u>109,875</u>	<u>333,776</u>	<u>19,443,185</u>	<u>25,165,136</u>	<u>44,608,321</u>

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6.1 Distribution of credit exposures (continued)

(i) Industry analysis (continued)

The following tables present the gross credit exposures of financial assets of the Bank analysed by industrial distribution (continued):

The Bank (continued)	Cash and short-term funds RM'000	Deposits and placements with financial institutions RM'000	Financial assets at FVOCI RM'000	Financial investments at amortised cost RM'000	Loans, advances and financing RM'000	Derivative financial assets RM'000	Other financial assets RM'000	Total on- balance sheet exposures RM'000	Total off- balance sheet exposures RM'000	Total credit exposures RM'000
As at 31 March 2025										
Manufacturing	-	-	-	-	1,293,109	1,505	186	1,294,800	2,790,826	4,085,626
Electricity, gas and water supply	-	-	-	-	155,015	2	3	155,020	21,545	176,565
Construction	-	-	-	-	235,771	7	-	235,778	845,591	1,081,369
Wholesale and retail trade, and restaurants and hotels	-	-	-	-	185,811	1,888	-	187,699	862,672	1,050,371
Transport, storage and communication	-	-	-	660,141	467,250	-	194	1,127,585	913,360	2,040,945
Finance, insurance, real estate and business activities	2,688,811	963,940	1,449,197	250,119	8,605,722	113,305	163,112	14,234,206	13,988,038	28,222,244
Education, health and others	-	-	-	-	292,521	-	75	292,596	222,923	515,519
Others	-	-	-	-	-	-	972	972	-	972
	<u>2,688,811</u>	<u>963,940</u>	<u>1,449,197</u>	<u>910,260</u>	<u>11,235,199</u>	<u>116,707</u>	<u>164,542</u>	<u>17,528,656</u>	<u>19,644,955</u>	<u>37,173,611</u>

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6.1 Distribution of credit exposures (continued)

(i) Industry analysis (continued)

The following tables present the credit exposures of financial assets of the Bank analysed by industrial distribution (continued):

IBW

	Finance, Insurance, Real Estate & Business Activities	Total
	RM'000	RM'000
As at 30 September 2025		
On-Balance Sheet Exposures		
Cash and short-term funds	5,603	5,603
Financial assets at FVOCI	20,136	20,136
Other financial assets	2	2
	<u>25,741</u>	<u>25,741</u>
 Total Credit Exposures	 <u>25,741</u>	 <u>25,741</u>
 As at 31 March 2025		
On-Balance Sheet Exposures		
Cash and short-term funds	4,961	4,961
Financial assets at FVOCI	19,995	19,995
Other financial assets	344	344
	<u>25,300</u>	<u>25,300</u>
 Total Credit Exposures	 <u>25,300</u>	 <u>25,300</u>

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6.1 Distribution of credit exposures (continued)

(ii) Geographical analysis

The following tables present the gross credit exposures of financial assets analysed by geographical distribution based on the geographical location where the credit risk resides:

The Bank

	Within Malaysia RM'000	Outside Malaysia RM'000	Total RM'000
As at 30 September 2025			
On-Balance Sheet Exposures			
Cash and short-term funds	2,712,922	170,886	2,883,808
Deposits and placements with FIs	3,001,795	-	3,001,795
Financial assets at FVOCI	1,280,033	-	1,280,033
Financial investments at amortised cost	910,124	-	910,124
Loans, advances and financing	9,226,128	1,697,646	10,923,774
Derivative financial assets	99,126	10,749	109,875
Other financial assets	333,732	44	333,776
	<u>17,563,860</u>	<u>1,879,325</u>	<u>19,443,185</u>
Off-Balance Sheet Exposures	<u>24,058,257</u>	<u>1,106,879</u>	<u>25,165,136</u>
Total Credit Exposures	<u>41,622,117</u>	<u>2,986,204</u>	<u>44,608,321</u>
As at 31 March 2025			
On-Balance Sheet Exposures			
Cash and short-term funds	2,448,482	240,329	2,688,811
Deposits and placements with FIs	963,940	-	963,940
Financial assets at FVOCI	1,449,197	-	1,449,197
Financial investments at amortised cost	910,260	-	910,260
Loans, advances and financing	9,450,395	1,784,804	11,235,199
Derivative financial assets	113,827	2,880	116,707
Other financial assets	164,106	436	164,542
	<u>15,500,207</u>	<u>2,028,449</u>	<u>17,528,656</u>
Off-Balance Sheet Exposures	<u>18,351,587</u>	<u>1,293,368</u>	<u>19,644,955</u>
Total Credit Exposures	<u>33,851,794</u>	<u>3,321,817</u>	<u>37,173,611</u>

