CHINA CONSTRUCTION BANK (MALAYSIA) BERHAD
(201601032761 (1203702-U))
(Incorporated in Malaysia)

Directors' Report and Audited Financial Statements
31 December 2025

201601032761 (1203702-U)

China Construction Bank (Malaysia) Berhad
(Incorporated in Malaysia)

Corporate information

Board of Directors

Liu Jiang
Peng Anping
Chong Kwai Ying
Lee Teck Seng
Datin Ooi Swee Lian
Dato' Lee Teck Hua

Company Secretary

Wong Bee Ping
SSM PC No. 201908001807
MAICSA 7025334

Registered Office

Level 20, Menara CCB, Quill 6
No 6. Leboh Ampang
50100 Kuala Lumpur
Malaysia

Auditors

Ernst & Young PLT
Chartered Accountants
Level 23A, Menara Milenium
Jalan Damanlela, Pusat Bandar Damansara
50490 Kuala Lumpur, Malaysia

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Directors' report

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

Principal activities

The principal activities of the Bank are commercial banking and related financial services.

Results

	RM'000
Profit before taxation	58,965
Taxation	(23,195)
Net profit for the financial year	35,770

Dividend

No dividend have been paid or declared by the Bank. The Directors do not recommend the payment of any dividend for the financial year ended 31 December 2025.

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

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

Liu Jiang
Peng Anping (appointed on 14 August 2025)
Chong Kwai Ying
Lee Teck Seng
Datin Ooi Swee Lian
Dato' Lee Teck Hua
Wang Qijie (resigned on 14 August 2025)

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Directors' benefits

Since the end of the previous financial year, no Director has received or become entitled to receive any benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the Directors or the fixed salary of a full-time employee of the Bank) by reason of a contract made by the Bank or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest.

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

Indemnification of directors

During the financial year, the amount of Director’s and Officer’s Liability Insurance premium paid for Directors and officers of the Bank are RM17,518 (2024:RM34,976). The directors and officers shall not be indemnified by the insurance for any negligence, fraud, intentional breach of law or breach of trust proven against them.

Directors' interests

According to the Register of Directors’ Shareholdings required to be kept under Section 59 of the Companies Act 2016, none of the Directors who held office at the end of the financial year held any shares or debentures in the Bank or its holding company or subsidiaries of the holding company during the financial year.

Holding company

The holding and ultimate holding company is China Construction Bank Corporation ("CCB"), which is incorporated in China.

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Profile of Directors

Mr Liu Jiang
Non-Independent Non-Executive Director/Chairman

Mr Liu Jiang, aged 55, holds a Doctoral Degree in Business Management from RenMin University, China (2009). He was appointed as a Non-Independent Non-Executive Director and the Chairman of China Construction Bank (Malaysia) Berhad on 10 December 2024. He once served as a member of the Audit Committee, Board Risk Management Committee and Board Remuneration Committee before relinquishing his membership effective 28 July 2025.

Mr Liu possesses over 31 years of experience in the banking industry. He commenced his career with China Construction Bank Corporation ("CCB") Group in July 1993, holding various positions, including Relationship Manager, Accountant, and Senior Manager of the Foreign Currency Trading Room and Hong Kong Center within the Treasury Department of CCB Head Office. In August 2007, he was appointed Deputy Chief Representative for CCB London Representative Office. Subsequently, he held multiple senior positions internationally, including Deputy CEO and Executive Director of CCB (London) Limited (May 2009 - February 2011), Deputy General Manager of CCB Johannesburg Branch (March 2011 – 11 December 2014), Representative for the establishment of the Barcelona branch (12 December 2014 – 26 October 2015), General Manager of CCB (Europe) S.A. Barcelona Branch, Spain (27 October 2015 - August 2018), CEO and Executive Director of CCB (Europe) S.A. and General Manager of CCB Luxembourg Branch (September 2018 – 20 July 2021), and Vice Chairman of CCB (Europe) S.A. (21 July 2021 – 2 December 2024). Mr Liu currently acts as the Senior Advisor at Financial Institution Business Department of CCB Head Office.

Mr Liu had attended the following training courses/sessions during the financial year 2025: -

- Strategic Insights for Board - The Future of Financial Crime Compliance (in-house)
- FIDE Core Program (Module A)
- Briefing on Navigating the Sustainability Reporting in Malaysia (in-house)
- Cyber Security Training on Incident Response Retainer (in-house)
- Anti-Bribery and Anti-Corruption Awareness (in-house)

Mr Liu does not hold any shareholding in the Bank. He attended five (5) out of six (6) Board meetings held during the financial year 2025.

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Profile of Directors (cont'd.)

Mr Peng Anping
Managing Director / Chief Executive Officer

Mr Peng Anping, aged 50, graduated from Nanjing University in July 1997 with a Bachelor's Degree in Economics, majoring in International Finance. In June 2005, he obtained his Master in Business Administration from Nanjing University. He was appointed as Managing Director/Chief Executive Officer of China Construction Bank (Malaysia) Berhad on 14 August 2025. He also serves as a member of the Board Nomination Committee of the Bank.

Mr Peng possesses over 25 years of related banking experience with exposure in Executive Office, Risk Management, Credit Approval, Personal Financial Services, Housing Finance, Credit Card Business, Financial Markets Business, Asset Preservation, Internet Banking, Digitalisation Construction Office, Fintech, Security Protection, Financial Accounting, Corporate Banking, Funds Settlement Business, Strategic Clients, Institutional Business and Inclusive Finance. He began his career with CCB Group in August 1997, serving in various roles in CCB Jiangsu Branch, including Deputy General Manager of International Business Department, Deputy General Manager of Executive Office and General Manager of Policy Research Office, Principal Officer, Nanjing Central Gate Branch of CCB Jiangsu Branch and General Manager, Corporate Banking Department of CCB Jiangsu Branch. He was appointed Deputy Principal Officer of CCB Jiangsu Branch in November 2017 before assuming the current position as the Managing Director/Chief Executive Officer of the Bank in August 2025.

Mr Peng attended the following in-house training sessions conducted during the financial year 2025 since his appointment to the Bank: -

- Briefing on Navigating the Sustainability Reporting in Malaysia
- Cyber Security Training on Incident Response Retainer
- Anti-Bribery and Anti-Corruption Awareness

Mr Peng does not hold any shareholding in the Bank. He attended two (2) Board meetings during the financial year 2025 following his appointment on 14 August 2025.

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Profile of Directors (cont'd.)

Ms Chong Kwai Ying
Independent Non-Executive Director

Ms Chong Kwai Ying, aged 65, holds a Bachelor of Economics (Hons) majoring in Business Administration from University Malaya, Malaysia. She was appointed as an Independent Non-Executive Director of China Construction Bank (Malaysia) Berhad on 15 October 2018. She is the Chairman of Board Risk Management Committee and a member of the Audit Committee. She was appointed the member of Board Remuneration Committee on 28 July 2025.

Ms Chong joined Bank Negara Malaysia ("BNM") in April 1982 as an Administrative Officer. During her 35 years' tenure in BNM, she had served in various positions before being promoted to Deputy Director of Banking Supervision Department in May 1998 until her retirement in April 2017. She was responsible for the supervision of domestic banking groups and locally incorporated foreign banks. She has vast knowledge in banking products and operations, financial analysis, risk management and governance as well as policies, legal and regulatory requirements imposed on the banking institutions by BNM.

After her retirement from BNM, she has a short engagement with Perbadanan Insurans Deposit Malaysia (PIDM) from June 2017 to January 2018 where she provided advisory and consultancy services on one of its resolution projects. Currently, she is an Independent Non-Executive Director of Generali Life Insurance Malaysia Berhad and Genting Malaysia Berhad.

Ms Chong had attended the following training courses/conference during the financial year 2025:

- How Global Events Will Affect the Outlook for the Financial Industry in 2025
- Briefing on Climate Risk-Related Matters (in house)
- E-Invoice: Service Tax Impact on Independent Directors
- Tokenising Financial Assets – What Financial Leaders Need to Know Today
- Strategic Insights for Board - The Future of Financial Crime Compliance (in-house)
- Moving from the Recommendations of the Task Force on Climate Related Financial Disclosures to IFRS S1 and S2
- Briefing on E-Invoice Treatment on Director Fees and Implementation of E-Invoicing
- Launch of FIDE FORUM's Board Culture and Leadership Report 2025
- Climate Risk Stress Test Workshop
- Report on Board Culture & Leadership
- Sasana Symposium 2025 – Structural Reforms: Building A Resilient Malaysia
- High Tech Financial Crimes: Key Risks and Board Responsibilities
- Briefing on EY AI Innovation Lab
- EY Insurance Forum
- Talk on Climate First…or Last? (in-house)
- Genting Sustainability Webinar 2025: Genting Sustainability – Reader for the Future
- Strategic Overview of Risk Landscape and Outlook in Malaysia Insurance Industry
- International Sanctions: Key Internal & External Regulatory Updates
- Anti-Bribery & Corruption: Navigating Conflict of Interest in Corporate Governance
- 2025 Genting Malaysia Senior Management Conference: Branding Workshop
- Briefing on Navigating the Sustainability Reporting in Malaysia (in-house)
- Cyber Security Training on Incident Response Retainer (in-house)
- 2026 Budget Seminar
- Anti-Bribery and Anti-Corruption Awareness (in-house)

Ms Chong does not have any shareholding in the Bank. She had all attended six (6) Board meetings held in the financial year 2025.

Profile of Directors (cont'd.)

Mr Lee Teck Seng
Independent Non-Executive Director

Mr Lee Teck Seng, aged 68, holds a Bachelor of Science (Hons) from University Malaya, Malaysia. He was appointed as an Independent Non-Executive Director of China Construction Bank (Malaysia) Berhad on 20 January 2023. He is the Chairman of the Board Nomination Committee and a member of the Audit Committee and Board Risk Management Committee.

Mr Lee has over 37 years of working experience in banking primarily in the area of treasury and investment banking since the beginning of his career in 1980. He has worked for Malayan Banking Berhad, Citibank Malaysia, Standard Chartered Bank (Malaysia and Thailand), United Overseas Bank Ltd (Singapore), ABN AMRO Bank Malaysia (The Royal Bank of Scotland Berhad), CIMB Thailand and CIMB Investment Bank Berhad before his last appointment as Sale Director and Country Head for Thomson Reuters Malaysia Sdn Bhd in June 2016 till June 2018. Over the years, Mr Lee has actively participated in the development of financial markets in Malaysia and provided training to Bank Negara Malaysia and the South East Asian Central Banks Research and Training Centre. Currently, he is the Chairman of ALCO for MAHA Agriculture Microfinance, Myanmar and Non-Executive Advisor for 5X Capital Sdn Bhd.

Mr Lee had attended the following training courses/conference during the financial year 2025:

- Economic Indicators and Monetary Policy: A Guide for Business Leader
- How Global Events Will Affect the Outlook for the Financial Industry in 2025
- Briefing on Climate Risk-Related Matters (in-house)
- Bank Negara Malaysia Annual Report 2024, Economic and Monetary Review 2024 and Financial Stability Review for Second Half 2024
- Masterclass: Navigating High-Tech Financial Crime: Key Risks and Board Responsibilities
- Strategic Insights for Board - The Future of Financial Crime Compliance (in-house)
- Report on Board Culture & Leadership
- Sasana Symposium 2025
- Briefing on Navigating the Sustainability Reporting in Malaysia (in-house)
- Cyber Security Training on Incident Response Retainer (in-house)
- Anti-Bribery and Anti-Corruption Awareness (in-house)

Mr Lee does not have any shareholding in the Bank. He had attended all six (6) Board meetings held in the financial year 2025.

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Profile of Directors (cont'd.)

Datin Ooi Swee Lian
Independent Non-Executive Director

Datin Ooi Swee Lian, aged 65, holds a Bachelor of Economics (Hons) majoring in Business Administration from University Malaya, Malaysia. She was appointed as an Independent Non-Executive Director of China Construction Bank (Malaysia) Berhad on 20 January 2023. She is the Chairman of the Board Remuneration Committee and a member of the Board Risk Management Committee and Board Nomination Committee.

Datin Ooi has over 30 years of working experience in the banking industry including seven years overseas. She began her banking career in the Lending Division of Malayan Banking Berhad in 1983. In 1986, she went abroad and furthered her banking exposure with Lloyds Bank, Hong Kong and Indover Asia Limited, Hong Kong.

Datin Ooi joined RHB Bank Berhad in October 1994 and has held various senior positions in commercial/corporate and transaction banking since then. She was appointed as the Executive Vice President and Head of Group Business Banking and Transaction Banking in 2014 and held the position till December 2017. Datin Ooi was an Independent Non-Executive Director of Alliance Investment Bank Berhad from 1 November 2018 till 8 August 2022. Currently, she is an Independent Non-Executive Director of Poh Kong Holdings Berhad and Pan Merchant Berhad.

Datin Ooi had attended the following training courses/conference during the financial year 2025:

- Briefing on Climate Risk-Related Matters (in-house)
- Masterclass: Navigating High-Tech Financial Crime: Key Risks and Board Responsibilities
- Strategic Insights for Board - The Future of Financial Crime Compliance (in-house)
- Sasana Symposium 2025
- Audit Committee Conference 2025 – Navigating Risk n Driving Resilience
- Briefing on Navigating the Sustainability Reporting in Malaysia (in-house)
- Cyber Security Training on Incident Response Retainer (in-house)
- National Sustainability Reporting Framework Symposium
- Anti-Bribery and Anti-Corruption Awareness (in-house)

Datin Ooi does not have any shareholding in the Bank. She had attended all six (6) Board meetings held in the financial year 2025.

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Profile of Directors (cont'd.)

Dato' Lee Teck Hua
Independent Non-Executive Director

Dato’ Lee Teck Hua, aged 52, holds a Bachelor of Arts in Accounting and Finance from University of Strathclyde, Glasgow, United Kingdom (1994) and completed his Association of Chartered Certified Accountants (ACCA) examination in 1996. He is a Fellow of the ACCA and Member of Malaysian Institute of Accountants and Malaysian Institute of Certified Public Accountants (MICPA) as well as a Certified Member of Financial Planning Association of Malaysia (CFP). He was appointed as an Independent Non-Executive Director of China Construction Bank (Malaysia) Berhad on 20 January 2023. He is the Chairman of the Audit Committee and a Member of Board Remuneration Committee.

Dato’ Lee has over 28 years of working experience in professional accounting firms specialising in financial and audit consulting for both listed and non-listed companies. He was attached with PricewaterhouseCoopers from 1997 to 2000 in both taxation and business assurance (audit) divisions. He worked as Principal & Partner for local chartered accounting firms since 2001. He is now the Senior Partner at LTTH PLT, a chartered accountant firm with comprehensive business consultation services for both listed and unlisted clients. He is currently the Vice Chairman of the Malaysian Xiang Lian Charity Foundation, President of World Quanzhou Youth Friendship Association Malaysia Chapter, Committee Member of Club Licensing Committee of the Football Association of Malaysia (FAM) and China Fujian Federation of Overseas Chinese and Executive Committee Member of China Jilin Province Overseas Friendship Association. Currently, he is an Independent Non-Executive Director of Globaltec Formation Berhad, Beshom Holdings Berhad and Peoplelogy Berhad.

Dato’ Lee had attended the following training courses/conference during the financial year 2025:

- Case Study: IFRS Sustainability Disclosure Standards: IFRS S1 & S2
- 2025 Budget Seminar
- Case Study: Know the Difference Between IAS1 & The New IFRS/MFRS 18 Presentation and Disclosure in Financial Statements
- Briefing on Climate Risk-Related Matters (in-house)
- Malaysian Tax Conference 2025
- Strategic Insights for Board - The Future of Financial Crime Compliance (in-house)
- Sasana Symposium 2025
- Briefing on Navigating the Sustainability Reporting in Malaysia (in-house)
- Cyber Security Training on Incident Response Retainer (in-house)
- Case Study: MFRS 18 & 19: What You Need to Know
- MATA 2026 Budget Seminar
- Anti-Bribery and Anti-Corruption Awareness (in-house)

Dato' Lee does not have any shareholding in the Bank. He had attended all six (6) Board meetings held in the financial year 2025.

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Financial Performance and Business Outlook

The Bank's total assets stood at RM9.52 billion as at 31 December 2025, an increase of RM0.68 billion or 7.64% as compared to the previous financial year. This was mainly attributable to the higher debt instruments at fair value through other comprehensive income ("FVOCI") of RM0.65 billion which increase by 17.84%. Gross impaired loans ratio remained at 0% as at the end of 2025. Deposit from customers remained strong at RM3.07 billion as at 31 December 2025.

For the financial year ended 31 December 2025, the Bank registered profit before tax ("PBT") of RM58.97 million, an increase of RM13.51 million or 29.72% as compared to the previous financial year. Higher PBT mainly attributable to higher net interest income of RM81.27 million, an increase of RM50.28 million or 162.23%. The Bank recorded a profit after tax ("PAT") for the financial year of RM35.77 million.

The Bank maintained healthy capital position and ample liquidity buffer. The Bank's Common Equity Tier I capital ratio/Tier I capital ratio and Total capital ratio stood at 26.044% and 48.276% respectively as at the end of 2025, which remained above the minimum regulatory requirements.

Outlook 2026

Contrary to earlier expectation of tariff inflicted slow down and the debate of a one off or prolong inflation impact, 2025 saw the global economy navigate trade related disruption, geopolitical tensions and sticky high rates backdrop better than anticipated as the economy absorbed shocks and found new sources of growth momentum. Global GDP growth at 3.2%, well within earlier estimate of 3.1% to 3.3% while Malaysia GDP grew at 4.90 % against revised government forecast of 4.0% to 4.80% range. China growth also equal to that of government forecast of circa 5.0% on strong export sector contribution.

We attribute these phenomenal economic performances, i.e. stock markets and precious metals creating historical highs, resilient growth stories, to the following 4 main pillars,

1. Wealth creation from stock markets that supported consumption economy which made up of more than 50% of GDP component of most countries. MSCI All Countries World Index rallied 21% in 2025 which translate into wealth creation or increased market capitalization of more than USD 20 trillion.
2. Government fiscal policies around the world that supported growth
3. Central banks easy monetary policy that is accommodative to growth
4. The Federal Reserve Bank stance on maintaining itself as an independent institution which instilled investors' market confident and resilient.

Malaysia economy expanded at 5.7% in Q4 supported by strong household spending, a resilient employment market backdrop which spur consumption along with encouraging tourism sector and multiplying effect of few major international events hosted by Malaysia. On monetary front, BNM took pre-emptive measure by reducing statutory reserve requirement by 1% in May and has on 9 July 2025 cut overnight policy rate (OPR) by 25 bps to 2.75% in the face of moderate inflation and global uncertainties. Despite the challenging external environment, Malaysia total trade saw record breaking performance exceeding RM 3.0 trillion with export growing at 6.50%. Electrical and electronic products continued with strong double-digit growth of 24.3% in 2025 amid up cycle demand.

Outlook 2026 (cont'd.)

FOMC cut federal fund rate (FFR) 3 times in 2025, each by 25 bps, bringing the FFR target rate range to 3.5% to 3.75% amid a divided stance on monetary policy among board members. Mr. Powell will leave office as Chairman of Federal Reserve Bank in May 2026 which many analysts predict that Trump’s candidate will speed up the rate cut as soon as he takes office to reduce government’s borrowing cost which is ballooning.

