

BNP PARIBAS MALAYSIA BERHAD
Company No.: 201001034168 (918091-T)
(Incorporated in Malaysia)

Directors' Report and Audited Financial Statements
31 December 2025

Registration No.

201001034168 (918091-T)

BNP PARIBAS MALAYSIA BERHAD
(Incorporated in Malaysia)

**REPORT OF THE DIRECTORS AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025**

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201001034168 (918091-T)

BNP PARIBAS MALAYSIA BERHAD
(Incorporated in Malaysia)

REPORT OF THE DIRECTORS

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

DIRECTORS

The Directors in office during the financial year and during the period from the end of the financial year to the date of the report are:

Dato' Mohamed Khadar bin Merican
Faisal bin Ismail
Khoo Lian Kim
Chan Mui Pin (Mrs Lau Mui Pin)
Anthony Lo Chiang Loong

PRINCIPAL ACTIVITIES

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

There have been no significant changes in the nature of the principal activities of the Bank during the financial year.

FINANCIAL RESULTS

The results of operations of the Bank for the financial year are as follows:

	RM'000
Profit before tax	122,751
Income tax expense	(30,272)
Profit for the financial year	<u>92,479</u>

RESERVES AND PROVISIONS

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

ISSUE OF SHARES AND DEBENTURES

During the financial year, there was no issuance of new ordinary shares or debentures.

BNP PARIBAS MALAYSIA BERHAD
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REPORT OF THE DIRECTORS (CONTINUED)

EVENT SIGNIFICANT TO THE FINANCIAL YEAR

There was no significant event during the financial year.

DIRECTORS' FEES AND BENEFITS

Since the end of the previous financial year, no Director has received or become entitled to receive a benefit (other than the benefits shown under Directors' remuneration in Note 24 to the financial statements) by reason of a contract made by the Bank or by a related corporation with the Director or with a company of which the Director is a member, or with a company in which the Director has a substantial financial interest.

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

DIRECTORS' REMUNERATION

The details of the Directors' remuneration paid or payable to the Directors of the Bank during the financial year are as follows:

	<u>Fees</u> RM'000	<u>Other allowances</u> RM'000	<u>Salaries & Bonuses</u> RM'000	<u>Benefits in kind</u> RM'000	<u>Total</u> RM'000
<u>2025</u>					
Executive Directors	190	-	2,595	35	2,820
Non-executive Directors	780	-	-	-	780
	<u>970</u>	<u>-</u>	<u>2,595</u>	<u>35</u>	<u>3,600</u>

DIRECTORS' INTEREST IN SHARES AND DEBENTURES

Since the end of the previous financial year, no Director has held shares or had beneficial interest in the shares of the Bank. Under the Bank's Articles of Association, the Directors are not required to hold any shares in the Bank.

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

BNP PARIBAS MALAYSIA BERHAD
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REPORT OF THE DIRECTORS (CONTINUED)

DIVIDENDS

The dividend paid or declared since the end of the previous financial year were as follows:

	RM'000
Interim single tier dividend of approximately 7.6923 sen per ordinary share on 650,000,000 ordinary shares paid on 28 November 2025	50,000

The Board of Directors does not recommend the payment of any final dividend for the financial year 31 December 2025.

HOLDING COMPANY

The Directors regard BNP Paribas S.A., a financial institution incorporated in France, as the immediate and ultimate holding company of the Bank.

SHARE OPTIONS

No options have been granted by the Bank to any parties to take up unissued shares of the Bank.

No shares have been issued by virtue of the exercise of any option to take up unissued shares of the Bank. As of the end of the financial year, there were no unissued shares of the Bank under options.

INDEMNITY AND INSURANCE FOR DIRECTORS AND OFFICERS

During the financial year, Directors and Officers of the Bank were covered under the Directors' and Officers' Liability Insurance Group Policy in respect of liabilities arising from acts committed in their respective capacities as Directors and Officers of the Bank, subject to the terms of the policy. The total amount of Directors' and Officers' liability insurance premium effected for the Directors and Officers of the Bank was RM20,761 (2024: RM21,530).

COMPLIANCE WITH BANK NEGARA MALAYSIA'S EXPECTATIONS ON FINANCIAL REPORTING

In the preparation of the financial statements, the Directors have taken reasonable steps to ensure that Bank Negara Malaysia's expectations on financial reporting have been complied with including those as set out in the policy documents on Financial Reporting and Financial Reporting for Islamic Banking Institutions.

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REPORT OF THE DIRECTORS (CONTINUED)

OTHER STATUTORY INFORMATION

- a. Before the financial statements of the Bank were prepared, the Directors took reasonable steps:
 - i. to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for impairment, and satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts; and
 - ii. to ensure that any current assets, which were unlikely to be realised in the ordinary course of business including the values of current assets as shown in the accounting records of the Bank had been written down to an amount which the current assets might be expected to realise.
- b. At the date of this Report, the Directors are not aware of any circumstances:
 - i. which would render the amount written off for bad debts or the amount of the provision for impairment in the financial statements of the Bank inadequate to any substantial extent; or
 - ii. which would render the values attributed to current assets in the financial statements of the Bank misleading; or
 - iii. which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Bank misleading or inappropriate.
- c. At the date of this Report:
 - i. there are no charges on the assets of the Bank which have arisen since the end of the financial year to secure the liability of any other person; and
 - ii. there are no contingent liabilities in respect of the Bank which have arisen since the end of the financial year other than those incurred in the normal course of business of the Bank.
- d. 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 as and when they fall due.
- e. 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.
- f. In the opinion of the Directors:
 - i. the results of the operations of the Bank during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and
 - ii. there has not arisen in the interval between the end of the financial year and the date of this Report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Bank for the financial year for which this Report is made.

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REPORT OF THE DIRECTORS (CONTINUED)

AUDITORS' REMUNERATION

Details of auditors' remuneration are set out in Note 24 to the financial statements.

	<u>Total</u> RM'000
Statutory audit fees	510
Other fees	159
	669

STATEMENT ON CORPORATE GOVERNANCE

The statement forms an Appendix in the Report of the Directors' and is in a separate document.

BUSINESS PLAN AND OUTLOOK FOR THE NEXT FINANCIAL YEAR

Performance for the financial year ended 31 December 2025

The Bank registered profit after tax of RM92.48 million for the financial year ended 31 December 2025, compared to RM89.10 million last year, an increase of 4%.

Higher net interest income by RM31.15 million or 61% year on year was mainly attributable to lower funding costs subsequent to the initiation of interest rate cuts in Eurozone and United States from September 2024, coupled with strong loan growth during the year.

While other operating income was lower by 14% or RM21.72 million against last year, the Global Markets business continued to perform strongly in a volatile environment.

Other operating expenses closed moderately higher mainly due to lumpy non-recurring costs.

Expected Credit Loss charge amounted to RM1.22 million this year compared to a writeback of RM1.49 million last year mainly due to credit downgrades for two counterparties this year.

Loans, advances and financing grew by RM178.74 million, or 10%, closing the year at RM1.99 billion, while Deposits from customers grew RM82.20 million, or 3%, to close at RM2.99 billion.

The Bank remained well capitalised with CET 1 and Total Capital Ratios of 16.166% and 24.330% respectively as at 31 December 2025.

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REPORT OF THE DIRECTORS (CONTINUED)

BUSINESS PLAN AND OUTLOOK FOR THE NEXT FINANCIAL YEAR (CONTINUED)

Outlook for 2026

The global geopolitical outlook is facing increased uncertainty with outbreak of new conflicts in the Middle East, while the Russia-Ukraine war shows no signs of resolution.

Meanwhile, Bank Negara Malaysia (“BNM”) announced that the Malaysian economy is expected to record growth of between 4.0% to 4.8% in respect of 2025. This growth momentum is expected to continue in 2026, supported by resilient domestic demand.

The European Central Bank (“ECB”) and US Federal Reserve (“Fed”) commenced interest rate cuts from July 2024 and September 2024 respectively, with cuts of 235 bps and 175 bps up to the end of 2025 due to improved inflation data. Meanwhile, BNM reduced the Statutory Reserve Requirement from 2% to 1% in May 2025 and cut Overnight Policy Rate (“OPR”) by 25 bps from 3.00% to 2.75% in July 2025.

The Ringgit was Asia’s best-performing currency, appreciating nearly 9% year-on-year against the U.S. dollar to 4.06 as at 31 December 2025. It is expected to remain relatively strong, underpinned by solid economic fundamentals and buoyant exports.

Amidst this outlook, the Bank will continue driving the underlying growth momentum of its loans, financing, Transaction Banking and Global Markets activities by deepening its existing relationships whilst broadening its client base. The ESG agenda will continue to be a strong strategic proposition.

RATINGS BY AN EXTERNAL RATING AGENCY

<u>Rating Agency</u>	<u>Date of rating</u>	<u>Ratings Received</u>
Rating Agency Malaysia (“RAM”)	September 2025	Long Term - AA1 Short Term - P1 Outlook - Stable

Rating classification description

RAM has affirmed BNP Paribas Malaysia Berhad’s long term financial institution rating of AA1, with a stable outlook. Concurrently RAM has reaffirmed the Bank’s short term P1 rating. The Bank’s ratings reflect the ready parental support from BNP Paribas S.A., if needed, whilst also leveraging on its parent’s global franchise, international network and technical expertise. BNP Paribas S.A. is one of the world’s largest financial institutions and among the globally systemically important banks identified by the Financial Stability Board, an international body that monitors and makes recommendations about the global financial system.

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REPORT OF THE DIRECTORS (CONTINUED)

AUDITORS

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

This report was approved by the Board of Directors on 22 May 2026. Signed on behalf of the Board of Directors:



FAISAL BIN ISMAIL
DIRECTOR



DATO' MOHAMED KHADAR BIN MERICAN
DIRECTOR

Kuala Lumpur
22 May 2026

BNP PARIBAS MALAYSIA BERHAD
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SHARIAH COMMITTEE'S REPORT

In the name of Allah, the Beneficent, the Merciful

In line with the regulatory requirement, this report serves as a disclosure on Shariah Governance policies and practices, which include the following:

Shariah Committee's Responsibility

The Shariah Committee is an independent oversight function as required by Bank Negara Malaysia ("BNM") and the Islamic Financial Services Act 2013 ("IFSA 2013").

In relation to the Bank's Islamic Banking Window business, we have the responsibility to provide objective and sound advice to BNP Paribas Malaysia Berhad ("the Bank") to ensure that its aims and operations, businesses, affairs and activities comply with Shariah rules and principles. We are accountable for the quality, accuracy and soundness of our own decisions and advice. We understand that the Board has institutionalised a robust Islamic Banking Policy to ensure its oversight accountability over Shariah governance and compliance reflects the integration of Shariah governance considerations within the business and risk strategies.

In line with our responsibility, we have endorsed internal controls to ensure that the operations of the Bank's Islamic Banking Window comply with the Shariah rules and principles. We have provided the Shariah advisory services in various aspects and conducted our deliberations with due consideration to the relevant Shariah resolutions, regulatory frameworks and policy documents issued by BNM and its Shariah Advisory Council, together with those issued by the Securities Commission Malaysia ("SCM") and its Shariah Advisory Council. The regulations require that we comply with ethical requirements and to plan and perform the deliberations to obtain reasonable assurance about the state of Shariah compliance of the Bank.

Opinion on the State of the Bank's Shariah Compliance

During the financial year ended 31 December 2025, we have reviewed:

1. The Shariah principles and contracts relating to the transactions and applications offered by the Bank; and
2. The products, processes, policy, procedures, activities, transactional documents and contracts entered into or offered by the Bank under its Islamic Banking Window.

For the purpose of these reviews, we have assessed the work carried out by the Shariah Compliance Review and Operational Permanent Control review functions, which we considered necessary to provide us with sufficient evidence to provide reasonable assurance that the Bank has not violated Shariah rules and principles. We note that the reviews carried out by these functions were planned and involved assessments based on the relevant test sampling for each type of transaction, the relevant documentation and procedures adopted by the Bank.

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BNP PARIBAS MALAYSIA BERHAD
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SHARIAH COMMITTEE'S REPORT (CONTINUED)

Opinion on the State of the Bank's Shariah Compliance (continued)

In our opinion, for the financial year ended 31 December 2025, based on the information made available to us, nothing has come to the Shariah Committee's attention that causes the Shariah Committee to believe that the operations, businesses, affairs and activities of the Bank's Islamic Banking Window involve any material Shariah non-compliance.

We, the members of the Shariah Committee of the Bank, to the best of our knowledge, have obtained sufficient and appropriate evidence to form a Shariah compliant opinion that all Shariah advice issued by us comply with the Shariah rules and principles, where applicable, during the financial year.

Signed on behalf of the Shariah Committee



Assoc. Prof. Dr. Sa'id Adekunle Mikail – Chairman



Assoc. Prof. Dr. Hussein 'Azeemi Abdullah Thaidi



Dr. Nur I'ffah Muhammad Nasir

201001034168 (918091-T)

**Independent auditors' report to the member of
BNP Paribas Malaysia Berhad
(Incorporated in Malaysia)**

Report on the audit of the financial statements

Opinion

We have audited the financial statements of BNP Paribas Malaysia Berhad, which comprise the statement of financial position as at 31 December 2025, and statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information, as set out on pages 14 to 134.

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.



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

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.

201001034168 (918091-T)

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

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.



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Independent auditors' report to the member of
BNP Paribas Malaysia Berhad
(Incorporated in Malaysia) (cont'd.)

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

Kuala Lumpur, Malaysia
22 May 2026



Yap Kah Foo
No. 03574/05/2027 J
Chartered Accountant

BNP PARIBAS MALAYSIA BERHAD
(Incorporated in Malaysia)

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2025

	<u>Note</u>	<u>2025</u> RM'000	<u>2024</u> RM'000
ASSETS			
Cash and short-term funds	5	748,675	974,907
Reverse repurchase agreements		773,007	1,980,300
Financial assets at fair value through profit or loss ("FVTPL")	6	1,045,197	1,258,871
Financial assets at fair value through other comprehensive income ("FVOCI")	7	1,244,203	1,155,219
Loans, advances and financing	8	1,992,415	1,813,673
Derivative financial assets	9	1,117,620	967,525
Other assets	10	235,710	123,125
Property, plant and equipment	11	3,918	10,346
Intangible assets	12	320	82
Tax recoverable		4,135	3,169
Deferred tax assets	13	4,792	4,462
TOTAL ASSETS		<u>7,169,992</u>	<u>8,291,679</u>
LIABILITIES AND SHAREHOLDER'S EQUITY			
Deposits from customers	14	2,992,134	2,909,929
Deposits and placements of banks and other financial institutions	15	238,737	655,228
Repurchase agreements		-	1,391,725
Derivative financial liabilities	9	1,146,684	906,844
Other liabilities	16	1,531,461	1,130,460
Subordinated term loan	17	393,014	384,907
TOTAL LIABILITIES		<u>6,302,030</u>	<u>7,379,093</u>
Share capital	18	650,000	650,000
Retained profits		191,022	239,793
Reserves	19	26,940	22,793
TOTAL SHAREHOLDER'S EQUITY		<u>867,962</u>	<u>912,586</u>
TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY		<u>7,169,992</u>	<u>8,291,679</u>
COMMITMENTS AND CONTINGENCIES	30	<u>182,002,949</u>	<u>144,962,591</u>

The accompanying Notes form an integral part of the Financial Statements.

BNP PARIBAS MALAYSIA BERHAD
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**STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025**

	<u>Note</u>	<u>2025</u> RM'000	<u>2024</u> RM'000
Interest income	21	265,403	343,723
Interest expense	22	(182,796)	(292,261)
Net interest income		82,607	51,462
Net income from Islamic banking business	34	1,030	1,128
		83,637	52,590
Other operating income	23	135,910	157,630
Other operating expenses	24	(95,580)	(93,891)
Expected credit losses (made)/written back	25	(1,216)	1,495
Profit before tax		122,751	117,824
Income tax expense	26	(30,272)	(28,720)
Profit for the financial year		92,479	89,104
Other comprehensive income/(loss):			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Debt instruments at fair value through other comprehensive income			
• Net changes in fair value		1,775	(8)
• Income tax effect		(426)	2
Cash flow hedge			
• Net changes in fair value		858	(2,897)
• Income tax effect		(206)	695
Other comprehensive income /(loss)		2,001	(2,208)
Total comprehensive income		94,480	86,896

The accompanying Notes form an integral part of the Financial Statements.

BNP PARIBAS MALAYSIA BERHAD
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**STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025**

	<u>Note</u>	Share capital RM'000	Hedging reserve RM'000	Regulatory reserve RM'000	Revaluation reserve- financial assets at FVOCI RM'000	Retained profits RM'000	Total RM'000
As at 1 January 2025		650,000	(597)	23,223	167	239,793	912,586
Profit for the financial year		-	-	-	-	92,479	92,479
Other comprehensive income		-	652	-	1,349	-	2,001
<i>Net changes in fair value</i>		-	858	-	1,775	-	2,633
<i>Tax effect</i>		-	(206)	-	(426)	-	(632)
Total comprehensive income		-	652	-	1,349	92,479	94,480
Transfer to regulatory reserve		-	-	2,146	-	(2,146)	-
Dividend paid on ordinary shares	20	-	-	-	-	(139,104)	(139,104)
As at 31 December 2025		<u>650,000</u>	<u>55</u>	<u>25,369</u>	<u>1,516</u>	<u>191,022</u>	<u>867,962</u>
As at 1 January 2024		650,000	1,605	18,532	173	277,067	947,377
Profit for the financial year		-	-	-	-	89,104	89,104
Other comprehensive loss		-	(2,202)	-	(6)	-	(2,208)
<i>Net change in fair value</i>		-	(2,897)	-	(8)	-	(2,905)
<i>Tax effect</i>		-	695	-	2	-	697
Total comprehensive income/(loss)		-	(2,202)	-	(6)	89,104	86,896
Transfer to regulatory reserve		-	-	4,691	-	(4,691)	-
Dividend paid on ordinary shares	20	-	-	-	-	(121,687)	(121,687)
As at 31 December 2024		<u>650,000</u>	<u>(597)</u>	<u>23,223</u>	<u>167</u>	<u>239,793</u>	<u>912,586</u>

The accompanying Notes form an integral part of the Financial Statements.

BNP PARIBAS MALAYSIA BERHAD
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STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

	<u>2025</u> RM'000	<u>2024</u> RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	122,751	117,824
Adjustment for:		
Unrealised loss/(gain) on derivative trading	38,918	(66,267)
Unrealised (gain)/loss on revaluation of financial assets at FVTPL	(1,609)	1,947
Unrealised gain on foreign exchange	(183,685)	(307,931)
Unrealised loss/(gain) on reverse repurchase agreements	214	(135)
Realised loss on repurchase agreements	313	969
Amortisation of premium less (accretion of discount)	1,559	(14,039)
Interest income on financial assets at FVOCI	(47,123)	(43,005)
Realised gain from sale of financial assets at FVOCI	(479)	-
Depreciation of property, plant and equipment	3,005	3,169
Amortisation of intangible assets	124	63
Expected credit losses made/(written back)	1,216	(1,495)
Interest expense on lease liabilities	143	228
Rights of Use	2,739	2,291
Impairment of property, plant and equipment	1,343	-
Write-off of property, plant and equipment	-	7
Operating loss before working capital changes	(60,571)	(306,374)
Decrease/(Increase) in:		
Reverse repurchase agreements	1,207,079	(69,277)
Financial assets at FVTPL	215,283	936,075
Loans, advances and financing	(179,889)	(155,891)
Other assets	(112,585)	71,743
(Decrease)/Increase in:		
Deposit from customers	82,205	117,623
Deposit and placements of banks and other financial institution	(416,491)	(705,496)
Derivative financial assets/liabilities	244,114	282,161
Repurchase agreements	(1,392,038)	337,861
Subordinated term loan	(638)	(810)
Other liabilities	402,318	(410,067)
Cash (used in)/generated from operating activities	(11,213)	97,548
Income tax paid	(32,202)	(28,431)
Net cash (used in)/generated from operating activities	(43,415)	69,117

BNP PARIBAS MALAYSIA BERHAD
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STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025 (CONTINUED)

	<u>Note</u>	<u>2025</u> RM'000	<u>2024</u> RM'000
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(659)	(1,917)
Purchase of intangible assets		(362)	-
Interest received on financial assets at FVOCI		48,293	39,192
Net (purchase)/sale of financial assets at FVOCI		(89,457)	250,182
Net cash (used in)/generated from investing activities		(42,185)	287,457
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid		(139,104)	(121,687)
Payment for lease liabilities		(1,528)	(1,680)
Net cash used in financing activities		(140,632)	(123,367)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(226,232)	233,207
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL YEAR		974,907	741,700
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR		748,675	974,907
ANALYSIS OF CASH AND CASH EQUIVALENTS			
Cash and short-term funds	5	748,675	974,907

BNP PARIBAS MALAYSIA BERHAD

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STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025 (CONTINUED)

Changes in liabilities arising from financing activities below:

----- 31 December 2025 -----					
	<u>Cash changes</u>		<u>Non-cash changes</u>		
	As at	Net Cash	Lease	Interest	As at
	1 Jan 2025	Flows from	re-measurement	Expense	31 Dec 2025
	RM'000	Financing	RM'000	RM'000	RM'000
		Activities			
		RM'000			
Lease	5,221	(1,528)	(2,739)	143	1,097
	<u>5,221</u>	<u>(1,528)</u>	<u>(2,739)</u>	<u>143</u>	<u>1,097</u>
----- 31 December 2024 -----					
	<u>Cash changes</u>		<u>Non-cash changes</u>		
	As at	Net Cash	Lease	Interest	As at
	1 Jan 2024	Flows from	re-measurement	Expense	31 Dec 2024
	RM'000	Financing	RM'000	RM'000	RM'000
		Activities			
		RM'000			
Lease	8,965	(1,680)	(2,292)	228	5,221
	<u>8,965</u>	<u>(1,680)</u>	<u>(2,292)</u>	<u>228</u>	<u>5,221</u>

The accompanying Notes form an integral part of the Financial Statements.

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

1. GENERAL INFORMATION

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

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

There have been no significant changes in the nature of the principal activities of the Bank during the financial year.

The registered office and principal place of business of the Bank is located at Level 48A, Vista Tower, The Intermark, 348 Jalan Tun Razak, 50400 Kuala Lumpur, Malaysia.

The financial statements of the Bank have been authorised by the Board of Directors for issuance in accordance with a resolution of the Directors on 22 May 2026.

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements of the Bank have been prepared in accordance with Malaysian Financial Reporting Standards ('MFRS') Accounting Standards, International Financial Reporting Standards ('IFRS') Accounting Standards and the requirements of the Companies Act 2016 in Malaysia.

The financial statements have been prepared under the historical cost convention, unless otherwise indicated in this material accounting policy information.

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 judgement in the process of applying the Bank's accounting policies. Although these estimates and judgement are based on the Directors' best knowledge of current events and actions, actual results may differ. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4.

BNP PARIBAS MALAYSIA BERHAD
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025 (CONTINUED)

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS (CONTINUED)

(a) Standard, amendment to published standard and interpretations that are effective and applicable to the Bank

The Bank has adopted the following amendment to published standard for the first time for the financial year beginning on 1 January 2025:

- Amendments to MFRS 121 'Lack of Exchangeability'

The adoption of this amendment to published standard did not have any material impact on the financial statements of the Bank.

(b) Standards, amendments to published standards and interpretations that have been issued but not yet effective and applicable to the Bank

A number of new amendments to published standards and interpretations are effective for financial year after 1 January 2026. None of these is expected to have a significant effect on the financial statements of the Bank, except for MFRS 18 'Presentation and Disclosure in Financial Statements', of which the Bank is assessing the impact of its initial adoption.

- Amendments to MFRS 9 and MFRS 7 'Amendments to the Classification and Measurement of Financial Instruments' (effective 1 January 2026) includes:
 - A clarification that a financial liability is derecognised on the 'settlement date' and introduce an accounting policy choice (if specific conditions are met) to derecognise financial liabilities settled using an electronic payment system before the settlement date
 - Additional guidance on how the contractual cash flows for financial assets with environmental, social and corporate governance ("ESG") and similar features should be assessed
 - Clarifications on what constitute 'non-recourse features' and what are the characteristics of contractually linked instruments
 - The introduction of disclosures for financial instruments with contingent features and additional disclosure requirements for equity instruments classified at fair value through other comprehensive income ("OCI")

The amendments shall be applied retrospectively, with the effect of initially applying these amendments as an adjustment to the opening balance of financial assets and financial liabilities and the cumulative effect, if any, as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the date of initial application.

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

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS (CONTINUED)

(b) Standards, amendments to published standards and interpretations that have been issued but not yet effective and applicable to the Bank (continued)

- MFRS 18 'Presentation and Disclosure in Financial Statements' (effective 1 January 2027) introduces new requirements for presentation within the statement of profit or loss, including specified totals and subtotals. Furthermore, entities are required to classify all income and expenses within the statement of profit or loss into one of five categories: operating, investing, financing, income taxes and discontinued operations, whereof the first three are new.

It also requires disclosure of newly defined management-defined performance measures, which are subtotals of income and expenses, and includes new requirements for aggregation and disaggregation of financial information based on the identified 'roles' of the primary financial statements and the notes.

Narrow-scope amendments have been made to MFRS 107 'Statement of Cash Flows', which include changing the starting point for determining cash flows from operations under the indirect method, from 'profit or loss' to 'operating profit or loss' and removing the optionality around classification of cash flows from dividends and interest. In addition, there are consequential amendments to several other standards.

- MFRS 19 'Subsidiaries without Public Accountability: Disclosures' (effective 1 January 2027) allows eligible entities to elect to apply reduced disclosure requirements while still applying the recognition, measurement and presentation requirements in other MFRS Accounting Standards.
- Amendments to MFRS 9 and MFRS 7 'Contracts Referencing Nature-dependent Electricity' (effective 1 January 2026) - The amendments include, but are not limited to, the following:
 - Clarify the application of the 'own-use' exception as per paragraph 2.4 of MFRS 9;
 - Permit an entity to apply hedge accounting in MFRS 9 when these contracts are used as hedging instruments; and
 - Introduce new disclosure requirements in MFRS 7 to help users of financial statements understand the effects these contracts have on the amount, timing and uncertainty of an entity's future cash flows and financial performance.
- Amendments to MFRS 121 'Translation to a Hyperinflationary Presentation Currency' (effective 1 January 2027) - These amendments address how entities should translate financial statements from a non-hyperinflationary currency into a hyperinflationary presentation currency.

The adoption of these amendments to MFRS Accounting Standards is not expected to have any financial impact on the financial statements of the Bank.

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

3. MATERIAL ACCOUNTING POLICY INFORMATION

A Financial assets

The Bank initially recognises financial assets measured at amortised cost on the date that they are originated. All other financial assets (including assets designated at fair value through profit or loss) are recognised initially on the settlement date, which is the date that the Bank becomes a party to the contractual provisions of the instrument.

The Bank derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Bank is recognised as a separate asset or liability.

Financial assets are initially measured at fair value plus transaction costs, except for those financial assets classified as at fair value through profit or loss which are initially measured at fair value.

Classification of financial assets

Debt instruments that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are subsequently measured at fair value through other comprehensive income ("FVOCI"):

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

BNP PARIBAS MALAYSIA BERHAD
(Incorporated in Malaysia)

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

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

A Financial assets (continued)

Classification of financial assets (continued)

By default, all other financial assets are subsequently measured at fair value through profit or loss ("FVTPL").

Despite the foregoing, the Bank may make the following irrevocable election/designation at initial recognition of a financial asset:

- the Bank may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if certain criteria are met; and
- the Bank may irrevocably designate a debt investment that meets the amortised cost or FVOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

Amortised cost and effective interest/ profit method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest/profit income over the relevant period.

For financial instruments other than purchased or originated credit-impaired financial assets, the effective interest/profit rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate ("EIR") / effective profit rate ("EPR"), transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition. For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest/profit rate is calculated by discounting the estimated future cash flows, including expected credit losses, to the amortised cost of the debt instrument on initial recognition.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest/ profit method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. On the other hand, the gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

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

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

A Financial assets (continued)

Amortised cost and effective interest/ profit method (continued)

Interest/profit income is recognised using the effective interest/profit method for debt instruments measured subsequently at amortised cost and at FVOCI. For financial instruments other than purchased or originated credit-impaired financial assets, interest/profit income is calculated by applying the effective interest/profit rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired. For financial assets that have subsequently become credit-impaired, interest/profit income is recognised by applying the effective interest/profit rate to the amortised cost of the financial asset. If, in subsequent reporting periods, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest/profit income is recognised by applying the effective interest/profit rate to the gross carrying amount of the financial asset.