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6.1 Distribution of credit exposures (continued)

(ii) Geographical analysis (continued)

The following tables present the credit exposures of financial assets analysed by geographical distribution based on the geographical location where the credit risk resides (continued):

IBW

	Within Malaysia RM'000	Total RM'000
As at 30 September 2025		
On-Balance Sheet Exposures		
Cash and short-term funds	5,603	5,603
Financial assets at FVOCI	20,136	20,136
Other financial assets	2	2
	<u>25,741</u>	<u>25,741</u>
 Total Credit Exposures	 <u>25,741</u>	 <u>25,741</u>
As at 31 March 2025		
On-Balance Sheet Exposures		
Cash and short-term funds	4,961	4,961
Financial assets at FVOCI	19,995	19,995
Other financial assets	344	344
	<u>25,300</u>	<u>25,300</u>
 Total Credit Exposures	 <u>25,300</u>	 <u>25,300</u>

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6.1 Distribution of credit exposures (continued)

(iii) Maturity analysis

The following tables present the residual contractual maturity for major types of gross credit exposures for on and off-balance sheet exposures of financial assets:

The Bank	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
As at 30 September 2025							
On-Balance Sheet Exposures							
Cash and short-term funds	2,883,808	-	-	-	-	-	2,883,808
Deposits and placements with FIs	-	3,001,795	-	-	-	-	3,001,795
Financial assets at FVOCI	160,056	40,075	731,852	348,050	-	-	1,280,033
Financial investments at amortised cost	-	72,855	249,383	587,886	-	-	910,124
Loans, advances and financing	1,939,335	797,140	1,498,450	6,554,100	134,749	-	10,923,774
Derivative financial assets	14,033	18,517	28,469	48,856	-	-	109,875
Other financial assets	13,115	16,991	2,511	-	-	301,159	333,776
	<u>5,010,347</u>	<u>3,947,373</u>	<u>2,510,665</u>	<u>7,538,892</u>	<u>134,749</u>	<u>301,159</u>	<u>19,443,185</u>
Off-Balance Sheet Exposures							
	<u>8,828,866</u>	<u>3,011,189</u>	<u>6,191,295</u>	<u>7,051,414</u>	<u>82,372</u>	<u>-</u>	<u>25,165,136</u>
Total Credit Exposures	<u>13,839,213</u>	<u>6,958,562</u>	<u>8,701,960</u>	<u>14,590,306</u>	<u>217,121</u>	<u>301,159</u>	<u>44,608,321</u>

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6.1 Distribution of credit exposures (continued)

(iii) Maturity analysis (continued)

The following tables present the residual contractual maturity for major types of gross credit exposures for on and off-balance sheet exposures of financial assets (continued):

The Bank (continued)	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
As at 31 March 2025							
On-Balance Sheet Exposures							
Cash and short-term funds	2,688,811	-	-	-	-	-	2,688,811
Deposits and placements with FIs	-	963,940	-	-	-	-	963,940
Financial assets at FVOCI	10,001	-	481,962	957,234	-	-	1,449,197
Financial investments at amortised cost	-	72,582	250,119	587,559	-	-	910,260
Loans, advances and financing	2,545,798	404,995	1,585,377	6,610,002	89,027	-	11,235,199
Derivative financial assets	9,355	7,956	54,670	44,726	-	-	116,707
Other financial assets	22,947	5,981	3,088	-	-	132,526	164,542
	<u>5,276,912</u>	<u>1,455,454</u>	<u>2,375,216</u>	<u>8,199,521</u>	<u>89,027</u>	<u>132,526</u>	<u>17,528,656</u>
Off-Balance Sheet Exposures	<u>7,040,019</u>	<u>568,013</u>	<u>5,042,149</u>	<u>6,934,240</u>	<u>60,534</u>	<u>-</u>	<u>19,644,955</u>
Total Credit Exposures	<u>12,316,931</u>	<u>2,023,467</u>	<u>7,417,365</u>	<u>15,133,761</u>	<u>149,561</u>	<u>132,526</u>	<u>37,173,611</u>

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6.1 Distribution of credit exposures (continued)

(iii) Maturity analysis (continued)

The following tables present the residual contractual maturity for major types of gross credit exposures for on and off-balance sheet exposures of financial assets (continued):

