

Registration No.

200001008645 (511251-V)

BANK OF CHINA (MALAYSIA) BERHAD
(Incorporated in Malaysia)

STATUTORY FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

0947A4/lh

Registration No.

200001008645 (511251-V)

BANK OF CHINA (MALAYSIA) BERHAD
(Incorporated in Malaysia)

STATUTORY FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

CONTENTS	PAGE(S)
DIRECTORS' REPORT	1 – 37
STATEMENT BY DIRECTORS	38
STATUTORY DECLARATION	38
INDEPENDENT AUDITORS' REPORT	39 – 42
STATEMENT OF FINANCIAL POSITION	43
STATEMENTS OF COMPREHENSIVE INCOME	44
STATEMENTS OF CHANGES IN EQUITY	45 – 46
STATEMENTS OF CASH FLOWS	47 – 50
SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION	51 – 66
NOTES TO THE FINANCIAL STATEMENTS	67 – 148

Registration No.

200001008645 (511251-V)

BANK OF CHINA (MALAYSIA) BERHAD
(Incorporated in Malaysia)

DIRECTORS' REPORT

The Directors have pleasure in submitting 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.

There were no significant changes in these activities during the financial year.

Other information relating to the subsidiary is disclosed in Note 14 to the financial statements.

FINANCIAL RESULTS

	<u>Bank</u> RM'000
Profit before taxation	297,526
Taxation	<u>(71,877)</u>
Net profit for the financial year	<u><u>225,649</u></u>

DIVIDENDS

No dividend has been paid or declared by the Bank since the end of the previous financial year.

The Directors do not recommend the payment of any dividend in respect of the current financial year.

CHANGES IN DEBT AND EQUITY SECURITIES

During the financial year, the Bank increased its issued and paid-up ordinary share capital from 760,518,480 to 814,734,790 by way of the issuance of 54,216,310 ordinary shares of RM1.00 each at an issue price of RM1.00 per ordinary share for cash, for additional workings capital purposes.

The new ordinary shares issued during the financial year ranked pari passu in all respects with the existing ordinary shares of the Bank.

Other than as disclosed above, there were no issuance and repayment of debt, share buy-backs, share cancellations, shares held as treasury shares and resale of treasury shares during the financial year end.

RESERVES AND PROVISIONS

All material transfers to or from reserves and provisions during the financial year are shown in the financial statements.

Registration No.

200001008645 (511251-V)

BANK OF CHINA (MALAYSIA) BERHAD
(Incorporated in Malaysia)

DIRECTORS' REPORT (CONTINUED)

BAD AND DOUBTFUL DEBTS

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

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

CURRENT ASSETS

Before the financial statements of the Bank were made out, the Directors took reasonable steps to ensure that any current assets, other than debts, which were unlikely to realise in the ordinary course of business, their values as shown in the accounting records of the Bank have been written down to an amount which they might be expected to realise.

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

VALUATION METHODS

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

CONTINGENT AND OTHER LIABILITIES

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

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

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

CHANGE OF CIRCUMSTANCES

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

Registration No.

200001008645 (511251-V)

BANK OF CHINA (MALAYSIA) BERHAD
(Incorporated in Malaysia)

DIRECTORS' REPORT (CONTINUED)

ITEMS OF AN UNUSUAL NATURE

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

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

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

There were no material significant events to the reporting date that require disclosure or adjustments to the financial statements.

SUBSEQUENT EVENT AFTER THE BALANCE SHEET DATE

The subsequent event after the balance sheet date is disclosed in Note 41 to the financial statements. There is no significant adjusting event after the statements of financial position date up to the date when the financial statements are authorized for issuance which is within the period from 1 January 2026 to 23 April 2026.

DIRECTORS

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

The Bank

Yu Xiaohui

Lee Heng Guie

Dato' Tan Tian Meng

Wu Jun (Appointed on 5 November 2025)

Chen Thien Yin (Appointed on 9 January 2026)

Zhang Min (Resigned on 5 November 2025)

Eugene Khoo Kong Hooi (Retired on 8 January 2026)

Registration No.

200001008645 (511251-V)

BANK OF CHINA (MALAYSIA) BERHAD (Incorporated in Malaysia)

DIRECTORS' REPORT (CONTINUED)

DIRECTORS' BENEFITS

During and at the end of the financial year, no arrangements subsisted to which the Bank or its subsidiary is a party, being arrangements with the object or objects of enabling Directors of the Bank to acquire benefits by means of the acquisition of shares in, or debentures of the Bank or any other body corporate.

During and at the end of the financial year, none of the Directors of the Bank has received or become entitled to receive a benefit (other than the benefits included in the aggregate amount of emoluments received or due and receivable by Directors from or the fixed salary of a full time employee of the Bank as disclosed in Note 29 of the financial statements, or received or due and receivable from or fixed salary of a full-time employee of related corporations) by reason of a contract made by the Bank or a related corporation with the Directors or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest except certain Directors received remuneration from the Bank or related corporations in their capacities as executives of the Bank or those related corporations.

DIRECTORS' INTERESTS IN SHARES

According to the Register of Directors' Shareholdings, none of the Directors in office at the end of the financial year held any interest in shares of the Bank and its related corporations.

INDEMNITY AND INSURANCE COSTS

The immediate holding company maintain on a group basis, a Directors' and Officers' Liability Insurance which provides appropriate insurance cover for the Directors and Officers of the Group. During the financial year, the limit of indemnity of the Directors' and Officers' Liability Insurance of the Group was USD75,000,000 for any one claim and in the aggregate for all claims. The insurance premium was paid by the immediate holding company.

HOLDING COMPANIES

The immediate holding company of the Bank is Bank of China (Hong Kong) Limited ("BOCHK") which was incorporated in Hong Kong whereas the penultimate holding company is Bank of China Limited ("BOC Ltd.") and the ultimate holding company is Central Huijin Investment Ltd, both were incorporated in China.

PERFORMANCE REVIEW 2025

The Bank's operating income grew by 4.23% or RM20.08 million to RM494.40 million compared to the corresponding period. This was due to an increase in net interest income of RM15.59 million. Profit after tax decreased by 0.33% or RM0.75 million to RM225.65 million compared to the corresponding period, mainly due to an increase in provision for expected credit losses on loans and advances.

Total assets increased by 16.29% or RM3.04 billion to RM21.73 billion compared to 31 December 2024, mainly due to increase in cash and short-term funds and deposits and placements with banks and other financial institutions. Total liabilities increased by 16.63% or RM2.74 billion to RM19.19 billion compared to 31 December 2024, largely due to an increase in customer deposits and deposits and placements of banks and other financial institutions.

Registration No.

200001008645 (511251-V)

BANK OF CHINA (MALAYSIA) BERHAD
(Incorporated in Malaysia)

DIRECTORS' REPORT (CONTINUED)

ECONOMIC OUTLOOK FOR 2026

In January 2026, the International Monetary Fund (“IMF”) assessed that the global economy has outperformed in 2025, with estimated GDP growth of 3.3%, driven by lower-than-anticipated tariffs, higher artificial intelligence (AI)-led tech spending, less restrictive monetary policy and stronger fiscal support. Global growth is projected to remain resilient at 3.3% in 2026. The IMF has warned that the escalating Middle East conflict would impact global economy, as soaring energy prices, strong inflationary pressures, trade and supply chain disruptions, and increased financial markets volatility dampen consumer demand and business investment.

The U.S. economy grew robustly by 4.4% annual rate in Q3 2025, driven by strong consumer spending amid a weakening labour market, AI-related investments, and increased exports. However, economic growth slowed sharply to an annual rate of 0.7% in Q4 was disrupted by the federal government shutdown. The U.S. economy is projected to grow by 2.4% in 2026 on continued tech-led investments and consumer spending. The U.S. Federal Reserve kept the federal funds interest rate unchanged at between 3.5% and 3.75% for the second consecutive meeting of 2026, citing still solid pace of economic activity while keeping a close watch on uncertainty from the conflict in the Middle East.

China's GDP grew by 4.5% year-on-year in Q4 2025, taking a full-year 2025 growth to achieve the official target of 5%, driven by a record US\$1.2 trillion trade surplus amid weak domestic demand. China has officially set its 2026 GDP growth target at a range of 4.5% to 5%, supported by easing trade tensions, implementation of government stimulus and 15th Five-Year Plan, which priorities the tech innovation, infrastructure and AI-support growth momentum.

Malaysia's economic growth momentum accelerated to 6.3% year-on-year in Q4 2025 from 5.4% in Q3, to hit 5.2% in 2025, underpinned by strong performances in the manufacturing, services, and construction sectors. Resilient consumer spending, robust investment and better-than-expected exports amid lingering tariffs policy uncertainty were major growth drivers. Growth prospect for 2026 remains positive, albeit slower, supported largely by domestic demand while exports will likely to slow due to the full-impact of tariffs. The on-going conflict in the Middle East inflicted oil shocks and supply chain disruptions pose a downside risk to the official's real GDP growth estimate of between 4.0% and 4.5%. Bank Negara Malaysia (“BNM”) has maintained the Overnight Policy Rate (“OPR”) at 2.75% as of March 2026, while continuing to monitor the developments in Middle East conflict and the impact on domestic economic growth and inflation.

The Bank as the Renminbi (“RMB”) clearing bank, continues to play a pivotal role in providing cross-border RMB services and integrated financial solutions. The Bank maintains a focus on long-term strategies and capitalising on business opportunities to be the “preferred bank for China-related business”.

RATINGS BY EXTERNAL RATING AGENCY

RAM has reaffirmed Bank of China (Malaysia) Berhad's Financial Institution Ratings of AAA/Stable/P1, with stable outlook.

Registration No.

200001008645 (511251-V)

BANK OF CHINA (MALAYSIA) BERHAD
(Incorporated in Malaysia)

DIRECTORS' REPORT (CONTINUED)

DIRECTORS' PROFILE

As at the date of this report, the Board comprises five (5) members, of whom three (3) are Independent Non-Executive Directors, a Non-Independent Non-Executive Director and an Executive Director. The Board members, who were in office since the beginning of the financial year ended 31 December 2025 and up to the date of this report, and the profile of current Board members are as follows:-

Designation	Name of Directors
Chairman	Yu Xiaohui <i>Chairman / Non-Independent Non-Executive Director</i>
Member	Wu Jun (<i>Appointed on 5 November 2025</i>) <i>Executive Director / Chief Executive Officer</i>
	Lee Heng Guie <i>Independent Non-Executive Director</i>
	Dato' Tan Tian Meng <i>Independent Non-Executive Director</i>
	Chen Thien Yin (<i>Appointed on 9 January 2026</i>) <i>Independent Non-Executive Director</i>
	Zhang Min (<i>Resigned on 5 November 2025</i>) <i>Executive Director / Chief Executive Officer</i>
	Eugene Khoo Kong Hooi (<i>Retired on 8 January 2026</i>) <i>Independent Non-Executive Director</i>

Yu Xiaohui – Chairman / Non-Independent Non-Executive Director

Madam Yu Xiaohui, a Chinese citizen, aged 58, was appointed to the Board on 27 May 2024.

Madam Yu graduated from the University of International Business and Economics, China with a Bachelor's degree in Foreign Trade English. Subsequently, she obtained a Master's degree in Economics from the Renmin University of China. She also holds Certified Anti-Money Laundering Specialist (CAMS) professional qualifications.

Madam Yu joined Bank of China Limited ("BOCL") in July 1990, holding various positions in the Business Department, Internal Audit Department and Inspection and Audit Department. She served as the Head of Overseas Branches Audit and Inspection Division, Chief Auditor of Overseas Audit, Chief Auditor of Regional Audit, Chief Auditor of Business Line Audit and Deputy General Manager of Internal Audit Department before seconding to Bank of China (Hong Kong) Limited ("BOCHK"). In BOCHK, she served as the Deputy General Manager of Group Audit from June 2015 to December 2023.

Madam Yu has solid experience in auditing and corporate governance of over 20 years of experience. She possesses deep understanding in banking business operations and relevant risk management requirements. Madam Yu worked in BOCHK for 8 years. She is familiar with the risk appetite, development strategy and regional management model of the BOCHK Group.

Madam Yu does not have any shareholding in the Bank.

Registration No.

200001008645 (511251-V)

BANK OF CHINA (MALAYSIA) BERHAD
(Incorporated in Malaysia)

DIRECTORS' REPORT (CONTINUED)

DIRECTORS' PROFILE (CONTINUED)

Wu Jun – Executive Director/Chief Executive Officer

Mr. Wu Jun, a Chinese citizen, aged 48, was appointed as Executive Director/Chief Executive Officer on 5 November 2025.

Mr. Wu holds a Master of Business Administration (“MBA”) from Central University of Finance and Economics, China. He is also a graduate from Beijing Foreign Studies University, China where he obtained his Bachelor of Arts in Italian.

Mr. Wu has more than 26 years of banking experience where he has been attached with Bank of China (“BOC”) for his entire career journey since completing his undergraduate studies.

Mr. Wu joined Bank of China Limited (“BOCL”) in July 1999. After spending 3 years in Head Office under Banking Department handling non-trade settlement operations, he accepted an overseas posting where he was assigned to Italy, Milan Branch in June 2002, managing risk management-related work and asset preservation tasks for 2.5 years. In November 2004, he returned to Head Office and has since had exposure taking on various roles across functions including risk management, asset preservation, overseas business and institutions, syndicated loans, merger and acquisition financing and advisory, structure financing business, debt securitization, cross-border business, marketing management, investment banking and corporate banking. He was the Deputy General Manager of Corporate Banking and Investment Banking Department in BOCL before joining the Bank.

Mr. Wu does not have any shareholding in the Bank.

Lee Heng Guie – Independent Non-Executive Director

Mr. Lee Heng Guie, a Malaysian, aged 64, was appointed to the Board on 8 December 2021.

Mr. Lee holds a Bachelor of Arts (Hons) majoring in Economics from the University of Malaya, Malaysia and a Master’s Degree in Development Economics from Williams College, USA.

He had over 30 years of professional experience as an economist, with almost 12 years in Bank Negara Malaysia (“BNM”) and 18 years in financial services. Since July 2016, Mr. Lee was appointed as the Executive Director of Socio-Economic Research Centre (“SERC”), an independent research centre of the Associated Chinese Chambers of Commerce and Industry of Malaysia (“ACCCIM”). He is currently an independent member of Investment Committee of Opus Asset Management Sdn Bhd and a member of the Economic Committee (“EC”) of The Malaysia Competition Commission. He was also the external advisor of the Master of Intellectual Property programme at the Xiamen University Malaysia.

Mr. Lee participates actively in providing economic commentaries to print and electronic media as well as participates in seminars/conferences as a resource person. Mr. Lee is the recipient of many awards: He was voted “Best Economist” in The Edge Polls twice and ranked top 3 four times from 2000-2008; “Best Economist” by the Asset Magazine Hong Kong-Local Currency Bond Market of Malaysia in 2007. He also led CIMB Macroeconomic research to be ranked among top 3 for nine consecutive years (2005-2013) in the Asiamoney Polls.

Mr. Lee does not have any shareholding in the Bank.

Registration No.

200001008645 (511251-V)

BANK OF CHINA (MALAYSIA) BERHAD
(Incorporated in Malaysia)

DIRECTORS' REPORT (CONTINUED)

DIRECTORS' PROFILE (CONTINUED)

Dato' Tan Tian Meng – Independent Non-Executive Director

Dato' Tan Tian Meng, a Malaysian, aged 62, was appointed to the Board on 7 June 2024.

Dato' Tan holds a Bachelor's Degree in Civil Engineering from the University of Malaya. He is a member of Institute of Engineer Malaysia, and member of Malaysia Energy Profession Association.

Dato' Tan has put his studies into good practice and honed his insights in the construction and property development industries for over 35 years. Dato' Tan is the Managing Director of Rentak Flora Sdn. Bhd.

Dato' Tan, an entrepreneur and passionate leader with a track record of successfully management, active involvement and carried key positions in the National Chamber of Commerce and Industry of Malaysia ("NCCIM"), the Associated Chinese Chambers of Commerce and Industry of Malaysia ("ACCCIM") and the Chinese Chamber of Commerce and Industry of Kuala Lumpur and Selangor ("KLSCCCI").

At the same time, Dato' Tan is actively involved in the Government Councils and Boards, he has assumed important roles in the National Unity Advisory Council, Pemudah's Technical Working Group on Business Entry Cluster, Malaysian Industry-Government Group for High Technology ("MIGHT"), Malaysia Poisons Board and Malaysia-Qatar Joint Business Council.

Dato' Tan was conferred the Darjah Setia Bakti Negeri Sembilan ("D.B.N.S."), in 2013 and the Pingat Ahli Setia Negeri Sembilan ("A.N.S."), in 2010, in recognition of his contribution to the economy and his dedication in leading social affair.

Dato' Tan currently sits on the Board of Muda Holding Berhad as an Independent Non-Executive Director. He was also appointed as a Director and the Chief Executive Officer of Malaysia-China Business Council on 8 May 2025.

Dato' Tan does not have any shareholding in the Bank.

Chen Thien Yin – Independent Non-Executive Director

Mr. Chen Thien Yin, a Malaysian, aged 59, was appointed to the Board on 9 January 2026.

Mr. Chen holds a Bachelors' Degree in Finance and Management Information System from Syracuse University, New York, USA. He further completed Fintech Revolution: Transformative Financial Service & Strategies, a program from The Wharton School, University of Pennsylvania, USA in 2021.

He is a seasoned international banking executive with three decades of experience across Retail, Treasury, Corporate and Investment Banking. Mr. Chen's career spans key regional markets in Malaysia, Singapore and the Mekong Region (Vietnam, Cambodia and Laos), giving him deep insight into diverse landscapes, cultures and cross-border financial markets. He has held C-Suite positions with some of the largest international financial institutions during his career. The businesses under him are widely recognized for having stable funding structures, high-performing teams, strong accountability and cultures that support innovation, governance excellence and long-term enterprise value.

Registration No.

200001008645 (511251-V)

BANK OF CHINA (MALAYSIA) BERHAD
(Incorporated in Malaysia)

DIRECTORS' REPORT (CONTINUED)

DIRECTORS' PROFILE (CONTINUED)

Chen Thien Yin – Independent Non-Executive Director (continued)

From 2016 to 2020, Mr. Chen served as Chief Executive Officer of Al Rajhi Banking & Investment Corporation (Malaysia) Berhad, where he led the bank through major strategic and operational transformations. During these 5 years, the organisation launched online banking, widened product offering, strengthened its liquidity position, deepened funding base and delivered sustained business momentum supported by disciplined asset growth and strong risk-adjusted returns.

Mr. Chen's professional expertise covers strategic planning, business development, enterprise risk management (credit, market and operational), regulatory compliance, product development and end-to-end banking operations across Conventional and Islamic Banking institutions.

He currently serves as Independent Non-Executive Director of a public listed company, namely Hiap Teik Venture Berhad.

Mr. Chen does not have any shareholding in the Bank.

CORPORATE GOVERNANCE STATEMENT

BOARD OF DIRECTORS

Adherence to the highest standards of corporate governance is the cornerstone of the Bank's corporate culture.

The Bank has taken necessary steps to ensure conformity with BNM's policy document on Corporate Governance.

1. Roles and Responsibilities of the Board of Directors

The Board of Directors ("the Board") of the Bank plays a critical role in ensuring sound and prudent policies as well as practices of the Bank. The Board carries ultimate responsibility for the proper stewardship of the Bank, ensures the maximisation of shareholder's value and safeguarding of stakeholders' best interests. The Board oversees the affairs, establishing, amongst others, the corporate values, vision and strategies that will direct the activities of the Bank. It also provides effective check and balance mechanism in the overall management of the Bank.

The main duties and responsibilities of the Board include:

(i) Strategy and Planning

- Set and oversee the implementation of business and risk objectives and strategies and in doing so shall have regard to the long-term viability of the Bank and reasonable standards of fair dealing.
- Promote sustainability through appropriate environmental, social and governance ("ESG") considerations in line with the Bank's business strategies.

BANK OF CHINA (MALAYSIA) BERHAD
(Incorporated in Malaysia)

DIRECTORS' REPORT (CONTINUED)

CORPORATE GOVERNANCE STATEMENT (CONTINUED)

BOARD OF DIRECTORS (CONTINUED)

1. Roles and Responsibilities of the Board of Directors (continued)

The main duties and responsibilities of the Board include: (continued)

- (ii) Risk Management and Internal Controls
 - Ensure and oversee the effective design and implementation of the Bank's governance framework, sound internal controls, compliance and risk management systems commensurate with the nature, scale and complexity of the business and structure of the Bank.
 - Oversee and approve the recovery and resolution plans, business continuity plans, and operational resilience for the Bank to restore its financial strength, and maintain or preserve critical operations and critical services when it comes under stress.
 - Assess and manage risk-taking activities to align with the Bank's capacity to absorb losses and long-term business viability.
 - Ensure relevant legal requirements and policy documents issued by BNM are at all times observed.
- (iii) Disclosure of Information
 - Ensure reliable and transparent financial reporting process within the Bank. The Board is responsible to ensure the integrity and credibility of financial statements of the Bank.
- (iv) Management and Compliance
 - Promote, together with senior management, a sound corporate culture that reinforces ethical, prudent and professional behaviour and ensure that the operations of the Bank are conducted prudently, and within the framework of the relevant laws and policies.
- (v) Monitoring and Delegation of Authorities to Various Committees
 - Establish and ensure effective functioning of various Board Committees. Duties may be delegated to the Board Committees; however, the Board remains fully responsible for any authority delegated and decisions of the committees. The Board is timely and regularly informed of each committee's activities, findings, conclusion and recommendations. The Board reviews reports submitted by various committees, and provides guidance, when necessary.

BANK OF CHINA (MALAYSIA) BERHAD
(Incorporated in Malaysia)

DIRECTORS' REPORT (CONTINUED)

CORPORATE GOVERNANCE STATEMENT (CONTINUED)

BOARD OF DIRECTORS (CONTINUED)

1. Roles and Responsibilities of the Board of Directors (continued)

The main duties and responsibilities of the Board include: (continued)

(vi) Supervision over Performance of the Management

- Oversee the selection, performance, remuneration and succession plans of the Chief Executive Officer ("CEO"), control function heads and other members of senior management, such that the Board is satisfied with the collective competence of senior management to effectively lead the operations of the Bank.

(vii) Communications with Shareholders/Stakeholders

- Manage the Bank's business in accordance with the rules stipulated in the Constitution, relevant laws and regulations. The Board maintains an effective communication policy that enables both the Board and Management to communicate effectively with its shareholders, the stakeholders and the public either through disclosure or annual general meeting ("AGM").
- Promotes timely and effective communication between the Bank and BNM on matters affecting or that may affect the safety and soundness of the Bank as well as strategic and regulatory developments at the group level that may significantly impact the Bank's operations.

2. Board Meetings and Supply of Information to the Board

The Board meets at least five (5) times a year to review the financial performance of the Bank and progress of the Bank's business, approve strategies, business plans and significant policies as well as to consider business and other proposals which require the Board's approval. Ad-hoc Board meetings may also be called to deliberate and assess corporate proposals or business issues that require the Board's immediate consideration or decision.

Board's approval for urgent matters may be obtained through written resolutions.

All Directors are supplied with information in a timely manner. The agenda for each Board meeting, together with the detailed reports, proposal papers and other reference materials, are provided to the Directors for their perusal prior to the Board's meeting date in order for them to be apprised of the topics and prepare accordingly. Directors may request additional information for clarification. Relevant senior management officers are invited to attend Board meetings to provide the Board with detailed explanations and clarifications on proposals tabled to enable the Board to make informed decisions.

Registration No.

200001008645 (511251-V)

BANK OF CHINA (MALAYSIA) BERHAD
(Incorporated in Malaysia)

DIRECTORS' REPORT (CONTINUED)

CORPORATE GOVERNANCE STATEMENT (CONTINUED)

BOARD OF DIRECTORS (CONTINUED)

2. Board Meetings and Supply of Information to the Board (continued)

Minutes of Board meetings are circulated to all Directors for their perusal prior to confirmation at the following Board meeting. All Directors have unrestricted access to the advice and services of the Company Secretary to enable them to discharge their duties effectively. The Company Secretary provides counsel to the Board on governance matters and facilitate effective information flows between the Board, the Board Committees and senior management. The Directors have the liberty, at the expenses of the Bank, to seek external professional advice if so required by them.

In managing Directors' conflict of interest, the Board has established a Policy on Managing Conflict of Interest of Directors to identify and address any actual and potential conflicts of interest that may arise. The Board has also established a Connected Party Credit Transactions and Exposures Policy for the governance and monitoring of extending credit (and make investments) in the ordinary course of business transactions with related or connected parties. The Board has reviewed all connected party transactions and is satisfied that there is no undue influence involved in all connected party transactions.

Directors' attendance at the Board meetings held during the financial year is set out below:

Directors	Number of Meetings	
	Meetings attended/held	%
Yu Xiaohui <i>Chairman / Non-Independent Non-Executive Director</i>	8/8	100
Wu Jun <i>Executive Director / CEO</i> <i>(Appointed on 5 November 2025)</i>	1/1	100
Lee Heng Guie <i>Independent Non-Executive Director</i>	8/8	100
Dato' Tan Tian Meng <i>Independent Non-Executive Director</i>	8/8	100
Chen Thien Yin <i>Independent Non-Executive Director</i> <i>(Appointed on 9 January 2026)</i>	Not applicable	Not applicable
Zhang Min <i>Executive Director / CEO</i> <i>(Resigned on 5 November 2025)</i>	7/7	100
Eugene Khoo Kong Hooi <i>Independent Non-Executive Director</i> <i>(Retired on 8 January 2026)</i>	8/8	100

BANK OF CHINA (MALAYSIA) BERHAD
(Incorporated in Malaysia)

DIRECTORS' REPORT (CONTINUED)

CORPORATE GOVERNANCE STATEMENT (CONTINUED)

BOARD OF DIRECTORS (CONTINUED)

3. Effectiveness of the Board of Directors

(a) Division of Responsibilities between the Chairman and CEO

The roles of the Chairman and CEO are separated, which is consistent with the principles of corporate governance as set out in BNM's policy document on Corporate Governance to ensure an appropriate balance of power and authority. The Chairman, in leading the Board, is responsible for the effective overall functioning of the Board.

In fulfilling this role, the Chairman is to ensure, among others:-

- Smooth functioning of the Board, the governance structure and inculcating positive culture in the Board;
- Guidelines and procedures are in place to govern the Board's operation and conduct;
- All relevant issues are on the agenda for Board meeting and all directors are able to participate fully in the Board's activities;
- Decisions are taken on a sound and well-informed basis, including by ensuring that all strategic and critical issues are considered by the Board;
- Directors receive the necessary information on a timely basis from the Management;
- Healthy discussion where avenues are provided for all Directors to participate openly in the discussion and dissenting views can be freely expressed and discussed; and
- Provide leadership to the Board and lead efforts to address the Board's developmental needs.

The CEO, in leading the senior management, bears the primary responsibility over the development of the Bank's strategic direction and implementation of the Bank's strategies and corporate policies, and is ultimately responsible for managing the Bank's day-to-day operations. He is also responsible for charting the future direction of the Bank for the Board's consideration and approval.

The Board considers and approves a set of expectations on the CEO. This subsequently acts as a yardstick against which his performance will be measured, evaluated and rewarded.

(b) Board Composition

The current Board comprises personnel with diverse experience with necessary skill and qualification. The composition of the Board and Directors' profile can be found on pages 6 to 9 of this report.

The Board has a broad range of skills and credentials, each brings a high degree of independent judgement and knowledge to the Board's discussions. They are individuals of high caliber and comprise directors who as a group provide a mixture of core competencies such as finance, accounting, banking, risk management and business management.

BANK OF CHINA (MALAYSIA) BERHAD
(Incorporated in Malaysia)

DIRECTORS' REPORT (CONTINUED)

CORPORATE GOVERNANCE STATEMENT (CONTINUED)

BOARD OF DIRECTORS (CONTINUED)

3. Effectiveness of the Board of Directors (continued)

(b) Board Composition (continued)

The presence of majority Independent Non-Executive Directors provides effective checks and balances in the functioning of the Board through their objective participation in Board deliberations and the exercise of unbiased and independent judgement taking into account the interests of the Bank. As of to date, the Board consists of 5 members, of whom 3 are Independent Non-Executive Directors.

