BANK OF AMERICA MALAYSIA BERHAD

(Incorporated in Malaysia)

Registration Number 199401025304 (310983-V)

REPORTS AND STATUTORY FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

Registration Number 199401025304 (310983-V)

BANK OF AMERICA MALAYSIA BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

TABLE OF CONTENTS	PAGE(S)

BANK OF AMERICA MALAYSIA BERHAD
(Incorporated in Malaysia)

DIRECTORS' REPORT

The Directors hereby submit their report together with the audited financial statements of Bank of America Malaysia Berhad ("the Bank") for the financial year ended 31 December 2024.

PRINCIPAL ACTIVITIES

The Bank is principally engaged in all aspects of the banking business and in the provision of such related services.

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

FINANCIAL RESULTS

	2024
	RM'000
Profit before taxation	267,131
Taxation	(64,347)
Profit for the financial year	202,784

DIVIDENDS

No dividends have been paid or declared by the Bank since the end of the last financial year. The Directors do not recommend the payment of any dividends for the financial year ended 31 December 2024.

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 and notes to the financial statements.

BAD AND DOUBTFUL DEBTS

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

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

CURRENT ASSETS

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

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

VALUATION METHODS

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

CONTINGENT AND OTHER LIABILITIES

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

(a) any charge on the assets of the Bank which has arisen since the end of the financial year which secures the liabilities of any other person; or

(b) any contingent liability in respect of the Bank which has arisen since the end of the financial year other than in the ordinary course of business.

No contingent or other liability of the Bank has become enforceable, or is likely to become enforceable within the period of twelve (12) 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 its obligations when they fall due.

CHANGE OF CIRCUMSTANCES

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

ITEMS OF AN UNUSUAL NATURE

In the opinion of the Directors:

(a) 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

(b) 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 in which this report is made.

DIRECTORS

The Directors of the Bank in office since the date of the last report and at the date of this report are as follows:

Anthony Lim Choon Eng	(appointed as Chairman on 26 March 2024)
Gautam Padmakar Puntambekar	
Andrew Mark Sill	
Donna Chang Wai Kah	
Dato' Wan Kamaruzaman bin Wan Ahmad	(resigned on 8 January 2024)

In accordance with Clause 37 of the Bank's Constitution, all the Directors shall retire from the Board at the forthcoming Annual General Meeting and, being eligible, offer themselves for re-election.

DIRECTORS' INTERESTS

According to the Register of Directors' Shareholdings maintained by the Bank in accordance with Section 59 of the Companies Act, 2016, none of the Directors in office at the end of the financial year held any interests in shares in or debentures of the Bank or its subsidiaries or its holding company or subsidiaries of the holding company during the financial year except as follows:

	Bank of America Corporation Number of ordinary shares of USD0.01 each Shares held by Directors in their own name			
	As at appointment date	Acquired/ Granted	Disposed	As at 31.12.2024
Gautam Padmakar Puntambekar	4,028	6,392	(1,582)	8,838

DIRECTORS' BENEFITS

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

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

DIRECTORS' REMUNERATION

During the financial year, Directors and Officers of the Bank are covered under the Enterprise level Directors' and Officers' Liability Insurance in respect of liabilities arising from acts committed in their capacity as, inter alia, Directors and Officers of the Bank subject to the terms of the policy. The premium is paid by the holding company of the Bank, Bank of America Corporation, as this is incurred collectively for all the Directors and Officers of the Group.

The remuneration in aggregate for Directors of the Bank for the financial year are as follows:

Directors of the Bank	RM'000
- Director fees	496
- Directors other emoluments	3,358

Details of Directors' Remuneration are set out in Note 23 in the financial statements.

RISK MANAGEMENT FRAMEWORK

The Bank adopts a risk management framework which is consistent with Bank of America's global risk management policies and procedures. This framework focuses on all aspects of risk including credit, market, liquidity and operational risks. In addition, it ensures that the appropriate levels of due diligence, controls, risk tolerance and stakeholders perspectives are taken into consideration when making each and every business decision.

BANK OF AMERICA MALAYSIA BERHAD
(Incorporated in Malaysia)

DIRECTOR'S REPORT (CONTINUED)

BUSINESS PLAN AND STRATEGY FOR THE FINANCIAL YEAR ENDED 2024

Bank of America Malaysia Berhad ("BAMB") has done well in terms of the business achievements and delivering for our clients and the local communities.

The Bank continued to target responsible and sustainable growth with the same focus on providing multinationals, large local corporations and financial institutions with commercial banking services and solutions. As before, these included Credit Facilities, Vendor Financing, Cash Management, and other Treasury services. BAMB Fixed Income, Currency and Commodity (“FICC”) business which participates in the foreign exchange, derivatives and government securities markets continued to satisfy our clients’ demand for investment and hedging products.

2024 is best remembered as the Year of the General Elections, involving more than 70 countries (including the United States). These uncertainties contributed to the global market volatility. We also faced a challenging interest rate environment that created headwinds in 2024. Despite these challenges, we have done well especially in the FICC business. We also managed to grow our loan book substantially. BAMB pre-tax margins is one of the highest versus our peers, due to our continued cost discipline.

We continued to invest in our communities. We worked closely with local NGOs and continue to have a high employee volunteering rate.

OUTLOOK FOR THE FINANCIAL YEAR 2025

We expect geopolitics, anti-globalization sentiments and trade tensions to continue to shape the business decisions of our clients and see diversification of flows away from single country reliance to achieve a more secure supply chain. The deflationary forces from technological advances and disruptions and ageing demographics in the developed world will continue in the long term.

Though the geopolitical situations continue to build uncertainties in global markets, the Foreign Direct Investments from MNCs into Malaysia is expected to continue to grow. These firms are looking to setup alternate supply chain footprint to reduce risk from ongoing geopolitical vulnerabilities. In addition, the Johor-Singapore Special Economic Zone (JS-SEZ) initiative aims to strengthen the value proposition of Johor and Singapore to compete for global investments together, while Penang continues to generate interest from MNCs as a semiconductor hub of the region. BAMB is positioned to capture these new opportunities.

BAMB has also been appointed by Bank Negara Malaysia as one of the Principal Dealers for the period of 1st January 2025 to 31st December 2026.

BofA Research baseline assumes 2025 GDP forecast at 4.7% with domestic demand and fiscal spending as main growth drivers. Risks to BofA forecasts are skewed to the downside in the (any adverse) US trade policies and/ or financial market volatility weigh on confidence and activities. Given Malaysia’s supply chain linkages (especially for electronics), vulnerability is not just to universal tariffs, but also indirect impact from US tariffs on China & Mexico.

BNM is expected to maintain current monetary policy stance which remains supportive of the economy in 2025. The MYR government bond market should fare better due to government’s commitment to reduce budget deficit.

There are no significant events subsequent to the reporting date for the current financial year.

CORPORATE GOVERNANCE STATEMENT

Introduction

The Board of Directors of the Bank ("the Board") is pleased to report on the application by the Bank of the principles contained in the Malaysian Code on Corporate Governance ("the Code") and the extent of compliance with the best practices of the Code. Although the Bank is not a listed company, the Board has endeavored to apply the principles and comply with the relevant best practices of corporate governance as set out in the Code.

BOARD OF DIRECTORS

The Board

The Board subscribes to the principles of good corporate governance and as such, will always ensure that the Bank achieve best practice in the conduct of the Bank's business and operational activities. An indication of the Board's commitment is reflected in the conduct of regular Board meetings by the Bank and the incorporation of various processes and systems to achieve a risk awareness culture as well as the establishment of relevant Board Committees and Management Committees at the Bank.

Composition of the Board

As of 31 December 2024, the Board has four (4) members, comprising the Chief Executive Officer and Executive Director (1), and Independent Directors (3), as follows:

	Designation
Anthony Lim Choon Eng	Chairman and Independent Director
Gautam Padmakar Puntambekar	Chief Executive Officer and Executive Director
Andrew Mark Sill	Independent Director
Donna Chang Wai Kah	Independent Director

The Directors bring together to the Board a wide range of business management skills, as well as banking and financial experience required for the management of the Bank in the country. All Board members participate fully in the deliberation and decision-making process on the key issues involving the Bank.

There are clear division of responsibilities between the Board and the Chief Executive Officer ("CEO") and Executive Director ("ED") to ensure the balance of power and authority. The CEO/ED's primary responsibilities are to manage the Bank's day-to-day operations and together with the Non-Executive Directors to ensure that the strategies are fully discussed and examined, and taking into account the long-term interests of the various stakeholders including shareholders, employees, customers, suppliers and the various communities in which the Bank conducts its business. In addition to the role and guidance of the Independent Directors, each Director nevertheless brings an independent judgment to bear on issues of strategy, performance, resources and standards of conduct.

All decisions of the Board are based on the decision of the majority and no single Board member can make any decisions on behalf of the Board, unless duly authorised by the Board of Directors. As such, no individual or a group of individuals dominates the decision making process. This enables the Board to effectively discharge its principal responsibilities as set out in the Code.