IBW

	Up to 1 month RM'000	> 3 to 12 month RM'000	> 1 to 5 years RM'000	Total RM'000
As at 30 September 2025				
On-Balance Sheet Exposures				
Cash and short-term funds	5,603	-	-	5,603
Financial assets at FVOCI	-	-	20,136	20,136
Other financial assets	-	2	-	2
	<u>5,603</u>	<u>2</u>	<u>20,136</u>	<u>25,741</u>
Total Credit Exposures	<u>5,603</u>	<u>2</u>	<u>20,136</u>	<u>25,741</u>
As at 31 March 2025				
On-Balance Sheet Exposures				
Cash and short-term funds	4,961	-	-	4,961
Financial assets at FVOCI	-	-	19,995	19,995
Other financial assets	344	-	-	344
	<u>5,305</u>	<u>-</u>	<u>19,995</u>	<u>25,300</u>
Total Credit Exposures	<u>5,305</u>	<u>-</u>	<u>19,995</u>	<u>25,300</u>

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6.2 Credit quality of loans, advances and financing

MFRS 9 accounting standard requires banks to determine an expected credit loss ("ECL") amount on a probability-weighted basis as the difference between cash flows that are due to the Bank in accordance with the contractual terms of financial assets and the cash flows that the Bank expects to receive. The ECL model adopted by the Bank covers the on and off balance sheet credit exposures to sovereign, financial institutions and corporate loans. The credit exposures are to be segregated to its three stages, as described below:

Stage 1: Ordinary / Performing Credit Exposure. (12-Month ECL)

Stage 2: Exposure with Significant Increase in Credit Risk. (Lifetime ECL)

Stage 3: Impaired Credit Exposure. (Lifetime ECL)

The three main components to measure ECL are as follows:

Probability of Default ("PD")

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").

Loss Given Default ("LGD")

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.

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.

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6.2 Credit quality of loans, advances and financing (continued)

Forecast of key macroeconomic variables (continued)

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 Gross Domestic Product ("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.

The general provision / impairment for the credit exposures of the Bank will be equivalent to 12-Month ECL or Lifetime ECL, depending on the stage of credit exposures befitting each financial asset.

All gross loans, advances and financing at amortised cost are neither past due nor impaired as at the following reporting dates. A loan is defined as past due if the loan principal or interest (or both) is due and not repaid. A loan is defined as impaired if the loan principal or interest (or both) is past due for a period of more than 90 days.

The Bank

	30 Sep 2025 RM'000	31 Mar 2025 RM'000
At amortised cost:		
Term loans	4,954,637	5,206,007
Revolving credits	2,738,210	3,142,791
Bills receivable	30,643	9,327
Banker's acceptances	3,647	2,419
	<u>7,727,137</u>	<u>8,360,544</u>
Less: Unearned interest	(15)	(10)
Gross loans, advances and financing at amortised cost	<u>7,727,122</u>	<u>8,360,534</u>
Less: Allowance for expected credit losses	(19,284)	(18,433)
Net loans, advances and financing at amortised cost	<u><u>7,707,838</u></u>	<u><u>8,342,101</u></u>

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There are no loans, advances and financing at amortised cost as at 30 September 2025 (31 March 2025: Nil).

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6.2 Credit quality of loans, advances and financing (continued)

(i) The following table presents the impairment allowances on loans, advances and financing of the Bank analysed by economic sector:

		Electricity, Gas & Water Supply	Construction	Wholesale & Retail Trade & Restaurants & Hotels	Transport, Storage & Communication	Finance, Insurance, Real Estate & Business Activities	Education, Health & Others	Total
	Manufacturing RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
As at 30 September 2025								
Expected Credit Loss								
Loans, advances and financing	11,004	1,843	2,208	322	257	3,327	323	19,284
As at 31 March 2025								
Expected Credit Loss								
Loans, advances and financing	9,169	1,793	1,865	282	2,095	2,898	331	18,433

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6.2 Credit quality of loans, advances and financing (continued)

- (ii) The following table presents the impairment allowances on loans, advances and financing of the Bank analysed by geographical location based on where the credit risk resides:

	Within Malaysia RM'000	Outside Malaysia RM'000	Total RM'000
As at 30 September 2025			
Expected Credit Loss			
Loans, advances and financing	<u>18,898</u>	<u>386</u>	<u>19,284</u>
As at 31 March 2025			
Expected Credit Loss			
Loans, advances and financing	<u>18,104</u>	<u>329</u>	<u>18,433</u>

- (iii) Movements in impairment allowance on loans, advances and financing:

	30 Sep 2025 RM'000	31 Mar 2025 RM'000
At beginning of the financial period	18,433	16,919
Addition during the financial period	<u>851</u>	<u>1,514</u>
At end of the financial period	<u>19,284</u>	<u>18,433</u>
As percentage of total loans, advances and financing	<u>0.18%</u>	<u>0.16%</u>

The Bank has no impaired loans, advances and financing and no individual impairment allowance was deemed required as at 30 September 2025 (31 March 2025: Nil).