Moving into 2026, there are no fewer challenging events that may derail the projected economic outlook which is expected to be an optimistic but cautious year. The continuous tariff shocks, geopolitical disputes, U.S. mid-term election and debt resolution, overpriced AI stocks are the events that will have impact to market volatility, Despite the challenging backdrop, there are various collaboration opportunities among ASEAN countries and China that we can leverage on to boost our lending activities in 2026 which among others are China’s FDI into states like Johore, Sarawak and Penang covering sectors like digital technology, manufacturing, electrical vehicle, power grids and transportation. Besides the abovementioned cross border business opportunities, 2026 is also the start of 13th Malaysia Plan (13MP) where public transport enhancement (trains and busses), strategic domestic key infrastructure initiatives like Pan Borneo Highway, airport refurbishment, Johor Bahru – Singapore rapid Transit System (RTS) etc also present more lending opportunities not only to the main contractors but to their sub-contractors and their supply chain base as well through contract financing lending activities.. The ramp-up in development spending along with the government push for green and digital transformation will provide greater opportunities for CCBM to leverage on our HQ capability to provide funding to these sustainable projects and to build our ESG portfolio.

China’s 15th Five Years Plan for 2026-2030 which focused on high quality development , industry innovation, strengthening technology self-reliance, expanding domestic demand and promoting green transformation aimed at building a modern, secure and technologically advance economy will also provide business opportunities where CCBM can play a catalyst role in business matching, particularly in economic integration of ASEAN +China in sectors like AI, digital trade, green economy and strengthening regional supply chains. .

Rating by External Rating Agency

Malaysian Rating Corporation Berhad ("MARC") has affirmed the Bank's long-term and short-term financial institution ratings of AA+ and MARC-1, respectively with stable outlook.

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Corporate Governance Statements

The Board of Directors ("the Board") of the Bank is committed to fostering a strong culture of corporate governance as the foundation of sustainable growth, accountability and value creation. The Board ensures ongoing compliance with Bank Negara Malaysia's ("BNM") Corporate Governance Policy Document and adopts other best practices to uphold transparency, integrity and the protection of stakeholders' interests. Through continuous oversight and leadership, the Board strives to enhance the Bank's governance framework in alignment with regulatory requirements and industry expectations.

Board of Directors

Board Composition

The Board currently consist of six (6) members, including one (1) Non-Independent Non-Executive Chairman, one (1) Executive Director and four (4) Independent Non-Executive Directors. Independent Directors account for 67% of the Board composition, ensuring strong emphasis on objective and impartial oversight, while female representation stands at 33%, promoting diversity and balanced perspectives within the decision-making process. The profile of each Director is set out in pages 3 to 8.

Board Responsibilities

The Board holds the ultimate responsibility for the governance and oversight of the Bank's operations, ensuring alignment with the Bank's strategic goals, values and stakeholders' interests. The Board has established a clear governance framework, encapsulated in the Board Charter, which defines the roles and responsibilities of the Board (both individually and collectively), the Chairman, and Managing Director/Chief Executive Officer ("MD/CEO") of the Bank, and outlines aspects include the board balance, tenure of Independent Directors, provisions for the appointment and re-appointment of Directors, board meeting conduct, board committees, board effectiveness evaluation, remuneration of Directors, training and development, code of ethics, limits on external commitment and conflict of interest. Other than the Board Charter, the Board also established a Terms of Reference ("TOR") which serves as a guide to the Board in discharging its duties and responsibilities.

The Directors, individually or collectively, fully understand their obligations to the shareholder and stakeholder of the Bank. They carry out their duties with integrity, professionalism and transparency, ensuring decisions are made within the ambit of law and under the power granted by the Bank's Constitution and shareholder mandate. Notwithstanding the day-to-day management of the Bank's business operation is delegated to the MD/CEO who is assisted by the Senior Management team, the Board retains ultimate authority over significant decisions on matters pertaining to policies making, risk appetite setting, performance targets, among others, while at the same time, through the established Board Committees to provide effective oversight of the Bank's business performance, risk and compliance management, and controls over the business operations, and compliance with regulatory requirements.

The Directors are entitled to seek independent advisor to provide advisory or consultation services when necessary to execute their responsibilities effectively at the expense of the Bank.

Board of Directors (cont'd.)

Tenure and independence

Currently, the Independent Directors account for 67% of the Board composition. The Board through the Board Nomination Committee ("BNC") assess the Independent Directors' independent annually. In the annual assessment of the Independent Directors of the Bank for financial year 2025, the Board was satisfied that each of the Independent Director of the Bank continues to be independent and free from any business or other relationship, which could interfere with the exercise of independent judgement or the ability to act in the best interest of the Bank.

The tenure of Independent Directors of the Bank is principally limited to a cumulative period of six (6) years as stipulated in the Board Charter. However, in exceptional circumstances where deemed appropriate, this term may be extended up to a maximum of nine (9) years, subject to the Board's justification and the requisite approval from both the Bank's shareholder and BNM. Any such extension is meticulously scrutinised to ensure that the Director's independence, objectivity and contribution to the Board remain uncompromised. As at the date of this report, Ms Chong Kwai Ying has served as independent director for a cumulative term of more than six (6) years.

Appointment/Re-Appointment and Re-election of Directors

(i) Appointment/Re-Appointment of Directors

The appointment and re-appointment of the Bank's Directors requires BNM's approval in accordance with the Financial Services Act 2013. The BNC is entrusted with the responsibility of evaluating and ensuring each Director possesses the requisite expertise, integrity and commitment in strict adherence to the Bank's Fit and Proper Policy.

The Bank has in place a Guideline on Appointment and Removal of Directors & Other Related Provisions, which sets out the process for the nomination of directors of the Bank, while at the same time, stipulates the circumstances that would result in the disqualification of a director pursuant to the Companies Act 2016 and the Financial Services Act 2013.

(ii) Re-election of Directors

Pursuant to the Bank's Constitution, all Directors shall retire from office at the first Annual General Meeting ("AGM") and at the AGM in every subsequent year, one-third (1/3) of the Directors, or the nearest number to one-third (1/3), shall retire from office and be eligible for re-election by the shareholder.

The Bank's Constitution also stipulated the appointment of director either to fill a casual vacancy or as an addition to the existing Directors. Any Director so appointed shall hold office only until the next following AGM, and shall then be eligible for re-election but shall not be taken into account in determining the Directors who are to retire by rotation at that meeting. It is also provided that the MD, while holding that office, shall not be subject to retirement by rotation or be considered in determining the rotation of retirement of Directors, but his appointment shall be automatically determined if he ceases from any cause to be a Director. For the financial year 2025 ("FY2025"), Mr Peng Anping has been appointed as the Bank's MD cum CEO effective 14 August 2025.

Board of Directors (cont'd.)

Board Performance Evaluation

The Bank conducts an annual performance evaluation of the Board, Board Committees and individual Directors to assess the effectiveness of the Board and Board Committees in discharging their duties. This evaluation was guided by the established Guidelines on Board Performance Evaluation which outlines the methodology and processes for the assessment to be carried out.

As part of the evaluation process, comprehensive questionnaires are distributed to the Board at the end of each financial year of the Bank to assess multiple dimensions, including the effectiveness of the Board and Board Committees, as well as individual Directors' contributions through self and peer evaluations. The evaluation also includes Management's assessment towards the overall performance of the Board and Board Committees. This structured evaluation approach is essential for the Board to identify areas for professional development and process enhancements, considering the dynamic need of the financial institution.

The outcomes of the evaluation are shared with all Directors, fostering transparency and accountability, while identifying opportunities for improvement and enhancing the overall effectiveness of the Board.

The Bank has distributed the evaluation questionnaire for FY2025 to the Directors and the assessment results thereof will be presented to the BNC and the Board for review.

Board and Board Committee Meetings

During the year under review, the Board and the Board Committee met regularly to discharge their respective duties and responsibilities. All Directors demonstrated their commitment by complying with BNM's requirement of achieving at least 75% attendance at Board meetings held during the financial year. The table below outlines the 2025 attendance record for all Board members: -

Board Members	Designation	Meeting Attendance				
		Board	AC	BRMC	BNC	BRC
Liu Jiang N1	Non-Independent Non-Executive Director/Chairman	5/6	3/4	3/4	-	2/2
Peng Anping N2	Managing Director/Chief Executive Officer	2/2	-	-	2/2	-
Wang Qijie N3	Managing Director/Chief Executive Officer	3/4	-	-	3/3	-
Chong Kwai Ying N4	Independent Non-Executive Director	6/6	6/6	6/6	-	2/2
Lee Teck Seng	Independent Non-Executive Director	6/6	6/6	6/6	5/5	-
Datin Ooi Swee Lian	Independent Non-Executive Director	6/6	-	6/6	5/5	4/4
Dato' Lee Teck Hua	Independent Non-Executive Director	6/6	6/6	-	-	4/4

Note: N1 Relinquished AC, BRMC and BRC membership on 28 July 2025
N2 Appointed on 14 August 2025
N3 Resigned on 14 August 2025
N4 Appointed BRC member on 28 July 2025

Training and Development of Directors

The Board places significant emphasis on ongoing education and development of the Directors, recognising that continuous learning is essential to maintaining their effectiveness and ensuring they remain well-informed about the latest trends, regulatory changes and developments in the industry. In today's rapidly evolving business environment, it is crucial that Directors possess the knowledge and skills required to provide strategic leadership, manage risk effectively and fulfill their governance responsibilities with competence.

To this end, the Board actively supports the Directors' participation in a variety of training programs, seminar and conference that cover a wide range of topics pertinent to their roles. These opportunities provided valuable insights into emerging industry practices, corporate governance and other areas critical to the Bank's operations and strategic goals. The details of the training and development activities attended by each Director are documented and reflected in their respective profiles, which can be found on pages 3 to 8.

Board Committees

The Board, in ensuring an effective discharge of its roles and responsibilities, has delegated specific authorities to the respective Board Committees, namely the Audit Committee ("AC"), Board Risk Management Committee ("BRMC"), BNC and Board Remuneration Committee ("BRC"), as explicitly outlined in their respective TOR. These Committees are integral to the governance structure of the Bank, playing a vital role in performing oversight functions, evaluating matters within their areas of responsibility and making recommendations to the Board for approval.

The TOR of each Board Committees are reviewed annually or as and when necessary, to ensure they remain relevant and aligned with the evolving regulatory landscape, corporate governance standards and best practices. This ongoing review process guarantees that the Committees continue to operate effectively, contributing to the Bank's efficient decision-making process and ensuring that all critical matters are addressed with due diligence and consideration.

The details of the duties and responsibilities of the respective Board Committees are set out in the TOR which are published on the Bank's website.

Board Committees (cont'd.)

(i) Audit Committee

The AC plays a pivotal role in supporting the Board by providing independent oversight over the Bank’s financial reporting, internal control mechanism, risk management practices and governance processes. Its primary function is to ensure that the Bank’s financial operations are transparent, compliant and well-controlled, while also fostering a sound framework for managing risks and ensuring the Bank’s governance structure remain robust and effective.

The AC comprises entirely Independent Non-Executive Directors following the restructuring of its composition effective 28 July 2025. The members of the AC are as follows: -

- Dato' Lee Teck Hua (Chairman)
- Chong Kwai Ying
- Lee Teck Seng

During the financial year 2025, the AC has held six (6) meetings. Attendance as set out in the table on page 13.

(ii) Board Risk Management Committee

The BRMC provides independent oversight on the effectiveness of the Bank’s risk management framework and policies in supporting the Bank’s strategic objectives and addressing various risks. The BRMC ensure that risk-related decision making aligns with the Bank’s risk appetite, strategic goals, capital adequacy and sound risk-taking practices. Additionally, the BRMC plays an important role in overseeing the Bank’s ethical conduct and ensuring compliance with applicable laws, regulations and ethical standards.

In a broader scope, the BRMC oversees the Senior Management’s activities in managing credit, market, liquidity, operational, information technology, cyber security, business continuity management, money laundering/terrorism financing/proliferation financing and targeted financial sanctions, compliance, legal, sustainability including environmental, social and governance (ESG), emerging and other risks, and ensuring the integrated risk management functions within the Bank are in place and effectively discharged.

The BRMC comprises entirely Independent Non-Executive Directors following the restructuring of its composition effective 28 July 2025. The members of the BRMC are as follows:-

- Chong Kwai Ying (Chairman)
- Lee Teck Seng
- Datin Ooi Swee Lian

During the financial year 2025, the BRMC has held six (6) meetings. Attendance as set out in the table on page 13.

Board Committees (cont'd.)

(iii) Board Nomination Committee

The BNC supports the Board by establishing a formal, transparent and consistent framework for assessing the Board and its Committee and individual Directors. The BNC is responsible for conducting the fit and proper assessment and overseeing the appointment and re-appointment of Directors, the MD/CEO, Senior Management and control function heads, and the appointment and removal of Company Secretary. Its scope also includes reviewing the overall Board composition, assess performance evaluations, review training and development plan and oversee the succession plan for Directors, Senior Management and Senior Officers to strengthen governance practices.

The BNC comprises one (1) Executive Director and two (2) Independent Non-Executive Directors. The BNC is chaired by an Independent Non-Executive Director. The members of the BNC are as follows:-

- Lee Teck Seng (Chairman)
- Peng Anping
- Datin Ooi Swee Lian

During the financial year 2025, BNC has held five (5) meetings. Attendance as set out in the table on page 13.

(iv) Board Remuneration Committee

The BRC is entrusted with the responsibility of shaping the Bank's remuneration policies and practices, ensuring they are aligned with the Bank's culture, objectives, strategy and risk appetite. The BRC is dedicated in fostering transparency, fairness and accountability in the development of remuneration framework for the Directors, Senior Management and employees of the Bank.

Central to its mandate, the BRC reviews and recommends policies, strategies and frameworks governing remuneration and human resources matters. This encompasses ensuring that compensation structure not only attract and retain talent but also drive performance, uphold prudent risk-taking behavior and promote a culture of ethical governance within the Bank.

The BRC comprises entirely Independent Non-Executive Directors following the restructuring of its composition effective 28 July 2025. The members of the BRC are as follows:-

- Datin Ooi Swee Lian (Chairman)
- Chong Kwai Ying
- Dato' Lee Teck Hua

During the financial year 2025, the BRC has held four (4) meetings. Attendance as set out in the table on page 13.

Risk Management, Compliance & Internal Controls and Internal Audit

The Board has the overall responsibility for establishing and maintaining a sound risk management, compliance, internal control and internal audit framework (“Framework”) to ensure compliance with the applicable laws and regulations as well as internal policies and guidelines. The Board is assisted by the BRMC and the AC, to ensure effective discharge of its responsibility.

The Bank’s risk management, compliance & internal controls and internal audit framework requires it to identify, prevent, handle, monitor and report the risk incident. In this regard, the Bank adopts the “three lines of defence” management model where:

(a) Each business/support division is the first line of defence and responsible for managing day-to-day risks inherent from business/service and compliance issues;

(b) Risk Management Division (“RMD”) is the second line of defence and reports directly to the BRMC. The Bank has put in place a robust Risk Management Framework to govern the overall risk management approach of CCBM including identifying, assessing, measuring, monitoring and managing risks faced by CCBM. The Risk Management Framework and culture of CCBM also impose expectations on business lines and operational functions to also support the risk management functions.

    Chief Risk Officer has been appointed with distinct responsibility of the risk management function undertaken by RMD. The risk management function is responsible for the identification, measurement, monitoring and reporting as well as controlling of the Bank’s risk profile and exposures. The risk management function is independent of the business units and are equipped with staff with sufficient experience, expert knowledge and qualifications covering credit risks, market risks, liquidity risks, operational risks, cyber security risks as well as emerging climate risks.

(c) Internal Control and Compliance Division (“ICCD”) serves as the second line of defence and reports directly to the BRMC. Its primary mandates providing support to business/functions to ensure adherence to applicable law, regulatory and statutory requirement:

    (i) Chief Compliance Officer (CCO) hold overarching responsibility for Compliance matters within CCBM, with support provided by ICCD for effective internal control and compliance risk management (including AML/CFT/CPF and TFS).

    (ii) compliance programme has been established comprises of the planned activities for internal control and compliance risk management (including AML/CFT/CPF and TFS such as (i) conduct annual review of policies and procedures; (ii) conduct periodic compliance testing and assessment of internal control and compliance risk (including AML/CFT/CPF and TFS) to identify the areas to be improved and to carry out follow-ups and rectification accordingly; (iii) keeping abreast of the latest development of legal and regulatory requirement; (iv) evaluating potential compliance impact on the Bank's business operations and risk profile; (v) implement the compliance representation for business and function division to cultivate proactive risk and compliance management culture and to increase compliance awareness; and

    (iii) periodic reporting as well as timely escalation to the Board on internal control and compliance (including AML/CFT/CPF and TFS) matters.

Risk Management, Compliance & Internal Controls and Internal Audit (cont'd.)

(d) Internal Audit Division ("IA") as third line of defence, assists the AC to discharge its duties and responsibilities by providing independent and objective assurance on the adequacy and effectiveness of the Bank's risk management, internal control system and governance processes. The Chief Internal Auditor leads the internal audit function and has direct reporting line to the AC. The scope of audit covers key businesses, operations and support functions of the Bank. In managing the audit activities, the Bank's IA has formulated annual audit plan by adopting a risk-based methodology. The frequency of the audit is determined based on the risk assessment. Various IA reports have been generated based on the audits conducted in year 2025 comprised of findings, recommendation and management action plan for submission to the AC for deliberations, endorsement and approval. Follow-up process is in place to track the actions plan to addressing audit findings.

Regular reviews and updates have been performed on internal policies, guidelines and procedures to ensure they continue to operate adequately and effectively, taking into consideration the changes in the Bank's risk profile and business conditions and regulatory requirements.

In 2025, the Board had approved the formulation and revision of various governance documents including policies or guidelines as a continuous measure to enhance good governance practice in strengthening the internal control, compliance and risk management of the Bank, covering aspects such as internal corporate governance, credit risk, market risk, operational risk, liquidity risk, anti-money laundering and counter financing of terrorism/proliferation financing and targeted sanctions, information technology security, cyber security, sustainability including climate risk and etc.

Consistent with CCBM commitment to high governance standards, the Board also reviewed and approved the enhancements to the Anti-Bribery and Corruption (ABC) Policy, Code of Ethics and Ethical Wall (Information Barrier) controls to mitigate reputation and legal risk.

The Board also placed great emphasis on setting a clear business direction through the comprehensive business plan, financial budgets, risk appetite setting, among others.

The Board regularly receives, reviews, and deliberates on risk and compliance reports, including independent assessments. These reports comprehensively outline the Bank's current risk posture and compliance status, including any near breaches or identified instances of non-compliance, updates on regulatory trends and requirements, internal control gaps, emerging risk and others.

Furthermore, the Board has approved the enterprise-wide methodology, tools, and parameters for identifying, assessing, and monitoring compliance risks, which have consistently applied across CCBM.

Code of Ethics for Directors

The Bank has adopted a Code of Ethics for Directors to enhance corporate governance and promote ethical behaviour. Anchored in the principles of competence, integrity, fairness, confidentiality and objectivity, the Code provides a framework for Directors to uphold the highest standards of accountability and trustworthiness. The Code ensures that all decisions and actions align with the Bank's values and comply with governing laws, regulations and guidelines, fostering stakeholder confidence and responsible governance. A similar Code of Ethics for employees has also been put in place to ensure consistent ethical standard across the Bank.

Conflicts of Interest

The Bank has put in place a Conflicts of Interest Policy to guide the Directors in identifying, disclosing and managing actual or potential conflicts on interest in the process of discharging their duties and responsibilities. The policy ensures the Directors act in the best interests of the Bank, preventing personal interests from interfering with professional responsibilities. By proactively addressing such conflicts, the Bank reinforces its commitment to maintaining ethical practices and protecting its reputation.

As part of this framework, the Directors and employees of the Bank abide to "No Gift Policy" to avoid conflict of interest or the appearance of conflict of interest for either party in the on-going or potential business dealings between the Bank and external parties.