DIRECTOR'S REPORT (CONTINUED)

BOARD OF DIRECTORS (CONTINUED)

Profile of Directors

Anthony Lim Choon Eng

Chairman and Independent Director

Anthony Lim Choon Eng has served as an independent director of Bank of America Malaysia Berhad since October 2021. He was appointed Chairman of the Board in April 2024. He is also an Independent Director of Credit Guarantee Corporation Malaysia Berhad, Director of CGC Digital Sdn Bhd and a member of the Investment Panel for the Malaysian Government Public Services Pension fund or Kumpulan Wang Persaraan (Diperbadankan) ("KWAP").

Anthony has over 35 years' of experience in the banking and finance industry, serving in key management positions covering treasury, business banking, investment banking and risk management. He was Deputy Chief Executive Officer of Sumitomo Mitsui Banking Corporation Malaysia Berhad (SMBC) from 2015 to 2020 and prior to that, an Independent Director of SMBC from 2011 to 2015. Anthony held various senior management positions in the Maybank group of companies from 1995 to 2009 and prior to that, he had worked in St. George Bank Limited and ANZ Bank Limited in Sydney.

Anthony graduated with a Master Degree in Applied Finance from the Macquarie University, Australia and attended both the Senior Leadership Program and the Advanced Management Program from the Wharton School of Business School, University of Pennsylvania, USA. He is a Fellow of the Australian Institute Banking and Finance, Senior Associate of the Securities Institute of Australia and Chartered Banker of the Asian Institute of Chartered Bankers.

Gautam Padmakar Puntambekar

Chief Executive Officer and Executive Director

Gautam Padmakar Puntambekar ("Mr. Gautam") is the Chief Executive Officer of Bank of America Malaysia Berhad ("BAMB") and has been a board member since October 2023. He is also a Director of Merrill Lynch Malaysian Advisory Sdn Bhd, Principal Officer of Bank of America, National Association, Labuan Branch (BANA Labuan) and Governor of The American Malaysian Chamber of Commerce (AMCHAM). Mr. Gautam serves as Country Head, Malaysia, responsible for all of Bank of America's businesses in Malaysia. Previously, he was the Chief Executive Officer- Bank of America N.A., Singapore and Managing Director Corporate Banking Subsidiaries, Asia Pacific, leading the CBK-S regional banking team in Singapore before relocated to Kuala Lumpur. He joined Bank of America in India in 2005 as Vice President Treasury Sales and thereafter promoted as Director, Corporate Banking Subsidiaries. He then moved to Singapore as Director, Corporate Banking Subsidiaries, South East Asia and subsequently appointed as Managing Director, Corporate Banking Subsidiaries, South East Asia. Prior to joining Bank of America, Mr. Gautam has worked in various positions on Trade, Credit, Forex and Leasing in India. Mr. Gautam graduated with a Bachelor of Commerce from University of Mumbai and Master of Business Administration from University of Calcutta. He has a Diploma in Global Business from Said Business School, University of Oxford and Certificate in International Cash Management from The Association of Corporate Treasurers, United Kingdom. He was a Junior Associate of Indian Institute of Bankers. Mr. Gautam is a Chartered Banker of the Asian Institute of Chartered Bankers.

DIRECTOR'S REPORT (CONTINUED)

BOARD OF DIRECTORS (CONTINUED)

Profile of Directors (continued)

Andrew Mark Sill

Independent Director

Andrew Mark Sill has served as an independent director of Bank of America Malaysia Berhad since December 2022. He is also the Chair of the Board of Directors of Heriot-Watt University Malaysia Sdn Bhd.

Andrew has over 34 years experience in international banking, serving in several key management positions across South and South East Asia. Prior to being based in Malaysia for the last 16 years, he has worked in the UK, India and Singapore. Most recently he was Managing Director, Head of Commercial Banking Malaysia, HSBC Bank Malaysia Berhad (HSBC) from 2016 to 2022 and prior to that, he was Chief Executive Officer, Managing Director of The Royal Bank of Scotland Berhad from 2009 to 2016. Andrew was the Head of Corporate Banking, ASEAN of The Royal Bank of Scotland PLC, Singapore from 2000 to 2008 and between 1998 to 2000, he was the Head of Portfolio Management, S & SEA of National Westminster Bank, PLC, Singapore. Prior to that in 1996, Andrew held the role of Group Representative India for NatWest Markets- Mumbai, India. He was the Assistant Group Representative Malaysia, Natwest Markets- Malaysia between 1994 to 1996.

Andrew graduated with a Bachelor of Arts (Hons) in Geography from the University of Birmingham, United Kingdom. He has completed the Financial Institutions Directors' Education Programme (FIDE) from Asia School of Business and the Sustainability Leadership and Corporate Responsibility program from the London Business School, United Kingdom. He is a Fellow of the Institute of Corporate Directors Malaysia (ICDM). He was also conferred the award, MBE (Member of the British Empire) from HM Queen Elizabeth II for his contribution to UK and Malaysian Business and Trade Services.

Donna Chang Wai Kah

Independent Director

Donna Chang Wai Kah served as an independent director of Bank of America Malaysia Berhad since October 2023. She is also an independent director of Merrill Lynch Malaysian Advisory Sdn Bhd since January 2024.

Donna Chang Wai Kah ("Ms. Donna Chang") has 32 years of experience in international banking and has worked in Malaysia, Singapore and Hong Kong. Prior to her retirement, Ms. Donna Chang was the Chief Operating Officer & Alternate Chief Executive of Deutsche Bank Aktiengesellschaft, Hong Kong SAR. Ms. Donna Chang started her banking career in the Treasury department of Hong Leong Bank Berhad, Malaysia in August 1991 and her last held position was Head of Fixed Income & Structured Products Sales, HL Markets. In November 2006, Ms. Donna Chang relocated to Hong Leong Bank's Hong Kong branch as Head of Treasury Sales, HL Markets to spearhead the Treasury Sales & Marketing function for the Hong Kong branch. In October 2007, she joined ECM Libra Investment Bank Berhad, Malaysia as Head of Private Banking to pioneer the Private Banking/Wealth Division. From July 2009 to December 2014, Ms. Donna Chang served in Deutsche Bank Malaysia Berhad as Country Chief Operating Officer in Malaysia. She was also appointed as Officer in Charge/Acting Chief Country Officer from July 2013 to February 2014. In January 2015, she relocated to Singapore and was appointed as Director, Regional Management Asia Pacific Deutsche Bank Aktiengesellschaft, Filiale Singapur where she supported the Asia Pacific Regional CEO. From August 2015 to March 2023, she was appointed as Chief Operating Officer/Alternate Chief Executive of Deutsche Bank Aktiengesellschaft, Filiale Hong Kong SAR. She was the Independent Controller for the business franchise and infrastructure platform of Deutsche Bank AG and other legal entities operating in Hong Kong SAR.

Ms. Donna Chang graduated with a Bachelor of Commerce (Accounting) from Murdoch University, Western Australia and Diploma in Management, Malaysia Institute of Management. She is an alumni member of Harvard Business School - ASEAN Senior Management Development Programme, INSEAD - Deutsche Bank Women Global Leadership program in France, and Stanford University USA - Executive Program for Women Leaders. She was recognized by the Australia China Alumni Association (ACAA) in Beijing, for having excelled in the financial industry and awarded the ACAA Banking & Finance achievement award in 2019.

BOARD OF DIRECTORS (CONTINUED)

Directors' Training and Education

All of the Directors are invited and encouraged to attend the Directors' continuous development courses provided by the Financial Institutions Directors' Education (FIDE) Forum in Malaysia. From time-to-time, BAMB arranges for members of management to address the Directors on topics of interest and relevance.

Board Meetings

The Board shall meet as often as is necessary to further the business of the Bank and to fulfil its responsibilities to the stakeholders. Notwithstanding this, the Board shall meet at least 6 times per calendar year.
The Board met 8 times during the financial year ended 31 December 2024. The attendance of each Director in office at the end of the financial year on the aforesaid Board meetings are set out below:

Directors	Attendance	Attendance %
Anthony Lim Choon Eng Chairman and Independent Director	8/8	100%
Gautam Padmakar Puntambekar Chief Executive Officer and Executive Director	8/8	100%
Andrew Mark Sill Independent Director	8/8	100%
Donna Chang Wai Kah Independent Director	8/8	100%

Scheduled Board meetings are structured with a pre-set agenda. The Board's principal focus amongst others is the overall strategic direction, financial and corporate developments of the Bank. Key matters such as the Bank's business and marketing strategy, quarterly financials, material contracts, major capital expenditure and credit policies and guidelines are reserved for the Board's decision.

The Directors are kept abreast of the Bank's performance via the various monthly reports tabled at the Board meetings and Board committee meetings. The reports include the financial reports, major capital expenditure reports, credit reports, risk reports and audit reports. Minutes of meetings of the various committees of the Bank are tabled to the Board for notation.

Agenda and Board papers are circulated prior to the Board meetings to give Directors appropriate time to consider and deliberate on the issues to be raised at the Board meetings. The Directors have full access to the senior management of the Bank and the advice and services of the Company Secretary.

In addition, the Directors may also seek independent professional advice, at the Bank's expense, if required. Directors may also consult with the Chairman and other Board members prior to seeking any independent professional advice.

DISCLOSURE OF BOARD COMMITTEES

Audit Committee

The Board has established the Audit Committee since 1994. The Committee presently comprises three (3) Directors of which one (1) is the Chair and two (2) Independent Directors.