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6.2 Credit quality of loans, advances and financing (continued)

- (iv) Movement in impairment allowances on loans, advances and financing which reflects 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 2025	12,464	5,969	-	18,433
New financial assets originated	9,073	7,176	-	16,249
Financial assets derecognised	(9,879)	(5,857)	-	(15,736)
Net remeasurement during the financial period	336	2	-	338
At 30 September 2025	11,994	7,290	-	19,284
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

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6.3 Off-balance sheet exposures and counterparty credit risk

Counterparty Credit Risk ("CCR") is the risk that the counterparty to a transaction involving financial instruments such as foreign exchange and derivatives, defaults before the final settlement of the transaction's cash flows. Unlike a loan where the credit risk is unilateral, that is only the lending bank faces the risk of losses, CCR on derivatives creates bilateral risk of loss. This means either party of the transaction can incur losses depending on the market value of the derivatives, which can vary over time with the movement of the underlying market factors.

For derivatives exposures, collateral is generally managed via standard market documentation which governs the amount of collateral required and the re-margining frequency between counterparties. As at reporting date, there was no requirement to post additional collateral as Credit Support Annex agreements entered with all counterparties are re-margined on either daily or weekly basis to cover the net exposure between counterparties.

The off-balance sheet exposures and their related counterparty credit risk of the Bank as at the respective reporting dates are as follows:

The Bank

	Principal amount RM'000	Credit equivalent amount* RM'000	Risk- weighted amount* RM'000
As at 30 September 2025			
Direct credit substitutes	208,959	208,959	189,134
Transaction related contingent items	249,339	124,670	108,642
Short-term self-liquidating trade related contingencies	83,460	16,692	16,692
Foreign exchange related contracts			
- One year or less	8,005,457	121,088	57,795
- Over one year to five years	12,626	659	330
Interest/profit related contracts			
- One year or less	3,869,699	152,861	110,932
- Over one year to five years	6,258,972	795,520	637,713
- Over five years	31,422	4,887	2,920
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	1,068,120	481,898	481,898
Any commitments that are unconditionally cancelled at any time without prior notice	5,377,082	-	-
Total	25,165,136	1,907,234	1,606,056

* 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.

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6.3 Off-balance sheet exposures and counterparty credit risk (continued)

The off-balance sheet exposures and their related counterparty credit risk of the Bank as at the respective reporting dates are as follows (continued):

The Bank (continued)

	Principal amount RM'000	Credit equivalent amount* RM'000	Risk- weighted amount* RM'000
As at 31 March 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.

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There are no off-balance sheet exposures as at 30 September 2025 (31 March 2025: Nil).

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6.4 Credit risk mitigation ("CRM")

The Bank undertakes a holistic approach when granting any credit facilities to the customer, such as the credit worthiness of the customer, source of repayment and debt servicing ability, rather than placing primary dependency on the credit risk mitigation.

Depending on a customer's credit standing and the type of product, the facilities may be granted on an unsecured basis. Nevertheless, collateral serves as an effective tool in mitigating the credit risk.

The collaterals taken by the Bank consist of cash and corporate guarantee. Before any of the collaterals are accepted by the Bank, it has to be assessed in terms of legal enforceability. In all relevant jurisdiction, recognition of eligible collateral and to have the rights to liquidate or take legal possession of the collateral in a timely manner in the event of default.

The application of haircut takes place whenever there is a currency mismatch between customer exposure and collaterals, as it serves as a protection for the Bank against the foreign currency fluctuations.

The Bank

	Total exposures before CRM RM'000	Total exposures covered by guarantees RM'000	Total exposures covered by financial collaterals RM'000	Total exposures covered by other eligible collaterals RM'000
As at 30 September 2025				
Credit risk				
<u>On-balance sheet exposures:</u>				
Sovereigns/central banks	2,517,751	-	-	-
Banks, Development Financial Institutions and MDBs	7,584,685	-	1,793,801	-
Corporates	8,964,452	-	4,189,609	-
Other assets	23,917	-	-	-
Total on-balance sheet exposures	<u>19,090,805</u>	<u>-</u>	<u>5,983,410</u>	<u>-</u>
<u>Off-Balance Sheet Exposures:</u>				
Over-the-counter ("OTC") derivatives	1,075,015	-	-	-
Off balance sheet exposures other than OTC derivatives or credit derivatives	832,219	-	52,162	-
Total off-balance sheet exposures	<u>1,907,234</u>	<u>-</u>	<u>52,162</u>	<u>-</u>
Total on and off balance sheet exposures	<u>20,998,039</u>	<u>-</u>	<u>6,035,572</u>	<u>-</u>

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6.4 Credit risk mitigation ("CRM") (continued)

The Bank (continued)