Corporate Governance Policy

The Corporate Governance Policy is established to cultivate good corporate governance culture within the Bank based on the fundamental concepts of transparency, accountability and responsibility. Besides, it provides clear separation of authorities and responsibilities of the Board and Senior Management. The same also aligns the Bank's corporate culture, activities and behaviors with the expectations that it will operate in a safe and sound manner, with integrity and in compliance with applicable laws and regulations, including the Bank's internal policies and procedures.

Anti-Bribery & Corruption Policy

The Bank is committed to conducting its business activities in accordance with all applicable laws and regulations that prohibiting bribery and corruption. This prohibition forms a cornerstone of CCBM's commitment to conducting business in an ethical manner, which is one of its core values. In line with its commitment to conducting business with integrity, the Bank expects all its employees and business partners to adhere to the anti-bribery & corruption practices and standards that the Bank has put in place. The Bank has also published its Anti-Bribery & Corruption Statement in its website. To further its efforts in combating bribery and corruption, Senior Management has appointed a Chief Integrity & Governance Officer, supported by a functional team, who has been entrusted with spearheading the initiatives.

Whistleblowing Policy

The Bank has put in place a Whistleblowing Policy and Procedure which provides an avenue for employee and third party to report and disclose any illegal, unethical, questionable practices or improper conduct committed or about to commit within the Bank. The policy encourages the reporting of such matters in good faith with confidentiality of the person making such reporting to be protected from reprisal in best possible manner. A whistleblower can report via email to whistle@my.ccb.com or by postal submission, details of which are available on the Bank's website.

Business Continuity Management and Fraud Management

The Bank has established the Business Continuity Policy (BCP) to outline the Business Continuity Management (BCM) principles and specific requirements with regard to the formulation of the BCM manual and Disaster Recovery Plan (DRP), especially the implementation, testing and maintenance of these plans. The scope of the BCP is to enforce adequate BCM requirement on the Bank to ensure the continuity of Critical Business Function (CBF) and essential services within a specified timeframe in the event of a disruption to the business operations.

With regard to fraud risk management, the Bank has developed the Fraud Risk Management Manual to establish the means to identify and assess potential fraud risks that may impact the Bank. The manual also covers mitigating controls including preventive and detective measures; enable effective responses and investigation into fraud incidents to reduce the impact and potential loss to the Bank. The Bank has zero tolerance for dishonest or malicious activities to defraud or with intention to defraud the Bank. It is the responsibility of all employees to guard against fraud and in the event the fraud does happens, escalation of the fraud is required immediately.

Remuneration Framework

(a) Directors' Emoluments

The Board is fully aware that a robust and equitable framework is paramount in attracting and retaining Directors with the requisite expertise and leadership to navigate the Bank's strategic direction and drive its sustained success. The BRC has been entrusted with the responsibility of reviewing the emoluments of Independent Directors and Executive Director, while Non-Independent Director received his emoluments from the parent bank. Disclosure of the Directors' Emoluments for financial year 2025 is outlined in Note 25 of the financial statements.

The Board further recognises that the remuneration system is an essential pillar within the Bank's broader governance and performance incentive structure. It is instrumental not only in motivating performance but also in fostering responsible risk-taking behaviors and ensuring that the Bank's values and risk culture is consistently upheld. The Board remains committed to reviewing the remuneration framework to ensure its alignment with the Bank's strategic priorities and prudent risk management principles.

(b) Remuneration Policy of the Bank

In general, the Bank has established a Total Reward Policy, which has been reviewed by Management and approved by the Board annually. This policy adopted a total rewards model which demonstrates a dynamic relationship between the Bank and its employees. It is designed to attract, motivate and retain talents in a competitive and evolving financial landscape, enhance employee engagement by offering a balanced mix of financial and non-financial rewards, and lastly, align employee interests with the Bank's long-term strategic goals through performance-based remuneration.

Remuneration Framework (cont'd.)

(b) Remuneration Policy of the Bank (cont'd.)

CCBM's total rewards strategy comprises the following components:

(i) Compensation: Pay (base salary) provided to its employees for services render (i.e. time, effort, skill). This includes both fixed and variable pay tied to performance levels.

(ii) Benefits: Programs the Bank uses to supplement the cash compensation employees receive.

(iii) Wellbeing: CCBM via its Employee Engagement activities, actively supports and helps its employees achieve success in both through professional and personal lives.

(iv) Recognition: CCBM recognises employees through both formal and informal programs that acknowledge or give special attention to employee actions, efforts, behavious or performance and support business strategy by reinforcing behaviouss (eg. extraordinary accomplishments) that contribute to organisational success.

(v) Performance Management: The alignment of organisational, team and individual efforts toward the achievement of business goals and organisational success. CCBM advocates this via performance management includes establishing expectations (KPIs), skill demonstration, assessment, feedback and continuous improvement.

(vi) Talent Development: CCBM provides the opportunity and tools for employees to advance their skills and competencies in both their short and long term careers.

The Pool of performance-based annual bonus ("the Bonus") is linked to the Bank's performance and subject to the Board's approval. The bonus payment to the Bank's employee is also subject to deferment payment scheme.

In order to ensure performance-based compensation remains aligning to performance, all or part of any unvested retained portion of any deferral performance-based compensation is subject to “Claw-back” in alignment with group and internal guideline.

According to the Bank’s Performance Management and Appraisal Policy, the performance of the CEO and Senior Management in-charge will be assessed by the directors and the result thereat will be tabled to the BNC for deliberation and necessary endorsement of the Board. The effectiveness of control functions is evaluated by the respective Board Committees, i.e. the AC will evaluate the Internal Audit function while the BRMC will evaluate the Internal Control, Compliance and Risk Management functions.

The Bank’s Remuneration Framework incorporates risk and compliance indicators as key factors in performance assessment and compensation decisions. These indicators ensure that employee remuneration aligns with the Bank’s risk management and compliance standards while supporting business objectives.

Remuneration Framework (cont'd.)

(b) Remuneration Policy of the Bank (cont'd.)

The Bank's remuneration review, in particular, the salary review exercise will be carried out annually during the performance review period or as and when there is a change in the roles and responsibilities of the employee concerned.

The remuneration of the Senior Management and Other Material Risk Takers for year 2025 is shown in the table below:

RM'000

Remuneration for year 2025	***Total Senior Management (12 Headcounts)***		***Other Material Risk Takers (8 Headcounts)***	
	Unrestricted	**Deferred**	**Unrestricted**	**Deferred**
Fixed Remuneration	**7,107.5**	**-**	**5,588.0**	**-**
Cash-based	*7,089.5*	*-*	*5,561.1*	*-*
Other	*18.0*	*-*	*26.9*	*-*
			-	
Variable Remuneration	**1,258.4**	**2.2**	**940.9**	**128.3**
Cash-based	*1,258.4*	*2.2*	*940.9*	*128.3*
Other	-	-	-	-

Sustainability

The Bank recognises the increasing importance of sustainability considerations and continues to align its practices with the principles outlined in BNM's Policy Documents on Climate Change and Principle-Based Taxonomy (CCPT) and Climate Risk Management and Scenario Analysis (CRMSA). A Climate Risk Management Policy has since been formulated to provide a structured framework for assigning responsibilities and enhancing transparency in the management of climate-related risks. This framework is intended to support the Bank's ongoing efforts to maintain a resilient business model in an evolving operating environment.

As part of this approach, the Bank is progressively developing processes to identify, assess and monitor climate-related risks that may be relevant to its operations. These efforts are undertaken with consideration of the Bank's overall risk profile and strategic priorities, and are subject to continuous refinement as industry practices and regulatory expectations evolve. The Bank has also begun using climate-related scenario analysis and stress testing on a phased basis to help improve understanding of potential climate-related exposures and to support relevant management and Board-level discussions.

The Bank seeks to incorporate climate-related considerations into appropriate aspects of business decision-making where relevant. This includes monitoring selected indicators that may support risk assessment and strategic discussions. Additional information on the Bank's climate-related governance, risk management and scenario analysis is disclosed in the Bank's climate disclosures prepared with reference to the JC3's Task Force on Climate-Related Financial Disclosures (TCFD) Application Guide. The Bank intends to continue enhancing these disclosures over time, in line with evolving regulatory expectations and industry developments.

China Construction Bank (Malaysia) Berhad
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Corporate Governance Statements (cont'd.)

Accountability and Audit

(i) Financial Reporting

It is the Board's commitment to present a balanced and meaningful assessment of the Bank's financial performance and prospects at the end of the financial year, primarily through the annual financial statements to BNM. The Board is assisted by the AC to oversee the Bank's financial reporting process and the quality of its financial reporting.

(ii) Statement on Directors' Responsibility

The Board is responsible for ensuring that the financial statements give a true and fair view of the state of affairs of the Bank as at the end of the accounting period and of its financial performance and cash flows for the period then ended. In preparing the financial statements, the Directors have ensured that the preparation and fair presentation of these financial statements are in accordance with MFRS Accounting Standards, IFRS Accounting Standards and the requirements of the Companies Act 2016 in Malaysia in all material respects and other legal requirements.

The Statement on Directors' Responsibility in respect of the preparation of audited financial statements of the Bank is set out on page 26.

(iii) Relationship with External Auditors

The Bank, through the AC, has established a formal and transparent relationship with the external auditors. The AC is fundamentally overseeing the integrity and reliability of financial reporting and the external auditors play a key role in helping the AC to discharge this responsibility. The external auditors are also invited to attend the AC meetings to present their audit plan, audit findings and any other matter that warrant the attention of the Board. In accordance with the requirements of BNM Corporate Governance Policy, the AC ensure private sessions with the external auditors conducted at least once annually, without the presence of Management.

During the financial year 2025, the AC conducted the required session on 25 March 2025 and 23 October 2025, respectively, and no significant adverse findings were raised by external auditors. The AC also held a private session with the Chief Internal Auditor on 25 March 2025.

The AC undertakes the assessment of the performance, suitability and independence of the external auditors and recommends to the Board and shareholder for their re-appointment on annual basis. On the other hand, the Bank governs its engagement of external auditors to perform non-audit services through the Non-Audit Services Policy. The policy stipulates the permissible non-audit services, as part of the governance process to preserve the independence and objectivity of the external auditors.

China Construction Bank (Malaysia) Berhad
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Other statutory information

(a) Before the statement of comprehensive income and statement of financial position of the Bank were made out, the Directors took reasonable steps:

(i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that there were no known bad debts and that adequate allowance had been made for doubtful debts; and

(ii) to ensure that any current assets which were unlikely to realise their values as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected to realise.

(b) At the date of this report, the Directors are not aware of any circumstances which would render:

(i) it necessary to write off any bad debts or the amount of the allowance for doubtful debts in the financial statements of the Bank inadequate to any substantial extent; and

(ii) the values attributed to current assets in the financial statements of the Bank misleading.

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

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

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

(i) 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

(ii) any contingent liability of the Bank which has arisen since the end of the financial year other than those arising in the normal course of business of the Bank.

(f) In the opinion of the Directors:

(i) 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 period which will or may affect the ability of the Bank to meet its obligations when they fall due; and

(ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Bank for the financial year in which this report is made.

China Construction Bank (Malaysia) Berhad
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Auditors and auditors' remuneration

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

The auditors' remuneration is as follows:

	RM'000
Ernst & Young PLT	378

Signed on behalf of the Board in accordance with a resolution of the Directors dated 23 April 2026.

Dato' Lee Teck Hua	Chong Kwai Ying
Director	Director

China Construction Bank (Malaysia) Berhad
(Incorporated in Malaysia)

Statement by Directors
Pursuant to Section 251(2) of the Companies Act 2016

We, Dato' Lee Teck Hua and Chong Kwai Ying, being two of the Directors of China Construction Bank (Malaysia) Berhad, do hereby state that, in the opinion of the Directors, the accompanying financial statements set out on pages 31 to 109 are drawn up in accordance with MFRS Accounting Standards, IFRS Accounting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Bank as at 31 December 2025 and of its financial performance and cash flows for the year then ended.

Signed on behalf of the Board in accordance with a resolution of the Directors dated 23 April 2026.

Dato' Lee Teck Hua Director	Chong Kwai Ying Director

Statutory declaration
Pursuant to Section 251(1)(b) of the Companies Act 2016

I, Peng Anping, being the Director primarily responsible for the financial management of China Construction Bank (Malaysia) Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 31 to 109 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared
by the abovenamed Peng Anping
at Kuala Lumpur in the Federal Territory
on 23 April 2026

Peng Anping

Before me,

201601032761 (1203702-U)

Independent auditors' report to the Member of China Construction Bank (Malaysia) Berhad (Incorporated in Malaysia)

Report on the audit of the financial statements

Opinion

We have audited the financial statements of China Construction Bank (Malaysia) Berhad, which comprise the statement of financial position as at 31 December 2025, and 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 31 to 109.

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

Basis for opinion

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

Independence and other ethical responsibilities

We are independent of the Bank in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International Code of Ethics for Professional Accountants (including International Independence Standards) ("IESBA Code"), 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, 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.

201601032761 (1203702-U)

Independent auditors' report to the Member of
China Construction Bank (Malaysia) Berhad (cont'd.)
(Incorporated in Malaysia)

Information other than the financial statements and auditors' report thereon (cont'd.)

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

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

Responsibilities of the directors for the financial statements

The directors of the Bank are responsible for the preparation of the financial statements of the Bank that give a true and fair view in accordance with 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.

201601032761 (1203702-U)

Independent auditors' report to the Member of China Construction Bank (Malaysia) Berhad (cont'd.) (Incorporated in Malaysia)

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

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgment 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; and

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

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

Independent auditors' report to the Member of
China Construction Bank (Malaysia) Berhad (cont'd.)
(Incorporated in Malaysia)

Other matters

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

Ernst & Young PLT	Yap Kah Foo
202006000003 (LLP0022760-LCA) & AF 0039	No. 03574/05/2026 J
Chartered Accountants	Chartered Accountant

Kuala Lumpur, Malaysia
23 April 2026

China Construction Bank (Malaysia) Berhad
(Incorporated in Malaysia)

Statement of financial position
As at 31 December 2025

	Note	2025 RM'000	2024 RM'000
Assets			
Cash and short-term funds	3	1,316,122	541,400
Deposits and placements with banks and other financial institutions	4	402,606	1,689,877
Debt instruments at fair value through other comprehensive income ("FVOCI")	5	4,290,263	3,640,891
Other assets	6	196,948	68,371
Derivative financial assets	7	45,049	138,592
Loans and advances	8	3,188,047	2,682,255
Tax recoverable		27,531	24,899
Statutory deposits with Bank Negara Malaysia	9	7,500	500
Right-of-use assets	10	26,191	30,598
Property and equipment	11	6,070	5,567
Intangible assets	12	5,499	6,735
Deferred tax assets	13	7,242	13,545
Total assets		9,519,068	8,843,230
Liabilities			
Deposits from customers	14	3,071,547	2,495,295
Deposits and placements of banks and other financial institutions	15	3,028,229	2,865,846
Obligations on securities sold under repurchase agreements ("Repos")		475,733	-
Other liabilities	16	80,834	182,361
Derivative financial liabilities	7	141,250	121,720
Lease liabilities	10	27,532	31,640
Borrowing	17	811,505	1,284,843
Subordinated loan	18	834,851	878,657
Total liabilities		8,471,481	7,860,362
Equity attributable to equity holder of the Bank			
Share capital	19	822,600	822,600
Reserves	20	224,987	160,268
Total equity		1,047,587	982,868
Total liabilities and equity		9,519,068	8,843,230
Commitments and contingencies	28	12,861,350	12,578,392

The accompanying accounting policies and notes form an integral part of these financial statements.

China Construction Bank (Malaysia) Berhad
(Incorporated in Malaysia)

Statement of comprehensive income
For the financial year ended 31 December 2025

	Note	2025 RM'000	2024 RM'000
Operating revenue	2.4(i)	403,072	427,174
Interest income	21	324,160	329,299
Interest expense	22	(242,894)	(298,309)
Net interest income		81,266	30,990
Other operating income	23	78,968	100,948
Net income		160,234	131,938
Other operating expenses	24	(89,838)	(85,096)
Operating profit before allowances		70,396	46,842
Allowances for expected credit losses ("ECL")	26	(11,431)	(1,385)
Profit before taxation		58,965	45,457
Taxation	27	(23,195)	(19,650)
Net profit for the financial year		35,770	25,807
Other comprehensive income in respect of:			
Items that will be reclassified subsequently to profit or loss			
Debt instruments at FVOCI			
Net fair value change in debt instruments at FVOCI		37,902	3,878
Income tax effect	13	(8,953)	(1,094)
		28,949	2,784
Cash flow hedge			
Net change in cash flow hedge		-	81
Net change in cost of hedging		-	(2,159)
Income tax effect		-	498
		-	(1,580)
Total other comprehensive income, net of tax, for the financial year		28,949	1,204
Total comprehensive income for the financial year		64,719	27,011

The accompanying accounting policies and notes form an integral part of these financial statements.

China Construction Bank (Malaysia) Berhad
(Incorporated in Malaysia)

Statement of changes in equity
For the financial year ended 31 December 2025

	← Non-distributable				→	Distributable	
	Share Capital RM'000	**Regulatory Reserve RM'000**	**FVOCI Reserve RM'000**	**Cash flow hedge Reserve RM'000**	**Cost of hedging Reserve RM'000**	**Retained profits RM'000**	**Total equity RM'000**
Balance as at 1 January 2025	822,600	-	(9,806)	-	-	170,074	982,868
Net profit for the financial year	-	-	-	-	-	35,770	35,770
Other comprehensive income, net of tax, for the financial year	-	-	28,949	-	-	-	28,949
Total comprehensive income for the financial year	-	-	28,949	-	-	35,770	64,719
Transfer to retained profits	-	-	-	-	-	-	-
Balance as at 31 December 2025	822,600	-	19,143	-	-	205,844	1,047,587
Balance as at 1 January 2024	822,600	4,700	(12,590)	(63)	1,643	139,567	955,857
Net profit for the financial year	-	-	-	-	-	25,807	25,807
Other comprehensive income/(loss), net of tax, for the financial year	-	-	2,784	63	(1,643)	-	1,204
Total comprehensive income/(loss) for the financial year	-	-	2,784	63	(1,643)	25,807	27,011
Transfer to retained profits	-	(4,700)	-	-	-	4,700	-
Balance as at 31 December 2024	822,600	-	(9,806)	-	-	170,074	982,868

The accompanying accounting policies and notes form an integral part of these financial statements.

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China Construction Bank (Malaysia) Berhad
(Incorporated in Malaysia)

Statement of cash flows
For the financial year ended 31 December 2025

	Note	2025 RM'000	2024 RM'000
Cash flows from operating activities			
Profit before taxation		58,965	45,457
Adjustments for non cash items:			
Allowances for expected credit losses	26	11,431	1,385
Net unrealised fair value loss/(gain) on derivatives	23	113,040	(135,557)
Depreciation of property and equipment	24	2,034	1,809
Depreciation of right-of-use assets	24	4,498	4,495
Amortisation of intangible assets	24	1,900	1,800
Interest income from debt instruments at FVOCI	21	(124,361)	(114,125)
Interest expense from subordinated loan	22	23,031	52,855
Interest expense from lease liabilities	22	1,014	1,156
Net loss on from disposal of property and equipment		-	18
Net loss on from written off of property and equipment		-	80
Operating profit/(loss) before working capital changes		91,552	(140,627)
Change in derivative financial assets and liabilities		33	74,290
Change in loans and advances		(515,595)	413,824
Change in Statutory deposits with Bank Negara Malaysia		(7,000)	1,500
Change in other assets		(128,577)	(18,529)
Change in deposits from customers		576,252	(710,641)
Change in deposits and placements of banks and other financial institutions		162,383	1,080,687
Change in other liabilities		(103,085)	(10,216)
Change in obligations on securities sold under Repos		475,733	-
		460,144	830,915
Cash generated from operations		551,696	690,288
Net tax paid		(28,477)	(16,324)
Net cash generated from operating activities		523,219	673,964

China Construction Bank (Malaysia) Berhad
(Incorporated in Malaysia)

Statement of cash flows
For the financial year ended 31 December 2025 (cont'd.)