Composition of the Audit Committee	Attendance	Attendance %
Donna Chang Wai Kah (Chair)	7/7	100%
Anthony Lim Choon Eng	7/7	100%
Andrew Mark Sill	7/7	100%

Risk Management Committee

The Board has established the Risk Management Committee in April 2013. The Committee comprises three (3) Directors of which one (1) is the Chair and two (2) Independent Directors.

Composition of Risk Management Committee	Attendance	Attendance %
Andrew Mark Sill (Chair)	8/8	100%
Anthony Lim Choon Eng	8/8	100%
Donna Chang Wai Kah	8/8	100%

Nominating Committee

The Board has established the Nominating Committee in April 2013. The Committee presently comprises three (3) Directors of which one (1) is the Chair and two (2) Independent Directors.

Composition of Nominating Committee	Attendance	Attendance %
Andrew Mark Sill (Chair)	5/5	100%
Anthony Lim Choon Eng	5/5	100%
Donna Chang Wai Kah	5/5	100%

BANK OF AMERICA MALAYSIA BERHAD
(Incorporated in Malaysia)

DIRECTOR'S REPORT (CONTINUED)

DISCLOSURE OF BOARD COMMITTEES

Remuneration Committee

The Board has established the Remuneration Committee in April 2013. The Committee presently comprises three (3) Directors of which one (1) is the Chair and two (2) Independent Directors.

Composition of Remuneration Committee	Attendance	Attendance %
Donna Chang Wai Kah (Chair)	3/3	100%
Anthony Lim Choon Eng	3/3	100%
Andrew Mark Sill	3/3	100%

RATING BY AGENCIES

The Bank was not rated by any rating agencies during the financial year.

HOLDING AND ULTIMATE HOLDING COMPANY

The Directors regard Bank of America, National Association, a corporation incorporated in the United States of America, as the holding company and Bank of America Corporation, a corporation incorporated in the United States of America, as the ultimate holding company.

AUDITORS

The auditors, PricewaterhouseCoopers PLT, have been remunerated for services rendered as auditors of the Bank amounting to RM250,400. The details are disclosed in Note 22 - Other operating expenses to the financial statements. The auditors were not granted indemnity or insurance by the Company.

The auditors, PricewaterhouseCoopers PLT (LLP0014401-LCA & AF 1146), have expressed their willingness to continue in office.

Signed on behalf of the Board of Directors in accordance with their resolution.

GAUTAM PADMAKAR PUNTAMBEKAR
DIRECTOR

ANTHONY LIM CHOON ENG
DIRECTOR

Kuala Lumpur

BANK OF AMERICA MALAYSIA BERHAD
(Incorporated in Malaysia)

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2024

	Note	2024 RM'000	2023 RM'000
ASSETS			
Cash and short term funds	2	2,913,349	3,978,021
Deposits and placements with banks and other financial institutions	3	656,378	–
Financial assets at fair value through profit or loss (FVTPL)	4	210,205	322,130
Financial assets at fair value through other comprehensive income (FVOCI)	5	1,730,077	1,664,698
Loans and advances	6	786,776	490,324
Other assets	7	369,562	105,634
Derivative assets	8	571,829	528,788
Statutory deposits with Bank Negara Malaysia	9	65,000	60,000
Property and equipment	10	7,072	6,620
Deferred tax assets	11	4,342	4,032
TOTAL ASSETS		7,314,590	7,160,247
LIABILITIES AND SHAREHOLDERS' FUNDS			
Deposits from customers	12	4,285,358	4,857,059
Deposits and placements of banks and other financial institutions	13	478,066	156,728
Bills and acceptances payable		9,113	12,742
Other liabilities	14	330,065	389,452
Derivative liabilities	15	839,339	574,262
Provision for taxation		201	526
TOTAL LIABILITIES		5,942,142	5,990,769
Share capital	16	135,800	135,800
Reserves	17	1,236,648	1,033,678
Shareholders' funds		1,372,448	1,169,478
TOTAL LIABILITIES AND SHAREHOLDERS' FUNDS		7,314,590	7,160,247
COMMITMENTS AND CONTINGENCIES	30	106,717,700	81,511,545

BANK OF AMERICA MALAYSIA BERHAD
(Incorporated in Malaysia)

STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

	Note	2024 RM'000	2023 RM'000
Interest income	18	252,897	264,140
Interest expense	19	(77,191)	(57,337)
Net interest income		**175,706**	**206,803**
Net trading income	20	176,523	123,454
Other operating income	21	37,987	35,656
Net non-interest income		**214,510**	**159,110**
Net income		**390,216**	**365,913**
Other operating expenses	22	(122,751)	(113,032)
Profit before impairment		**267,465**	**252,881**
(Allowance for)/writeback of allowance for credit losses	25	(334)	17,905
Net profit before tax		**267,131**	**270,786**
Taxation	28	(64,347)	(65,396)
Profit for the financial year		**202,784**	**205,390**
Other comprehensive income:			
Other comprehensive income/(loss) that may not be reclassified to the income statements			
Change in value of investments at fair value through other comprehensive income (FVOCI)		245	(199)
Income tax effect		(59)	48
Other comprehensive income/(loss), net of tax		186	(151)
Total comprehensive income for the financial year		**202,970**	**205,239**
Earnings per share (sen)			
Basic/diluted	29	149.33	151.24

BANK OF AMERICA MALAYSIA BERHAD
(Incorporated in Malaysia)

STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

	Share capital RM'000	FVOCI reserves RM'000	Regulatory reserves RM'000	Retained profits RM'000	Total RM'000
2024					
Balance at 1 January	135,800	836	834	1,032,008	1,169,478
Profit for the financial year	–	–	–	202,784	202,784
Other comprehensive income, net of income tax					
Net change in value of FVOCI	–	186	–	–	186
Total other comprehensive income	–	186	–	–	186
Total comprehensive income for the financial year	–	186	–	202,784	202,970
Net change in regulatory reserves	–	–	3,348	(3,348)	–
Balance at 31 December	135,800	1,022	4,182	1,231,444	1,372,448
2023					
Balance at 1 January	135,800	987	466	826,986	964,239
Profit for the financial year	–	–		205,390	205,390
Other comprehensive income, net of income tax					–
Net change in value of FVOCI	–	(151)	–	–	(151)
Total other comprehensive income	–	(151)	–	–	(151)
Total comprehensive income for the financial year	–	(151)	–	205,390	205,239
Net change in regulatory reserves	–		368	(368)	–
Balance at 31 December	135,800	836	834	1,032,008	1,169,478

Included within the statement of changes in equity is an amount of RM3,086,502 (2023: RM836,104) relating to group share based payment cost and an amount of RM3,086,502 (2023: RM836,104) relating to the recharge.

BANK OF AMERICA MALAYSIA BERHAD
(Incorporated in Malaysia)

STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

	Note	2024 RM'000	2023 RM'000
Cash flows from operating activities			
Profit before taxation		267,131	270,786
Adjustments for:			
Depreciation of property and equipment		1,794	1,785
Property and equipment written off		353	12
Depreciation of right-of-use assets		731	780
Interest expense on lease liabilities		46	14
Finance cost on provision for reinstatement costs		77	91
Allowance for/(Writeback of) allowance for credit losses		334	(9,699)
Net unrealised loss/(gain) on fair value changes in derivatives		222,037	(27,231)
Net unrealised loss/(gain) on revaluation of financial assets at FVTPL		302	(258)
		492,805	**236,280**
Changes in working capital:			
(Increase)/decrease in operating assets:			
Deposits and placements with banks		(656,378)	617,799
Financial assets FVTPL		111,623	(109,747)
Financial assets FVOCI		(65,134)	(924,041)
Loans and advances		(297,233)	52,598
Other assets		(263,928)	98,459
Derivative assets		(265,078)	(1,916)
Statutory deposit with Bank Negara Malaysia		(5,000)	20,001
Increase/(decrease) in operating liabilities:			
Deposits from customers		(571,701)	(3,644,084)
Deposits and placements of banks and other financial institutions		321,338	(878,153)
Bills and acceptances payable		(3,629)	2,927
Other liabilities		(60,160)	159,251
Derivative liabilities		265,077	1,917
Cash flows used in operating activities		**(997,398)**	**(4,368,709)**
Net taxation paid		(65,041)	(74,627)
Net cash used in operating activities		**(1,062,439)**	**(4,443,336)**
Cash flows from investing activities			
Purchase of property and equipment		(1,767)	(2,375)
Net cash used in investing activities		**(1,767)**	**(2,375)**
Cash flows from financing activities			
Repayment of lease rentals		(466)	(621)
Net cash used in financing activities		**(466)**	**(621)**
Net decrease in cash and cash equivalents		(1,064,672)	(4,446,332)
Cash and cash equivalents as at 1 January		3,978,021	8,424,353
Cash and cash equivalents as at 31 December	2	**2,913,349**	**3,978,021**

An analysis of changes in lease liabilities is as follows:

	2024 RM'000	2023 RM'000
As at 1 January	314	921
Addition*	1,563	–
Interest expense	46	14
Lease payments	(466)	(621)
As at 31 December	1,457	314

The total cash outflow for leases during the year was RM465,535 (2023: RM620,714)
*The addition is a non cash transaction.