	Total exposures before CRM RM'000	Total exposures covered by guarantees RM'000	Total exposures covered by financial collaterals RM'000	Total exposures covered by other eligible collaterals RM'000
As at 31 March 2025				
Credit risk				
<u>On-balance sheet exposures:</u>				
Sovereigns/central banks	1,747,630	-	-	-
Banks, Development Financial Institutions and MDBs	6,344,293	-	2,057,223	-
Corporates	9,160,216	-	4,501,029	-
Other assets	25,636	-	-	-
Total on-balance sheet exposures	<u>17,277,775</u>	<u>-</u>	<u>6,558,252</u>	<u>-</u>
<u>Off-Balance Sheet Exposures:</u>				
Over-the-counter ("OTC") derivatives	939,939	-	-	-
Off balance sheet exposures other than OTC derivatives or credit derivatives	582,782	-	59,837	-
Total off-balance sheet exposures	<u>1,522,721</u>	<u>-</u>	<u>59,837</u>	<u>-</u>
Total on and off balance sheet exposures	<u>18,800,496</u>	<u>-</u>	<u>6,618,089</u>	<u>-</u>

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6.4 Credit risk mitigation ("CRM")

IBW

	Total exposures before CRM RM'000	Total exposures covered by guarantees RM'000	Total exposures covered by financial collaterals RM'000	Total exposures covered by other eligible collaterals RM'000
As at 30 September 2025				
Credit risk				
<u>On-balance sheet exposures:</u>				
Sovereigns/central banks	25,741	-	-	-
Total on-balance sheet exposures	<u>25,741</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total on and off balance sheet exposures	<u>25,741</u>	<u>-</u>	<u>-</u>	<u>-</u>
As at 31 March 2025				
Credit risk				
<u>On-balance sheet exposures:</u>				
Sovereigns/central banks	25,300	-	-	-
Total on-balance sheet exposures	<u>25,300</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total on and off balance sheet exposures	<u>25,300</u>	<u>-</u>	<u>-</u>	<u>-</u>

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6.5 Assignment of risk weights for portfolios under the standardised approach

The Bank refers to the credit ratings assigned by credit rating agencies in its calculation of credit risk-weighted assets. The following are the External Credit Assessment Institutions ("ECAI") ratings used by the Bank and are recognised by BNM in the RWCAF:

- (a) Standard & Poor's Rating Services ("S&P")
- (b) Moody's Investors Service ("Moody's")
- (c) Fitch Ratings ("Fitch")
- (d) RAM Rating Services Berhad ("RAM")
- (e) Malaysian Rating Corporation Berhad ("MARC")
- (f) Rating and Investment Information, Inc. ("R&I")

The ECAI ratings accorded to the following counterparty exposure classes are used in the calculation of risk-weighted assets for capital adequacy purposes:

- (a) Sovereigns and Central Bank
- (b) Banking Institutions
- (c) Corporates

Rated and Unrated Counterparties

In general, the issue rating i.e. the rating specific to the credit exposure is used. When there is no specific rating available, the credit rating assigned to the issuer or counterparty of the particular credit exposure is used. In cases where an exposure has neither an issue or issuer rating, it is deemed as unrated.

Where a counterparty or an exposure is rated by more than one ECAI, all available external ratings of the counterparty will be captured and the following rules will be observed:

- Where 2 recognised external ratings are available, the lower rating is to be applied; or
- Where 3 or more recognised external ratings are available, the lower of the highest 2 ratings will be used for the capital adequacy calculation purposes.

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6.5 Assignment of risk weights for portfolios under the standardised approach (continued)

(i) Credit risk disclosures on risk weights

The following tables present the credit exposures by risk weights and after credit risk mitigation of the Bank:

The Bank

Risk weights	Exposures after Netting and Credit Risk Mitigation						Total Risk-Weighted Assets RM'000
	Sovereigns/ Central Banks RM'000	Public Service Entities RM'000	Banks, Development Financial Institutions & MDBs RM'000	Corporates RM'000	Other Assets RM'000	Total Exposures after Netting and Credit Risk Mitigation RM'000	
As at 30 September 2025							
0%	2,517,751	-	2,169,254	3,347,226	-	8,034,231	-
20%	-	-	4,989,907	883,111	-	5,873,018	1,174,604
50%	-	-	919,107	-	-	919,107	459,553
100%	-	4,737	-	6,143,029	23,917	6,171,683	6,171,683
	<u>2,517,751</u>	<u>4,737</u>	<u>8,078,268</u>	<u>10,373,366</u>	<u>23,917</u>	<u>20,998,039</u>	<u>7,805,840</u>

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6.5 Assignment of risk weights for portfolios under the standardised approach (continued)

(i) Credit risk disclosures on risk weights (continued)