	Note	2025 RM'000	2024 RM'000
Cash flows from investing activities			
Change in deposits and placements with banks and other financial institutions with original maturity of more than 3 months		1,046,479	(614,635)
Purchase of debt instruments at FVOCI		(3,180,654)	(7,915,226)
Proceeds from redemption and disposal of debt instruments at FVOCI		2,574,305	6,205,290
Interest received from debt instruments at FVOCI		119,339	103,222
Purchase of property and equipment	11	(2,537)	(2,323)
Disposal of property and equipment		-	18
Purchase of intangible assets	12	(664)	(931)
Net cash generated from/(used in) investing activities		556,268	(2,224,585)
Cash flows from financing activities			
Interest payment of subordinated loan		(66,837)	(95,740)
Proceeds from borrowing	17	-	833,084
Repayment of borrowing	17	(473,338)	-
Lease payments	10	(5,213)	(5,209)
Net cash (used in)/generated from financing activities		(545,388)	732,135
Net increase/(decrease) in cash and cash equivalents		534,099	(818,486)
Cash and cash equivalents, at gross:			
- at the beginning of the financial year		480,767	1,299,253
- at the end of the financial year		1,014,866	480,767
Cash and cash equivalents comprise:			
Cash and short-term funds	3	1,316,549	541,658
Deposits and placements with banks and other financial institutions	4	402,606	1,689,877
		1,719,155	2,231,535
Less:			
Deposits and placements with banks and other financial institutions with original maturity of more than 3 months		(704,289)	(1,750,768)
		1,014,866	480,767

The accompanying accounting policies and notes form an integral part of these financial statements.

1. Corporate information

China Construction Bank (Malaysia) Berhad has on 1 October 2016, received its company incorporation approval from Companies Commission of Malaysia and Ministry of Domestic Trade, Co-operatives and Consumerism, being the first subsidiary of CCB in Malaysia.

The holding and ultimate holding company of the Bank is CCB, headquatered in Beijing, a large-scale joint stock commercial bank in China.

The principal activities of the Bank are commercial banking and related financial services.

The address of the registered office of the Bank is Level 20, Menara CCB, Quill 6, No 6. Leboh Ampang, 50100 Kuala Lumpur, Malaysia.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 23 April 2026.

2. Material accounting policy information

2.1 Basis of preparation

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

The financial statements of the Bank have been prepared under the historical cost convention, unless otherwise indicated in this summary of material accounting policies.

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

2.2 Changes in accounting policies

Adoption of amended MFRS issued

The accounting policies as set out in Note 2.4 adopted by the Bank are consistent with those adopted in previous years, except as follows:

The Bank adopted the following amended MFRS beginning on or after 1 January 2025

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

2. Material accounting policy information (cont'd.)

2.3 Standards issued but not yet effective

As at the date of authorisation of these financial statements, the following MFRS Accounting Standards and amendments to MFRS Accounting Standards have been issued by the Malaysian Accounting Standards Board ("MASB") but are not yet effective and have not been adopted by the Bank.

Effective for financial periods beginning on or after 1 January 2026

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

Amendments to MFRS Accounting Standard contained in the document entitled "Annual Improvements to MFRS Accounting Standards - Volume 11"

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

Effective for financial periods beginning on or after 1 January 2027

MFRS 18 - Presentation and Disclosure in Financial Statements

Amendments to MFRS 19 - Subsidiaries without Public Accountability: Disclosures

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

Effective for financial periods to be determined by the MASB

Amendments to MFRS 10 Consolidated Financial Statements and MFRS 128 Investments in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture.

The Bank plans to adopt the above pronouncements when they become effective in the respective financial periods. Except for MFRS 18, these pronouncements are expected to have no material impact to the financial statements of the Bank upon their initial application. The Bank is currently assessing the impact to the financial statements, if any, upon the initial application of MFRS 18.

2. Material accounting policy information (cont'd.)

2.4 Summary of material accounting policies

(a) Financial instruments

(i) Classification

Financial assets

Financial assets are recognised in the statement of financial position when, and only when, the Bank becomes a party to the contractual provisions of the financial assets. The Bank classifies its financial assets under the following categories:

(a) Amortised cost

Financial assets are measured at amortised cost if they are held within a business model which the objective is to hold the financial assets in order to collect contractual cash flows which represent solely payments of principal and interest.

(b) Debt instruments at FVOCI

FVOCI with recycling to profit or loss applies to debt instruments with contractual cash flows characteristics that are solely payments of principal and interest and business model objective is to both collecting contractual cash flows and selling off the financial assets.

(c) Financial instruments at fair value through profit or loss ("FVTPL")

Financial assets that qualify for neither held at amortised cost nor at FVOCI are measured at FVTPL.

Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definition of a financial liability.

(a) Financial instruments at FVTPL

Financial liabilities are measured at FVTPL if they are held for trading and designated upon initial recognition as FVTPL.

(b) Amortised cost

Non-derivative financial liabilities that are not held for active trading or designated as FVTPL are classified as non-trading liabilities carried at amortised cost.

2. Material accounting policy information (cont'd.)

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

(a) Financial instruments (cont'd.)

(ii) Measurement

Initial measurement

At initial recognition, the Bank measures a financial instruments at its fair value plus transaction costs that are directly attributable to the acquisition of the financial instruments in the case of a financial instruments not at FVTPL. Transaction costs of financial instruments carried at FVTPL are expensed in profit or loss.

Subsequent measurement

(a) Amortised cost

Amortised cost financial instruments are measured at amortised cost using effective interest method. Gains/losses are recognised in profit or loss through the amortisation process and when the financial instruments are impaired or derecognised.

(b) Debt instruments at FVOCI

Debt instruments classified as FVOCI are measured at fair value. Any gains or losses arising from the changes in fair value of these financial instruments are recognised in other comprehensive income, except for impairment loss, exchange differences and interest income which are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is classified from equity to profit or loss as a reclassification adjustment when the financial instrument is derecognised.

(c) Financial instruments at FVTPL

All other financial instruments which are classified as FVTPL are measured at fair value. Any gains or losses arising from changes in fair value are recognised in profit or loss. Net gains or net losses on financial instruments at FVTPL do not include exchange differences, interest and dividend income. Exchange differences, interest and dividend income on financial instruments at FVTPL are recognised separately in profit or loss as part of income or losses.

(iii) Classification of credit-impaired financial instruments

The Bank defines a financial instrument as default, which is fully aligned with the definition of credit-impaired, when it meets one or more of the following criteria:

2. Material accounting policy information (cont'd.)

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

(a) Financial instruments (cont'd.)

(iii) Classification of credit-impaired financial instruments (cont'd.)

(a) Quantitative criteria

The Bank defines a financial instrument as default, when the counterparty fails to make contractual payments within 90 days of when they fall due or with internal credit rating deteriorated to Rating 17 or below.

(b) Qualitative criteria

The counterparty meets unlikeliness-to-pay criteria, which indicates the counterparty is in significant financial difficulty. The Bank considers the following instances for this purpose:

- the counterparty exhibits significant financial difficulty;
- a breach of contract, such as unable to pay interest or principal;
- it is possible that the borrower will enter into bankruptcy or other financial reorganisation; or
- borrower granted for economics or legal reasons relating to its financial difficulty, a concession that lender would not otherwise.

Upgrading or de-classification of a credit-impaired account shall be supported by a credit assessment of the repayment capability, cash flows and financial position of the counterparty. The Bank must also be satisfied that once the account is de-classified, the account is unlikely to be classified again in the near future.

(iv) Impairment

The impairment requirements apply to financial assets measured at amortised cost and debt instruments at FVOCI and certain loan commitments as well as financial guarantee contracts. The allowances for impairment are based on the expected credit loss ("ECL") associated with the probability of default in the next twelve months unless there has been a significant increase in credit risk since origination, in which case, the allowances are based on the probability of default over the expected remaining life of the assets. The impairment can be assessed either individually or collectively. Further details are as disclosed in Note 32.1(a).

(v) Offsetting of financial instruments

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

2. Material accounting policy information (cont'd.)

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

(a) Financial instruments (cont'd.)

(vi) Recognition and derecognition

Financial instruments are recognised when the Bank becomes a party to the contractual provision of the instruments. All regular purchases and sales of financial assets that require delivery within the period generally established by regulation or market convention are recognised on the trade date.

Financial instruments are derecognised when the risks and rewards associated with the instruments are substantially transferred/disclosed, cancelled or expired. On derecognition, the difference between the carrying amount of the instruments and the consideration received/paid, less the cumulative gain or loss that has been recognised in the equity are taken to profit or loss.

(vii) Write off policy

A credit-impaired account that is not secured by any realisable collateral will be written off either when the prospect of a recovery is considered poor or when all feasible avenues of recovery have been exhausted.

(b) Derivative financial instruments

Derivatives are initially recognised at fair value on the date on which derivative contracts are entered into and are subsequently re-measured at their fair values. Fair values are obtained from quoted market prices in active markets, including recent market transactions, and valuation techniques, including discounted cash flow models and option pricing models, as appropriate. All derivatives are carried as assets when fair values are positive and as liabilities when fair values are negative. Cash collaterals held or pledged in relation to derivative transactions are carried at amortised cost.

The best evidence of the fair value of a derivative at initial recognition is the transaction price (i.e. the fair value of the consideration given or received) unless the fair value of that instrument is evidenced by comparison with other observable current market transactions in the same instrument (i.e. without modification or repackaging) or based on a valuation technique whose variables include only data from observable markets. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

Derivatives that do not qualify for hedge accounting are classified as held for trading and accounted for as FVTPL. Changes in the fair value are recognised immediately in profit or loss and are included in other operating income.

2. Material accounting policy information (cont'd.)

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

(c) Loan commitments and financial guarantee contracts

Financial guarantee contracts are contracts that require the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due, in accordance with the terms of a debt instrument. Such financial guarantees are given to banks, financial institutions and others on behalf of customers to secure loans, overdrafts and other banking facilities.

Financial guarantee contracts are initially measured at fair value and subsequently measured at the higher of the amount determined in accordance with the ECL model under MFRS 9 and the amount initially recognised less cumulative amount of income recognised in accordance with the principles of MFRS 15 *Revenue from Contracts with Customers* ("MFRS 15") where appropriate.

Loan commitments provided by the Bank are measured as the amount of the loss allowances. The Bank has not provided any commitment to provide loans at a below market interest rate, or that can be settled net in cash or by delivering or issuing another financial instrument.

For loan commitments and financial guarantee contracts, the loss allowances are recognised as provision. However, for contracts that include both a loan and undrawn commitment and the Bank cannot separately identify the ECL on the undrawn commitment component from those on the loan component, the expected credit losses on the undrawn commitment are recognised together with the loss allowances for the loan. To the extent that the combined ECL exceed the gross carrying amount of the loan, the ECL are recognised as a provision.

(d) Property, equipment and depreciation

Property and equipment are stated at cost less accumulated depreciation and impairment losses, if any.

Property and equipment are depreciated on a straight-line basis to write down their costs to their residual values over their estimated useful lives, summarised as follows:

Renovations and improvements	Amortised over the period of the lease
Computer equipment	5 years
Furniture, fittings and equipment	5 years
Motor vehicles	8 years

The asset's residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. There are no material adjustments arising from the review that would require disclosure in the financial statements.

Gains or losses on disposals are determined by comparing proceeds with carrying amounts and are included in profit or loss.

2. Material accounting policy information (cont'd.)

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

(e) Intangible assets

Intangible assets comprise separately identifiable intangible items arising from computer software and membership. Intangible assets are recognised at cost. Intangible assets with a definite useful life are amortised using the straight-line method over their estimated useful economic life. Intangible assets with an indefinite useful life are not amortised. At each date of the statement of financial position, intangible assets are reviewed for indications of impairment or changes in estimated future economic benefits. If such indications exists, the intangible assets are analysed to assess whether their carrying amount is fully recoverable. An impairment loss is recognised if the carrying amount exceeds the recoverable amount. Intangible assets with indefinite useful life are annually tested for impairment and whenever there is an indication that the asset may be impaired.

(f) Cash and cash equivalents

For the purpose of the statement of cash flows, cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes. Cash and cash equivalents comprise cash and short-term funds and deposits and placements with banks and other financial institutions that are readily convertible to known amounts of cash and which are subject to an immaterial risk of changes in value.

(g) Recognition of interest income/expense

Interest income/expense is calculated by applying effective interest rate to the gross carrying amount of a financial assets/liabilities.

For credit-impaired financial assets, the effective interest rate is applied to the net carrying amount of the financial assets (after deduction of the loss allowances).

(h) Recognition of fees and other income

Loan arrangement fees and commissions are recognised as income when all conditions precedent are fulfilled. Guarantee fees which are material are recognised as income based on time apportionment. Service charges and other fee income are recognised as income when the services are rendered. Management fees are recognised when services are rendered.

Commitment fees for loans and advances are likely to be drawn down and deferred (together with direct costs) and income which forms an integral part of the effective interest rate of a financial instrument is regarded as an adjustment to the effective interest rate of the financial instrument.

Net gain/loss from debt instruments at FVOCI are recognised upon disposal of the securities which consist of the cumulative gain or loss previously recognised in other comprehensive income and the difference between net disposal proceeds and the carrying amount of the securities.

2. Material accounting policy information (cont'd.)

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

(i) Operating revenue

Operating revenue of the Bank comprises interest income, fee income, trading and investment income or losses and other income derived from banking operations.

(j) Employee benefits

(i) Short-term employee benefits

Wages, salaries, paid annual leave and sick leave, bonuses and non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related services are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled.

(ii) Post-employment benefits - defined contribution plans

The defined contribution plan is a pension plan under which the Bank pays fixed contributions to the national pension scheme, the Employees' Provident Fund ("EPF") and will have no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The Bank's contributions to defined contribution plans are charged to profit or loss in the period to which they relate. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

(k) Leases

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

Bank as a lessee

The Bank applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low value assets. The Bank recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

2. Material accounting policy information (cont'd.)

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

(k) Leases (cont'd.)

(i) Right-of-use assets

The Bank recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentive received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

(ii) Lease liabilities

At the commencement date of the lease, the Bank recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivables, variable lease payments that depend on an index or a rate, and amount expected to be paid under residual value guarantees.

In calculating the present value of lease payments, the Bank uses its cost of fund at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

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

The Bank applies the short-term lease recognition exemption to its short-term leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. The Bank also applies the lease of low-value assets recognition exemption to leases that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense.

2. Material accounting policy information (cont'd.)

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

(l) Current and deferred income taxes

Tax expense for the period comprises current and deferred income tax. The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Bank operates and generate taxable income.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities. This liability is measured using the single best estimate of the most likely outcome.

Deferred tax is provided in full, using the liability method, on temporary differences arising between the amounts attributed to assets and liabilities for tax purposes and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences or unused tax losses can be utilised.

Deferred tax is determined using tax rates (and tax laws) that have been enacted or substantially enacted by the date of statement of financial position and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred and income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2. Material accounting policy information (cont'd.)

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

(l) Current and deferred income taxes (cont'd.)

Malaysia has introduced the Global Minimum Tax as part of its commitment to The Organization for Economic Cooperation and Development (“OECD”) Inclusive Framework on Base Erosion and Profit Shifting (“BEPS”) Pillar Two initiative. The legislation was gazetted by incorporating the Global Anti-Base Erosion (GloBE) Rules into Malaysian tax law, which takes effect from 1 January 2025. For the period ended December 31, 2025, we have applied the IASB amendment to IAS 12, Income Taxes, which provides a mandatory temporary exception from recognizing or disclosing deferred taxes related to Pillar Two.

(m) Currency conversion and translation

(i) Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The financial statements are presented in Ringgit Malaysia ("RM"), which is the Bank's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit or loss. Foreign exchange gains and losses are presented in profit or loss on a net basis within other operating income.

(n) Subordinated loan and borrowing

Subordinated loan and borrowing is classified as financial liability in the statement of financial position as there is a contractual obligation to make cash payment of either principal or interest to the holders and lenders of the subordinated loan and borrowing.The Bank is contractually obligated to settle the financial instrument in cash.

(o) Obligations on securities sold under repurchase agreements ("Repos")

Obligations on securities sold under repurchase agreements are collateralised borrowings whereby the borrower (i.e. the Bank) sells securities or money market instruments (representing the collateral) to the lender and simultaneously agrees to buy them back from the lender at a specified price and date. The commitment to repurchase the securities is reflected as a financial liability at amortised cost on the statement of financial position.

2. Material accounting policy information (cont'd.)

2.5 Material accounting estimates and judgements (cont'd.)

In the preparation of the financial statements, management was required to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the financial statements in the period in which the estimate is revised and in any future periods affected. material areas of estimation, uncertainty and critical judgements used in applying accounting policies that have a material effect on the amount recognised in the financial statements include the following:

(a) ECL allowances on financial assets

The measurement of ECL under MFRS 9 across all categories of financial assets requires judgement, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining ECL and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors as disclosed in Note 32.1(a), changes in which can result in different levels of allowances.

The Bank's ECL calculations 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:

- The Bank's internal credit grading model, which assigns probability of default ("PD") to each individual grade;

- The Bank's 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 assessment;

- The segmentation of financial assets when their ECL is assessed on a collective basis;

- Development of ECL models, including the various formulas and the choice of inputs;

- Determination of associations between macro-economic variables and, economic inputs, 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.

It is the Bank's policy to regularly review its models in the context of actual loss experience and adjust when necessary. The Bank has set out its credit risk management as disclosed in Note 32.1(a).

The amount of allowances for ECL on financial assets and off-balance sheet credit exposures recognised by the Bank are as disclosed in Note 3, Note 4, Note 5, Note 8, Note 16 and Note 26 respectively.

3. Cash and short-term funds

	2025 RM'000	2024 RM'000
Cash and balances with banks and other financial institutions	348,823	21,341
Money at call and deposit placements maturing within one month	967,726	520,317
	1,316,549	541,658
Less: ECL allowances	(427)	(258)
	1,316,122	541,400

Movements in the gross carrying amount for cash and short-term funds that contributed to changes in ECL allowances are as follows:

2025	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
At 1 January	541,658	-	-	541,658
Financial assets derecognised during the financial year	(7,728,097)	-	-	(7,728,097)
New financial assets acquired	8,502,988	-	-	8,502,988
At 31 December	1,316,549	-	-	1,316,549
2024				
At 1 January	1,745,111	-	-	1,745,111
Financial assets derecognised during the financial year	(1,723,519)	-	-	(1,723,519)
New financial assets acquired	520,066	-	-	520,066
At 31 December	541,658	-	-	541,658

Movements in ECL allowances for cash and short-term funds are as follows:

	Stage 1	Stage 2	Stage 3	
2025	12-month ECL RM'000	Lifetime ECL non credit-impaired RM'000	Lifetime ECL credit-impaired RM'000	Total ECL RM'000
At 1 January	258	-	-	258
Financial assets derecognised during the financial year	(590)	-	-	(590)
New financial assets acquired	759	-	-	759
Net total (Note 26)	169	-	-	169
At 31 December	427	-	-	427

3. Cash and short-term funds (cont'd.)

2024	Stage 1 12-month ECL RM'000	Stage 2 Lifetime ECL non credit-impaired RM'000	Stage 3 Lifetime ECL credit-impaired RM'000	Total ECL RM'000
At 1 January	298	-	-	298
Financial assets derecognised during the financial year	(185)	-	-	(185)
New financial assets acquired	145	-	-	145
Net total (Note 26)	(40)	-	-	(40)
At 31 December	258	-	-	258

4. Deposits and placements with banks and other financial institutions

	2025 RM'000	2024 RM'000
Licensed banks	402,606	1,689,877

Movements in the gross carrying amount for deposits and placements with banks and other financial institutions that contributed to changes in ECL allowances are as follows:

2025	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
At 1 January	1,689,877	-	-	1,689,877
Financial assets derecognised during the financial year	(5,843,704)	-	-	(5,843,704)
New financial assets acquired	4,556,433	-	-	4,556,433
At 31 December	402,606	-	-	402,606
2024				
At 1 January	690,275	-	-	690,275
Financial assets derecognised during the financial year	(690,275)	-	-	(690,275)
New financial assets acquired	1,689,877	-	-	1,689,877
At 31 December	1,689,877	-	-	1,689,877

There is no ECL allowance for deposits and placements with banks and other financial institutions.