For purchased or originated credit-impaired financial assets, the Bank recognises interest/profit income by applying the credit-adjusted effective interest/profit rate to the amortised cost of the financial asset from initial recognition. The calculation does not revert to the gross basis even if the credit risk of the financial asset subsequently improves so that the financial asset is no longer credit-impaired.

Interest/profit income is recognised in profit or loss.

Financial assets measured at amortised cost consists of cash and balances with bank and other financial institutions, loans, advances and financing, and other receivables.

Debt instruments classified as FVOCI

Debt instruments recorded as investment securities are classified as FVOCI. Fair value is determined in the manner described in Note 32 fair value of financial assets and liabilities. The debt instruments classified as FVOCI are initially measured at fair value plus transaction costs. Subsequently, changes in the carrying amount of these debt instruments classified as FVOCI as a result of foreign exchange gains and losses, impairment gains or losses, and interest/profit income calculated using the effective interest/profit method are recognised in profit or loss. The amounts that are recognised in profit or loss are the same as the amounts that would have been recognised in profit or loss if these debt instruments classified as FVOCI had been measured at amortised cost. All other changes in the carrying amount of these debt instruments classified as FVOCI are recognised in other comprehensive income and accumulated under the heading of "Revaluation reserves". When these debt instruments classified as FVOCI are derecognised, the cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss.

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

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

A Financial assets (continued)

Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVOCI are measured at FVTPL. Specifically:

- Investments in equity instruments are classified as FVTPL, unless the Bank designates an equity investment that is neither held for trading nor a contingent consideration arising from a business combination as FVOCI on initial recognition.
- Debt instruments that do not meet the amortised cost criteria or the FVOCI criteria are classified as FVTPL. In addition, debt instruments that meet either the amortised cost criteria or the FVOCI criteria may be designated as FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases. The Bank has not designated any debt instruments as FVTPL.

Financial assets at FVTPL are measured at fair value as at each reporting date, with any fair value gains or losses recognised in profit or loss to the extent they are not part of a designated hedging relationship. The net gain or loss recognised in profit or loss is disclosed under 'Other operating income' whereas any dividend or interest earned on the financial asset is included under 'Interest income on financial assets at FVTPL'. Fair value is determined in the manner described in Note 32 'Fair value of financial assets and liabilities'.

Reverse Repurchase agreements

Securities temporarily acquired under reverse repurchase agreements are not recognised in the Bank's statement of financial position. The corresponding receivable is recognised in the appropriate asset category on the statement of financial position except in the case of reverse repurchase agreements contracted for trading purposes, where the corresponding receivable is recognised under FVTPL.

Foreign exchange gains and losses

The carrying amount of financial assets that are denominated in a foreign currency is determined in that foreign currency and translated at the spot rate as at each reporting date. Specifically,

- for financial assets measured at amortised cost that are not part of a designated hedging relationship, exchange differences are recognised in statement of comprehensive income in the "Other operating income" line item;
- for debt instruments measured at FVOCI that are not part of a designated hedging relationship, exchange differences on the amortised cost of the debt instrument are recognised in statement of comprehensive income in the "Other operating income" line item; and
- for financial assets measured at FVTPL that are not part of a designated hedging relationship, exchange differences are recognised in statement of comprehensive income in the "Other operating" line item.

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

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

A Financial assets (continued)

Impairment of financial assets

The Bank recognises a loss allowance for expected credit losses (“ECL”) on investments in debt instruments that are measured at amortised cost or at FVOCI, as well as on loan commitments and financial guarantee contracts. No impairment loss is recognised for investments in equity instruments. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

With the exception of Purchased or originated credit-impaired (“POC”) financial assets (which are considered separately below), ECL is required to be measured through a loss allowance at an amount equal to:

- 12-month ECL, i.e. lifetime ECL that result from those default events on the financial instrument that are possible within 12 months after the reporting date, (referred to as Stage 1); or
- full lifetime ECL, i.e. lifetime ECL that result from all possible default events over the life of the financial instrument (referred to as Stage 2 and Stage 3).

A loss allowance for full lifetime ECL is required for a financial instrument if the credit risk on that financial instrument has increased significantly since initial recognition. For all other financial instruments, ECL are measured at an amount equal to the 12-month ECL.

ECL represents a probability-weighted estimate of the difference between present value of cash flows according to contract and present value of cash flows the Bank expects to receive, over the remaining life of the financial instrument. For financial contracts, the ECL is the difference between the expected payments to reimburse the holder of the guaranteed debt instrument less any amounts that the Bank expects to receive from the holder, the debtor or any other party.

The measurement of ECL reflects:

- any unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- the time value of money; and
- reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

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

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

A Financial assets (continued)

Impairment of financial assets (continued)

The Bank measures ECL on an individual basis, or on a collective basis for portfolios of loans that share similar economic risk characteristics. The measurement of the loss allowance is based on the present value of the asset's expected cash flows using the asset's original EIR, regardless of whether it is measured on an individual basis or a collective basis.

Credit-impaired financial assets

A financial asset is "credit-impaired" when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Credit-impaired financial assets are referred to as Stage 3 assets. Evidence of credit-impairment includes observable data about the following events:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or past due event;
- the lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider;
- the disappearance of an active market for a security because of financial difficulties; or
- the purchase of a financial asset at a deep discount that reflects the incurred credit losses.

It may not be possible to identify a single discrete event - instead, the combined effect of several events may have caused financial assets to become credit-impaired. The Bank assesses whether debt instruments that are financial assets measured at amortised cost or FVOCI are credit-impaired at each reporting date. To assess if sovereign and corporate debt instruments are credit-impaired, the Bank considers factors such as bond yields, credit ratings and the ability of the borrower to raise funding.

A loan is considered credit-impaired when a concession is granted to the borrower due to a deterioration in the borrower's financial condition, unless there is evidence that as a result of granting the concession the risk of not receiving the contractual cash flows has reduced significantly and there are no other indicators of impairment. For financial assets where concessions are contemplated but not granted the asset is deemed credit-impaired when there is observable evidence of credit-impairment including meeting the definition of default.

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

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

A Financial assets (continued)

Definition of default

Critical to the determination of ECL is the definition of default. The definition of default is used in measuring the amount of ECL and in the determination of whether the loss allowance is based on 12-month or lifetime ECL, as default is a component of the probability of default ("PD") which affects both the measurement of ECL and the identification of a significant increase in credit risk.

The Bank considers the following as constituting an event of default:

- the borrower is past due more than 90 days on any material credit obligation to the Bank; or
- the borrower is unlikely to pay its credit obligations to the Bank in full.

The definition of default is appropriately tailored to reflect different characteristics of different types of assets.

When assessing if the borrower is unlikely to pay its credit obligation, the Bank takes into account both qualitative and quantitative indicators. The information assessed depends on the type of the asset, for example in corporate lending a qualitative indicator used is the breach of covenants. Quantitative indicators, such as overdue status and non-payment on another obligation of the same counterparty are key inputs in this analysis. The Bank uses a variety of sources of information to assess default, which are either developed internally or obtained from external sources.

Significant increase in credit risk

The Bank monitors all financial assets, issued loan commitments and financial guarantee contracts that are subject to the impairment requirements to assess whether there has been a significant increase in credit risk since initial recognition. If there has been a significant increase in credit risk, the Bank will measure the loss allowance based on lifetime rather than 12-month ECL.

The Bank's accounting policy is not to use the practical expedient that financial assets with low credit risk at the reporting date are deemed not to have had a significant increase in credit risk. As a result, the Bank monitors all financial assets, issued loan commitments and financial guarantee contracts that are subject to impairment for significant increase in credit risk.

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

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

A Financial assets (continued)

Significant increase in credit risk (continued)

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Bank compares the risk of a default occurring on the financial instrument at the reporting date based on the remaining maturity of the instrument with the risk of a default occurring that was anticipated for the remaining maturity at the current reporting date when the financial instrument was first recognised. In making this assessment, the Bank considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort, based on the Bank's historical experience and expert credit assessment including forward-looking information.

Multiple economic scenarios form the basis of determining the probability of default at initial recognition and at subsequent reporting dates. Different economic scenarios will lead to a different probability of default. It is the weighting of these different scenarios that forms the basis of a weighted average probability of default that is used to determine whether credit risk has significantly increased.

Forward-looking information includes the future prospects of the industries in which the Bank's counterparties operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organisations, as well as consideration of various internal and external sources of actual and forecast economic information. The Bank allocates its counterparties to a relevant internal credit risk grade depending on their credit quality. The quantitative information is a primary indicator of significant increase in credit risk and is based on the change in lifetime PD by comparing:

- the remaining lifetime PD at the reporting date; with
- the remaining lifetime PD for this point in time that was estimated based on facts and circumstances at the time of initial recognition of the exposure.

The PDs used are forward looking and the Bank uses the same methodologies and data used to measure the loss allowance for ECL.

The qualitative factors that indicate significant increase in credit risk are reflected in PD models on a timely basis. However, the Bank still considers separately some qualitative factors to assess if credit risk has increased significantly. There is particular focus on assets that are included on a "watch list" given an exposure is on a watch list once there is a concern that the creditworthiness of the specific counterparty has deteriorated.

Given that a significant increase in credit risk since initial recognition is a relative measure, a given change, in absolute terms, in the PD will be more significant for a financial instrument with a lower initial PD than compared to a financial instrument with a higher PD.

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

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

A Financial assets (continued)

Significant increase in credit risk (continued)

As a back-stop when an asset becomes 30 days past due, the Bank considers that a significant increase in credit risk has occurred and the asset is in stage 2 of the impairment model, i.e. the loss allowance is measured as the lifetime ECL.

Write-off

Loans and debt securities are written off when the Bank has no reasonable expectations of recovering the financial asset (either in its entirety or a portion of it). This is the case when the Bank determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. A write-off constitutes a derecognition event. The Bank may apply enforcement activities to financial assets written off.

Recoveries resulting from the Bank's enforcement activities will result in impairment credit.

B Financial liabilities

Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities.

Financial liabilities at fair value through profit or loss are initially measured at fair value and subsequently stated at fair value, with any resultant gain or loss recognised in statement of comprehensive income. The net gain or loss recognised in statement of comprehensive income incorporates any interest paid on the financial liability and is included in the "other operating income" line in the statement of comprehensive income.

However, for non-derivative financial liabilities that are designated at FVTPL, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognised in OCI, unless the recognition of the effects of changes in the liability's credit risk in OCI would create or enlarge an accounting mismatch in statement of comprehensive income. The remaining amount of change in the fair value of liability is recognised in statement of comprehensive income. Changes in fair value attributable to a financial liability's credit risk that are recognised in OCI are not subsequently reclassified to statement of comprehensive income; instead, they are transferred to retained earnings upon derecognition of the financial liability.

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

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

B Financial liabilities (continued)

For issued loan commitments and financial guarantee contracts that are designated at FVTPL all gains and losses are recognised in statement of comprehensive income.

In making the determination of whether recognising changes in the liability's credit risk in OCI will create or enlarge an accounting mismatch in statement of comprehensive income, the Bank assesses whether it expects that the effects of changes in the liability's credit risk will be offset in statement of comprehensive income by a change in the fair value of another financial instrument measured at FVTPL. This determination is made at initial recognition.

Repurchase Agreements

Securities temporarily sold under repurchase agreements continue to be recorded in the Bank's statement of financial position in the category of securities to which they belong. The corresponding liability is recognised in the appropriate debt category on the statement of financial position except in the case of repurchase agreements contracted for trading purposes where the corresponding liability is classified under "Financial liabilities at fair value through profit or loss".

Other financial liabilities

Deposits of non-bank customers, deposits and balances of banks and other financial institutions, trade and other payables, other liabilities, and subordinated term loan are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost, using the effective interest/profit rate method, with interest expense recognised on an effective yield basis.

Offsetting financial instruments

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

Derecognition of financial liabilities

The Bank derecognises financial liabilities when, and only when, the Bank's obligations are discharged, cancelled or they expire.

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

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

C Derivative financial instruments and hedge accounting

Derivatives are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at their fair values. Fair values are obtained from quoted market prices in active markets, including recent market transactions, and valuation techniques, including discounted cash flow models and option pricing models, as appropriate. All derivatives are carried as assets when fair value is positive and as liabilities when fair value is negative. Changes in the fair value of any derivatives that do not qualify for hedge accounting are recognised immediately in the statement of comprehensive income.

The best evidence of fair value of a derivative at initial recognition is the transaction price (i.e. the fair value of the consideration given or received) unless the fair value of the instrument is evidenced by comparison with other observable current market transactions in the same instrument (i.e. without modification or repackaging) or based on a valuation technique whose variables include only data from observable markets. When such evidence exists, the Bank recognises the fair value of derivatives in statement of comprehensive income immediately.

The Bank designates certain derivatives to manage its exposure to foreign currency and interest rate risks. The instruments used included interest rate swap, and cross currency interest rate swap. The Bank documents at the inception of the hedging transaction, the risk management objective and strategy and the economic relationship between hedging instruments and hedged items including whether the hedging instrument is expected to offset changes in cash flows of hedged items.

If the hedge ratio for risk management purposes is no longer optimal but the risk management objective remains unchanged and the hedge continues to qualify for hedge accounting, the hedge relationship will be rebalanced by adjusting either the volume of the hedging instrument or the volume of the hedged item so that the hedge ratio aligns with the ratio used for risk management purposes. Any hedge ineffectiveness is calculated and accounted for in the statement of comprehensive income at the time of the hedge relationship rebalancing.

(a) Fair value hedges

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the statement of comprehensive income, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

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

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

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

C Derivative financial instruments and hedge accounting (continued)

(b) Cash flow hedges

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated in reserves within equity. The gain or loss relating to the ineffective portion is recognised immediately in the statement of comprehensive income within 'gain/(loss) on derivatives trading'.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the statement of comprehensive income. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the statement of comprehensive income.

D Recognition of interest/profit income and interest/profit expense

Interest/profit income and expense for all interest/profit-bearing financial instruments are recognised within "interest/profit income" and "interest/profit expense" in the statement of comprehensive income using the effective interest/profit method.

The effective interest/profit method is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating the interest/profit income or interest/profit expense over the relevant period. The effective interest/profit rate is the rate that exactly discounts estimated future cash payments or receipts throughout the expected life of the financial instruments or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest/profit rate, the Bank takes into account all contractual terms of the financial instrument and includes any fees or incremental costs that are directly attributable to the instrument and are an integral part of the effective interest/profit rate, but not future credit losses.

Interest/profit income on impaired financial assets is recognised using the rate of interest/profit used to discount the future cash flows for the purpose of measuring the impairment loss. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred "loss event") and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated.

Income from Islamic banking business is recognised on an accrual basis in accordance with the principles of Shariah.

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NOTES TO THE FINANCIAL STATEMENTS
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3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

E Recognition of revenue from contracts with customers

The Bank earns fee and commission income from a diverse range of products and services provided to its customers. Fee and commission income is recognised when the Bank have satisfied their performance obligation in providing the promised products and services to the customer, and are recognised based on contractual rates or amounts agreed with customers, and net of expenses directly related to it. The Bank generally satisfy their performance obligation and recognises the fee and commission income on the following basis:

- Transaction-based fee and commission income is recognised on the completion of the transaction. Such fees include fees related to the completion of advisory transactions, arrangement fees and rollover fees. These fees constitute a single performance obligation.
- For a service that is provided over a period, fee and commission income is recognised on equal proportion basis over the period during which the related service is provided or credit risk is undertaken. This basis of recognition most appropriately reflects the nature and pattern of the provision of these services to the customers over time. Fees for these services can be billed to customers in advance or periodically over time. Such fees include guarantee fees, commitment fees, agency fees and management fees earned by the Bank from other related entities.

The Bank does not provide any significant credit terms to customers for the above products and services.

Directly related expenses typically include transaction costs, sales commissions and referral fees, but do not include expenses for services delivered over a period and other expenses that are not specifically related to fee and commission income transactions.

Other income are recognised on an accrual basis.

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

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

F Currency translation

Functional and presentation currency

The financial statements of the Bank are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in Ringgit Malaysia ("RM"), which is also the Bank's functional currency. All values are rounded to the nearest thousand (RM'000) except where otherwise indicated.

Foreign currency transactions

The methods used to account for assets and liabilities relating to foreign currency transactions entered into by the Bank, and to measure the foreign exchange risk arising on such transactions, depend on whether the asset or liability in question is classified as a monetary or a non-monetary item.

Monetary assets and liabilities expressed in foreign currencies

Monetary assets and liabilities expressed in foreign currencies are translated into the functional currency of the Bank at the closing rate. Translation differences are recognised in statement of comprehensive income, except for those arising from financial instruments designated as a cash flow hedge or a net investment hedge, which are recognised in shareholder's equity.

Non-monetary assets may be measured either at historical cost or at fair value. Non-monetary assets expressed in foreign currencies are translated using the exchange rate at the date of the transaction if they are measured at historical cost, and at the closing rate if they are measured at fair value.

Translation differences on non-monetary assets expressed in foreign currencies and measured at fair value (variable-income securities) are recognised in statement of comprehensive income if the asset is classified under FVTPL, and in shareholders' equity if the asset is classified under FVOCI, unless the financial asset in question is designated as an item hedged against foreign exchange risk in a fair value hedging relationship, in which case the translation difference is recognised in statement of comprehensive income.

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

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

G Property, plant and equipment and intangible assets

Property, plant and equipment and intangible assets shown on the statement of financial position comprise assets used in operations. Assets used in operations are those used in the provision of services or for administrative purposes, and include non-property assets leased by the Bank as lessor under operating leases.

Software developed internally by the Bank that fulfils the criteria for capitalisation is capitalised at direct development cost, which includes external costs and the labour costs of employees directly attributable to the project.

Subsequent to initial recognition, property, plant and equipment and intangible assets are measured at cost less accumulated depreciation or amortisation and any impairment losses.

The depreciable amount of property, plant and equipment and intangible assets is calculated after deducting the residual value of the asset. Only assets leased by the Bank as lessor under operating leases are presumed to have a residual value, as the useful life of property, plant and equipment and intangible assets used in operations is generally the same as their economic life.

Property, plant and equipment and intangible assets are depreciated or amortised using the straightline method over the useful life of the asset. Depreciation and amortisation expense is recognised in profit or loss. An intangible asset with an indefinite useful life shall not be amortised.

Renovation work-in-progress is not depreciated until they have been completed and ready for commercial operation.

Where an asset consists of a number of components that may require replacement at regular intervals, or that have different uses or different patterns of consumption of economic benefits, each component is recognised separately and depreciated using a method appropriate to that component.

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3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

G Property, plant and equipment and intangible assets (continued)

The depreciation is made at the following rates:

Office equipment	20%
Renovation and installation	16.67%
Furniture, fixtures and fittings	20%
Motor vehicle	20%
Computer equipment and hardware	20% - 33.33%
Intangible assets	33.33%

Software maintenance costs are expensed as incurred. However, expenditure that is regarded as upgrading the software or extending its useful life is included in the initial acquisition or production cost.

Depreciable property, plant and equipment and intangible assets are tested for impairment if there is an indication of potential impairment at the end of the reporting period. Non-depreciable assets are tested for impairment at least annually, using the same method as for goodwill allocated to cash-generating units.

If there is an indication of impairment, the new recoverable amount of the asset is compared with the carrying amount. If the asset is found to be impaired, an impairment loss is recognised in profit or loss. This loss is reversed in the event of a change in the estimated recoverable amount or if there is no longer an indication of impairment. Impairment losses are taken to statement of comprehensive income.

Gains and losses on disposals of property, plant and equipment and intangible assets used in operations are recognised in statement of comprehensive income.

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

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

H Employee benefits

(a) Short-term benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the period in which the associated services are rendered by employees of the Bank. Short-term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences, and short-term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

(b) Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Bank pays fixed contributions into separate entities or funds and will have no legal or constructive obligation to pay further contributions if any of the funds do not hold sufficient assets to pay all employee benefits relating to employee services in the current and preceding financial years. Such contributions are recognised as an expense in statement of comprehensive income as incurred. As required by law, companies in Malaysia make such contributions to the Employees Provident Fund ("EPF").

(c) Employee leave entitlement

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the end of the reporting period.

(d) Share-based compensation

BNP Paribas has set out share-based payment compensation for certain employees, including stock option and share award plans implemented as part of loyalty schemes and a Global Share-based Incentive Plan. As part of the BNP Paribas Group's variable remuneration policy, certain high-performing and newly recruited employees are offered a loyalty bonus scheme, entitling them to specific share-based remuneration, payable over the several years, and subject to the condition that the employees remain within the BNP Paribas Group.

Under MFRS 2 'Share-based payment', the Bank makes a charge to statement of comprehensive income in connection with expenses relating to share-based payments from grant date to vesting date.

No shares were granted to employees of the Bank in financial year of 2025 and 2024.

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NOTES TO THE FINANCIAL STATEMENTS
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3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

I Cash and short-term funds

Cash and short-term funds in the statement of financial position comprise of cash and bank balances with banks and other financial institutions and short-term deposits maturing within one month and are readily convertible to known amounts of cash which are subject to an insignificant risk of changes in value.

For the purpose of the statement of cash flows, cash and cash equivalents comprise cash and short-term funds, deposits and placements with financial institutions with original maturities of 3 months or less.

J Current and deferred tax

Current tax expense is determined according to the Malaysian tax laws and includes all taxes based upon the taxable profits.

Deferred tax is recognised in full, using the liability method, on temporary differences arising between the amount attributed to assets and liabilities for tax purposes 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 transaction affects neither accounting nor taxable profit or loss. The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient future taxable profits will be available to allow all or part of the asset to be recovered.

Deferred income tax related to fair value re-measurement of financial assets at FVOCI, which are charged or credited directly to equity, is also credited or charged directly to equity and is subsequently recognised in statement of comprehensive income together with the deferred gain or loss.

Deferred tax is determined using tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the asset is realised or the liabilities 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 they relate to income taxes levied by the same taxation authority and the Bank intends to settle its current tax assets and liabilities on a net basis.

K Leases

Accounting by lessee

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

Contracts may contain both lease and non-lease components. The Bank allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. The Bank does not separate lease and non-lease components. Both components are accounted for as a single lease component and payments for both components are included in the measurement of lease liability.

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

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

K Leases (continued)

Accounting by lessee (continued)

Lease term

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

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

ROU assets

ROU assets are initially measured at cost comprising the following:

The amount of the initial measurement of lease liability;

- Any lease payments made at or before the commencement date less any lease incentive received;
- Any initial direct costs; and
- Decommissioning or restoration costs.

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

Lease liabilities

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

- Fixed payments (including in-substance fixed payments), less any lease incentive receivable;
- Variable lease payments that are based on an index or a rate, initially measured using the index or rate as at the commencement date;
- Amounts expected to be payable by the Bank under residual value guarantees;
- The exercise price of a purchase and extension options if the Bank is reasonably certain to exercise that option; and
- Payments of penalties for terminating the lease, if the lease term reflects the Bank exercising that option.

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NOTES TO THE FINANCIAL STATEMENTS
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3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

K Leases (continued)

Accounting by lessee (continued)

Lease liabilities (continued)

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

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

The Bank presents the lease liabilities as under other liabilities in the statement of financial position. Interest expense on the lease liability is presented within the interest expense in statement of comprehensive income.

Short term leases and leases of low value assets

Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT equipment and small items of office furniture. Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line bases as an expense in statement of comprehensive income.

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

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

Preparation of the financial statements involves making judgements, assumptions and estimates that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. They are assessed on an ongoing basis and are based on experience and relevant factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

In applying the Bank's accounting policies, management makes the following significant judgements, estimates and assumptions:

- Measurement of expected credit losses - this applies in particular to the assessment of significant increase in credit risk, the models and assumptions used to measure expected credit losses and the determination and weighting of the various economic scenarios. Detailed judgements, assumptions and estimates made are disclosed in Note 3A;
- Use of internally-developed models to value Credit Default Swaps that are not quoted in active markets. Judgements include considerations of model inputs such as credit defaults spreads beyond the observation limits and the variance of recovery rates.

5. CASH AND SHORT-TERM FUNDS

	<u>2025</u> RM'000	<u>2024</u> RM'000
At amortised cost:		
Cash and balances with banks and other financial institutions	59,623	56,831
Money at call and deposit placements maturing within one month	689,052	918,076
	<u>748,675</u>	<u>974,907</u>

6. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS ("FVTPL")

	<u>2025</u> RM'000	<u>2024</u> RM'000
At Fair Value:		
Government securities:		
Malaysian Government Securities	811,836	805,148
Malaysian Government Investment Issues	178,093	447,077
Malaysian Islamic Treasury Bills	55,268	6,646
	<u>1,045,197</u>	<u>1,258,871</u>

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

7. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME ("FVOCI")

	<u>2025</u> RM'000	<u>2024</u> RM'000
At Fair Value:		
Government securities:		
Malaysian Government Securities	325,226	153,808
Malaysian Government Investment Issues	112,045	112,311
Bank Negara Malaysia Bills	806,932	889,100
	<u>1,244,203</u>	<u>1,155,219</u>

8. LOANS, ADVANCES AND FINANCING

	<u>2025</u> RM'000	<u>2024</u> RM'000
At Amortised Cost:		
(i) By type		
Revolving credit	941,195	905,042
Term loans	554,333	578,911
Trust receipts	-	14,237
Bill receivables	4,389	2,259
Overdrafts	16,329	25,001
Factoring receivables	480,081	291,007
	<u>1,996,327</u>	<u>1,816,457</u>
Gross loans, advances and financing^	1,996,327	1,816,457
Less: Expected Credit Losses ("ECL")	<u>(3,912)</u>	<u>(2,784)</u>
Net loans, advances and financing	<u>1,992,415</u>	<u>1,813,673</u>

Note ^: Funding extended to BNP Paribas Najmah (an Islamic Banking window in the Bank) under Profit Sharing Investment Account ("PSIA") are included as Loans, Advances and Financing. As at current reporting date, the amount is RM69.97 million (2024: RM14.24 million).

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

8. LOANS, ADVANCES AND FINANCING (CONTINUED)

	<u>2025</u> RM'000	<u>2024</u> RM'000
(ii) By type of customer		
Domestic business enterprises	1,858,195	1,729,413
Domestic non-bank financial institutions	90,223	40,098
Financial institutions	47,909	46,946
	<u>1,996,327</u>	<u>1,816,457</u>
(iii) By interest rate		
Variable rate:		
Cost plus	<u>1,996,327</u>	<u>1,816,457</u>
(iv) By residual contractual maturity		
Maturing within one year	1,441,995	1,239,819
More than one year to five years	457,780	286,562
More than five years	96,552	290,076
	<u>1,996,327</u>	<u>1,816,457</u>
(v) By geographical distribution		
In Malaysia	<u>1,996,327</u>	<u>1,816,457</u>
(vi) By Sector		
Mining and quarrying	5,688	4,022
Manufacturing	932,667	950,612
Electricity, gas and water	182,285	198,703
Construction	592	8,655
Wholesale and retail	325,699	222,095
Transport, storage and communication	49,883	139,681
Financial services	185,943	103,516
Real estate activities	-	1,157
Research and development	1,853	-
Other business activities	311,717	188,016
	<u>1,996,327</u>	<u>1,816,457</u>

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

8. LOANS, ADVANCES AND FINANCING (CONTINUED)

(vii) Movements in ECL on loans, advances and financing are as follows:

	12 month ECL (Stage 1) RM'000	Lifetime ECL not credit impaired (Stage 2) RM'000	Lifetime ECL credit impaired (Stage 3) RM'000	Total RM'000
<u>2025</u>				
As at 1 January	1,094	1,690	-	2,784
Change in credit risk	20	(20)	-	-
Allowance made during the financial year	633	609	-	1,242
Derecognised during the financial year	(28)	(86)	-	(114)
As at 31 December	<u>1,719</u>	<u>2,193</u>	<u>-</u>	<u>3,912</u>

2025

Loss allowance for non-credit-impaired exposures and
regulatory reserves of no less than 1% to total credit
exposures, net of loss allowance for credit-impaired exposures

1%

	12 month ECL (Stage 1) RM'000	Lifetime ECL not credit impaired (Stage 2) RM'000	Lifetime ECL credit impaired (Stage 3) RM'000	Total RM'000
<u>2024</u>				
As at 1 January	2,307	1,880	-	4,187
Change in credit risk	(295)	295	-	-
Allowance made during the financial year	(274)	1,292	-	1,018
Derecognised during the financial year	(644)	(1,777)	-	(2,421)
As at 31 December	<u>1,094</u>	<u>1,690</u>	<u>-</u>	<u>2,784</u>

2024

Loss allowance for non-credit-impaired exposures and
regulatory reserves of no less than 1% to total credit
exposures, net of loss allowance for credit-impaired exposures

1%

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

8. LOANS, ADVANCES AND FINANCING (CONTINUED)

(vii) Movements in ECL on loans, advances and financing are as follows: (continued)

BNM Guidelines on Financial Reporting/Financial Reporting for Islamic Banking Institutions requires banking institutions to maintain in aggregate, loss allowance for non credit-impaired exposures and regulatory reserve of no less than 1% of total credit exposures, net of the loss allowance for credit-impaired exposures.