The Bank

← Exposures after Netting and Credit Risk Mitigation →

Risk weights	Sovereigns/ Central Banks RM'000	Public Service Entities RM'000	Banks, Development Financial Institutions & MDBs RM'000	Corporates RM'000	Other Assets RM'000	Total Exposures after Netting and Credit Risk Mitigation RM'000	Total Risk- Weighted Assets RM'000
As at 31 March 2025							
0%	1,747,630	-	2,383,767	3,601,816	-	7,733,213	-
20%	-	-	3,758,912	950,319	-	4,709,231	941,846
50%	-	-	645,128	-	-	645,128	322,564
100%	-	10,942	-	5,676,346	25,636	5,712,924	5,712,924
	<u>1,747,630</u>	<u>10,942</u>	<u>6,787,807</u>	<u>10,228,481</u>	<u>25,636</u>	<u>18,800,496</u>	<u>6,977,334</u>

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6.5 Assignment of risk weights for portfolios under the standardised approach (continued)

(i) Credit risk disclosures on risk weights (continued)

The following tables present the credit exposures by risk weights and after credit risk mitigation of the Bank (continued):

IBW

Risk weights	Exposures after Netting and Credit Risk Mitigation		
	Sovereigns/ Central Banks RM'000	Total Exposures after Netting and Credit Risk Mitigation RM'000	Total Risk-Weighted Assets RM'000
As at 30 September 2025			
0%	25,741	25,741	-
	<u>25,741</u>	<u>25,741</u>	<u>-</u>
As at 31 March 2025			
0%	25,300	25,300	-
	<u>25,300</u>	<u>25,300</u>	<u>-</u>

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6.5 Assignment of risk weights for portfolios under the standardised approach (continued)

(ii) Rated exposures by External Credit Assessment Institutions ("ECAI")

The Bank used external credit assessments from these ECAI for exposures as disclosed below:

The Bank

On and off-balance sheet exposures

Exposure Class	Ratings of Sovereigns and Central Banks by Approved ECAIs						
	Moody's	Aaa to Aa3	A1 to A3	Baa1 to Baa3	Ba1 to B3	Caa1 to C	Unrated
	S&P	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to D	Unrated
	Fitch	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to D	Unrated
	R&I	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to C	Unrated

	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
As at 30 September 2025						
Sovereigns and central banks	2,517,751	-	-	-	-	-
Total	2,517,751	-	-	-	-	-

As at 31 March 2025						
Sovereigns and central banks	1,747,630	-	-	-	-	-
Total	1,747,630	-	-	-	-	-

Exposure Class	Ratings of Banking Institutions by Approved ECAIs						
	Moody's	Aaa to Aa3	A1 to A3	Baa1 to Baa3	Ba1 to B3	Caa1 to C	Unrated
	S&P	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to D	Unrated
	Fitch	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to D	Unrated
	RAM	AAA to AA3	A1 to A3	BBB1 to BBB3	BB1 to B3	C1 to D	Unrated
	MARC	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	C+ to D	Unrated
	R&I	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to C	Unrated

	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
As at 30 September 2025						
Banks, MDBs and FDIs	6,687,553	1,390,716	-	-	-	-
Total	6,687,553	1,390,716	-	-	-	-

As at 31 March 2025						
Banks, MDBs and FDIs	5,593,062	1,194,745	-	-	-	-
Total	5,593,062	1,194,745	-	-	-	-

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6.5 Assignment of risk weights for portfolios under the standardised approach (continued)

(ii) Rated exposures by External Credit Assessment Institutions ("ECAI") (continued)

The Bank used external credit assessments from these ECAI for exposures as disclosed below (continued):

The Bank (continued)

On and off-balance sheet exposures (continued)

Exposure Class	Ratings of Corporate by Approved ECAIs					
	Moody's	Aaa to Aa3	A1 to A3	Baa1 to Ba3	B1 to C	Unrated
	S&P	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D	Unrated
	Fitch	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D	Unrated
	RAM	AAA to AA3	A1 to A3	BBB1 to BB3	B1 to D	Unrated
	MARC	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D	Unrated
	R&I	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D	Unrated

	RM'000	RM'000	RM'000	RM'000	RM'000
As at 30 September 2025					
Public service entities	-	-	-	-	4,737
Corporates	40,728	-	-	-	10,332,638
Total	40,728	-	-	-	10,337,375
As at 31 March 2025					
Public service entities	-	-	-	-	10,942
Corporates	51,106	-	-	-	10,177,375
Total	51,106	-	-	-	10,188,317

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6.5 Assignment of risk weights for portfolios under the standardised approach (continued)

(ii) Rated exposures by External Credit Assessment Institutions ("ECAI") (continued)

The Bank used external credit assessments from these ECAI for exposures as disclosed below (continued):