(c) Appointments and Re-election of Directors

All the appointments of new Director(s) (including the Chairman) and CEO shall be approved by the Board and subject to the holding company's assessment and BNM's prior approval. Whilst the re-appointment of Director(s) whose term of office approved by BNM is about to expire will be subject to the Board's assessment and recommendation, and subsequently BNM's prior approval. The selection criteria with regard to the desired candidate for new appointment or re-appointment encompasses the combination of competencies, the minimum qualifications specified by regulatory authorities and relevant experience.

- All newly appointed Directors is required under the Bank's Constitution to retire and may seek re-election at the Bank's AGM subsequent to their appointment. The Bank's Constitution also requires one-third (1/3) of the Directors, excluding the CEO, to retire by rotation and seek re-election at the AGM.

(d) Directors' Independence and Tenure

The Board considers a strong element of independence on the Board, both in thought and actions, is vital for good corporate governance, The Board, via the Board Remuneration and Nomination Committee, performs annual reviews on the independence of the Directors.

An Independent Non-Executive Director refers to Director who is independent of management 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.

Independent Non-Executive Directors of the Bank exercise independent judgement and participate in the deliberations of the Board objectively with no individual or small group of individuals dominating the Board's decision-making process. All of them are independent in character; they do not have any significant financial or personal relationships with the Bank that may impair their independent judgement.

BANK OF CHINA (MALAYSIA) BERHAD
(Incorporated in Malaysia)

DIRECTORS' REPORT (CONTINUED)

CORPORATE GOVERNANCE STATEMENT (CONTINUED)

BOARD OF DIRECTORS (CONTINUED)

3. Effectiveness of the Board of Directors (continued)

(d) Directors' Independence and Tenure (continued)

The tenure limits for an Independent Non-Executive Director of the Bank should generally not exceed nine (9) years, except under exceptional circumstances or as part of transitional arrangements towards full implementation of the succession plans of the Bank.

Mr. Eugene Khoo Kong Hooi, an Independent Director of the Bank, retired from the Board with effect from 8 January 2026 after having served the Bank for a maximum period of nine (9) years as an Independent Director. Consequently, he ceased as the Chairman/member of the respective Board Committees.

As at the date of this report, none of the Board members has served for a cumulative period of more than nine (9) years.

(e) Directors' Performance and Remuneration

The Board, via the Board Remuneration and Nomination Committee, carries out annual assessment on the effectiveness and performance of the Board as a whole, Board Committees and individual Directors based on self and peer assessment through customised questionnaires evaluation forms. The assessment results are compiled and presented to the Board Remuneration and Nomination Committee for deliberation before reporting to the Board.

The Bank ensures that Directors' remuneration is appropriate and reflects their duties and responsibilities to meet shareholder expectations and regulatory requirements. Fees and any benefits payable to Directors are subject to shareholder approval at a general meeting.

Currently, the Independent Directors are paid directors' fee following the approval of shareholder at the AGM. The details of remuneration received by Directors of the Bank for the financial year ended 31 December 2025 are disclosed in Note 29 to the financial statements.

- The appointment, remuneration package and benefits of the CEO will be assessed by the immediate holding company and the Board respectively based on the qualification, experience and achievement of targets set.

Registration No.

200001008645 (511251-V)

BANK OF CHINA (MALAYSIA) BERHAD
(Incorporated in Malaysia)

DIRECTORS' REPORT (CONTINUED)

CORPORATE GOVERNANCE STATEMENT (CONTINUED)

BOARD OF DIRECTORS (CONTINUED)

3. Effectiveness of the Board of Directors (continued)

(f) Induction and Training

All newly appointed directors will receive in-house orientation and education programme to assist them to familiarise with the industry and the Bank within three (3) months of their appointments. The Directors Orientation programme aims to cover at a minimum the Bank's business operation, corporate strategies, performance and financial overview, duties and responsibilities of the Board as a whole, an overview of the risks of the Bank's business, risk management strategy (including technology risk), legal and compliance requirements (where applicable).

Continuing professional development for Directors is vital to ensure they are well-equipped with necessary skills and knowledge to perform their duties. During the financial year, all Directors attended various training programmes and workshops, either in-person or virtually, organised by holding company, professional bodies and regulatory authorities as well as in-house trainings conducted by professional training providers on topics relevant to the Bank, among others on banking and finance-related matters, anti-money laundering, board governance, sustainability/ESG strategies, climate-related disclosures, IT/cyber security, data security, anti-bribery and corruption, risk management and compliance, corporate culture, artificial intelligence, digital transformation, regulatory updates and etc.

Registration No.

200001008645 (511251-V)

BANK OF CHINA (MALAYSIA) BERHAD
(Incorporated in Malaysia)

DIRECTORS' REPORT (CONTINUED)

CORPORATE GOVERNANCE STATEMENT (CONTINUED)

BOARD COMMITTEES

The Board has established Board Audit Committee ("BAC"), Board Risk Management Committee ("BRMC"), Board Remuneration and Nomination Committee ("BRNC"), and Board Information Technology Sub-Committee ("BITSC") to complement the Board in the execution of its responsibilities. Each Board Committee has its terms of reference which set forth the responsibilities, authorities and functions of that Committee, in line with BNM's policy document on Corporate Governance.

The broad functions of the respective Board Committees are as follows:

1. Board Audit Committee ("BAC")

(a) Objective

The objective of the BAC is to assist the Board in fulfilling its oversight responsibility for the Bank and its subsidiary relating to:-

- The integrity of financial statements and financial reporting process;
- The system of internal control;
- The performance of internal audit functions and internal auditors;
- The appointment of external auditors and the evaluation of the external auditors' qualifications, independence and performance;
- The periodic review, where appropriate, and the annual audit of the Bank's financial statements;
- Compliance with applicable accounting standards as well as legal and regulatory requirements on financial disclosure; and
- Enhancing the corporate governance framework of the Bank.

Registration No.

200001008645 (511251-V)

BANK OF CHINA (MALAYSIA) BERHAD
(Incorporated in Malaysia)

DIRECTORS' REPORT (CONTINUED)

CORPORATE GOVERNANCE STATEMENT (CONTINUED)

BOARD COMMITTEES (CONTINUED)

1. Board Audit Committee ("BAC") (continued)

(b) Membership and Attendance

The BAC comprises only Non-Executive Directors with at least three members. Majority of the members (including the Chairman) shall be Independent Directors.

The attendance of each member at the BAC meetings held during the financial year ended 31 December 2025 is as follows:

Members	Number of Meetings	
	Meetings attended/held	%
Chen Thien Yin (Chairman) <i>(Independent Non-Executive Director)</i> <i>(Appointed on 9 January 2026)</i>	Not applicable	Not applicable
Lee Heng Guie <i>(Independent Non-Executive Director)</i>	6/6	100
Dato' Tan Tian Meng <i>(Independent Non-Executive Director)</i>	6/6	100
Eugene Khoo Kong Hooi (Chairman) <i>(Independent Non-Executive Director)</i> <i>(Ceased on 8 January 2026)</i>	6/6	100

(c) Roles and Responsibilities

The BAC shall be responsible, but are not limited to the following:

- (i) Review and monitor the effectiveness of the financial reporting processes implemented by the Management, as well as appropriateness of the Bank's accounting and financial reporting;
- (ii) Review and if appropriate, recommend for approval by the Board:
 - (a) The annual audited financial statements, together with the report of the Directors and external auditors thereon;
 - (b) The half-yearly financial statements;
 - (c) The quarterly financial results; and
 - (d) All financial information in material public disclosure documents, if any.

BANK OF CHINA (MALAYSIA) BERHAD
(Incorporated in Malaysia)

DIRECTORS' REPORT (CONTINUED)

CORPORATE GOVERNANCE STATEMENT (CONTINUED)

BOARD COMMITTEES (CONTINUED)

1. Board Audit Committee ("BAC") (continued)

(c) Roles and Responsibilities (continued)

The BAC shall be responsible, but are not limited to the following: (continued)

- (iii) Review the effectiveness of the risk management and internal control system of the Bank;
- (iv) Review whistleblowing arrangements for the Bank's employees and other stakeholder who, in confidence, raise concerns about possible improprieties in financial reporting, internal control or other matters;
- (v) Review and approve the responsibilities and structure of the Internal Audit Department ("IAD"), and recommend to the Board the appointment, termination, remuneration, annual performance targets, and results of performance appraisal of the Head of IAD;
- (vi) Review the reports (including follow-up reports) submitted by IAD, together with the Management's response to any identified weaknesses on internal control and/or follow-up actions;
- (vii) Review and monitor the external auditors' independence and objectivity, as well as the effectiveness of the audit process, and review the policy governing the engagement of the external auditors to provide non-audit services; and
- (viii) Review and recommend the appointment, re-appointment and removal of the external auditors, and approve the external auditors' remuneration and terms of engagement.

BANK OF CHINA (MALAYSIA) BERHAD
(Incorporated in Malaysia)

DIRECTORS' REPORT (CONTINUED)

CORPORATE GOVERNANCE STATEMENT (CONTINUED)

BOARD COMMITTEES (CONTINUED)

1. Board Audit Committee ("BAC") (continued)

(d) Key Internal Control Processes

The key processes established for reviewing the adequacy and integrity of the system of internal controls include the following:

- (i) The BAC reviews internal control issues identified by the internal auditor, the external auditor, regulatory authorities, the auditor from the holding company and the management, and evaluates the adequacy and effectiveness of the Bank's internal control systems. The minutes of the BAC meetings are subsequently tabled to the Board of the Bank; and
- (ii) The IAD of the Bank monitors compliance with policies and procedures and the effectiveness of the internal control systems and highlights significant findings in respect of any non-compliance. The frequency of the audit is determined by the level of risk assessed, to provide independent and objective assurance on operational and management activities of the departments. The annual audit plan is reviewed and approved by the BAC, and audit findings are submitted to the BAC for review.

2. Board Risk Management Committee ("BRMC")

(a) Objective

The objective of the BRMC is to support the Board in meeting the expectations on risk management as set out in BNM's policy document on Risk Governance and any relevant legal instruments, policy documents and guidelines issued by BNM.

The functions of the BRMC include, among others:-

- (i) Assist the Board in overseeing the establishment of a robust risk management system and an effective framework to identify, monitor, control and report risk;
- (ii) Oversee the senior management's activities in managing enterprise-wide risks, including all relevant and material risks;
- (iii) Promote strong risk culture that the remuneration and performance review is aligned to prudent risk taking and adjusted appropriately for risks;
- (iv) Oversee the implementation of the Bank's governance framework and internal control framework, and periodically review whether they remain appropriate to the nature, scale and complexity of the Bank's operation;
- (v) Ensure that the integrated risk management functions within the Bank are in place and effectively discharged;
- (vi) Advise the Board on risk appetite and tolerance level in determining risk strategy; and
- (vii) Review and formulate senior management's recommendations to the Board on risk management.

BANK OF CHINA (MALAYSIA) BERHAD
(Incorporated in Malaysia)

DIRECTORS' REPORT (CONTINUED)

CORPORATE GOVERNANCE STATEMENT (CONTINUED)

BOARD COMMITTEES (CONTINUED)

2. Board Risk Management Committee ("BRMC") (continued)

(b) Membership and Attendance

The BRMC comprises only Non-Executive Directors with at least three (3) members and chaired by an Independent Non-Executive Director.

The attendance of the members at the BRMC meetings held during the financial year ended 31 December 2025 is as follows:

Members	Number of Meetings	
	Meetings attended/held	%
Lee Heng Guie (Chairman) <i>(Independent Non-Executive Director)</i>	6/6	100
Yu Xiaohui <i>(Non-Independent Non-Executive Director)</i>	6/6	100
Chen Thien Yin <i>(Independent Non-Executive Director)</i> <i>(Appointed on 9 January 2026)</i>	Not applicable	Not applicable
Eugene Khoo Kong Hoo <i>(Independent Non-Executive Director)</i> <i>(Ceased on 8 January 2026)</i>	6/6	100

(c) Roles and Responsibilities

The BRMC shall be responsible, but are not limited, to the following:

- (i) Advise the Board on risk appetite and tolerance in determining strategy. The BRMC has power delegated by the Board to set risk appetite and accept risks beyond the approval discretion provided to management;
- (ii) Assess/approve/review or recommend for the approval of the Board, the risk and compliance related policies and framework and oversee the management of risk management function and compliance function;
- (iii) Provide effective oversight on senior management's actions to ensure consistency with the risk strategy and policies approved by the Board, including the risk appetite framework;
- (iv) Exercise oversight on Board Information Technology Sub-Committee ("BITSC"), overseeing technology and cybersecurity related matters;
- (v) Exercise oversight on Risk Management and Internal Control Committee ("RMICC") and Compliance Risk Management Committee ("CRMC"), reviewing all matters that are referred to the BRMC for consideration, including minutes and regular reports that assess the risk management and internal control;

BANK OF CHINA (MALAYSIA) BERHAD
(Incorporated in Malaysia)

DIRECTORS' REPORT (CONTINUED)

CORPORATE GOVERNANCE STATEMENT (CONTINUED)

BOARD COMMITTEES (CONTINUED)

2. Board Risk Management Committee ("BRMC") (continued)

(c) Roles and Responsibilities (continued)

- (vi) Exercise oversight on Assets and Liabilities Management Committee ("ALCO"), overseeing the Bank's Balance Sheet structure and to ensure that it is consistent with both the policy of the holding company and the overall business plan of the Bank;
- (vii) Exercise oversight on credit risk management including the management of risk models and provision matters to oversee the credit risk management of the Bank;
- (viii) Provide oversight to the senior management in establishing and implementing an appropriate anti-money laundering, countering financing of terrorism and countering proliferation financing ("AML/CFT/CPF") framework of policies, procedures and processes;
- (ix) Exercise oversight on operational risk management to oversee and mitigate the operational risk associated with the Bank's activities;
- (x) Exercise oversight on market risk management to oversee and mitigate the market risk associated with the Bank's activities;
- (xi) Exercise oversight on the Bank's wholesale financial markets code of conduct risk governance on its treasury activities;
- (xii) Exercise oversight on liquidity risk management to oversee the liquidity risk associated with the Bank's activities and management of liquidity coverage ratio ("LCR") and Net Stable Funding Ratio ("NSFR");
- (xiii) Exercise oversight on climate risk management to promote sustainability through the integration of appropriate ESG considerations in risk management and decision-making process;
- (xiv) Exercise oversight on the development, maintenance and implementation of the recovery plan, operational resilience framework, anti-bribery and corruption ("ABC") programme;
- (xv) Oversee ESG strategy, initiatives, priorities and targets, and integration of sustainability considerations across the Bank;
- (xvi) Recommend the appointment, remuneration, key performance indicators, job description and dismissal/termination of Chief Risk Officer ("CRO") and Chief Compliance Officer ("CCO"), including their performance review to the Board for approval;

BANK OF CHINA (MALAYSIA) BERHAD
(Incorporated in Malaysia)

DIRECTORS' REPORT (CONTINUED)

CORPORATE GOVERNANCE STATEMENT (CONTINUED)

BOARD COMMITTEES (CONTINUED)

2. Board Risk Management Committee ("BRMC") (continued)

(c) Roles and Responsibilities (continued)

- (xvii) Oversee and advise the Board on adherence to the Bank's risk appetite and implementation of risk management measures in managing key risks as well as emerging risks. In order to fulfil the requirement, the BRMC shall oversee:
- Current and forward-looking risk exposures; and
 - Bank's risk appetite and risk strategy, including capital and liquidity management strategy, and management of risk of the Bank, to ensure capital is adequate to cover material risks inherent in the Bank by meeting all relevant regulatory standards and guidelines, and to fulfill shareholders' expectation.
- (xviii) Oversee all relevant and material risks in senior management's activities in managing enterprise-wide risks, covering but not limited to credit, market, technology, interest rate, liquidity, climate, operational, legal and compliance, bribery and corruption, reputation, strategic, money laundering, terrorism financing and proliferation financing, outsourcing, market conduct and other risks;
- (xix) Oversee and approve the recovery and resolution plans, business continuity plans and operational resilience for the Bank to restore its financial strength, and maintain or preserve critical operations and critical services when it comes under stress;
- (xx) Together with senior management, ensure risk management activity is not carried out in isolation but is well-integrated throughout the Bank, considering the potential transmission effects of contagion risk;
- (xxi) Together with senior management, ensure framework, infrastructure, resources and systems are in place for risk management functions, ensuring that the staff responsible for implementing risk management framework perform those duties independently of the Bank's risk-taking activities;
- (xxii) Oversee and ensure that compliance function and risk management function interact closely to bring risk issues to the attention of risk management and cooperate in developing mitigation measures, and that compliance function also cooperates with other functions (e.g. legal, finance) to promote effective controls in managing compliance risk;
- (xxiii) Assist the Board Remuneration and Nomination Committee ("BRNC") ensuring smooth implementation of a sound remuneration system, examine whether incentives provided by the remuneration system take into consideration risks, capital, liquidity and the likelihood and timing of earnings, without prejudice to the tasks of BRNC;

BANK OF CHINA (MALAYSIA) BERHAD
(Incorporated in Malaysia)

DIRECTORS' REPORT (CONTINUED)

CORPORATE GOVERNANCE STATEMENT (CONTINUED)

BOARD COMMITTEES (CONTINUED)

2. Board Risk Management Committee ("BRMC") (continued)

(c) Roles and Responsibilities (continued)

- (xxiv) Review management's periodic reports on risk exposure, risk portfolio composition, risk management activities, compliance report and AML/CFT/CPF reporting;
- (xxv) Review and recommend to the Board for approval on new products and ensure compliance with the prevailing guidelines issued by BNM or other relevant regulatory bodies;
- (xxvi) Ensure effective oversight and governance of outsourcing arrangements, supported by a robust outsourcing risk management framework to manage outsourcing risks and ensure compliance with relevant laws, regulations and prudential requirements that relate to outsourced activities;
- (xxvii) Discuss compliance issues regularly, ensure adequate time and priority is provided in the Board's agenda to deliberate compliance issues and that such issues are resolved effectively and expeditiously;
- (xxviii) Evaluate the effectiveness of the overall management of compliance risk;
- (xxix) Provide oversight on the development and implementation of the stress testing programme; and
- (xxx) Oversee technology and cybersecurity related matters. Among other things, the BRMC reviews the technology-related framework for the Board's approval, and ensures that risk assessments undertaken in relation to material technology applications are robust and comprehensive.

3. Board Remuneration and Nomination Committee ("BRNC")

(a) Objective

The objective of the BRNC is to support the Board in overseeing the design and operation of the remuneration system of the Bank, provides a formal and transparent procedure for developing remuneration policy for Directors, CEO, other members of senior management, control function heads and other material risk takers to ensure that remuneration is competitive and consistent with the business objectives, risk strategies, corporate values and long-term interests of the Bank.

The BRNC also supports the Board in carrying out its functions of appointment and removal of Directors and senior management, provides a formal and transparent procedure for the appointment and removal of Directors, senior management and company secretary as well as assessment of effectiveness of individual Directors, Board Committees, Board as a whole and performance of senior management.

Registration No.

200001008645 (511251-V)

BANK OF CHINA (MALAYSIA) BERHAD
(Incorporated in Malaysia)

DIRECTORS' REPORT (CONTINUED)

CORPORATE GOVERNANCE STATEMENT (CONTINUED)

BOARD COMMITTEES (CONTINUED)

3. Board Remuneration and Nomination Committee ("BRNC") (continued)

(b) Membership and Attendance

The BRNC comprises only Non-Executive Directors with a minimum of three (3) members. The attendance of members at the BRNC meetings held during the financial year ended 31 December 2025 is as follows:

Members	Number of Meetings	
	Meetings attended/held	%
Dato' Tan Tian Meng (Chairman) <i>(Independent Non-Executive Director)</i>	8/8	100
Lee Heng Guie <i>(Independent Non-Executive Director)</i>	8/8	100
Chen Thien Yin <i>(Independent Non-Executive Director)</i> <i>(Appointed on 9 January 2026)</i>	Not applicable	Not applicable
Eugene Khoo Kong Hooi <i>(Independent Non-Executive Director)</i> <i>(Ceased on 8 January 2026)</i>	8/8	100

(c) Roles and Responsibilities

The BRNC shall be responsible, but are not limited to the following:

(i) Remuneration

- Recommend to the Board a framework and developing a clear remuneration policy for Directors, CEO, other members of senior management, control function heads and other material risk takers for the Board's approval;
- Recommend to the Board appropriate remuneration package, which should be sufficient to attract and retain directors of caliber, and yet not excessive to the extent the Bank's funds are used to subsidise the excessive remuneration package;
- Recommend to the Board the appropriate level of remuneration packages for Non-Executive Directors and Independent Directors that is linked to their level of responsibilities undertaken and contribution to the effective functioning of the Board. The remuneration of each Board member may differ based on their level of expertise, knowledge and experience; and

BANK OF CHINA (MALAYSIA) BERHAD
(Incorporated in Malaysia)

DIRECTORS' REPORT (CONTINUED)

CORPORATE GOVERNANCE STATEMENT (CONTINUED)

BOARD COMMITTEES (CONTINUED)

3. Board Remuneration and Nomination Committee ("BRNC") (continued)

(c) Roles and Responsibilities (continued)

The BRNC shall be responsible, but are not limited to the following: (continued)

(i) Remuneration (continued)

- Recommend to the Board the selection, performance, remuneration, rewards, punishment and succession plans of the CEO and other members of senior management.

(ii) Nomination

- Establish the minimum requirements on the skills, knowledge, experience, qualifications and other core competencies of Directors and the CEO;
- Assess and recommend to the Board, the nominees for appointment of Board Chairman, Director, Board Committee member and CEO;
- Assess and recommend to the Board, the re-appointment of Directors/CEO upon expiry of their respective terms of appointment as approved by BNM;
- On an annual basis, review the required mix of skills, experience and core competencies within the Board and make recommendations to the Board as it deems appropriate;
- Oversee the Board succession plan and overall composition of the Board, in terms of the appropriate size and skills, tenure of services and the balance between Executive Director, Non-Executive Directors and Independent Directors through annual review;
- Establish a mechanism for the formal assessment on the effectiveness of the Board as a whole and the contribution of each director to the effectiveness of the Board, the contribution of the Board's various committees and the performance of the CEO;
- Recommend to the Board, the removal of a Director/CEO/other members of senior management from the Board or management if they are ineffective, errant and negligent in discharging their responsibilities;
- Assess annually the performance and effectiveness of the Board, Board Committees and each individual Director;
- Ensure that all Directors receive appropriate continuous training programmes in order to keep abreast with the latest developments in the industry;

BANK OF CHINA (MALAYSIA) BERHAD
(Incorporated in Malaysia)

DIRECTORS' REPORT (CONTINUED)

CORPORATE GOVERNANCE STATEMENT (CONTINUED)

BOARD COMMITTEES (CONTINUED)

3. Board Remuneration and Nomination Committee ("BRNC") (continued)

(c) Roles and Responsibilities (continued)

The BRNC shall be responsible, but are not limited, to the following (continued):

(ii) Nomination (continued)

- Oversee the appointment, management of succession planning and performance evaluation of senior management;

For the avoidance of doubt-

- the appointment, remuneration, dismissal/termination and performance review of the CRO/CCO are to be recommended by BRMC and approved by the Board.
- the appointment, termination, remuneration, annual performance targets, and results of performance appraisal of the Head of IAD are to be recommended by the BAC and approved by the Board.
- Review, recommend and oversee the adoption and implementation of the Bank's responsibility mapping framework; and
- Assess on an annual basis, to ensure that the Directors and senior management are not disqualified under Section 59(1) of the Financial Services Act 2013 ("FSA") and have complied with the fit and proper requirements in accordance with the Bank's Fit and Proper Policy for Key Responsible Persons.

(d) Overview of Remuneration System

- (i) The Bank's remuneration system is competitive and consistent with the business objectives, risk strategies, corporate values and long-term interest. It links remuneration with performance and risk factors closely. It serves to encourage staff to enhance their performance, and at the same time, to strengthen their awareness of risk so as to achieve sound remuneration management.

BANK OF CHINA (MALAYSIA) BERHAD
(Incorporated in Malaysia)

DIRECTORS' REPORT (CONTINUED)

CORPORATE GOVERNANCE STATEMENT (CONTINUED)

BOARD COMMITTEES (CONTINUED)

3. Board Remuneration and Nomination Committee ("BRNC") (continued)

(d) Overview of Remuneration System (continued)

(ii) The Remuneration and Incentive Policy of the Bank of China ("BOC") Group is generally in line with the broad principles set out in the following:

- Hong Kong Monetary Authority ("HKMA") "Guideline on a Sound Remuneration System" which is applicable to the BOCHK and all of its subsidiaries (including the branches and institutions in and outside Hong Kong); and
- Bank Negara Malaysia Corporate Governance Guidelines on the requirement of overall remuneration system must be in line with the business and risk strategies, corporate values, long-term interest of the financial institution, and promote prudent risk-taking behavior.

(iii) BOCHK Group Remuneration Policy sets out the components of remuneration, the governance and review mechanism for the remuneration of all employees of BOCHK Group including Bank of China (Malaysia) Berhad ("BOCM") which is a wholly-owned subsidiary of BOCHK since 17 October 2016.

(e) Remuneration Governance

The Bank's Senior Management are responsible for the oversight of remuneration arrangements for all the Bank's local and expatriate employees in Malaysia, ensuring that a competitive remuneration structure is in place to attract and retain talents, consistent with the Bank's culture, objectives and strategy.

As at 31 December 2025, the Senior Management of the Bank consists of a CEO, three (3) Deputy CEO, and a CRO.

BANK OF CHINA (MALAYSIA) BERHAD
(Incorporated in Malaysia)

DIRECTORS' REPORT (CONTINUED)

CORPORATE GOVERNANCE STATEMENT (CONTINUED)

BOARD COMMITTEES (CONTINUED)

3. Board Remuneration and Nomination Committee ("BRNC") (continued)

(f) Design and Structure of Remuneration Processes

- (i) BOC Group has implemented a Remuneration Policy globally within the Group, which covers all local and expatriate employees in Malaysia. The Remuneration Policy of the Bank is founded upon the Group Remuneration System and customised to be in line with Malaysia local market practice and standard regulations. The Remuneration Policy sets out the components of remuneration, the governance and review mechanism for the remuneration of all employees of the Bank and incorporates risk management in the performance management process and job design.
- (ii) The objective of the Remuneration Policy is to align remuneration management with risk management whilst providing proper structured remuneration and compensation to attract, retain and motivate high quality people to lead, manage and serve the Bank in a competitive environment and in the best interests of all stakeholders.
- (iii) The key features of the policy include the governance and review mechanism for remuneration mix of all employees of the Bank in line with the above-mentioned objectives, and ensuring that remuneration is adjusted appropriately for the time horizon of risks undertaken.
- (iv) The Bank has implemented Variable Pay Deferral Policy for all employees of the Bank. The total annual variable pay is subject to deferral condition when it reaches certain threshold. The variable pay deferral rate is set according to total annual variable pay. The deferred variable pay shall be vested one year after the grant date and over 3 years period.
- (v) The Bank adopts Staff Performance Management Policy for its staff performance management, whereby the relevant compliance and risk management key performance indicators ("KPI") are embedded according to staff's position. The KPI framework sets out from 4 dimensions; (i) financial perspective, (ii) strategic execution, (iii) risk, compliance and internal control management, and (iv) human capital. Employee performance assessment shall include the assessment of the employees' corporate values demonstration in the Bank's efforts to uphold professionalism and utmost integrity.
- (vi) The performance of Officers in risk and control functions is assessed based on their achievements and effectiveness in the performance of their job responsibilities in control functions. Their remuneration is set independent of the financial targets of businesses they oversee to ensure the effectiveness of their roles. There is no direct linkage of their remuneration with the business performance. Failure to detect, mitigate, control or manage risk however will have a direct bearing on their remuneration.