(viii) Movements on loans, advances and financing are as follows:

	12 month ECL (Stage 1) RM'000	Lifetime ECL not credit impaired (Stage 2) RM'000	Lifetime ECL credit impaired (Stage 3) RM'000	Total RM'000
<u>2025</u>				
As at 1 January	1,548,320	268,137	-	1,816,457
Change in credit risk	57,382	(57,382)	-	-
Purchases and origination	574,225	46,058	-	620,283
Derecognised during the financial year	(414,883)	(25,530)	-	(440,413)
As at 31 December	<u>1,765,044</u>	<u>231,283</u>	<u>-</u>	<u>1,996,327</u>
<u>2024</u>				
As at 1 January	1,486,897	173,577	-	1,660,474
Change in credit risk	(200,506)	200,506	-	-
Purchases and origination	692,513	-	-	692,513
Derecognised during the financial year	(430,584)	(105,946)	-	(536,530)
As at 31 December	<u>1,548,320</u>	<u>268,137</u>	<u>-</u>	<u>1,816,457</u>

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

9. 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 allow the Bank to transfer, modify or reduce its foreign exchange and interest rate risks via hedge relationships. Most of the Bank's derivative trading activities relate to deals with customers which are normally laid off with counterparties.

At the end of the reporting period, the Bank has positions in the following types of derivatives:

			2025
	<u>Notional</u>	<u>Assets</u>	<u>Liabilities</u>
	RM'000	RM'000	RM'000
<u>Derivatives held for trading at fair value through profit or loss</u>			
Foreign exchange derivatives:			
Currency forwards	33,809,297	351,853	(191,243)
Currency swaps	34,541,341	388,416	(628,100)
Currency spot	722,348	368	(828)
Interest rate derivatives:			
Interest rate swaps	109,952,354	345,942	(305,049)
Credit derivatives:			
Credit default swaps	1,383,154	31,041	(3,459)
<u>Derivatives held for hedging</u>			
Foreign exchange derivatives:			
Cross currency swaps	408,171	-	(18,005)
Total derivative financial assets/(liabilities)	180,816,665	1,117,620	(1,146,684)

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NOTES TO THE FINANCIAL STATEMENTS
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9. **DERIVATIVE FINANCIAL ASSETS/LIABILITIES (CONTINUED)**

			2024
	<u>Notional</u>	<u>Assets</u>	<u>Liabilities</u>
	RM'000	RM'000	RM'000
<u>Derivatives held for trading at fair value through profit or loss</u>			
Foreign exchange derivatives:			
Currency forwards	34,442,520	230,929	(260,563)
Currency swaps	30,856,906	409,396	(327,318)
Currency options	179,774	1,097	(1,097)
Currency spot	477,328	137	(448)
Interest rate derivatives:			
Interest rate swaps	76,284,802	294,173	(287,380)
Interest rate options	581,940	2,482	-
Credit derivatives:			
Credit default swaps	1,216,506	29,311	(2,801)
<u>Derivatives held for hedging</u>			
Foreign exchange derivatives:			
Cross currency swaps	408,171	-	(27,237)
Total derivative financial assets/(liabilities)	<u>144,447,947</u>	<u>967,525</u>	<u>(906,844)</u>

Cash Flow Hedge

The Bank's cash flow hedge principally consists of cross currency interest rate swap that is used to protect against exposures to variability in future interest cash flows on foreign exchange incurring liabilities. The amount and timing of the interest cash flows, are projected on the basis of their contractual terms and other relevant factors, including estimates of renewal of interest incurring liabilities.

The aggregate projected interest cash flows over time form the basis for identifying gains and losses on the effective portions of derivatives designated as cash flow hedge to forecast transactions. Gains and losses are initially recognised directly in equity, in the cash flow hedge reserve, and are transferred to statement of comprehensive income when the forecast cash flows affect the statement of comprehensive income. The hedging relationship was highly effective for the total hedging period and as of the reporting date.

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9. DERIVATIVE FINANCIAL ASSETS/LIABILITIES (CONTINUED)

Cash Flow Hedge (continued)

The table below summarises the derivatives financial instrument entered by the Bank which is all used as hedging instrument in cash flow hedge:

			2025
	<u>Nominal</u>	<u>Assets</u>	<u>Liabilities</u>
	RM'000	RM'000	RM'000
Foreign exchange derivatives:			
Cross currency swaps	408,171	-	(18,005)

		<u>Nominal amount</u>	<u>Average fixed interest rate</u>
		RM'000	%
<u>2025</u>			
<u>Cross currency swap</u>			
One to five years		408,171	-

			2024
	<u>Nominal</u>	<u>Assets</u>	<u>Liabilities</u>
	RM'000	RM'000	RM'000
Foreign exchange derivatives:			
Cross currency swaps	408,171	-	(27,237)

		<u>Nominal amount</u>	<u>Average fixed interest rate</u>
		RM'000	%
<u>2024</u>			
<u>Cross currency swap</u>			
One to five years		408,171	-

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9. **DERIVATIVE FINANCIAL ASSETS/LIABILITIES (CONTINUED)**

Cash Flow Hedge (continued)

The amounts relating to items designated as hedging instruments and hedge ineffectiveness are as follows:

	<u>Notional</u>	<u>Assets</u>	<u>Liabilities</u>	Gain/(Loss) of the hedge ineffectiveness recognised in income statement
	RM'000	RM'000	RM'000	RM'000
<u>2025</u>				
Foreign <u>Exchange Risk</u>				
Cross currency Swap	408,171	-	(18,005)	(260)
<u>2024</u>				
Foreign <u>Exchange Risk</u>				
Cross currency swap	408,171	-	(27,237)	653

The amount relating to item designated as hedged item is a subordinated term loan disclosed in Note 17. The changes in fair value used or calculating hedge ineffectiveness amounts to RM9,232,000 (2024: RM38,494,000). The changes in fair value are recognised in the statement of other comprehensive income. The amount reclassified from hedge reserve to the statement of comprehensive income amounts to RM8,107,000 (2024: RM35,281,000).

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9. **DERIVATIVE FINANCIAL ASSETS/LIABILITIES (CONTINUED)**

Reconciliation of components of equity

The following table provide reconciliation by risk category of components of equity and analysis of OCI items (net of tax) resulting from hedge accounting:

	<u>2025</u> RM'000	<u>2024</u> RM'000
As at 1 January	(597)	1,605
Effective portion of changes in fair value		
- Foreign exchange risk	8,107	35,281
Net amount reclassified to profit or loss	(8,107)	(35,281)
Cost of hedging	858	(2,897)
Income tax effect	(206)	695
As at 31 December	<u>55</u>	<u>(597)</u>

10. **OTHER ASSETS**

	<u>2025</u> RM'000	<u>2024</u> RM'000
Collateral assets	217,593	111,037
Other receivables	17,028	10,560
Deposit	610	606
Prepayments	479	922
	<u>235,710</u>	<u>123,125</u>

Collateral assets represent cash collateral pledged to other banks and financial institutions for derivative transactions.

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11. PROPERTY, PLANT AND EQUIPMENT

	Office equipment and <u>machinery</u> RM'000	Renovation and <u>installation</u> RM'000	Furniture fixtures and <u>fittings</u> RM'000	Computer equipment and <u>hardware</u> RM'000	Motor vehicle RM'000	Rights of Use RM'000	Total RM'000
<u>2025</u>							
<u>Cost</u>							
As at 1 January	656	2,557	1,369	5,061	6	8,318	17,967
Additions	15	-	5	639	-	-	659
Lease remeasurement	-	-	-	-	-	(2,739)	(2,739)
As at 31 December	<u>671</u>	<u>2,557</u>	<u>1,374</u>	<u>5,700</u>	<u>6</u>	<u>5,579</u>	<u>15,887</u>
<u>Accumulated depreciation and impairment</u>							
As at 1 January	381	505	432	3,127	4	3,172	7,621
Charge for the financial year	85	419	240	815	1	1,445	3,005
Allowance for impairment	-	1,313	30	-	-	-	1,343
As at 31 December	<u>466</u>	<u>2,237</u>	<u>702</u>	<u>3,942</u>	<u>5</u>	<u>4,617</u>	<u>11,969</u>
<u>Net Book Value</u>							
As at 31 December	<u>205</u>	<u>320</u>	<u>672</u>	<u>1,758</u>	<u>1</u>	<u>962</u>	<u>3,918</u>

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11. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Office equipment and <u>machinery</u> RM'000	Renovation and <u>installation</u> RM'000	Furniture fixtures and <u>fittings</u> RM'000	Computer equipment and <u>hardware</u> RM'000	Motor <u>vehicle</u> RM'000	Rights of <u>Use</u> RM'000	<u>Total</u> RM'000
<u>2024</u>							
<u>Cost</u>							
As at 1 January	638	1,589	1,049	10,664	6	10,609	24,555
Additions	111	968	320	518	-	-	1,917
Write-off	(93)	-	-	(6,121)	-	-	(6,214)
Lease remeasurement	-	-	-	-	-	(2,291)	(2,291)
As at 31 December	<u>656</u>	<u>2,557</u>	<u>1,369</u>	<u>5,061</u>	<u>6</u>	<u>8,318</u>	<u>17,967</u>
<u>Accumulated depreciation</u>							
As at 1 January	378	86	197	8,339	3	1,656	10,659
Charge for the financial year	89	419	235	909	1	1,516	3,169
Write-off	(86)	-	-	(6,121)	-	-	(6,207)
As at 31 December	<u>381</u>	<u>505</u>	<u>432</u>	<u>3,127</u>	<u>4</u>	<u>3,172</u>	<u>7,621</u>
<u>Net Book Value</u>							
As at 31 December	<u>275</u>	<u>2,052</u>	<u>937</u>	<u>1,934</u>	<u>2</u>	<u>5,146</u>	<u>10,346</u>

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12. INTANGIBLE ASSETS

	<u>2025</u> RM'000	<u>2024</u> RM'000
<u>Computer Software</u>		
<u>Cost</u>		
As at 1 January	190	3,280
Additions	362	-
Write-off	-	(3,090)
As at 31 December	<u>552</u>	<u>190</u>
<u>Accumulated amortisation</u>		
As at 1 January	108	3,135
Amortisation for the financial year	124	63
Write-off	-	(3,090)
As at 31 December	<u>232</u>	<u>108</u>
Net book value	<u>320</u>	<u>82</u>

13. DEFERRED TAX ASSETS

The following amounts, determined after appropriate offsetting, are shown in the statement of financial position:

	<u>2025</u> RM'000	<u>2024</u> RM'000
Deferred Tax Assets, net	<u>4,792</u>	<u>4,462</u>

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 income taxes relate to the same tax authority.

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13. DEFERRED TAX ASSETS (CONTINUED)

The components and movements of deferred tax assets/(liabilities) during the financial year are as follows:

	Note	Property plant and equipment RM'000	Financial assets at FVOCI RM'000	Provisions RM'000	Deferred income RM'000	ECL RM'000	Cash flow hedge RM'000	Total RM'000
<u>2025</u>								
As at 1 January		184	(53)	3,430	231	482	188	4,462
Charged to profit or loss	26	306	-	378	54	224	-	962
Recognised in other comprehensive income		-	(426)	-	-	-	(206)	(632)
As at 31 December		<u>490</u>	<u>(479)</u>	<u>3,808</u>	<u>285</u>	<u>706</u>	<u>(18)</u>	<u>4,792</u>
<u>2024</u>								
As at 1 January		43	(55)	2,978	(343)	830	(507)	2,946
Charged to profit or loss	26	141	-	452	574	(348)	-	819
Recognised in other comprehensive income		-	2	-	-	-	695	697
As at 31 December		<u>184</u>	<u>(53)</u>	<u>3,430</u>	<u>231</u>	<u>482</u>	<u>188</u>	<u>4,462</u>

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14. DEPOSITS FROM CUSTOMERS

	<u>2025</u> RM'000	<u>2024</u> RM'000
At Amortised Cost:		
Demand deposits	2,258,876	2,270,071
Fixed deposits	719,129	630,906
Commodity Murabahah	14,129	8,952
	<u>2,992,134</u>	<u>2,909,929</u>

(i) Maturity structure of fixed deposits and commodity Murabahah are as follows:

	<u>2025</u> RM'000	<u>2024</u> RM'000
Due within six months	733,258	635,136
Six months to one year	-	4,722
	<u>733,258</u>	<u>639,858</u>

(ii) The deposits are sourced from the following types of customers:

	<u>2025</u> RM'000	<u>2024</u> RM'000
Business enterprises	2,956,745	2,880,389
Non-bank financial institutions	35,389	29,540
	<u>2,992,134</u>	<u>2,909,929</u>

15. DEPOSITS AND PLACEMENTS OF BANKS AND OTHER FINANCIAL INSTITUTIONS

	<u>2025</u> RM'000	<u>2024</u> RM'000
At Amortised Cost:		
Other financial institutions	<u>238,737</u>	<u>655,228</u>

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16. OTHER LIABILITIES

	<u>2025</u> RM'000	<u>2024</u> RM'000
Collateral deposits (Note a)	1,465,153	1,064,243
Other payables	48,178	44,900
Accruals and charges	16,897	16,028
Expected credit losses on loan commitment and financial guarantee (Note b)	136	68
Lease liabilities (Note c)	1,097	5,221
	<u>1,531,461</u>	<u>1,130,460</u>

(a) Collateral deposits

Collateral deposits represent cash collateral pledged from other banks and financial institutions for derivative transactions.

(b) Expected credit losses on loans commitment and financial guarantee are as follows:

	<u>12 month ECL (Stage 1) RM'000</u>	<u>Lifetime ECL not credit impaired (Stage 2) RM'000</u>	<u>Lifetime ECL credit impaired (Stage 3) RM'000</u>	<u>Total RM'000</u>
<u>2025</u>				
Balance at beginning of financial year	68	-	-	68
Allowance made during the financial year	<u>62</u>	<u>6</u>	<u>-</u>	<u>68</u>
Balance at end of financial year	<u>130</u>	<u>6</u>	<u>-</u>	<u>136</u>
<u>2024</u>				
Balance at beginning of financial year	204	15	-	219
Allowance written-back during the financial year	<u>(136)</u>	<u>(15)</u>	<u>-</u>	<u>(151)</u>
Balance at end of financial year	<u>68</u>	<u>-</u>	<u>-</u>	<u>68</u>

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16. OTHER LIABILITIES (CONTINUED)

(c) Lease liabilities

The following table sets out a maturity analysis of lease liabilities:

	<u>2025</u> RM'000	<u>2024</u> RM'000
Within one year	1,097	1,448
One year to five years	-	3,773
	<u>1,097</u>	<u>5,221</u>

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17. SUBORDINATED TERM LOAN

	<u>2025</u> RM'000	<u>2024</u> RM'000
EUR 82.0 million subordinated term loan	393,014	384,907

On 28 July 2021, the Bank issued EUR 82.0 million subordinated term loan bearing a floating interest rate of 3M EURIBOR + 123 bps per annum. The subordinated term loan is repayable in full on 28 July 2031.

The EUR 82.0 million subordinated term loan qualifies as Tier II capital under BNM's Basel III Capital Adequacy Framework (Capital Components).

BNP Paribas Malaysia Berhad ("BNPPMB") has undertaken cash flow hedge on the currency risk of the EUR 82.0 million using cross currency swaps.

18. SHARE CAPITAL

	<u>2025</u>		<u>2024</u>	
	No. of Ordinary Shares '000	RM '000	No. of Ordinary Shares '000	RM '000
<u>Ordinary shares issued and fully paid at no par value</u>				
At 1 January/31 December	650,000	650,000	650,000	650,000

19. RESERVES

	<u>2025</u> RM'000	<u>2024</u> RM'000
Non-distributable:		
Revaluation reserve-financial assets at FVOCI (Note a)	1,516	167
Regulatory reserve (Note b)	25,369	23,223
Hedging reserve (Note c)	55	(597)
	<u>26,940</u>	<u>22,793</u>

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19. RESERVES (CONTINUED)

(a) Revaluation reserve-financial assets at FVOCI

The revaluation reserve-financial assets at FVOCI represents cumulative fair value changes on financial assets at FVOCI.

(b) Regulatory reserve

BNM Guidelines on Financial Reporting/Financial Reporting for Islamic Banking Institutions requires banking institutions to maintain in aggregate, loss allowance for non credit-impaired exposures and regulatory reserve of no less than 1% of total credit exposures, net of loss allowance for credit-impaired exposures.

(c) Hedging reserve

The hedging reserve are in respect of the cost of hedging arising from the currency basis spread.

20. DIVIDEND

	<u>2025</u> RM'000	<u>2024</u> RM'000
Interim single tier dividend of approximately 7.6923 sen per ordinary share on 650,000,000 ordinary shares paid on 28 November 2025	<u>50,000</u>	<u>-</u>
Final single tier dividend of approximately 13.70838 sen per ordinary share on 650,000,000 ordinary shares paid on 15 July 2025	<u>-</u>	<u>89,104</u>
Special single tier dividend of approximately 7.6923 sen per ordinary share on 650,000,000 ordinary shares paid on 15 November 2024	<u>-</u>	<u>50,000</u>

The Board of Directors does not recommend the payment of any final dividend for the financial year ended 31 December 2025.

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21. INTEREST INCOME

	<u>2025</u> RM'000	<u>2024</u> RM'000
Loans and advances	93,205	86,656
Money at call and deposit placements with financial institutions	17,755	23,364
Reverse repurchase agreements	53,885	84,455
Financial assets at FVTPL	52,067	83,633
Financial assets at FVOCI	46,195	42,573
Other interest income	3,855	9,319
Amortisation of premium less (accretion of discount)	(1,559)	13,723
	<u>265,403</u>	<u>343,723</u>

22. INTEREST EXPENSE

	<u>2025</u> RM'000	<u>2024</u> RM'000
Deposits from customers	55,181	65,604
Deposits and placements of banks and other financial institutions	31,047	55,563
Repurchase agreements	35,760	81,559
Lease liabilities	143	228
Subordinated term loan	14,079	20,390
Financial collateral	46,036	67,844
Others	550	1,073
	<u>182,796</u>	<u>292,261</u>

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23. OTHER OPERATING INCOME

	<u>2025</u> RM'000	<u>2024</u> RM'000
Fee income:		
Commissions	399	384
Guarantee fee	74	262
Advisory fees	41	46
Arrangement fees	3,856	579
Commitment fees	1,284	521
Other fees	2,853	2,139
Fee expense:		
Guarantee fee	(1,768)	-
	<u>6,739</u>	<u>3,931</u>
Gain/(Loss) arising from sale of:		
Financial assets at FVTPL	11,513	(8,585)
Financial assets at FVOCI	479	-
Gain/(Loss) on derivatives trading:		
Realised	47,374	(47,822)
Unrealised	(38,918)	66,267
Unrealised gain/(loss) on revaluation of financial assets:		
FVTPL	1,609	(1,947)
Net (loss)/gain arising from hedging activities	(260)	653
Unrealised (loss)/gain on reverse repurchase agreements	(214)	135
Realised loss on repurchase agreements	(313)	(969)
Other income:		
Foreign exchange:		
Realised loss	(85,731)	(171,976)
Unrealised gain	183,685	307,931
Others	9,947	10,012
	<u>135,910</u>	<u>157,630</u>

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24. OTHER OPERATING EXPENSES

	<u>2025</u> RM'000	<u>2024</u> RM'000
Personnel costs (Note a)	46,390	45,119
Establishment costs (Note b)	31,385	28,736
Marketing expenses (Note c)	793	803
Administration and general expenses (Note d)	17,012	19,233
	<u>95,580</u>	<u>93,891</u>
 (a) Personnel costs		
Salaries, bonuses and allowance	35,176	34,699
Defined contribution plan	5,817	5,595
Other staff related expenses	5,397	4,825
	<u>46,390</u>	<u>45,119</u>
 (b) Establishment costs		
Information technology costs	11,161	10,347
Depreciation of property, plant and equipment (Note 11)	3,005	3,169
Impairment of property, plant and equipment (Note 11)	1,343	-
Amortisation of intangible asset (Note 12)	124	63
Others	15,752	15,157
	<u>31,385</u>	<u>28,736</u>
 (c) Marketing expenses		
Advertising and marketing	4	7
Sponsorship	789	796
	<u>793</u>	<u>803</u>
 (d) Administration and general expenses		
Legal and professional fees	1,763	2,438
Communication and transportation	1,282	1,387
Other general expenses	13,967	15,408
	<u>17,012</u>	<u>19,233</u>

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24. OTHER OPERATING EXPENSES (CONTINUED)

Included in the above expenditure are the following statutory disclosures:

	<u>2025</u> RM'000	<u>2024</u> RM'000
Directors' remuneration	3,600	3,664
Auditors' remuneration:		
Statutory audit	510	501
Others	159	-
	<u>3,600</u>	<u>3,664</u>

Details of Directors' remuneration of the Bank during the financial year are as follows:

	<u>Fees</u> RM'000	<u>Other allowances</u> RM'000	<u>Salaries & Bonuses</u> RM'000	<u>Benefits in kind</u> RM'000	<u>Total</u> RM'000
<u>2025</u>					
Executive Directors	190	-	2,595	35	2,820
Non-executive Directors	780	-	-	-	780
	<u>970</u>	<u>-</u>	<u>2,595</u>	<u>35</u>	<u>3,600</u>
<u>2024</u>					
Executive Directors	175	-	2,577	35	2,787
Non-executive Directors	877	-	-	-	877
	<u>1,052</u>	<u>-</u>	<u>2,577</u>	<u>35</u>	<u>3,664</u>

The details of the Directors of the Bank in office, and interest in shares and share options during the financial year are disclosed in the Report of the Directors.

Aggregate remuneration of the Chief Executive Officer ("CEO") and all Directors during the financial year is as follows:

	<u>2025</u> RM'000	<u>2024</u> RM'000
<u>Executive Directors</u>		
Anthony Lo Chiang Loong*	2,630	2,612
Chan Mui Pin (Mrs. Lau Mui Pin)	190	175
<u>Non-Executive Directors</u>		
Dato' Mohamed Khadar Bin Merican	400	400
Khoo Lian Kim	190	175
Vijayam a/p Nadarajah	-	127
Faisal Bin Ismail	190	175
	<u>3,600</u>	<u>3,664</u>

* The remuneration is received in his capacity as CEO.

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25. EXPECTED CREDIT LOSSES (MADE)/ WRITTEN BACK

	<u>2025</u> RM'000	<u>2024</u> RM'000
Expected credit losses:		
Allowance (made)/written back during the financial year	(1,216)	1,495
	<u> </u>	<u> </u>
<u>Allowance (made)/written back during the financial year:</u>		
Loans, advances and financing	(1,164)	1,351
Other financial assets	(52)	144
	<u> </u>	<u> </u>
	<u>(1,216)</u>	<u>1,495</u>

26. INCOME TAX EXPENSE

	<u>2025</u> RM'000	<u>2024</u> RM'000
Current tax:		
Current year	31,233	28,739
Under provision in prior years	1	800
	<u> </u>	<u> </u>
	<u>31,234</u>	<u>29,539</u>
Deferred tax (Note 13)		
Origination and reversal of temporary differences	(974)	18
Recognition and reversal of prior years' temporary differences	12	(837)
	<u> </u>	<u> </u>
	<u>(962)</u>	<u>(819)</u>
Income tax expense	<u>30,272</u>	<u>28,720</u>

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26. INCOME TAX EXPENSE (CONTINUED)

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

	<u>2025</u> RM'000	<u>2024</u> RM'000
Profit before tax	122,751	117,824
Taxation at Malaysian statutory tax rate of 24%	29,460	28,278
Tax effects of:		
Expenses not deductible for tax purposes	799	479
Under/(Over) provision in prior years	13	(37)
	<u>30,272</u>	<u>28,720</u>

27. SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES

The Bank is a wholly-owned subsidiary of BNP Paribas S.A., a financial institution incorporated in France, which is also regarded by the Directors as the immediate and ultimate holding company.

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

<u>Name of related parties</u>	<u>Relationship</u>
BNP Paribas S.A., Paris	Ultimate holding company
BNP Paribas, Qatar	Branch of ultimate holding company
BNP Paribas, Japan	Branch of ultimate holding company
BNP Paribas, Canada	Branch of ultimate holding company
BNP Paribas, United States	Branch of ultimate holding company
BNP Paribas, Hong Kong	Branch of ultimate holding company
BNP Paribas, United Kingdom	Branch of ultimate holding company
BNP Paribas, United Arab Emirates	Branch of ultimate holding company
BNP Paribas, Singapore	Branch of ultimate holding company
BNP Paribas, Switzerland	Branch of ultimate holding company
BNP Paribas, India	Branch of ultimate holding company
BNP Paribas, Labuan	Branch of ultimate holding company
BNP Paribas, Thailand	Branch of ultimate holding company
BNP Paribas, Netherlands	Branch of ultimate holding company
BNP Paribas, Canada	Branch of ultimate holding company
Banca Nazionale del Lavoro SPA	Fellow subsidiary
PT Bank BNP Paribas Indonesia	Fellow subsidiary
BNP Paribas India Solutions Pvt. Ltd.	Fellow subsidiary
BNP Paribas S.A., Sucursal en España	Fellow subsidiary
BGL BNP Paribas	Fellow subsidiary
BNP Paribas Securities Corp.	Fellow subsidiary
BNP Paribas Fortis S.A.	Fellow subsidiary
BNP Paribas Asset Management Malaysia Sdn. Bhd.	Fellow subsidiary

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27. SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

The related parties and their relationship with the Bank, are as follows: (continued)

<u>Name of related parties</u>	<u>Relationship</u>
BNP Paribas Asset Management Najmah Malaysia Sdn. Bhd.	Fellow subsidiary
BNP Paribas Capital (Malaysia) Sdn. Bhd.	Fellow subsidiary

(a) Related party transactions

Significant transactions undertaken by the Bank with the ultimate holding and related companies which are determined on a basis negotiated with the said parties are as follows:

	<u>2025</u> RM'000	<u>2024</u> RM'000
Income:		
Other interest	714	28
Fee income	43	173
Fee expense	(1,768)	-
Foreign exchange loss	(96,506)	(256,589)
Gain on derivatives trading	18,296	24,535
Realised loss on repurchase agreements	(313)	(969)
Recharges to interbank	7,101	7,175
Other operating income	1,679	658
	<u> </u>	<u> </u>
Expense:		
Interest on deposits and placements of banks and other financial institutions	28,940	54,230
Interest on Commodity Murabahah deposits	210	196
Interest on demand deposits	40	56
Interest on fixed deposits	395	346
Interest on repurchase agreements	35,757	81,554
Interest on subordinated term loan	14,079	20,390
Interest on financial collateral	39,253	56,345
Other interest	550	1,073
<u>Interbank recharges</u>		
Other interbank charges	4,990	6,983
Information technology costs	8,463	7,670
Other establishment cost	13,558	13,345
Other administration expenses	5,526	4,908
<u>Other Services</u>		
Other general expenses	444	350
	<u> </u>	<u> </u>

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27. SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

(b) Related party balances

	Ultimate holding company	Related parties
	RM'000	RM'000
<u>2025</u>		
<u>Assets</u>		
Cash and short term funds	3,706	2,628
Derivative financial assets	361,770	45,451
Other assets	4	8,696
	<u>365,480</u>	<u>56,775</u>
<u>Liabilities</u>		
Deposits from customers	-	37,410
Deposit and placements of banks and other financial institutions	1,320	237,417
Subordinated term loan	393,014	-
Derivative financial liabilities	131,623	22,697
Other liabilities	1,356,176	11,858
	<u>1,882,133</u>	<u>309,382</u>
<u>2024</u>		
<u>Assets</u>		
Cash and short term funds	6,112	7,444
Derivative financial assets	221,207	21,848
Other assets	3,604	8,131
	<u>230,923</u>	<u>37,423</u>
<u>Liabilities</u>		
Deposits from customers	-	31,212
Deposit and placements of banks and other financial institutions	6,053	649,175
Repurchase agreement	1,391,725	-
Subordinated term loan	384,907	-
Derivative financial liabilities	253,432	44,007
Other liabilities	881,299	10,910
	<u>2,917,416</u>	<u>735,304</u>

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27. SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Bank, either directly or indirectly. The key management personnel of the Bank include the CEO and Senior Officers of the Bank.