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On and off-balance sheet exposures

Exposure Class	Ratings of Sovereigns and Central Banks by Approved ECAIs						
	Moody's	Aaa to Aa3	A1 to A3	Baa1 to Baa3	Ba1 to B3	Caa1 to C	Unrated
	S&P	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to D	Unrated
	Fitch	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to D	Unrated
	R&I	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to C	Unrated

	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
As at 30 September 2025						
Sovereigns and central banks	25,741	-	-	-	-	-
Total	25,741	-	-	-	-	-

As at 31 March 2025						
Sovereigns and central banks	25,300	-	-	-	-	-
Total	25,300	-	-	-	-	-

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7.0 Market risk

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 and hedges those market risks by entering into a back-to-back deal with external counterparties in line with the bank's approved policies and procedures. This reduces the negative effect or probability of the risk through offsetting positions of a particular risk.

The bank controls the exposure by setting the limits which is in as approved by the Board of Directors and guided by Parent Bank. The bank monitors the exposures through Interest Rate 10 Basic Point Value ("BPV"), Foreign Exchange Position Limit, Foreign Exchange Positions 1BPV and Loss Cut Limit.

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 and confirm not to breach the loss cut limits.

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.

The bank evaluates the impact of interest/profit rate risk through the earnings and economic value perspective. The earnings perspective focuses on short-term adverse interest rate changes that may affect the bank's profitability while the economic value measures the present value of the bank's long term cash flow at a discounted rate.

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7.0 Market risk (continued)

Interest/Profit Rate Risk (continued)

The bank monitors interest/profit rate risk such as Interest Rate 10 Basis Point Value ("BPV"), earnings at risk ("EAR") and economic value of equity ("EVE"). The positions are reported to the ALMC on a monthly basis.

- Interest Rate 10BPV: The change in present value of cashflows by the rise/decline in interest rate of 10 basis point value.
- EAR: The sensitivity impact on earnings based on an assumed interest/profit rate shock scenario.
- EVE: The change in economic value based on an assumed interest/profit rate shock scenario.

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

The Bank's market risk and liquidity risk position are discussed and managed at the ALMC on a monthly basis and the BRMC on a quarterly basis, which is in line with the approved guidelines and policies.

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7.0 Market risk (continued)

The following tables present the minimum disclosure on regulatory capital requirements on market risk:

The Bank

	Long Position RM'000	Short Position RM'000	Risk- Weighted Assets RM'000	Minimum Capital Requirements at 8% RM'000
As at 30 September 2025				
Interest rate risk	9,864,903	9,838,262	110,075	8,806
Foreign currency risk	24,748	-	309,350	24,748
	<u>9,889,651</u>	<u>9,838,262</u>	<u>419,425</u>	<u>33,554</u>

	Long Position RM'000	Short Position RM'000	Risk- Weighted Assets RM'000	Minimum Capital Requirements at 8% RM'000
As at 31 March 2025				
Interest rate risk	8,706,810	8,678,914	108,630	8,690
Foreign currency risk	6,854	-	85,681	6,854
	<u>8,713,664</u>	<u>8,678,914</u>	<u>194,311</u>	<u>15,544</u>

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There are no market risk exposures as at 30 September 2025 (31 March 2025: Nil).

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8.0 Interest rate risk in the banking book ("IRRBB")

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/financing and deposit that does not have maturity is based on the earliest possible repricing dates and does not take into account prepayment/premature withdrawals.

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.

The Bank

	30 Sep 2025		31 Mar 2025	
	- 100 bps	+ 100 bps	- 100 bps	+ 100 bps
	RM'000	RM'000	RM'000	RM'000
Impact on earnings				
Ringgit Malaysia	(13,124)	13,124	(8,187)	8,187
United States Dollar	598	(598)	(1,649)	1,649
Japanese Yen	(655)	655	(325)	325
Others	(1,318)	1,318	(969)	969
Total	<u>(14,499)</u>	<u>14,499</u>	<u>(11,130)</u>	<u>11,130</u>
Impact on economic value				
Ringgit Malaysia	(6,019)	6,019	(14,613)	14,613
United States Dollar	1,456	(1,456)	3,418	(3,418)
Japanese Yen	1,930	(1,930)	1,508	(1,508)
Others	2,707	(2,707)	2,618	(2,618)
Total	<u>74</u>	<u>(74)</u>	<u>(7,069)</u>	<u>7,069</u>

IBW

	30 Sep 2025		31 Mar 2025	
	- 100 bps	+ 100 bps	- 100 bps	+ 100 bps
	RM'000	RM'000	RM'000	RM'000
Impact on earnings				
Ringgit Malaysia	-	-	-	-
Total	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Impact on economic value				
Ringgit Malaysia	(293)	293	(478)	478
Total	<u>(293)</u>	<u>293</u>	<u>(478)</u>	<u>478</u>