5. Debt instruments at fair value through other comprehensive income ("FVOCI")

At fair value	2025 RM'000	2024 RM'000
Money market instruments		
Malaysian Government Securities	633,808	563,888
Malaysian Government Investment Issues	2,028,302	1,331,178
Negotiable Instruments of Deposits	752,148	801,636
	3,414,258	2,696,702
Unquoted securities		
Corporate bonds within Malaysia	556,306	589,256
Cagamas debt securities	319,699	354,933
	876,005	944,189
	4,290,263	3,640,891

Movements in the gross carrying amount for debt instruments at FVOCI that contributed to changes in ECL allowances are as follows:

2025	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
At 1 January	3,640,891	-	-	3,640,891
Financial assets derecognised during the financial year	(2,020,662)	-	-	(2,020,662)
New financial assets purchased	2,670,034	-	-	2,670,034
At 31 December	4,290,263	-	-	4,290,263
2024				
At 1 January	1,916,122	-	-	1,916,122
Financial assets derecognised during the financial year	(1,199,665)	-	-	(1,199,665)
New financial assets purchased	2,924,434	-	-	2,924,434
At 31 December	3,640,891	-	-	3,640,891

5. Debt instruments at fair value through other comprehensive income ("FVOCI") (cont'd.)

The following ECL for debt instruments are not recognised in the statement of financial position as the carrying amount of debt instruments at FVOCI is equivalent to their fair value:

	Stage 1	Stage 2	Stage 3	
2025	**12-month ECL RM'000**	**Lifetime ECL non credit-impaired RM'000**	**Lifetime ECL credit-impaired RM'000**	**Total ECL RM'000**
At 1 January	910	-	-	910
Financial assets derecognised during the financial year	(152)	-	-	(152)
New financial assets purchased	53	-	-	53
Net total (Note 26)	(99)	-	-	(99)
At 31 December	811	-	-	811
2024				
At 1 January	962	-	-	962
Financial assets derecognised during the financial year	(1,011)	-	-	(1,011)
New financial assets purchased	959	-	-	959
Net total (Note 26)	(52)	-	-	(52)
At 31 December	910	-	-	910

6. Other assets

	2025 RM'000	2024 RM'000
Deposits	2,235	2,171
Prepayments	1,636	1,306
Cash collateral pledged for derivative transactions	129,847	25,186
Amount due from ultimate holding company (Note i)	13,872	17,602
Other receivables	49,358	22,106
	196,948	68,371

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

7. Derivative financial assets/(liabilities)

The Bank's derivative financial instruments are measured at their fair values together with their corresponding contract/notional amounts as at reporting date. The notional amounts of these derivative financial instruments refer to the underlying contract value on which changes in the value of the derivatives are measured. The notional amounts indicate the volume of transactions outstanding at the year end but are not indicative of either the market risk or credit risk inherent in the derivative contracts. The risks associated with the use of derivative financial instruments, as well as management's policy for controlling these risks are set out in Note 32 to the financial statements.

	Contract/Notional	<------ Fair Value ------>	
	Amount	Assets	Liabilities
2025	RM'000	RM'000	RM'000
Trading derivatives			
Foreign exchange related contracts:			
- Currency forwards/spot	376,834	4,332	2,417
- Currency swaps	9,318,809	38,680	132,961
Interest rate related contracts:			
- Interest rate swaps	885,000	2,037	5,872
	10,580,643	45,049	141,250
2024			
Trading derivatives			
Foreign exchange related contracts:			
- Currency forwards/spot	412,905	1,318	970
- Currency swaps	9,715,949	136,415	120,522
Interest rate related contracts:			
- Interest rate swaps	375,000	859	228
	10,503,854	138,592	121,720

8. Loans and advances

At amortised cost	2025 RM'000	2024 RM'000
Overdrafts	4,641	5,173
Term loans:		
- Syndicated term loans	189,556	278,508
- Other term loans	505,384	625,414
- Factoring receivables	733,137	381,684
Trust receipts	238,982	179,418
Revolving credits	1,547,357	1,233,265
Gross loans and advances	3,219,057	2,703,462
Less: ECL allowances		
- Stage 1	(25,834)	(17,942)
- Stage 2	(5,176)	(3,265)
Net loans and advances	3,188,047	2,682,255

(i) Gross loans and advances by type of customers:

	2025 RM'000	2024 RM'000
Business enterprises	3,219,057	2,703,462
	3,219,057	2,703,462

(ii) Gross loans and advances by geographical distribution:

	2025 RM'000	2024 RM'000
Malaysia	3,203,209	2,656,410
China	15,848	47,052
	3,219,057	2,703,462

(iii) Gross loans and advances by interest rate sensitivity:

	2025 RM'000	2024 RM'000
Fixed rate loans	21,500	14,963
Variable rate (cost-plus) loans	3,197,557	2,688,499
	3,219,057	2,703,462

8. Loans and advances (cont'd.)

	2025 RM'000	2024 RM'000
(iv) Gross loans and advances by economic purpose:		
Working capital	2,595,968	1,887,589
Purchase of land	108,471	75,784
Construction	280,939	298,586
Lending to related entities	46,081	119,818
Purchase of machinery and equipments	126,625	174,768
Other purposes	60,973	146,917
	3,219,057	2,703,462
(v) Gross loans and advances by remaining contractual maturity:		
Maturity within one year	2,533,365	1,816,537
One year to three years	149,860	265,190
Three years to five years	198,459	204,412
Over five years	337,373	417,323
	3,219,057	2,703,462
(vi) Gross loans and advances by industry:		
Agriculture, hunting, forestry and fishing	45,124	45,132
Mining and quarrying	23,257	-
Manufacturing	608,112	436,748
Electricity, gas and water	125,622	179,392
Construction	682,622	300,898
Wholesale, retail trade, restaurants and hotels	291,088	213,918
Transport, storage and communication	867,828	1,143,393
Real estate	189,347	40,641
Finance, insurance and business services	227,268	200,229
Information and communication	116,709	143,111
Professional, scientific and technical activities	42,080	-
	3,219,057	2,703,462

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8. Loans and advances (cont'd.)

(vii) Movements in the gross carrying amount of loans and advances that contributed to changes in the ECL allowances:

2025	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
At 1 January	2,642,932	60,530	-	2,703,462
Financial assets derecognised during the financial year	(16,396,581)	(120,858)	-	(16,517,439)
New financial assets originated	17,033,034	-	-	17,033,034
Transferred to Stage 2	(105,862)	105,862	-	-
At 31 December	3,173,523	45,534	-	3,219,057
2024				
At 1 January	3,053,315	63,971	-	3,117,286
Financial assets derecognised during the financial year	(16,873,646)	(3,441)	-	(16,877,087)
New financial assets originated	16,463,263	-	-	16,463,263
At 31 December	2,642,932	60,530	-	2,703,462

(viii) Movements in ECL allowances for loans and advances:

	Stage 1	Stage 2	Stage 3	
2025	12-month ECL RM'000	Lifetime ECL non credit-impaired RM'000	Lifetime ECL credit-impaired RM'000	Total ECL RM'000
At 1 January	17,942	3,265	-	21,207
Financial assets derecognised during the financial year	(23,142)	(3,265)	-	(26,407)
New financial assets originated	31,915	-	-	31,915
Transferred to Stage 2	(881)	5,176	-	4,295
Net total (Note 26)	7,892	1,911	-	9,803
At 31 December	25,834	5,176	-	31,010

8. Loans and advances (cont'd.)

(viii) Movements in ECL allowances for loans and advances (cont'd.):

2024	Stage 1 12-month ECL RM'000	Stage 2 Lifetime ECL non credit-impaired RM'000	Stage 3 Lifetime ECL credit-impaired RM'000	Total ECL RM'000
At 1 January	15,554	4,767	-	20,321
Financial assets derecognised during the financial year	(13,786)	(1,846)	-	(15,632)
New financial assets originated	16,174	344	-	16,518
Net total (Note 26)	2,388	(1,502)	-	886
At 31 December	17,942	3,265	-	21,207

9. Statutory deposits with Bank Negara Malaysia

A non-interest bearing statutory deposits are maintained with Bank Negara Malaysia in compliance with Section 26(2)(c) of the Central Bank of Malaysia Act 2009. The amount of Statutory Reserve Requirement is determined based on a set percentage of total eligible liabilities.

10. Right-of-use assets and lease liabilities

Bank as lessee

The Bank has lease contracts for properties and office equipment. All the leases generally have lease term ranging from 5 to 10 years (2024: 5 to 10 years).

10. Right-of-use assets and lease liabilities (cont'd.)

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

2025	Properties RM'000	Office equipment RM'000	Total RM'000
Right-of-use assets			
At 1 January	30,577	21	30,598
New lease recognised	-	44	44
Modification of lease	47	-	47
Depreciation charge for the financial year (Note 24)	(4,478)	(20)	(4,498)
At 31 December	26,146	45	26,191
Lease liabilities			
At 1 January	31,618	22	31,640
New lease recognised	-	44	44
Modification of lease	47	-	47
Accretion of interest (Note 22)	1,013	1	1,014
Lease payments	(5,192)	(21)	(5,213)
At 31 December	27,486	46	27,532
2024			
Right-of-use assets			
At 1 January	35,052	41	35,093
Depreciation charge for the financial year (Note 24)	(4,475)	(20)	(4,495)
At 31 December	30,577	21	30,598
Lease liabilities			
At 1 January	35,650	43	35,693
Accretion of interest (Note 22)	1,155	1	1,156
Lease payments	(5,187)	(22)	(5,209)
At 31 December	31,618	22	31,640

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11. Property and equipment

2025	Renovations and improvements RM'000	Computer equipment RM'000	Furniture, fittings and equipment RM'000	Motor vehicles RM'000	Total RM'000
Cost					
At 1 January	460	14,905	1,544	930	17,839
Additions	208	2,249	80	-	2,537
Disposal	-	(6,593)	(373)	-	(6,966)
At 31 December	668	10,561	1,251	930	13,410
Accumulated depreciation					
At 1 January	(66)	(10,081)	(1,212)	(913)	(12,272)
Charge for the financial year (Note 24)	(60)	(1,874)	(100)	-	(2,034)
Disposal	-	6,593	373	-	6,966
At 31 December	(126)	(5,362)	(939)	(913)	(7,340)
Net book value					
At 31 December	542	5,199	312	17	6,070
2024					
Cost					
At 1 January	439	15,690	2,092	930	19,151
Additions	21	2,061	241	-	2,323
Disposal	-	(480)	(754)	-	(1,234)
Written off	-	(2,366)	(35)	-	(2,401)
At 31 December	460	14,905	1,544	930	17,839
Accumulated depreciation					
At 1 January	(9)	(11,351)	(1,822)	(800)	(13,982)
Charge for the financial year (Note 24)	(57)	(1,483)	(156)	(113)	(1,809)
Disposal	-	464	734	-	1,198
Write-off	-	2,289	32	-	2,321
At 31 December	(66)	(10,081)	(1,212)	(913)	(12,272)
Net book value					
At 31 December	394	4,824	332	17	5,567

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12. Intangible assets

2025	Computer software RM'000	Member-ship RM'000	Total RM'000
Cost			
At 1 January	13,295	2,600	15,895
Additions	664	-	664
At 31 December	13,959	2,600	16,559
Accumulated amortisation			
At 1 January	(9,160)	-	(9,160)
Charge for the financial year (Note 24)	(1,900)	-	(1,900)
At 31 December	(11,060)	-	(11,060)
Net book value			
At 31 December	2,899	2,600	5,499

2024	Computer software RM'000	Member-ship RM'000	Total RM'000
Cost			
At 1 January	12,364	2,600	14,964
Additions	931	-	931
At 31 December	13,295	2,600	15,895
Accumulated amortisation			
At 1 January	(7,360)	-	(7,360)
Charge for the financial year (Note 24)	(1,800)	-	(1,800)
At 31 December	(9,160)	-	(9,160)
Net book value			
At 31 December	4,135	2,600	6,735

13. Deferred tax assets

	2025 RM'000	2024 RM'000
At 1 January	13,545	13,443
Charged to profit or loss (Note 27)		
- Relating to origination and reversal of temporary differences	2,650	698
Recognised in other comprehensive income	(8,953)	(596)
At 31 December	7,242	13,545

Deferred income 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 authority. The following amounts determined after appropriate set off, are shown in the statement of financial position:

	2025 RM'000	2024 RM'000
Deferred tax assets, net	7,242	13,545

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

Deferred tax assets	14,708	21,649
Deferred tax liabilities	(7,466)	(8,104)
	7,242	13,545

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13. Deferred tax assets (cont'd.)

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

Deferred tax assets

	Debt instruments at FVOCI RM'000	Lease liabilities RM'000	Provisions and deferred income RM'000	ECL allowances RM'000	Total RM'000
At 1 January 2025	3,185	7,457	5,304	5,703	21,649
Charge to profit or loss					
- Relating to origination and reversal of temporary differences	-	(666)	248	2,430	2,012
Recognised in OCI	(8,953)	-	-	-	(8,953)
At 31 December 2025	(5,768)	6,791	5,552	8,133	14,708
At 1 January 2024	4,279	8,566	5,003	5,190	23,038
Charge to profit or loss					
- Relating to origination and reversal of temporary differences	-	(1,109)	283	513	(313)
- Overprovision in prior financial year	-	-	18	-	18
Recognised in OCI	(1,094)	-	-	-	(1,094)
At 31 December 2024	3,185	7,457	5,304	5,703	21,649

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13. Deferred tax assets (cont'd.)

Deferred tax liabilities

	Right-of-use assets	Property and equipment and intangible assets	Cash flow hedge reserve	Cost of hedging reserve	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2025	(7,343)	(761)	-	-	(8,104)
Charge to profit or loss					
- Relating to origination and reversal of temporary differences	1,058	(420)	-	-	638
At 31 December 2025	(6,285)	(1,181)	-	-	(7,466)
At 1 January 2024	(8,422)	(675)	19	(517)	(9,595)
Charge to profit or loss					
- Relating to origination and reversal of temporary differences	1,079	(68)	-	-	1,011
- Under-provision in prior financial year	-	(18)	-	-	(18)
Recognised in OCI	-	-	(19)	517	498
At 31 December 2024	(7,343)	(761)	-	-	(8,104)

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14. Deposits from customers

	2025 RM'000	2024 RM'000
(a) By type of deposit:		
Demand deposits	1,992,354	1,149,340
Saving deposits	9,747	23,276
Fixed deposits	1,069,446	1,322,679
	3,071,547	2,495,295
(b) By type of customer:		
Business enterprises	2,511,565	2,091,713
Domestic non-banking financial institutions	99,740	376,372
Local government and statutory authorities	431,260	-
Individuals	28,982	27,210
	3,071,547	2,495,295
(c) By maturity structure of fixed deposits:		
Due within six months	1,035,674	1,173,093
Six months to one year	30,158	148,512
One year to three years	3,614	1,074
	1,069,446	1,322,679

15. Deposits and placements of banks and other financial institutions

	2025 RM'000	2024 RM'000
Licensed banks in Malaysia	1,227,220	2,235,590
Ultimate holding company	1,695,312	611,821
Other financial institutions	105,697	18,435
	3,028,229	2,865,846

16. Other liabilities

	2025 RM'000	2024 RM'000
Other payables and accruals	38,576	30,115
Deferred income	6,437	9,302
Cash collateral received for derivative transactions	6,460	112,320
Cash collateral from corporate customers	24,786	27,607
ECL allowances for loan commitments and financial guarantees	4,575	3,017
	80,834	182,361

Movements in the gross carrying amount for loan commitments and financial guarantees that contributed to changes in ECL allowances are as follows:

2025	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
At 1 January	2,074,538	-	-	2,074,538
Credit exposures relinquished	(2,835,886)	-	-	(2,835,886)
Credit exposures assumed	3,042,055	-	-	3,042,055
Transferred to Stage 2	(30,549)	30,549	-	-
At 31 December	2,250,158	30,549	-	2,280,707
2024				
At 1 January	2,129,006	-	-	2,129,006
Credit exposures relinquished	(1,144,617)	-	-	(1,144,617)
Credit exposures assumed	1,090,149	-	-	1,090,149
At 31 December	2,074,538	-	-	2,074,538

16. Other liabilities (cont'd.)

Movements in ECL allowances for loan commitments and financial guarantees are as follows:

2025	Stage 1 12-month ECL RM'000	Stage 2 Lifetime ECL non credit-impaired RM'000	Stage 3 Lifetime ECL credit-impaired RM'000	Total ECL RM'000
At 1 January	3,017	-	-	3,017
Credit exposures relinquished	(2,748)	-	-	(2,748)
Credit exposures assumed	3,670	-	-	3,670
Transferred to Stage 2	(59)	695	-	636
Net total (Note 26)	863	695	-	1,558
At 31 December	3,880	695	-	4,575
2024				
At 1 January	2,426	-	-	2,426
Credit exposures relinquished	(2,927)	-	-	(2,927)
Credit exposures assumed	3,518	-	-	3,518
Net total (Note 26)	591	-	-	591
At 31 December	3,017	-	-	3,017

17. Borrowing

	2025 RM'000	2024 RM'000
Unsecured:		
Term loan	811,505	1,284,843

The term loans are denominated in Chinese Yuan bearing a fixed interest rate with remaining maturity of 1 year to 2 years.

18. Subordinated loan

	2025 RM'000	2024 RM'000
At amortised cost		
RMB 1.425 billion subordinated loan 2024/2034, at par	834,851	878,657

The RMB 1.425 billion Tier II subordinated loan has a 10 years maturity, non-callable 5 years, which bears interest rate at 1-year LPR minus 0.55% payable every 6 months throughout the tenure.

The issuance of the subordinated loan was approved by BNM as Basel III compliant Tier II subordinated loan, and is classified as Tier II capital of the Bank pursuant to BNM's Capital Adequacy Framework (Capital Components).

19. Share capital

	2025 Number of shares 000	2025 Amount RM'000	2024 Number of shares 000	2024 Amount RM'000
Issued and fully paid-up ordinary shares				
At 1 January/31 December	822,600	822,600	822,600	822,600

20. Reserves

	2025 RM'000	2024 RM'000
Regulatory reserve (a)	-	-
FVOCI reserve (b)	19,143	(9,806)
Retained profits	205,844	170,074
	224,987	160,268

(a) In accordance with BNM's Financial Reporting Policy Document, banking subsidiaries shall maintain, in aggregate, loss allowance for non-credit-impaired exposure and regulatory reserve of no less than 1% of all credit exposures (on and off-balance sheet that are subject to MFRS 9 impairment requirement, excluding exposures to and with an explicit guarantee from Malaysian Government), net of Stage 3 provision. As at the reporting date, the Bank maintains the loss allowance for non-credit impaired exposure and regulatory reserve at the minimum of 1%, without transfer to regulatory reserve from retained profits.

(b) FVOCI reserve represents the unrealised gains or losses arising from the change in fair value of debt instruments at FVOCI, net of ECL allowances. The gains or losses are transferred to the profit or loss upon disposal net of impairment allowance recognised.