Compensation of key management personnel:

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

	<u>2025</u>	<u>2024</u>
	RM'000	RM'000
Salaries and other short term employee benefits	10,094	9,397
Post-employment benefits:		
Defined contribution plan	1,404	1,207
	<u>11,498</u>	<u>10,604</u>

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27. **SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)**

(b) The following tables represent the Bank's top 5 related party transactions by geography and types of services as at 31 December 2025:

	Interest on deposits and placements of banks and other financial institutions RM'000	Interest on derivatives and collateral RM'000	Interest on repurchase agreements RM'000	Interest on sub- ordinated term loan RM'000	Interbank recharges RM'000	Other services RM'000	Total RM'000
<u>Services provided by geography</u>							
France	153	39,253	35,757	14,079	18,484	570	108,296
Hong Kong	50	-	-	-	2,814	24	2,888
Singapore	28,144	-	-	-	9,168	61	37,373
India	-	-	-	-	1,822	-	1,822
United States	563	-	-	-	250	322	1,135
	<u>28,910</u>	<u>39,253</u>	<u>35,757</u>	<u>14,079</u>	<u>32,538</u>	<u>977</u>	<u>151,514</u>

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27. SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

The following tables represent the Bank's top 5 related party transactions by geography and types of services as at 31 December 2024:

	Interest on deposits and placements of banks and other financial institutions RM'000	Interest on derivatives and collateral RM'000	Interest on repurchase agreements RM'000	Interest on sub- ordinated term loan RM'000	Interbank recharges RM'000	Other services RM'000	Total RM'000
<u>Services provided by geography</u>							
France	197	57,418	81,554	20,390	17,513	30	177,102
Hong Kong	366	-	-	-	2,843	32	3,241
Singapore	53,125	-	-	-	8,476	3	61,604
India	-	-	-	-	1,104	-	1,104
United States	513	-	-	-	146	269	928
	<u>54,201</u>	<u>57,418</u>	<u>81,554</u>	<u>20,390</u>	<u>30,082</u>	<u>334</u>	<u>243,979</u>

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28. OPERATING LEASE ARRANGEMENTS

The Bank has lease commitments in respect of rented premises which are classified as operating lease as at 31 December 2018. Starting 1 January 2019, the Bank has recognised right of use assets for these leases, except for leases which are scoped out of MFRS 16. A summary of the lease commitments is as follows:

	<u>2025</u> RM'000	<u>2024</u> RM'000
Future minimum rental payments:		
Not later than 1 year	174	192
Later than 1 year and not later than 5 years	165	282
	<u>339</u>	<u>474</u>

29. CREDIT TRANSACTIONS AND EXPOSURES WITH CONNECTED PARTIES

	<u>2025</u> RM'000	<u>2024</u> RM'000
Outstanding credit exposures with connected parties	348,649	37,608
Total credit exposures	<u>4,356,554</u>	<u>3,584,607</u>
Percentage of outstanding credit exposure to connected parties as a proportion of total credit exposures	<u>8.00%</u>	<u>1.05%</u>
Percentage of outstanding credit exposures with connected parties which is non-performing or in default	<u>-</u>	<u>-</u>

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30. COMMITMENTS AND CONTINGENCIES

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

The principal amount of the commitments and contingencies as at 31 December are as follows:

	<u>2025</u> Principal amount RM'000	<u>2024</u> Principal amount RM'000
Direct credit substitutes	632,428	215,349
Transaction-related contingent items	111,865	64,963
Short-term self-liquidating trade related contingencies	20,662	1,442
Irrevocable commitments to extend credit:		
Maturity up to one year	-	-
Maturity more than one year	421,329	232,890
Total credit related commitments and contingencies	<u>1,186,284</u>	<u>514,644</u>
Foreign exchange derivatives:		
One year or less	66,133,245	61,555,463
Over one year to five years	2,588,546	4,199,783
Over five years	759,366	609,453
Interest rate derivatives:		
One year or less	27,925,159	19,783,793
Over one year to five years	79,793,862	55,533,496
Over five years	2,233,333	1,549,453
Credit derivatives:		
One year or less	70,940	72,609
Over one year to five years	1,312,214	1,143,897
Total treasury related commitments and contingencies	<u>180,816,665</u>	<u>144,447,947</u>
Total commitments and contingencies	<u>182,002,949</u>	<u>144,962,591</u>

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31. FINANCIAL RISK MANAGEMENT POLICIES

The Bank has developed and implemented comprehensive policies and procedures to identify, mitigate and monitor risk. These are based on BNP Paribas Group's policies. These practices rely on constant communications, judgement and products / markets knowledge of the people closest to risk, combined with regular oversight by the risk management department, supported by the regional and central risk management group and senior management.

(a) Operational Risk

Operational risk is the risk of incurring a loss due to inadequate or failed internal processes, or due to external events, whether deliberate, accidental or natural occurrences. Management of operational risk is based on an analysis of the "cause – event – effect" chain.

Internal processes giving rise to operational risk may involve employees and/or IT systems. External events include, but are not limited to floods, fire, earthquakes and terrorist attacks. Credit or market related events such as default or fluctuations in value do not fall within the scope of operational risk.

Operational risk encompasses fraud, human resources risks, legal risks, non-compliance risks, tax risks, information system risks, conduct risks (risks related to the provision of inappropriate financial services), risks related to failures in operating process, including loan procedures or model risks, and any potential financial implications resulting from the management of reputation risks.

The Bank performs a bottoms-up self-assessment that results in a specific operational Risk Appetite for back-office operations, middle office operations and supporting departments, highlighting the areas with potential risk.

(b) Credit Risk

Credit risk is defined as the potential that a bank borrower or counterparty will fail to meet its obligations in accordance with the agreed terms. Accurately evaluating the probability of default and the expected recovery on a loan or receivable in the event of default are key components of the credit-quality assessment.

Counterparty risk is the credit risk embedded in payments or transactions between counterparties. Those transactions include bilateral contracts such as over-the-counter derivatives contracts ("OTC"). The amount of this risk varies as market parameters change, which then impacts the replacement value of the relevant transactions or portfolio.

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31. **FINANCIAL RISK MANAGEMENT POLICIES (CONTINUED)**

(b) **Credit Risk (continued)**

General credit policy, credit control and provisioning procedures

The Bank's lending activities are governed by the Bank's Credit Risk Policy which is subject to and fully adopts BNP Paribas Group's Global Credit Policy and aligns with the requirements from Bank Negara Malaysia. The policy is underpinned by core principles related to compliance with the BNP Paribas Group's ethical standards, the clear definition of roles and responsibilities and a thorough analysis of risks. It is rolled down in the form of specific policies tailored to each type of business or counterparty.

In respect of its lending activities, the Bank structures the levels of credit risk it undertakes by setting limits on the amount of risk accepted for one borrower or for groups of borrowers, and it would abide by geographical and industry segments limit as and when defined at Group or Regional level.

A comprehensive risk monitoring system is organised around Control units, which are responsible for ensuring that lending commitments comply with the loan approval decision, that credit risk reporting data are reliable and that risks accepted by the Bank are effectively monitored. Daily exception reports are produced and various forecasting tools are used to provide early warnings of potential escalations of credit risks. The various monitoring levels, which generally reflect the organisation of discretionary lending authorities, up to General Management Doubtful and Watch List Committee, are under the supervision of Regional Risk Function ("Risk"). This committee examines, on a quarterly basis, all sensitive or non-performing loans exceeding a given threshold, reviews and decides on the strategy toward the client, the rating and the Global Recovery Rate ("GRR"), and examines the adequacy of the impairment and recovery data based on recommendations from the business lines, with Risk concurrence.

As part of the BNP Paribas Group's policy, each business line is required to make a quarterly review, together with Risk, of all corporate, bank and sovereign loans in default to determine the amount of impairment loss, if any, to be recognised. The loss is recognised either by reducing the carrying amount or by recording a provision for impairment, depending on the applicable accounting standards. The amount of the impairment loss is based on the present value of expected net recoveries, including from recoveries from the realisation of collateral. Every change in provision must be examined locally by a committee between Business, Finance and Risk through physical meetings. Changes in provision that exceed local/regional delegation level are recommended to Head Office.

In addition, at Asia Pacific ("APAC") level, a collective impairment is established while a dedicated local management committee is also set up to provide the necessary oversight. On a regular basis, Chief Risk Officer, produces a summary of main credit exposures together with any existing exceptions and report to the Executive Risk Committee and the Board of Directors through the Board Risk Management Committee. In addition, the credit-risk-weighted assets are reviewed regularly by the Extended Executive Committee ("EXCO").

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31. FINANCIAL RISK MANAGEMENT POLICIES (CONTINUED)

(b) Credit Risk (continued)

General credit policy, credit control and provisioning procedures (continued)

The determination of this collective impairment, known as MFRS 9 provisions, is calculated on all facilities using a two-step approach.

First the facilities have to be allocated to one of the three impairment stages by determining whether a significant increase in credit risk has occurred since initial recognition or whether the facility is defaulted. If that increase did occur, the facility is considered as being in Stage 2. If there was no significant credit risk increase, the facility remains in Stage 1.

Second, the collective provisioning of the facility, known as the ECL is calculated: 12-month expected loss for all facilities in Stage 1 and lifetime expected credit loss for all facilities in Stage 2; facilities in Stage 3 are covered by specific provisions.

Internal rating system

The Bank adopts the BNP Paribas Group's Corporate Credit Policy, which formalises the rating principles and methodology used to qualify and quantify the credit risks of counterparties. The implementation of this policy contributes to the management, approval and monitoring, credit delegation, provisioning and pricing policy process and portfolio management of corporate credit risks within the Bank at counterparty level.

The BNP Paribas Group performs regular back-testing to ensure that the rating system remains appropriate and robust.

Under BNP Paribas rating system, a common rating scale exists consist of 12 main grades (1 to 12) classified in two groups of obligors, whereby grade 1 – 10 cover counterparties that are not in default with credit assessments ranging from 'excellent' to 'sub-standard', and grades 11 to 12 are related to defaulted counterparties. Ratings 1 to 10 included may be optionally added a '+' or '-' sign (a notch) to reflect their relative standing within a grade. Confirmation or amendments to Counterparty Ratings and the Global Recovery Rates applicable to each transaction of the counterparty are reviewed at inception and at least once a year as part of the credit approval process or annual credit review, drawing on the combined expertise of business line staff and Risk representatives, who have the final say. High quality tools have been developed to support the rating process, including analysis tools and credit scoring systems.

Portfolio policy

In addition to selecting individual risks and measuring the related exposure, the Bank follows a portfolio-based policy designed to diversify risks among borrowers and industries with a cautious approach to country risk. Concentrations of counterparty risks are closely monitored at regular intervals.

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31. FINANCIAL RISK MANAGEMENT POLICIES (CONTINUED)

(b) Credit Risk (continued)

Risk mitigation techniques

Credit risk exposure is mitigated via preventive risk management measures that limit the activities in line with the Bank's Risk Appetite and through periodic monitoring of credit exposures. Credit applications are first evaluated by the originating business units and then independently evaluated by the risk management team.

Credit reviews on corporate borrowers are performed on a regular basis to complement the risk identification, early warnings detection, and to ensure the creditability and financial performance of the borrowers where applicable to protect the Bank's position in debt recovery.

Exposure to credit risk is also managed in part by obtaining collateral or the right to call for collateral when certain exposure thresholds are exceeded, the right to terminate transactions upon the occurrence of unfavourable events, the right to reset the terms of transactions after specified time periods, reducing part of its risks through risk participations and securitisation and entering into netting agreements with counterparties that permit the Bank to offset receivables and payables against such counterparties.

Where possible, the Bank takes collateral to mitigate its exposure. Collateral includes cash, marketable securities, structured products, movable and immovable properties, trade receivables, inventory and other physical and financial collateral. The Bank may also take fixed and floating charges on the assets of borrowers. It has put in place policies governing eligibility of collateral. Where appropriate, collaterals are revalued periodically according to the type of collateral in order to ensure continued effective coverage.

Netting is used by the Bank to mitigate counterparty credit risk associated with derivatives trading. The main instance where netting occurs is in the case of trades termination: if the counterparty defaults, all the trades are terminated at their current market value, and all the positive and negative market values are summed to obtain a single amount (net) to be paid to or received from the counterparty. The close-out netting balance may be collateralised with cash, securities or deposits.

The Bank also applies settlement netting to mitigate counterparty credit risk in case of currency-settlements. This corresponds to the netting of all payments and receipts between the Bank and one counterparty in the same currency that are to be settled on the same day. The netting results in a single amount (for each currency) to be paid either by the Bank or by the counterparty.

Transactions affected by this are processed in accordance with bilateral or multilateral agreements that respect the general principles of the national or international framework. The main forms of bilateral agreements are those issued by the International Swaps and Derivatives Association ("ISDA") and the Global Master Repurchase Agreement ("GMRA").

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**NOTES TO THE FINANCIAL STATEMENTS
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31. FINANCIAL RISK MANAGEMENT POLICIES (CONTINUED)

(b) Credit Risk (continued)

Derivatives

This credit risk exposure is managed at the BNP Paribas Group level as part of the overall credit limits with customers, together with potential exposures from market movements. Collateral or other securities may be obtained to mitigate credit risk exposures on these instruments.

Risk Measurement

The Bank adopts the Standardised Approach in calculating Credit Risk Weighted Assets ("RWA"). The standardised approach measures credit risk either pursuant to fixed risk weights that are predefined by the regulator, or through the application of external ratings.

Measurement of Expected Credit Loss (ECL)

The key inputs used for measuring ECL are probability of default ("PD"), loss given default ("LGD"), exposure at default ("EAD") and effective maturity.

These figures are generally derived from internally developed statistical models and other historical data and they are adjusted to reflect probability-weighted forward-looking information.

PD is an estimate of the likelihood of default over a given time horizon. It is estimated at the point in time. The calculation is based on statistical rating models and assessed using rating tools tailored to the various categories of counterparties and exposures. These statistical models are based on market data (where available), as well as internal data comprising both quantitative and qualitative factors. PDs are estimated considering the contractual maturities of exposures and estimated prepayment rates. The estimation is based on current conditions, adjusted to take into account estimates of future conditions that will impact PD.

LGD is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from any collateral. The LGD models for secured assets consider forecasts of future collateral valuation taking into account sale discounts, time to realisation of collateral, cross-collateralisation and seniority of claim, cost of realisation of collateral and cure rates (i.e. exit from non-performing status). LGD models for unsecured assets consider time of recovery, recovery rates and seniority of claims. The calculation is on a discounted cash flow basis, where the cash flows are discounted by the original EIR of the loan.

EAD is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest and expected drawdowns on committed facilities. The Bank's modelling approach for EAD reflects expected changes in the balance outstanding over the lifetime of the loan exposure that are permitted by the current contractual terms, such as amortisation profiles, early repayment or overpayment, changes in utilisation of undrawn commitments and credit mitigation actions taken before default. The Bank uses EAD models that reflect the characteristics of the portfolios.

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31. **FINANCIAL RISK MANAGEMENT POLICIES (CONTINUED)**

(b) **Credit Risk (continued)**

Measurement of Expected Credit Loss (ECL) (continued)

The effective maturity is the expected date when the contract with the counterparty expires.

The Bank measures ECL considering the risk of default over the maximum contractual period (including extension options) over which the entity is exposed to credit risk and not a longer period, even if contract extension or renewal is common business practice. However, for financial instruments such as revolving credit facilities and overdraft facilities that include both a loan and an undrawn commitment component, the Bank's contractual ability to demand repayment and cancel the undrawn commitment does not limit the Bank's exposure to credit losses to the contractual notice period. For such financial instruments the Bank measures ECL over the period that it is exposed to credit risk and the ECL would not be mitigated by credit risk management actions, even if that period extends beyond the maximum contractual period. These financial instruments do not have a fixed term or repayment structure and have a short contractual cancellation period.

The measurement of ECL is based on probability weighted average credit loss. As a result, the measurement of the loss allowance should be the same regardless of whether it is measured on an individual basis or a collective basis (although measurement on a collective basis is more practical for large portfolios of items).

Credit Concentration Risk

As outlined in the BNPP Global Credit policy adopted by BNPPMB, diversification of the Bank's portfolio is considered essential to sound risk management. In addition to the adoption of the Group's specific policies, such as the Single Name Concentration Policy for Corporates, BNPPMB has also developed its own Single Counterparty Exposure Limit ("SCEL") policy and procedure, and Lending to Connected Parties Policy, which is to be read as a complement to the financial risk management policies.

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31. **FINANCIAL RISK MANAGEMENT POLICIES (CONTINUED)**

(b) **Credit Risk (continued)**

Maximum exposure to credit risk

The table below shows the maximum exposure to credit risk for the components of the statement of financial position, including derivative financial instruments.

The maximum exposure is shown gross, without taking account of any collateral held or other credit enhancements.

	<u>Note</u>	<u>2025</u> RM'000	<u>2024</u> RM'000
ASSETS			
Cash and short-term funds	5	748,675	974,907
Reverse repurchase agreements		773,007	1,980,300
Financial assets at FVTPL	6	1,045,197	1,258,871
Financial assets at FVOCI	7	1,244,203	1,155,219
Loans, advances and financing*	8	1,996,327	1,816,457
Derivative financial assets	9	1,117,620	967,525
Other asset**	10	234,621	121,597
Total asset		7,159,650	8,274,876
Commitments and contingencies		3,292,373	2,171,473
Total credit exposure		10,452,023	10,446,349

* Excludes expected credit losses allowance amounting to RM3,912,000 (2024: RM2,784,000).

** Other assets exclude prepayment and refundable deposits amounting to RM1,089,000 (2024: RM1,528,000)

Risk concentrations for commitments and contingencies are calculated using the credit equivalent balances, which are based on credit conversion factor as per Bank Negara Malaysia guidelines.

Where financial instruments are measured at fair value, the amounts shown above represent the current credit risk exposure but not the maximum risk exposure that could arise in the future as a result of changes in values.

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31. FINANCIAL RISK MANAGEMENT POLICIES (CONTINUED)

(b) Credit Risk (continued)

The following tables represent the Bank's credit risk concentrations as at 31 December 2025:

	Cash and short-term funds RM'000	Reverse repurchase agreements RM'000	Financial assets at FVTPL RM'000	Financial assets at FVOCI RM'000	Loans, advances and financing* RM'000	Derivative financial assets RM'000	Other assets** RM'000	On balance sheet total RM'000	Commitments and contingencies RM'000
Concentration risk by geographical sectors									
Malaysia	706,732	773,007	1,045,197	1,244,203	1,996,327	694,145	233,901	6,693,512	2,133,393
United Kingdom	1,256	-	-	-	-	-	-	1,256	24
France	3,706	-	-	-	-	364,430	720	368,856	768,301
Hong Kong	936	-	-	-	-	6,484	-	7,420	9,953
Singapore	5,924	-	-	-	-	47,276	-	53,200	66,175
Thailand	23,271	-	-	-	-	1,635	-	24,906	3,636
Others	6,850	-	-	-	-	3,650	-	10,500	310,891
	<u>748,675</u>	<u>773,007</u>	<u>1,045,197</u>	<u>1,244,203</u>	<u>1,996,327</u>	<u>1,117,620</u>	<u>234,621</u>	<u>7,159,650</u>	<u>3,292,373</u>

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31. FINANCIAL RISK MANAGEMENT POLICIES (CONTINUED)

(b) Credit Risk (continued)

The following tables represent the Bank's credit risk concentrations as at 31 December 2024:

	Cash and short-term funds RM'000	Reverse repurchase agreements RM'000	Financial assets at FVTPL RM'000	Financial assets at FVOCI RM'000	Loans, advances and financing* RM'000	Derivative financial assets RM'000	Other assets** RM'000	On balance sheet total RM'000	Commitments and contingencies RM'000
Concentration risk by geographical sectors									
Malaysia	929,594	1,980,300	1,258,871	1,155,219	1,816,457	693,486	117,979	7,951,906	1,820,308
United Kingdom	339	-	-	-	-	-	-	339	28
France	2,044	-	-	-	-	221,420	3,605	227,069	269,910
Hong Kong	5,820	-	-	-	-	816	-	6,636	1,726
Singapore	23,124	-	-	-	-	28,466	-	51,590	27,864
Thailand	-	-	-	-	-	2,074	-	2,074	3,746
Others	13,986	-	-	-	-	21,263	13	35,262	47,891
	<u>974,907</u>	<u>1,980,300</u>	<u>1,258,871</u>	<u>1,155,219</u>	<u>1,816,457</u>	<u>967,525</u>	<u>121,597</u>	<u>8,274,876</u>	<u>2,171,473</u>

* Excludes expected credit losses amounting to RM3,912,000 (2024: RM2,784,000).

** Other assets exclude prepayment and refundable deposits amounting to RM1,089,000 (2024: RM1,528,000)

Risk concentrations for commitments and contingencies are based on the credit equivalent balances derived based on credit conversion factor as per Bank Negara Malaysia guidelines.

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31. FINANCIAL RISK MANAGEMENT POLICIES (CONTINUED)

(b) Credit Risk (continued)

The following tables represent the Bank's credit risk concentrations as at 31 December 2025:

	Cash and short-term funds RM'000	Reverse repurchase agreements RM'000	Financial assets at FVTPL RM'000	Financial assets at FVOCI RM'000	Loans, advances and financing* RM'000	Derivative financial assets RM'000	Other assets** RM'000	On balance sheet total RM'000	Commitments and contingencies RM'000
Concentration risk by industry sectors									
Government and central banks	705,603	-	1,045,197	1,244,199	-	-	-	2,994,999	27,808
Manufacturing	-	-	-	-	1,106,217	10,226	107	1,116,550	463,846
Mining and quarrying	-	-	-	-	5,687	697	-	6,384	1,466
Finance, insurance and business services	43,072	773,007	-	4	185,944	1,058,538	218,327	2,278,892	2,543,711
Electricity, gas and water	-	-	-	-	182,285	10,886	-	193,171	44,812
Construction	-	-	-	-	592	1,334	14	1,940	5,715
Wholesale and retail	-	-	-	-	325,698	22,156	-	347,854	89,266
Real estate	-	-	-	-	-	-	-	-	-
Transport, storage and communication	-	-	-	-	188,051	294	72	188,417	97,515
Other business services	-	-	-	-	1,853	13,489	16,101	31,443	18,234
	<u>748,675</u>	<u>773,007</u>	<u>1,045,197</u>	<u>1,244,203</u>	<u>1,996,327</u>	<u>1,117,620</u>	<u>234,621</u>	<u>7,159,650</u>	<u>3,292,373</u>

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31. FINANCIAL RISK MANAGEMENT POLICIES (CONTINUED)

(b) Credit Risk (continued)

The following tables represent the Bank's credit risk concentrations as at 31 December 2024:

Concentration risk by industry sectors	Cash and short-term funds RM'000	Reverse repurchase agreements RM'000	Financial assets at FVTPL RM'000	Financial assets at FVOCI RM'000	Loans, advances and financing* RM'000	Derivative financial assets RM'000	Other assets** RM'000	On balance sheet total RM'000	Commitments and contingencies RM'000
Government and central banks	929,413	-	1,258,871	1,155,219	-	23,361	-	3,366,864	56,913
Manufacturing	-	-	-	-	950,613	39,373	77	990,063	399,806
Mining and quarrying	-	-	-	-	4,022	403	-	4,425	1,179
Finance, insurance and business services	45,494	1,980,300	-	-	103,515	858,964	111,711	3,099,984	1,593,190
Electricity, gas and water	-	-	-	-	198,703	1,826	-	200,529	20,436
Construction	-	-	-	-	8,655	1,861	-	10,516	14,285
Wholesale and retail	-	-	-	-	222,095	17,436	6	239,537	43,294
Real estate	-	-	-	-	1,157	-	-	1,157	-
Transport, storage and communication	-	-	-	-	139,681	-	-	139,681	1,462
Other business services	-	-	-	-	188,016	24,301	9,803	222,120	40,908
	<u>974,907</u>	<u>1,980,300</u>	<u>1,258,871</u>	<u>1,155,219</u>	<u>1,816,457</u>	<u>967,525</u>	<u>121,597</u>	<u>8,274,876</u>	<u>2,171,473</u>

* Excludes expected credit losses amounting to RM3,912,000 (2024: RM2,784,000).

** Other assets exclude prepayment and refundable deposits amounting to RM1,089,000 (2024: RM1,528,000)

Risk concentrations for commitments and contingencies are based on the credit equivalent balances derived based on credit conversion factor as per Bank Negara Malaysia guidelines.

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31. FINANCIAL RISK MANAGEMENT POLICIES (CONTINUED)

(b) Credit Risk (continued)

Credit quality of financial assets

Financial assets are required under MFRS 7, to be categorised into 'neither past due nor impaired', 'past due but not impaired' or 'impaired'.

The table below compares, for indicative purpose only, BNP Paribas' Rating Scale with the rating agencies, 'Long Term Currency Issuer Credit Ratings' and 'Long Term Local Currency Senior Unsecured Rating'.

BNP Paribas Ratings	Long-term Issuer/Unsecured issues ratings		
	Moody's	S&P	Fitch IBCA
1+	Aaa	AAA	AAA
1	Aa1	AA+	AA+
1-	Aa2	AA	AA
2+	Aa3	AA-	AA-
2	A1	A+	A+
	A2	A	A
2-	A3	A-	A-
3+/3/3-	Baa1	BBB+	BBB+
4+/4/4-	Baa2	BBB	BBB
5+/5/5-	Baa3	BBB-	BBB-
6+	Ba1	BB+	BB+
6/6-	Ba2	BB	BB
7+/7	Ba3	BB-	BB-
7-	B1	B+	B+
8+/8/8-	B2	B	B
9+/9/9-	B3	B-	B-
10+	Caa1	CCC+	CCC+
	Caa2	CCC	CCC
	Caa3	CCC-	CCC-
10	Ca	CC	CC
10-	C	C	C
11	D	SD/D	DDD/DD/D
12			

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31. **FINANCIAL RISK MANAGEMENT POLICIES (CONTINUED)**

(b) **Credit Risk (continued)**

Credit exposure by stage

Financial assets of the Bank are classified into three stages as below:

Stages	Description
Stage 1: 12-months ECL – not credit impaired	For credit exposures where there have not been significant increase in credit risk since initial recognition and that are not credit impaired upon origination, the ECL associated with the probability of default events occurring within the next 12 months will be recognised.
Stage 2: Lifetime ECL – not credit impaired	For credit exposures where there have been significant increase in credit risk since initial recognition but that are not credit impaired, the ECL associated with the probability of default events occurring over the lifetime ECL will be recognised.
Stage 3: Lifetime ECL – credit impaired	Financial assets are assessed as credit impaired when one or more objective evidence of defaults that have a detrimental impact on the estimated future cash flows of that asset have occurred. For financial assets that have become credit impaired, a lifetime ECL will be recognised.