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9.0 Liquidity Risk

Liquidity risk is the risk that the Bank will be unable to secure necessary funding due to deteriorating financial condition or a similar reason, and will therefore be unable to meet cash flow requirements, or that it will suffer a loss because it is compelled to pay interest/profit rates significantly higher than normal rates to secure funding. The Bank employs a robust liquidity risk measurement as follows:

- Liquidity Coverage Ratio ("LCR"): to ensure that the Bank holds sufficient high-quality liquid assets ("HQLA") to withstand an acute liquidity stress scenario over a 30-day horizon.
- Net Stable Funding Ratio ("NSFR"): the ratio between the amount of stable funding available and the amount of stable funding required, to ensure the bank maintains a stable funding profile to support its assets and off-balance sheet activities.
- Parent Bank Liquidity Stress Test: used to measure and analyse the impact of cashflows on a Group combined basis under liquidity stress conditions.
- Maturity Ladder/Funding Gap: used to measure the maximum amount in funding gap between assets and liabilities for overnight tenure.

The Bank's liquidity risk positions are discussed and managed at the ALMC on a monthly basis and reported to BRMC and the Board on a quarterly basis, which is in line with the bank's approved guidelines and policies.

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10.0 Operational Risk

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*
which 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 MBM, namely Loss Event Data ("LED"), Control Self-Assessment ("CSA"), Key Risk Indicator ("KRI") and Scenario Analysis ("SA").

- (a) LED involved the process of managing, tracking and reporting of individual operational risks from the point of discovery until resolution.
- (b) 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.
- (c) 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.
- (d) 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.

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11.0 Shariah Governance

Effective 20 September 2024, the Bank is involved in promoting Malaysian Ringgit Islamic financing via Islamic Banking Window that utilises the full resources and infrastructure of the Bank. The Islamic business in the Bank is managed and overseen by Islamic Finance Department ("IFD"). Its products and services are managed in strict compliance with Shariah under the guidance of the Bank's Shariah Committee ("SC"). The main duties and responsibilities of the SC are to provide objective and sound advice to the Bank on Shariah matters in relation to Islamic business and operations; deliberating, affirming, and addressing any Shariah non-compliance event; as well as to review Shariah related policies and procedures to ensure compliance to Shariah requirements.

Whilst the Board is accountable for the overall Shariah governance and compliance of the Islamic businesses in the Bank, the Management is to ensure executions of business and operations are in accordance with Shariah principles and to provide necessary support to the Board and SC.

The Bank's overall Shariah governance is premised on the concept of the Three Lines of Defence. The first line of defence is supported by the business and support departments who are responsible to manage day-to-day Shariah risks inherent in their business, activities and risk exposure. This also includes the Secretariat to the SC function who provides day-to-day Shariah advice to relevant parties based on SC and Shariah Advisory Council of Bank Negara Malaysia ("SAC") resolutions, perform in depth research and studies on Shariah matters and disseminate SC decisions and advices to relevant parties.

The second line of defence comprises the Shariah Risk function to systematically identify, measure, monitor and control Shariah non-Compliance ("SNC") risks to mitigate any possible non-compliance events and the Shariah Review function who conducts regular assessment on the compliance of the business operations and activities with Shariah requirements.

The Bank defines SNC risk as the risk of legal or regulatory sanctions, financial loss or non-financial implications including reputational damage, which the Bank may suffer arising from failure to comply with the rulings of the SAC, standards on Shariah matters issued by the BNM pursuant to section 29(1) of the Islamic Financial Services Act 2013 ("IFSA"), or decisions or advice of the Shariah committee.

The third line of defence is the Shariah Audit function who provides independent and periodic assessment to improve the degree of compliance in ensuring a sound and effective internal control system for Shariah compliance.

The Bank's Shariah Risk, Shariah Review and Shariah Audit functions reside in Risk Management Department, Compliance Department and Internal Audit Department respectively.

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CHIEF EXECUTIVE OFFICER ATTESTATION

In accordance with Bank Negara Malaysia's Risk Weighted Capital Adequacy Framework (Basel II) – Disclosure Requirements (Pillar 3) and Capital Adequacy Framework for Islamic Banks (CAFIB) - Disclosure Requirements (Pillar 3), I hereby attest that to the best of my knowledge, the disclosures contained in Mizuho Bank (Malaysia) Berhad's Pillar 3 Disclosure report for the financial period ended 30 September 2025 are consistent with the manner the Bank assesses and manages its risk, accurate, complete and not misleading in any particular way.

Toshiharu Fujiwara
Chief Executive Officer

Date: 29 October 2025