BANK OF CHINA (MALAYSIA) BERHAD
(Incorporated in Malaysia)

DIRECTORS' REPORT (CONTINUED)

CORPORATE GOVERNANCE STATEMENT (CONTINUED)

BOARD COMMITTEES (CONTINUED)

3. Board Remuneration and Nomination Committee ("BRNC") (continued)

(f) Design and Structure of Remuneration Processes (continued)

(vii) The Bank may from time to time seek remuneration advice from external consultants such as FIDE FORUM of which the Bank is a member on the remuneration of Directors. FIDE FORUM is a non-profit organisation and the only alumni association that represents the interests of Director of Financial Institutions in Malaysia.

(g) Linking Pay to Performance

(i) The remuneration package for all employees is composed of "fixed remuneration", "variable remuneration" and "benefits-in-kind".

(ii) Fixed remuneration, referred to as "monthly basic salary" and "monthly allowance". Monthly basic salary shall be reviewed annually with reference to various factors such as remuneration strategy, market pay trends and existing base salary levels. The fixed remuneration review budget is determined based on the affordability of the Group as well as the performance of the Bank, business units and individuals during the previous assessment year.

(iii) Variable remuneration is incentive-based, which is determined annually in the light of the Bank's annual performance assessment result, adherence to BOCM's corporate culture and paid in cash, includes but not limited to annual bonus, incentive, etc. Annual bonus is of gratuitous nature and is payable only at the discretion of the Bank.

(iv) Benefits-in-kind refers to non-cash perquisites applicable to individual employee. The Bank's staff benefits are structured according to staff category.

(v) The remuneration, incentive and benefits for expatriate staff are aligned to BOC Group's Expatriate Staff Remuneration Policy.

(vi) Every effort is made to ensure the performance metrics are objective, reliable and measurable to achieve the desired outcome. Immeasurable and "weak" performance metrics are tweaked accordingly to prevent weak linkage of remuneration to performance. Demerit system is also in place as punitive measure for non-compliance incidences.

BANK OF CHINA (MALAYSIA) BERHAD
(Incorporated in Malaysia)

DIRECTORS' REPORT (CONTINUED)

CORPORATE GOVERNANCE STATEMENT (CONTINUED)

BOARD COMMITTEES (CONTINUED)

3. Board Remuneration and Nomination Committee ("BRNC") (continued)

(h) Impact of Longer-Term Performance on Remuneration

- (i) In order to align variable remuneration with the Bank's long-term performance and risk controls, variable remuneration of all employees is subjected to deferral based on the threshold, deferral rate and vesting terms and conditions, as stipulated in the Bank's Variable Pay Deferral Policy.
- (ii) The deferred variable remuneration payout is subject to the achievement of risk adjusted Regional Office's KPIs.
- (iii) Forfeiture of deferred variable remuneration payout may apply where prior year failures, financial loss, misconducts, for example fraud, mis-selling of financial products, breaches or non-compliances, non-observation to corporate cultures is reported subsequently. The quantum of forfeiture depends on the magnitude of the incident.

(i) Forms of Variable Remuneration

- (i) The Bank offers most employees with a performance bonus as variable remuneration and it is calculated and paid out annually in accordance with the performance assessment result provided by BOC Group.
- (ii) Sales employees are eligible for Sales Incentive Plan as variable remuneration. The payment is based on sales achievement and observation of the Bank's core values and code of conducts.
- (iii) Total amount of remuneration received by CEO and Directors during the financial year ended 31 December 2025 are as follows:

	Wu Jun	Zhang Min	Lee Heng Guie	Dato' Tan Tian Meng	Eugene Khoo Kong Hooi
	RM'000	RM'000	RM'000	RM'000	RM'000
Fixed Remuneration - Cash based (non-deferred)	155	1,310	201	174	198
Variable Remuneration - Cash based (deferred & non-deferred)	-	543	-	-	-
Benefits-in-kind	2	47	-	-	-
TOTAL	157	1,900	201	174	198

Registration No.

200001008645 (511251-V)

BANK OF CHINA (MALAYSIA) BERHAD
(Incorporated in Malaysia)

DIRECTORS' REPORT (CONTINUED)

CORPORATE GOVERNANCE STATEMENT (CONTINUED)

BOARD COMMITTEES (CONTINUED)

3. Board Remuneration and Nomination Committee ("BRNC") (continued)

(i) Forms of Variable Remuneration (continued)

- (iv) Total amount of remuneration awarded to the Senior Management and other material risk takers ("OMRT") for the financial year ended 31 December 2025 are as follows:

	Senior Management RM'000	OMRT RM'000
Fixed Remuneration		
- Cash based (non-deferred)	4,129	13,846
- Number of officers entitled	8	27
Variable Remuneration		
- Cash based (non-deferred)	2,104	6,918
- Number of officers entitled	6	25
Variable Remuneration		
- Cash based (deferred)	713	1,286
- Number of officers entitled	5	15
Defined contribution plan ("EPF")	294	1,347
Benefits-in-kind	56	69
Total	7,296	23,466

- (v) Summary of deferred remuneration for Senior Management and OMRT:

	Senior Management RM'000	OMRT RM'000
Variable Remuneration		
- Cash based (deferred)	1,246	2,148
- Number of officers entitled	5	16
Variable Remuneration		
- Cash based (deferred vested)	492	590
- Number of officers entitled	4	13

There is no reduction value of outstanding deferred remuneration in the year 2025 due to ex-post explicit or implicit adjustments.

BANK OF CHINA (MALAYSIA) BERHAD
(Incorporated in Malaysia)

DIRECTORS' REPORT (CONTINUED)

CORPORATE GOVERNANCE STATEMENT (CONTINUED)

BOARD COMMITTEES (CONTINUED)

4. Board Information Technology Sub-Committee ("BITSC")

(a) Objective

The BITSC is established to assist BRMC to support the Board in discharging the responsibilities in overseeing the implementation of strategies of information technology ("IT") and cybersecurity related matters, ensure risk assessments undertaken in relation to material technology applications are robust and comprehensive, and ensure management meets the expectations on technology and cyber security risk management as set out in BNM's policy document on Risk Management in Technology.

(b) Membership and Attendance

The BITSC comprises at least two directors and chaired by a Non-Executive Director. In the absence of the Chairman, the remaining members present shall elect one of them to chair the meeting.

The attendance of each member at the BITSC meetings held during the financial year ended 31 December 2025 is as follows:

Members	Number of Meetings	
	Meetings attended/held	%
Lee Heng Guie (Chairman) <i>(Independent Non-Executive Director)</i>	2/2	100
Dato' Tan Tian Meng <i>(Independent Non-Executive Director)</i>	2/2	100
Chen Thien Yin <i>(Independent Non-Executive Director)</i> <i>(Appointed on 9 January 2026)</i>	Not applicable	Not applicable
Eugene Khoo Kong Hooi <i>(Independent Non-Executive Director)</i> <i>(Ceased on 8 January 2026)</i>	2/2	100

BANK OF CHINA (MALAYSIA) BERHAD
(Incorporated in Malaysia)

DIRECTORS' REPORT (CONTINUED)

CORPORATE GOVERNANCE STATEMENT (CONTINUED)

BOARD COMMITTEES (CONTINUED)

4. Board Information Technology Sub-Committee ("BITSC") (continued)

(c) Roles and Responsibilities

The BITSC shall be responsible, but are not limited to the following:

- Deliberate BOCM Group's IT and cybersecurity strategic plans, budgets, implementation and its adequacy.
- Deliberate strategic direction for IT development within BOCM Group and ensuring that IT, digitalisation, and technology related innovation strategic plans are aligned and integrated with BOCM Group's business objectives and strategies.
- Deliberate and review IT planning and strategy, including the financial, strategic benefits, objectives and risk of the proposed significant IT related projects and initiatives.
- Deliberate IT-related matters including IT risk assessment and security, and ensure effective implementation of a sound and robust technology risk management framework and cyber resilience framework.
- Oversee implementation and post implementation of IT related projects and initiatives.

5. Risk Management and Internal Control

The Board, through the BRMC, is ultimately responsible for evaluating and determining the nature and extent of risks that the Bank should take to achieve its strategic objectives, and ensuring that the Bank establishes and maintains appropriate and effective risk management framework and internal control systems. The Board provides guidance to the management to ensure effective implementation of bank-wide integrated risk management framework and internal control systems.

Management is responsible for the day-to-day operations and risk management throughout the organization, and provides assurance on the effectiveness of these systems to the Board through various committees. The Bank conducts regular review on the effectiveness of its risk management framework and internal control systems.

BANK OF CHINA (MALAYSIA) BERHAD
(Incorporated in Malaysia)

DIRECTORS' REPORT (CONTINUED)

CORPORATE GOVERNANCE STATEMENT (CONTINUED)

BOARD COMMITTEES (CONTINUED)

5. Risk Management and Internal Control (continued)

The Bank has established a comprehensive risk management framework through the Three Lines of Defence Concept, consisting of risk-taking units, risk control units and internal audit. The risk-taking units are owners of risk and they undertake the day-to-day management of risks inherent in their business activities and ensure proper implementation of the Bank's policy. Risk control units, as the second line of defense, are responsible for the identification, measurement, monitoring and escalation of the risk. Internal audit, as the third line of defense, performs independent review to ensure the adequacy, effectiveness and robustness of the Bank's risk management and internal controls. The key internal controls are summarised as follows:

- (i) The Bank has established a robust organisational structure where the responsibility, authority and accountability of key personnel have been clearly defined. The Bank has formulated policies and procedures to embed reasonable checks and balances for all operating units, safeguard the Bank's portfolio quality, and ensure adherence to relevant laws and regulations and risk management in its operations.
- (ii) The management formulates and continuously monitors the implementation of the Bank's strategies, business plans and financial budgets. The accounting and management systems are in place to provide basis for evaluating financial and operational performance.
- (iii) The Bank has set up mechanism to identify, evaluate and manage all major categories of risks and the corresponding internal control procedures and processes. The policies and procedures cover major aspects of risks including credit, market, interest rate, liquidity, operational, legal, compliance, technology, strategic, reputation and climate-related risk. The procedures for handling and dissemination of information are currently in place.
- (iv) The Bank has established risk reporting mechanism to provide the Board, management and external stakeholders such as regulators with accurate and timely information. Such information facilitates the Board, management, business units and the regulatory bodies to assess and monitor the Bank's operation and performance. Proper communication channels and reporting mechanism are in place to facilitate risk-informed decision making.
- (v) Internal audit conducts independent reviews on the Bank's key activities using risk-based approach, follows up closely on the items that require attention and reports their implementation status to the management and the Board through BAC in a timely manner.
- (vi) The BAC reviews the reports submitted by external auditors in connection with the annual audit as well as the recommendations made by regulatory bodies on risk management and internal control. The Bank's internal audit follows up closely on the same to ensure timely implementation of the recommendations, and also periodically reports the status of the implementation to management and BAC.

BANK OF CHINA (MALAYSIA) BERHAD
(Incorporated in Malaysia)

DIRECTORS' REPORT (CONTINUED)

CORPORATE GOVERNANCE STATEMENT (CONTINUED)

BOARD COMMITTEES (CONTINUED)

5. Risk Management and Internal Control (continued)

The Bank is committed to uphold good corporate governance practices. Internal control system is reviewed regularly to facilitate management and the Board to make informed and timely decision. During the year of 2025, continuous improvements on the risk management policies and procedures have been undertaken by the Bank. In response to local and global economic conditions, a fast-changing operating environment, growing convergence of regulatory expectations and business development (global and domestic trends), the Bank will continue to review the effectiveness of the risk management framework and internal control mechanism.

ACCOUNTABILITY AND AUDIT

Financial Reporting

The Board of Directors is assisted by the BAC to oversee the Bank's financial reporting process and the quality of its financial reporting, and present the Bank's financial performance and annual financial statements to BNM.

Internal Audit and Control

The Internal Audit reports functionally to the BAC of the Bank. Its function is independent of the activities or operations of other operating units of the Bank.

The Internal Audit function provides independent assurance on the adequacy and effectiveness of the Bank's systems of internal control, risk management and governance processes. Regular reviews are performed on the business operations to examine and evaluate the adequacy and efficiency of financial and operating controls. Significant risks, control weaknesses and instances of non-compliance are highlighted and where applicable, recommendations are provided to strengthen the effectiveness of risk management, internal control system and governance processes. Management is responsible for implementing agreed corrective action plans in response to audit recommendation and ensure their timely completion. Status of action plans is periodically reported to the BAC for review and oversight. The Internal Audit Plan is developed and executed based on risk-based approach, and taking into consideration input from the management, BAC and the Board of Directors.

The BAC meets on a scheduled basis to review audit reports issued by Internal Audit and further evaluates the effectiveness and adequacy of the Bank's internal control systems. The BAC exercises active oversight over Internal Audit's independence, scope of work and resources. It also reviews the annual audit plan, as well as the frequency of the internal audit activities. The Head of Internal Audit attends the BAC meetings to facilitate the deliberation of audit reports. Minutes of the BAC meetings are subsequently tabled to the Board for information.

Whistleblowing Policy

In order to safeguard the integrity of the Bank's operations, the Board establishes, reviews and together with management implements policy and procedures on whistleblowing. The whistleblowing policy is published in the Bank's website.

Board members, who had been appointed and designated as an independent non-executive director, are responsible for the effective implementation of the whistleblowing policy and procedures.

Registration No.

200001008645 (511251-V)

BANK OF CHINA (MALAYSIA) BERHAD
(Incorporated in Malaysia)

DIRECTORS' REPORT (CONTINUED)

CORPORATE GOVERNANCE STATEMENT (CONTINUED)

ACCOUNTABILITY AND AUDIT (CONTINUED)

Related Party Transactions

There were no other significant related party transactions other than as reported in Note 33 to the financial statements.

Compliance with BNM's Guidelines on Financial Reporting

In the preparation of the financial statements of the Bank, the Directors have taken reasonable steps to ensure compliance in accordance with BNM's Guidelines on Financial Reporting.

AUDITORS

The auditors, Ernst & Young PLT, have expressed their willingness to accept re-appointment as auditors.

Auditors' remuneration for the financial year is RM497,000 for the Bank. Details of auditors' remuneration is as follows:

	<u>Bank</u> <u>2025</u> RM'000
Auditors' remuneration	
Statutory audit	307*
Assurance Services	
- Regulatory-related services	190
	<hr/>
	497
	<hr/> <hr/>

*Comprises fees of RM445,000 to be borne by the Bank and group reporting fees of RM52,000 allocated from the parent group.

Signed on behalf of the Board of Directors in accordance with the approval granted by the Board of Directors dated 23 April 2026.

CHEN THIEN YIN
DIRECTOR

WU JUN
DIRECTOR

Kuala Lumpur
23 April 2026

Registration No.

200001008645 (511251-V)

BANK OF CHINA (MALAYSIA) BERHAD
(Incorporated in Malaysia)

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

We, Chen Thien Yin and Wu Jun, being two of the Directors of Bank of China (Malaysia) Berhad, do hereby state that, in the opinion of the Directors, the financial statements set out on pages 43 to 148 are drawn up in accordance with MFRS Accounting Standards ("MFRS"), IFRS Accounting Standards ("IFRS") 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 the financial performance and cash flows of the Bank for the financial year then ended.

In accordance with a resolution of the Board of Directors dated 23 April 2026.

CHEN THIEN YIN
DIRECTOR

WU JUN
DIRECTOR

Kuala Lumpur
23 April 2026

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

I, Wu Jun, being the Director primarily responsible for the financial management of Bank of China (Malaysia) Berhad, do solemnly and sincerely declare that the financial statements set out on pages 43 to 148 are, to the best of my knowledge and belief, 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.

WU JUN

Subscribed and solemnly declared by the abovenamed Wu Jun at Kuala Lumpur on 23 April 2026, before me.

COMMISSIONER FOR OATHS

Registration No.

200001008645 (511251-V)

**Independent auditors' report to the member of
Bank of China (Malaysia) Berhad
(Incorporated in Malaysia)**

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Bank of China (Malaysia) Berhad ("the Bank"), 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 43 to 148.

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 cash flows for the year then ended in accordance with MFRS Accounting Standards, IFRS Accounting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for opinion

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

Independence and other ethical responsibilities

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

Registration No.

200001008645 (511251-V)

200001008645 (511251-V)

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

Information other than the financial statements and auditors' report thereon

The directors of the Bank are responsible for the other information. The other information comprises the Directors' Report, 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.

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

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

Responsibilities of the directors for the financial statements

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

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

Registration No.

200001008645 (511251-V)

200001008645 (511251-V)

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

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Bank as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements of the Bank, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Bank or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Bank to cease to continue as a going concern.

Registration No.

200001008645 (511251-V)

200001008645 (511251-V)

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

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

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

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

Other matters

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

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

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

Kuala Lumpur, Malaysia
23 April 2026

Registration No.

200001008645 (511251-V)

BANK OF CHINA (MALAYSIA) BERHAD
(Incorporated in Malaysia)

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2025

	Note	<u>2025</u> RM'000	<u>Bank</u> <u>2024</u> RM'000
ASSETS			
Cash and short-term funds	2	4,354,394	3,331,258
Deposits and placements with banks and other financial institutions	3	2,378,862	1,093,468
Derivative financial assets	4	75,738	89,968
Debt instruments at fair value through other comprehensive income ("FVOCI")	5	3,118,774	2,303,458
Equity instruments at FVOCI	6	14,145	15,155
Equity instrument at fair value through profit and loss ("FVTPL")	7	-	950
Debt instruments at amortised cost	8	70,169	70,183
Loans and advances	9	11,467,972	11,540,538
Other assets	10	86,841	18,356
Right-of-use assets	11	37,355	18,626
Tax recoverable		-	14,264
Deferred tax assets	12	19,975	31,148
Statutory deposits with Bank Negara Malaysia	13	65,000	116,000
Investment in a subsidiary	14	-	1,000
Property and equipment	15	40,875	40,455
Intangible assets	16	1,138	1,903
TOTAL ASSETS		<u>21,731,238</u>	<u>18,686,730</u>
LIABILITIES AND EQUITY			
Deposits from customers	17	12,545,357	10,481,355
Deposits and placements of banks and other financial institutions	18	4,493,955	3,788,462
Derivative financial liabilities	4	75,084	88,726
Other liabilities	19	630,316	381,884
Other borrowing	20	175,120	314,434
Provision for taxation		641	-
Subordinated loan	21	1,273,508	1,402,981
TOTAL LIABILITIES		<u>19,193,981</u>	<u>16,457,842</u>
Share capital	22	814,734	760,518
Reserves	23	1,722,523	1,468,370
TOTAL EQUITY		<u>2,537,257</u>	<u>2,228,888</u>
TOTAL LIABILITIES AND EQUITY		<u>21,731,238</u>	<u>18,686,730</u>
COMMITMENTS AND CONTINGENCIES	35	<u>16,739,908</u>	<u>14,732,746</u>

BANK OF CHINA (MALAYSIA) BERHAD
(Incorporated in Malaysia)

**STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025**

	Note	Group	Bank	
		1 January 2024 to 17 November 2024 RM'000	1 January 2025 to 31 December 2025 RM'000	1 January 2024 to 31 December 2024 RM'000
Operating revenue	24	936,885	952,624	932,836
Interest income	25	791,753	807,057	791,753
Interest expense	26	(458,511)	(458,221)	(458,511)
Net interest income		333,242	348,836	333,242
Other operating income	27	145,132	145,567	141,083
Other operating expenses	28	(182,459)	(183,945)	(181,043)
Operating profit before expected credit losses ("ECL")		295,915	310,458	293,282
Reversal of ECL/(ECL charge) for loans, advances and other financial assets	30	5,598	(12,932)	5,703
Profit before taxation		301,513	297,526	298,985
Taxation	31	(70,794)	(71,877)	(72,589)
Net profit for the financial period/year		230,719	225,649	226,396
Other comprehensive income:				
Items that will be reclassified subsequently to profit or loss when specific conditions are met:				
- Net fair value changes in debt instruments at FVOCI, net of tax		1,863	28,209	1,863
- Net changes in ECL in debt instruments at FVOCI	5	141	292	141
- Net (loss)/gain on foreign exchange translation		(11)	3	(11)
Total comprehensive income for the financial period/year, net of tax		232,712	254,153	228,389
Earnings per share				
- Basic/fully diluted (sen)	32	30.34		

Registration No.

200001008645 (511251-V)

BANK OF CHINA (MALAYSIA) BERHAD
(Incorporated in Malaysia)

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

	Non-distributable			Distributable		Total RM'000
	Share capital RM'000	Foreign exchange reserve RM'000	Fair value through other comprehensive reserve RM'000	Regulatory reserve RM'000	Retained profits RM'000	
<u>Group</u>						
As at 1 January 2024	760,518	11	8,160	55,000	1,175,102	1,998,791
Profit for the financial year	-	-	-	-	230,719	230,719
Distribution from liquidation of subsidiary	-	-	-	-	(2,615)	(2,615)
Other comprehensive (expense)/income, net of tax	-	(11)	2,004	-	-	1,993
Total comprehensive (expense)/income for the financial year, net of tax	-	(11)	2,004	-	228,104	230,097
Deconsolidation upon commencement of liquidation of the subsidiary (Note 14)	(760,518)	-	(10,164)	(55,000)	(1,403,206)	(2,228,888)
As at 31 December 2024	-	-	-	-	-	-

Registration No.

200001008645 (511251-V)

BANK OF CHINA (MALAYSIA) BERHAD
(Incorporated in Malaysia)

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025 (CONTINUED)

	Non-distributable			Distributable		Total RM'000
	Share capital RM'000	Foreign exchange reserve RM'000	Fair value through other comprehensive reserve RM'000	Regulatory reserve RM'000	Retained profits RM'000	
<u>Bank</u>						
As at 1 January 2025	760,518	-	10,164	55,000	1,403,206	2,228,888
Profit for the financial year	-	-	-	-	225,649	225,649
Other comprehensive income, net of tax	-	3	28,501	-	-	28,504
Total comprehensive income for the financial year, net of tax	-	3	28,501	-	225,649	254,153
Issue of share capital	54,216	-	-	-	-	54,216
Transfer from retained profits to regulatory reserve	-	-	-	55,000	(55,000)	-
As at 31 December 2025	<u>814,734</u>	<u>3</u>	<u>38,665</u>	<u>110,000</u>	<u>1,573,855</u>	<u>2,537,257</u>
As at 1 January 2024	760,518	11	8,160	55,000	1,176,810	2,000,499
Profit for the financial year	-	-	-	-	226,396	226,396
Other comprehensive (expense)/income, net of tax	-	(11)	2,004	-	-	1,993
Total comprehensive (expense)/income for the financial year, net of tax	-	(11)	2,004	-	226,396	228,389
As at 31 December 2024	<u>760,518</u>	<u>-</u>	<u>10,164</u>	<u>55,000</u>	<u>1,403,206</u>	<u>2,228,888</u>

Registration No.

200001008645 (511251-V)

BANK OF CHINA (MALAYSIA) BERHAD
(Incorporated in Malaysia)

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

		<u>Group</u>	<u>Bank</u>
		1 January 2024 to 17 November 2024 RM'000	1 January 2025 to 31 December 2025 RM'000
	<u>Note</u>		1 January 2024 to 31 December 2024 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		301,513	297,526
Adjustments for:			
Depreciation of property and equipment	28	5,444	5,068
Depreciation of right-of-use assets	28	8,078	7,419
Amortisation of intangible assets	28	1,221	1,130
Amortisation of premium less accretion of discount	25	9,906	7,748
(Reversal of ECL)/ECL charge for loans, advances and other financial assets	30	(4,447)	15,900
Bad debt recovered during the year	30	(1,151)	(2,968)
Interest income from debt instruments at FVOCI	25	(81,102)	(101,959)
Interest income from debt instruments at amortised cost	25	(2,583)	(2,576)
Finance cost on lease liabilities	28	857	886
Interest expense on other borrowing	26	6,491	9,491
Interest expense on subordinated loan	26	88,955	70,645
Unrealised foreign exchange gain	27	(2,215)	(17,419)
Net loss on revaluation of derivatives	27	329	587
Unrealised gain on equity instrument at FVTPL	27	(977)	-
Net gain on disposal of equity instrument at FVTPL	27	-	(181)
Net gain on disposal of property and equipment	27	(1,700)	(210)
Dividend income received from equity instruments at FVOCI	27	(60)	(60)
Gain on liquidation of investment in subsidiary	27	-	(2,629)
Property and equipment written-off	28	25	50
Operating profit before changes in operating assets and liabilities		328,584	288,448
(INCREASE)/DECREASE IN OPERATING ASSETS			
Deposits and placements with banks and other financial institutions		(1,003,844)	(1,285,509)
Loans and advances		(1,112,632)	58,209
Right-of-use assets		190	(26,148)
Other assets		1,651	(70,143)

Registration No.

200001008645 (511251-V)

BANK OF CHINA (MALAYSIA) BERHAD
(Incorporated in Malaysia)

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025 (CONTINUED)

	<u>Group</u>	<u>Bank</u>	
	1 January 2024 to 17 November <u>2024</u> RM'000	1 January 2025 to 31 December <u>2025</u> RM'000	1 January 2024 to 31 December <u>2024</u> RM'000
<u>Note</u>			
Tax recoverable	1,942	-	-
Statutory deposits with Bank Negara Malaysia	(24,000)	51,000	(24,000)
	<u>(1,808,109)</u>	<u>(984,143)</u>	<u>(1,817,555)</u>
INCREASE/(DECREASE) IN OPERATING LIABILITIES			
Deposits from customers	883,733	2,064,002	882,545
Deposits and placements of banks and other financial institutions	758,868	705,493	758,868
Other liabilities	52,148	254,520	60,337
Subordinated loan	(35,649)	(125,861)	(35,649)
	<u>(149,009)</u>	<u>1,914,011</u>	<u>(151,454)</u>
Cash (used in)/generated from operating activities		19,718	-
Taxes recovered	-	(74,425)	(69,780)
Taxes paid	<u>(69,780)</u>	<u>(74,425)</u>	<u>(69,780)</u>
	<u>(218,789)</u>	<u>1,859,304</u>	<u>(221,234)</u>
Net cash (used in)/generated from operating activities			
CASH FLOWS FROM INVESTING ACTIVITIES			
Dividend income received from equity instrument at FVOCI	60	60	60
Purchase of property and equipment	15 (1,723)	(5,890)	(1,723)
Proceeds from disposal of property and equipment	1,700	313	69
Purchase of intangible assets	16 -	(159)	-
Distribution from liquidation of subsidiary	14 (1,887)	3,629	-
Purchases of debt instruments at FVOCI	(1,093,173)	(1,048,060)	(1,093,173)
Proceeds from debt instruments at FVOCI	782,180	270,000	782,180
Proceeds from disposal of equity instrument at FVTPL	-	1,134	-
Interest received on debt instruments at FVOCI	77,582	95,081	77,582

Registration No.