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31. FINANCIAL RISK MANAGEMENT POLICIES (CONTINUED)

(b) Credit Risk (continued)

Credit quality of financial assets (continued)

	2025			
	ECL Staging			
	Stage 1	Stage 2	Stage 3	Total
	12-month	Lifetime	Lifetime	
	ECL	ECL	ECL	
	RM'000	RM'000	RM'000	RM'000
Cash and short-term funds	748,675	-	-	748,675
1-	6,348	-	-	6,348
2+	11,311	-	-	11,311
2	453	-	-	453
2-	705,602	-	-	705,602
3+	558	-	-	558
3	1,129	-	-	1,129
4	2	-	-	2
5	23,271	-	-	23,271
7+	1	-	-	1
Reverse repurchase agreements	773,007	-	-	773,007
3-	773,007	-	-	773,007
Financial assets at FVTPL	1,045,197	-	-	1,045,197
2-	1,045,197	-	-	1,045,197
Financial assets at FVOCI	1,244,203	-	-	1,244,203
2-	1,244,199	-	-	1,244,199
4	4	-	-	4

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31. **FINANCIAL RISK MANAGEMENT POLICIES (CONTINUED)**

(b) **Credit Risk (continued)**

Credit quality of financial assets (continued)

	2025			
	ECL Staging			
	<u>Stage 1</u>	<u>Stage 2</u>	<u>Stage 3</u>	<u>Total</u>
	12-month	Lifetime	Lifetime	
	<u>ECL</u>	<u>ECL</u>	<u>ECL</u>	
	RM'000	RM'000	RM'000	RM'000
Loans advances and financing*	1,765,044	231,283	-	1,996,327
1	199,221	-	-	199,221
2+	30,846	-	-	30,846
3	50,182	-	-	50,182
3-	249,285	-	-	249,285
4	40,040	-	-	40,040
4-	377,540	181,195	-	558,735
5	330,004	-	-	330,004
5-	85,733	-	-	85,733
6+	402,193	-	-	402,193
8+	-	50,088	-	50,088

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31. **FINANCIAL RISK MANAGEMENT POLICIES (CONTINUED)**

(b) **Credit Risk (continued)**

Credit quality of financial assets (continued)

	2025			
	ECL Staging			
	<u>Stage 1</u>	<u>Stage 2</u>	<u>Stage 3</u>	
	12-month	Lifetime	Lifetime	
	<u>ECL</u>	<u>ECL</u>	<u>ECL</u>	<u>Total</u>
	RM'000	RM'000	RM'000	RM'000
Derivative financial assets	1,117,620	-	-	1,117,620
1	23,788	-	-	23,788
1-	407,221	-	-	407,221
2+	38,790	-	-	38,790
2-	936	-	-	936
3+	120,982	-	-	120,982
3	135,844	-	-	135,844
3-	70,533	-	-	70,533
4+	89,628	-	-	89,628
4	70,249	-	-	70,249
4-	31,717	-	-	31,717
5+	82,163	-	-	82,163
5	39,477	-	-	39,477
5-	1,778	-	-	1,778
6+	4,326	-	-	4,326
6-	188	-	-	188

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025 (CONTINUED)

31. **FINANCIAL RISK MANAGEMENT POLICIES (CONTINUED)**

(b) **Credit Risk (continued)**

Credit quality of financial assets (continued)

	2025			
	ECL Staging			
	<u>Stage 1</u>	<u>Stage 2</u>	<u>Stage 3</u>	<u>Total</u>
	12-month	Lifetime	Lifetime	
	<u>ECL</u>	<u>ECL</u>	<u>ECL</u>	
	RM'000	RM'000	RM'000	RM'000
Other assets**	234,617	4	-	234,621
1	2	4	-	6
1-	1,623	-	-	1,623
2+	115	-	-	115
3	54,984	-	-	54,984
3-	137,582	-	-	137,582
4+	10,527	-	-	10,527
4-	6,900	-	-	6,900
5	7,600	-	-	7,600
6+	72	-	-	72
<i>Unrated</i>	<i>15,212</i>	<i>-</i>	<i>-</i>	<i>15,212</i>
Gross carrying amount	6,928,363	231,287	-	7,159,650
Less: ECL	(1,719)	(2,193)	-	(3,912)
Net carrying amount	6,926,644	229,094	-	7,155,738

* Excludes expected credit losses amounting to RM3,912,000 (2024: RM2,784,000).

** Other assets exclude prepayment and refundable deposits amounting to RM1,089,000 (2024: RM1,528,000)

Financial effects of collaterals

Collateral is generally taken as security for credit exposures and serves as a secondary source of repayment in case the counterparty cannot meet its contractual repayment obligations from cash flow generation. Types of collateral typically taken by the Bank includes;

- Cash and Margin Deposits
- Land and building

The Bank also accepts non-tangible securities as support, such as guarantees from corporates and institutions, central banks and general governments in the form of assignments of contract proceeds and/or promissory notes.

Overall, there does not appear to be a significant deterioration in the quality of collateral.

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31. **FINANCIAL RISK MANAGEMENT POLICIES (CONTINUED)**

(b) **Credit Risk (continued)**

Credit quality of financial assets (continued)

	2024			
	ECL Staging			
	<u>Stage 1</u>	<u>Stage 2</u>	<u>Stage 3</u>	
	12-month	Lifetime	Lifetime	
	<u>ECL</u>	<u>ECL</u>	<u>ECL</u>	<u>Total</u>
	RM'000	RM'000	RM'000	RM'000
Cash and short-term funds	974,907	-	-	974,907
1-	13,559	-	-	13,559
2+	30,221	-	-	30,221
2	1,533	-	-	1,533
2-	929,413	-	-	929,413
3	181	-	-	181
Reverse repurchase agreements	1,980,300	-	-	1,980,300
3+	9,881	-	-	9,881
3-	1,251,669	-	-	1,251,669
5	718,750	-	-	718,750
Financial assets at FVTPL	1,258,871	-	-	1,258,871
2-	1,258,871	-	-	1,258,871
Financial assets at FVOCI	1,155,219	-	-	1,155,219
2-	1,155,219	-	-	1,155,219

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31. **FINANCIAL RISK MANAGEMENT POLICIES (CONTINUED)**

(b) **Credit Risk (continued)**

Credit quality of financial assets (continued)

	2024			
	ECL Staging			
	<u>Stage 1</u>	<u>Stage 2</u>	<u>Stage 3</u>	
	12-month	Lifetime	Lifetime	
	<u>ECL</u>	<u>ECL</u>	<u>ECL</u>	<u>Total</u>
	RM'000	RM'000	RM'000	RM'000
Loans advances and financing*	1,548,320	268,137	-	1,816,457
1	244,577	-	-	244,577
2-	46,945	-	-	46,945
3-	201,752	-	-	201,752
4	56,570	-	-	56,570
4-	523,889	62,638	-	586,527
5	223,403	-	-	223,403
5-	96,642	-	-	96,642
6+	29,591	205,499	-	235,090
6	1,157	-	-	1,157
6-	123,794	-	-	123,794

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31. **FINANCIAL RISK MANAGEMENT POLICIES (CONTINUED)**

(b) **Credit Risk (continued)**

Credit quality of financial assets (continued)

	2024			
	ECL Staging			
	<u>Stage 1</u>	<u>Stage 2</u>	<u>Stage 3</u>	
	12-month	Lifetime	Lifetime	
	<u>ECL</u>	<u>ECL</u>	<u>ECL</u>	<u>Total</u>
	RM'000	RM'000	RM'000	RM'000
Derivative financial assets	967,525	-	-	967,525
1	27,299	-	-	27,299
1-	243,036	-	-	243,036
2+	22,585	-	-	22,585
2	19	-	-	19
2-	97,686	-	-	97,686
3+	96,129	-	-	96,129
3	156,157	-	-	156,157
3-	116,807	-	-	116,807
4+	60,176	-	-	60,176
4	66,623	-	-	66,623
4-	45,561	-	-	45,561
5	25,141	-	-	25,141
5-	1,826	-	-	1,826
6+	5,512	-	-	5,512
6	2,957	-	-	2,957
6-	11	-	-	11

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31. **FINANCIAL RISK MANAGEMENT POLICIES (CONTINUED)**

(b) **Credit Risk (continued)**

Credit quality of financial assets (continued)

	2024			
	ECL Staging			
	<u>Stage 1</u>	<u>Stage 2</u>	<u>Stage 3</u>	<u>Total</u>
	12-month	Lifetime	Lifetime	
	<u>ECL</u>	<u>ECL</u>	<u>ECL</u>	
	RM'000	RM'000	RM'000	RM'000
Other assets**	121,590	7	-	121,597
1	-	2	-	2
1-	4,516	-	-	4,516
2+	75	-	-	75
3+	24,190	-	-	24,190
3	13,555	-	-	13,555
3-	61,023	-	-	61,023
4+	7,887	-	-	7,887
4-	-	5	-	5
5+	1,430	-	-	1,430
<i>Unrated</i>	<i>8,914</i>	<i>-</i>	<i>-</i>	<i>8,914</i>
Gross carrying amount	8,006,732	268,144	-	8,274,876
Less: ECL	(1,094)	(1,690)	-	(2,784)
Net carrying amount	8,005,638	266,454	-	8,272,092

* Excludes expected credit losses amounting to RM3,912,000 (2024: RM2,784,000).

** Other assets exclude prepayment and refundable deposits amounting to RM1,089,000 (2024: RM1,528,000).

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31. **FINANCIAL RISK MANAGEMENT POLICIES (CONTINUED)**

(b) **Credit Risk (continued)**

Sensitivity analysis

The Bank performed ECL sensitivity assessment on loans, advances and financing based on changes in % of GDP growth used for optimistic and adverse scenarios while all other variables remain unchanged.

The table below outlines the effect on ECL with the changes in % of GDP growth used:

		<u>2025</u>
	<u>Increase/(Decrease) in %</u>	<u>(Decrease)/Increase in ECL</u> RM'000
Optimistic	+ 1.5%	(216)
Adverse	- 1.5%	80

		<u>2024</u>
	<u>Increase/(Decrease) in %</u>	<u>(Decrease)/Increase in ECL</u> RM'000
Optimistic	+ 1.5%	(154)
Adverse	- 1.5%	57

The above disclosure is intended to illustrate the relative sensitivity of the ECL allowance calculation and is not predictive or indicative of future loss experience.

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31. FINANCIAL RISK MANAGEMENT POLICIES (CONTINUED)

(c) Market Risk

Market risk is the risk of incurring a loss of value due to adverse trends in market prices or parameters, whether directly observable or not.

Observable market parameters include, but are not limited to, exchange rates, interest rates, prices of securities and commodities (whether listed or obtained by reference to a similar asset), prices of derivatives, prices of other goods, and other parameters that can be directly inferred from them, such as credit spreads, volatilities and implied correlations or other similar parameters.

Non-observable factors are those based on working assumptions such as parameters contained in models or based on statistical or economic analysis, as confirmed by market information.

Liquidity is an important component of market risk. In times of limited or no liquidity, instruments or goods may not be tradable or may not be tradable at their estimated value. This may arise, for example, due to low transaction volumes, legal restrictions or a strong imbalance between demand and supply for certain assets.

The Bank's primary tool for the systematic measuring and monitoring of market risk is the Value at Risk ("VaR") calculation, which is managed by lines of businesses. VaR is an estimate of the expected loss in the value of the various lines of businesses' activities, where the Bank's activities are rolled up into, over a one-day time horizon at 99% confidence level. VaR allows for a consistent and uniform measure of market risk across all applicable products and activities. To calculate VaR, the Bank uses Monte-Carlo simulation, which measures risk across instruments and portfolios in a consistent and comparable way. The simulation is based on risk factors' returns time series and correlation matrix calibrated over a 1-year rolling window.

Besides VaR, other non-statistical limits such as basis point value and net open positions are used as market risk tools to limit the risk to which the businesses can be exposed to.

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31. FINANCIAL RISK MANAGEMENT POLICIES (CONTINUED)

(c) Market Risk (continued)

The VaR of the Bank at the end of the reporting period, based on one-day time horizon and at 99% confidence level is RM624,863 (2024: RM2,077,094). It represents the correlation and consequent diversification effects between risk types and portfolio types across trading businesses. However, the use of this approach does not prevent losses outside of these limits in the event of more significant market movements.

	<u>2025</u> RM'mil	<u>2024</u> RM'mil
Aggregate VaR	<u>0.6</u>	<u>2.1</u>

The aggregate VaR includes the diversification effect of imperfect or negative correlations between certain risk types. Therefore, the aggregate VaR can be lower than the sum of individual risk types on the same day (e.g. year end).

The maximum VaR of the Bank during the year is RM1,347,301 (2024: RM4,828,245) while the minimum VaR during the year is RM247,743 (2024: RM1,428,024).

In practice, the actual trading results will differ from the VaR calculation and, in particular, the calculation does not provide a meaningful indication of profit or loss in stressed market conditions. To determine the reliability of the VaR models, actual outcomes are monitored regularly to test the validity of the assumptions and the parameters used in the VaR calculation.

(d) Interest/profit Rate Risk

Interest/profit rate risk is the potential change in interest/profit rate levels including changes in interest/profit rate differentials, that arises mainly from the differing yields and maturity profiles between assets and liabilities.

Interest rate is monitored through the market risk management systems as part of the overall market risk management of the Bank. The following tables represents the Bank's assets and liabilities at carrying amounts, categorised by the earlier of contractual repricing or maturity dates as at the end of the reporting period.

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31. FINANCIAL RISK MANAGEMENT POLICIES (CONTINUED)

(d) Interest/profit Rate Risk (continued)

The following table represents the Bank's financial assets and financial liabilities at carrying amounts as at 31 December 2025 categorised by the earlier of contractual repricing or maturity date as at reporting date:

	<u>Non-trading book</u>					<u>Trading book</u>	<u>Non interest sensitive</u>	<u>Total</u>
	<u>Up to 1 month</u>	<u>1-3 months</u>	<u>3 -12 months</u>	<u>1 -5 years</u>	<u>Over 5 years</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
<u>2025</u>								
<u>Financial assets</u>								
Cash and short-term funds	748,623	-	-	-	-	-	52	748,675
Reverse repurchase agreement	-	-	-	-	-	771,941	1,066	773,007
Financial assets at FVTPL	-	-	-	-	-	1,045,197	-	1,045,197
Financial assets at FVOCI	202,290	604,150	140,601	292,587	-	-	4,575	1,244,203
Loans, advances and financing	956,024	533,533	267,384	233,283	-	-	2,191	1,992,415
Derivatives financial assets	-	-	-	-	-	1,117,620	-	1,117,620
Other assets	-	-	-	-	-	-	234,621	234,621
Total financial assets	<u>1,906,937</u>	<u>1,137,683</u>	<u>407,985</u>	<u>525,870</u>	<u>-</u>	<u>2,934,758</u>	<u>242,505</u>	<u>7,155,738</u>

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31. FINANCIAL RISK MANAGEMENT POLICIES (CONTINUED)

(d) Interest/profit Rate Risk (continued)

The following table represents the Bank's financial assets and financial liabilities at carrying amounts as at 31 December 2025 categorised by the earlier of contractual repricing or maturity date as at reporting date: (continued)

	<u>Non-trading book</u>					<u>Trading book</u>	<u>Non interest sensitive</u>	<u>Total</u>
	<u>Up to 1 month</u>	<u>1-3 months</u>	<u>3 -12 months</u>	<u>1 -5 years</u>	<u>Over 5 years</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
<u>2025</u>								
<u>Financial liabilities</u>								
Deposit from customers	2,914,673	76,067	-	-	-	-	1,394	2,992,134
Deposit and placements of banks and other financial institutions	233,466	3,750	-	-	-	-	1,521	238,737
Repurchase agreements	-	-	-	-	-	-	-	-
Derivative financial liabilities	-	-	18,005	-	-	1,128,679	-	1,146,684
Subordinated term loan	-	-	-	-	390,685	-	2,329	393,014
Other liabilities	-	-	-	-	-	-	1,531,461	1,531,461
Total financial liabilities	<u>3,148,139</u>	<u>79,817</u>	<u>18,005</u>	<u>-</u>	<u>390,685</u>	<u>1,128,679</u>	<u>1,536,705</u>	<u>6,302,030</u>
Net interest/profit rate gap	<u>(1,241,202)</u>	<u>1,057,866</u>	<u>389,980</u>	<u>525,870</u>	<u>(390,685)</u>	<u>1,806,079</u>	<u>(1,294,200)</u>	<u>853,708</u>

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31. FINANCIAL RISK MANAGEMENT POLICIES (CONTINUED)

(d) Interest/profit Rate Risk (continued)

The following table represents the Bank's financial assets and financial liabilities at carrying amounts as at 31 December 2024 categorised by the earlier of contractual repricing or maturity date as at reporting date:

	<u>Non-trading book</u>					<u>Trading book</u>	<u>Non interest sensitive</u>	<u>Total</u>
	<u>Up to 1 month</u>	<u>1-3 months</u>	<u>3 -12 months</u>	<u>1 -5 years</u>	<u>Over 5 years</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
<u>2024</u>								
<u>Financial assets</u>								
Cash and short-term funds	974,831	-	-	-	-	-	76	974,907
Reverse repurchase agreement	-	-	-	-	-	1,964,373	15,927	1,980,300
Financial assets at FVTPL	-	-	-	-	-	1,258,871	-	1,258,871
Financial assets at FVOCI	445,970	443,130	20,121	242,314	-	-	3,684	1,155,219
Loans, advances and financing	631,955	888,218	250,903	40,000	-	-	2,597	1,813,673
Derivatives financial assets	-	-	-	-	-	967,525	-	967,525
Other assets	-	-	-	-	-	-	121,597	121,597
Total financial assets	<u>2,052,756</u>	<u>1,331,348</u>	<u>271,024</u>	<u>282,314</u>	<u>-</u>	<u>4,190,769</u>	<u>143,881</u>	<u>8,272,092</u>

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31. FINANCIAL RISK MANAGEMENT POLICIES (CONTINUED)

(d) Interest/profit Rate Risk (continued)

The following table represents the Bank's financial assets and financial liabilities at carrying amounts as at 31 December 2024 categorised by the earlier of contractual repricing or maturity date as at reporting date: (continued)

	Non-trading book						Non	
	Up to 1	1-3	3 -12	1 -5	Over 5	Trading	interest	Total
	month	months	months	years	years	book	sensitive	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<u>2024</u>								
<u>Financial liabilities</u>								
Deposit from customers	2,707,440	191,410	9,400	-	-	-	1,679	2,909,929
Deposit and placements of banks and other financial institutions	425,886	228,725	500	-	-	-	117	655,228
Repurchase agreements	-	-	-	-	-	1,371,952	19,773	1,391,725
Derivative financial liabilities	-	-	-	-	-	906,844	-	906,844
Subordinated term loan	-	-	-	-	381,940	-	2,967	384,907
Other liabilities	-	-	-	-	-	-	1,130,460	1,130,460
Total financial liabilities	<u>3,133,326</u>	<u>420,135</u>	<u>9,900</u>	<u>-</u>	<u>381,940</u>	<u>2,278,796</u>	<u>1,154,996</u>	<u>7,379,093</u>
Net interest/profit rate gap	<u>(1,080,570)</u>	<u>911,213</u>	<u>261,124</u>	<u>282,314</u>	<u>(381,940)</u>	<u>1,911,973</u>	<u>(1,011,115)</u>	<u>892,999</u>

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31. **FINANCIAL RISK MANAGEMENT POLICIES (CONTINUED)**

(d) **Interest/profit Rate Risk (continued)**

Sensitivity of profit

The table below shows the sensitivity of the Bank's banking book to movement in interest/profit rates:

	<u>31 December 2025</u>		<u>31 December 2024</u>	
	Increase/(Decrease)		Increase/(Decrease)	
	+100 basis point	-100 basis point	+100 basis point	-100 basis point
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Impact to profit (after tax)	(1,218)	1,218	(1,348)	1,348

Sensitivity is measured using the Earnings at Risk ("EAR") methodology. The treatments and assumptions applied are based on the contractual repricing and remaining maturity of the products, whichever is earlier. Items with indefinite repricing maturity are treated based on the earliest possible repricing date. The actual dates may vary from the repricing profile allocated due to factors such as pre-mature withdrawals, prepayment and others.

A 100 bps parallel rate movement is applied to the yield curve to model the potential impact on profit in the next 12 months from policy rate change.

The projection assumes that interest rates of all maturities move by the same amount and, therefore, does not reflect the potential impact on profit of some rates changing while others remain unchanged. The projections also assume that all other variables are held constant and are based on a constant reporting date position and that all positions run to maturity.

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31. FINANCIAL RISK MANAGEMENT POLICIES (CONTINUED)

(d) Interest/profit Rate Risk (continued)

Sensitivity of reserves

The table below shows the sensitivity of the Bank's banking book to movement in interest/profit rates:

	<u>31 December 2025</u>		<u>31 December 2024</u>	
	Increase/(Decrease)		Increase/(Decrease)	
	+100 basis	-100 basis	+100 basis	-100 basis
	<u>point</u>	<u>point</u>	<u>point</u>	<u>point</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Impact to revaluation reserve- financial assets through other comprehensive income (net of tax)	(9,643)	9,643	(4,734)	4,734

A 100 bps parallel rate movement is applied to the yield curve to model the potential impact on reserves in the next 12 months from changes in risk free rates. The impact on reserves arises from changes in valuation of financial investments at fair value through other comprehensive income following movements in risk free rates.

The projection assumes that all other variables are held constant. It also assumes a constant reporting date position and that all positions run to maturity.

The above sensitivities of profit and reserves do not take into account the effects of hedging and do not incorporate actions that the Bank would take to mitigate the impact of this interest rate/profit risk. In practice, the Bank proactively seeks to mitigate the effect of prospective interest/profit movements.

(e) Liquidity Risk

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

The Assets and Liabilities Committee ("ALCO") is primarily responsible for the strategic management of the Bank's liquidity, the daily operations are carried out by the ALM Desk of the Treasury Department.

ALCO monitors on monthly basis, adherence to the liquidity and mismatch limits, and compliance with BNP Paribas Group worldwide, ALCO guidelines and Bank Negara Malaysia's Liquidity Coverage Ratio.

The table below analyses the Bank's non-derivative financial assets and liabilities into relevant maturity groupings based on the remaining period from the end of the reporting period to the contractual maturity date.

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31. **FINANCIAL RISK MANAGEMENT POLICIES (CONTINUED)**

(e) **Liquidity Risk (continued)**

MFRS 7 Financial Instruments : Disclosures require the analysis of financial assets and liabilities of the Bank based on the remaining period to the contractual maturity date:

	Up to <u>1 month</u> RM'000	1 -3 <u>months</u> RM'000	3-12 <u>months</u> RM'000	1 -5 <u>years</u> RM'000	Over <u>5 years</u> RM'000	No specific <u>maturity</u> RM'000	<u>Total</u> RM'000
<u>2025</u>							
<u>Assets</u>							
Cash and short-term funds	748,675	-	-	-	-	-	748,675
Reverse repurchase agreements	773,007	-	-	-	-	-	773,007
Financial assets at FVTPL	48,907	6,361	532,980	142,405	314,544	-	1,045,197
Financial assets at FVOCI	202,390	604,542	142,917	294,354	-	-	1,244,203
Loan, advances and financing	955,500	535,312	267,724	233,879	-	-	1,992,415
Derivative financial assets	169,513	315,715	211,090	399,650	21,652	-	1,117,620
Other assets	234,621	-	-	-	-	-	234,621
Total Assets	3,132,613	1,461,930	1,154,711	1,070,288	336,196	-	7,155,738

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31. FINANCIAL RISK MANAGEMENT POLICIES (CONTINUED)

(e) Liquidity Risk (continued)

MFRS 7 Financial Instruments : Disclosures require the analysis of financial assets and liabilities of the Bank based on the remaining period to the contractual maturity date: (continued)

	Up to <u>1 month</u> RM'000	1 -3 <u>months</u> RM'000	3-12 <u>months</u> RM'000	1 -5 <u>years</u> RM'000	Over <u>5 years</u> RM'000	No specific <u>maturity</u> RM'000	<u>Total</u> RM'000
<u>2025</u>							
<u>Liabilities</u>							
Deposits from customers	2,915,924	76,210	-	-	-	-	2,992,134
Deposit and placement of banks and other financial institutions	234,972	3,765	-	-	-	-	238,737
Repurchase agreements	-	-	-	-	-	-	-
Derivative financial liabilities	140,529	327,811	326,613	321,264	30,467	-	1,146,684
Subordinated term loan	-	-	-	-	393,014	-	393,014
Other liabilities	1,502,920	23,402	4,547	592	-	-	1,531,461
Total Liabilities	4,794,345	431,188	331,160	321,856	423,481	-	6,302,030
Net Liquidity Gap	(1,661,732)	1,030,742	823,551	748,432	(87,285)	-	853,708

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31. FINANCIAL RISK MANAGEMENT POLICIES (CONTINUED)

(e) Liquidity Risk (continued)

MFRS 7 Financial Instruments : Disclosures require the analysis of financial assets and liabilities of the Bank based on the remaining period to the contractual maturity date: (continued)

	Up to <u>1 month</u> RM'000	1 -3 <u>months</u> RM'000	3-12 <u>months</u> RM'000	1 -5 <u>years</u> RM'000	Over <u>5 years</u> RM'000	No specific <u>maturity</u> RM'000	<u>Total</u> RM'000
<u>2024</u>							
<u>Assets</u>							
Cash and short-term funds	974,907	-	-	-	-	-	974,907
Reverse repurchase agreements	481,746	1,230,408	268,146	-	-	-	1,980,300
Financial assets at FVTPL	6,646	3,872	423,369	604,373	220,611	-	1,258,871
Financial assets at FVOCI	445,970	443,130	20,277	245,842	-	-	1,155,219
Loan, advances and financing	632,575	889,818	251,168	40,112	-	-	1,813,673
Derivative financial assets	136,017	179,462	239,253	371,935	40,780	78	967,525
Other assets	121,597	-	-	-	-	-	121,597
Total Assets	<u>2,799,458</u>	<u>2,746,690</u>	<u>1,202,213</u>	<u>1,262,262</u>	<u>261,391</u>	<u>78</u>	<u>8,272,092</u>

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31. FINANCIAL RISK MANAGEMENT POLICIES (CONTINUED)

(e) Liquidity Risk (continued)

MFRS 7 Financial Instruments : Disclosures require the analysis of financial assets and liabilities of the Bank based on the remaining period to the contractual maturity date: (continued)

	Up to <u>1 month</u> RM'000	1 -3 <u>months</u> RM'000	3-12 <u>months</u> RM'000	1 -5 <u>years</u> RM'000	Over <u>5 years</u> RM'000	No specific <u>maturity</u> RM'000	<u>Total</u> RM'000
<u>2024</u>							
<u>Liabilities</u>							
Deposits from customers	2,708,600	191,885	9,444	-	-	-	2,909,929
Deposit and placement of banks and other financial institutions	425,937	228,789	502	-	-	-	655,228
Repurchase agreements	474,144	648,711	268,870	-	-	-	1,391,725
Derivative financial liabilities	118,315	255,105	171,347	314,563	47,514	-	906,844
Subordinated term loan	-	-	-	-	384,907	-	384,907
Other liabilities	1,126,908	203	2,860	421	68	-	1,130,460
Total Liabilities	4,853,904	1,324,693	453,023	314,984	432,489	-	7,379,093
Net Liquidity Gap	(2,054,446)	1,421,997	749,190	947,278	(171,098)	78	892,999

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31. FINANCIAL RISK MANAGEMENT POLICIES (CONTINUED)

(e) Liquidity Risk (continued)

MFRS 7 Financial Instruments: Disclosures require the maturity analysis of contractual cash flows of financial liabilities on an undiscounted basis. The tables below will not agree to the carrying amounts reported in the statement of financial position as the amounts incorporate all contractual cash flows on an undiscounted basis, relating to both principal and interest/profit payments.