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21. Interest income

	2025 RM'000	2024 RM'000
Loans and advances	132,726	137,075
Deposits and placements with banks and other financial institutions	67,073	78,099
Debt instruments at FVOCI	124,361	114,125
	324,160	329,299

22. Interest expense

	2025 RM'000	2024 RM'000
Deposits and placements of banks and other financial institutions	115,791	129,313
Deposits from customers	89,692	101,968
Obligations on securities sold under repurchase agreements ("Repos")	3,747	60
Subordinated loan	23,031	52,855
Lease liabilities (Note 10)	1,014	1,156
Derivative financial instruments	9,619	12,957
	242,894	298,309

23. Other operating income

	2025 RM'000	2024 RM'000
Fee income:		
Service charges and fees	288	192
Guarantee fees	3,560	2,983
Commitment fees	106	144
Syndication fees	681	582
Management fees	29,855	31,209
	34,490	35,110
Less: Fees expense	(2,879)	(672)
Net fee income	31,611	34,438
Trading and investment income:		
Net realised loss on derivatives	(200,629)	(229,384)
Net unrealised fair value (loss)/gain on derivatives	(113,040)	135,557
Net foreign exchange gain	360,639	157,008
Less: Brokerage charges	(517)	(592)
	46,453	62,589

23. Other operating income (cont'd.)

	2025 RM'000	2024 RM'000
Other income:		
Rental income	848	848
Other non-operating income	56	3,073
	904	3,921
	78,968	100,948

24. Other operating expenses

	2025 RM'000	2024 RM'000
Personnel expenses		
Salaries, bonuses, wages and allowances	55,500	54,788
Defined contribution plan	4,361	4,384
Other staff related costs	7,371	5,119
	67,232	64,291
Establishment expenses		
Depreciation of property and equipment (Note 11)	2,034	1,809
Depreciation of right-of-use assets (Note 10)	4,498	4,495
Amortisation of intangible assets (Note 12)	1,900	1,800
Repair and maintenance	6,688	3,517
Short-term leases expenses	291	261
Others	294	274
	15,705	12,156
Promotion and marketing expenses		
Advertisement and publicity	542	1,304
Administration and general expenses		
Communication expenses	1,016	1,333
Auditors' remuneration	378	378
Legal and professional fees	525	771
Travelling and accommodation expenses	714	1,025
Subscription fees	505	506
Directors’ fees and allowances	632	629
Insurance premium	59	155
Printing, stationery and postage	92	125
Others	2,438	2,423
	6,359	7,345
	89,838	85,096

25. Chief Executive Officer and Directors' remuneration

	Salaries RM'000	Bonuses RM'000	Director's fees RM'000	Other emoluments RM'000	Benefits-in-kind RM'000	Total RM'000
2025						
Chief Executive Officer						
Wang Qijie	612	170	-	-	65	847
Peng AnPing	458	-	-	-	76	534
Non-executive Directors						
Chong Kwai Ying	-	-	150	6	-	156
Lee Teck Seng	-	-	150	6	5	161
Datin Ooi Swee Lian	-	-	150	6	-	156
Dato' Lee Teck Hua	-	-	150	6	-	156
	1,070	170	600	24	146	2,010
2024						
Chief Executive Officer						
Wang Qijie	1,687	247	-	-	46	1,980
Non-executive Directors						
Chong Kwai Ying	-	-	150	7	-	157
Lee Teck Seng	-	-	150	8	-	158
Datin Ooi Swee Lian	-	-	150	8	3	161
Dato' Lee Teck Hua	-	-	150	8	4	162
	1,687	247	600	31	53	2,618

Directors' remuneration for other remaining Directors are borne by ultimate holding company.

26. Allowances for/(Writeback of) ECL

	2025 RM'000	2024 RM'000
Stage 1:		
- Cash and short-term funds (Note 3)	169	(40)
- Debt instruments at FVOCI (Note 5)	(99)	(52)
- Loans and advances (Note 8(viii))	7,892	2,388
- Loan commitments and financial guarantees (Note 16)	863	591
Total	8,825	2,887
Stage 2:		
- Loans and advances (Note 8(viii))	1,911	(1,502)
- Loan commitments and financial guarantees (Note 16)	695	-
	2,606	(1,502)
Total	11,431	1,385

27. Taxation

	2025 RM'000	2024 RM'000
Income tax		
- Malaysian income tax in respect of current financial year	23,199	16,740
- Income tax related to Pillar II	2,487	-
- Underprovision in prior financial year	159	3,608
	25,845	20,348
Deferred tax (Note 13)		
- Relating to origination and reversal of temporary differences	(2,650)	(698)
	23,195	19,650

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

27. Taxation (cont'd.)

The numerical reconciliation between the applicable statutory income tax rate and the effective income tax rate of the Bank are as follows:

	2025 RM'000	2024 RM'000
Profit before taxation	58,965	45,457
Taxation at Malaysian statutory tax rate of 24% (2024: 24%)	14,152	10,910
Effects of expenses not deductible for tax purposes	6,397	5,132
Income tax related to Pillar II	2,487	-
Underprovision of tax expense in prior financial year	159	3,608
Tax expense for the financial year	23,195	19,650

Malaysia has implemented the global minimum tax under the OECD’s Pillar Two framework through the Domestic Top-up Tax (“DTT”) and Multinational Top-up Tax (“MTT”) introduced in Part XI of the Income Tax Act 1967 [Act 53], as enacted by the Finance (No. 2) Act 2023 [Act 851]. The DTT and MTT apply to in-scope multinational enterprise groups for financial years beginning on or after 1 January 2025.

The estimated impact of the DTT on the Bank’s net consolidated income for financial year 2025 is approximately RM2,487,000. This estimate remains subject to changes as further information becomes available, including jurisdictional data required for the application of the GloBE rules at the China Construction Bank Corporation.

28. Commitments and contingencies

In the normal course of business, the Bank makes various commitments and incurs certain contingent liabilities with legal recourse to its customers. Apart from the allowances for commitments and contingencies already made in the financial statements, no material losses are anticipated as a result of these transactions.

The commitments and contingencies comprise the following:

	2025 RM'000	2024 RM'000
Short-term self-liquidating trade-related contingencies	128,532	166,814
Transaction-related contingent items	378,687	353,948
Undrawn credit facilities:		
- Less than one year	90,934	8,811
- More than one year	1,682,554	1,544,965
Foreign exchange related contracts: #		
- Less than one year	8,872,194	9,356,002
- More than one year	823,449	772,852
Interest rate related contracts: #		
- More than one year	885,000	375,000
	12,861,350	12,578,392

The fair value of these derivatives have been recognised as "derivative financial assets" and "derivative financial liabilities" in the statement of financial position and disclosed in Note 7.

29. Capital commitments

Capital expenditure for property and equipment approved by the Directors but not provided for in the financial statements amounted to approximately:

	2025 RM'000	2024 RM'000
Capital expenditure for property and equipment:		
- Authorised and contracted for	-	1,057

30. Related party transactions

(a) Related parties and relationships

The related parties of and their relationship with the Bank, are as follows:

Relationship	Related parties
Ultimate holding company	CCB
Other related companies	Subsidiaries, associates and joint ventures of CCB
Key management personnel	The key management personnel of the Bank consists of: - All Directors of the Bank; - Members of Senior Management of the Bank; and - Related parties of key management personnel such as: (i) Close family members and dependents on key management personnel; and (ii) Entities that are controlled, jointly controlled or significantly influenced, by or for which voting power in such entity resides with, directly or indirectly by key management personnel or its close family members.

All related party transactions are entered in the normal course of business at agreed terms between the related parties.

(b) Significant related party balances and transactions

Set out below are significant related party transactions and balances:

	Ultimate holding company RM'000	Other related companies RM'000	Key management personnel RM'000
2025			
Income			
Interest on cash and short-term funds and deposits and placements with banks and other financial institutions	3,806	-	-
Rental and other income	897	-	-
Fee income	347	-	-
Management fees	29,855	-	-
	34,905	-	-

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30. Related party transactions (cont'd.)

(b) Significant related party balances and transactions (cont'd.)

	Ultimate holding company RM'000	Other related companies RM'000	Key management personnel RM'000
2025			
Expenses			
Interest on deposits from customers	-	-	129
Interest on deposits and placements of banks and other financial institutions	61,472	-	-
Interest on subordinated loan	23,031	-	-
Net loss arising from financial derivatives	420	-	-
Establishment expenses	1,797	-	-
	86,720	-	129
Assets			
Cash and short-term funds	319,576	110	-
Derivative financial assets	17,060	-	-
Other assets	13,887	-	-
	350,523	110	-
Liabilities			
Deposits from customers	-	-	187
Deposits and placements of banks and other financial institutions	1,695,313	-	-
Other liabilities	1,909	-	-
Subordinated loan	834,851	-	-
	2,532,073	-	187
Commitment and contingencies			
Derivatives financial instruments	822,600	-	-
Contingent liabilities	120,173	-	-
	942,773	-	-
2024			
Income			
Interest on cash and short-term funds and deposits and placements with banks and other financial institutions	8,343	-	-
Rental income	902	-	-
Fee income	75	-	-
Management fees	31,209	-	-
Net gain arising from financial derivatives	11,908	-	-
	52,437	-	-

30. Related party transactions (cont'd.)

(b) Significant related party balances and transactions (cont'd.)

2024	Ultimate holding company RM'000	Other related companies RM'000	Key management personnel RM'000
Expenses			
Interest on deposits from customers	5,131	-	136
Interest on deposits and placements of banks and other financial institutions	48,196	-	-
Interest on subordinated loan	52,855	-	-
	106,182	-	136
Assets			
Cash and short-term funds	7,777	57	-
Deposits and placements with banks and other financial institutions	86	-	-
Derivative financial assets	305	-	-
Other assets	17,602	-	-
	25,770	57	-
Liabilities			
Deposits from customers	276,328	-	3,907
Deposits and placements of banks and other financial institutions	611,821	-	-
Subordinated loan	878,657	-	-
	1,766,806	-	3,907
Commitment and contingencies			
Derivatives financial instruments	822,600	-	-
Contingent liabilities	41,629	-	-
	864,229	-	-

(c) Key management personnel

The remuneration of Directors and other members of key management personnel of the Bank during the financial year are as follows:

	2025 RM'000	2024 RM'000
Short-term employee benefits		
- Fees	600	600
- Salary and other remuneration	5,627	6,199
- Contribution to EPF and Social Security Organisation	295	168
- Benefits-in-kind	463	132
	6,985	7,099

30. Related party transactions (cont'd.)

(d) Credit exposures arising from transactions with connected parties

Credit exposures with connected parties as per BNM's revised "Guidelines on Credit Transactions and Exposures with Connected Parties" are as follows:

	2025 RM'000	2024 RM'000
Outstanding credit exposure with connected parties	420,593	53,637
Percentage of outstanding credit exposures to connected parties as proportion of total credit exposures (%)	6.69	0.98
Percentage of outstanding credit exposures with connected parties which is non-performing or in default (%)	-	-

31. Capital management and capital adequacy

The total capital and capital adequacy ratios of the Bank is computed in accordance with BNM's Capital Adequacy Framework (Capital Components). The Bank is currently adopting the Standardised Approach for Credit Risk, Market Risk and Operational Risk. The minimum capital adequacy and capital buffer requirement for Common Equity Tier I Capital Ratio ("CET I"), Tier I Capital Ratio and Total Capital Ratio are 7.000%, 8.500% and 10.500% respectively.

The Bank's objectives when managing capital are:
- To comply with the capital requirements set by the regulators of the banking markets where the entities within the Bank operates;
- To safeguard the Bank's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
- To maintain a strong capital base to support the development of its business.

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31. Capital management and capital adequacy (cont'd)

The Bank maintains a ratio of total regulatory capital to its risk-weighted assets above a minimum level agreed with the management.

	2025 RM'000	2024 RM'000
CET I/Tier I Capital		
Paid-up ordinary share capital	822,600	822,600
Retained profits	205,844	170,074
Other reserves	19,143	(9,806)
Regulatory adjustments applied in the calculation of CET I Capital	(34,696)	(29,802)
Total CET I/Tier I Capital	1,012,891	953,066
Tier II Capital		
Tier II capital instruments meeting all relevant criteria	827,808	870,282
Loss provisions	36,823	25,392
Total Tier II Capital	864,631	895,674
Total Capital	1,877,522	1,848,740
Capital adequacy ratios (before proposed dividend)		
CET I Capital Ratio	26.044%	24.626%
Tier I Capital Ratio	26.044%	24.626%
Total Capital Ratio	48.276%	47.770%
Capital adequacy ratios (after proposed dividend)		
CET I Capital Ratio	26.044%	24.626%
Tier I Capital Ratio	26.044%	24.626%
Total Capital Ratio	48.276%	47.770%
Analysis of risk-weighted assets		
Credit risk	3,373,775	2,982,865
Market risk	286,798	487,917
Operational risk	228,555	399,338
Total risk-weighted assets	3,889,128	3,870,120

32. Financial risk management

The Bank has exposure to the following risks from its use of financial instruments:

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

32. Financial risk management (cont'd.)

32.1 Risk management framework

The Bank's risk management framework sets the overarching principles to enable the identification, measurement, and continuous monitoring of all relevant and material risks on a bankwide basis, supported by robust management information systems that facilitate timely and reliable reporting of risks and the integration of information across the Bank.

The Bank's risk management framework emphasis on strong risk culture and a well developed risk appetite. Effective and efficient risk management safeguards the Bank's continued existence and enables it to achieve its long term corporate goals.

The Board of Directors has overall responsibility for the establishment and oversight of the Bank's risk management framework. The Board of Directors has established the Board Risk Management Committee which is responsible for developing risk management strategies and policies, monitoring the implementation and evaluating the Bank's overall risk profile on a regular basis.

(a) Credit risk

Credit risk is the risk of loss that arises from the failure of a counterparty to discharge its contractual obligations or commitments to the Bank. The Bank's exposure to credit risk arises primarily from the Bank's lending, trade finance and its funding, investment and trading activities from both on and off balance sheet transactions.

The Bank has established the Risk Management Committee ("RMC") to monitor on credit risk exposure trends, asset quality, portfolio concentration analysis and credit related limits controls. The RMC ensures that the Bank practices prudent underwriting standards that are consistent with the Bank's risk appetite and lending strategies.

The Bank has also established the Credit Committee to review and evaluate the counterparties' credit ratings based on internal rating criteria and the suitability of credit risk mitigation such as specific types of collaterals. Pre-emptive risk management tool such as collateral management, watch list and management-action-triggers have been put in place to proactively monitor for signs of possible credit deterioration.

The Bank's credit risk management process is independent of the business so as to protect integrity of the risk assessment process and decision making. Credit risk in respect of exposures to corporate borrowers is measured and managed at both individual counterparty level as well as at a portfolio level.

The Bank controls its concentration risk by means of appropriate structural limits and borrower limits based on creditworthiness. The exposures to individual clients or group are based on the internal rating of the counterparty as well as group-wide borrowing limits and capped by the regulatory ceiling.

The Bank has also established limits to mitigate concentration risk within different industry sectors so that the Bank's exposures are evenly spread over various sectors with refrain to undesirable sectors.

32. Financial risk management (cont'd.)

32.1 Risk management framework (cont'd.)

(a) Credit risk (cont'd.)

In addition, macroeconomic factors and their impacts are regularly monitored as part of the normal process of the Bank in tracking credit risk and measuring ECL.

(i) ECL measurement

The ECL is measured on either a 12-month or lifetime basis depending on whether a significant increase in credit risk ("SICR") has occurred since initial recognition or whether an asset is considered to be credit-impaired. ECL is the discounted product of the PD, EAD and LGD, defined as follows:

- The PD represents the likelihood of a counterparty or obligor defaulting on its financial obligation (Note 2.4(a)(iii)), either over the next 12 months, or over the remaining lifetime of the obligation.

- EAD is based on the amounts the Bank expects to be owed at the time of default, over the next 12 months or over the remaining lifetime of the obligation.

- LGD represents the Bank's expectation of the extent of loss on a defaulted exposure. LGD varies by type of counterparty, type and seniority of claim and availability of collateral or other credit support. LGD is expressed as a percentage loss per unit of exposure at the time of default. LGD is calculated on a 12-month or lifetime basis.

The ECL is determined by projecting the PD, EAD and LGD for each future month and for each individual exposure or collective segment. These three components are multiplied together and adjusted for the likelihood of survival. The discount rate used in the ECL calculation is the original effective interest rate or an approximation thereof.

The Bank has applied management overlay ("MO") in order to guard against the risk of under-provisioning when there is significant uncertainty in the ECL model parameters. The uncertainty may be arising from data availability, quality or obligor specific incidents.

These MO and post-model adjustments were taken to reflect the latest macroeconomic outlook not captured in the modelled outcome and the potential impact to delinquencies and defaults when the various relief and support measures are expiring.

The MO and post-model adjustments involved significant level of judgement and reflect the management's views of possible severities of the pandemic and paths of recovery in the forward looking assessment for ECL estimation purposes.

32. Financial risk management (cont'd.)

32.1 Risk management framework (cont'd.)

(a) Credit risk (cont'd.)

(i) ECL measurement (cont'd.)

Information incorporated in the ECL models

The assessment of SICR and the calculation of ECL both incorporate forward-looking information. The Bank uses external and internal information to generate "best case", "base case" and "worst case" scenarios which consider forecasted economic variables, based on assigned probability weights determined by the Bank. The Bank has performed historical analysis and identified the key macroeconomic variables ("MEV") impacting credit risk and ECL. MEV are regressed against Malaysia's non-performing loans rate to obtain a statistical model between them.

The MEV used by the Bank in the current financial year are production index, unemployment, Comsumer Price Index ("CPI") and real gross domestic product ("GDP"). The Bank has reviewed and adjusted the MEV used in the current financial year following the update of non-performing loans rate.

(ii) SICR

The Bank continuously monitors all financial assets subject to ECL. In order to determine whether an instrument or a portfolio of instruments is subject to 12-month ECL or lifetime ECL, the Bank assesses whether there has been a SICR since initial recognition. The Bank considers an exposure to have significantly increased in credit risk when an instrument triggered the quantitative, qualitative or backstop criteria.

(iii) Grouping of financial assets measured on a collective basis

When estimating ECL on a collective basis for a group of similar financial assets, the Bank applies the same principles for assessing whether there has been a significant increase in credit risk since initial recognition.

(b) Market risk

Market risk is the risk of loss in respect of the Bank's on and off balance sheet activities arising from adverse movements in market rates including interest rates and foreign exchange rates. Market risk arises from both trading and non-trading business.

32. Financial risk management (cont'd.)

32.1 Risk management framework (cont'd.)

(b) Market risk (cont'd.)

The RMC is responsible for leading the establishment of market risk management policies and rules, developing market risk measurement tools, monitoring and reporting the market risk. In addition, the Assets and Liabilities Committee ("ALCO") is responsible for managing interest rate risk, exchange rate risk and the size and structure of the Bank's assets and liabilities.

The Bank's interest rate risk mainly comprises repricing risk and basis risk arising from mismatch of term structure and pricing basis of assets and liabilities. The Bank uses multiple tools such as repricing gap analysis, sensitivity analysis, scenario analysis and stress testing, etc. to monitor the interest rate risk on regular basis.

The Bank's foreign exchange exposure mainly comprises exposures from customers driven portfolios and the subordinated loan, and manages this risk by entering into offsetting transactions with other banks and non-bank financial institutions.

(c) Liquidity risk

Liquidity risk is the risk that occurs when the Bank cannot obtain sufficient funds in time and at a reasonable cost to repay debts when they are due, fulfil other payment obligations, or meet the other funding needs in its regular business.

The Bank's objective for liquidity risk management is to ensure the Bank's payment and settlement security and maintain an optimal balance between liquidity position and profitability.