200001008645 (511251-V)

BANK OF CHINA (MALAYSIA) BERHAD
(Incorporated in Malaysia)

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025 (CONTINUED)

	<u>Group</u>	<u>Bank</u>
	1 January 2024 to 17 November <u>2024</u> RM'000	1 January 2025 to 31 December <u>2025</u> RM'000
<u>Note</u>	<u>2024</u>	<u>2025</u>
	RM'000	RM'000
Interest received on debt instruments at amortised cost	2,583	2,591
Net cash used in investing activities	<u>(232,678)</u>	<u>(681,301)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Payment of lease liabilities	(8,884)	(8,416)
Proceed from other borrowing	313,378	1,995,770
Maturity of other borrowing	-	(2,112,511)
Proceed from issuance of share capital	-	54,216
Interest paid on other borrowing	(5,488)	(9,669)
Interest paid on subordinated loan	(92,067)	(74,257)
Net cash generated from/(used in) financing activities	<u>206,939</u>	<u>(154,867)</u>
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS DURING THE FINANCIAL PERIOD/YEAR	(244,528)	1,023,136
DECONSOLIDATION UPON COMMENCEMENT OF LIQUIDATION OF THE SUBSIDIARY (NOTE 14)	(3,332,986)	-
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD/YEAR	<u>3,577,514</u>	<u>3,331,258</u>
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD/YEAR	<u>2</u> -	<u>4,354,394</u>
		<u>3,331,258</u>

BANK OF CHINA (MALAYSIA) BERHAD
(Incorporated in Malaysia)

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025 (CONTINUED)

(i) An analysis of changes in liabilities arising from financing activities is as follow:

<u>Group</u>	<u>Other Borrowing</u> RM'000	<u>Subordinated Loan</u> RM'000	<u>Lease Liabilities</u> RM'000	<u>Total</u> RM'000
At 1 January 2024	-	1,441,742	28,491	1,470,233
Repayment	-	-	(8,884)	(8,884)
Placement	313,378	-	-	313,378
Interest paid	(5,488)	(92,067)	(857)	(98,412)
Interest accrued	6,491	88,955	857	96,303
Exchange differences	-	(35,649)	-	(35,649)
Other non-cash movement	53	-	(4,777)	(4,724)
Deconsolidation upon commencement of liquidation of the subsidiary	(314,434)	(1,402,981)	(14,830)	(1,732,245)
At 31 December 2024	-	-	-	-
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
	<u>Other Borrowing</u>	<u>Subordinated Loan</u>	<u>Lease Liabilities</u>	<u>Total</u>
<u>Bank</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
At 1 January 2025	314,434	1,402,981	14,830	1,732,245
Repayment	(2,112,511)	-	(8,416)	(2,120,927)
Placement	1,995,770	-	-	1,995,770
Interest paid	(9,669)	(74,257)	(886)	(84,812)
Interest accrued	9,491	70,645	886	81,022
Exchange differences	(22,395)	(125,861)	-	(148,256)
Other non-cash movement	-	-	27,036	27,036
At 31 December 2025	175,120	1,273,508	33,450	1,482,078
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
At 1 January 2024	-	1,441,742	22,698	1,464,440
Repayment	-	-	(8,370)	(8,370)
Placement	313,378	-	-	313,378
Interest paid	(5,488)	(92,067)	(776)	(98,331)
Interest accrued	6,491	88,955	776	96,222
Exchange differences	-	(35,649)	-	(35,649)
Other non-cash movement	53	-	502	555
At 31 December 2024	314,434	1,402,981	14,830	1,732,245

Registration No.

200001008645 (511251-V)

BANK OF CHINA (MALAYSIA) BERHAD
(Incorporated in Malaysia)

**SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025**

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements.

A BASIS OF PREPARATION

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

The financial statements of the Group and the Bank are presented in Ringgit Malaysia ("RM") and all values are rounded to the nearest thousand ("RM'000").

The financial statements have been prepared under the historical cost convention, as modified by the fair value through other comprehensive income financial assets, and financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.

The preparation of financial statements in conformity with MFRS requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reported period. It also requires Directors to exercise their judgment in the process of applying the Group and Bank's accounting policies. Although these estimates and judgment are based on the Directors' best knowledge of current events and actions, actual results may differ. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 40.

Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial years except as follows:

Amendments to MFRSs effective for the annual periods beginning on or after 1 January 2025

- Amendments to MFRS 121, The Effect of Changes in Foreign Exchange Rate - *Lack of Exchangeability*

The initial application of these Amendments did not have any significant impact on the current period or any prior period of the financial position or performance of the Bank.

Registration No.

200001008645 (511251-V)

BANK OF CHINA (MALAYSIA) BERHAD
(Incorporated in Malaysia)

**SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025 (CONTINUED)**

A BASIS OF PREPARATION (CONTINUED)

The Bank has not applied the following Amendments and new standards for the financial year beginning on 1 January 2025:

Amendments effective for the annual 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*)
- Amendments to MFRS Accounting Standards contained in the document entitled “Annual Improvements to MFRS Accounting Standards – Volume 11”
- Amendments to MFRS 7 and MFRS 9, *Contracts Referencing Nature-dependent Electricity*

MFRSs effective for the annual periods beginning on or after 1 January 2027

- MFRS 18, *Presentation and Disclosure in Financial Statements*
- MFRS 19, *Subsidiaries without Public Accountability: Disclosures*
- Amendments to MFRS 121, *The Effect of Changes in Foreign Exchange Rate – Translation to a Hyperinflationary Presentation Currency*

Effective date of these Amendments to Standards has been deferred, pending further announcement

- Amendments to MFRS 10 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 apply the above mentioned Amendments, MFRSs, and Amendments to Standards when they become effective in the respective financial periods. The initial application of the Amendments, MFRSs, and Amendments are not expected to have any significant impact on the current period or any prior period of the financial position or performance of the Bank.

Registration No.

200001008645 (511251-V)

BANK OF CHINA (MALAYSIA) BERHAD
(Incorporated in Malaysia)

**SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025 (CONTINUED)**

B BASIS OF CONSOLIDATION

The consolidated financial statements comprise the financial statements of the Bank and its subsidiary as at the reporting date. The financial statements of the subsidiary used in the preparation of the consolidated financial statements is prepared using the same reporting date as the Bank. Consistent accounting policies are applied for transactions and events in similar circumstances.

The Bank controls an investee if and only if the Bank has all the following:

- (i) Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- (ii) Exposure, or rights, to variable returns from its investment with the investee; and
- (iii) The ability to use its power over the investee to affect its returns.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases. All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full.

Losses within a subsidiary are attributed to the non-controlling interests even if that results in a deficit balance.

Changes in the Group's ownership interests in a subsidiary that do not result in the Group losing control over the subsidiary is accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. The resulting difference is recognised directly in equity and attributed to owners of the Bank.

When the Group loses control of a subsidiary, a gain or loss calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets and liabilities of the subsidiary and any non-controlling interest, is recognised in profit or loss.

BANK OF CHINA (MALAYSIA) BERHAD
(Incorporated in Malaysia)

**SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025 (CONTINUED)**

B BASIS OF CONSOLIDATION (CONTINUED)

The subsidiary's cumulative gain or loss which has been recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss or where applicable, transferred directly to retained earnings. The fair value of any investment retained in the former subsidiary at the date control is lost is regarded as the cost on initial recognition of the investment.

In the Bank's separate financial statements, investment in a subsidiary is accounted for at cost less impairment losses. On disposal of such investments, the difference between net disposal proceeds and the carrying amount is included in profit or loss.

Business combinations

Acquisitions of subsidiaries are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. The Group elects on a transaction-by-transaction basis whether to measure the non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Transaction costs incurred are expensed and included in administrative expenses.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of MFRS 9 *Financial Instruments*, is measured at fair value with the changes in fair value recognised in the statements of profit or loss in accordance with MFRS 9. Other contingent consideration that is not within the scope of MFRS 9 is measured at fair value at each reporting date with changes in fair value recognised in profit or loss.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combinations achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

Subsidiary

A subsidiary is an investee and entity over which the Group has control. A subsidiary is an entity over which the Group has control as defined:

- (i) Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- (ii) Exposure, or rights, to variable returns from its investment with the investee; and
- (iii) The ability to use its power over the investee to affect its returns.

Registration No.

200001008645 (511251-V)

BANK OF CHINA (MALAYSIA) BERHAD
(Incorporated in Malaysia)

**SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025 (CONTINUED)**

C PROPERTY AND EQUIPMENT

Property and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Cost includes expenditure that is directly attributable to the acquisition of the property and equipment.

Depreciation of property and equipment, except for freehold land is calculated to write-down the costs of the property and equipment, or their revalued amounts, to their residual values on a straight-line basis over their estimated useful lives as follows:

Computer equipment	3 years
Motor vehicles	6 years
Office equipment and furniture	5 to 10 years
Renovations	5 years
Buildings	30 to 35 years
ATM machine	3 years

Depreciation on work-in-progress commences when the assets are ready for their intended use.

Freehold land is not depreciated.

The assets' residual values and useful lives are reviewed and adjusted if appropriate at each reporting date.

At each reporting date, the Bank assesses whether there is any indication of impairment. If such indication exists, an analysis is performed to assess whether the carrying amount of the asset is fully recoverable. Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount. See Note H in summary of material accounting policy information on impairment of non-financial assets.

Repairs and maintenance are charged to profit or loss during the period in which they are incurred. The cost of major renovations is included in the carrying amount of the asset when it is probable that future economic benefits in excess of the originally assessed standard of performance of the existing asset will flow to the Bank. Major renovations are depreciated over the remaining useful life of the related asset.

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

BANK OF CHINA (MALAYSIA) BERHAD
(Incorporated in Malaysia)

**SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025 (CONTINUED)**

D INTANGIBLE ASSETS

Computer Software

Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised on a straight-line basis over their estimated useful lives of 3 years.

Costs associated with developing or maintaining computer software programmes are recognised as an expense when incurred.

E 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 incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and lease term.

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 of assets that are considered of low-value. Lease payments on short-term leases and leases of low-value assets are recognised as expense when incurred.

F FINANCIAL ASSETS

A financial asset is any asset that is cash, a contractual right to receive cash or another financial asset from another enterprise, a contractual right to exchange financial instruments with another enterprise under conditions that are potentially favourable, or an equity instrument of another enterprise.

(a) Recognition and initial measurement

Financial assets are classified, at initial recognition and subsequently measured at amortised cost, FVOCI and FVTPL.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Bank's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Bank had applied the practical expedient, the Bank initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

In order for a financial asset to be classified and measured at amortised cost or FVOCI, it needs to give rise to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

BANK OF CHINA (MALAYSIA) BERHAD
(Incorporated in Malaysia)

**SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025 (CONTINUED)**

F FINANCIAL ASSETS (CONTINUED)

(a) Recognition and initial measurement (continued)

The Bank's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. This assessment is performed at a portfolio level.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Bank commits to purchase or sell the asset.

(b) Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- (i) Financial assets at amortised cost (debt instruments);
- (ii) Financial assets at FVOCI with recycling of cumulative gains and losses (debt instruments);
- (iii) Financial assets designated at FVOCI without recycling of cumulative gains and losses upon derecognition (equity instruments); and
- (iv) Financial assets at FVTPL.

(c) Classification

The Bank classifies all of its financial assets based on the business model for managing the assets and the asset's contractual terms, measured at either:

(i) Debt instruments at amortised cost

The Bank measures financial assets at amortised cost if both of the following conditions are met:

- (a) The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- (b) The contractual terms of the financial asset give rise on specified dates to cash flows that are SPPI on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest rate ("EIR") method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

BANK OF CHINA (MALAYSIA) BERHAD
(Incorporated in Malaysia)

**SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025 (CONTINUED)**

F FINANCIAL ASSETS (CONTINUED)

(c) Classification (continued)

(ii) Debt instruments at FVOCI

Financial assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent SPPI, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in the statements of comprehensive income. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to the statements of comprehensive income and recognised in net realised gain/(loss) on financial instruments. Interest income from these financial assets are included in interest income using the effective interest rate method. Foreign exchange gains and losses are presented in other income and impairment expenses are presented as separate line item in the statements of comprehensive income.

(iii) Equity instruments at FVOCI without recycling

Upon initial recognition, the Bank may elect to classify irrevocably an equity investments that is not held for trading at FVOCI. Such classification is determined on an instrument-by-instrument basis. When this election is used, fair value gain and losses are recognised in other comprehensive income and are not subsequently reclassified to profit or loss, including on disposal.

Dividends are recognised as other income in the statements of comprehensive income when the right of payment has been established, except when the Bank benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at FVOCI are not subject to impairment assessment.

The Bank elected to classify irrevocably its non-listed equity investments under this category.

(iv) Financial assets at FVTPL

Financial assets at FVTPL are financial assets held for trading. A financial asset is classified in this category if it is acquired or incurred principally for the purpose of selling or repurchasing it in the near term. Derivatives are also categorised as held for trading unless they are designated as hedges.

Financial assets may be designated at FVTPL when:

- the designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities on a different basis; or
- a group of financial assets is managed and its performance evaluated on a fair value basis; or
- the assets include embedded derivatives and such derivatives are required to be recognised separately.

BANK OF CHINA (MALAYSIA) BERHAD
(Incorporated in Malaysia)

**SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025 (CONTINUED)**

F FINANCIAL ASSETS (CONTINUED)

(d) Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when the rights to receive cash flows from the financial asset have expired. The Bank also derecognises the financial asset if they have both transferred the financial asset and the transfer qualifies for derecognition.

The Bank has transferred the financial asset if, and only if, either:

- transfer substantially all the risks and rewards of ownership, or
- neither transfer nor retain substantially all the risks and rewards of ownership and have not retained control.

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

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference between the carrying value of the original financial liability and the consideration paid is recognised in profit or loss.

(e) Modification

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

(f) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statements 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 defaults, insolvency or bankruptcy.

Registration No.

200001008645 (511251-V)

BANK OF CHINA (MALAYSIA) BERHAD
(Incorporated in Malaysia)

**SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025 (CONTINUED)**

G IMPAIRMENT OF FINANCIAL ASSETS

The Group and the Bank recognise allowance for expected credit loss ("ECL") for all financial assets classified as debt instruments not held at FVTPL and FVOCI without recycling. ECL is based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group and the Bank expect to receive, discounted at an approximation of the original effective interest rate. The expected cash flows include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECL is recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECL is provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there is a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For other assets, the Group and the Bank apply a simplified approach in calculating ECL. Therefore, the Group and the Bank do not track changes in credit risk, but instead recognise a loss allowance based on lifetime ECL at each reporting date.

The Group and the Bank consider a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group and the Bank may also consider a financial asset to be in default when internal or external information indicates that the Group and the Bank are unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group and the Bank. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

H IMPAIRMENT OF NON-FINANCIAL ASSETS

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment losses whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is the higher of an asset's net selling price and value in use. For the purpose of assessing impairment, assets are grouped at the lowest level for which there are separately identifiable cash flows (cash generating units).

The impairment loss is charged to statements of comprehensive income unless it reverses a previous revaluation in which case it is charged to the revaluation surplus. Any subsequent increase in recoverable amount, other than goodwill, is recognised in statements of comprehensive income unless it reverses an impairment loss on a revalued asset, in which case it is taken to revaluation surplus.

I CASH AND CASH EQUIVALENTS

For the purpose of the statements of cash flows, cash and cash equivalents comprise cash in hand, bank balances and deposit placements with original maturity of less than one month held for the purpose of meeting short-term commitments and are readily convertible into cash without significant risk of change in value.

Registration No.

200001008645 (511251-V)

BANK OF CHINA (MALAYSIA) BERHAD
(Incorporated in Malaysia)

**SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025 (CONTINUED)**

J 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 receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Bank and payments of penalties for terminating the lease, if the lease term reflects the Bank exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Bank uses its incremental borrowing rate 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 the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the 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.

K FINANCIAL LIABILITIES

A financial liability is a contractual obligation to deliver cash or another financial asset to another enterprise, or to exchange financial instruments with another enterprise under conditions that are potentially unfavourable.

The Bank's holding in financial liabilities are financial liabilities at fair value through profit or loss (including financial liabilities held for trading and those that are designated at fair value) and financial liabilities at amortised cost. Financial liabilities are derecognised when extinguished. When an existing financial liability is replaced by another financial liability from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in statements of comprehensive income.

(a) Financial liabilities at FVTPL

Financial liabilities at FVTPL are financial liabilities held of trading. A financial liability is classified as held for trading if it is acquired or incurred principally for the purpose of repurchasing it in the near term or if it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking. Derivatives are also categorised as held for trading unless they are designated as hedges.

Financial liabilities at FVTPL are initially recognised at fair value, and transaction costs are expensed in statements of comprehensive income. Financial liabilities at FVTPL or loss are subsequently stated at fair value, with any resultant gains or losses recognised in statements of comprehensive income.

BANK OF CHINA (MALAYSIA) BERHAD
(Incorporated in Malaysia)

**SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025 (CONTINUED)**

K FINANCIAL LIABILITIES (CONTINUED)

(b) Financial liabilities measured at amortised cost

Financial liabilities that are not classified as at FVTPL fall into this category. Financial liabilities measured at amortised cost are mainly deposits from banks or customers and bills and acceptances payable.

Bills and acceptance payable represent the Bank's own bills and acceptances rediscounted and outstanding in the market.

Financial liabilities measured at amortised cost are initially recognised at fair value plus transaction costs and are subsequently measured at amortised costs using the effective interest method. Gains and losses are recognised in statements of comprehensive income when the liabilities are derecognised.

L SUBORDINATED LIABILITIES

Subordinated liabilities of the Bank are measured at amortised cost using the effective interest method, except for the portions which are fair value hedged, which are adjusted for the fair value gains or losses attributable to the hedged risks. Interest expense on subordinated liabilities of the Bank are recognised on an accrual basis.

M FINANCIAL GUARANTEE CONTRACTS

Financial guarantee contracts are contracts that require the Bank 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.

Financial guarantee contracts are recognised as a financial liability at the time the guarantee is issued. The fair value of a financial guarantee at the time of signature is zero because all guarantees are agreed on arm's length terms and the value of the premium agreed corresponds to the fair value of the guarantee obligation. No receivable for the future premiums is recognised.

The liability is initially measured at fair value and subsequently at the higher amount determined in accordance with MFRS 137 *Provisions, Contingent Liabilities and Contingent Assets* and the amount initially recognised less cumulative amortisation in accordance with MFRS 15 *Revenue from Contracts with Customers*, where appropriate.

The fair value of financial guarantees is determined as the present value of the difference in net cash flows between the contractual payments under the debt instrument and the payments that would be required without the guarantee, or the estimated amount that would be payable to a third party for assuming the obligations.

Where financial guarantees in relation to loans or payables of subsidiaries are provided by the Bank for no compensation, the fair values are accounted for as contributions and recognised as part of the cost of investment in subsidiaries.

Registration No.

200001008645 (511251-V)

BANK OF CHINA (MALAYSIA) BERHAD
(Incorporated in Malaysia)

**SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025 (CONTINUED)**

N PROVISIONS

Provisions are recognised when the Bank has a present legal or constructive obligation as a result of past events, when it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made.

Where the Bank expects a provision to be reimbursed (for example, under an insurance contract), the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as finance cost expense.

O DIVIDENDS PAYABLE

Dividends on ordinary shares are recognised as liabilities when shareholder's right to receive the dividend is established.

P CONTINGENT LIABILITIES AND CONTINGENT ASSETS

The Bank does not recognise a contingent liability but disclose its existence in the financial statements. A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Bank or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in the extremely rare case where there is a liability that cannot be recognised because it cannot be measured reliably.

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

BANK OF CHINA (MALAYSIA) BERHAD
(Incorporated in Malaysia)

**SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025 (CONTINUED)**

Q RECOGNITION OF INTEREST INCOME

Interest income is recognised on an accrual basis using the EIR method.

The EIR is the rate that discounts estimated future cash receipts or payments through the expected life of the financial instrument or, when appropriate, a shorter period to its carrying amount. The calculation includes significant fees and transaction costs that are integral to the EIR, as well as premiums or discounts.

When a loan and receivable is impaired, the Group and the Bank reduce the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original EIR of the instrument, and continue unwinding the discount as interest income. Interest income on impaired loan and receivables are recognised using the original EIR.

Interest income from securities portfolio is recognised on an accrual basis using the EIR method. The interest income includes coupons earned/accrued and accretion/amortisation of discount/premium on these securities.

R RECOGNITION OF FEES AND OTHER INCOME

Loan arrangement fees and commissions are recognised as income when all conditions precedent are fulfilled.

Commitment fees and guarantee fees which are material are recognised as income based on time apportionment.

Dividends are recognised when the shareholders' right to receive payment is established. This applies even if they are paid out of the pre-acquisition profits. Dividend income received from a subsidiary and financial assets at FVOCI are recognised as dividend income in statements of comprehensive income.

Other income and any related costs are recognised on an accrual basis when the transactions have been carried out.

S CURRENCY TRANSLATIONS

(a) Functional and presentation currency

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

(b) 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 profit or loss.

Registration No.

200001008645 (511251-V)

BANK OF CHINA (MALAYSIA) BERHAD
(Incorporated in Malaysia)

**SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025 (CONTINUED)**

T INCOME TAX

Current tax

Current tax expense is determined according to the tax laws of each jurisdiction in which the Group and the Bank operate and include all taxes based upon the taxable profits for the financial year.

Deferred tax

Deferred tax is recognised in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax is 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 profit will be available against which the deductible temporary differences or unused tax losses can be utilised.

Deferred tax is recognised on temporary differences principally arising from depreciation of property and equipment, amortisation of intangible assets and provision for other liabilities.

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

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same tax authority.

U EMPLOYEE BENEFITS

Short-term employee benefits

Wages, salaries, paid annual leave and sick leave, bonuses, and non-monetary benefits are accrued in the period in which the associated services are rendered by employees of the Group and the Bank.

Post-employment benefits - defined contribution plans

A defined contribution plan is a pension plan under which the Group and the Bank pay 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 employees benefits relating to employee service in the current and prior periods.

The Group's and the Bank's contributions to the defined contribution plan are charged to statements of comprehensive income in the period to which they relate. Once the contributions have been paid, the Group and the Bank have no further payment obligations.

Registration No.

200001008645 (511251-V)

BANK OF CHINA (MALAYSIA) BERHAD
(Incorporated in Malaysia)

**SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025 (CONTINUED)**

V **DERIVATIVE FINANCIAL INSTRUMENTS**

The Bank is a party to derivative financial instruments that comprise foreign currency related contracts. These instruments are measured at fair value and are carried as assets when the fair value is positive and as liabilities when fair value is negative.

The method of recognising the resulting fair value gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. If hedge accounting is applied, the Bank designates certain derivatives as either:

Fair value hedge

Where a derivative financial instrument hedges the change in fair value of a recognised asset or liability, any gain or loss on the hedging instrument is recognised in profit or loss. The hedged item is also stated at fair value in respect of the risk being hedged, with any gain or loss being recognised in profit or loss to offset the value change on the hedging instrument.

Cash flow hedge

Gains and losses on the hedging instrument, to the extent that the hedge is effective, are recorded in OCI and deferred in equity. The deferred gains or losses are released to profit or loss when the hedged cash flow items affect profit or loss. The ineffective part of any gain or loss is recognised in profit or loss immediately.

Net investment hedge

Hedges of net investments in foreign operations are accounted for similarly to cash flow hedges. Any gain or loss on the hedging instrument relating to the effective portion of the hedge is recognised in OCI and deferred in equity. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss.

Gains and losses accumulated in the equity are recycled to profit or loss when the foreign operation is partially disposed or sold.

Derivatives that do not qualify for hedge accounting

For derivative instruments that do not qualify for hedge accounting, their changes in the fair values are recognised immediately in statements of comprehensive income.

Registration No.

200001008645 (511251-V)

BANK OF CHINA (MALAYSIA) BERHAD
(Incorporated in Malaysia)

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

1 GENERAL INFORMATION

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

The immediate holding company of the Bank is Bank of China (Hong Kong) Limited, which is incorporated in Hong Kong whereas the penultimate holding company is Bank of China Limited and the ultimate holding company is Central Huijin Investment Ltd, both incorporated in China.

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

The address of the registered office of the Bank is Second Floor, Plaza OSK, Jalan Ampang, 50450 Kuala Lumpur.

2 CASH AND SHORT-TERM FUNDS

	<u>2025</u>	<u>Bank</u>
	RM'000	2024
		RM'000
Cash and balances with banks and other financial institutions	463,015	292,501
Cash in hand	18,321	24,470
Money at call and deposit placements with original maturity within one month	3,873,378	3,014,492
	<u>4,354,714</u>	<u>3,331,463</u>
Less: ECL	(320)	(205)
	<u>4,354,394</u>	<u>3,331,258</u>

Movements in ECL on cash and short-term funds:

	<u>Group</u>		<u>Bank</u>
	<u>2024</u>	<u>2025</u>	<u>2024</u>
	RM'000	RM'000	RM'000
Stage 1 (12-month ECL):			
As at 1 January	220	205	220
ECL (written-back)/made during the financial year (Note 30)	(15)	115	(15)
Deconsolidation upon commencement of liquidation of the subsidiary	(205)	-	-
	<u>-</u>	<u>320</u>	<u>205</u>

Registration No.

200001008645 (511251-V)

BANK OF CHINA (MALAYSIA) BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025 (CONTINUED)

3 DEPOSITS AND PLACEMENTS WITH BANKS AND OTHER FINANCIAL INSTITUTIONS

	<u>2025</u>	<u>Bank</u> <u>2024</u>
	RM'000	RM'000
Licensed banks	2,379,128	1,093,619
Less: ECL	(266)	(151)
	<u>2,378,862</u>	<u>1,093,468</u>

Movements in ECL on Deposits and Placements with Banks and Other Financial Institutions:

	<u>Group</u> <u>2024</u>	<u>2025</u>	<u>Bank</u> <u>2024</u>
	RM'000	RM'000	RM'000
Stage 1 (12-month ECL):			
As at 1 January	5	151	5
ECL made during the financial year (Note 30)	146	115	146
Deconsolidation upon commencement of liquidation of the subsidiary	(151)	-	-
As at 31 December	<u>-</u>	<u>266</u>	<u>151</u>

Registration No.

200001008645 (511251-V)

BANK OF CHINA (MALAYSIA) BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025 (CONTINUED)

4 DERIVATIVE FINANCIAL ASSETS/(LIABILITIES)

Derivative financial instruments are financial instruments whose values change in response to changes in prices or rates (such as foreign exchange rates, interest rates and security prices) of the underlying instruments. These instruments are used by the Bank for economic hedges and also transacted for proprietary trading purposes.

The contractual or underlying principal amounts of these derivative financial instruments and their corresponding gross positive (derivative financial assets) and gross negative (derivative financial liabilities) fair values at the reporting date are analysed below.

<u>Bank</u>	Contract or underlying principal amount RM'000	Derivative financial assets RM'000	Derivative financial liabilities RM'000
<u>31 December 2025</u>			
Foreign exchange related contracts	8,328,249	39,337	(38,648)
Interest rate related contracts	1,453,891	36,401	(36,436)
	<u>9,782,140</u>	<u>75,738</u>	<u>(75,084)</u>
<u>31 December 2024</u>			
Foreign exchange related contracts	7,375,786	77,264	(76,022)
Interest rate related contracts	961,688	12,704	(12,704)
	<u>8,337,474</u>	<u>89,968</u>	<u>(88,726)</u>

Registration No.

200001008645 (511251-V)

BANK OF CHINA (MALAYSIA) BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025 (CONTINUED)

5 DEBT INSTRUMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	<u>2025</u>	<u>Bank</u> <u>2024</u>
	RM'000	RM'000
Money market instrument:		
Malaysian Government Securities ("MGS")	1,198,885	984,587
Malaysian Government Investment Issues ("MGI") quoted securities	1,575,822	1,218,191
Unquoted securities:		
Corporate bond	227,915	100,680
Foreign bond	116,152	-
	<u>3,118,774</u>	<u>2,303,458</u>

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

Movements in ECL on Debt Instruments at FVOCI

	<u>Group</u> <u>2024</u>	<u>2025</u>	<u>Bank</u> <u>2024</u>
	RM'000	RM'000	RM'000
Stage 1 (12-month ECL):			
As at 1 January	137	278	137
ECL made during the financial year (Note 30)	141	292	141
Deconsolidation upon commencement of liquidation of the subsidiary	(278)	-	-
As at 31 December	<u>-</u>	<u>570</u>	<u>278</u>

Registration No.

200001008645 (511251-V)

BANK OF CHINA (MALAYSIA) BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025 (CONTINUED)

6 EQUITY INSTRUMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

The Bank designated certain investments shown in the following table as equity instruments at FVOCI, which is held for socio-economic purposes or not for trading purposes.