I MATERIAL ACCOUNTING POLICY INFORMATION

A BASIS OF PREPARATION

The financial statements of the Bank have been prepared in accordance with the Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards ("IFRS") 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 income and expenses during the reported year. It also requires Directors to exercise their judgment in the process of applying the Bank's accounting policies. Although these estimates and judgments are based on the Directors' best knowledge of current events and actions, actual results may differ.

The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note II - Critical accounting estimates and assumptions.

(a) Standards, amendments to published standards and interpretations that are effective and applicable to the Bank.

<u>Effective for annual periods beginning on 1 January 2024.</u>

Amendments to MFRS 16 'Lease Liability in a Sale and Leaseback' (effective 1 January 2024)

The amendments specify the measurement of the lease liability arises in a sale and leaseback transaction that satisfies the requirements in MFRS 15 ‘Revenue from Contracts with Customers’ to be accounted for as a sale. In accordance with the amendments, the seller-lessee shall determine the “lease payments” or “revised lease payments” in a way that it does not result in the seller-lessee recognising any amount of the gain or loss that relates to the right of use it retains.

The amendments shall be applied retrospectively to sale and leaseback transactions entered into after the date when the seller-lessee initially applied MFRS 16.

The adoption of this amendment does not have any significant impact to the Bank.

Amendments to MFRS 101 ‘Classification of liabilities as current or noncurrent’ with Covenants (effective 1 January 2024)

This standard clarify that a liability is classified as noncurrent if an entity has a substantive right at the end of the reporting period to defer settlement for at least 12 months after the reporting period. If the right to defer settlement of a liability is subject to the entity complying with specified conditions (for example, debt covenants), the right exists at the end of the reporting period only if the entity complies with those conditions at that date. The amendments further clarify that the entity must comply with the conditions at the end of the reporting period even if the lender does not test compliance until a later date.

The assessment of whether an entity has the right to defer settlement of a liability at the reporting date is not affected by expectations of the entity or events after the reporting date.

The amendments shall be applied retrospectively. The adoption of this standard does not have any significant impact to the Bank.

I MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

A BASIS OF PREPARATION (CONTINUED)

(a) Standards, amendments to published standards and interpretations that are effective and applicable to the Bank. (continued)

Amendments to MFRS 107, Statement of Cash Flows and MFRS 7, Financial Instruments: Disclosures - Supplier Finance Arrangements (effective 1 January 2024)

The amendments require entities to disclose information that would enable users of financial statements to assess the effects of supplier finance arrangements on an entity's liability, cash flows and exposures to liquidity risk.

The adoption of this standard does not have any significant impact to the Bank.

(b) Standards, amendments to published standards and interpretations to existing standards but not yet effective.

A number of new standards and amendments to standards and interpretations are effective for financial year beginning on or after 1 January 2025.

Amendments to MFRS 121 'Lack of Exchangeability' (effective 1 January 2025)

The amendments clarify that a currency is exchangeable when an entity is able to exchange it into another currency within a time frame that allows for a normal administrative delay and through a market or exchange mechanism that creates enforceable rights and obligations. If the Bank can only obtain no more than an insignificant amount of the other currency at the measurement date for the specified purpose, then the currency is not exchangeable. In such cases, the Bank is required to estimate the spot exchange rate at the measurement date.

The amendments do not specify how an entity estimates the spot exchange rate but permit an entity to use observable exchange rate without adjustment or another estimation technique, provided it could meet the objective for estimating the spot exchange rate set out in the amendments.

The impact assessment of the new standard on the financial statements of the Bank is ongoing.

Amendments to MFRS 9 and MFRS 7 'Amendments to the Classification and Measurement of Financial Instruments' (effective 1 January 2026)

The amendments require financial assets to be derecognised on the date the contractual rights to the cash flows expire and financial liabilities to be derecognised when obligation under the contract is discharged (i.e. the settlement date). In addition, there is an optional exception to derecognise financial liabilities before the settlement date for settlement using electronic payment systems (if specified criteria are met).

The amendments clarify and add further guidance for assessing whether a financial asset meets the solely payments of principal and interest ("SPPI") criterion, add new disclosures for certain instruments with contractual terms that can change cash flows (such as some financial instruments with features linked to the achievement of environment, social and governance targets), and update the disclosures for equity instruments designated at fair value through other comprehensive income ("FVOCI").

The impact assessment of the new standard on the financial statements of the Bank is ongoing.

I MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

A BASIS OF PREPARATION (CONTINUED)

(b) Standards, amendments to published standards and interpretations to existing standards but not yet effective. (continued)

Annual improvements to MFRS Accounting Standards for enhanced consistency - Volume 11 (effective 1 January 2026)

The annual improvements comprise the following amendments:

- Amendments to MFRS 1 First-time Adoption of Financial Reporting Standards - align the hedge accounting provisions with MFRS 9 requirements and add cross-references for better clarity.
- Amendments to MFRS 7 Financial Instruments - on gain or loss on derecognition – obsolete cross-referencing is removed. Additionally, the implementation guidance is revised to address the inconsistency within MFRS 7 on disclosure of deferred difference between fair value and transaction price. The amendments also clarify that the credit risk guidance does not cover all MFRS 7 requirements.
- Amendments to MFRS 9 Financial Instruments - clarify that the derecognition principle of MFRS 9 should be applied by lessees to account for extinguished lease liabilities. In addition, the term "transaction price" as defined in MFRS 15 has also been removed from MFRS 9.
- Amendments to MFRS 10 Consolidated Financial Statements - resolve an inconsistency in determining whether a party is acting as a de facto agent.
- Amendments to MFRS 107 Statement of Cash Flows - replace the term ‘cost method’ which is not a defined term in MFRS.

The adoption of this standard is not expected to have any significant impact to the Bank.

MFRS 18 ‘Presentation and Disclosure in Financial Statements’ replaces MFRS 101 ‘Presentation of Financial Statements’ (effective 1 January 2027)

The new MFRS introduces a new structure of profit or loss statement:

- Income and expenses are classified into 3 new main categories:
  - Operating category which typically includes results from the main business activities;
  - Investing category that presents the results of investments in associates and joint ventures; and other assets that generate a return largely independently of other resources; and
  - Financing category that presents income and expenses from financing liabilities.

- The Bank is required to present two new specified subtotals: ‘Operating profit or loss’ and ‘Profit or loss before financing and income taxes’.

Management-defined performance measures (‘MPMs’) are disclosed in a single note and reconciled to the most similar specified subtotal in MFRS Accounting Standards. Changes are also made to the guidance on aggregation and disaggregation which focus on grouping items based on their shared characteristics.

The Bank has not early adopted this new standard and is in the process of assessing the impact on the financial statements. This policy will have further enhanced disclosures going forward.

I MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

B INTEREST INCOME AND EXPENSES

Amortised cost and effective interest rate

The amortised cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured on initial recognition less the principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount and, for financial assets, adjusted for any expected credit loss allowance.

The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial asset or financial liability to the gross carrying amount of a financial asset (that is to say, the amortised cost before any impairment allowance) or to the amortised cost of a financial liability.

When calculating the effective interest rate for financial instruments other than credit-impaired assets, the Bank estimates cash flows considering all contractual terms of the financial instrument, but does not consider expected credit losses. For financial assets that are credit-impaired at initial recognition, a credit-adjusted effective interest rate is calculated using estimated future cash flows including expected credit losses. The calculation of the effective interest rate includes all amounts received or paid by the Bank that are an integral part of the overall return, direct incremental transaction costs related to the acquisition or issue of a financial instrument and all other premiums and discounts.

Calculation of interest income and expense

Interest income and expense for all financial instruments measured at amortised cost or FVOCI are recognised on an accruals basis using the effective interest method. The effective interest rate is applied to the gross carrying amount of the financial asset (for non-credit impaired assets) or to the amortised cost of the liability.

For financial assets that have become credit-impaired subsequent to initial recognition, the effective interest rate is applied to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

For financial assets that were credit-impaired on initial recognition, the credit-adjusted effective interest rate is applied to the amortised cost of the financial asset. The calculation of interest income does not revert to a gross basis, even if the credit risk of the asset improves.

Interest income and expense on all trading assets and liabilities, and other financial instruments measured at fair value through profit or loss, are recognised in net trading income and net income from other financial instruments at fair value through profit or loss, respectively.

I MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

C PROVISIONS

Provisions are recognised by the Bank when all of the following conditions have been met:
(i) the Bank has a present legal or constructive obligation as a result of past events;
(ii) it is probable that an outflow of resources to settle the obligation will be required; and
(iii) a reliable estimate of the amount of obligation can be made.

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

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

Provisions are measured at the present value of management’s best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense. Changes in the estimated timing or amount of the expenditure or discount rate are recognised in profit or loss when the changes arise.

D FINANCIAL ASSETS

Classification

The Bank classifies its financial assets as measured at: amortised cost, FVOCI or FVTPL. A financial asset is classified and measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

– The asset is held within a business model whose objective is to hold assets 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 (the "SPPI test").