The Bank's ALCO takes the lead in managing the Bank's liquidity risks and works alongside primarily with Financial Market Department to ensure proper execution of liquidity risk management actions. ALCO is responsible to ensure the formulation of liquidity risk management guidelines including limit management and contingency planning. Stress testing are conducted periodically to gauge the Bank's risk tolerance in adverse situations including extreme scenarios. The Bank uses a variety of liquidity risk measurement tools including liquidity coverage ratio ("LCR"), cashflow analysis, remaining contractual maturities and deposits concentration analysis.

(d) Operational risk

Operational risk is the risk of loss due to inadequate or flawed internal processes, people, systems or external events. It includes a wide spectrum of heterogeneous risks such as fraud, physical damage, business disruption, transaction failures, legal and regulatory breaches as well as employee health and safety hazards.

32. Financial risk management (cont'd.)

32.1 Risk management framework (cont'd.)

(d) Operational risk (cont'd.)

The RMC is responsible to develop the operational risk management policies, framework and methodologies, and put in place operational risk management tools such as Key Risk Indicators, and incident and loss event management. The Bank adopts the 3-lines of defense model for holistic oversight of operational risk.

The Bank carries out periodical risk assessment and business impact analysis and has established its Business Continuity and Disaster Recovery plans which are subject to regular testing.

The Bank has established risk appetite to monitor and control operational risk lapses including those related to system availability.

32.2 Credit risk

(i) Maximum exposure to credit risk

The maximum exposure to credit risk is the amounts on the statement of financial position as well as off-balance sheet financial instruments, without taking into account of any collateral held or other credit enhancements. For commitments and contingencies, 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
Credit risk exposure relating to on-balance sheet assets:		
Cash and short-term funds	1,316,122	541,400
Deposits and placements with banks and other financial institutions	402,606	1,689,877
Debt instruments at FVOCI	4,290,263	3,640,891
Loans and advances	3,188,047	2,682,255
Other financial assets	195,312	67,065
Derivative financial assets	45,049	138,592
	9,437,399	8,760,080
Credit risk exposure relating to off-balance sheet items:		
- Commitments and contingencies	2,280,707	2,074,538
Total maximum credit risk exposure	11,718,106	10,834,618

32. Financial risk management (cont'd.)

32.2 Credit risk (cont'd.)

(ii) Collaterals

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

(a) Corporate guarantee
(b) Fixed deposit pledged
(c) Standby letter of credit
(d) Industrial plant
(e) Commercial/Industrial land
(f) Properties

The Bank also accept non-tangible securities as support, such as guarantees from individuals, corporates and institutions, bank guarantees, debentures, assignment of contract proceeds, Endowment Life Policies with Cash Surrender Value, which are subject to internal guidelines on eligibility.

(iii) Credit quality

The Bank assesses credit quality of financial assets using internal rating techniques tailored to the various categories of products and counterparties. These techniques have been developed internally and combine statistical analysis with credit officers' judgement.

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32. Financial risk management (cont'd.)

32.2 Credit risk (cont'd.)

(iii) Credit quality (cont'd.)

Credit quality description is summarised as follows:

Credit Quality	Description
Pass (Rating: 1 to 14)	This indicates that timely repayment of the outstanding asset is not in doubt. Repayment is prompt and the asset does not exhibit potential weakness in repayment capability, business, cash flows or financial position of the counterparty.
Special mention (Rating:15 to 16)	This indicates that the asset exhibits potential weaknesses that, if not corrected in a timely manner, may adversely affect repayment by the counterparty at a future date, and warrant close attention or special monitoring. The counterparty shall be classified as "SPECIAL MENTION" if the past due status (of interest/coupon payment) or excess of overdraft facility has been over 30 days but not more than 90 days.
Sub-Standard (Rating:17)	This indicates that the asset exhibits definable weaknesses, either in respect of the business, cash flow or financial position of the counterparty that may jeopardise repayment on existing terms. The counterparty, with obvious problems in solvency, is unable to pay principal and interest in full amount by totally relying on normal operating income. Certain loss may occur even if guarantee is executed. The counterparty is justified to be classified as "SUBSTANDARD" if the past due status (of interest/coupon payment) or excess of overdraft facility has been over 90 days.
Doubtful (Rating:18)	This indicates that the outstanding asset exhibits more severe weaknesses than those in a "SUBSTANDARD" credit facility, such that the prospect of full recovery of the outstanding asset is questionable and the prospect of a loss is high, but the exact amount remains undeterminable as yet. The counterparty shall be classified as "DOUBTFUL" if the past due status (of interest/coupon payment) or excess of overdraft facility has been over 180 days.
Loss (Rating:19)	The principal and interest of credit assets cannot be recovered or only a small part can be recovered after taking all possible measures or going through all necessary legal proceedings. This should be viewed as a transitional category for facilities which have been identified as requiring write off during the current reporting period.

32. Financial risk management (cont'd.)

32.2 Credit risk (cont'd.)

(iii) Credit quality (cont'd.)

	Gross carrying amount					
2025	**Pass RM'000**	**Special mention RM'000**	**Sub-standard RM'000**	**Doubtful RM'000**	**Loss RM'000**	**Total RM'000**
Stage 1						
- Loans and advances	3,173,523	-	-	-	-	3,173,523
- Cash and short-term funds	1,316,549	-	-	-	-	1,316,549
- Deposits and placements with banks and other financial institutions	402,606	-	-	-	-	402,606
- Debt instruments at FVOCI	4,290,263	-	-	-	-	4,290,263
- Other financial assets	195,312	-	-	-	-	195,312
- Derivative financial assets	45,049	-	-	-	-	45,049
- Commitments and contingencies	2,280,707	-	-	-	-	2,280,707
Stage 2						
- Loans and advances	45,534	-	-	-	-	45,534
	11,749,543	-	-	-	-	11,749,543

32. Financial risk management (cont'd.)

32.2 Credit risk (cont'd.)

(iii) Credit quality (cont'd.)

	Gross carrying amount					
2024	**Pass RM'000**	**Special mention RM'000**	**Sub-standard RM'000**	**Doubtful RM'000**	**Loss RM'000**	**Total RM'000**
Stage 1						
- Loans and advances	2,642,932	-	-	-	-	2,642,932
- Cash and short-term funds	541,658	-	-	-	-	541,658
- Deposits and placements with banks and other financial institutions	1,689,877	-	-	-	-	1,689,877
- Debt instruments at FVOCI	3,640,891	-	-	-	-	3,640,891
- Other financial assets	67,065	-	-	-	-	67,065
- Derivative financial assets	138,592	-	-	-	-	138,592
- Commitments and contingencies	2,074,538	-	-	-	-	2,074,538
Stage 2						
- Loans and advances	60,530	-	-	-	-	60,530
	10,856,083	-	-	-	-	10,856,083

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32. Financial risk management (cont'd.)

32.2 Credit risk (cont'd.)

(iv) Credit risk exposure analysed by industry:

2025	Cash and short-term funds RM'000	Deposits and placements with banks and other financial institutions RM'000	Debt instruments at FVOCI RM'000	Loans and advances RM'000	Other financial assets RM'000	Derivative financial assets RM'000	Commitments and contingencies RM'000	Total RM'000
Manufacturing	-	-	-	590,899	-	694	876,107	1,467,700
Construction	-	-	-	682,418	-	-	133,000	815,418
Real estate	-	-	-	187,703	-	-	-	187,703
Wholesale and retail trade	-	-	-	289,174	-	-	69,238	358,412
Finance and insurance/ Takaful activities	1,316,122	402,606	3,733,957	223,945	149,367	39,996	493,179	6,359,172
Transport, storage and communication	-	-	556,306	866,225	-	-	290,481	1,713,012
Others	-	-	-	347,683	45,945	4,359	418,702	816,689
	1,316,122	402,606	4,290,263	3,188,047	195,312	45,049	2,280,707	11,718,106

32. Financial risk management (cont'd.)

32.2 Credit risk (cont'd.)

(iv) Credit risk exposure analysed by industry: (cont'd.)

2024	Cash and short-term funds RM'000	Deposits and placements with banks and other financial institutions RM'000	Debt instruments at FVOCI RM'000	Loans and advances RM'000	Other financial assets RM'000	Derivative financial assets RM'000	Commitments and contingencies RM'000	Total RM'000
Manufacturing	-	-	-	560,402	-	660	858,162	1,419,224
Construction	-	-	-	300,589	-	-	181,557	482,146
Real estate	-	-	45,175	40,337	-	-	9,300	94,812
Wholesale and retail trade	-	-	-	212,030	-	-	172,047	384,077
Finance and insurance/ Takaful activities	541,400	1,689,877	3,051,635	144,309	44,283	137,932	428,369	6,037,805
Transport, storage and	-	-						
communication	-	-	544,081	1,141,848	-	-	302,780	1,988,709
Others	-	-	-	282,740	22,782	-	122,323	427,845
	541,400	1,689,877	3,640,891	2,682,255	67,065	138,592	2,074,538	10,834,618

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32. Financial risk management (cont'd.)

32.2 Credit risk (cont'd.)

(v) Credit risk exposure analysed by geography:

2025	In Malaysia RM'000	Outside Malaysia RM'000	Total RM'000
Cash and short-term funds	987,566	328,556	1,316,122
Deposits and placements with banks and other financial institutions	402,606	-	402,606
Debt instruments at FVOCI	4,290,263	-	4,290,263
Loans and advances	3,172,808	15,239	3,188,047
Other financial assets	195,196	116	195,312
Derivative financial assets	27,989	17,060	45,049
	9,076,428	360,971	9,437,399
Commitments and contingencies	2,125,802	154,905	2,280,707
2024			
Cash and short-term funds	524,207	17,193	541,400
Deposits and placements with banks and other financial institutions	1,689,877	-	1,689,877
Debt instruments at FVOCI	3,640,891	-	3,640,891
Loans and advances	2,635,554	46,701	2,682,255
Other financial assets	66,942	123	67,065
Derivative financial assets	138,287	305	138,592
	8,695,758	64,322	8,760,080
Commitments and contingencies	1,981,575	92,963	2,074,538

32.3 Market risk

Market risk sensitivity assessment is based on the changes in key variables, such as interest rates and foreign currency rates, while all other variables remain unchanged. The sensitivity factors used are assumptions based on parallel shifts in the key variables to project the impact on the assets and liabilities position of the Bank.

32. Financial risk management (cont'd.)

32.3 Market risk (cont'd.)

(a) Foreign currency sensitivity analysis

The foreign currency sensitivity represents the effect of the appreciation or depreciation of the foreign currency rates on the consolidated currency position, while other variables remain constant.

The Bank is mainly exposed to USD and Chinese Yuan ("CNY") exchange rates. The sensitivity of profit before tax to changes in the exchange rates arises mainly from USD and CNY denominated financial instruments.

The sensitivity analysis with 5% (2024: 5%) impact on profit before tax is based on the weighted average of fluctuations of exchange rates throughout the financial year.

	Impact on profit before tax RM'000	Impact on equity RM'000
2025		
+5%	(38,909)	(29,571)
-5%	38,909	29,571
2024		
+5%	(157,235)	(119,420)
-5%	157,235	119,420

Impact on the profit before tax is estimated on the assumption that foreign exchange move by the same amount and all other variables are held constant and are based on a constant reporting date position.

(b) Foreign exchange risk

Included in the table are the Bank's financial instruments at carrying amounts, categorised by currency:

2025	USD RM'000	CNY RM'000	Others RM'000	Total RM'000
Assets				
Cash and short-term funds	27,918	751,067	4,647	783,632
Loans and advances	304,598	406,963	-	711,561
Other financial assets	26,570	116	-	26,686
	359,086	1,158,146	4,647	1,521,879

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32. Financial risk management (cont'd.)

32.3 Market risk (cont'd.)

(b) Foreign exchange risk (cont'd.)

	USD RM'000	CNY RM'000	Others RM'000	Total RM'000
2025 (cont'd.)				
Liabilities				
Deposits from customers	1,058,477	101,832	70,002	1,230,311
Deposits and placements of banks and other financial institutions	923,299	1,197,060	-	2,120,359
Borrowings	-	811,505	-	811,505
Subordinated loan	-	834,851	-	834,851
Other financial liabilities	13,639	549	-	14,188
	1,995,415	2,945,797	70,002	5,011,214
Net on-balance sheet financial position	(1,636,329)	(1,787,651)	(65,355)	(3,489,335)
Off-balance sheet commitments	753,414	657,991	2,849	1,414,254
2024				
Assets				
Cash and short-term funds	8,293	371,254	3,785	383,332
Loans and advances	313,612	158,862	-	472,474
Other financial assets	13,881	123	-	14,004
	335,786	530,239	3,785	869,810
Liabilities				
Deposits from customers	390,474	586,613	3,268	980,355
Deposits and placements of banks and other financial institutions	1,664,660	171,678	84,501	1,920,839
Borrowing	-	1,284,843	-	1,284,843
Subordinated loan	-	878,657	-	878,657
Other financial liabilities	19,645	613	-	20,258
	2,074,779	2,922,404	87,769	5,084,952
Net on-balance sheet financial position	(1,738,993)	(2,392,165)	(83,984)	(4,215,142)
Off-balance sheet commitments	760,511	309,921	-	1,070,432

32. Financial risk management (cont'd.)

32.3 Market risk (cont'd.)

(c) Interest rate sensitivity analysis

The scenarios used are based on the assumption that all key variables for all maturities move at the same time and by the same magnitude and do not incorporate actions that would be otherwise taken by the business units and risk management to mitigate the effect of this movement in key variables. The Bank seeks to ensure that the interest rate risk profile is managed to minimise losses and optimise net revenues.

The following demonstrates the sensitivity of the Bank's earnings and economic value of equity ("EVE") which is guided by BNM's Policy on Reporting Requirements for Interest Rate/Rate of Return Risk in the Banking Book ("IRRBB"):

	Impact on earnings RM'000	Impact on EVE RM'000
2025		
+100 basis points	9,123	(27,736)
-100 basis points	(9,123)	27,736
2024		
+100 basis points	2,128	(38,810)
-100 basis points	(2,128)	38,810

The results above represent financial assets and liabilities that have been prepared on the following basis:

(i) Impact on earnings is relating to the earnings sensitivity in response to 100 basis points parallel rate movement across all maturities applied on the Bank's interest rate sensitivity gap as at 31 December 2025. The methodology is to follow BNM's Policy on Reporting Requirements for IRRBB to use pre-defined time weight and allocation assumption in each time bucket to stimulate 100 basis points interest rate change impact including those indeterminate maturity balance sheet items such as Demand Deposit.

(ii) Impact on EVE takes a comprehensive view of potential long-term effects of 100 basis points parallel movement in interest rates on economic value of the Bank's balance sheet items. It requires assets, liabilities and off-balance sheet positions to be subjected to a set of duration weights computation in each time bucket to derive its present value.

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32. Financial risk management (cont'd.)

32.3 Market risk (cont'd.)

(d) Interest rate risk

The table below summarises the Bank's exposure to interest rate risk. The carrying amount of assets and liabilities (includes non-financial instruments) are categorised by the earlier of contractual repricing or maturity dates as at reporting date:

	Non-trading book								
2025	**Up to 1 month**	**>1-3 months**	**>3-6 months**	**>6-12 months**	**>1-3 years**	**Over 3 years**	**Non-interest sensitive***	**Trading book**	**Total**
	RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Assets									
Cash and short-term funds	965,600	-	-	-	-	-	350,522	-	1,316,122
Deposits and placements with bank and other financial financial institution	-	400,000	-	-	-	-	2,606	-	402,606
Debt instruments at FVOCI	400,000	435,115	110,260	776,377	1,426,418	1,107,219	34,874	-	4,290,263
Other assets	129,849	-	-	-	-	-	67,099	-	196,948
Derivative financial assets	-	-	-	-	-	-	-	45,049	45,049
Loans and advances	1,806,760	643,148	754,254	-	-	-	(16,115)	-	3,188,047
Tax recoverable	-	-	-	-	-	-	27,531	-	27,531
Statutory deposit with Bank Negara Malaysia	-	-	-	-	-	-	7,500	-	7,500
Right-of-use assets	-	-	-	-	-	-	26,191	-	26,191
Property and equipment	-	-	-	-	-	-	6,070	-	6,070
Intangible assets	-	-	-	-	-	-	5,499	-	5,499
Deferred tax assets	-	-	-	-	-	-	7,242	-	7,242
Total assets	3,302,209	1,478,263	864,514	776,377	1,426,418	1,107,219	519,019	45,049	9,519,068

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32. Financial risk management (cont'd.)

32.3 Market risk (cont'd.)

(d) Interest rate risk (cont'd.)

2025 (cont'd.)	Non-trading book								
	Up to 1 month	>1-3 months	>3-6 months	>6-12 months	>1-3 years	Over 3 years	Non-interest sensitive*	Trading book	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Liabilities									
Deposits from customers	2,628,812	101,374	20,011	29,946	3,612	-	287,792	-	3,071,547
Deposits and placements of banks and other financial institutions	1,851,108	441,389	665,900	58,080	-	-	11,752	-	3,028,229
Obligations on securities sold under repurchase agreements ("Repos")	-	475,054	-	-	-	-	679		475,733
Other liabilities	24,804	-	-	16	-	1,144	54,870	-	80,834
Derivative financial liabilities	-	-	-	-	-	-	-	141,250	141,250
Lease liabilities	-	-	-	-	-	-	27,532	-	27,532
Borrowing	-	202,822	608,121	-	-	-	562	-	811,505
Subordinated loan	-	-	-	827,808	-	-	7,043	-	834,851
Total liabilities	4,504,724	1,220,639	1,294,032	915,850	3,612	1,144	390,230	141,250	8,471,481
Total equity	-	-	-	-	-	-	1,047,587	-	1,047,587
Total liabilities and equity	4,504,724	1,220,639	1,294,032	915,850	3,612	1,144	1,437,817	141,250	9,519,068
Total interest sensitivity gap	(1,202,515)	257,624	(429,518)	(139,473)	1,422,806	1,106,075			

* Accrued interest receivables/payables and ECL allowances provided are included in non-interest sensitive.

The weighted average interest rate of interest-bearing financial liabilities during the year is 2.94%.

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32. Financial risk management (cont'd.)

32.3 Market risk (cont'd.)

(d) Interest rate risk (cont'd.)

2024	Up to 1 month	>1-3 months	>3-6 months	>6-12 months	>1-3 years	Over 3 years	Non-interest sensitive*	Trading book	Total
	← Non-trading book						→		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Assets									
Cash and short-term funds	520,317	-	-	-	-	-	21,083	-	541,400
Deposits and placements with bank and other financial financial institution	-	1,180,000	500,000	-	-	-	9,877	-	1,689,877
Debt instruments at FVOCI	559,932	250,006	-	109,987	1,403,845	1,287,919	29,202	-	3,640,891
Other assets	25,186	-	-	-	-	-	43,185	-	68,371
Derivative financial assets	-	-	-	-	-	-	-	138,592	138,592
Loans and advances	1,533,232	685,553	340,391	-	14,938	121,988	(13,847)	-	2,682,255
Tax recoverable	-	-	-	-	-	-	24,899	-	24,899
Statutory deposit with Bank Negara Malaysia	-	-	-	-	-	-	500	-	500
Right-of-use assets	-	-	-	-	-	-	30,598	-	30,598
Property and equipment	-	-	-	-	-	-	5,567	-	5,567
Intangible assets	-	-	-	-	-	-	6,735	-	6,735
Deferred tax assets	-	-	-	-	-	-	13,545	-	13,545
Total assets	2,638,667	2,115,559	840,391	109,987	1,418,783	1,409,907	171,344	138,592	8,843,230

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32. Financial risk management (cont'd.)

32.3 Market risk (cont'd.)

(d) Interest rate risk (cont'd.)