	<u>2025</u>	<u>Bank</u> <u>2024</u>
	RM'000	RM'000
At fair value:		
Unquoted securities in Malaysia of which:		
- Cagamas Holdings Berhad	10,794	11,801
- Credit Guarantee Corporation ("CGC")	3,351	3,354
	<u>14,145</u>	<u>15,155</u>

7 EQUITY INSTRUMENTS AT FAIR VALUE THROUGH PROFIT AND LOSS

	<u>2025</u>	<u>Bank</u> <u>2024</u>
	RM'000	RM'000
At fair value:		
Quoted securities:		
Shares of corporation outside Malaysia	-	950
	<u>-</u>	<u>950</u>

8 DEBT INSTRUMENTS AT AMORTISED COST

	<u>2025</u>	<u>Bank</u> <u>2024</u>
	RM'000	RM'000
At amortised cost:		
Unquoted corporate bond	70,169	70,183
	<u>70,169</u>	<u>70,183</u>

BANK OF CHINA (MALAYSIA) BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025 (CONTINUED)

9 LOANS AND ADVANCES

(i) By type:

	<u>Bank</u>	
	<u>2025</u>	<u>2024</u>
	RM'000	RM'000
At amortised cost:		
Overdrafts	164,906	202,655
Term loans		
- Housing loans	1,216,924	1,102,752
- Syndicated term loans	3,684,261	3,721,056
- Other term loans	1,831,081	1,744,160
Bills receivables	749,728	647,639
Trust receipts	61	-
Claims on customers under acceptance credits	626,633	641,278
Revolving credits	3,420,812	3,711,474
Staff loans	438	500
	<u>11,694,844</u>	<u>11,771,514</u>
Gross loans and advances	11,694,844	11,771,514
Less: ECL	(226,872)	(230,976)
	<u>11,467,972</u>	<u>11,540,538</u>
Total net loans and advances	<u>11,467,972</u>	<u>11,540,538</u>

(ii) By geographical distribution:

	<u>Bank</u>	
	<u>2025</u>	<u>2024</u>
	RM'000	RM'000
At		
Malaysia	8,365,817	8,620,850
Other countries	3,329,027	3,150,664
	<u>11,694,844</u>	<u>11,771,514</u>
Gross loans and advances	<u>11,694,844</u>	<u>11,771,514</u>

(iii) By interest rate sensitivity:

	<u>Bank</u>	
	<u>2025</u>	<u>2024</u>
	RM'000	RM'000
Fixed rate		
- Other fixed rate loans	2,374,406	2,249,353
Variable rate		
- Base lending rate/base rate plus	1,842,963	1,800,700
- Cost of funds plus	7,241,811	7,584,814
- Other variable rates	235,664	136,647
	<u>11,694,844</u>	<u>11,771,514</u>
Gross loans and advances	<u>11,694,844</u>	<u>11,771,514</u>

BANK OF CHINA (MALAYSIA) BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025 (CONTINUED)

9 LOANS AND ADVANCES (CONTINUED)

(iv) By economic sector:

	<u>Bank</u>	
	<u>2025</u>	<u>2024</u>
	RM'000	RM'000
Agriculture, forestry and fishing	353,880	486,710
Mining and quarrying	312,484	192,233
Manufacturing	1,953,222	1,921,134
Electricity, gas, steam and air conditioning supply	910,315	987,725
Water supply; sewerage, waste management and remediation activities	43,484	1,179
Construction	691,470	757,289
Wholesale and retail trade; repair of motor vehicles and motorcycles	490,781	563,531
Transport, and storage	998,101	1,161,920
Accommodation and food service activities	31,957	56,740
Information and communication	79,876	299,109
Financial and insurance/takaful activities	2,204,333	1,868,314
Real estate activities	1,576,414	1,516,306
Professional, scientific and technical activities	138,036	111,620
Administrative and support service activities	172,394	155,667
Public administration and defence; compulsory social security	-	8,452
Education	209,038	222,725
Arts, entertainment and recreation	76,171	72,949
Household	1,452,888	1,387,911
	<u>11,694,844</u>	<u>11,771,514</u>

(v) By residual contractual maturity:

	<u>Bank</u>	
	<u>2025</u>	<u>2024</u>
	RM'000	RM'000
Maturing within one month	1,811,309	1,835,398
More than one month to three months	1,792,379	1,350,060
More than three months to six months	379,174	431,607
More than six months to twelve months	316,782	785,317
More than twelve months	7,395,200	7,369,132
	<u>11,694,844</u>	<u>11,771,514</u>

BANK OF CHINA (MALAYSIA) BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025 (CONTINUED)

9 LOANS AND ADVANCES (CONTINUED)

(vi) Changes in gross loans and advances carrying amount

Bank

	12-month ECL (Stage 1) RM'000	Lifetime ECL (non-credit impaired) (Stage 2) RM'000	Lifetime ECL (credit impaired) (Stage 3) RM'000	Total RM'000
As at 1 January 2025	11,210,073	210,731	350,710	11,771,514
Transferred to 12-month ECL (Stage 1)	11,854	(11,589)	(265)	-
Transferred to lifetime ECL (non-credit impaired) (Stage 2)	(42,015)	42,059	(44)	-
Transferred to lifetime ECL (credit impaired) (Stage 3)	(998)	(3,244)	4,242	-
Net repayment/reduction in exposure	(915,444)	(45,396)	(13,907)	(974,747)
New loans and advances originated	1,610,608	805	-	1,611,413
Full settlement	(658,863)	(8,536)	(20,741)	(688,140)
Amount written off	-	-	(25,196)	(25,196)
Gross carrying amount as at 31 December 2025	<u>11,215,215</u>	<u>184,830</u>	<u>294,799</u>	<u>11,694,844</u>
As at 1 January 2024	10,070,036	231,777	375,476	10,677,289
Transferred to 12-month ECL (Stage 1)	65,431	(65,064)	(367)	-
Transferred to lifetime ECL (non-credit impaired) (Stage 2)	(91,623)	91,623	-	-
Transferred to lifetime ECL (credit impaired) (Stage 3)	(482)	(6,068)	6,550	-
Net repayment/reduction in exposure	718,996	(9,524)	777	710,249
New loans and advances originated	1,438,507	-	-	1,438,507
Full settlement	(990,792)	(32,013)	(13,306)	(1,036,111)
Amount written off	-	-	(18,420)	(18,420)
Gross carrying amount as at 31 December 2024	<u>11,210,073</u>	<u>210,731</u>	<u>350,710</u>	<u>11,771,514</u>

Registration No.

200001008645 (511251-V)

BANK OF CHINA (MALAYSIA) BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025 (CONTINUED)

9 LOANS AND ADVANCES (CONTINUED)

(vii) Credit impaired loans and advances:

(a) Movements in credit impaired loans and advances:

	<u>Bank</u>	
	<u>2025</u>	<u>2024</u>
	RM'000	RM'000
As at 1 January	350,710	375,476
Classified as credit impaired during the year	16,881	22,073
Reclassified as non-credit impaired during the year	(309)	(367)
Amount recovered	(47,287)	(28,052)
Amount written-off	(25,196)	(18,420)
As at 31 December	294,799	350,710
Less: Lifetime ECL (credit impaired) (Stage 3)	(176,684)	(160,049)
	<u>118,115</u>	<u>190,661</u>

(viii) Gross credit impaired loans and advances

(a) By geographical distribution:

	<u>Bank</u>	
	<u>2025</u>	<u>2024</u>
	RM'000	RM'000
Malaysia	294,799	350,710

Registration No.

200001008645 (511251-V)

BANK OF CHINA (MALAYSIA) BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025 (CONTINUED)

9 LOANS AND ADVANCES (CONTINUED)

(viii) Gross credit impaired loans and advances: (continued)

(b) By economic sector:

	<u>Bank</u>	
	<u>2025</u>	<u>2024</u>
	RM'000	RM'000
Agriculture, forestry and fishing	42,128	39,050
Manufacturing	58,235	73,170
Construction	495	581
Wholesale and retail trade; repair of motor vehicles and motorcycles	121	-
Accommodation and food service activities	19,900	18,639
Financial and insurance/takaful activities	41,134	42,007
Real estate activities	1,653	6,352
Arts, entertainment and recreation	76,171	72,949
Household	54,962	97,962
	<u>294,799</u>	<u>350,710</u>

(ix) Movements in ECL on loans and advances measured at amortised cost

Bank

	12-month ECL (Stage 1) RM'000	Lifetime ECL (non-credit impaired) (Stage 2) RM'000	Lifetime ECL (credit impaired) (Stage 3) RM'000	<u>Total</u> RM'000
As at 1 January 2025	38,507	32,420	160,049	230,976
Transferred to 12-month ECL (Stage 1)	969	(961)	(8)	-
Transferred to lifetime ECL (non-credit impaired) (Stage 2)	(262)	262	-	-
Transferred to lifetime ECL (credit impaired) (Stage 3)	(46)	(600)	646	-
New loans and advances originated	5,344	236	-	5,580
ECL (written-back)/made during the year	(14,107)	(4,481)	52,692	34,104
Full settlement	(4,672)	(2,421)	(15,266)	(22,359)
Amount written-off	-	-	(25,196)	(25,196)
Other movement	-	-	3,767	3,767
Allowance for ECL as at 31 December 2025	<u>25,733</u>	<u>24,455</u>	<u>176,684</u>	<u>226,872</u>

BANK OF CHINA (MALAYSIA) BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025 (CONTINUED)

9 LOANS AND ADVANCES (CONTINUED)

(ix) Movements in ECL on loans and advances measured at amortised cost (continued)

<u>Bank</u>	12-month ECL (Stage 1) RM'000	Lifetime ECL (non-credit impaired) (Stage 2) RM'000	Lifetime ECL (credit impaired) (Stage 3) RM'000	Total RM'000
As at 1 January 2024	36,760	39,396	178,694	254,850
Transferred to 12-month ECL (Stage 1)	4,903	(4,536)	(367)	-
Transferred to lifetime ECL (non-credit impaired) (Stage 2)	(297)	297	-	-
Transferred to lifetime ECL (credit impaired) (Stage 3)	(2)	(578)	580	-
New loans and advances originated	4,691	-	-	4,691
ECL (written-back)/made during the year	(5,580)	5,594	18,507	18,521
Full settlement	(1,968)	(7,753)	(17,807)	(27,528)
Amount written-off	-	-	(18,420)	(18,420)
Other movement	-	-	(1,138)	(1,138)
Allowance for ECL as at 31 December 2024	<u>38,507</u>	<u>32,420</u>	<u>160,049</u>	<u>230,976</u>

Impact of movements in gross carrying amount on expected credit losses

Allowance for impairment of loans and advances has been made based on the following three-stage approach which reflects the change in credit quality of the financial assets.

Overall, total allowance for impairment on loan and advances reduced by RM4.10 million for the Bank, which was mainly due to the following:

- (a) 12-month ECL (stage 1) – decreased by RM12.77 million for the Bank, mainly due to update of ECL parameter values based on the macroeconomic outlook and developments.
- (b) Lifetime ECL Not Credit-Impaired (stage 2) - decreased by RM7.97 million for the Bank, mainly due to update of ECL parameter values based on the macroeconomic outlook and developments, together with repayment received from existing loan and advances.
- (c) Lifetime ECL Credit-Impaired (stage 3) - increased by RM16.64 million for the Bank, mainly due to revision on the parameter based on the expected recovery from the customer.

Registration No.

200001008645 (511251-V)

BANK OF CHINA (MALAYSIA) BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025 (CONTINUED)

10 OTHER ASSETS

	<u>2025</u>	<u>Bank</u> <u>2024</u>
	RM'000	RM'000
Settlements	13,222	-
Margin deposits	57,371	1,510
Other receivables	12,917	15,077
Sundry deposits	2,611	2,928
Prepayments	5,091	2,517
Precious metal inventories	-	28
	<u>91,212</u>	<u>22,060</u>
Less: ECL	(4,371)	(3,704)
	<u>86,841</u>	<u>18,356</u>

Movements in ECL on other assets

	<u>Group</u> <u>2024</u>	<u>2025</u>	<u>Bank</u> <u>2024</u>
	RM'000	RM'000	RM'000
Stage 1 (12-month ECL):			
As at 1 January	1,048	3,704	1,035
ECL made during the financial year (Note 30)	2,700	1,586	2,713
Amount written-off	(44)	(919)	(44)
Deconsolidation upon commencement of liquidation of the subsidiary	(3,704)	-	-
As at 31 December	<u>-</u>	<u>4,371</u>	<u>3,704</u>

Registration No.

200001008645 (511251-V)

BANK OF CHINA (MALAYSIA) BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025 (CONTINUED)

11 RIGHT-OF-USE ASSETS

	<u>Premises</u> RM'000	<u>Motor vehicles</u> RM'000	<u>Total</u> RM'000
<u>Group</u>			
<u>Cost</u>			
As at 1 January 2024	55,351	916	56,267
Additions	5,012	-	5,012
Remeasurement of lease terms	40	-	40
Termination of lease contracts	(15,576)	(916)	(16,492)
Deconsolidation upon commencement of liquidation of the subsidiary	(44,827)	-	(44,827)
	<u>-</u>	<u>-</u>	<u>-</u>
As at 31 December 2024	-	-	-
<u>Accumulated depreciation</u>			
As at 1 January 2024	28,699	674	29,373
Charge for the financial year (Note 28)	7,868	210	8,078
Remeasurement of lease terms	-	-	-
Termination of lease contracts	(10,366)	(884)	(11,250)
Deconsolidation upon commencement of liquidation of the subsidiary	(26,201)	-	(26,201)
	<u>-</u>	<u>-</u>	<u>-</u>
As at 31 December 2024	-	-	-
Net carrying amount	<u>-</u>	<u>-</u>	<u>-</u>

Registration No.

200001008645 (511251-V)

BANK OF CHINA (MALAYSIA) BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025 (CONTINUED)

11 RIGHT-OF-USE ASSETS (CONTINUED)

	<u>Premises</u> RM'000	<u>Motor vehicles</u> RM'000	<u>Total</u> RM'000
<u>Bank</u>			
<u>Cost</u>			
As at 1 January 2025	44,827	-	44,827
Additions	13,547	-	13,547
Remeasurement of lease terms	12,639	-	12,639
Termination of lease contracts	(12,142)	-	(12,142)
As at 31 December 2025	<u>58,871</u>	<u>-</u>	<u>58,871</u>
<u>Accumulated depreciation</u>			
As at 1 January 2025	26,201	-	26,201
Charge for the financial year (Note 28)	7,419	-	7,419
Remeasurement of lease terms	-	-	-
Termination of lease contracts	(12,104)	-	(12,104)
As at 31 December 2025	<u>21,516</u>	<u>-</u>	<u>21,516</u>
Net carrying amount	<u><u>37,355</u></u>	<u><u>-</u></u>	<u><u>37,355</u></u>
<u>Cost</u>			
As at 1 January 2024	48,000	916	48,916
Additions	5,012	-	5,012
Remeasurement of lease terms	40	-	40
Termination of lease contracts	(8,225)	(916)	(9,141)
As at 31 December 2024	<u>44,827</u>	<u>-</u>	<u>44,827</u>
<u>Accumulated depreciation</u>			
As at 1 January 2024	27,000	674	27,674
Charge for the financial year (Note 28)	7,393	210	7,603
Remeasurement of lease terms	-	-	-
Termination of lease contracts	(8,192)	(884)	(9,076)
As at 31 December 2024	<u>26,201</u>	<u>-</u>	<u>26,201</u>
Net carrying amount	<u><u>18,626</u></u>	<u><u>-</u></u>	<u><u>18,626</u></u>

Registration No.

200001008645 (511251-V)

BANK OF CHINA (MALAYSIA) BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025 (CONTINUED)

11 RIGHT-OF-USE ASSETS (CONTINUED)

The following are the amounts recognised in profit or loss:

	<u>2025</u>	<u>Bank</u> <u>2024</u>
	RM'000	RM'000
Expense relating to short-term leases (included in establishment cost)	8	16
Expense relating to leases of low value assets (included in establishment cost)	92	55
	<u>92</u>	<u>55</u>

12 DEFERRED TAX ASSETS

	<u>Group</u> <u>2024</u>	<u>2025</u>	<u>Bank</u> <u>2024</u>
	RM'000	RM'000	RM'000
As at 1 January	31,339	31,148	31,202
Recognised in profit or loss (Note 31)	397	(2,265)	534
Recognised in other comprehensive income	(588)	(8,908)	(588)
Deconsolidation upon commencement of liquidation of the subsidiary	(31,148)	-	-
As at 31 December	<u>-</u>	<u>19,975</u>	<u>31,148</u>

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

	<u>2025</u>	<u>Bank</u> <u>2024</u>
	RM'000	RM'000
Deferred tax assets	33,249	35,051
Deferred tax liabilities	(13,274)	(3,903)
	<u>19,975</u>	<u>31,148</u>

Registration No.

200001008645 (511251-V)

BANK OF CHINA (MALAYSIA) BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025 (CONTINUED)

12 DEFERRED TAX ASSETS (CONTINUED)

The movement in deferred tax assets and liabilities during the financial year are as follows:

Deferred tax assets/(liabilities)

	Accelerated capital allowances	Right-of-use assets	ECL	Provision for other liabilities	Fair value through other comprehensive reserve	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<u>Group</u>						
As at 1 January 2024	(952)	383	16,537	17,905	(2,534)	31,339
Recognised in profit or loss (Note 31)	171	(40)	(769)	1,035	-	397
Recognised in other comprehensive income	-	-	-	-	(588)	(588)
Deconsolidation upon commencement of liquidation of the subsidiary	781	(343)	(15,768)	(18,940)	3,122	(31,148)
	<u>781</u>	<u>(343)</u>	<u>(15,768)</u>	<u>(18,940)</u>	<u>3,122</u>	<u>(31,148)</u>
As at 31 December 2024	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

Registration No.

200001008645 (511251-V)

BANK OF CHINA (MALAYSIA) BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025 (CONTINUED)

12 DEFERRED TAX ASSETS (CONTINUED)

The movement in deferred tax assets and liabilities during the financial year are as follows (continued):

Deferred tax assets/(liabilities) (continued)

	<u>Accelerated capital allowances</u> RM'000	<u>Right-of-use assets</u> RM'000	<u>ECL</u> RM'000	<u>Provision for other liabilities</u> RM'000	<u>Fair value through other comprehensive reserve</u> RM'000	<u>Total</u> RM'000
<u>Bank</u>						
As at 1 January 2024	(927)	349	16,529	17,785	(2,534)	31,202
Recognised in profit or loss (Note 31)	146	(6)	(761)	1,155	-	534
Recognised in other comprehensive income	-	-	-	-	(588)	(588)
	<u>(781)</u>	<u>343</u>	<u>15,768</u>	<u>18,940</u>	<u>(3,122)</u>	<u>31,148</u>
As at 31 December 2024						
Recognised in profit or loss (Note 31)	(463)	(26)	(3,539)	1,763	-	(2,265)
Recognised in other comprehensive income	-	-	-	-	(8,908)	(8,908)
	<u>(1,244)</u>	<u>317</u>	<u>12,229</u>	<u>20,703</u>	<u>(12,030)</u>	<u>19,975</u>
As at 31 December 2025						

Registration No.

200001008645 (511251-V)

BANK OF CHINA (MALAYSIA) BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025 (CONTINUED)

13 STATUTORY DEPOSITS WITH BANK NEGARA MALAYSIA

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

14 INVESTMENT IN A SUBSIDIARY

	<u>Bank</u>	
	<u>2025</u>	<u>2024</u>
	RM'000	RM'000
Unquoted shares, at cost, in Malaysia	-	1,000

The subsidiary of the Bank is as follow:

<u>Name</u>	<u>Principal activity</u>	<u>Percentage of equity held</u>	
		<u>2025</u>	<u>2024</u>
		%	%
China Bridge (Malaysia) Sdn. Bhd.	Dormant	-	100

Registration No.

200001008645 (511251-V)

BANK OF CHINA (MALAYSIA) BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025 (CONTINUED)

14 INVESTMENT IN A SUBSIDIARY (CONTINUED)

Group

On 18 November 2024, the subsidiary has commenced member's voluntary winding up and the subsidiary is consolidated up to 17 November 2024.

Effect of deconsolidation arising from liquidation of the subsidiary on the financial position of the Group:

	<u>At the date of deconsolidation</u> <u>2024</u> RM'000
Deposits and prepayments	33
Tax recoverable	1,941
Cash and bank balances	1,728
Other payables and accruals	(87)
	<hr/>
Net assets	3,615
Cash and bank balances	(1,728)
	<hr/>
Net cash inflow to the Group on deconsolidation	1,887
	<hr/> <hr/>

Effect of deconsolidation of the subsidiary on the cash flows of the Group:

	<u>At the date of deconsolidation</u> <u>2024</u> RM'000
Cash and bank balances in subsidiary	1,728
Cash and bank balances in Bank	3,331,258
	<hr/>
	3,332,986
	<hr/> <hr/>

Bank

On 24 November 2025, the Bank has completed the liquidation of the subsidiary and recorded a gain on liquidation of subsidiary amounting to RM2,629,000 as disclosed in Note 27.

On 31 March 2026, the subsidiary of the Bank was dissolved pursuant to section 459 (5) of the Companies Act 2016 as disclosed in Note 41.

Registration No.

200001008645 (511251-V)

BANK OF CHINA (MALAYSIA) BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025 (CONTINUED)

15 PROPERTY AND EQUIPMENT

<u>Group</u>	<u>Computer equipment</u>	<u>Motor vehicles</u>	<u>Office equipment and furniture</u>	<u>Renovations</u>	<u>Freehold land</u>	<u>Buildings</u>	<u>ATM machine</u>	<u>Work-in-progress</u>	<u>Total</u>
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<u>Cost</u>									
As at 1 January 2024	25,387	4,610	10,712	19,874	14,000	26,375	3,449	1,117	105,524
Additions	578	-	362	-	-	-	-	783	1,723
Reclassification	(1)	372	-	-	-	-	-	(1,771)	(1,400)
Disposal	(1,458)	(1,078)	(454)	(862)	-	-	-	-	(3,852)
Write-offs	(353)	-	(316)	(851)	-	-	(71)	-	(1,591)
Deconsolidation upon commencement of liquidation of the subsidiary	(24,153)	(3,904)	(10,304)	(18,161)	(14,000)	(26,375)	(3,378)	(129)	(100,404)
As at 31 December 2024	-	-	-	-	-	-	-	-	-
<u>Accumulated depreciation</u>									
As at 1 January 2024	17,601	3,897	9,671	18,934	-	6,354	3,217	-	59,674
Charge for the financial year (Note 28)	3,571	152	364	479	-	788	90	-	5,444
Disposal	(1,338)	(1,044)	(421)	(790)	-	-	-	-	(3,593)
Write-offs	(342)	-	(339)	(824)	-	-	(69)	-	(1,574)
Deconsolidation upon commencement of liquidation of the subsidiary	(19,492)	(3,005)	(9,275)	(17,799)	-	(7,142)	(3,238)	-	(59,951)
As at 31 December 2024	-	-	-	-	-	-	-	-	-
Net carrying amount	-	-	-	-	-	-	-	-	-

Included in the work-in-progress are projects relating to intangible assets amounting to RM0 (2023: RM674,000).

Registration No.

200001008645 (511251-V)

BANK OF CHINA (MALAYSIA) BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025 (CONTINUED)

15 PROPERTY AND EQUIPMENT (CONTINUED)

	Office computer equipment	Motor vehicles	Office equipment and furniture	Renovations	Freehold land	Buildings	ATM machine	Work-in- progress	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Bank									
Cost									
As at 1 January 2025	24,129	3,903	10,234	18,162	14,000	26,375	3,378	129	100,310
Additions	991	2,241	970	52	-	-	-	1,636	5,890
Reclassification	214	-	933	139	-	-	-	(1,548)	(262)
Disposal	(52)	(2,931)	(11)	-	-	-	-	-	(2,994)
Write-off	(823)	-	(137)	(969)	-	-	-	-	(1,929)
As at 31 December 2025	24,459	3,213	11,989	17,384	14,000	26,375	3,378	217	101,015
Accumulated depreciation									
As at 1 January 2025	19,469	3,004	9,203	17,799	-	7,142	3,238	-	59,855
Charge for the financial year (Note 28)	3,542	157	357	186	-	788	38	-	5,068
Disposal	(50)	(2,843)	(11)	-	-	-	-	-	(2,904)
Write-off	(798)	-	(133)	(948)	-	-	-	-	(1,879)
As at 31 December 2025	22,163	318	9,416	17,037	-	7,930	3,276	-	60,140
Net carrying amount	2,296	2,895	2,573	347	14,000	18,445	102	217	40,875

Included in the work-in-progress are projects relating to intangible assets amounting to RM56,000 (2024: RM0).

Registration No.

200001008645 (511251-V)

BANK OF CHINA (MALAYSIA) BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025 (CONTINUED)

15 PROPERTY AND EQUIPMENT (CONTINUED)

	Office computer equipment	Motor vehicles	Office equipment and furniture	Renovations	Freehold land	Buildings	ATM machine	Work-in- progress	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<u>Bank</u>									
<u>Cost</u>									
As at 1 January 2024	23,304	4,609	9,419	17,219	14,000	26,375	3,378	1,117	99,421
Additions	578	-	362	-	-	-	-	783	1,723
Reclassification	(1)	372	-	-	-	-	-	(1,771)	(1,400)
Disposal	(14)	(1,078)	-	-	-	-	-	-	(1,092)
Cost adjustment	-	-	35	(26)	-	-	-	-	9
Transfer	262	-	418	969	-	-	-	-	1,649
As at 31 December 2024	24,129	3,903	10,234	18,162	14,000	26,375	3,378	129	100,310
<u>Accumulated depreciation</u>									
As at 1 January 2024	15,661	3,896	8,452	16,445	-	6,354	3,148	-	53,956
Charge for the financial year (Note 28)	3,571	152	364	479	-	788	90	-	5,444
Disposal	(13)	(1,044)	-	-	-	-	-	-	(1,057)
Transfer	250	-	387	875	-	-	-	-	1,512
As at 31 December 2024	19,469	3,004	9,203	17,799	-	7,142	3,238	-	59,855
Net carrying amount	4,660	899	1,031	363	14,000	19,233	140	129	40,455

Included in the work-in-progress are projects relating to intangible assets amounting to RM0 (2023: RM674,000).

Registration No.

200001008645 (511251-V)

BANK OF CHINA (MALAYSIA) BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025 (CONTINUED)

16 INTANGIBLE ASSETS

	<u>Group</u> <u>2024</u> RM'000	<u>2025</u> RM'000	<u>Bank</u> <u>2024</u> RM'000
<u>Computer software</u>			
<u>Cost</u>			
As at 1 January	9,114	10,514	9,114
Additions	-	159	-
Reclassify from property and equipment (Note 15)	1,400	206	1,400
Deconsolidation upon commencement of liquidation of the subsidiary	(10,514)	-	-
As at 31 December	-	10,879	10,514
<u>Accumulated amortisation</u>			
As at 1 January	7,390	8,611	7,390
Charge for the financial year (Note 28)	1,221	1,130	1,221
Deconsolidation upon commencement of liquidation of the subsidiary	(8,611)	-	-
As at 31 December	-	9,741	8,611
Net book value	-	1,138	1,903

17 DEPOSITS FROM CUSTOMERS

(i) By type of deposits

	<u>2025</u> RM'000	<u>Bank</u> <u>2024</u> RM'000
Demand deposits	5,324,875	3,985,078
Savings deposits	613,445	540,537
Fixed deposits	6,604,487	5,953,190
Other	2,550	2,550
	<u>12,545,357</u>	<u>10,481,355</u>

Details on balances with related parties are disclosed in Note 33(b).

Registration No.

200001008645 (511251-V)

BANK OF CHINA (MALAYSIA) BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025 (CONTINUED)

17 DEPOSITS FROM CUSTOMERS (CONTINUED)

(ii) By type of customers

	<u>2025</u>	<u>Bank</u> <u>2024</u>
	RM'000	RM'000
Government and statutory bodies	2,550	2,550
Business enterprises	6,686,537	4,702,753
Individuals	5,052,515	4,590,897
Others	803,755	1,185,155
	<u>12,545,357</u>	<u>10,481,355</u>

(iii) The maturity structure of fixed deposits are as follows:

	<u>2025</u>	<u>Bank</u> <u>2024</u>
	RM'000	RM'000
Due within six months	5,077,091	4,232,640
Six months to one year	1,474,802	1,711,551
One year to three years	52,594	8,999
	<u>6,604,487</u>	<u>5,953,190</u>

18 DEPOSITS AND PLACEMENTS OF BANKS AND OTHER FINANCIAL INSTITUTIONS

	<u>2025</u>	<u>Bank</u> <u>2024</u>
	RM'000	RM'000
Bank Negara Malaysia	14,780	15,428
Licensed banks	4,463,268	3,759,145
Licensed investment banks	6,012	5,848
Licensed Islamic banks	9,889	8,034
Other financial institutions	6	7
	<u>4,493,955</u>	<u>3,788,462</u>

Registration No.