	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	No specific maturity RM'000	Total RM'000
<u>2025</u>							
<u>Non-derivative financial liabilities</u>							
Deposits from customers	2,917,863	76,762	-	-	-	-	2,994,625
Deposit and placement of banks and other financial institutions	237,151	3,794	-	-	-	-	240,945
Other liabilities	1,502,921	23,410	4,636	592	-	-	1,531,559
Total Liabilities	<u>4,657,935</u>	<u>103,966</u>	<u>4,636</u>	<u>592</u>	<u>-</u>	<u>-</u>	<u>4,767,129</u>
<u>2024</u>							
<u>Non-derivative financial liabilities</u>							
Deposits from customers	2,710,181	193,177	9,638	-	-	-	2,912,996
Deposit and placement of banks and other financial institutions	426,086	229,707	511	-	-	-	656,304
Other liabilities	1,126,908	204	2,933	421	68	-	1,130,534
Total Liabilities	<u>4,263,175</u>	<u>423,088</u>	<u>13,082</u>	<u>421</u>	<u>68</u>	<u>-</u>	<u>4,699,834</u>

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31. FINANCIAL RISK MANAGEMENT POLICIES (CONTINUED)

(e) Liquidity 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	No specific maturity RM'000	Total RM'000
<u>2025</u>							
Items not recognised in the Statement of Financial Position							
Financial guarantees	159,643	78,442	160,998	93,332	-	-	492,415
Net-settled derivatives	(2,708)	(3,146)	(20,186)	(261,693)	(20,777)	-	(308,510)
Gross-settled derivatives							
- Receipt	10,458,314	14,482,104	9,191,037	1,125,749	411,070	-	35,668,274
- Payments	(10,586,390)	(14,788,367)	(9,507,613)	(1,201,727)	(413,871)	-	(36,497,968)
	(130,784)	(309,409)	(336,762)	(337,671)	(23,578)	-	(1,138,204)

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31. FINANCIAL RISK MANAGEMENT POLICIES (CONTINUED)

(e) Liquidity 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	No specific maturity RM'000	Total RM'000
<u>2024</u>							
Items not recognised in the Statement of Financial Position							
Financial guarantees	18,480	58,069	63,382	76,848	-	-	216,779
Net-settled derivatives	(2,984)	(16,117)	(25,357)	(297,207)	(47,514)	-	(389,179)
Gross-settled derivatives							
- Receipt	13,559,615	12,520,680	5,007,417	401,266	-	-	31,488,978
- Payments	(13,674,017)	(12,772,764)	(5,178,719)	(424,489)	-	-	(32,049,989)
	(117,386)	(268,201)	(196,659)	(320,430)	(47,514)	-	(950,190)

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31. FINANCIAL RISK MANAGEMENT POLICIES (CONTINUED)

(e) Liquidity Risk (continued)

Financial assets have been reflected in the time band of the latest date on which they could be repaid, unless earlier repayment can be demanded by the Bank. Financial liabilities are included at the earliest date on which the counterparty can require repayment regardless of whether or not such early repayment results in a penalty. If the repayment of a financial asset or liability is triggered by, or is subject to, specific criteria, such as market price hurdles being reached, the asset is included in the latest date on which it can be repaid regardless of early repayment, the liability is included at the earliest possible date that the conditions can be fulfilled without considering the probability of the conditions being met.

The contractual maturity of the financial assets and liabilities highlights the maturity transformation which underpins the role of banks to lend longer-term but funded predominantly by short-term liabilities such as customer deposits.

Customer assets and liabilities (including non-maturing savings/current deposits) are represented on contractual basis or period when these can legally be withdrawn. On a behavioural basis, the assets and liabilities cash flows may differ from contractual basis.

Liquidity Coverage Ratio Disclosure

With reference to the Policy Document for Liquidity Risk issued by Bank Negara Malaysia on 15th October 2024, a financial institution that publicly discloses its Liquidity Coverage Ratio ("LCR") must, at minimum, present the ratio as a simple average.

The LCR is a quantitative requirement which seeks to ensure that the Bank hold sufficient high-quality liquid assets to withstand an acute liquidity stress scenario over a 30-day horizon.

The table below depicts the Bank's LCR calculated by simple average of 12 month-end observation points as presented to the ALCO and Board Risk Management Committee ("BRMC").

	<u>2025</u> RM'000	<u>2024</u> RM'000
Average LCR over 12 month-end observations points	<u>159.34%</u>	<u>187.25%</u>

(f) Currency Risk

Currency risk is the risk to earnings and value of financial instruments caused by the fluctuations in foreign exchange rates. It is managed in conjunction with market risk.

The table below sets out the Bank's exposure to currency risk. Included in the table are the Bank's financial assets and liabilities at carrying amounts, categorised by currency.

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31. FINANCIAL RISK MANAGEMENT POLICIES (CONTINUED)

(f) Currency Risk (continued)

	<u>MYR</u> RM'000	<u>USD</u> RM'000	<u>EUR</u> RM'000	<u>Others</u> RM'000	<u>Total</u> RM'000
<u>2025</u>					
<u>Assets</u>					
Cash and short-term funds	706,731	466	619	40,859	748,675
Reverse repurchase agreements	773,007	-	-	-	773,007
Financial assets at FVTPL	1,045,197	-	-	-	1,045,197
Financial assets at FVOCI	437,274	806,929	-	-	1,244,203
Loans, advances and financing	1,498,111	444,693	49,611	-	1,992,415
Derivative financial assets	1,027,364	37,391	37,704	15,161	1,117,620
Other assets	214,293	18,716	1,602	10	234,621
Total Assets	5,701,977	1,308,195	89,536	56,030	7,155,738
<u>Liabilities</u>					
Deposits from customers	1,454,082	1,451,924	56,547	29,581	2,992,134
Deposits and placements of banks and other financial institutions	14,155	218,646	-	5,936	238,737
Securities sold under repurchase agreements	-	-	-	-	-
Derivative financial liabilities	1,067,152	47,705	15,814	16,013	1,146,684
Other liabilities	63,328	1,441,217	23,419	3,497	1,531,461
Subordinated term loan	-	-	393,014	-	393,014
Total Liabilities	2,598,717	3,159,492	488,794	55,027	6,302,030
Currency gap	3,103,260	(1,851,297)	(399,258)	1,003	

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31. FINANCIAL RISK MANAGEMENT POLICIES (CONTINUED)

(f) Currency Risk (continued)

	<u>MYR</u> RM'000	<u>USD</u> RM'000	<u>EUR</u> RM'000	<u>Others</u> RM'000	<u>Total</u> RM'000
<u>2024</u>					
<u>Assets</u>					
Cash and short-term funds	929,593	3,845	276	41,193	974,907
Reverse repurchase agreements	1,980,300	-	-	-	1,980,300
Financial assets at FVTPL	1,258,871	-	-	-	1,258,871
Financial assets at FVOCI	266,117	889,093	-	9	1,155,219
Loans, advances and financing	1,327,506	430,821	55,346	-	1,813,673
Derivative financial assets	390,269	554,412	14,474	8,370	967,525
Other assets	73,212	46,838	1,547	-	121,597
Total Assets	<u>6,225,868</u>	<u>1,925,009</u>	<u>71,643</u>	<u>49,572</u>	<u>8,272,092</u>
<u>Liabilities</u>					
Deposits from customers	1,369,897	1,466,705	43,012	30,315	2,909,929
Deposits and placements of banks and other financial institutions	11,866	632,182	11,180	-	655,228
Securities sold under repurchase agreement	-	1,391,725	-	-	1,391,725
Derivative financial liabilities	417,671	473,528	9,382	6,263	906,844
Other liabilities	139,805	971,852	13,697	5,106	1,130,460
Subordinated term loan	-	-	384,907	-	384,907
Total Liabilities	<u>1,939,239</u>	<u>4,935,992</u>	<u>462,178</u>	<u>41,684</u>	<u>7,379,093</u>
Currency gap	<u>4,286,629</u>	<u>(3,010,983)</u>	<u>(390,535)</u>	<u>7,888</u>	

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31. FINANCIAL RISK MANAGEMENT POLICIES (CONTINUED)

(f) Currency Risk (continued)

The table below shows the sensitivity of the Bank's profit to movement in foreign exchange rates:

	<u>31 December 2025</u>		<u>31 December 2024</u>	
	<u>(Decrease)/Increase</u>		<u>(Decrease)/Increase</u>	
	6% appreciation in foreign currency	6% depreciation in foreign currency	6% appreciation in foreign currency	6% depreciation in foreign currency
	RM'000	RM'000	RM'000	RM'000
Impact to profit (after tax)	(102,580)	102,580	(154,750)	154,750

The impact on profit arises from transactional exposures. The projection assumes that foreign exchange rates move by the same amount and, therefore, do not reflect the potential impact on profit and reserves of some rates changing while others remain unchanged. The projections also assume that all other variables are held constant and are based on a constant reporting date position and that all positions run to maturity.

(g) Offsetting financial assets and financial liabilities

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

	<u>Related amount not set off in the statement of financial position</u>			
	<u>Gross amount of recognised financial assets/ financial liabilities</u>	<u>Financial instrument</u>	<u>Financial collateral</u>	<u>Net amount</u>
	RM'000	RM'000	RM'000	RM'000
<u>2025</u>				
<u>Assets</u>				
Derivative financial assets	<u>1,117,620</u>	<u>(1,072,165)</u>	<u>(1,465,153)</u>	<u>-</u>
<u>Liabilities</u>				
Derivative financial liabilities	<u>1,146,684</u>	<u>(1,072,165)</u>	<u>(217,593)</u>	<u>-</u>
<u>2024</u>				
<u>Assets</u>				
Derivative financial assets	<u>967,525</u>	<u>(902,853)</u>	<u>(1,064,243)</u>	<u>-</u>
<u>Liabilities</u>				
Derivative financial liabilities	<u>906,844</u>	<u>(902,853)</u>	<u>(111,037)</u>	<u>-</u>

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32. FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES

Financial instruments comprise financial assets, financial liabilities and off-balance sheet financial instruments. Fair value is the amount at which the financial asset could be exchanged or a financial liability could be settled, between knowledgeable and willing parties in an arm's length transaction. The information presented herein represents the best estimates of fair values as at the end of the reporting period.

Where available, quoted and observable market prices are used as the measure of fair values. Where such quoted and observable market prices are not available, fair values are estimated based on appropriate methodologies and assumptions on 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.

MFRS 13 'Fair Value Measurement' requires each class of assets and liabilities measured at fair value in the statement of financial position after initial recognition to be categorised 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. The following levels of hierarchy are used for determining and disclosing the fair value of those financial instruments and non-financial assets:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities; characteristics of an active market include the existence of a sufficient frequency and volume of activity and of readily available prices;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability either directly (ie. as prices) or indirectly (ie. derived from prices); these techniques are regularly calibrated and the inputs are corroborated with information from active markets; and
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs). An unobservable input is a parameter for which there are no market data available and that is therefore derived from proprietary assumptions about what other market participants would consider when assessing fair value.

For financial instruments disclosed in Level 3 of the fair value hierarchy, a difference between the transaction price and the fair value may arise at initial recognition. This 'Day One Profit' is deferred and released to the statement of comprehensive income account over the period during which the valuation parameters are expected to remain non-observable. When parameters that were originally non-observable become observable, or when the valuation can be substantiated in comparison with recent similar transactions in an active market, the unrecognised portion of the day one profit is released to statement of comprehensive income.

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32. FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES (CONTINUED)

The following table shows the Bank's financial instruments which are measured at fair value and those that are not measured at fair value but for which fair value disclosures are provided, analysed by the various levels within the fair value hierarchy. It does not include those short-term/on demand financial assets and financial liabilities where the carrying amounts are reasonable approximation of their fair values:

	Carrying amount RM'000		Fair value			Total RM'000
			Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	
<u>2025</u>						
<u>Financial Assets</u>						
Reverse repurchase agreements	773,007	-	773,007	-	-	773,007
Financial assets at FVTPL	1,045,197	-	1,045,197	-	-	1,045,197
Financial assets at FVOCI	1,244,203	-	1,244,203	-	-	1,244,203
Loans, advances and financing*	1,992,415	-	2,009,364	-	-	2,009,364
Derivative financial assets	1,117,620	-	1,086,579	31,041	-	1,117,620
<u>Financial Liabilities</u>						
Deposits from customers	2,992,134	-	2,992,134	-	-	2,992,134
Deposits and placements of banks and other financial institutions	238,737	-	238,737	-	-	238,737
Derivative financial liabilities	1,146,684	-	1,143,225	3,459	-	1,146,684
Subordinated term loan*	393,014	-	420,050	-	-	420,050

* Denotes financial instruments not carried at fair value but fair value disclosure required.

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NOTES TO THE FINANCIAL STATEMENTS
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32. FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES (CONTINUED)

The following table shows the Bank's financial instruments which are measured at fair value and those that are not measured at fair value but for which fair value disclosures are provided, analysed by the various levels within the fair value hierarchy. It does not include those short-term/on demand financial assets and financial liabilities where the carrying amounts are reasonable approximation of their fair values: (continued)

	Carrying amount RM'000		Fair value	
		Level 1 RM'000	Level 2 RM'000	Level 3 RM'000
				Total RM'000
<u>2024</u>				
<u>Financial Assets</u>				
Reverse repurchase agreements	1,980,300	-	1,980,300	-
Financial assets at FVTPL	1,258,871	-	1,258,871	-
Financial assets at FVOCI	1,155,219	-	1,155,219	-
Loans, advances and financing*	1,813,673	-	1,866,491	-
Derivative financial assets	967,525	-	938,214	29,311
<u>Financial Liabilities</u>				
Deposits from customers	2,909,929	-	2,909,929	-
Deposits and placements of banks and other financial institutions	655,228	-	655,228	-
Repurchase agreements	1,391,725	-	1,391,725	-
Derivative financial liabilities	906,844	-	904,043	2,801
Subordinated term loan*	384,907	-	414,488	-

* Denotes financial instruments not carried at fair value but fair value disclosure required.

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32. FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES (CONTINUED)

MFRS 13 : Fair Value Measurement requires the reconciliation of fair value movements in Level 3 financial instruments with significant unobservable inputs:

	<u>2025</u> RM'000	<u>2024</u> RM'000
<u>Derivative Financial Assets</u>		
As at 1 January	29,311	19,382
Gain recognised in profit or loss	1,730	9,929
	<u>31,041</u>	<u>29,311</u>
As at 31 December	<u>31,041</u>	<u>29,311</u>
<u>Derivative Financial Liabilities</u>		
As at 1 January	2,801	1,941
Gain recognised in profit or loss	658	860
	<u>3,459</u>	<u>2,801</u>
As at 31 December	<u>3,459</u>	<u>2,801</u>

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction under normal market conditions.

However, for certain assets such as loans, deposits and derivatives, fair values are not readily available as there is no open market where these instruments are traded.

The fair values for these instruments are estimated based on the assumptions and techniques below.

These methods are subjective in nature and therefore the fair values presented may not be indicative of the actual realisable value.

(i) Cash and short-term funds

The carrying amounts are a reasonable estimate of the fair values because of their short-term nature.

(ii) Reverse repurchase agreements

The estimated fair value is based on quoted and observable market prices at the end of the reporting period. Where such quoted and observable market prices are not available, fair value is estimated using discounted cash flows techniques.

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32. FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES (CONTINUED)

(iii) Financial assets through profit or loss and through other comprehensive income

The estimated fair value is based on quoted and observable market prices at the end of the reporting period. Where such quoted and observable market prices are not available, fair value is estimated using discounted cash flows techniques. Where discounted cash flows technique is used, the estimated future cash flows are discounted based on current market rates for similar instruments at the end of the reporting period.

(iv) Loans, advances and financing

The fair values of fixed rate loans with remaining maturity of less than one year and variable rate loans are estimated to approximate their carrying values.

For fixed rate loans with maturities of more than one year, the fair values are estimated based on discounted future cash flows of contractual instalment payments.

For variable rate loans with maturities of more than one year, the fair values have been determined with generally pricing models based on a discounted cash flow analysis with the most significant inputs being the discount rate that reflects the credit risk of counterparties.

In respect of credit-impaired loans, the fair values are deemed to approximate the carrying values, net of individual impairment allowance for bad and doubtful debts and financing.

(v) Deposits from customers

Deposits from customers are valued at carrying amounts for all amounts on demand and below one year, while deposits over one year have been valued at discounted cash flows.

(vi) Deposits and placements from banks and other financial institutions

Deposits and placements from banks and other financial institutions are valued at carrying amount.

(vii) Derivative financial instruments

The fair value of foreign exchange derivatives, interest rate derivatives and equity derivatives is the estimated amount that the Bank would receive or pay to terminate the contracts at the end of the reporting period.

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32. **FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES (CONTINUED)**

MFRS 13 : Fair Value Measurement requires the disclosure of the valuation techniques and the inputs used for Level 3 instruments per table below:

<u>Financial assets/ Financial liabilities</u>	<u>Fair value as at 31 Dec 2025</u>			<u>Fair value as at 31 Dec 2024</u>			<u>Valuation and techniques key inputs</u>	<u>Significant unobservable inputs</u>	<u>Relationship of unobservable inputs to fair value</u>
	<u>Assets</u> RM'000	<u>Liabilities</u> RM'000	<u>Hierarchy</u>	<u>Assets</u> RM'000	<u>Liabilities</u> RM'000	<u>Hierarchy</u>			
<u>Credit derivatives</u>									
Credit default swaps	31,041	3,459	Level 3	29,311	2,801	Level 3	Stripping, interpolation and extrapolation.	Credit default spreads beyond observation limit. Recovery rate variance.	Adjustment to parameter based on review on first to default.

Sensitivity of fair value measurements to changes in unobservable input assumptions

Changing one or more of the significant unobservable inputs would not change the value of derivative financial assets and derivative financial liabilities significantly as credit default swaps represents 3% of total derivative financial assets and derivative financial liabilities.

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33. CAPITAL ADEQUACY

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

	<u>2025</u> RM'000	<u>2024</u> RM'000
<u>Tier 1 capital</u>		
Paid-up share capital	650,000	650,000
Retained profits	191,022	239,793
Other disclosed reserves	26,940	22,793
	<u>867,962</u>	<u>912,586</u>
<u>Less: Regulatory adjustments</u>		
Intangible assets	(320)	(82)
Deferred tax assets	(4,792)	(4,462)
55% of cumulative gains from financial instruments at FVOCI	(834)	(92)
Hedging reserve	(55)	597
Regulatory reserve	(25,369)	(23,223)
	<u>836,592</u>	<u>885,324</u>
<u>Tier 2 capital</u>		
General provisions (Expected Credit Losses and regulatory reserve)	29,417	26,074
Subordinated term loan	393,014	384,907
	<u>422,431</u>	<u>410,981</u>
Total Tier 2 capital	<u>422,431</u>	<u>410,981</u>
Total Capital base	<u>1,259,023</u>	<u>1,296,305</u>
<u>Capital Ratios</u>		
Before deducting proposed final dividend		
Common Equity Tier 1 Ratio	16.166%	21.000%
Tier 1 Capital Ratio	16.166%	21.000%
Total Capital Ratio	<u>24.330%</u>	<u>30.748%</u>
After deducting proposed final dividend		
Common Equity Tier 1 Ratio	16.166%	18.886%*
Tier 1 Capital Ratio	16.166%	18.886%*
Total Capital Ratio	<u>24.330%</u>	<u>28.635%*</u>

**The proposed dividend is in respect of financial year ended 31 December 2024.
No final dividend is proposed in respect of financial year ended 31 December 2025.*

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

33. CAPITAL ADEQUACY (CONTINUED)

The breakdown of risk-weighted assets by each major risk category is as follows:

	<u>2025</u>		<u>2024</u>	
	<u>Credit</u>	<u>Risk</u>	<u>Credit</u>	<u>Risk</u>
	<u>Equivalent</u>	<u>weighted</u>	<u>Equivalent</u>	<u>weighted</u>
	<u>RM'000</u>	<u>assets</u>	<u>RM'000</u>	<u>assets</u>
		<u>RM'000</u>		<u>RM'000</u>
<u>Risk weight</u>				
0%	1,142,873	-	1,195,531	-
20%	2,086,373	417,275	1,588,802	317,760
50%	604,772	302,386	645,248	322,624
100%	2,395,508	2,395,508	2,401,720	2,401,720
150%	-	-	-	-
Credit risk		3,115,169		3,042,104
Market risk		1,752,595		930,764
Operational risk		307,116		243,010
Total risk-weighted assets		<u>5,174,880</u>		<u>4,215,878</u>

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34. ISLAMIC BANKING WINDOW

The Bank launched its Islamic banking business under its Islamic Banking Window on 9 April 2012. The financial position of the Islamic Banking Window of the Bank as at 31 December 2025 and 2024, and results for the financial year ended on the dates are summarised as follows:

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2025

	<u>Note</u>	<u>2025</u> RM'000	<u>2024</u> RM'000
ASSETS			
Cash and short-term funds	(a)	17,651	26,630
Financial assets at fair value through other comprehensive income ("FVOCI")	(c)	20,318	20,276
Other assets	(d)	1,382	-
Property, plant and equipment	(e)	-	-
Intangible assets	(f)	-	-
Deferred tax asset		-	2
TOTAL ASSETS		39,351	46,908
LIABILITIES AND ISLAMIC BANKING FUNDS			
Deposits from customers	(g)	14,350	10,926
Other liabilities	(h)	3	11,713
Deferred tax liabilities		5	-
TOTAL LIABILITIES		14,358	22,639
Capital fund		26,850	26,850
Reserves		16	(6)
Accumulated losses		(1,873)	(2,575)
Islamic banking funds		24,993	24,269
TOTAL LIABILITIES AND ISLAMIC BANKING FUNDS		39,351	46,908
COMMITMENTS AND CONTINGENCIES		-	-

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34. ISLAMIC BANKING WINDOW (CONTINUED)

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

	<u>Note</u>	<u>2025</u> RM'000	<u>2024</u> RM'000
Income derived from investment of Islamic banking funds and depositors' funds	(i)	1,240	1,390
Profit expense to depositors		(210)	(262)
Net income derived from investment of Islamic banking funds and depositors' funds		1,030	1,128
Other operating income	(j)	1,393	1,063
Other operating expenses	(k)	(1,721)	(1,524)
Profit before taxation		702	667
Income tax expense	(l)	-	-
Profit after taxation		702	667
Other comprehensive income: <i>Items that may be reclassified subsequently to profit or loss:</i>			
Debt instruments at fair value through other comprehensive income			
• Net changes in fair value		22	(6)
Other comprehensive income/(loss)		22	(6)
Total comprehensive income		724	661

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

34. ISLAMIC BANKING WINDOW (CONTINUED)

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

	Capital fund RM'000	Regulatory reserve RM'000	Revaluation reserve financial assets at FVOCI RM'000	Accumulated losses RM'000	Total RM'000
As at 1 January 2025	26,850	-	(6)	(2,575)	24,269
Profit after taxation	-	-	-	702	702
Other comprehensive income	-	-	22	-	22
As at 31 December 2025	<u>26,850</u>	<u>-</u>	<u>16</u>	<u>(1,873)</u>	<u>24,993</u>
As at 1 January 2024	26,850	-	4	(3,242)	23,612
Profit after taxation	-	-	-	667	667
Other comprehensive income	-	-	(10)	-	(10)
As at 31 December 2024	<u>26,850</u>	<u>-</u>	<u>(6)</u>	<u>(2,575)</u>	<u>24,269</u>

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NOTES TO THE FINANCIAL STATEMENTS
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34. ISLAMIC BANKING WINDOW (CONTINUED)

(a) CASH AND SHORT-TERM FUNDS

	<u>2025</u> RM'000	<u>2024</u> RM'000
<u>At amortised cost</u>		
Cash and balances with licensed banks	650	2,628
Money at call and deposit placements maturing within one month	17,001	24,002
	<u>17,651</u>	<u>26,630</u>

(b) LOANS, ADVANCES AND FINANCING

Funding extended to BNP Paribas Najmah under Profit Sharing Investment Account ("PSIA") is included in the Bank's loans, advances and financing. As of FY2025, the amount is RM69.97 million (FY2024: RM14.24million). The PSIA is a contract based on the Wakalah principle.

(c) FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME ("FVOCI")

	<u>2025</u> RM'000	<u>2024</u> RM'000
At Fair Value:		
Government securities:		
Malaysian Government Investment Issues	20,318	20,276
	<u>20,318</u>	<u>20,276</u>

(d) OTHER ASSETS

	<u>2025</u> RM'000	<u>2024</u> RM'000
Other receivables	1,382	-
	<u>1,382</u>	<u>-</u>

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

34. ISLAMIC BANKING WINDOW (CONTINUED)

(e) PROPERTY, PLANT AND EQUIPMENT

	Office equipment and machinery RM'000	Computer equipment RM'000	Total RM'000
<u>2025</u>			
<u>Cost</u>			
At 1 January/31 December	-	-	-
<u>Accumulated Depreciation</u>			
At 1 January/31 December	-	-	-
Net Book Value	-	-	-
	Office equipment and machinery RM'000	Computer equipment RM'000	Total RM'000
<u>2024</u>			
<u>Cost</u>			
At 1 January	-	23	23
Write-off	-	(23)	(23)
At 31 December	-	-	-
<u>Accumulated Depreciation</u>			
At 1 January	-	23	23
Write-off	-	(23)	(23)
At 31 December	-	-	-
<u>Net Book Value</u>			
As at 31 December 2024	-	-	-

BNP PARIBAS MALAYSIA BERHAD
(Incorporated in Malaysia)

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

34. ISLAMIC BANKING WINDOW (CONTINUED)

(f) INTANGIBLE ASSETS

	<u>2025</u> RM'000	<u>2024</u> RM'000
<u>Computer Software</u>		
<u>Cost</u>		
At 1 January	-	41
Write-off	-	(41)
At 31 December	-	-
<u>Accumulated amortisation</u>		
At 1 January	-	41
Write-off	-	(41)
At 31 December	-	-
Net Book Value		

BNP PARIBAS MALAYSIA BERHAD
(Incorporated in Malaysia)

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

34. ISLAMIC BANKING WINDOW (CONTINUED)

(g) DEPOSITS FROM CUSTOMERS

	<u>2025</u> RM'000	<u>2024</u> RM'000
<u>At Amortised Cost</u>		
Non-Mudharabah Fund		
Demand deposits	221	1,974
Commodity Murabahah	14,129	8,952
	<u>14,350</u>	<u>10,926</u>

(i) Maturity structure of Commodity Murabahah is as follows:

	<u>2025</u> RM'000	<u>2024</u> RM'000
Due within six months	<u>14,129</u>	<u>8,952</u>

(ii) The deposits are sourced from the following types of customers:

	<u>2025</u> RM'000	<u>2024</u> RM'000
Non-bank financial institutions	<u>14,350</u>	<u>10,926</u>

(h) OTHER LIABILITIES

	<u>2025</u> RM'000	<u>2024</u> RM'000
Other payables	<u>3</u>	<u>11,713</u>

(i) INCOME DERIVED FROM INVESTMENT OF ISLAMIC BANKING FUNDS AND DEPOSITORS' FUNDS

	<u>2025</u> RM'000	<u>2024</u> RM'000
Money at call and deposit placement with financial institutions	470	642
Financial assets at FVOCI	928	432
Amortisation of premium less (accretion of discount)	(158)	316
	<u>1,240</u>	<u>1,390</u>

BNP PARIBAS MALAYSIA BERHAD
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025 (CONTINUED)

34. ISLAMIC BANKING WINDOW (CONTINUED)

(j) OTHER OPERATING INCOME

	<u>2025</u> RM'000	<u>2024</u> RM'000
Fee income:		
Other fee income	41	-
Gain arising from sale of:		
Financial assets at FVOCI	6	-
Foreign exchange		
- Unrealised loss	-	(61)
Others	1,346	1,124
	<u>1,393</u>	<u>1,063</u>

(k) OTHER OPERATING EXPENSES

	<u>2025</u> RM'000	<u>2024</u> RM'000
Personnel costs (Note i)	1,342	1,207
Establishment costs (Note ii)	100	78
Marketing expenses	34	6
Administration and general expenses (Note iii)	245	233
	<u>1,721</u>	<u>1,524</u>

(i) Personnel costs

Salaries bonuses and allowance	1,058	1,002
Defined contribution plan	190	133
Other staff related expenses	94	72
	<u>1,342</u>	<u>1,207</u>

BNP PARIBAS MALAYSIA BERHAD

(Incorporated in Malaysia)

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

34. ISLAMIC BANKING WINDOW (CONTINUED)

(k) OTHER OPERATING EXPENSES (CONTINUED)

(ii) Establishment costs

	<u>2025</u> RM'000	<u>2024</u> RM'000
Rental of premises	56	56
Information technology costs	3	3
Others	41	19
	<u>100</u>	<u>78</u>

(iii) Administration and general expenses

Legal and professional fees	168	151
Communication and transportation	11	20
Others	66	62
	<u>245</u>	<u>233</u>

Included in administration and general expenses is the Shariah Committee's remuneration of RM166,000 (2024: RM149,000).