	Non-trading book								
2024 (cont'd.)	**Up to 1 month**	**>1-3 months**	**>3-6 months**	**>6-12 months**	**>1-3 years**	**Over 3 years**	**Non-interest sensitive***	**Trading book**	**Total**
	RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Liabilities									
Deposits from customers	817,635	122,729	227,860	146,590	1,070	-	1,179,411	-	2,495,295
Deposits and placements of banks and other financial institutions	1,504,521	1,161,697	146,438	-	-	-	53,190	-	2,865,846
Other liabilities	25,842	2,048	176	-	-	1,408	152,887	-	182,361
Derivative financial liabilities	-	-	-	-	-	-	-	121,720	121,720
Lease liabilities	-	-	-	-	-	-	31,640	-	31,640
Borrowing	-	854,840	-	427,420	-	-	2,583	-	1,284,843
Subordinated loan	-	870,282	-	-	-	-	8,375	-	878,657
Total liabilities	2,347,998	3,011,596	374,474	574,010	1,070	1,408	1,428,086	121,720	7,860,362
Total equity	-	-	-	-	-	-	982,868	-	982,868
Total liabilities and equity	2,347,998	3,011,596	374,474	574,010	1,070	1,408	2,410,954	121,720	8,843,230
Total interest sensitivity gap	290,669	(896,037)	465,917	(464,023)	1,417,713	1,408,499			

* Accrued interest receivables and ECL allowances provided are included in non-interest sensitive.

The weighted average interest rate of interest-bearing financial liabilities during the year is 3.71%.

32. Financial risk management (cont'd.)

32.4 Liquidity risk

Liquidity obligations arise from withdrawals of deposits, repayments of purchased funds upon maturity, extensions of credit and working capital needs.

The Bank has adopted the BNM's liquidity standard on Liquidity Coverage Ratio, to ensure maintenance of adequate stock of unencumbered high-quality liquid assets to survive the liquidity needs for 30 calendar day under liquidity stress condition. The Bank continues to report Net Stable Funding Ratio under the Basel III reporting requirement to BNM.

The Bank seeks to project, monitor and manage its liquidity needs under normal as well as adverse circumstances.

The table below analyses the carrying amount of assets and liabilities (includes non-financial instruments) based on the remaining contractual maturities as at reporting date:

2025	Up to 1 week RM'000	1 week to 1 month RM'000	1 to 3 months RM'000	3 to 6 months RM'000	6 to 12 months RM'000	Over 1 year RM'000	No specific maturity RM'000	Total RM'000
Assets								
Cash and short-term funds	578,722	737,400	-	-	-	-	-	1,316,122
Deposits and placements of bank and other financial institutions	-	-	402,606	-	-	-	-	402,606
Debt instruments at FVOCI	-	401,863	436,376	110,900	784,713	2,556,411	-	4,290,263
Other assets	181,681	-	-	-	-	15,267	-	196,948
Derivative financial assets	297	8,560	7,373	2,558	19,069	7,192	-	45,049
Loans and advances	40,962	55,372	372,898	503,290	-	2,210,903	4,622	3,188,047
Tax recoverable	-	-	-	-	-	-	27,531	27,531
Statutory deposit with Bank Negara Malaysia	-	-	-	-	-	-	7,500	7,500
Right-of-use assets	-	-	-	-	-	-	26,191	26,191
Property and equipment	-	-	-	-	-	-	6,070	6,070
Intangible assets	-	-	-	-	-	-	5,499	5,499
Deferred tax assets	-	-	-	-	-	-	7,242	7,242
Total assets	801,662	1,203,195	1,219,253	616,748	803,782	4,789,773	84,655	9,519,068

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32. Financial risk management (cont'd.)

32.4 Liquidity risk (cont'd.)

2025 (cont'd.)	Up to 1 week RM'000	1 week to 1 month RM'000	1 to 3 months RM'000	3 to 6 months RM'000	6 to 12 months RM'000	Over 1 year RM'000	No specific maturity RM'000	Total RM'000
Liabilities								
Deposits from customers	2,358,085	557,230	102,028	20,432	30,158	3,614	-	3,071,547
Deposits and placements of banks and other financial institutions	805,357	1,051,339	444,094	669,070	58,369	-	-	3,028,229
Obligations on securities sold under repurchase agreements ("Repos")	-	-	475,733	-	-	-	-	475,733
Other liabilities	50,408	173	31	190	216	29,816	-	80,834
Derivative financial liabilities	21	36,705	54,865	22,577	17,671	9,411	-	141,250
Lease liabilities	-	-	-	-	-	-	27,532	27,532
Borrowing	-	-	-	-	-	811,505	-	811,505
Subordinated loan	-	-	-	-	-	834,851	-	834,851
Total liabilities	3,213,871	1,645,447	1,076,751	712,269	106,414	1,689,197	27,532	8,471,481
Net maturity mismatches	**(2,412,209)**	**(442,252)**	**142,502**	**(95,521)**	**697,368**	**3,100,576**	**57,123**	**1,047,587**

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32. Financial risk management (cont'd.)

32.4 Liquidity risk (cont'd.)

2024	Up to 1 week RM'000	1 week to 1 month RM'000	1 to 3 months RM'000	3 to 6 months RM'000	6 to 12 months RM'000	Over 1 year RM'000	No specific maturity RM'000	Total RM'000
Assets								
Cash and short-term funds	440,479	100,921	-	-	-	-	-	541,400
Deposits and placements of bank and other financial institutions	-	-	1,186,690	503,187	-	-	-	1,689,877
Debt instruments at FVOCI	-	561,293	250,481	-	111,317	2,717,800	-	3,640,891
Other assets	56,553	-	-	-	-	11,818	-	68,371
Derivative financial assets	22	55,416	27,507	52,213	2,576	858	-	138,592
Loans and advances	36,201	1,186,908	144,283	439,312	-	870,378	5,173	2,682,255
Tax recoverable	-	-	-	-	-	-	24,899	24,899
Statutory deposit with Bank Negara Malaysia	-	-	-	-	-	-	500	500
Right-of-use assets	-	-	-	-	-	-	30,598	30,598
Property and equipment	-	-	-	-	-	-	5,567	5,567
Intangible assets	-	-	-	-	-	-	6,735	6,735
Deferred tax assets	-	-	-	-	-	-	13,545	13,545
Total assets	**533,255**	**1,904,538**	**1,608,961**	**994,712**	**113,893**	**3,600,854**	**87,017**	**8,843,230**

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32. Financial risk management (cont'd.)

32.4 Liquidity risk (cont'd.)

2024 (cont'd.)	Up to 1 week RM'000	1 week to 1 month RM'000	1 to 3 months RM'000	3 to 6 months RM'000	6 to 12 months RM'000	Over 1 year RM'000	No specific maturity RM'000	Total RM'000
Liabilities								
Deposits from customers	1,416,286	577,578	123,423	228,422	148,512	1,074	-	2,495,295
Deposits and placements of banks and other financial institutions	1,284,866	245,733	1,188,557	146,690	-	-	-	2,865,846
Other liabilities	148,734	559	3,487	530	50	29,001	-	182,361
Derivative financial liabilities	1,490	31,052	22,938	206	462	65,572	-	121,720
Lease liabilities	-	-	-	-	-	-	31,640	31,640
Borrowing	-	-	-	-	432,926	851,917	-	1,284,843
Subordinated loan	-	-	-	-	-	878,657	-	878,657
Total liabilities	2,851,376	854,922	1,338,405	375,848	581,950	1,826,221	31,640	7,860,362
Net maturity mismatches	**(2,318,121)**	**1,049,616**	**270,556**	**618,864**	**(468,057)**	**1,774,633**	**55,377**	**982,868**

32. Financial risk management (cont'd.)

32.4 Liquidity risk (cont'd.)

The following table presents the cash outflows for the Bank's financial liabilities by remaining contractual maturities on an undiscounted basis. The balances in the table below will not agree to the balances reported in the statement of financial position as the table incorporates all contractual cash flows, on an undiscounted basis, relating to both principal and interest payments:

	Up to 1 month RM'000	1 to 6 months RM'000	6 to 12 months RM'000	1 to 3 years RM'000	3 to 5 years RM'000	Over 5 years RM'000	Total RM'000
2025							
Deposits from customers	2,916,494	123,351	30,972	3,761	-	-	3,074,578
Deposits and placements of banks and other financial institutions	1,858,073	1,119,589	59,022	-	-	-	3,036,684
Obligations on securities sold under repurchase agreements ("Repos")	-	477,667	-	-	-	-	477,667
Other financial liabilities	51,997	24,346	25,124	99,998	102,632	212,501	516,598
Derivative financial liabilities	36,682	77,442	17,671	729	-	8,682	141,206
Borrowing	-	8,683	8,814	820,608	-	-	838,105
Subordinated loan	-	10,253	10,141	41,126	41,126	910,342	1,012,988
Total financial liabilities	4,863,246	1,841,331	151,744	966,222	143,758	1,131,525	9,097,826
Short-term self-liquidating trade-related contingencies	78,206	50,326	-	-	-	-	128,532
Transaction-related contingent items	40,397	7,080	131,798	150,413	49,000	-	378,688
Undrawn credit facilities	303,812	34,893	577,661	646,028	211,093	-	1,773,487
Total commitments and contingencies	422,415	92,299	709,459	796,441	260,093	-	2,280,707

32. Financial risk management (cont'd.)

32.4 Liquidity risk (cont'd.)

	Up to 1 month RM'000	1 to 6 months RM'000	6 to 12 months RM'000	1 to 3 years RM'000	3 to 5 years RM'000	Over 5 years RM'000	Total RM'000
2024							
Deposits from customers	1,995,421	354,343	152,542	1,169	-	-	2,503,475
Deposits and placements of banks and other financial institutions	1,531,778	1,347,130	-	-	-	-	2,878,908
Other financial liabilities	151,892	4,210	367	2,365	5,314	7,931	172,079
Derivative financial liabilities	32,542	23,145	463	-	-	65,570	121,720
Borrowing	17,594	53,789	427,420	854,840	-	-	1,353,643
Subordinated loan	-	13,086	13,086	52,059	52,059	870,283	1,000,573
Total financial liabilities	3,729,227	1,795,703	593,878	910,433	57,373	943,784	8,030,398
Short-term self-liquidating trade-related contingencies	25,069	141,745	-	-	-	-	166,814
Transaction-related contingent items	43,841	18,742	138,287	104,078	5,000	44,000	353,948
Undrawn credit facilities	62,059	143,501	420,247	309,284	618,685	-	1,553,776
Total commitments and contingencies	130,969	303,988	558,534	413,362	623,685	44,000	2,074,538

32. Financial risk management (cont'd.)

32.5 Offsetting financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position when there is a legally enforceable right to offset the recognised amount and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

Derivatives and repurchase agreements included in the amount not set-off in the statement of financial position relate to transactions where:

(i) the counterparty has an offsetting exposure with the Bank and a master netting or similar arrangements is in place with a right to set-off only in the event of default, insolvency or bankruptcy; and

(ii) cash and securities are received or cash pledged in respect of the transaction described above.

The following financial assets and liabilities are subject to offsetting, enforceable master netting arrangements and similar agreements:

	Gross amount recognised as financial assets/ liabilities RM'000	Gross amount offset in statement of financial position RM'000	Amount presented in the statement of financial position RM'000	Amount not set-off in the statement of financial position Cash collateral received/ pledged RM'000	Net amount RM'000
2025					
Financial assets					
Derivative financial assets	45,049	-	45,049	(6,460)	38,589
Financial liabilities					
Derivative financial liabilities	141,250	-	141,250	(129,847)	11,403
2024					
Financial assets					
Derivative financial assets	138,592	-	138,592	(112,320)	26,272
Financial liabilities					
Derivative financial liabilities	121,720	-	121,720	(25,186)	96,534

32. Financial risk management (cont'd.)

32.6 Fair value of financial instruments

(a) Determination of fair value and fair value hierarchy

The Bank analyses its financial instruments measured at fair value into three categories as described below:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations in which inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Valuations derived from valuation techniques in which one or more significant inputs are not based on observable market data.

Valuation techniques

Financial instruments are classified as Level 1 if their value is observable in an active market. Such instruments are valued by reference to unadjusted quoted prices for identical assets or liabilities in active markets where the quoted prices is readily available, and the price represents actual and regularly occurring market transactions. An active market is one in which transactions occur with sufficient volume and frequency to provide pricing information on an on-going basis. These would include quoted securities and unit trusts.

Where fair value is determined using unquoted market prices in less active markets or quoted prices for similar assets and liabilities, such instruments are generally classified as Level 2. In cases where quoted prices are generally not available, the Bank then determines fair value based upon valuation techniques that use market parameters including but not limited to yield curves, volatilities and foreign exchange rates as inputs. The majority of valuation techniques employ only observable market data. These would include certain bonds, government bonds, corporate debt securities and derivatives.

Financial instruments are classified as Level 3 if their valuation incorporates significant inputs that are not based on observable market data (unobservable inputs). Fair values for shares held for socio-economic reasons are based on the net tangible assets of the affected companies. For unquoted corporate loan stocks, discounted cash flow analysis has been performed to determine the recoverability of the instruments.

32. Financial risk management (cont'd.)

32.6 Fair value of financial instruments (cont'd.)

(b) Financial instruments carried at fair value

The table below analyses financial instruments carried at fair value analysed by level within the fair value hierarchy:

2025	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Financial assets				
Debt instruments at FVOCI	-	4,290,263	-	4,290,263
Derivative financial assets	-	45,049	-	45,049
	-	4,335,312	-	4,335,312
Financial liabilities				
Derivative financial liabilities	-	141,250	-	141,250
2024				
Financial assets				
Debt instruments at FVOCI	-	3,640,891	-	3,640,891
Derivative financial assets	-	138,592	-	138,592
	-	3,779,483	-	3,779,483
Financial liabilities				
Derivative financial liabilities	-	121,720	-	121,720

(c) Financial instruments not measured at fair value

The following table analyses within the fair value hierarchy of the Bank's assets and liabilities not measured at fair value as at 31 December 2025 but for which fair value is disclosed:

	Carrying	<----------------- Fair Value ----------------->		
	amount	Level 1	Level 2	Level 3
2025	RM'000	RM'000	RM'000	RM'000
Financial assets				
Gross loans and advances	3,219,057	-	3,218,770	-
Financial liabilities				
Deposits from customers	3,071,547	-	3,071,547	-
Deposits and placements of banks and other financial institutions	3,028,229	-	3,028,229	-
Borrowing	811,505	-	811,505	-
Subordinated loan	834,851	-	834,851	-
	7,746,132	-	7,746,132	-

32. Financial risk management (cont'd.)

32.6 Fair value of financial instruments (cont'd.)

(c) Financial instruments not measured at fair value (cont'd.)

2024	Carrying amount RM'000	<---- Fair Value ----> Level 1 RM'000	Level 2 RM'000	Level 3 RM'000
Financial assets				
Gross loans and advances	2,703,462	-	2,702,546	-
Financial liabilities				
Deposits from customers	2,495,295	-	2,495,295	-
Deposits and placements of banks and other financial institutions	2,865,846	-	2,865,846	-
Borrowing	1,284,843	-	1,284,843	-
Subordinated loan	878,657	-	878,657	-
	7,524,641	-	7,524,641	-

The fair values are based on the following methodologies and assumptions:

(i) Gross loans and advances

For floating rate loans, the carrying value is generally a reasonable estimate of fair value. For fixed rate loans with maturities of twelve months or more, the fair value is estimated by discounting the estimated future cash flows using the prevailing market rates of loans with similar credit risk and maturities.

(ii) Deposit from customers and Deposits and placements of banks and other financial institutions

For floating rate deposit from customers and deposits and placements of banks and other financial institutions, the carrying value is generally a reasonable estimate of fair value. For fixed rate deposit from customers deposits and placements of banks and other financial institutions with maturities of twelve months or more, the fair values are estimated based on discounted cash flows using prevailing money market interest rates with similar remaining period to maturity.

(iii) Borrowing and Subordinated loan

The fair value of the borrowing and subordinated loan is estimated based on prevailing market rates of the borrowing and subordinated loan of similar credit risks and maturity.

32. Financial risk management (cont'd.)

32.6 Fair value of financial instruments (cont'd.)

(d) Fair value of financial instruments that are carried at cost and which the fair value could not be reliably measured

The fair value of contingent liabilities and undrawn credit facilities is not readily ascertainable. These financial instruments are presently not sold or traded. The estimated fair value may be represented by the present value of the fees expected to be received, less associated costs. The Bank assesses that their respective fair value is unlikely to be significant given that the overall level of fees involved is not significant.

(e) Fair values of financial instruments carried at cost or amortised cost

For cash and short-term funds, deposits and placements with banks and other financial institutions, obligations on securities sold under repurchase agreements as well as interest and other short-term receivables and payables, fair value is expected to approximate the carrying amounts in the statements of financial position due to their short-term maturity.

33. Maturity analysis of assets and liabilities

The following table shows an analysis of when the Bank's assets and liabilities are expected to be recovered or settled:

2025	Within 12 months RM'000	After 12 months RM'000	Total RM'000
Assets			
Cash and short-term funds	1,316,122	-	1,316,122
Deposits and placements of bank and other financial institutions	402,606	-	402,606
Debt instruments at FVOCI	1,733,852	2,556,411	4,290,263
Other assets	181,681	15,267	196,948
Derivative financial assets	37,857	7,192	45,049
Loans and advances	972,522	2,215,525	3,188,047
Tax recoverable	-	27,531	27,531
Statutory deposit with Bank Negara Malaysia	-	7,500	7,500
Right-of-use assets	-	26,191	26,191
Property and equipment	-	6,070	6,070
Intangible assets	-	5,499	5,499
Deferred tax assets	-	7,242	7,242
Total assets	4,644,640	4,874,428	9,519,068

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33. Maturity analysis of assets and liabilities (cont'd.)

2025 (cont'd.)	Within 12 months RM'000	After 12 months RM'000	Total RM'000
Liabilities		-	
Deposits from customers	3,067,933	3,614	3,071,547
Deposits and placements of banks and other financial institutions	3,028,229	-	3,028,229
Obligations on securities sold under repurchase agreements ("Repos")	475,733	-	475,733
Other liabilities	51,018	29,816	80,834
Derivative financial liabilities	131,839	9,411	141,250
Lease liabilities	-	27,532	27,532
Borrowing	-	811,505	811,505
Subordinated loan	-	834,851	834,851
Total liabilities	6,754,752	1,716,729	8,471,481
Net mismatch	(2,110,112)	3,157,699	1,047,587

2024	Within 12 months RM'000	After 12 months RM'000	Total RM'000
Assets			
Cash and short-term funds	541,400	-	541,400
Deposits and placements of bank and other financial institutions	1,689,877	-	1,689,877
Debt instruments at FVOCI	923,091	2,717,800	3,640,891
Other assets	56,553	11,818	68,371
Derivative financial assets	137,734	858	138,592
Loans and advances	1,806,704	875,551	2,682,255
Tax recoverable	-	24,899	24,899
Statutory deposit with Bank Negara Malaysia	-	500	500
Right-of-use assets	-	30,598	30,598
Property and equipment	-	5,567	5,567
Intangible assets	-	6,735	6,735
Deferred tax assets	-	13,545	13,545
Total assets	5,155,359	3,687,871	8,843,230
Liabilities			
Deposits from customers	2,494,221	1,074	2,495,295
Deposits and placements of banks and other financial institutions	2,865,846	-	2,865,846
Other liabilities	153,360	29,001	182,361
Derivative financial liabilities	56,148	65,572	121,720
Lease liabilities	-	31,640	31,640
Borrowing	432,926	851,917	1,284,843
Subordinated loan	-	878,657	878,657
Total liabilities	6,002,501	1,857,861	7,860,362
Net mismatch	(847,142)	1,830,010	982,868