200001008645 (511251-V)

BANK OF CHINA (MALAYSIA) BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025 (CONTINUED)

19 OTHER LIABILITIES

	<u>2025</u>	<u>Bank</u> <u>2024</u>
	RM'000	RM'000
Accrued expenses	58,693	53,576
Margin deposits	150,136	165,629
Interest advances from loans	15,441	18,871
Remittances	325,047	90,215
Others	34,914	22,595
Lease liabilities (Note 19(i))	38,678	20,058
Allowance for ECL on commitments and contingencies (Note 19(ii))	7,407	10,940
	<u>630,316</u>	<u>381,884</u>

The margin deposits include interest bearing deposits amounting to RM3,470,000 (2024: RM2,533,000) with interest of 0.80% (2024: 0.80%), and the non-interest bearing deposits amounting to RM146,665,000 (2024: RM163,095,000).

(i) Lease liabilities maturity analysis

	<u>2025</u>	<u>Bank</u> <u>2024</u>
	RM'000	RM'000
Scheduled repayment of lease liabilities		
- Not later than one year	7,179	7,171
- Later than one year and not later than five years	30,064	12,449
- Later than five years	1,435	438
	<u>38,678</u>	<u>20,058</u>

Registration No.

200001008645 (511251-V)

BANK OF CHINA (MALAYSIA) BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025 (CONTINUED)

19 OTHER LIABILITIES (CONTINUED)

(ii) Movements in allowance for impairment on commitment and contingencies:

Group

	12-month ECL (Stage 1) RM'000	Lifetime ECL (non-credit impaired) (Stage 2) RM'000	Lifetime ECL (credit impaired) (Stage 3) RM'000	Total RM'000
As at 1 January 2024	8,359	5,684	-	14,043
Transferred to 12-month ECL (Stage 1)	175	(175)	-	-
Transferred to lifetime ECL (non-credit impaired) (Stage 2)	(1)	1	-	-
New loans and advances originated	1,315	-	-	1,315
Allowance during the year	903	142	-	1,045
Full settlement	(2,570)	(2,893)	-	(5,463)
Deconsolidation upon commencement of liquidation of the subsidiary	(8,181)	(2,759)	-	(10,940)
As at 31 December 2024	-	-	-	-

The exposure of the commitments and contingencies are disclosed in Note 38 (b)(v).

BANK OF CHINA (MALAYSIA) BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025 (CONTINUED)

19 OTHER LIABILITIES (CONTINUED)

(ii) Movements in allowance for impairment on commitment and contingencies (continued):

Bank

	12-month ECL (Stage 1) RM'000	Lifetime ECL (non-credit impaired) (Stage 2) RM'000	Lifetime ECL (credit impaired) (Stage 3) RM'000	Total RM'000
As at 1 January 2025	8,181	2,759	-	10,940
Transferred to lifetime ECL (non-credit impaired) (Stage 2)	(28)	28	-	-
Transferred to lifetime ECL (credit impaired) (Stage 3)	-	(14)	14	-
New loans and advances originated	536	-	-	536
Allowance during the year	(2,616)	(793)	(14)	(3,423)
Full settlement	(281)	(365)	-	(646)
As at 31 December 2025	<u>5,792</u>	<u>1,615</u>	<u>-</u>	<u>7,407</u>
As at 1 January 2024	8,359	5,802	-	14,161
Transferred to 12-month ECL (Stage 1)	175	(175)	-	-
Transferred to lifetime ECL (non-credit impaired) (Stage 2)	(1)	1	-	-
New loans and advances originated	1,315	-	-	1,315
Allowance during the year	903	142	-	1,045
Full settlement	(2,570)	(3,011)	-	(5,581)
As at 31 December 2024	<u>8,181</u>	<u>2,759</u>	<u>-</u>	<u>10,940</u>

The exposure of the commitments and contingencies are disclosed in Note 38 (b)(v).

Registration No.

200001008645 (511251-V)

BANK OF CHINA (MALAYSIA) BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025 (CONTINUED)

20 OTHER BORROWING

	<u>2025</u>	<u>Bank</u> <u>2024</u>
	RM'000	RM'000
Unsecured:		
Chinese Yuan Renminbi term loan	175,120	314,434

The unsecured Chinese Yuan Renminbi term loan is bearing interest rate equal to -1.01% plus one-year loan prime rate ("LPR1Y") with maturity in one (1) year.

21 SUBORDINATED LOAN

	<u>2025</u>	<u>Bank</u> <u>2024</u>
	RM'000	RM'000
At cost	1,442,120	1,442,120
Interest accrued	15,218	18,831
Foreign exchange difference	(183,830)	(57,970)
	<u>1,273,508</u>	<u>1,402,981</u>

On 5 July 2023, the Bank has drawdown a new subordinated loan facility ("Subordinated Loan 2") of USD310 million and redeemed the existing unsecured subordinated loan facility ("Subordinated Loan 1") of USD 310 million via contra-off/set-off against the Subordinated Loan 2 simultaneously. The Subordinated Loan 2 is an USD310 million subordinated loan (ten (10) years maturity, non-callable five (5) years from the drawdown date) which bears interest rate equal to 0.97% plus SOFR Overnight at a 5 days lookback, interest payable at every 3 months and is prepayable after first five years subject to BNM's approval and other conditions.

The Subordinated Loan 2 was approved by BNM for inclusion as Tier-2 capital of the Bank under BNM's capital adequacy regulations.

The subordinated loan constitutes a direct, unsecured and subordinated obligation of the Bank.

Registration No.

200001008645 (511251-V)

BANK OF CHINA (MALAYSIA) BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025 (CONTINUED)

22 SHARE CAPITAL

	Number of ordinary shares		Amount	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
	'000	'000	RM'000	RM'000
<u>Bank</u>				
Ordinary shares with par value at RM1 issued and fully paid:				
At 1 January	760,518	760,518	760,518	760,518
Issued during the financial year	54,216	-	54,216	-
At 31 December	<u>814,734</u>	<u>760,518</u>	<u>814,734</u>	<u>760,518</u>

23 RESERVES

(a) Retained profits

The Bank is required to obtain BNM's written approval prior to declaring or distributing dividends out of its entire retained profits as at 31 December 2025 under the single tier system.

(b) Regulatory reserve

The Bank must maintain, in aggregate, loss allowance for non-credit-impaired exposures and regulatory reserves of no less than 1% of total credit exposures, net of loss allowance for credit-impaired exposures in accordance with BNM's Financial Reporting Policy Document issued on 29 April 2022. As at the report date, the Bank maintains the loss allowance for non-credit impaired exposure and regulatory reserve at the minimum of 1%.

(c) Fair value through other comprehensive reserve

The fair reserve through other comprehensive reserve is in respect of unrealised fair value gains and losses on debt and equity instruments at FVOCI, net of tax.

(d) Foreign exchange reserve

The foreign exchange reserve captures the foreign exchange currency translation differences in respect of debt instrument at FVOCI, net of tax.

24 OPERATING REVENUE

Operating revenue comprises interest income, gross fee and gross commission income, investment income, service charges and other income.

Registration No.

200001008645 (511251-V)

BANK OF CHINA (MALAYSIA) BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025 (CONTINUED)

25 INTEREST INCOME

	<u>Group</u>	<u>Bank</u>	
	1 January 2024 to 17 November <u>2024</u> RM'000	1 January 2025 to 31 December <u>2025</u> RM'000	1 January 2024 to 31 December <u>2024</u> RM'000
Loans and advances			
- Interest income on non-credit impaired loans and advances	569,521	531,000	569,521
- Interest income on credit impaired loans and advances	(1,138)	3,767	(1,138)
Money at call and deposit placements with financial institutions	148,049	174,635	148,049
Debt instruments at FVOCI	81,102	101,959	81,102
Debt instrument at amortised cost	2,583	2,576	2,583
Others	1,542	868	1,542
	<u>801,659</u>	<u>814,805</u>	<u>801,659</u>
Amortisation of premium less accretion of discount	(9,906)	(7,748)	(9,906)
	<u>791,753</u>	<u>807,057</u>	<u>791,753</u>

26 INTEREST EXPENSE

	<u>Group</u>	<u>Bank</u>	
	1 January 2024 to 17 November <u>2024</u> RM'000	1 January 2025 to 31 December <u>2025</u> RM'000	1 January 2024 to 31 December <u>2024</u> RM'000
Deposits and placements of banks and other financial institutions	120,952	91,373	120,952
Deposits from customers	239,424	284,120	239,424
Other borrowing	6,491	9,491	6,491
Subordinated loan	88,955	70,645	88,955
Others	2,689	2,592	2,689
	<u>458,511</u>	<u>458,221</u>	<u>458,511</u>

Registration No.

200001008645 (511251-V)

BANK OF CHINA (MALAYSIA) BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025 (CONTINUED)

27 OTHER OPERATING INCOME

	<u>Group</u>	<u>Bank</u>	
	1 January 2024 to 17 November <u>2024</u> RM'000	1 January 2025 to 31 December <u>2025</u> RM'000	
		1 January 2024 to 31 December <u>2024</u> RM'000	
Fee income:			
- Fee on loans and advances	8,893	7,542	8,893
- Service charges and fees	1,371	3,773	1,045
- Guarantee fees	15,922	15,664	15,922
- Commission related income	1,930	-	-
Net fee income	28,116	26,979	25,860
Foreign exchange gain/(loss):			
- Realised	111,004	97,241	111,018
- Unrealised	2,215	17,419	2,215
Net loss on revaluation of derivatives	(329)	(587)	(329)
Unrealised gain on equity instrument at FVTPL	977	-	977
Gain on disposal of equity instrument at FVTPL	-	181	-
Gain from derivative financial instrument	995	1,074	995
Revenue from sale of precious metal products	16	74	16
Net gain on disposal of property and equipment	1,700	210	69
Dividend income:			
- Equity instruments at FVOCI	60	60	60
Gain on liquidation of investment in subsidiary	-	2,629	-
Other income	378	287	202
	<u>145,132</u>	<u>145,567</u>	<u>141,083</u>

Registration No.

200001008645 (511251-V)

BANK OF CHINA (MALAYSIA) BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025 (CONTINUED)

28 OTHER OPERATING EXPENSES

	<u>Group</u>	<u>Bank</u>	<u>Bank</u>
	1 January 2024 to 17 November <u>2024</u> RM'000	1 January 2025 to 31 December <u>2025</u> RM'000	1 January 2024 to 31 December <u>2024</u> RM'000
<u>Personnel expenses</u>			
Salaries and wages (includes CEO/ED)	69,282	70,223	68,936
Bonuses	36,845	41,959	37,324
Defined contribution plan ("EPF")	15,138	16,407	15,140
Staff welfare expenses	3,804	3,679	3,778
Other personnel costs	15,376	14,197	14,680
	<u>140,445</u>	<u>146,465</u>	<u>139,858</u>
<u>Marketing expenses</u>			
Advertising, marketing and communication	732	524	732
Others	2,257	1,221	2,256
	<u>2,989</u>	<u>1,745</u>	<u>2,988</u>
<u>Establishment costs</u>			
Rental of premises	116	282	116
Depreciation of property and equipment (Note 15)	5,444	5,068	5,444
Depreciation of right-of-use assets (Note 11)	8,078	7,419	7,603
Amortisation of intangible assets (Note 16)	1,221	1,130	1,221
Finance cost on lease liabilities	857	886	776
Repairs and maintenance	1,643	1,954	1,629
Property and equipment written-off	25	50	-
Information technology expenses	4,411	4,167	4,403
Other establishment costs	2,800	2,394	2,760
	<u>24,595</u>	<u>23,350</u>	<u>23,952</u>
<u>Administration and general expenses</u>			
Insurance premium	3,110	1,880	3,110
Travelling and accommodation	590	586	590
Telecommunication and utilities	1,571	1,696	1,545
Printing, stationery and postage	1,093	1,271	1,079
Legal and professional fees	1,073	880	1,004
Other administration and general expenses	6,986	6,044	6,910
	<u>14,423</u>	<u>12,357</u>	<u>14,238</u>
<u>Other expenses</u>			
Cost of sales of precious metal products	7	28	7
	<u>182,459</u>	<u>183,945</u>	<u>181,043</u>

Registration No.

200001008645 (511251-V)

BANK OF CHINA (MALAYSIA) BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025 (CONTINUED)

28 OTHER OPERATING EXPENSES (CONTINUED)

The above expenditure includes the following statutory disclosures:

	<u>Group</u>		<u>Bank</u>
	1 January 2024 to 17 November <u>2024</u> RM'000	1 January 2025 to 31 December <u>2025</u> RM'000	1 January 2024 to 31 December <u>2024</u> RM'000
Auditors' remuneration:			
Statutory audit			
- Ernst & Young PLT	250	255	250
- Other auditor	20	-	-
Assurance Services			
- Regulatory-related services	190	190	190
Directors' remuneration (Note 29)	<u>2,676</u>	<u>2,630</u>	<u>2,676</u>

29 DIRECTORS' REMUNERATION

The details of remuneration received by Directors of the Group and the Bank during the financial year are as follows:

	<u>Group</u>		<u>Bank</u>
	1 January 2024 to 17 November <u>2024</u> RM'000	1 January 2025 to 31 December <u>2025</u> RM'000	1 January 2024 to 31 December <u>2024</u> RM'000
<u>Executive Director/Chief Executive Officer</u>			
- salary and other remuneration	2,159	2,008	2,159
- benefits-in-kind	53	49	53
	<u>2,212</u>	<u>2,057</u>	<u>2,212</u>
<u>Non-Executive Directors</u>			
Fees			
- Yu Xiaohui	-	-	-
- Lee Heng Guie	191	201	191
- Dato' Tan Tian Meng	66	174	66
- Eugene Khoo Kong Hooi	207	198	207
	<u>464</u>	<u>573</u>	<u>464</u>
	<u>2,676</u>	<u>2,630</u>	<u>2,676</u>

Registration No.

200001008645 (511251-V)

BANK OF CHINA (MALAYSIA) BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025 (CONTINUED)

29 DIRECTORS' REMUNERATION (CONTINUED)

The number of Directors of the Bank whose total remuneration including benefits-in-kind for the financial year falls into the following remuneration bands:

	<u>Bank</u>	
	<u>Number of Directors</u>	
	<u>2025</u>	<u>2024</u>
<u>Executive Director</u>		
Below RM1,000,000	1	-
RM1,000,000 - RM1,500,000	-	-
RM1,500,001 - RM2,500,000	1	1
RM2,500,001 - RM3,500,000	-	-
<u>Non-Executive Directors</u>		
Below RM100,000	-	1
RM100,001 - RM150,000	-	-
RM150,001 - RM200,000	2	1
RM200,001 - RM250,000	1	1

30 ECL ON LOANS AND ADVANCES AND OTHER FINANCIAL ASSETS

	<u>Group</u>	<u>Bank</u>	
	1 January 2024 to 17 November <u>2024</u> RM'000	1 January 2025 to 31 December <u>2025</u> RM'000	1 January 2024 to 31 December <u>2024</u> RM'000
Allowance/(write-back) for impairment on:			
Cash and short-term funds (Note 2)			
- Stage 1	(15)	115	(15)
Deposits and placements with banks and other financial institutions (Note 3)			
- Stage 1	146	115	146
Debt instruments at FVOCI (Note 5)			
- Stage 1	141	292	141
Other assets (Note 10)			
- Stage 1	2,700	1,586	2,713
Loans and advances (Note 9(ix))	(4,316)	17,325	(4,316)
Commitments and contingencies (Note 19(ii))	(3,103)	(3,533)	(3,221)
Bad debt recovered during the year	(1,151)	(2,968)	(1,151)
	<u>(5,598)</u>	<u>12,932</u>	<u>(5,703)</u>

BANK OF CHINA (MALAYSIA) BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025 (CONTINUED)

31 TAXATION

	<u>Group</u>	<u>Bank</u>	<u>Bank</u>
	1 January 2024 to 17 November <u>2024</u> RM'000	1 January 2025 to 31 December <u>2025</u> RM'000	1 January 2024 to 31 December <u>2024</u> RM'000
Tax expense for the financial year:			
- Malaysian income tax	73,454	69,641	73,454
- Utilisation of prior year tax losses	(2,150)	-	-
Deferred tax (Note 12)	(397)	2,265	(534)
Over provision in prior years	(113)	(29)	(331)
Total tax expense	<u>70,794</u>	<u>71,877</u>	<u>72,589</u>

The explanation of the relationship between tax expense and profit before taxation is as follows:

	<u>Group</u>	<u>Bank</u>	<u>Bank</u>
	1 January 2024 to 17 November <u>2024</u> RM'000	1 January 2025 to 31 December <u>2025</u> RM'000	1 January 2024 to 31 December <u>2024</u> RM'000
Profit before taxation	<u>301,513</u>	<u>297,526</u>	<u>298,985</u>
Statutory tax rate in Malaysia, 24% (2024: 24%)	72,363	71,406	71,756
Tax effects in respect of			
- Non-allowable expenses	1,208	1,184	1,178
- Non-taxable income	(14)	(684)	(14)
Utilisation of prior year tax losses	(2,650)	-	-
Over provision in prior years	(113)	(29)	(331)
Tax expense	<u>70,794</u>	<u>71,877</u>	<u>72,589</u>

Domestic income tax is calculated at the Malaysian statutory tax rate at 24% on the estimated profit for the financial year.

Registration No.

200001008645 (511251-V)

BANK OF CHINA (MALAYSIA) BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025 (CONTINUED)

32 EARNINGS PER SHARE

The basic and fully diluted earnings per ordinary share for the Group have been calculated based on the net profit attributable to equity holder of the Group and weighted average number of ordinary shares in issue during the financial year.

	<u>Group</u> 1 January 2024 to 17 November <u>2024</u> RM'000
Net profit attributable to equity holder	230,719
Weighted average number of ordinary shares in issue	760,518
Basic/fully diluted earnings per share (sen)	<u>30.34</u>

33 SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES

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

Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group or of the Bank either directly or indirectly. The key management personnel include the Directors and senior management of the Group and of the Bank.

The Group and the Bank have related party relationship with following:

- Penultimate holding company, Bank of China Limited;
- Immediate holding company, Bank of China (Hong Kong) Limited;
- Subsidiary of the Bank as disclosed in Note 14 to the financial statements;
- Key management personnel.

Registration No.

200001008645 (511251-V)

BANK OF CHINA (MALAYSIA) BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025 (CONTINUED)

33 SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

(a) Related party transactions

<u>Group</u>	<u>Penultimate holding company*</u> RM'000	<u>Immediate holding company</u> RM'000	<u>Key management personnel</u> RM'000
<u>2024</u>			
<u>Income</u>			
Interest income:			
- Cash and short-term funds	915	3,185	-
- Deposits and placements with banks and other financial institutions	301	6,482	-
- Other	-	1,542	-
Fee income	5,212	2	-
	<u>6,428</u>	<u>11,211</u>	<u>-</u>
<u>Expenses</u>			
Interest expenses:			
- Deposits from customers	-	-	886
- Deposits and placements of banks and other financial institutions	11,132	90,787	-
- Subordinated loan	-	88,955	-
Establishment expenses	-	219	-
Administrative expenses	2,827	633	-
	<u>13,959</u>	<u>180,594</u>	<u>886</u>

* Penultimate holding company include other related parties companies within Bank of China Limited Group.

Registration No.

200001008645 (511251-V)

BANK OF CHINA (MALAYSIA) BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025 (CONTINUED)

33 SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

(a) Related party transactions (continued)

	Penultimate holding company* RM'000	Immediate holding company RM'000	Key management personnel RM'000
<u>Bank</u>			
<u>2025</u>			
<u>Income</u>			
Interest income:			
- Cash and short-term funds	481	3,074	-
- Deposits and placements with banks and other financial institutions	577	4,482	-
- Others	-	868	-
Fee income	4,584	-	-
	5,642	8,424	-
	5,642	8,424	-
<u>Expenses</u>			
Interest expenses:			
- Deposits from customers	-	-	488
- Deposits and placements of banks and other financial institutions	6,133	71,169	-
- Subordinated loan	-	70,645	-
Administrative expenses	2,127	973	-
	8,260	142,787	488
	8,260	142,787	488

* Penultimate holding company include other related parties companies within Bank of China Limited Group.

Registration No.

200001008645 (511251-V)

BANK OF CHINA (MALAYSIA) BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025 (CONTINUED)

33 SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

(a) Related party transactions (continued)

	Penultimate holding company*	Immediate holding company	Subsidiary	Key management personnel
	RM'000	RM'000	RM'000	RM'000
<u>Bank</u>				
<u>2024</u>				
<u>Income</u>				
Interest income:				
- Cash and short-term funds	915	3,185	-	-
- Deposits and placements with banks and other financial institutions	301	6,482	-	-
- Others	-	1,542	-	-
Fee income	5,212	2	-	-
Other operating income:				
- Others	-	-	141	-
	<u>6,428</u>	<u>11,211</u>	<u>141</u>	<u>-</u>
<u>Expenses</u>				
Interest expenses:				
- Deposits from customers	-	-	-	834
- Deposits and placements of banks and other financial institutions	11,132	90,787	-	-
- Subordinated loan	-	88,955	-	-
Establishment expenses	-	219	-	-
Administrative expenses	2,827	633	-	-
	<u>13,959</u>	<u>180,594</u>	<u>-</u>	<u>834</u>

* Penultimate holding company include other related parties companies within Bank of China Limited Group.

Registration No.

200001008645 (511251-V)

BANK OF CHINA (MALAYSIA) BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025 (CONTINUED)

33 SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

(b) Related party balances

Significant outstanding balances of the Bank with its related parties are as follows:

	Penultimate holding company*	Immediate holding company	Key management personnel
	RM'000	RM'000	RM'000
<u>Bank</u>			
<u>2025</u>			
<u>Amount due from</u>			
Cash and short-term funds	297,533	360,024	-
	<u>297,533</u>	<u>360,024</u>	<u>-</u>
<u>Amount due to</u>			
Deposits from customers	-	-	12,454
Deposits and placements of banks and other financial institutions	735,070	3,132,865	-
Subordinated loan	-	1,273,508	-
Other liabilities	1,888	20	-
	<u>736,958</u>	<u>4,406,393</u>	<u>12,454</u>

Included in the table above are deposits from the Directors of the Bank RM8,977,000. Interest on deposit paid to Directors of the Bank RM391,000.

* Penultimate holding company include other related parties companies within Bank of China Limited Group.

Registration No.

200001008645 (511251-V)

BANK OF CHINA (MALAYSIA) BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025 (CONTINUED)

33 SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

(b) Related party balances (continued)

	Penultimate holding company* RM'000	Immediate holding company RM'000	Key management personnel RM'000
<u>Bank</u>			
<u>2024</u>			
<u>Amount due from</u>			
Cash and short-term funds	72,066	149,081	-
	<u>72,066</u>	<u>149,081</u>	<u>-</u>
<u>Amount due to</u>			
Deposits from customers	-	-	18,860
Deposits and placements of banks and other financial institutions	241,688	3,108,739	-
Subordinated loan	-	1,402,981	-
Other liabilities	2,234	36	-
	<u>243,922</u>	<u>4,511,756</u>	<u>18,860</u>

Included in the table above are deposits from the Directors of the Bank RM9,739,000. Interest on deposit paid to Directors of the Bank RM480,000.

* Penultimate holding company include other related parties companies within Bank of China Limited Group.

BANK OF CHINA (MALAYSIA) BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025 (CONTINUED)

33 SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

(c) Intercompany charges breakdown by geographical distribution:

(i) By geographical distribution:

<u>Group</u>	<u>Information technology</u> RM'000	<u>Insurance</u> RM'000	<u>Others</u> RM'000	<u>Total</u> RM'000
<u>2024</u>				
China	2,827	-	462	3,289
Hong Kong	-	89	102	191
	<u>2,827</u>	<u>89</u>	<u>564</u>	<u>3,480</u>
	<u>Information technology</u> RM'000	<u>Insurance</u> RM'000	<u>Others</u> RM'000	<u>Total</u> RM'000
<u>Bank</u>				
<u>2025</u>				
China	1,424	-	704	2,128
Hong Kong	839	88	46	973
	<u>2,263</u>	<u>88</u>	<u>750</u>	<u>3,101</u>
<u>2024</u>				
China	2,827	-	462	3,289
Hong Kong	-	89	102	191
	<u>2,827</u>	<u>89</u>	<u>564</u>	<u>3,480</u>

Registration No.

200001008645 (511251-V)

BANK OF CHINA (MALAYSIA) BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025 (CONTINUED)

33 SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

(d) Key management personnel compensation

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

	<u>Group</u>		<u>Bank</u>
	<u>2024</u>	<u>2025</u>	<u>2024</u>
	RM'000	RM'000	RM'000
Fees	464	573	464
Salaries and other short-term benefits	8,308	6,946	8,251
Defined contribution plan ("EPF")	273	294	273
Benefits-in-kind	53	56	53
	<u>9,098</u>	<u>7,869</u>	<u>9,041</u>

Included in the above table are Directors' remuneration as disclosed in Note 29.

34 CREDIT EXPOSURE ARISING FROM CREDIT TRANSACTIONS WITH CONNECTED PARTIES

Connected parties refer to Directors, controlling shareholder, executive officers, officers who are responsible for or have the authority to appraise and/or approve credit transactions or review the status of existing credit transactions and any transactions that involve their close relatives and any firms, partnerships, companies or any legal entities controlled by them.

Pursuant to BNM's Guidelines on Credit Transactions and Exposures with Connected Parties, the Group and the Bank is required to disclose the following information:

	<u>Group</u>		<u>Bank</u>
	<u>2024</u>	<u>2025</u>	<u>2024</u>
	RM'000	RM'000	RM'000
Outstanding credit exposures with connected parties	<u>600,026</u>	<u>798,834</u>	<u>600,026</u>
Outstanding credit exposures with connected parties as a percentage of total credit exposures	4%	4%	4%
Percentage of outstanding credit exposures with connected parties which are non-performing or in default	<u>Nil</u>	<u>Nil</u>	<u>Nil</u>

Registration No.

200001008645 (511251-V)

BANK OF CHINA (MALAYSIA) BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025 (CONTINUED)

35 COMMITMENTS AND CONTINGENCIES

In the normal course of business, the Bank make various commitments and incur certain contingent liabilities with legal recourse to its customers. No material losses are anticipated as a result of these transactions.

The commitments and contingencies constitute the following:

Bank

	31 December 2025			31 December 2024		
	Principal	Credit*	Risk	Principal	Credit*	Risk
	RM'000	equivalent RM'000	weighted RM'000	RM'000	equivalent RM'000	weighted RM'000
Direct credit substitutes	58,107	58,107	-	1,898	1,898	1,882
Transaction-related contingent items	2,701,265	1,350,633	668,351	2,782,112	1,391,057	705,362
Short-term self-liquidation trade related contingencies	54,808	10,961	7,557	60,656	12,131	9,412
Irrevocable commitments to extend credit:						
- Maturity not exceeding one year	3,694,830	738,966	668,330	3,231,454	646,291	606,315
- Maturity exceeding one year	448,758	224,379	142,498	319,152	159,576	146,569
Foreign exchange related contracts:						
- Less than one year	8,328,249	111,449	49,978	7,375,786	175,141	54,818
Interest rate related contracts:						
- Less than one year	597,880	6,680	5,197	633,449	5,147	2,839
- More than one year to five year	856,011	38,866	29,445	328,239	14,660	11,275
Total	16,739,908	2,540,041	1,571,356	14,732,746	2,405,901	1,538,472

*The credit equivalent amount is arrived at using the credit conversion factor as per Bank Negara Malaysia Guidelines.

Registration No.