A debt instrument is classified as measured at FVOCI only if it meets both of the following conditions and is not designated as at FVTPL:
– The asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
– The above SPPI test is met.

Business model: the business model reflects how the Bank manages the assets in order to generate cash flows. That is, whether the Bank's objective is solely to collect the contractual cash flows from the assets or is to collect both the contractual cash flows and cash flows arising from the sale of assets. If neither of these is applicable (e.g. financial assets are held for trading purposes, are held to maximise cash flows through sale, or are managed on a fair value basis), then the financial assets are classified as part of ‘other’ business model and are measured at FVTPL.

I MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

D FINANCIAL ASSETS (CONTINUED)

Classification (continued)

Factors considered by the Bank in determining the business model for a group of assets include:
– Past experience on how the cash flows for the assets were collected,
– How the asset's performance is evaluated and reported to key management personnel,
– How risks are assessed and managed
– How managers are compensated.

Solely Payments of Principal and Interest ("SPPI"):

Where the business model is to hold assets to collect contractual cash flows or to collect contractual cash flows and sell, the Bank assesses whether the financial instruments' cash flows meet the SPPI test. In making this assessment, the Bank considers whether the contractual cash flows are consistent with a basic lending arrangement, that is to say that interest includes only consideration for the time value of money, credit risks, other basic lending risks and a profit margin that is consistent with a basic lending arrangement. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial asset is classified and measured at FVTPL. Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

The Bank's cash and short term funds, deposits and placements with banks and financial institutions, statutory deposits with Bank Negara Malaysia, loans and advances and other assets that are not considered to be managed on a fair value basis, meet the requirements to be measured at amortised cost. In addition, investments in debt securities held to meet everyday and regulatory liquidity requirements meet the requirements to be measured at FVOCI.

All other financial assets, including long inventory positions, are classified as measured at FVTPL.

At initial recognition

The Bank recognises financial assets in the statement of financial position on settlement date.

The Bank initially measures a financial asset at its fair value plus or minus, in the case of a financial asset not subsequently measured at FVTPL, transaction costs that are incremental and directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss.

Immediately after initial recognition, the Bank recognises an expected credit loss allowance for financial assets measured at amortised cost and investments in debt instruments measured at FVOCI, as described in Note IK - Impairment of financial assets.

I MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

D FINANCIAL ASSETS (CONTINUED)

At subsequent measurement

The Bank's debt instruments mainly comprise of cash and bank balances, Malaysian government securities, placements with banks and other financial institutions, loans and advances, other assets. Their subsequent measurement categories are as follows:

- Amortised cost: A gain or loss on a debt instrument that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets is included in interest income using the effective interest rate method.
- Fair value through other comprehensive income: Movements in the carrying amount are taken through other comprehensive income ("OCI"), except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses on the instrument’s amortised cost which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in ‘Net trading income’. Interest income from these financial assets is included in ‘Interest income’ using the effective interest rate method.
- Fair value through profit or loss: A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in profit or loss and presented in the statement of comprehensive income within ‘Net trading income’ in the period in which it arises, unless it arises from debt instruments that were designated at fair value or which are not held for trading, in which case they are presented separately in ‘Net income from other financial instruments at fair value through profit or loss’.

IBOR modification

When the basis to determine the future contractual cash flows of the financial assets measured using amortised cost measurement are modified entirely as a result of IBOR reform, the Bank applies the reliefs provided by the Phase 2 amendments related to IBOR reform to adjust the effective interest rate with no modification gain or loss is recognised.

In situations where some or all of a change in the basis for determining the contractual cash flows of financial assets does not meet the criteria of the Phase 2 amendments, the Bank first applies the practical expedient to the changes required by IBOR reform, including updating the effective interest rate. Any additional changes are accounted for as modification of financial assets in accordance with the requirement in MFRS 9 (that is, assessed for modification or derecognition, with the resulting modification gain/loss recognised immediately in profit or loss where the financial assets are not derecognised).

I MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

E FINANCIAL LIABILITIES

The Bank recognises financial liabilities in the statement of financial position when it becomes a party to the contractual provisions of the instrument.

The Bank initially measures a financial liability at its fair value plus or minus, in the case of a financial liability not subsequently measured at FVTPL, transactions costs that are directly attributable to the issue of the financial liability. Transaction costs of financial liabilities carried at FVTPL are expensed in profit or loss.

(a) Financial liabilities at FVTPL

Derivative liabilities are held for trading or held for risk management purposes and are measured at FVTPL. Loan commitments that the entity designates as at FVTPL are recorded on the statement of financial position at fair value at inception of the agreement. This designation cannot be changed subsequently. Subsequent movements in fair value are recorded in the statement of comprehensive income within net trading income from financial instruments designated at fair value.

When the Bank designates a financial liability as at FVTPL, the amount of change in the fair value of the liability that is attributable to changes in its credit risk is presented in OCI as a debit valuation adjustments reserve. However, if on initial recognition of the financial liability the Bank assesses that presentation in OCI would create, or enlarge, an accounting mismatch, then the gains and losses attributable to changes in the credit risk of the liability are also presented in profit or loss.

Amounts presented in the debt valuation adjustments reserve are not subsequently transferred to profit or loss. When these instruments are derecognised, the related cumulative amount in the liability credit reserve is transferred to retained earnings.

(b) Other liabilities measured at amortised cost

Financial liabilities are subsequently carried at amortised cost, using the effective interest rate method. The Bank’s financial liabilities comprise of deposits of non-bank customers, deposits and balances of banks and other financial institutions, bills payable and other liabilities.

IBOR Modification

When the basis to determine the future contractual cash flows of the financial liabilities are modified entirely as a result of IBOR reform, the Bank applies the reliefs provided by the Phase 2 amendments related to IBOR reform to adjust the effective interest rate of the financial liabilities with no modification gain or loss is recognised.

In situations where some or all of a change in the basis for determining the contractual cash flows of the financial liabilities does not meet the criteria of the Phase 2 amendments, the Bank first applies the practical expedient to the changes required by IBOR reform, including updating the effective interest rate of the financial liabilities. Any additional changes are accounted for as modification of financial liabilities in accordance with the requirement in MFRS 9 (that is, assessed for modification or derecognition, with the resulting modification gain / loss recognised immediately in profit or loss where the financial liabilities are not derecognised).

I MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

F DERECOGNITION OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

The Bank derecognises a financial asset only when the contractual rights to the cash flows from the asset expire or it transfers substantially all the risks and rewards of ownership of the asset to another party. If the Bank neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Bank recognises its retained interest in the assets and associated liability for amounts it may have to pay. If the Bank retains substantially all the risks and rewards of ownership of a transferred financial asset, the Bank continues to recognise the financial asset and also recognises a secured borrowing for the cash proceeds received.

On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset derecognised) and the sum of the consideration received and any cumulative gain that had been recognised in OCI is recognised in profit or loss.

The Bank derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

Modifications to the terms of financial assets and liabilities may result in derecognition if it is deemed that the modification results in an expiry of the contractual rights and obligations of the original instrument, see Note II - Critical accounting estimates, assumptions and judgements for further details.

G FINANCIAL GUARANTEES AND LOAN COMMITMENTS

Financial guarantees

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

Financial guarantees are initially recognised in the financial statements at fair value plus transaction costs on the date the guarantee was given. Subsequent to initial recognition, the Bank's liabilities under such guarantees are measured at the higher of the initial measurement, less amortisation calculated to recognise in the statement of comprehensive income, the fee income earned is in accordance with the principles of MFRS 15 over the life of the guarantee, and the amount determined in accordance with the ECL model as detailed in Note 25 - (allowance for) / writeback of allowance for credit losses. Any loss allowance is recognised as a provision.

Loan commitments

Loan commitments that the Bank are subject to loss allowance calculated in accordance with Note IK - Impairment of financial assets.

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

I MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

G FINANCIAL GUARANTEES AND LOAN COMMITMENTS (CONTINUED)

Loan commitments (continued)

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

H TRADE AND VALUE DATED TRANSACTIONS

In general, funding financial instruments (e.g. loans and deposits) measured at amortised cost are recognised and derecognised on a value (settlement) date basis and trading instruments (e.g. debt securities, derivatives, etc.) measured at FVTPL are recognised and derecognised on settlement basis.

I MODIFICATIONS OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

If the terms of a financial asset or financial liability are modified, the Bank evaluates whether the new terms of the modified instrument are substantially different to the original terms. If the new terms are substantially different, then the original instrument is derecognised and a new instrument, based on the modified terms, is recognised at fair value. Differences in the carrying amount are recognised in profit or loss as a gain or loss on derecognition.

If the contractual terms of the modified asset carried at amortised cost are not substantially different, then the modification does not result in derecognition. Instead the Bank recalculates the gross carrying amount of the financial asset based on the revised cash flows of the financial instrument and recognises a modification gain or loss in profit or loss. The new gross carrying amount is recalculated by discounting the modified cash flows at the original effective interest rate (or credit-adjusted effective interest rate for purchased or originated credit- impaired financial assets).

If such a modification of a financial asset is carried out because of financial difficulties of the borrower, then the gain or loss is present together with impairment losses. In other cases it is presented as other interest income.