(l) INCOME TAX EXPENSE

There is RM Nil income tax expense under Islamic Banking Window as the taxation will be assessed at BNP Paribas Malaysia Berhad's level.

BNP PARIBAS MALAYSIA BERHAD
(Incorporated in Malaysia)

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

34. ISLAMIC BANKING WINDOW (CONTINUED)

(m) CAPITAL ADEQUACY

The components of Tier 1 and Tier 2 capital are as follows:

	<u>2025</u> RM'000	<u>2024</u> RM'000
Tier 1 capital		
Capital Fund	26,850	26,850
Accumulated losses	(1,873)	(2,575)
Other disclosed reserves	16	(6)
Total Tier 1 capital	24,993	24,269
<u>Less: Regulatory adjustments</u>		
Deferred tax assets	-	(2)
55% of cumulative gains from financial instruments at FVOCI	(10)	-
Total Capital base	24,983	24,267
Capital Ratios		
Common Equity Tier 1 Ratio	1257.323%	878.602%
Tier 1 Capital Ratio	1257.323%	878.602%
Total Capital Ratio	1257.323%	878.602%

The breakdown of risk-weighted assets by each major risk category is as follows:

	<u>2025</u> Credit Equivalent RM'000	<u>2025</u> Risk weighted assets RM'000	<u>2024</u> Credit Equivalent RM'000	<u>2024</u> Risk weighted assets RM'000
<u>Risk weight</u>				
0%	37,905	-	44,797	-
20%	64	12	1,951	390
100%	1	1	158	158
Credit risk		13		548
Market risk		40		23
Operational risk		1,934		2,191
Total risk-weighted assets		1,987		2,762

Registration No.

201001034168 (918091-T)

BNP PARIBAS MALAYSIA BERHAD
(Incorporated in Malaysia)

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

35. SIGNIFICANT SUBSEQUENT EVENT

The Middle East Conflict which started on 28 February 2026 has resulted in surging energy prices, high shipping insurance, and supply chain bottlenecks.

The conflict is not an adjusting post balance sheet event. Up to the date of this financial statement, the Bank has not seen a significant impact of the conflict on the Bank's revenue, earnings, cash flow and financial position. Nonetheless, the management continues to monitor the situation closely.

Registration No.

201001034168 (918091-T)

BNP PARIBAS MALAYSIA BERHAD
(Incorporated in Malaysia)

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

The Directors of BNP PARIBAS MALAYSIA BERHAD state that, in their opinion, the accompanying financial statements are drawn up in accordance with Malaysian Financial Reporting Standards ('MFRS') Accounting Standards, International Financial Reporting Standards ('IFRS') Accounting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Bank as at 31 December 2025 and of the financial performance and the cash flows of the Bank for the financial year ended on that date.

Signed in accordance with a resolution of the Directors dated on 22 May 2026,



DATO' MOHAMED KHADAR BIN MERICAN



FAISAL BIN ISMAIL

Kuala Lumpur
22 May 2026

Registration No.

201001034168 (918091-T)

BNP PARIBAS MALAYSIA BERHAD
(Incorporated in Malaysia)

STATUTORY DECLARATION BY THE OFFICER PRIMARILY RESPONSIBLE
FOR THE FINANCIAL MANAGEMENT OF THE BANK
PURSUANT TO SECTION 251(1) OF THE COMPANIES ACT 2016

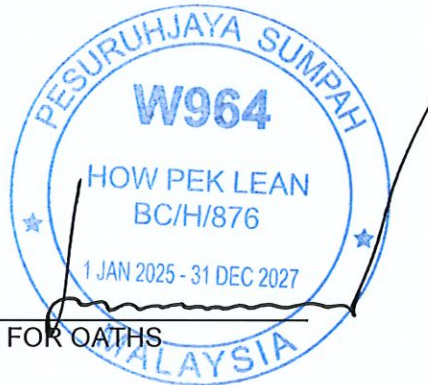
I, WONG JE-VERN @ NG JE-VERN, the Officer primarily responsible for the financial management of BNP PARIBAS MALAYSIA BERHAD, do solemnly and sincerely declare that the accompanying financial statements are, in my opinion, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.



WONG JE-VERN @ NG JE-VERN

Subscribed and solemnly declared by the abovenamed WONG JE-VERN @ NG JE-VERN at KUALA LUMPUR this 22 May 2026.

Before me,



COMMISSIONER FOR OATHS

Lot 6.12, Tingkat 6, Wisma Central
147, Jalan Ampang,
50450, Kuala Lumpur



BNP PARIBAS

The bank
for a changing
world

BNP PARIBAS MALAYSIA BERHAD

Registration No. 201001034168 (918091-T)

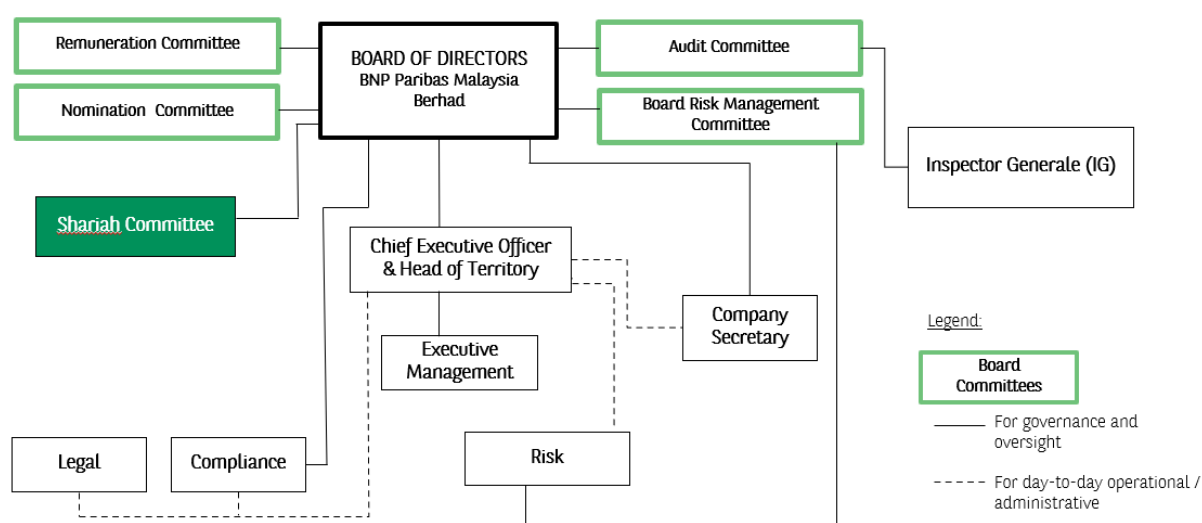
STATEMENT ON CORPORATE GOVERNANCE

This Statement on Corporate Governance forms part of the Directors' Report in the Audited Financial Statements for the financial year ended 31 December 2025

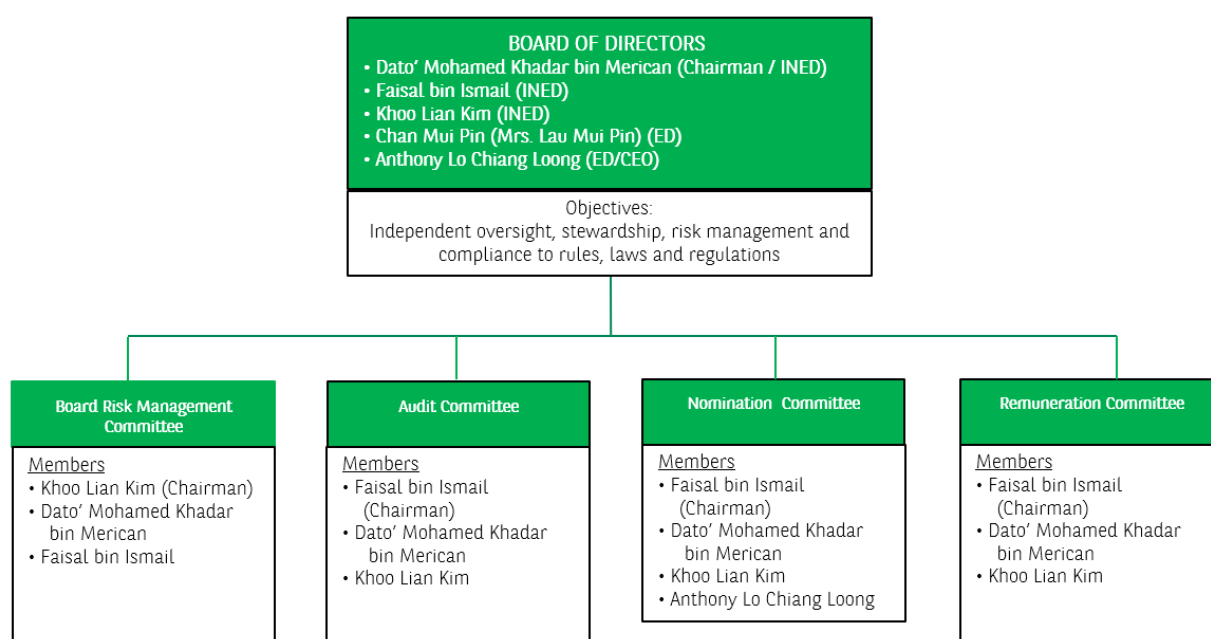


1. Overview

- 1.1 The Statement on Corporate Governance of BNP Paribas Malaysia Berhad (the “Bank”) outlines the key aspects of the Corporate Governance (“CG”) framework of the Bank.
- 1.2 The Board of Directors (the “Board”) ensures that the policies and practices of the Bank are aligned with BNP Paribas Group policies and procedures and local laws, rules, and regulations. Strong CG is essential for the long-term sustainability and growth of the Bank.
- 1.3 The CG framework of the Bank promotes accountability, oversight, good governance, risk management, and ethical business practices. The Code of Ethics of the Bank instils ethical practices for the Board and Management.
- 1.4 The Board’s structure is illustrated below.



2. Board of Directors and Board Committees of the Bank



Legend:
 INED – Independent Non-Executive Director
 ED – Executive Director



- 2.1 The Board has fiduciary duties to the Bank and exercises them with independent judgement, good faith and due professional care. The Board's authority and responsibilities are stated in the Board Charter. The Board Charter is available for reference at the Bank's website:
<https://apac.bnpparibas/en/malaysia/corporate-governance>
- 2.2 The Board is responsible for protecting all stakeholders' interests including that of the shareholders, customers, and employees.
- 2.3 There are five (5) directors whose details are provided below:

DATO' MOHAMED KHADAR BIN MERICAN
Chairman, Independent Non-Executive Director

Nationality : Malaysian
 Age : 69
 Date of appointment : 1 March 2021 (Independent Non-Executive Director)
 : 23 March 2021 (as Chairman)

Past and Present Work Experience:

- Extensive working experience in financial and general management and positions held include:
 - Auditor and consultant in an international accounting firm, before joining a financial services group in 1986.
 - Held various senior management positions including President and Chief Operating Officer of Pemas International Holdings Berhad.
- Previously served on the Board of RHB Group of companies and Astro Malaysia Group of companies.
- Presently, as Director of Asia Aviation Public Company Limited, a company listed on the Stock Exchange of Thailand, Chairman of RCL Agencies (M) Sdn. Bhd. and SOGO (K.L.) Department Store Sdn. Bhd.

Qualifications:

- Fellow of the Institute of Chartered Accountants in England and Wales.
- Chartered Accountant of the Malaysian Institute of Accountants.

Directorships in public companies incorporated in Malaysia:

- **Current -**
 - Capital A Berhad
 - Iris Corporation Berhad
 - Tune Protect Group Berhad
 - Rashid Hussain Berhad (*in members' Voluntary Liquidation*)

Membership in Board Committees of BNP Paribas Malaysia Berhad:

- Member of the Nomination Committee ("NC")
- Member of the Remuneration Committee ("RC")
- Member of Board Risk Management Committee ("BRMC")
- Member of Audit Committee ("AC")

Length of Service as an Independent Non-Executive Director (as at March 2026):

- 5 years

**FAISAL BIN ISMAIL****Independent Non-Executive Director**

Nationality : Malaysian

Age : 62

Date of appointment : 1 October 2020

Past and Present Work Experience:

- Extensive working experience in commercial organisations and positions held include:
 - Various managerial positions in Peremba Group and Executive Director of Landmarks Berhad
 - Executive Director, Head of Strategic Advisory Division, BinaFikir Sdn Bhd
 - Director in the Investment Division, Khazanah Nasional Berhad
 - Group Managing Director, Pantai Holdings Berhad and Pantai Support Services Sdn Bhd
 - Deputy CEO, Commercial, 1MDB Real Estate Sdn Bhd (development of Tun Razak Exchange and Bandar Malaysia)
 - Director, Corporate & Strategic Planning and Transformation Programme, Boustead Heavy Industries Corporation Berhad
 - CEO/Advisor, Mount Irawa Ventures Sdn Bhd, a wholly owned subsidiary of Khazanah Nasional Berhad
- Previously served on the Board of Danajamin Nasional Berhad as a Non-Independent Non-Executive Director, JP Morgan Chase Bank Berhad as an Independent Non-Executive Director and Shangri-La Hotels Malaysia Berhad as a Non-Independent Non-Executive Director
- Presently serves as an Independent Non-Executive Director of Credit Guarantee Corporation Malaysia Berhad

Qualifications:

- Fellow of the Institute of Chartered Accountants in England and Wales.
- Member of the Malaysian Institute of Accountants.

Directorships in public companies incorporated in Malaysia:

- **Current -**
Credit Guarantee Corporation Malaysia Berhad

Membership in Board Committees of BNP Paribas Malaysia Berhad:

- Chairman of RC
- Chairman of AC
- Chairman of NC
- Member of BRMC

Length of Service as an Independent Non-Executive Director (as at March 2026):

- 5 years 5 months

KHOO LIAN KIM**Independent Non-Executive Director**

Nationality : Malaysian

Age : 56

Date of appointment : 1 September 2022

Past and Present Work Experience:

Extensive working experience in risk management in financial institutions and positions held include:

- Head, Risk / Chief Risk Officer and Head, Group Risk Operation, RHB Banking Group
- Head, Risk Management & Analytics, Head, Basel II Implementation and Equity Research, CIMB Banking Group

Qualifications:

- Degree in Economics – Statistic (Hons) from University Malaya
- Fellow Chartered Banker, Malaysia and Scotland

Directorship in public company incorporated in Malaysia:

- None

Membership in Board Committees of BNP Paribas Malaysia Berhad:

- Chairman of BRMC
- Member of RC
- Member of AC
- Member of AC

**Length of Service as an Independent Non-Executive Director (as at March 2026):**

- 3 years and 6 months

CHAN MUI PIN (MRS. LAU MUI PIN)**Executive Director**

Nationality : Singaporean
 Age : 61
 Date of appointment : 7 September 2022

Past and Present Work Experience:

Extensive working experience in BNP Paribas Group and other organisations, and positions held include:

- Head of Compliance for BNP Paribas Singapore and South East Asia
- Chief Operating Officer (“COO”), Compliance Asia Pacific / Regulatory Compliance Lead, Asia Pacific
- COO, South East Asia (“SEA”), BNP Paribas Singapore
- COO Fixed Income (Global Markets) and Treasury and Capital Markets Transversal Operations APAC
- Head of Fixed Income and Treasury Middle Office, Asia Pacific and Singapore
- Equity Derivatives Middle Office / Trading, BNP Paribas Singapore
- Accountant, Coastal Gas Marketing USA
- Internal Auditor, Bishop Pipeline Corporation USA

Qualifications:

- Bachelor of Business Administration, University of Houston, USA
- Master in Business Administration, University of Houston, USA

Directorship in public company incorporated in Malaysia:

- None

Membership in Board Committees of BNP Paribas Malaysia Berhad:

- None

ANTHONY LO CHIANG LOONG**Executive Director, Chief Executive Officer**

Nationality : Malaysian
 Age : 50
 Date of appointment : 1 October 2024

Past and Present Work Experience:

Working experience in BNP Paribas Group and other organisations, and positions held include:

- Lead audit engagement teams and special assignments, Arthur Andersen
- Executive Director, ING Barings Advisory Sdn Bhd
- Managing Director, Head of Coverage for Malaysian Corporates & Head of Investment Banking Malaysia, BNP Paribas Malaysia Berhad
- Currently, Chief Executive Officer of BNP Paribas Malaysia Berhad and Head of Territory.

Qualifications:

- Bachelor of Accountancy, University Malaya

Directorship in public company incorporated in Malaysia:

- None

Membership in Board Committees of BNP Paribas Malaysia Berhad:

- Member of NC



3. Attendance of Directors at Board and Board Committees' meetings

3.1 The following table shows the attendance of directors at Board meetings (including special meetings) during FY 2025:

Directors	No. of Meetings Attended	%
Dato' Mohamed Khadar bin Merican	7 out of 7	100
Faisal bin Ismail	7 out of 7	100
Khoo Lian Kim	7 out of 7	100
Chan Mui Pin (Mrs. Lau Mui Pin)	7 out of 7	100
Anthony Lo Chiang Loong	7 out of 7	100

3.2 The following table shows the attendance of directors at Board Committees' meetings (including special meetings) during FY 2025:

Directors	No. of Meetings Attended			
	BRMC	AC	NC	RC
Dato' Mohamed bin Khadar Merican	7 out of 7	4 out of 4	5 out of 5	1 out of 1
Faisal bin Ismail	7 out of 7	4 out of 4 (Chairman)	5 out of 5 (Chairman)	1 out of 1 (Chairman)
Khoo Lian Kim	7 out of 7 (Chairman)	4 out of 4	5 out of 5	1 out of 1
Chan Mui Pin (Mrs. Lau Mui Pin)	N/A	N/A	*2 out of 2	N/A
Anthony Lo Chiang Loong	N/A	N/A	*3 out of 3	N/A

* Anthony Lo Chiang Loong was appointed as a new member of NC on 26.03.2025 and Chan Mui Pin (Mrs. Lau Mui Pin) ceased her position as NC member on the same day.

Legend

BRMC : Board Risk Management Committee
AC : Audit Committee
NC : Nomination Committee

RC : Remuneration Committee
N/A : Not Applicable

3.3 The Board and Board Committees (except NC and RC) are conducted at least four (4) times a year, and special meetings are convened on a need basis. NC and RC meetings are conducted at least once a year, and special meetings are convened on a need basis.



- 3.4 The Board is assisted in specific areas of governance by the Board Committees as set out in their respective Terms of Reference.
- 3.5 The agendas for the Board and Board Committees are determined by the respective chairs in consultation with the Company Secretary and the Chief Executive Officer. The agendas are drafted to ensure that the Board and Board Committees deliberate all essential papers requiring the oversight / endorsement / approval of the Board.

The Board and Board Committees meetings are allocated sufficient time to discuss, debate, and challenge Management on all papers.

4. Conflict of Interest / Time commitment

- 4.1 All directors exercise their duties in the interest of the Bank and would declare any conflict of interest if they exist. The Board collectively exercises its independence of management and professional duty of care in its oversight responsibilities.
- 4.2 The Bank has a policy that no director shall hold more than five (5) directorships in public companies. This is to ensure that all directors provide sufficient time and commitment to Board matters. During FY 2025, there were no directors who had held more than five (5) directorships in public companies.

5. Company Secretary

- 5.1 The Board is supported by a licensed and competent Company Secretary. All directors have unrestricted access to the Company Secretary, who records and highlights points / actions related to governance matters in addition to scheduling Board meetings, consolidating and safekeeping Board papers, and minuting Board discussions.

6. Board Composition, Succession Planning and Evaluation

- 6.1 The Board has three (3) independent directors and two (2) executive directors who bring a variety of skills and experience to discharge its oversight duties. The NC had, through an annual Board Evaluation exercise, assessed the Board, Board Committees, individual directors, and the Chief Executive Officer.
- 6.2 For purposes of appointment of directors, the NC will engage external search consultants to provide resumes of potentially suitable candidates. The appointment of new directors involves an internal review of skills and experience of existing directors and gaps to be filled.
- 6.3 In the Bank, there is a conscious effort to subscribe to gender diversity. Currently, the Bank has two (2) women directors. In selecting directors, the NC considers the capability of directors to collectively enhance the Board's ability to oversee the affairs of the Bank effectively.
- 6.4 The Board is guided by policies on succession planning, directors' induction & training, (re)appointment, resignation and removal of directors. These policies are reviewed periodically or whenever there are material changes.



7. Directors' Training and Development

- 7.1 The directors recognise the importance of continuing professional development in enhancing their knowledge and acquiring the skills necessary to discharge their responsibilities effectively.

During the financial year ended 31 December 2025, the Directors attended various training programmes, conferences, seminars, briefings and/or workshops on matters relevant to their duties and responsibilities, with a view to further enhance their skills and knowledge, as well as keeping abreast with the latest industry developments and changes in the statutory and regulatory requirements, as follows:

No	TITLE	Attended by
1	IFRS Sustainability Disclosure Standards: IFRS S1 & S2	Dato' Mohamed bin Khadar Merican
2	ESG training and e-invoice briefing	
3	The Climate Fresk	
4	US Tariff hike and its impact on businesses in Asia-Pacific	
5	Sustainable Finance Foundations: Banking, Investment and Insurance offered by Cambridge Institute for Sustainability Leadership (CISL)	
6	Islamic Finance Training	
7	APAC Directors' Cybersecurity Training	
8	Sustainability Training	

No	TITLE	Attended by
1	FIDE Forum - How Global events will affect the outlook for the financial industry in 2025	Faisal bin Ismail
2	The Climate Fresk	
3	FIDE Forum and Deloitte - Breakfast Talk on E-Invoice & Service Tax Impact on Independent Directors	
4	FIDE Forum - Engagement Session on the "Bank Negara Malaysia Annual Report 2024, alongside the Economic and Monetary Review 2024 and the Financial Stability Review for the Second Half of 2024"	
5	Ransomware Negotiation Process and Cybersecurity Claims	
6	Boardroom Insights: Fostering a Risk Conscious Environment at CGC	
7	FIDE Forum: AI's Next Wave: Chips, Code, and Localisation	
8	FIDE Forum: Navigating Digital Disruption: How can Boards in Financial Institutions enhance Strategic Digital Governance	
9	Structuring Islamic Banking Products	



No	TITLE	Attended by
10	ICAEW Ethics - Module 2 Ethical Decision Making	Faisal bin Ismail
11	APAC Directors' Cybersecurity Training	
12	FIDE Forum - Economic Outlook & Post-Budget 2026	
13	Public Lecture by Prof Joseph E Stiglitz	
14	MIA International Accountants Conference 2025 (Collaborative Leadership for a Sustainable Future)	
15	ACIIA Asian Confederation of Institutes of Internal Auditors - Conference 2025 - Internal Audit in a Polycrisis Era: Adapting, Assuring and Advancing	

No	TITLE	Attended by
1	The Climate Fresk	Khoo Lian Kim
2	FIDE Forum - Engagement Session on the "Bank Negara Malaysia Annual Report 2024, alongside the Economic and Monetary Review 2024 and the Financial Stability Review for the Second Half of 2024"	
3	APAC Directors' Cybersecurity Training	

No	TITLE	Attended by
1	The Climate Fresk	Chan Mui Pin (Mrs. Lau Mui Pin)
2	APAC Directors' Cybersecurity Training	
3	ESG and Sustainable Finance: Latest Trends, Innovations and Updates	

No	TITLE	Attended by
1	ESG Controversies	Anthony Lo Chiang Loong
2	Portfolio alignment in the credit process (NZBA) (Video)	
3	CIB APAC Sustainability Forum	
4	2023 Follow up Additional Phishing Training 1	
5	Mobile Device - Risks & Best practices	
6	2025 APAC Green Horizons - Green Dialogues	
7	FIDE Forum - Launch of FIDE FORUM's Board Culture and Leadership Report 2025	
8	Manager Conduct Training – 2025	
9	APAC Information Barrier 2025	
10	CIB APAC Sustainability Forum	
11	Teambuilding 2025_Work of Art	
12	APAC Directors' Cybersecurity Training	
13	CIB APAC Sustainability Forum	



No	TITLE	Attended by
14	LLM@CIB eLearning	Anthony Lo Chiang Loong
15	2025 Conduct at CIB - Dilemma Based Session (10th Edition)	
16	CIB APAC Sustainability Forum	
17	APAC CIB & WM Client Complaint Policy	

8. Key Focus Areas of the Board for 2025

8.1 Environmental, Social & Governance (“ESG”)

The Bank continues to support ESG initiatives and demonstrates this in setting financials and non-financial strategies. The Bank’s Chief Sustainability Officer continues to apprise the Board, via Board Risk Management Committee’s meetings, on the Bank’s activities on sustainability and to provide status updates in compliance with local regulatory requirements.

8.2 Culture / Diversity, Equity and Inclusiveness

The Board continues to set a clear tone in encouraging the Bank to embrace values of safety, respect, courage, collaboration and diversity. The Bank has consciously increased women in leadership and workforce.

8.3 Information Technology (“IT”) and Cybersecurity

The Board continues to increase its focus on IT and cybersecurity considering new and emerging risks in this space. The Board had undergone an annual training on cybersecurity to enhance its knowledge and keep abreast with new developments in cybersecurity, cloud computing and exposures to outsourced activities.

9. Shariah Committee

9.1 The Shariah Committee (“SC”) is responsible to provide objective and sound advice to BNP Paribas Malaysia Berhad (“the Bank”) to ensure that its Islamic Banking Window’s aims, operations, business, affairs and activities comply with Shariah rules and principles.

9.2 As of 31 December 2025, there are three (3) SC members with their profiles are provided below:

Assoc. Prof. Dr. Sa’id Adekunle Mikail (Member – effective June 2018, Chairman – effective June 2023)

Assoc. Prof. Dr. Sa’id, Nigerian, obtained his Bachelor’s degree in Shariah from Islamic University of Madinah, Kingdom of Saudi Arabia. He also has a Master of Comparative Laws and PhD in Law from International Islamic University Malaysia (IIUM).

Currently, he serves as an Associate Professor and Senior Researcher at the ISRA Research Management Centre, INCEIF University Malaysia. He also holds positions as a Shariah Board Member in other local and international organizations, the most prominent of which, is with the Islamic Development Bank (IsDB). He is also an Associate Member of The Chartered Institute of Arbitrators (CIArb).

Assoc. Prof. Dr. Hussein 'Azeemi Abdullah Thaidi (Member – effective October 2023)

Assoc. Prof. Dr. Hussein, Malaysian, obtained his Bachelor's Degree in Fiqh and Fatwa (Hons) from Islamic Science University of Malaysia and Master's Degree in Shariah (Fiqh and Usul Fiqh) from University of Malaya. He has a PhD in Religious Studies (Islamic Studies) from University of Aberdeen.

Currently, he is a Senior Lecturer in the Faculty of Shariah and Law at Islamic Science University of Malaysia and a member of the Malaysian Muamalat Association.

Dr. Nur I'ffah Muhammad Nasir (Member – effective July 2024)

Dr. Nur I'ffah, Malaysian, obtained her Bachelor's Degree in Shariah (Fiqh and Usul Fiqh) from Mu'tah University, Jordan. She holds Master's Degree and PhD in Islamic Banking and Finance from International Islamic University Malaysia.

Currently, she is a Senior Lecturer in the Faculty of Economics and Muamalat at Islamic Science University of Malaysia.

9.3 The following table shows the attendance of the SC members at SC meetings during FY2025:

Members	No. of Meetings Attended	%
Assoc. Prof. Dr. Sa'id Adekunle Mikail (Chairman)	5 out of 5	100
Assoc. Prof. Dr Hussein 'Azeemi Abdullah Thaidi	5 out of 5	100
Dr. Nur I'ffah Muhammad Nasir	3 out of 3	100

9.4 The SC tables their report, which summarises all SC-related matters, to the Board at every regular Board meeting. The Board has also conducted an annual dialogue session with the SC in August 2025.

10. Internal Control Framework

10.1 Internal Control Objectives

The internal control framework aims to ensure the overall monitoring and control of risks and provide reasonable assurance that the Bank's objectives in this area are in line with the Risk Appetite Statement of the Bank.