200001008645 (511251-V)

BANK OF CHINA (MALAYSIA) BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025 (CONTINUED)

36 CAPITAL COMMITMENTS

	<u>2025</u>	<u>Bank</u> <u>2024</u>
	RM'000	RM'000
Capital expenditure for property and equipment approved by the Board and contracted for	432	-

37 CAPITAL ADEQUACY

(a) The capital adequacy ratios of the Bank are as follows:

The total capital and capital adequacy ratio of the Bank are computed in accordance with Bank Negara Malaysia's Capital Adequacy Framework (Capital Components) Policy dated 14 June 2024. The Framework sets the approach for computing regulatory capital adequacy ratios, as well as the levels of those ratios at which a financial institution is required to operate. The framework has been developed based on internationally-agreed standards on capital adequacy promulgated by the Basel Committee on Banking Supervision ("BCBS").

The Bank has adopted the Standardised Approach for credit risk and market risk, and the Business Indicator Component for operational risk.

The capital buffers shall comprise of the following:

- (a) Capital Conservation Buffer ("CCB") of 2.5%; and
- (b) Countercyclical Capital Buffer ("CCyB"), determined as the weighted average of the prevailing CCyB rates applied in the jurisdictions in which the bank has credit exposures. (intended to protect the banking sector as a whole from the build-up of systemic risk during an economic upswing when aggregate credit growth tends to be excessive). (Maximum is 2.5%)

The minimum regulatory capital adequacy ratios for year 2025 are as follows:

CET 1 Capital Ratio (including CCB and CCyB)	7.000% (7.000% in the year 2024)
Tier 1 Capital Ratio (including CCB and CCyB)	8.500% (8.500% in the year 2024)
Total Capital Ratio (including CCB and CCyB)	10.500% (10.500% in the year 2024)

Registration No.

200001008645 (511251-V)

BANK OF CHINA (MALAYSIA) BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025 (CONTINUED)

37 CAPITAL ADEQUACY (CONTINUED)

(a) The capital adequacy ratios of the Bank are as follows (continued):

	Bank	
	2025	2024
	RM'000	RM'000
<u>Common Equity Tier 1 ("CET 1") Capital</u>		
Paid-up ordinary share capital	814,734	760,518
Retained profits	1,573,855	1,403,206
Regulatory reserve	110,000	55,000
Fair value through other comprehensive reserve	38,665	10,164
Foreign exchange reserve	3	-
	<u>2,537,257</u>	<u>2,228,888</u>
Regulatory adjustment applied in the Calculation of CET 1 Capital		
- Deferred tax assets	(19,975)	(31,148)
- Intangible assets	(1,138)	(1,903)
- 55% of cumulative gains of debt instruments at FVOCI	(21,266)	(5,590)
- Regulatory reserve attributable to financial assets	(110,000)	(55,000)
	<u>(152,379)</u>	<u>(93,641)</u>
Total CET 1 Capital/Total Tier 1 Capital	<u>2,384,878</u>	<u>2,135,247</u>
<u>Tier-2 Capital</u>		
General provision *	161,782	141,205
Subordinated loan ^	1,258,290	1,384,150
Less: Investment in a subsidiary company	-	(1,000)
Total Tier-2 Capital	<u>1,420,072</u>	<u>1,524,355</u>
Total Capital Base	<u>3,804,950</u>	<u>3,659,602</u>

* General provision is subject to a maximum of 1.25% of total credit risk-weighted assets determined under the Standardised Approach for credit risk.

^ Included in the subordinated loan is cost and foreign exchange difference as disclosed in Note 21.

Registration No.

200001008645 (511251-V)

BANK OF CHINA (MALAYSIA) BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025 (CONTINUED)

37 CAPITAL ADEQUACY (CONTINUED)

(a) The capital adequacy ratios of the Bank are as follows (continued):

	<u>Bank</u>	
	<u>2025</u>	<u>2024</u>
	RM'000	RM'000
<u>Capital Ratio</u>		
CET 1 Capital Ratio	17.479%	16.620%
Tier 1 Capital Ratio	17.479%	16.620%
Total Capital Ratio	27.887%	28.485%

(b) Breakdown of risk-weighted assets in the various categories of risk-weights are as follows:

	<u>Bank</u>	
	<u>2025</u>	<u>2024</u>
	RM'000	RM'000
Credit risk	12,942,591	12,075,843
Market risk	14,119	3,744
Operational risk	687,299	767,893
	<u>13,644,009</u>	<u>12,847,480</u>

Registration No.

200001008645 (511251-V)

BANK OF CHINA (MALAYSIA) BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025 (CONTINUED)

38 FINANCIAL RISK MANAGEMENT

(a) Financial risk management

The objectives of the Bank's financial risk management are to establish an enterprise-wide integrated risk management system which will help evaluate risk with reward and maximise income within an acceptable risk level through risk identification, measurement, monitoring and management.

The Board of Directors and the immediate holding company, Bank of China (Hong Kong) Limited approve the extent of the Bank's risk appetite in the pursuit of agreed business strategies and objectives. The Board of Directors also approves risk limits and regularly reviews major policies designed to control risk within the Bank.

(b) Credit risk

(i) ECL models application

The Bank adopted general approach for ECL models for financial assets and simplified approach for other receivable, with ECL computed or measured based on the present value of the estimated future contractual cash flows that are discounted at the financial instrument's original effective interest rate or an approximation thereof, after incorporating the components of Probability of Default ("PD"), Loss Given Default ("LGD") and Exposure at Default ("EAD").

BANK OF CHINA (MALAYSIA) BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025 (CONTINUED)

38 FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Credit risk (continued)

(i) ECL models application (continued)

The details of these three components are as below:

- PD is an estimation of the likelihood of default over a given time horizon, either over the next 12 months, or over the remaining lifetime of the obligation.
- LGD is an estimation of loss the Bank will incur given the default of borrower. It is the difference between the exposure at the point of default and the cashflow that the Bank is expected to receive, including from the realisation of any collateral, and discounted back to the point of default.
- EAD which includes on-balance sheet and off-balance sheet exposures, is an estimation of exposures at the point of a future default date, taking into account the expected changes in the exposures up to the point of future default including repayments, additional drawdown on committed facility, and additional headroom before default. EAD will be computed when commitment is recognised. For off-balance sheet exposure, the regulatory prescribed credit conversion factor ("CCF") is used.

The Bank's portfolio is segmented into two portfolios, i.e. Non-retail portfolio (inclusive Corporate and Financial Institution) and Retail portfolio.

The ECL estimation method adopted by the Bank is by stages and summarised as below:

- Stage 1: 12-month ECL is provided for performing financial assets on a collective basis.
- Stage 2: Lifetime ECL is provided for financial assets with significant increase in credit risk ("SICR") since its initial recognition on a collective basis. The Bank has estimated behavioural lifetime for revolving facilities such as Overdraft and Revolving Credit.
- Stage 3: Lifetime ECL is estimated on an individual basis using Discounted Cash Flow ("DCF") approach with post-haircut collateral value being applied as prudent measures.

Lifetime ECL is provided for other asset based on simplified approach.

BANK OF CHINA (MALAYSIA) BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025 (CONTINUED)

38 FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Credit risk (continued)

(i) ECL models application (continued)

Forward-looking information

The Bank incorporated forward-looking factors in the ECL for Stage 1 and 2 by including the use of macroeconomic variables ("MEV") information. For year 2025, the Bank continuous to adopt a conservative outlook in the MEV projection to ensure sufficient loan loss provisioning for unexpected credit events. Overall, the impact of conservative MEV adjustment amounts to RM8.53 million (2024: RM33.00 million) as at 31 December 2025.

Some of the key MEVs selected for the purposes of forward-looking ECL estimation include GDP, Unemployment Rate, House Price Index and Consumer Price Index. The forward-looking ECL estimation is based on the probability weighted scenario of Good, Neutral and Downturn.

The ECL models are subject to independent review on annual basis. The Bank monitors the model performance regularly to ensure the results are reflective of the underlying portfolio.

Stage Determination

Stage determination is determined at borrower level and it is based on the worst stage amongst the facilities.

The Bank considers the borrower upon initial recognition of the financial asset (Stage 1) and whether there has been a SICR (Stage 2) on an on-going basis throughout each reporting period since its recognition.

BANK OF CHINA (MALAYSIA) BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025 (CONTINUED)

38 FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Credit risk (continued)

(i) ECL models application (continued)

Financial asset is classified as impaired (Stage 3) when it meets the definition of default as below:

- where the principal or interest or both of the loan is past due for more than 90 days or 3 months. In the case of revolving facilities, (e.g. overdraft facilities), the facility shall be classified as impaired when the outstanding amount exceeds the approved limit for a period of more than 90 days or 3 months; or
- where the amount is past due or the outstanding amount has been in excess of the approved limit for 90 days or 3 months or less and the loan exhibits weaknesses; or
- where repayments are scheduled on intervals of 3 months or longer, the loans and advances is classified as impaired as soon as a default occurs; or
- when the loan is classified as rescheduled and restructured.

SICR

The Bank determines the exposures of financial instruments to have significantly increased in credit risk when the financial instruments trigger the quantitative, qualitative or backstop criteria.

Exposures of financial instruments will be classified under Stage 2 based on the following criteria:

- exposures with days-past-due ("DPD") more than 30 days; or
- loan is classified as Special Mention (Weak Credit); or
- significant downgrade in credit risk rating since its recognition (applicable to corporate customers which are risk graded); or
- loans rescheduled and restructured by Agensi Kaunseling and Pengurusan Kredit ("AKPK").

BANK OF CHINA (MALAYSIA) BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025 (CONTINUED)

38 FINANCIAL RISK MANAGEMENT (CONTINUED)

- (b) Credit risk (continued)
- (ii) Credit quality of financial assets

The table below shows credit quality of the Bank's financial assets based on the following risk grades:

Risk Grades	Definition
Performing	Borrower is able to honour contracts and there is no reason to doubt that the loan principal and interest cannot be repaid fully and timely.
Special Mention	Borrower's credit risk profile is weak, or 1 or more of the borrower loan account has been overdue for 8 to 90 days. Despite borrower is currently capable of repaying loan principal and interest, there are symptoms or factors that may have an adverse impact in the future repayment ability.
Sub-standard	Impaired loans in arrears for 91 to 180 days. Refer to credit facilities involve more than a normal risk of loss due to one or combination of factors namely rescheduling and restructuring of credit facility due to credit deterioration, sporadic delays in debt servicing, unfavourable financial condition, insufficient operating cashflow to meet current debt commitments, insufficient security or other adverse factors which give rise to some doubt on the ability of the borrower and guarantor to comply with the present and/or revised repayment terms.
Doubtful	Impaired loans in arrears for more than 180 days. Refer to credit facilities where full collection is improbable.
Loss	Refer to credit facilities which are deemed uncollectible and worthless.
Investment grade	Internal rating 4C and above.
Non-investment grade	Internal rating worse than 4C.
Unrated	Indicates that the exposures are not internally rated or have been assigned with a rating by any credit rating agencies.

BANK OF CHINA (MALAYSIA) BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025 (CONTINUED)

38 FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Credit risk (continued)

(ii) Credit quality of financial assets (continued)

The table below shows the Bank's gross loans and advances and their corresponding commitments and contingencies, based on the following risk grades:

	<u>Stage 1</u>	<u>Stage 2</u>	<u>Stage 3</u>	<u>Bank</u>
	RM'000	RM'000	RM'000	Total
				RM'000
<u>2025</u>				
<u>Loans and Advances</u>				
<u>(On Balance Sheet Exposure)</u>				
Pass	11,215,215	32,080	-	11,247,295
Special Mention	-	152,750	-	152,750
Sub-standard	-	-	6,938	6,938
Doubtful	-	-	1,237	1,237
Loss	-	-	286,624	286,624
	<u>11,215,215</u>	<u>184,830</u>	<u>294,799</u>	<u>11,694,844</u>
<u>2024</u>				
<u>Loans and Advances</u>				
<u>(On Balance Sheet Exposure)</u>				
Pass	11,210,073	12,073	-	11,222,146
Special Mention	-	198,658	-	198,658
Sub-standard	-	-	5,563	5,563
Doubtful	-	-	84,292	84,292
Loss	-	-	260,855	260,855
	<u>11,210,073</u>	<u>210,731</u>	<u>350,710</u>	<u>11,771,514</u>

Registration No.

200001008645 (511251-V)

BANK OF CHINA (MALAYSIA) BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025 (CONTINUED)

38 FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Credit risk (continued)

(ii) Credit quality of financial assets (continued)

The table below shows the Bank's gross loans and advances and their corresponding commitments and contingencies, based on the following risk grades (continued):

	<u>Stage 1</u>	<u>Stage 2</u>	<u>Stage 3</u>	<u>Bank</u>
	RM'000	RM'000	RM'000	Total
				RM'000
<u>2025</u>				
<u>Commitments and Contingencies</u>				
Pass	6,912,395	10,156	-	6,922,551
Special Mention	-	35,216	-	35,216
Sub-standard	-	-	1	1
	<u>6,912,395</u>	<u>45,372</u>	<u>1</u>	<u>6,957,768</u>
<u>2024</u>				
<u>Commitments and Contingencies</u>				
Pass	6,347,320	1,471	-	6,348,791
Special Mention	225	46,256	-	46,481
	<u>6,347,545</u>	<u>47,727</u>	<u>-</u>	<u>6,395,272</u>

BANK OF CHINA (MALAYSIA) BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025 (CONTINUED)

38 FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Credit risk (continued)

(ii) Credit quality of financial assets (continued)

The table below shows credit quality of the Bank's other debt instruments (including short term fund, interbank lending and debt instrument), based on Investment Grade and Non-Investment Grade (continued):

	<u>Stage 1</u>	<u>Stage 2</u>	<u>Stage 3</u>	<u>Bank</u> <u>Total</u>
	RM'000	RM'000	RM'000	RM'000
<u>2025</u>				
<u>Other Debt Instruments</u>				
Investment Grade	6,660,976	-	-	6,660,976
Non-investment Grade	-	-	-	-
Unrated	3,245,519	-	-	3,245,519
Total	<u>9,906,495</u>	<u>-</u>	<u>-</u>	<u>9,906,495</u>
<u>2024</u>				
<u>Other Debt Instruments</u>				
Investment Grade	4,133,149	-	-	4,133,149
Non-investment Grade	-	-	-	-
Unrated	2,641,153	-	-	2,641,153
Total	<u>6,774,302</u>	<u>-</u>	<u>-</u>	<u>6,774,302</u>

The table below shows credit quality of the Bank's other assets, based on ageing matrix:

	<u>2025</u>	<u>Bank</u> <u>2024</u>
	RM'000	RM'000
<u>Other Assets</u>		
Aged more than 365 days	2,714	3,031
Aged between 181 - 365 days	58,702	2,013
Aged between 91 - 180 days	73	3,893
Aged 90 days or less	20,261	6,874
Total	<u>81,750</u>	<u>15,811</u>

BANK OF CHINA (MALAYSIA) BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025 (CONTINUED)

38 FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Credit risk (continued)

(iii) Maximum exposure to credit risk

For financial assets recognised in the statements of financial position, the maximum exposure to credit risk before taking account of any collateral held or credit enhancements equals their carrying amount in the statements of financial position. For financial guarantees and similar contract granted, it is the maximum amount that the Bank would have to pay if the guarantees were called upon. For credit related commitments and contingents that are irrevocable over the life of the respective facilities, it is generally the full amount of the committed facilities.

	<u>Bank</u>	
	<u>2025</u>	<u>2024</u>
	RM'000	RM'000
<u>Items recognised in the statements of financial position</u>		
Cash and short-term funds (exclude cash in hand)	4,336,073	3,306,788
Deposits and placements with banks and other financial institutions	2,378,862	1,093,468
Debt instruments at FVOCI	3,118,774	2,303,458
Debt instruments at amortised cost	70,169	70,183
Loans and advances	11,467,972	11,540,538
Other assets	81,750	15,811
Derivative financial assets	75,738	89,968
	<u>21,529,338</u>	<u>18,420,214</u>
<u>Items not recognised in the statements of financial position</u>		
Contingent liabilities	2,814,180	2,844,666
Credit commitments	4,143,588	3,550,606
	<u>28,487,106</u>	<u>24,815,486</u>

The financial effect of collateral (quantification to the extent to which collateral and other credit enhancements mitigate credit risk) held for gross loans and advances for the Bank is 36% (2024: 33%). The financial effect of collateral held for the other financial assets are insignificant.

Registration No.

200001008645 (511251-V)

BANK OF CHINA (MALAYSIA) BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025 (CONTINUED)

38 FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Credit risk (continued)

(iv) Collateral

The Bank grants credit facilities based on the credit standing of the customer, legitimate loan purpose, source of repayment, debt servicing ability, collateral(s), guarantees and etc. as the credit risk mitigant(s) ("CRM"). The credit facilities may be granted unsecured premised on the merit of the customer's credibility.

The main types of collateral obtained by the Bank to mitigate credit risk are as follows:

No	Types of Collaterals
1	Fixed Deposit, Cash Margin
2	Property/Land
3	Quoted Share
4	Bond
5	Standby Letter of Credit by Financial Institution
6	Others (e.g. Machinery, Vessels, Assignment of proceeds, etc.)

The Bank also accepts guarantees from individuals, corporates and institutional customers to mitigate credit risk subject to internal guidelines on eligibility.

Valuation report of property by panel valuer is required by the Bank to ensure the value is fair unless is exempted by the Bank. Generally, the value of the property charged is updated during the periodic credit review to reflect the current market value. The estimated market value of the collateral as at 31 December 2025 being RM9.20 billion (2024: RM9.90 billion); of which RM0.46 billion (2024: RM0.53 billion) being collateral of financial assets that are impaired.

Registration No.

200001008645 (511251-V)

BANK OF CHINA (MALAYSIA) BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025 (CONTINUED)

38 FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Credit risk (continued)

(v) The following tables set out the credit risk concentrations by sector:

<u>Bank</u> <u>2025</u>	Short-term funds and placements with financial institutions RM'000	Debt instruments at FVOCI RM'000	Debt instruments at amortised cost RM'000	Loans and advances RM'000	Other assets RM'000	On-balance sheet total RM'000	Commitments and contingents RM'000
Agriculture, forestry and fishing	-	-	-	323,801	-	323,801	186,556
Mining and quarrying	-	-	-	311,385	-	311,385	71,388
Manufacturing	-	-	-	1,896,612	-	1,896,612	1,797,771
Electricity, gas, steam and air conditioning supply	-	-	-	908,948	-	908,948	586,383
Water supply; sewerage, waste management and remediation activities	-	-	-	43,430	-	43,430	26,791
Construction	-	-	-	671,066	-	671,066	705,493
Wholesale and retail trade; repair of motor vehicles and motorcycles	-	-	-	489,253	-	489,253	438,768
Transport and storage	-	-	-	997,719	-	997,719	200,510
Accommodation and food service activities	-	-	-	12,422	-	12,422	837
Information and communication	-	-	-	79,198	-	79,198	168,928
Financial and insurance/ takaful activities	6,244,125	344,067	-	2,172,792	75,738	8,836,722	2,446,613
Real estate activities	-	-	-	1,569,845	-	1,569,845	185,990
Professional, scientific and technical activities	-	-	-	137,984	-	137,984	52
Administrative and support service activities	-	-	-	172,364	-	172,364	73,130
Public administrative and defence; compulsory social security	-	-	-	-	-	-	-
Education	-	-	-	207,684	-	207,684	-

Registration No.

200001008645 (511251-V)

BANK OF CHINA (MALAYSIA) BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025 (CONTINUED)

38 FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Credit risk (continued)

(v) The following tables set out the credit risk concentrations by sector (continued):

	Short-term funds and placements with financial institutions	Debt instruments at FVOCI	Debt instruments at amortised cost	Loans and advances	Other assets	On-balance sheet total	Commitments and contingents
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<u>Bank</u>							
<u>2025</u>							
Arts, entertainment and recreation	-	-	-	41,873	-	41,873	-
Household	-	-	-	1,431,596	-	1,431,596	68,558
Others*	470,810	2,774,707	70,169	-	81,750	3,397,436	-
	<u>6,714,935</u>	<u>3,118,774</u>	<u>70,169</u>	<u>11,467,972</u>	<u>157,488</u>	<u>21,529,338</u>	<u>6,957,768</u>

* Others include of RM RM3,397,607,000 under government and government agencies.

Other assets include derivative financial assets and other receivable.

Registration No.

200001008645 (511251-V)

BANK OF CHINA (MALAYSIA) BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025 (CONTINUED)

38 FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Credit risk (continued)

(v) The following tables set out the credit risk concentrations by sector (continued):

<u>Bank</u> <u>2024</u>	Short-term funds and placements with financial institutions RM'000	Debt instruments at FVOCI RM'000	Debt instruments at amortised cost RM'000	Loans and advances RM'000	Other assets RM'000	On-balance sheet total RM'000	Commitments and contingents RM'000
Agriculture, forestry and fishing	-	-	-	458,801	-	458,801	115,673
Mining and quarrying	-	-	-	190,779	-	190,779	22,640
Manufacturing	-	-	-	1,854,229	-	1,854,229	1,926,992
Electricity, gas, steam and air conditioning supply	-	-	-	984,911	-	984,911	538,653
Water supply; sewerage, waste management and remediation activities	-	-	-	1,171	-	1,171	21,932
Construction	-	-	-	729,198	-	729,198	960,360
Wholesale and retail trade; repair of motor vehicles and motorcycles	-	-	-	560,761	-	560,761	430,210
Transport and storage	-	-	-	1,161,040	-	1,161,040	62,264
Accommodation and food service activities	-	-	-	53,998	-	53,998	6,112
Information and communication	-	-	-	297,762	-	297,762	176,928
Financial and insurance/ takaful activities	3,961,880	100,680	-	1,836,067	89,968	5,988,595	1,782,119
Real estate activities	-	-	-	1,500,550	-	1,500,550	254,071
Professional, scientific and technical activities	-	-	-	109,347	-	109,347	9,746
Administrative and support service activities	-	-	-	154,950	-	154,950	11,579
Public administrative and defence; compulsory social security	-	-	-	8,405	-	8,405	-
Education	-	-	-	219,979	-	219,979	-

Registration No.

200001008645 (511251-V)

BANK OF CHINA (MALAYSIA) BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025 (CONTINUED)

38 FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Credit risk (continued)

(v) The following tables set out the credit risk concentrations by sector (continued):

	Short-term funds and placements with financial institutions	Debt instruments at FVOCI	Debt instruments at amortised cost	Loans and advances	Other assets	On-balance sheet total	Commitments and contingents
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<u>Bank</u>							
<u>2024</u>							
Arts, entertainment and recreation	-	-	-	72,949	-	72,949	-
Household	-	-	-	1,345,641	-	1,345,641	75,993
Others*	438,376	2,202,778	70,183	-	15,811	2,727,148	-
	<u>4,400,256</u>	<u>2,303,458</u>	<u>70,183</u>	<u>11,540,538</u>	<u>105,779</u>	<u>18,420,214</u>	<u>6,395,272</u>

* Others include of RM2,711,776,000 under government and government agencies.

Other assets include derivative financial assets and other receivable.

Registration No.

200001008645 (511251-V)

BANK OF CHINA (MALAYSIA) BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025 (CONTINUED)

38 FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Liquidity risk

Liquidity risk is the potential inability of the Bank to meet its payment obligations. The Bank is exposed to daily calls on its available cash resources from overnight deposits, current accounts, maturing deposits, loan draw-downs and guarantees, and from margin and other calls on cash-settled derivatives.

The objective of the liquidity policy of the Bank is to ensure that the Bank is able to meet its financial obligations, whether such obligations are scheduled or unforeseen. The Bank has set liquidity risk appetites and established necessary management action triggers to manage its liquidity risk for regulatory compliance and to meet holding companies expectations. Necessary policies and procedures, including the escalation processes are established to promote effective oversight of the liquidity risk. In addition, the Bank has also formulated a Contingency Funding Plan to manage potential liquidity crisis.

BANK OF CHINA (MALAYSIA) BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025 (CONTINUED)

38 FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Liquidity risk (continued)

The table below which analyses financial assets and financial liabilities as at 31 December 2025 based on the remaining contractual maturity, is disclosed in accordance with the requirements of BNM's Guidelines on Financial Reporting:

<u>Bank</u>	<u>Within 1 week RM'000</u>	<u>>1 week to 1 month RM'000</u>	<u>>1-3 months RM'000</u>	<u>>3-6 months RM'000</u>	<u>>6-12 months RM'000</u>	<u>Over 1 year RM'000</u>	<u>Non-specific maturity RM'000</u>	<u>Total RM'000</u>
<u>2025</u>								
Cash and short-term funds	2,027,027	2,309,046	-	-	-	-	-	4,336,073
Deposits and placements with banks and other financial institutions	-	-	2,204,117	174,745	-	-	-	2,378,862
Derivative financial assets	1,985	28,735	8,707	3,004	3,001	30,306	-	75,738
Financial investments	-	-	121,406	5,018	197,688	2,864,831	14,145	3,203,088
Loans and advances	561,780	1,183,809	1,790,105	378,588	315,613	7,238,077	-	11,467,972
Other assets	78,089	1,015	208	153	596	6,780	-	86,841
Total assets	2,668,881	3,522,605	4,124,543	561,508	516,898	10,139,994	14,145	21,548,574
Deposits from customers	4,843,563	1,408,435	1,649,718	1,590,456	1,474,802	1,578,383	-	12,545,357
Deposits and placements of banks and other financial institutions	1,056,144	1,347,575	1,582,519	332,886	174,831	-	-	4,493,955
Derivatives financial liabilities	2,036	28,254	8,528	2,969	3,005	30,292	-	75,084
Other liabilities	489,913	22,290	1,733	54,428	8,585	53,367	-	630,316
Other borrowing	175,120	-	-	-	-	-	-	175,120
Subordinated loan	-	-	-	-	-	1,273,508	-	1,273,508
Total liabilities	6,566,776	2,806,554	3,242,498	1,980,739	1,661,223	2,935,550	-	19,193,340
Net liquidity gap - Total assets less total liabilities	(3,897,895)	716,051	882,045	(1,419,231)	(1,144,325)	7,204,444	14,145	2,355,234

Registration No.

200001008645 (511251-V)

BANK OF CHINA (MALAYSIA) BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025 (CONTINUED)

38 FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Liquidity risk (continued)

The table below which analyses financial assets and financial liabilities as at 31 December 2024 based on the remaining contractual maturity, is disclosed in accordance with the requirements of BNM's Guidelines on Financial Reporting:

<u>Bank</u>	<u>Within 1 week RM'000</u>	<u>>1 week to 1 month RM'000</u>	<u>>1-3 months RM'000</u>	<u>>3-6 months RM'000</u>	<u>>6-12 months RM'000</u>	<u>Over 1 year RM'000</u>	<u>Non-specific maturity RM'000</u>	<u>Total RM'000</u>
<u>2024</u>								
Cash and short-term funds	1,395,056	1,911,732	-	-	-	-	-	3,306,788
Deposits and placements with banks and other financial institutions	-	-	1,093,468	-	-	-	-	1,093,468
Derivative financial assets	1,935	34,881	38,996	5,790	271	8,095	-	89,968
Financial investments	950	20,273	81,039	-	173,122	2,099,207	15,155	2,389,746
Loans and advances	715,510	1,033,062	1,348,750	430,663	781,128	7,231,425	-	11,540,538
Other assets	8,665	2,800	651	2,390	774	3,076	-	18,356
Total assets	2,122,116	3,002,748	2,562,904	438,843	955,295	9,341,803	15,155	18,438,864
Deposits from customers	4,875,211	955,941	1,476,503	1,340,066	1,711,551	122,083	-	10,481,355
Deposits and placements of banks and other financial institutions	545,622	1,418,032	1,422,902	401,906	-	-	-	3,788,462
Derivatives financial liabilities	1,958	34,670	38,160	5,639	203	8,096	-	88,726
Other liabilities	266,843	14,232	1,345	49,181	9,589	40,694	-	381,884
Other borrowing	314,434	-	-	-	-	-	-	314,434
Subordinated loan	-	-	-	-	-	1,402,981	-	1,402,981
Total liabilities	6,004,068	2,422,875	2,938,910	1,796,792	1,721,343	1,573,854	-	16,457,842
Net liquidity gap - Total assets less total liabilities	(3,881,952)	579,873	(376,006)	(1,357,949)	(766,048)	7,767,949	15,155	1,981,022

BANK OF CHINA (MALAYSIA) BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025 (CONTINUED)

38 FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Liquidity risk (continued)

The table below shows the undiscounted cash outflows of the Bank's financial liabilities by remaining contractual maturities on undiscounted basis. All trading derivatives, whether net or gross settled are analysed based on the expected maturity as the contractual maturity is not considered to be essential to the understanding of the timing of the cash flows. The amounts disclosed in respect of such contracts are the fair values. The balances in the table below is based on undiscounted basis and do not agree to the balances reported in the statements of financial position.