Where modification does result in derecognition, the date of renegotiation is considered to be the date of initial recognition for impairment calculation purposes, including for the purposes of determining where a significant increase in credit risk has occurred.

A restructure can be considered substantial on a qualitative or quantitative basis.

J OFFSETTING FINANCIAL INSTRUMENTS

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

I MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

K IMPAIRMENT OF FINANCIAL ASSETS

The Bank recognises loss allowances for Expected Credit Losses ("ECL") on the following financial instruments that are not measured at FVTPL;

- Financial assets that are debt instruments
- Financial guarantee contracts issued
- Loan commitments issued
- Loans and advances

No impairment loss is recognised on equity investments.

For debt instruments to be classified within "reduced complexity calculation", include "The Bank considers a debt investment security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of “investment grade”. The Bank does not apply the low credit risk exemption to any other financial instruments.

The Bank measures loss allowances at an amount equal to 12-month ECL for financial instruments on which credit risk has not increased significantly since their initial recognition. Loss allowances for financial instruments where there has been a significant increase in credit risk are measured at lifetime ECL.

12-month ECL are the portion of ECL that result from default events on a financial instrument that are possible within the 12 months after the reporting date. Lifetime ECL are the expected credit losses that result from all possible default events over the expected life of the financial instrument.

ECL will be assessed using an approach which classifies financial assets into three stages which reflects the change in credit quality of the financial assets since initial recognition:

Stage 1: 12 months ECL – not credit impaired
For credit exposures where there has not been a significant increase in credit risk since initial recognition or which has low credit risk at reporting date 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 has been a significant increase in credit risk since initial recognition but that are not credit impaired, the ECL associated with the probability of default events occurring within the lifetime ECL will be recognised.

Unless identified at an earlier stage, all financial assets are deemed to have suffered a significant increase in credit risk when 30 days past due.

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.

Generally, all financial assets that are 90 days past due or more are classified under Stage 3.

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

Quantitative criteria

The borrower is past due more than 90 days on any material credit obligation to the Bank.

I MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

K IMPAIRMENT OF FINANCIAL ASSETS (CONTINUED)

Qualitative criteria

- Legal action has been initiated by the Bank for recovery purposes;
- Borrower is a bankrupt;
- Borrower has been assigned to external collection agency; and
- When there is modification referring to any changes in the contractual cash flow of loan due to credit deterioration reasons.

Significant increase in credit risk (SICR)

The Bank consider the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk, the Bank compare the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition.

Among the indicators incorporated in ascertaining SICR are:
- internal credit rating;
- external credit rating (as far as available);
- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the borrower's ability to meet its obligations;
- actual or expected significant changes in the operating results of the borrower;
- significant increase in credit risk on other financial instruments of the same borrower;
- significant changes in the value of the collateral supporting the obligation or in the quality of third-party guarantees or credit enhancements; and
- significant changes in the expected performance and behaviour of the borrower, including changes in the payment status of borrower in the group and changes in the operating results of the borrower.

Measurement of ECL

ECL are unbiased and probability-weighted estimate of credit losses, measured as follows:
- For financial assets that are not credit-impaired at the reporting date, the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Bank expects to receive);
- For financial assets that are credit-impaired at the reporting date, the difference between the gross carrying amount and the present value of estimated future cash flows;
- For undrawn loan commitments, the present value of the difference between the contractual cash flows that are due to the Bank if the commitment is drawn upon and the cash flows that the Bank expects to receive; and
- For financial guarantee contracts, the expected payments to reimburse the holder less any amounts that the Bank expects to recover.

Restructured financial assets

If the terms of a financial asset are renegotiated or modified or an existing financial asset is replaced with a new one due to financial difficulties of the borrower, then an assessment is made of whether the financial asset should be derecognised, and ECL are measured as follows:

If the expected restructuring will result in derecognition of the existing asset, then the expected fair value of the new asset is treated as the final cash flow from the existing financial asset at the time of its derecognition. This amount is included in calculating the cash shortfalls from the existing financial asset that are discounted from the expected date of derecognition to the reporting date using the original effective interest rate of the existing financial asset.

I MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

K IMPAIRMENT OF FINANCIAL ASSETS (CONTINUED)

Credit-impaired financial assets

At each reporting date, the Bank assesses whether financial assets carried at amortised cost and debt financial assets carried at FVOCI are credit-impaired. 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.

Evidence that a financial asset is credit-impaired includes the following observable data:
- Significant financial difficulty of the borrower or issuer;
- A breach of contract such as a default or past due event;
- The restructuring of a loan or advance by the Bank on terms that the Bank would not consider otherwise;
- It is becoming probable that the borrower will enter bankruptcy or other financial reorganisation;
- The disappearance of an active market for a security because of financial difficulties.

A loan that has been renegotiated due to a deterioration in the borrower's condition is usually considered to be credit-impaired unless there is evidence that the risk of not receiving contractual cash flows has reduced significantly and there are no other indicators of impairment.

Presentation of allowance for ECL in the statement of financial position

For financial assets measured at amortised cost, the loss allowance for ECL is presented as a deduction from the gross carrying amount of the assets. For loan commitments and financial guarantee contracts, the loss allowance is presented as a provision. For debt instruments measured at FVOCI, no loss allowance is recognised in the statement of financial position as the carrying amount of these assets is their fair value. However, the loss allowance is disclosed and is recognised in the fair value reserve, with a corresponding charge to profit or loss. An impairment gain or loss is recognised in the income statement at the amount of expected credit losses (or reversals) that is required to adjust the loss allowance to the amount required at the balance sheet date.

Write off

Loans and debt securities are written off, either partially or in full, when there is no realistic prospect of recovery. This is generally 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. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Bank's procedures for recovery of amounts due. Any charge off and recoveries are recognised as a reduction (or increase) in the ECL allowance.

L IMPAIRMENT OF NON-FINANCIAL ASSETS

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are largely independent of the cash inflows from other assets or group of assets ('cash-generating units'). Assets that suffered impairment are reviewed for possible reversal of the impairment at each reporting period.

L IMPAIRMENT OF NON-FINANCIAL ASSETS (CONTINUED)

The impairment loss is charged to the profit or loss unless it reverses a previous revaluation surplus in which case it is charged to the revaluation surplus. In respect of other assets, any subsequent increase in recoverable amount is recognised in the profit or loss unless it reverses an impairment loss on a revalued asset in which case it is taken to revaluation surplus reserve.

M LEASES

Lessee arrangements

For lessee arrangements, the Bank records right-of-use assets in the statement of financial position, and lease liabilities in other liabilities, at lease commencement.

The Bank made an accounting policy election not to separate lease and non-lease components of a contract that is or contains a lease for its real estate and equipment leases. As such, lease payments represent payments on both lease and non-lease components. At lease commencement, lease liabilities are recognised based on the present value of the remaining lease payments and discounted using the Bank's incremental borrowing rate. Right-of-use assets initially equal the lease liability, adjusted for any lease payments made prior to lease commencement and for any lease incentives.

Right-of use assets are generally depreciated over the shorter of the asset's useful life and the lease term, on a straight line basis. Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant period rate of interest on the remaining balance of the liability for each period. Payments associated with short-term leases are recognised on a straight-line basis as an expense in profit or loss.

Right-of-use ("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.

I MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

M LEASES (CONTINUED)

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's exercising that option

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 term, security and conditions. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The Bank presents the lease liabilities as part of other liabilities line in the statement of financial position. Interest expense on the lease liability is within other establishment costs in the 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 profit or loss.

N PROPERTY AND EQUIPMENT

(a) Measurement

Property and equipment are stated at cost less depreciation and any impairment losses, if any. The cost of an item of property and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Cost also includes borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset.

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

I MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

N PROPERTY AND EQUIPMENT (CONTINUED)

(b) Depreciation

Depreciation of property and equipment is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives. The annual rates of depreciation are:

Office equipment and furniture	10 - 33%
Computer equipment and software	25 - 50%
Motor vehicles	25%
Bank premises alterations:	
Movable	10%
Non-movable	over lease terms

Depreciation of capital work in progress commences when the assets are ready for their intended use. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

(c) Subsequent expenditure

Subsequent expenditure relating to plant and equipment that has already been recognised is added to the carrying amount of the asset only when it is probable that future economic benefits associated with the item will flow to the Bank and the cost of the item can be measured reliably. All other repair and maintenance expenses are recognised in the profit or loss when incurred.

(d) Disposal

On disposal of an item of plant and equipment, the difference between the disposal proceeds and its carrying amount is recognised in profit or loss within other operating income/expense.

Residual values and useful lives of assets are reviewed, and adjusted if appropriate, at the end of each reporting year.

At the end of the reporting year, the Bank assesses whether there is any indication of impairment whenever events or changes in circumstances indicate the carrying amount may not be recoverable. A write down is made if the carrying amount exceeds the recoverable amount. Refer to accounting policy Note IL - Impairment of non-financial assets on impairment of non-financial assets. Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss.

O BILLS AND ACCEPTANCES PAYABLE

Bills and acceptances payable represents the Bank's own bills and acceptances re-discounted and outstanding in the market.

I MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

P DERIVATIVE FINANCIAL INSTRUMENTS

A derivative financial instrument is initially recognised at its fair value on the date the contract is entered into and is subsequently carried at its fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

Fair value changes on derivatives that are not designated or do not qualify for hedge accounting are recognised in profit or loss when the changes arise.

<u>Recognition of day one profit or loss</u>

Evidence of the fair value of a financial instrument at initial recognition is the transaction price (i.e. the fair value of the consideration given or received), unless the fair value of that instrument is evidenced by comparison with other observable current market transactions in the same instrument (i.e. without modification or repackaging), or is based on a valuation technique whose variables include only data from observable markets.

The Bank has entered into transactions where fair value is determined using valuation models for which not all inputs are market observable prices or rates. The difference between the transaction price and the model valuation, commonly referred to as "day one profit or loss", is not recognised immediately in the income statement, but rather deferred in other assets (liabilities) where an instrument has a day one profit (loss).

The timing of recognition of deferred day one profit or loss is determined individually and is either deferred until the instrument’s fair value can be determined using market observable inputs or realized through disposal or settlement. Day one profit or loss is deferred on level 3 trades and a minimum threshold is applied per trade which on an aggregate basis is immaterial to the Bank.

The financial instrument is subsequently measured at fair value. Subsequent changes in fair value are recognised immediately in the income statement.

Q FOREIGN CURRENCY TRANSLATIONS

(a) Functional and presentation currency

The financial statements are presented in Ringgit Malaysia ('RM'), which is the Bank's functional and presentation currency.

(b) Foreign currency transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transaction at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

I MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Q FOREIGN CURRENCY TRANSLATIONS (CONTINUED)

(b) Foreign currency transactions and balances (continued)

Changes in the fair value of monetary items denominated in foreign currency classified as fair value through other comprehensive income (FVOCI) are analysed between exchange gains and losses resulting from changes in the amortised cost of the contract and other changes in the carrying amount of the contract. Exchange gains and losses related to changes in the amortised cost are recognised in income, and other changes in the carrying amount are recognised in other comprehensive income. Exchange gains and losses on financial assets and liabilities measured at fair value through profit or loss are recognised in income statement as part of the fair value gain or loss. Exchange gains and losses on non-monetary financial assets measured at fair value through other comprehensive income are included in other comprehensive income.

Non-monetary assets and liabilities that are not measured at fair value are not subsequently re-translated for movements in prevailing exchange rates.

R CURRENT AND DEFERRED INCOME TAXES

(a) Current tax

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

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

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and considers whether it is probable that a taxation authority will accept an uncertain tax treatment. The Bank measures its tax balances either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty.

(b) Deferred tax

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

Deferred tax is determined using tax rates (and tax laws) that have been enacted or substantively enacted by the reporting year and are expected to apply when the related deferred tax assets is realised or the deferred tax liability is settled.

I MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

R CURRENT AND DEFERRED INCOME TAXES (CONTINUED)

(b) Deferred tax (continued)

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in foreign operations where the Bank is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets and liabilities and where the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the Bank has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

S CASH AND CASH EQUIVALENTS

For the purpose of the statement of cash flows, cash equivalents are held for the purpose of meeting short term cash commitments rather than for investment or other purposes. Cash and cash equivalents comprise cash on hand, deposits held at call with financial institutions, other short term, highly liquid investments with original maturities of 3 month or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

T EMPLOYEE BENEFITS

(a) Short term employee benefits

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

(b) Defined contribution plan

A defined contribution plan is a pension plan under which the Bank pays fixed contributions to the National Pension Scheme, the Employees' Provident Fund ('EPF') and will have no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees benefits relating to employee service in the current and prior years.

The Bank's contributions to EPF are charged to profit or loss in the year to which they relate. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

I MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

T EMPLOYEE BENEFITS (CONTINUED)

(c) Other long term employee benefit obligations

The Bank also has liabilities for long service leave and annual leave that are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. These obligations are therefore measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period, using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the end of the reporting period of high-quality corporate bonds with terms and currencies that match, as closely as possible, the estimated future cash outflows. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in profit or loss.

U SHARE-BASED PAYMENTS

Bank of America Corporation ("BAC"), the ultimate holding company, grants equity based payment awards to employees of the Bank under various incentive schemes.

For most awards, expense is generally recognised proportionately over the vesting period net of estimated forfeitures, unless the employee meets certain retirement eligibility criteria. For awards to employees that meet retirement eligibility criteria, the Bank accrues the expense in the year prior to grant. For employees that become retirement eligible during the vesting period, the Bank recognises expense from the grant date to the date on which the employee becomes retirement eligible, net of estimated forfeitures.

As this is a group share-based payment arrangement, all awards are treated by the Bank as equity-settled share-based payment plans and are measured based on the fair value of those awards at grant date. The fair value determined at the grant date is expensed over the vesting period, based on the Bank's estimate of the number of shares that will eventually vest. The Bank has entered into a chargeback agreement with BAC under which it is committed to pay BAC the market value at grant date as well as subsequent movements in fair value of those awards to BAC at the time of delivery to its employees.

The share based payment transaction and chargeback agreement creates a total charge to the profit and loss based on the grant date fair value of the awards adjusted for subsequent movements in the fair value of those awards prior to delivery.

The fair value determined at the grant date expensed over the vesting period is recognised under staff cost whereas the subsequent movement in the fair value prior to delivery is recorded in service fee income or service fee expense.

V CONTINGENT LIABILITIES AND CONTINGENT ASSETS

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

V CONTINGENT LIABILITIES AND CONTINGENT ASSETS (CONTINUED)

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

W SHARE CAPITAL

(a) Classification

Ordinary shares and non-redeemable preference shares with discretionary dividends are classified as equity. Other shares are classified as equity and/or liability according to the economic substance of the particular instrument.

(b) Share issue costs

Incremental costs directly attributable to the issue of new shares or options are deducted against equity.

(c) Dividend distribution

Liability is recognised for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the Bank, on or before the end of the reporting year but not distributed at the end of the reporting year.

Distributions to holders of an equity instrument is recognised directly in equity.

(d) Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the Bank, excluding any costs of servicing equity other than ordinary shares

- by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year and excluding treasury shares.

(d) Earnings per share (continued)

Diluted earnings per share

Diluted earnings per share adjusts the figures in the determination of basic earnings per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and

- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

I MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

X NET TRADING GAINS OR LOSSES

Net trading income includes profits and losses arising on both the purchase and sale of trading instruments and from their revaluation to fair value. Unrealised gains, which represents changes in fair value of financial instruments held for trading, are recognised within net trading income as they arise. Net trading income also includes interest income and expense attributable to trading financial assets and liabilities.

An entity shall disclose the amount of exchange differences recognised in profit or loss except for those arising on financial instruments measured at fair value through profit or loss in accordance with MFRS 9.

Y FEE INCOME

Fees and commissions are generally recognised on an accrual basis when the service has been provided or on completion of the underlying transaction.

- Loan facility fees are primarily earned for the provision of credit and other facilities to customers and are recognised as the services are provided (i.e. commitment fee).

- Commission fees are earned for facilitating transactions and are recognised once the transaction is executed (i.e. letter of credit issuance, acceptance fee, deposit and remittance charges).

- Service fee income consists of charges made to customers for services provided such as money transfer, billing fees, bank charges, cheque processing . Service fee income is recognised when the transactions are completed.

- Guarantee fees are recognised on equal proportion basis over the period during which the related service is provided or credit risk undertaken.

- Funded risk participation fees are amortised over the period of the loan during which the credit risk is undertaken.

- Management fee income consists of the provision of administrative support services such as operations, risk management, systems and IT, finance, human resources, compliance, treasury and other administrative support functions to related parties of the Bank. Such income are recognised when the services are rendered.

- Fee income from related parties comprises the Bank’s share of income for providing services such as USD clearing, trade, USD banknote , loan origination and other related services. Such income are recognised on the completion of the underlying transactions.

II CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS

The Bank's accounting policies and use of estimates are integral to understanding its reported results. The Bank's most complex accounting estimates require management's judgment to ascertain the valuation of assets and liabilities. The Bank has established detailed policies and control procedures intended to ensure that valuation methods, including any judgments made as part of such methods, are well-controlled, independently reviewed and applied consistently from year to year. In addition, the policies and procedures are intended to ensure that the process for changing methodologies occurs in an appropriate manner. The Bank believes its estimates for determining the valuation of its assets and liabilities are appropriate.

The following is a brief description of the Bank's critical accounting estimates involving significant valuation judgment.

II CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS (CONTINUED)

(a) Valuation of financial instruments

The fair value of a financial instrument is defined as the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The majority of the Bank's assets reported at fair value are based upon quoted market prices or upon internally developed models that utilise independently sourced market parameters, including interest rate yield curves, option volatilities and currency rates.

The degree of management judgment involved in determining the fair value of a financial instrument is dependent upon the availability of quoted market prices or observable market parameters. For financial instruments that are traded actively and have quoted market prices or parameters readily available, there is little-to-no subjectivity in determining fair value. When observable market prices and parameters do not exist, management judgment is necessary to estimate fair value. The valuation process takes into consideration factors such as liquidity and concentration concerns and, for the derivatives portfolio, counterparty credit risk.