The Bank adopts BNP Paribas ("BNPP") Group's Internal Control framework and is to be read together with the local regulatory and governance setup that are applicable to the Bank. The framework outlines the Bank's overall governance structure to monitor and control risks in a manner that is efficient and coherent with its risk appetite that is appropriate to the nature, scale and size of business activities.

The framework aims at ensuring:

- Sound and prudent management of risks, aligned with BNPP Group's values and code of conduct as well as the policies defined in line with the Group's social and environmental responsibilities;
- Operational security of internal operations;
- Relevance and reliability of accounting and financial information;
- Compliance with applicable laws, regulations and internal policies.

The implementation of the internal control framework relies, in particular, on the promotion of a culture in terms of risks and ethics among all staff and in the relationships of the Bank with its third parties, customers, intermediaries and suppliers as well as its shareholders.



The management of the Bank has the duty to implement the principles defined in the framework, under the oversight of its Board of Directors (the "Board").

10.2 Scope of Application

It covers every kind of risk the Bank may be exposed to (credit risk, counterparty risk, market risk, funding and liquidity risk, interest rate and foreign exchange risk in banking book, operational risk, information technology risk, non-Compliance risk, ESG risk including climate –related as well as Shariah risk).

It also covers outsourced activities and services, in accordance with regulatory guidelines.

10.3 The Principles for Action

The internal control of the Bank is based on its values and code of conduct as well as the following complementary principles for action:

i. Clearly Assigned Responsibilities

Internal Control is the responsibility of every employee of the Bank, irrespective of his/her hierarchical position. Managers/Heads have the responsibilities of ensuring the proper implementation of internal control framework on the scope they are in charge of. In order to do so, responsibilities and delegation are clearly assigned and communicated to every stakeholder.

ii. Structured Framework for Identifying, Assessing and Monitoring Risks

Any internal control framework is expected to be organised around the following elements:

- identification and assessment of risks.
- monitoring of risks, which entails definition and implementation of:
 - ✓ a decision-making and delegation framework, which includes, the definition and implementation of indicators/metrics and limits, operating through a properly defined governance and set of responsibilities;
 - ✓ principles framing organisational and operational processes;
 - ✓ effective control measures;
 - ✓ a reporting and alert framework; and
 - ✓ follow-up on remediation actions in order to adequately address any attention points.

To be efficient at individual and consolidated level, this framework must rely on:

- a coherent taxonomy and compatible methodologies, between the different parties to the internal control framework.
- reliable, timely and flexible information, in coherence with the needs for controlling and monitoring.

iii. Independent Control and Oversight of Risks

The Internal Control framework requires the mandatory and early involvement of Functions exercising independent second level controls. This involvement shall include the following:

- identification, assessment and monitoring of risks;
- provide independent views and feedback where required for decision making; and
- exercise independent controls on the framework implemented by the Bank.

The provisions for the involvement of a Function exercising second level controls (level of delegation in the decision-making process, intensity and depth of second level controls) represent a key element of the Internal Control framework and have, for the most important ones, to be validated by Management with oversight by the Board.



Inspection Générale operates third level independent controls in order to assess the effectiveness of risk management, control and governance processes.

iv. **Segregation of Duties**

The segregation of duties is one of the key elements of internal controls to provide a check and balance in performing operational tasks. As an example, tasks related to the origination, approval, accounts posting, payment and accounting reconciliation of a transaction must be performed by different staff.

Organised Decision-Making Process

At a minimum, the delegated scope is defined through job descriptions. When responsibilities justify it, delegations must be formalised by mission statements that precisely define the object and the scope of their application and specify if sub delegation is possible and to what extent.

Regarding significant acts involving third parties, the principle of two signatures is, in most cases, included in the delegation system.

v. **Duty of Transparency**

All staff are required to notify their managers of any conflicts of interest, including:

- any information necessary to a good understanding of the situation of the Bank, that can have an impact on risks or reputation.
- all matters he/she may not be able to solve by him/herself when performing his/her duties.
- all abnormal situations he/she notices.

Moreover, each staff member has the right to alert under confidential conditions as provided by the Code of Conduct of the Bank, through the whistleblowing process that is organised by the Compliance Function.

Inspection Générale and every Function exercising second level controls have the right to access³ to all information they consider necessary for performing their duties. They have to be alerted when an important situation or event occurs, along the rules they independently and freely set, consistently with their respective framework.

vi. **Formalisation and Traceability Requirements**

All opinions, decisions and results derived from the application of the internal control framework shall be formalised and traceable, this shall allow among others, the reporting of such information to Management, Board, as well as its sub-committees, where relevant.

vii. **Management of Human Resources that Embeds Internal Control Objectives**

Assessment of compliance with internal control objectives includes:

- the effective implementation of Internal Control framework by every staff in his/her appraisal;
- relevant trainings on risks and controls within his/her responsibilities;
- the selection of employees, particularly for key positions, shall take into account his/her abilities to fulfil responsibilities regarding Internal Control; and
- a compensation structure that contributes to the compliance of such objectives.

viii. **Continuous Monitoring of the Framework**

Internal Control framework shall be monitored in a dynamic way by its stakeholders. Adaptation and changes shall be made as and when required and periodic review shall be continuously performed.

³ In compliance with applicable regulations related to banking secrecy, personal data protection and market abuse prevention



ix. **Proportionality when Implementing the Internal Control Framework**

The implementation of the Internal Control framework must be operated according to an approach and intensity that commensurates with the risks. This proportionality is assessed with respect to one or several of the following criteria:

- intensity of risks as identified in risk assessment programmes (Risk ID for the identification of key risks to which the Bank is exposed, Risk & Control Self-Assessment).
- amount of capital allocated and/or ratios in terms of solvency and liquidity.
- criticality of activities with regards to systemic issues.
- regulatory provisions for conducting activities.
- size of the activities performed.
- type of clients and distribution channels used.
- complexity of designed or sold products and/or of services provided.
- complexity of processes operated and/or importance of the use of outsourced activities through internal or external legal entities.
- sensitivity of the environment where the activities are located.

10.4 The Internal Control Stakeholders

The Bank's Internal Control framework is organised around three lines of defence, under the accountability of its "*Dirigeants Effectifs*", and the oversight of the Board.

The permanent control consists of the continuous implementation of the risk management framework by the first and the second lines of defence. Periodic control, ensured by the third line of defence, is the verification and assessment function that operates according to a dedicated audit cycle.

Functions ensuring the second and third lines of defence are named Functions exercising independent controls. They report directly to the "*Dirigeants Effectifs*". Compliance, Risk and Inspection Générale, report or have unfettered access to the Board. Legal has unfettered access to the Board.

10.5 The First Line of Defence

Managers and their respective staff are accountable for achieving the objectives set and for monitoring the risks of their businesses or services. In doing so, they act in full compliance with the framework, formalised through policies and procedures.

Heads or Managers of the Bank are responsible to:

- i. identify and assess current and potential risks they are exposed to, in particular the major ones.
- ii. design, implement and regularly adapt a risk monitoring framework in compliance with:
 - the Risk Appetite Statement and its metrics.
 - policies and procedures including those issued by Functions exercising independent controls.
 - applicable laws and regulations.

This risk monitoring framework operated by the first line of defence corresponds to the first level control framework. It is implemented by the staff and/or their managers and/or dedicated control teams, who are responsible for:

- i. ensuring the implementation and the proper functioning of a governance that allows:
 - the spreading of a culture of risk and ethics,
 - the escalation of attention points and alerts,
 - the taking of decision further to attention points and alerts, consistent with the rules applicable to decision making, and
 - the monitoring and timely implementation of actions decided, recommendations or any others actions⁴ they are responsible for.



- ii. communicating transparently on their risk issues and adapt the communication with respect to the needs of the different stakeholders, and this includes:
 - within their reporting lines, either hierarchical or functional, such as their manager/supervisor,
 - the Functions exercising independent controls, and
 - the management of supervisory functions, where relevant.

10.6 The Functions Exercising Second Level Controls – Second Line of Defence

The Function exercising second level controls are accountable to ensure sound functioning of the risk monitoring framework and its compliance with laws and regulations.

They have the following responsibilities:

- ensuring the effective implementation of the risk management framework.
- acting within defined responsibilities, including decision-making limits and delegated authorities established in advance that may only be revised through a formal escalation process, including oversight measures conducted after decisions are made.
- implement this framework where relevant and responsible for the first and second level permanent controls within their domain of expertise.
- ensuring the risk monitoring framework established is in alignment with the identified risks, as formally agreed by relevant stakeholders.
- effective implementation of this framework relies on independent controls and a follow-up on remediation measures taken, which must be formalised by an opinion to be shared and discussed, and an escalation process to be initiated in case of disagreement.
- contribute to a culture of risk awareness and ethics, throughout the Bank.
- the heads of these Functions provide to the “Dirigeants Effectifs” and to the Board of Directors their opinion on the level of risks, actual or potential, as per the Bank’s Risk Appetite Statement, and to recommend any remediation actions they may deem relevant.

Integrated Functions exercising second level of controls are:

- Risk and related functions, accountable for organising and supervising the management framework related to the risks the Bank is exposed to, and in particular credit and counterparty risk, market risk, funding and liquidity risk, foreign exchange and interest rate risk in the banking book, operational risk, cyber risk, ESG risk including climate-related, and Shariah risk.
- Compliance, accountable for organising and supervising the management framework of non-compliance risk.
- Legal, accountable for organising and supervising the management framework of legal risk.

10.7 Inspection Générale– The Third Line of Defence

The Inspection Générale is an independent and hierarchically integrated control Function, which reports directly to the Audit Committee. It performs a third level control. It is accountable for assessing the processes related to risk management, control, and governance as well as their compliance with laws and regulations and proposes ways to strengthen their effectiveness. It acts through:

- assurance assignments that lead to the issuance of findings with associated recommendations.
- special assignments that report the sequences of events and determine responsibilities of the employees involved in suspicious or fraudulent operations.
- fact-finding and research assignments, aimed at anticipating risks or threats to which the Bank may be exposed.

Its action plan is formalised in an annual audit plan, validated by the Audit Committee. This audit plan may be updated during the year in order to take into account significant changes in the risk profile or further to some specific incidents. These adjustments are decided on the initiative of Inspection Générale and in case of significant changes in the audit plan, after validation by the Audit Committee.

⁴ Recommendations addressed by Inspection Générale, a Supervisor, Statutory Auditors or actions addressed by a Functions exercising second level controls.



10.8 Management

The “Dirigeants Effectifs” are the Chief Executive Officer and the Chief Operating Officer. Operationally, the “Dirigeants Effectifs” take their main decisions with the support of relevant management committees and of the most relevant experts in the area under review.

The “Dirigeants Effectifs” are responsible for the internal control framework. To fulfil these responsibilities, the “Dirigeants Effectifs”:

- set the main policies and procedures which organise the internal control framework.
- directly oversee the Functions exercising independent controls and provide them with the resources enabling them to fulfil their responsibilities.
- assess and periodically control the effectiveness of the Internal Control policies, procedures and framework and decides upon appropriate remediation actions further to potential deficiencies.
- report to the Board or to its sub-committees on the functioning of the internal control framework.
- assess special assignments that report the sequences of events and determine responsibilities of the employees involved in suspicious or fraudulent operations.

The roles and responsibilities of key management committees:

Name of Committee	Roles and Responsibilities
Executive Committee (“EXCO”)	To oversee and discuss any important matters, current and upcoming, in relation to the running of the Bank.
Extended EXCO	To oversee and discuss on capital management and planning.
Executive Risk Committee (“ERC”)	To monitor credit, market, operational, legal, financial and any other relevant risks not covered in a dedicated committee, and to review and critically evaluate or self-assess on an ongoing basis the effectiveness of the Bank’s risk management policies and framework.
Credit Committee	To determine appropriate credit evaluation, review and monitoring including risk related to environmental, social and governance (“ESG”).
Asset & Liability Management Committee (“ALCO”)	To ensure that the management of assets and liabilities as set out in ALMT framework that is consistent with the objectives and strategies of the Bank.
Territory Compliance Committee	To ensure the implementation of the established compliance frameworks, assessment of compliance related risk and implementing corrective action plans for any identified shortcoming or non-compliance.
Territory Internal Control Committee	To provide an overview of the Bank’s permanent control framework and operational risks and serves as the governance for a collegial analysis and decision process on these topics i.e. to validate the action plans needed to put identified risk areas under control, procedures, control plans and outputs, resources, other actions and means.
Country Client & Credit Support Committee (“C2CS”)	To provide a regular forum between Business Lines, Coverage, Client Management, Compliance, Coverage & Territories Credit Management (“CTCM”) and Credit Transaction Management (“CTM”) to discuss and follow-up on Client Onboarding, Know Your-Client (“KYC”) or Due Diligence, Client Servicing, and credit related matters.
Outsourcing Committee	To review, deliberate and endorse any new and/or evolution of existing outsourcing arrangements; to review the performance & risk indicators and compliance with outsourcing framework and outsourcing risk appetite.
IT Steering Committee	To facilitate development, monitoring and implementation of an effective data management and MIS framework in alignment with business and risk strategies.



Name of Committee	Roles and Responsibilities
Business Continuity Committee	To safeguard the security of staffs and visitors in the premises during crisis, to safeguard BNPP's reputation and contain the risk during the crisis which may impact the stability in the financial market.
FRS9 Committee	To determine the appropriate credit provision level which may include tightening of the staging criteria or deciding to add a buffer to the calculated expected credit loss ("ECL") figures.
Client Acceptance Committee	To provide an overview, validation or approval framework as relevant, for KYC completion and recertification process including on ESG validation.
Technology Risk Management ("TRM") Committee	To provide an overview of management of technology or ICT risks and related governance including regulatory ICT requirements.
Policies and Procedures Management Committee	To provide an overview of applicability of Group driven policies and procedures, and the status of repository of local policies and procedures.
Data Protection Committee	To provide an overview of data protection matters related to customer and staff data, breaches and regulatory updates aligned with regional and local regulatory requirements e.g. Management of Customer Information and Permitted Disclosures ("MCIPD"), Personal Data Protection Act ("PDPA").

10.9 Board of Directors

In the case of the Bank, the governing body in charge of the overall oversight and stewardship of the Bank is the local Board that carries out its roles and responsibilities in line with the relevant guidelines of the BNPP Group, and local laws and regulations.

The Board will ensure that appropriate steps are taken to ensure that business and operational decisions are aligned with the Risk Appetite Statement. This includes management's implementation of internal control framework, and adherence to the Risk Appetite Statement. The Board will also ensure that all control functions and internal audit have the proper authority to carry out their duties independently and effectively.

The Board is given the means and ability to seek information on risk implications as appropriate before coming to any conclusion or making any significant policy decisions.

The Board, directly or through its committees, exercises essential duties regarding Internal Control. In particular, the Board:

- determines, further to proposals by the "*Dirigeants Effectifs*" the strategy and orientations of internal control activities and oversees their implementation.
- examines and approves financial statements, supervises the management of the Bank and oversees the quality and reliability of financial information communicated to the shareholders and the markets; to this extent, it performs or requests the performance of any controls and checks it considers appropriate.
- takes up any matter concerning the sound functioning of the Bank.
- examines, assesses and controls regularly the efficiency of the framework of governance, notably the clear allocation of responsibilities, and of Internal Control, especially the procedures for reporting risks, and takes appropriate measures to remedy potential deficiencies it observes.
- validates the Risk Appetite Statement, periodically approves and reviews strategies and policies surrounding the Bank's activities.



- reviews budget proposal, management reports and of various legal or regulatory reports.
- reviews special assignments that report the sequences of events and determine responsibilities of the employees involved in suspicious or fraudulent operations.
- fact-finding and research assignments, aimed at anticipating risks or threats to which the Bank may be exposed.

The role and responsibilities of the respective Board Committees:

Name of Committee	Roles and Responsibilities
Board Risk Management Committee	To oversee management's activities in managing various risks such as credit, market, liquidity, operational including Information Technology ("IT") risk, Shariah non-compliance risk, legal and other risks, and to ensure that the risk management process is in place and functioning.
Audit Committee	To oversee on matters relating to the internal and external audit functions, financial reporting, internal control system and ensuring checks and balances.
Remuneration Committee	To oversee on matters related to the remuneration policy for Directors, in-scope officers/employees.
Nomination Committee	To oversee on matters related to the appointment of members of the Board, Chief Executive Officer and in-scope officers/employees, including fit and proper assessment and performance evaluation.

10.10 Shariah Committee

Shariah committee provides guidance to the Board and Management in discharging their duties in matters related to Shariah governance and compliance.

10.11 Key Policies and Procedures Risk Appetite

Define the risk level by risk types that the Bank is willing to accept or conversely seeking to avoid in pursuit of its business strategy in coherence with its values and medium to long term risk profile.

ESG Risk Management

In line with the BNP Paribas Group commitments and initiatives, the Bank has implemented the following:

- adopted the strategy in its business activities:
 - (i) to reduce its support for oil and gas exploration and production;
 - (ii) to fund the development of renewable energies;
 - (iii) to support innovation for the energy and ecological transition;
 - (iv) to encourage companies to work towards carbon neutrality; and
 - (v) to raise awareness among its customers.
- the analysis of ESG risks, particularly climate related risk has been embedded in lending process.
- adoption of relevant BNPP Group policies such as on sector policies (financing and investment policies) governing activities in sectors involving major energy and climate related issues such as Coal-Fired Power, Palm Oil and Unconventional Oil & Gas Industry.

**Compliance Framework**

The Compliance Function at the Bank ensures regulatory adherence, mitigating compliance risks such as financial loss, reputational damage and regulatory sanctions. As an independent and integral function (i.e. second-line defence), the Compliance Function oversees adherence to internal policies and external regulatory requirements. The Chief Compliance Officer (CCO) provides assurance to Management and the Board that compliance risk is effectively monitored, controlled and mitigated. The Compliance Function collaborates with other control functions to support remediation efforts and enhance risk governance. Non-compliance may lead to disciplinary action, reinforcing adherence to policies and governance frameworks.

Shariah Compliance

Shariah compliance policy sets out the expectations for effective Shariah governance structures, processes and arrangements of the Bank's Islamic window activities, which is in line with the requirements of BNM Shariah Governance Policy Document.

Code of Conduct

The Bank adopted the BNPP Group Code of Conduct that sits at the heart of every action. The Code of Conduct comprises three parts. The first section, on mission and values, is intended to guide and inspire all behaviours. The second section covers the rules of conduct to be shared and implemented. The third section, called the Code of Conduct in practice, provides helpful guidelines on how to apply the rules of conduct.

BNPP Group has an update to its Code of Conduct. While the underlying principles of the Code have not changed, the updated Code of Conduct has been strengthened in three specific areas:

- involvement with society, in particular, our support for energy transition.
- anti-corruption and influence peddling.
- competition laws.

The Human Resources Department has stepped up its enforcement in this area. There is zero tolerance for any type of misconduct, including but not limited to disrespectful or sexist language, a lack of civility, or harassment.

AML / Counter Financing of Terrorism

The Bank is committed to fighting financial crime and ensuring compliance with relevant laws and regulations. Financial crime risks are managed to protect the Bank's integrity and reputation. The Bank has established comprehensive controls to anticipate, prevent, detect and respond to money laundering, terrorist financing and sanctions risks.

Whistleblowing

The Bank is committed to the highest standards of ethics and integrity in its conduct of business and operations. The Bank's Whistleblowing Policy sets up the governance and standards to promote an ethical, responsible and secure whistleblowing practice.

IT / Cyber Security

The framework defines the technical, administrative and physical controls that need to be placed in order to ensure the confidentiality, integrity and availability of the application and data environment.

Business Continuity Management

The framework serves as a comprehensive approach to minimise the impact and losses that the Bank may incur by taking prompt actions to sustain the operations of critical businesses in the event of disruption, including significant events of reputational risk, substantial volatility in liquidity, threat to staff's life and safety, severe failure of computer and communication facilities, continuous disturbance or inoperability of the primary business location.



11. Remuneration

BNPP Malaysia Bhd is subject to and adopts the BNP Paribas Group (the “Group”) Remuneration Policy, as well as applicable legislation and regulations in Malaysia.

11.1 Objectives of Remuneration Policy

- (i) The policy reflects the Bank’s objectives for good corporate governance for all employees. This will enable the Bank to attract, develop and retain high-performing and motivated employees in a competitive market without encouraging risk-taking that exceeds the level of risk tolerated by the Bank and without creating situations of conflicts of interest between employees and clients.
- (ii) Employees are offered competitive and market aligned remuneration packages making employees feel encouraged to create sustainable results.
- (iii) Key to the above objectives of high performance and sustainable results is the alignment of employee remuneration packages with the overriding principle of compliance to BNP Paribas (“BNPP”) policies and procedures, including but not limited to the Group Code of Conduct, Group Remuneration Policy and Principles, Internal Controls, Global Policy on the Protection of Interests of Clients, Risk Management policies and procedures and management of conflicts of interest.
- (iv) The above overriding principles thereby create the BNP Paribas Control Environment, which drives the desired behaviours of BNP Paribas employees in developing and maintaining a control mindset in the governance of daily work.

11.2 Board Oversight

- (i) The Board monitors compliance with the Remuneration Policy and is responsible for ensuring strict adherence with local regulations and labour laws in Malaysia as well as compliance with BNPP Group Remuneration Policy.
- (ii) The Board has established a Remuneration Committee (“RC”) specifically to review the remuneration of Senior Management, Senior Officers and Other Material Risk Takers. In the case of Directors’ remuneration, the Board, through the RC, shall also review the Directors’ fees annually and recommend the same for approval by the shareholder at the Annual General Meeting.
- (iii) The RC works as a preparatory committee to review and prepare the Board with respect to notably the annual compensation review process in alignment with Group guidelines.
- (iv) Without prejudice to the missions of the RC, the Board Risk Management Committee (“BRMC”) shall assist to examine whether the incentives provided for by the policy and the remuneration practices of BNP Paribas are compatible with its situation with respect to the risks to which it is exposed, its capital, its liquidity, and the likelihood and timing of earnings. To carry out this mission, the Chairman of BRMC is a member of the RC and provides the inputs / views of the BRMC.



11.3 Structure of Compensation

(i) Fixed Compensation

The fixed compensation is intended to reward competence, experience, qualification level, as well as the level of involvement in assigned tasks. It is set on the basis of the local market and the principle of internal consistency within BNPP Group.

(ii) Short Term Variable Compensation

The variable compensation is determined in such a way as to avoid incentives that could run counter to the protection of customer interests or lead to conflicts of interest between employees and customers.

The Group principles concerning the protection of interests of clients are defined in the following policies :

- Global Policy on the Protection of Interests of Clients: “Good sales Practices”;
- Group Conflicts of interest Global Policy;
- Global policy on remuneration practices that could present conflict of interest; and
- Compliance to local policies in Malaysia.

a) Variable compensation is intended to reward quantitative and qualitative achievements measured on the basis of observed performance and individual assessments related to fixed objectives and behaviours.

b) Fixed objectives will include predetermined Key Performance Indicators set annually. These include measures designed to inculcate a control mindset and to drive employee behaviour towards compliance of the bank’s control environment.

c) It does not constitute a right and is set in a discretionary manner each year in accordance with the remuneration policy for the relevant year and corporate governance guidelines.

(iii) Long Term Variable Compensation

In addition, variable compensation may also consist of a medium or long term retention plan, which may include stock options, performance shares, long or medium-term compensation plan, or any other suitable instrument aimed at motivating and building the loyalty of the key executives and high potential employees, by giving them an interest in the value created.

The variable compensation of employees is subject to deferral in accordance with the ‘Compensation Principles and Compensation Policy for Employees Subject to Regulatory Requirements’. Conditions sets are intended to promote an awareness of the impact of activities in the fiscal year in question, on the results of subsequent fiscal years, and for the alignment of individual behaviours to the strategy and interests of the Bank.

11.4 Performance and Compensation Reviews

Performance and Compensation reviews for all staff takes place towards the end of each year with key features of these reviews being as follows:

- (i) Managers are required to conduct performance reviews of their staff in an objective and transparent manner, as the results go towards contributing in the assessment of discretionary bonus and salary increments of the staff.



- (ii) Managers are expected to review the job descriptions of their staff, quantitatively and qualitatively with clear Key Performance Indicators that drive BNPP Malaysia Bhd and the Group's desired behaviours, and to write them with enhanced clarity separating scopes of responsibilities and areas where they are expected to be contributors. This is an essential effort to build collaboration across the different teams.
- (iii) Each staff is assessed on their achievements of the goals set at the start of the year and will also be assigned some specific concrete objectives for the year to come.
- (iv) During the individual performance evaluation, particular attention must be paid by the manager to the employee's observance of compliance and risk control rules. Any breach by the employee in this regard should be mentioned in his/her annual assessment and will have an impact on the overall assessment of his or her performance, as well as on the award of the variable compensation, which may, if necessary, be reduced or cancelled.

11.5 **Support and Control Functions**

The variable compensation bonuses of support and control functions are determined independently of the performance of the business that they validate or the operations they verify, but taking into account the situations of the specific labour market, to a limited extent.

Individual allocations are made according to the Group's applicable guidelines for variable compensation, and independently of the performances of the entities. Furthermore, particular attention must be paid to the employee's contribution to risk management during the annual assessment process.

A further and more detailed description of the Group compensation policy (including for "MRT" Material Risk Taker) that apply to all BNP Paribas Group entities, such as BNPP Malaysia Bhd, is available at <https://invest.bnpparibas.com/en/compensation-regulated-employees>.

In terms of local regulatory requirements, the Bank is aligned with the remuneration requirements of the BNM CG Policy.

11.6 **Remuneration of Directors, Chief Executive Officer, Senior Officers and Other Material Risk Taker**

- (i) **Details of Directors' Remuneration for FY 2025 of the Bank are as follows:**

Directors	Fixed Remuneration		Variable Remuneration
	Director's Fees	Benefits-in-kind (RM/year)	Other Allowances (RM/year)
Dato' Mohamed Khadar bin Merican	400,000.00	-	-
Chan Mui Pin (Mrs Lau Mui Pin)	190,000.00	-	-
Faisal bin Ismail	190,000.00	-	-
Khoo Lian Kim	190,000.00	-	-

Legend: Anthony Lo Chiang Loong is the Chief Executive Officer and Executive Director of the Bank and hence his remuneration is disclosed under item 11.6(ii).



(ii) **Details of the Chief Executive Officer's ("CEO" and also known as "Senior Management") Remuneration for FY 2025:**

Total Value of Remuneration Awards for FY 2025	Unrestricted (RM'000/year)	Deferred (RM'000/year)
CEO		
<u>Fixed remuneration:</u>		
Cash-based	1,100.00	Nil
Shares and share-linked instruments	Nil	Nil
Others (includes Benefits-in-kind)	35.20	Nil
<u>Variable remuneration:</u>		
Cash-based	462.42	357.20
Shares and share-linked instruments	Nil	675.00
Others	Nil	Nil

(iii) **Senior Officers and Other Material Risk Taker Remuneration Details for FY 2025:**

Total Value of Remuneration Awards for FY 2025	Unrestricted (RM'000)	Deferred (RM'000)
Senior Officers and Other Material Risk Taker:		
<u>Fixed remuneration:</u>		
Cash-based	4,827.03	Nil
Shares and share-linked instruments	Nil	Nil
Others (includes Benefits-in-kind)	450.41	Nil
<u>Variable remuneration:</u>		
Cash-based	1,507.81	191.00
Shares and share-linked instruments	Nil	477.50
Others	Nil	Nil

(iv) **Additional Remuneration Related Information Pertaining to Senior Management, Senior Officers and Other Material Risk Taker:**

FY 2025	Number	Amount (RM'000)
Number of Officers having received a Variable Remuneration	9	
Number and Total Amount of Guaranteed Bonuses Awarded	1	122.51
Number and Total Amount of Sign-On Awards Made	1	87.47
Number and Total Amount of Severance Payments Made	0	0
Total Amount of Outstanding Deferred Remuneration = (a) + (b) + (c)		5,497.42
Cash (a)		2,192.01
Shares & Shares linked instruments (b)		3,305.41
Others (c)		Nil
Total Amount of Deferred Remuneration Paid Out during FY 2025		1,334.32

Legend:

*Total of 9 staff in identified roles (CEO, all Senior Officers and Other MRT) during FY 2025.