<u>Bank</u>	<u>Within 1 week RM'000</u>	<u>>1 week to 1 month RM'000</u>	<u>>1-3 months RM'000</u>	<u>>3-6 months RM'000</u>	<u>>6-12 months RM'000</u>	<u>Over 1 year RM'000</u>	<u>Total RM'000</u>
<u>2025</u>							
<u>Financial liabilities</u>							
Deposits from customers	7,239,901	1,411,036	1,657,993	10,763	2,479,089	44,602	12,843,384
Deposits and placements of banks and other financial institutions	991,251	1,261,534	1,587,038	335,421	177,230	-	4,352,474
Derivatives financial liabilities	1,856	28,132	7,351	34,714	3,142	-	75,195
Other liabilities	487,886	8,379	1,665	3,679	8,140	31,499	541,248
Subordinated loan	12,929	-	-	12,787	26,000	1,339,888	1,391,604
	<u>8,733,823</u>	<u>2,709,081</u>	<u>3,254,047</u>	<u>397,364</u>	<u>2,693,601</u>	<u>1,415,989</u>	<u>19,203,905</u>
<u>2024</u>							
<u>Financial liabilities</u>							
Deposits from customers	5,252,203	957,690	1,484,773	1,357,140	1,755,126	9,409	10,816,341
Deposits and placements of banks and other financial institutions	545,626	1,420,223	1,429,286	405,327	-	-	3,800,462
Derivatives financial liabilities	683	35,935	38,815	5,572	1,944	8,056	91,005
Other liabilities	218,616	4,904	1,352	5,051	8,687	13,703	252,313
Subordinated loan	21,844	-	-	21,844	44,416	1,632,929	1,721,033
	<u>6,038,972</u>	<u>2,418,752</u>	<u>2,954,226</u>	<u>1,794,934</u>	<u>1,810,173</u>	<u>1,664,097</u>	<u>16,681,154</u>

Registration No.

200001008645 (511251-V)

BANK OF CHINA (MALAYSIA) BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025 (CONTINUED)

38 FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Liquidity risk (continued)

The following table presents the contractual expiry by maturity of the Bank's commitments and contingencies (continued):

<u>Bank</u>	2025			2024		
	<u>Less than 1 year</u> RM'000	<u>Over 1 year</u> RM'000	<u>Total</u> RM'000	<u>Less than 1 year</u> RM'000	<u>Over 1 year</u> RM'000	<u>Total</u> RM'000
Direct credit substitutes	58,107	-	58,107	1,898	-	1,898
Transaction-related contingent items	1,335,481	1,365,783	2,701,264	1,465,913	1,316,199	2,782,112
Short-term self-liquidating trade-related contingencies	54,808	-	54,808	49,394	11,262	60,656
Irrevocable commitments to extend credit	3,727,748	415,840	4,143,588	3,280,722	269,884	3,550,606
Foreign exchange related contracts	8,328,249	-	8,328,249	7,375,786	-	7,375,786
Interest/Profit rate related contracts	597,880	856,011	1,453,891	633,449	328,239	961,688
	<u>14,102,273</u>	<u>2,637,634</u>	<u>16,739,907</u>	<u>12,807,162</u>	<u>1,925,584</u>	<u>14,732,746</u>

The above commitments and contingencies are available for draw down or could be called upon within a period of less than one year.

BANK OF CHINA (MALAYSIA) BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025 (CONTINUED)

38 FINANCIAL RISK MANAGEMENT (CONTINUED)

(d) Market risk

Market risk is the risk of potential losses resulting from the changes in the value of assets and liabilities (including off-balance sheet assets and liabilities) due to fluctuations in the market risk factors such as foreign exchange rates, interest rates, credit spreads, equity prices, commodities prices and their associated volatility.

The Bank's RMICC is responsible for the oversight of market risk management of the Bank and executing the BRMC and Board's mandate on market risk management strategies, risk appetite and tolerance level. The Bank has established the Market Risk Management Policy to govern BOCM's market risk governance structure, risk identification, measurement, monitoring and reporting processes. Various market risk indicators (e.g. Foreign Exchange Net Open Position, Value-at-Risk, Price Value of Basis Point, Stop Loss, etc) are regularly measured and monitored, in order to proactively manage the fluctuations of market interest rates and foreign exchange rates.

The Bank's interest rate risk are monitored through earnings and economic value of equity indicators. The impact on net interest income of the banking book is simulated under various interest rate assumptions. Sensitivity is measured using the Earnings-at-Risk ("EaR") methodology. An increase or decrease by 25 basis points, the impact of increase/decrease on the Bank's earnings for the financial year end is estimated at RM10.44 million (2024: RM9.14 million).

The Bank is exposed to precious metal risk and such exposures are managed together with foreign exchange risk. An increase or decrease of 1% in market price would impact the fair value by RM0 (2024: RM600).

The Bank's foreign exchange risk is managed by matching the quantum and timing of cash flow of the foreign exchange assets with foreign exchange liabilities. The mismatch between foreign currencies mainly arises from the Bank's short-term foreign currencies borrowing and medium-to-long term foreign currencies loans.

The following table demonstrates the sensitivity of the Bank's profit after taxation and equity to a reasonable possible change in foreign exchange rates with all other variables remaining constant.

Impact on profit after taxation:

	2025		Bank 2024	
	Foreign exchange rate +1% RM'000	Foreign exchange rate -1% RM'000	Foreign exchange rate +1% RM'000	Foreign exchange rate -1% RM'000
<u>Currency</u>				
USD	(853)	853	1,676	(1,676)
SGD	(9)	9	4	(4)
CNY	2,056	(2,056)	401	(401)
Others	22	(22)	(2)	2

Registration No.

200001008645 (511251-V)

BANK OF CHINA (MALAYSIA) BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025 (CONTINUED)

38 FINANCIAL RISK MANAGEMENT (CONTINUED)

(d) Market risk (continued)

Interest rate risk

The tables below summarise the Bank's exposure to interest rate risks at the reporting date. Included in the tables are the Bank's assets and liabilities at their full carrying amounts, categorised by the earlier of contractual repricing or maturity dates. The off-balance sheet gap represents the net notional amounts of all interest rate sensitive derivative financial instruments. As interest rates and yield curves change over time the Bank may be exposed to a loss in earnings due to the effects of interest rates on the structure of the balance sheet. Sensitivity to interest rates arises from mismatches in the repricing dates, cash flows and other characteristics of the assets and their corresponding liability funding.

<u>Bank</u>	<u>Non-trading book</u>						<u>Total</u> RM'000
	<u>Up to</u> <u>1 month</u> RM'000	<u>>1-3</u> <u>months</u> RM'000	<u>>3-12</u> <u>months</u> RM'000	<u>>1-5</u> <u>years</u> RM'000	<u>Over</u> <u>5 years</u> RM'000	<u>Non-interest</u> <u>sensitive</u> RM'000	
<u>2025</u>							
<u>Assets</u>							
Cash and short-term funds	3,865,971	-	-	-	-	488,423	4,354,394
Deposits and placements with banks and other financial institutions	-	2,198,482	174,186	-	-	6,194	2,378,862
Derivative financial assets	30,720	8,707	6,005	30,306	-	-	75,738
Debt instruments at FVOCI	-	120,264	201,319	959,093	1,808,914	29,184	3,118,774
Equity instruments at FVOCI	-	-	-	-	-	14,145	14,145
Debt instruments at amortised cost	-	-	-	70,000	-	169	70,169
Loans and advances							
- non-impaired	1,684,575	1,790,105	694,201	4,393,723	2,787,253	-	11,349,857
- impaired	61,399	-	-	38,356	18,360	-	118,115

Registration No.

200001008645 (511251-V)

BANK OF CHINA (MALAYSIA) BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025 (CONTINUED)

38 FINANCIAL RISK MANAGEMENT (CONTINUED)

(d) Market risk (continued)

Interest rate risk (continued)

<u>Bank</u>	Non-trading book						<u>Total</u> RM'000
	<u>Up to</u> <u>1 month</u> RM'000	<u>>1-3</u> <u>months</u> RM'000	<u>>3-12</u> <u>months</u> RM'000	<u>>1-5</u> <u>years</u> RM'000	<u>Over</u> <u>5 years</u> RM'000	<u>Non-interest</u> <u>sensitive</u> RM'000	
<u>2025</u>							
Other assets	-	-	-	-	-	86,841	86,841
Deferred tax assets	-	-	-	-	-	19,975	19,975
Right-of-use assets	-	-	-	-	-	37,355	37,355
Property and equipment	-	-	-	-	-	40,875	40,875
Intangible assets	-	-	-	-	-	1,138	1,138
Statutory deposits with Bank Negara Malaysia	-	-	-	-	-	65,000	65,000
Total assets	5,642,665	4,117,558	1,075,711	5,491,478	4,614,527	789,299	21,731,238

Registration No.

200001008645 (511251-V)

BANK OF CHINA (MALAYSIA) BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025 (CONTINUED)

38 FINANCIAL RISK MANAGEMENT (CONTINUED)

(d) Market risk (continued)

Interest rate risk (continued)

<u>Bank</u>	Non-trading book						<u>Total</u> RM'000
	<u>Up to</u> <u>1 month</u> RM'000	<u>>1-3</u> <u>months</u> RM'000	<u>>3-12</u> <u>months</u> RM'000	<u>>1-5</u> <u>years</u> RM'000	<u>Over</u> <u>5 years</u> RM'000	<u>Non-interest</u> <u>sensitive</u> RM'000	
<u>2025</u>							
<u>Liabilities</u>							
Deposits from customers	2,432,937	1,627,762	3,021,754	52,331	-	5,410,573	12,545,357
Deposits and placements of banks and other financial institutions	2,399,639	1,579,836	505,383	-	-	9,097	4,493,955
Other borrowing	174,270	-	-	-	-	850	175,120
Derivatives financial liabilities	30,290	8,528	5,974	30,292	-	-	75,084
Other liabilities	3,847	2,290	7,081	35,836	1,572	579,690	630,316
Subordinated loan	-	-	-	-	1,258,290	15,218	1,273,508
Provision for taxation	-	-	-	-	-	641	641
Total liabilities	5,040,983	3,218,416	3,540,192	118,459	1,259,862	6,016,069	19,193,981
Total equity	-	-	-	-	-	2,537,257	2,537,257
Total liabilities and equity	5,040,983	3,218,416	3,540,192	118,459	1,259,862	8,553,326	21,731,238
On balance sheet – interest sensitivity gap	601,682	899,142	(2,464,481)	5,373,019	3,354,665	(5,226,770)	
Off balance sheet - interest sensitivity gap	-	-	-	-	-	16,739,908	
Total interest sensitivity gap	601,682	899,142	(2,464,481)	5,373,019	3,354,665	11,513,138	

Registration No.

200001008645 (511251-V)

BANK OF CHINA (MALAYSIA) BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025 (CONTINUED)

38 FINANCIAL RISK MANAGEMENT (CONTINUED)

(d) Market risk (continued)

Interest rate risk (continued)

	Up to 1 month RM'000	>1-3 months RM'000	>3-12 months RM'000	>1-5 years RM'000	Over 5 years RM'000	Non-trading book Non-interest sensitive RM'000	Total RM'000
<u>2024</u>							
<u>Assets</u>							
Cash and short-term funds	3,006,069	-	-	-	-	325,189	3,331,258
Deposits and placements with banks and other financial institutions	-	1,090,425	-	-	-	3,043	1,093,468
Derivative financial assets	36,816	38,996	6,061	8,095	-	-	89,968
Debt instruments at FVOCI	19,994	80,104	170,911	920,173	1,089,970	22,306	2,303,458
Equity instruments at FVOCI	-	-	-	-	-	15,155	15,155
Debt instruments at amortised cost	-	-	-	70,000	-	183	70,183
Equity instrument at FVTPL	-	-	-	-	-	950	950
Loans and advances							
- non-impaired	1,672,984	1,348,750	1,209,550	4,565,824	2,552,769	-	11,349,877
- impaired	75,589	-	2,241	80,544	32,287	-	190,661
Other assets	-	-	-	-	-	18,356	18,356
Deferred tax assets	-	-	-	-	-	31,148	31,148
Tax recoverable	-	-	-	-	-	14,264	14,264
Right-of-use assets	-	-	-	-	-	18,626	18,626
Property and equipment	-	-	-	-	-	40,455	40,455
Intangible assets	-	-	-	-	-	1,903	1,903
Investment in a subsidiary	-	-	-	-	-	1,000	1,000
Statutory deposits with Bank Negara Malaysia	-	-	-	-	-	116,000	116,000
Total assets	4,811,452	2,558,275	1,388,763	5,644,636	3,675,026	608,578	18,686,730

Registration No.

200001008645 (511251-V)

BANK OF CHINA (MALAYSIA) BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025 (CONTINUED)

38 FINANCIAL RISK MANAGEMENT (CONTINUED)

(d) Market risk (continued)

Interest rate risk (continued)

	Non-trading book					Total RM'000	
	Up to 1 month RM'000	>1-3 months RM'000	>3-12 months RM'000	>1-5 years RM'000	Over 5 years RM'000		Non-interest sensitive RM'000
<u>2024</u>							
<u>Liabilities</u>							
Deposits from customers	1,942,713	1,453,042	3,011,629	8,904	-	4,065,067	10,481,355
Deposits and placements of banks and other financial institutions	1,957,219	1,418,270	401,650	-	-	11,323	3,788,462
Other borrowing	313,378	-	-	-	-	1,056	314,434
Derivatives financial liabilities	36,628	38,160	5,842	8,096	-	-	88,726
Other liabilities	47,799	1,473	6,051	13,479	1,040	312,042	381,884
Subordinated loan	-	-	-	-	1,384,150	18,831	1,402,981
Total liabilities	4,297,737	2,910,945	3,425,172	30,479	1,385,190	4,408,319	16,457,842
Total equity	-	-	-	-	-	2,228,888	2,228,888
Total liabilities and equity	4,297,737	2,910,945	3,425,172	30,479	1,385,190	6,637,207	18,686,730
On balance sheet – interest sensitivity gap	513,715	(352,670)	(2,036,409)	5,614,158	2,289,836	(3,799,741)	
Off balance sheet - interest sensitivity gap	-	-	-	-	-	14,732,746	
Total interest sensitivity gap	513,715	(352,670)	(2,036,409)	5,614,158	2,289,836	10,933,005	

BANK OF CHINA (MALAYSIA) BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025 (CONTINUED)

38 FINANCIAL RISK MANAGEMENT (CONTINUED)

(e) Operational risk

Operational risk refers to the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. Operational risk is inherent in all activities, products and services of financial institutions and can transverse multiple activities and business lines within the Bank. It includes a wide spectrum of heterogeneous risk such as fraud, physical damage, business disruption, transaction failures, legal and regulatory breaches as well as employee health and safety hazards. Operational risk may result in direct financial losses as well as indirect financial losses (e.g. loss of business and market share) due to reputational damage.

To manage operational risk, the Bank has established “Three lines of defence” to manage operational risk events, where:

First line of defence – Business and functional lines are primarily responsible in managing operational risk of their respective businesses and functions.

Second line of defence – perform reviewing and identification and management of major operational risk by business and functional lines as well as integrating operational risks at the enterprise level.

Third line of defence – provide regular reviews and assessments of the operational risk management framework, processes and systems.

Risk Management and Internal Control Committee (“RMICC”), Compliance Risk Management Committee (“CRMC”), and Board Risk Management Committee (“BRMC”) are the Bank’s risk governance committees accountable in overseeing the enterprise wide operational risk function. The committee is responsible to monitor and deliberate on operational risk issues specific to the business or functional lines, and promote risk ownership and management by the business and functional lines.

BANK OF CHINA (MALAYSIA) BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025 (CONTINUED)

39 FAIR VALUE OF FINANCIAL INSTRUMENTS

MFRS 7 Financial Instruments: Disclosures requires the classification of financial instruments held at fair value according to a hierarchy that reflects the significance of inputs used in making the measurements, in particular, whether the inputs used are observable or unobservable. *MFRS 13 Fair Value Measurement* also requires the hierarchical disclosure for financial instruments of which their fair values are disclosed. The following levels of hierarchy are used for determining the disclosing the fair value of financial instruments:

Level 1 – Quoted prices (unadjusted) in active markets for identical financial instruments.

Level 2 – Valuation technique using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 – Valuation technique using inputs for the asset or liability that is not based on observable market data (unobservable inputs).

Financial instruments comprise financial assets, financial liabilities and off-balance sheet financial instruments. Fair value is the amount at which a financial asset could be exchanged or a financial liability settled, between knowledgeable and willing parties in an arm's length transaction. The information presented herein represents the estimates of fair values as at the financial statements date.

Where available, quoted and observable market prices are used as the measures of fair values. Where such quoted and observable market prices are not available, fair values are estimated based on a range of methodologies and assumptions regarding risk characteristics of various financial instruments, discount rates, estimates of future cash flows and other factors. Changes in the uncertainties and assumptions could materially affect these estimates and the resulting fair value estimates.

Registration No.

200001008645 (511251-V)

BANK OF CHINA (MALAYSIA) BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025 (CONTINUED)

39 FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

(a) Financial instruments carried at fair value

As at 31 December 2025, the Bank only has fair valued financial instruments that fall under Level 1, Level 2 and Level 3 as listed below:

	Bank Valuation Technique 2025				Bank Valuation Technique 2024			
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
<u>Financial assets</u>								
Debt instruments at FVOCI	-	3,118,774	-	3,118,774	-	2,303,458	-	2,303,458
Equity instruments at FVOCI	-	-	14,145	14,145	-	-	15,155	15,155
Derivative financial assets	-	75,738	-	75,738	-	89,968	-	89,968
Equity instruments at FVTPL	-	-	-	-	950	-	-	950
	-	3,194,512	14,145	3,208,657	950	2,393,426	15,155	2,409,531
<u>Financial liabilities</u>								
Derivative financial liabilities	-	75,084	-	75,084	-	88,726	-	88,726

BANK OF CHINA (MALAYSIA) BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025 (CONTINUED)

39 FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

(a) Financial instruments carried at fair value (continued)

The following represents the changes in Level 3 of financial assets:

	Equity instruments at fair value through other comprehensive income
	<u>RM'000</u>
<u>Bank</u>	
At 1 January 2025	15,155
Total loss recognised in other comprehensive income	<u>(1,010)</u>
At 31 December 2025	<u><u>14,145</u></u>

(i) Debt instruments at FVOCI

The estimated fair value of Malaysian Government Securities and Malaysian Government Investment Issues is generally based on directly or indirectly market observable inputs and classified under Level 2 of the fair value hierarchy.

(ii) Equity instruments at FVOCI

The Bank derived the fair value of the unquoted equity investments based on the "revised net assets" method. The revised net assets were obtained based on the fair value net assets as derived in the investee's latest publicly available audited financial statement of these investments. Investments in equity instruments that do not have a quoted market price in an active market and whose fair value can be reliably measured are measured at cost.

Cagamas Holdings Berhad's shares is revalued based on fair value of net tangible asset approach.

(iii) Derivative financial assets and liabilities

The fair values of derivative assets and liabilities are from foreign exchange related contracts/interest/profit related contracts. These are the estimated amounts the Bank would receive or pay to terminate the contracts at the reporting date.

BANK OF CHINA (MALAYSIA) BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025 (CONTINUED)

39 FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

- (b) Quantitative information about fair value measurements using significant unobservable inputs (Level 3)

Sensitivity analysis for level 3

	<u>Bank</u> <u>2025</u>	
	<u>Favorable</u> <u>changes</u> +10%	<u>Unfavorable</u> <u>changes</u> -10%
	RM'000	RM'000
Equity instruments at FVOCI		
- Cagamas Holdings Berhad	1,080	(1,080)
- CGC	335	(335)
	<u>1,415</u>	<u>(1,415)</u>

- (c) Financial instruments not carried at fair value

A range of methodologies and assumptions had been used in deriving the fair values of the Bank's financial instruments at the reporting date. The total fair value by each class of financial instruments is not materially different from the total carrying amount, except for the following financial assets:

	<u>2025</u>		<u>2024</u>	
	<u>Carrying</u> <u>amount</u>	<u>Fair</u> <u>value</u>	<u>Carrying</u> <u>amount</u>	<u>Fair</u> <u>value</u>
	RM'000	RM'000	RM'000	RM'000
<u>Bank</u>				
<u>Financial assets</u>				
Debt instrument at amortised cost				
- Level 2	70,169	71,043	70,183	70,266
Other assets				
Precious metal inventories				
- Level 2	-	-	28	60
	<u>70,169</u>	<u>71,043</u>	<u>70,211</u>	<u>70,326</u>

BANK OF CHINA (MALAYSIA) BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025 (CONTINUED)

39 FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

(c) Financial instruments not carried at fair value (continued)

	2025		2024	
	Carrying amount	Fair value	Carrying amount	Fair value
	RM'000	RM'000	RM'000	RM'000
<u>Bank</u>				
<u>Financial assets</u>				
Loans and advances				
- Level 3	11,467,972	11,453,430	11,540,538	11,526,799
<u>Financial liabilities</u>				
Deposits and placements of bank and other financial institutions				
- Level 2	4,493,955	4,493,955	3,788,462	3,788,462
Other borrowing				
- Level 3	175,120	162,730	314,434	291,799
Subordinated loan				
- Level 3	1,273,508	1,258,290	1,402,981	1,396,240
Deposits from customers				
- Level 2	12,545,357	12,543,239	10,481,355	10,480,947

BANK OF CHINA (MALAYSIA) BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025 (CONTINUED)

39 FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

(c) Financial instruments not carried at fair value (continued)

(i) Debt instruments at amortised cost

The estimated fair value of negotiable instruments of deposits is based on market yield of similar assets and classified under Level 2 of the fair value hierarchy.

(ii) Precious metal inventories

The fair values of financial assets are determined by quoted market prevailing prices of the respective precious metals as quoted by the London Bullion Market Association.

(iii) Loans and advances

For variable rate financing, the carrying value is generally a reasonable estimate of fair value.

For fixed rate financing with maturities of 6 months or more, the fair value is estimated by discounting the estimated future cash flows using the prevailing market rates of financing with similar credit risks and maturities.

The fair value of impaired variable and fixed rate financing are represented by their carrying value, net of individual impairment allowance, being the expected recoverable amount.

BANK OF CHINA (MALAYSIA) BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025 (CONTINUED)

39 FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

(c) Financial instruments not carried at fair value (continued)

(iv) Deposits and placements of banks and other financial institutions

The estimated fair values of deposits and placements of banks and other financial institutions with maturities of less than one year approximate the carrying amounts.

(v) Deposits from customers

For deposits from customers with maturities of less than one year, the carrying amounts are a reasonable estimate of their fair value.

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

Cash and short-term funds and deposits and placements with banks and other financial institutions, as well as interest and other short-term receivables and payables included in other assets and other liabilities respectively, fair values are expected to approximate the carrying amounts in the statements of financial position due to their short-term maturity.

The fair value of fixed rate loans and advances are estimated based on discounted cash flows using prevailing market rates of loans and advances of similar credit risks and maturity. The fair value of the fixed rate loans are approximate their carrying amounts due to their short-term maturity.

For fair values of variable rate loans and advances, the fair values are estimated to approximate their carrying amounts.

The fair value of other financial assets approximates their carrying amounts due to their short-term in nature.

(vii) Subordinated loan

The fair value of other borrowing and subordinated loan is estimated by discounting the expected future cash flows using the applicable prevailing interest rates for similar instruments as at reporting date.

(d) Sensitivity of fair value measurement to changes in unobservable inputs assumptions

Equity instruments at FVOCI was revalued using net tangible asset value approach, where higher net tangible assets result in higher fair value.

BANK OF CHINA (MALAYSIA) BERHAD
(Incorporated in Malaysia)**NOTES TO THE FINANCIAL STATEMENTS**
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025 (CONTINUED)**40 ACCOUNTING ESTIMATES AND ASSUMPTIONS**

The preparation of financial statements in conformity with MFRS requires the use of certain accounting estimates and assumptions that underlie the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities. These estimates require the Bank's management to exercise their judgement in the process of applying the Bank's accounting policies. Although these estimates and judgement are based on the management's best knowledge of current events and actions actual results may differ. The Bank makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgements are continuously evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable and relevant under the circumstances.

ECL for impairment on loans and advances

The Bank adopts a forward-looking approach in making ECL on loans and advances. The management is guided by the relevant Bank Negara Malaysia guidelines and accounting standards in making judgement on the future and key factors in estimation of the amount and timing of the cash flows arising from impairment on loans and advances. Amongst the factors considered are the Bank's aggregate loan exposures, the realisable values of the underlying collaterals, the customers' credit risk rating, the capacity to generate sufficient cash flows to service debt obligations.

Future cash flows in a group of financial assets that are collectively evaluated for impairment are estimated on the basis of historical loss experience for assets with credit risk characteristics similar to those in the group. In the case where the Bank has no entity-specific loss experience or insufficient experience, the Bank may use peer group experience for comparable groups of financial assets. Historical loss experience is adjusted on the basis of current observable data that have an impact on the current conditions and irrelevant data are removed.

Estimates of changes in future cash flows reflect and are directionally consistent with changes in related observable data from period to period (such as change in economic variables such as Gross Domestic Product, unemployment rates, property prices, or other relevant factors and their magnitude). The methodology and assumptions used for estimating future cash flows are reviewed regularly to enhance accuracy of the estimates by minimizing the variance between estimated and actual outcomes.

The amounts of ECL on loans and advances recognised by the Bank are as disclosed in Note 9. The Bank's ECL on loans and advances as at 31 December 2025 was estimated based on a range of forecast economic conditions as at the reporting date and the assumptions used for management ECL overlays are as disclosed in Note 38 (b). There is no significant adjusting post balance sheet event that will impact the Bank's financial results for the current financial year ended 31 December 2025.

Registration No.

200001008645 (511251-V)

BANK OF CHINA (MALAYSIA) BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025 (CONTINUED)

40 ACCOUNTING ESTIMATES AND ASSUMPTIONS (CONTINUED)

Fair value of financial instruments

The majority of the Bank's financial instruments reported at fair value are based on quoted and observable market prices. Where the fair values of financial assets and financial liabilities recorded on the statements of financial position cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of mathematical models. The inputs to these models are derived from observable market data where possible, but where observable market data are not available, judgement is required to establish fair values. The judgements include considerations of liquidity and model inputs such as volatility for longer dated derivatives and discount rates, prepayment rates and default rate assumptions for asset-backed securities. The valuation of financial instruments is described in more details in Note 39.

Deferred tax assets and income taxes

In determining the Bank's tax charge for the year it involves estimation and judgement, which includes an interpretation of local tax law and an assessment of whether the tax authority will accept the position taken. The Bank provides for current tax liabilities at the best estimate based on all available evidence and the amount that is expected to be paid to the tax authority where and outflow is probable.

The recoverability of the Bank's deferred tax assets is based on management's judgement of the availability of future taxable profits against which the deferred tax assets will be utilised.

41 SUBSEQUENT EVENT

On 31 March 2026, China Bridge (Malaysia) Sdn. Bhd., the subsidiary of the Bank was dissolved pursuant to section 459 (5) of the Companies Act 2016.

42 APPROVAL OF FINANCIAL STATEMENTS

The financial statements have been authorised for issue in accordance with a resolution of the Board of Directors 23 April 2026.