The Bank's financial assets at FVTPL are valued based upon quoted market prices. The majority of the Bank's derivative positions are valued using internally developed models that use as their basis readily observable market parameters - that is, parameters that are actively quoted and can be validated to external sources, including industry-pricing services. Certain derivatives, however, are valued based upon models with significant unobservable market parameters - that is, parameters that must be estimated and are, therefore, subject to management judgment to substantiate the model valuation. These instruments are normally either traded less actively or trade activity is one way. Management's judgment includes recording fair value adjustments (i.e. reductions) to model valuations to account for parameter uncertainty when valuing complex or less actively traded derivative transactions.

(b) Impairment financial instruments

The Bank’s accounting policy for losses in relation to the impairment of financial instruments is described in Note IK - Impairment of financial assets. The measurement of the expected credit loss allowance is an area that requires the use of complex models and significant assumptions about future economic conditions and customer behaviour. An explanation of the inputs, assumptions and estimation techniques used in measuring ECL is provided in Note 25, which also sets out the key sensitivities of the ECL to changes in these elements.

In applying the accounting requirements for calculating impairment, the Bank has made significant judgments such as in relation to establishing groups of similar financial assets for the purposes of measuring ECL, and establishing the number and relative weightings for forward looking scenarios used in the calculation.

As part of the staging assessment required under MFRS 9, the Bank applies judgment in establishing criteria for determining whether the risk of default on a financial instrument has increased significantly since initial recognition, considering reasonable and supportable information that is relevant and available without undue cost or effort.

When determining whether the risk of default on a financial instrument has increased significantly since initial recognition, the Bank considers reasonable and supportable information that is relevant and available without undue cost or effort

Note 25 provides additional detail on the Bank’s approach to determining significant increase in credit risk.

1 GENERAL INFORMATION

The Bank is principally engaged in all aspects of the banking business and in the provision of related services.

The holding company of the Bank is Bank of America, National Association, a corporation incorporated in the United States of America.

The ultimate holding company of the Bank is Bank of America Corporation, a corporation incorporated in the United States of America.

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

The address of the registered office of the Bank is 18th Floor, Wisma Goldhill, Jalan Raja Chulan, 50200 Kuala Lumpur, Malaysia. The principal place of operation of the Bank is at 18th Floor, Wisma Goldhill, Jalan Raja Chulan, 50200 Kuala Lumpur, Malaysia.

2 CASH AND SHORT TERM FUNDS

	2024 RM'000	2023 RM'000
Cash and balances with banks and other financial institutions	70,932	62,733
Money at call and deposit placements maturing within one month	2,842,417	3,915,288
	2,913,349	3,978,021

Money at call and interbank placements is within Stage 1 allocation (12-month ECL) with RM Nil (2023: RM Nil) impairment allowance.

3 DEPOSITS AND PLACEMENTS WITH BANKS AND OTHER FINANCIAL INSTITUTIONS

	2024 RM'000	2023 RM'000
Deposit placements maturing more than one month	656,378	–
	656,378	–

Placements with Bank Negara Malaysia is within Stage 1 allocation (12-months ECL) with RM Nil (2023: RM Nil) impairment allowance.

4 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (FVTPL)

	2024 RM'000	2023 RM'000
Malaysian Government Securities	162,811	190,760
Malaysian Government Investment Issues	47,394	131,370
	210,205	322,130

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

	2024	2023
	RM'000	RM'000
Quoted debt securities in Malaysia:		
Malaysian Government Securities	50,633	50,876
Malaysian Treasury Bills	1,676,475	1,610,853
Unquoted equity securities in Malaysia:		
Shares	2,969	2,969
	1,730,077	1,664,698

FVOCI is within Stage 1 allocation (12-months ECL) with RM Nil (2023: RM Nil) impairment allowance.

	2024	2023
	RM'000	RM'000
Unquoted Shares		
Credit Guarantee Corporation Bhd	2,968	2,968
ABM Investments Sdn Bhd	1	1
	2,969	2,969

The Bank has irrevocably elected non-trading equity securities above at initial recognition to present its fair value changes in OCI. The Bank considers this classification to be more relevant as these instruments are mandatory investments of the Bank and not held for trading purpose.

6 LOANS AND ADVANCES

(a) Loans and advances analysed by type

	2024	2023
	RM'000	RM'000
At amortised cost		
Overdrafts	73,520	40,698
Factoring receivables	10,453	10,754
Staff loans	279	328
Revolving advances	355,636	319,380
Term loans	342,608	123,845
Other trade bills discounted	9,750	–
Mortgage loans	–	7
Gross loan and advances	792,246	495,012
Expected Credit Losses ("ECL")		
Stage 1: 12 Months - On Balance Sheet	(4,228)	(4,681)
Stage 2: Lifetime ECL not credit-impaired	(1,242)	–
Stage 3: Lifetime ECL credit-impaired	–	(7)
Total net loans and advances	786,776	490,324

6 LOANS AND ADVANCES (CONTINUED)

(b) By geographical distribution

	2024 RM'000	2023 RM'000
Malaysia	792,246	495,012

(c) By type of customer

	2024 RM'000	2023 RM'000
Domestic business enterprises	791,967	437,892
Domestic non-banking financial institutions	–	56,785
Individuals	279	335
	792,246	**495,012**

(d) By interest rate sensitivity

	2024 RM'000	2023 RM'000
Fixed rate:		
Housing loans	279	328
Other fixed rate loans	83,199	10,754
Variable rate:		
Base rate	–	7
Cost plus	590,048	161,396
Other floating rate loans	118,720	322,527
	792,246	**495,012**

(e) By sector

	2024 RM'000	2023 RM'000
Mining & quarrying	981	–
Manufacturing	378,400	252,000
Electricity, gas and water	3,610	7,774
Construction	9,751	–
Wholesale & Retail trade, Restaurant & Hotels	8,039	13,575
Transport, storage, communication	108,970	123,845
Finance, insurance and business services	282,216	97,483
Household	279	335
	792,246	**495,012**

(f) By economic purpose

	2024 RM'000	2023 RM'000
Purchase of landed property (residential)	279	335
Working capital	791,967	494,677
	792,246	**495,012**

6 LOANS AND ADVANCES (CONTINUED)

(g) By residual contractual maturity

	2024	2023
	RM'000	RM'000
Within one year	442,516	360,085
One year to three years	344,627	9,793
Three years to five years	4,884	124,806
Over five years	219	328
	792,246	**495,012**

(h) Gross loans and advances by staging

	2024	2023
	RM'000	RM'000
Stage 1: 12 Month ECL	636,137	495,005
Stage 2: Lifetime ECL not credit-impaired	156,109	–
Stage 3: Lifetime ECL credit-impaired	–	7
	792,246	**495,012**

(i) Movements in the gross carrying amount of loans and advances that contributed to changes in the expected credit losses are as follows:

	12-Month ECL (Stage 1)	Lifetime ECL Not Credit-Impaired (Stage 2)	Credit Impaired (Stage 3)	Total
	RM'000	RM'000	RM'000	RM'000
At 1 January 2024	495,005	–	7	495,012
Changes due to loans and advances recognised				
- Transfer to Stage 1: 12-Month ECL	–	–	–	–
- Transfer to Stage 2: Lifetime ECL not credit-impaired	(156,109)	156,109	–	–
- Transfer to Stage 3: Lifetime ECL credit-impaired	–	–	–	–
Loans and advances derecognised (other than write off)	(198,683)	–	(7)	(198,690)
New loans and advances originated	422,602	–	–	422,602
Net remeasurement due to changes in credit risk	73,322	–	–	73,322
At 31 December 2024	636,137	156,109	–	792,246

6 LOANS AND ADVANCES (CONTINUED)

(i) Movements in the gross carrying amount of loans and advances that contributed to changes in the expected credit losses are as follows:

	12-Month ECL (Stage 1)	Lifetime ECL Not Credit-Impaired (Stage 2)	Credit Impaired (Stage 3)	Total
	RM'000	RM'000	RM'000	RM'000
At 1 January 2023	484,458	54,159	10,877	549,494
Changes due to loans and advances recognised				
- Transfer to Stage 1: 12-Month ECL	54,159	(54,159)	–	–
- Transfer to Stage 2: Lifetime ECL not credit-impaired	–	–	–	–
- Transfer to Stage 3: Lifetime ECL credit-impaired	–	–	–	–
Loans and advances derecognised (other than write off)	(89,319)	–	(10,870)	(100,189)
New loans and advances originated	67,471	–	–	67,471
Net remeasurement due to changes in credit risk	(21,764)	–	–	(21,764)
At 31 December 2023	495,005	–	7	495,012

(j) Movements in impaired loans and advances are as follows:

	2024	2023
	RM'000	RM'000
At 1 January	7	10,877
Impaired during the year	–	–
Amount recovered	(7)	(10,979)
Exchange rate difference	–	109
At 31 December	–	7
Stage 3: Lifetime ECL credit-impaired	–	(7)
Net impaired loans and advances	–	–
Gross impaired loans as a % of gross loans and advances	—%	—%

6 LOANS AND ADVANCES (CONTINUED)

(k) Movements in Expected Credit Losses ("ECL") on loans and advances are as follows:

	12-Month ECL (Stage 1) RM'000	Lifetime ECL Not Credit-Impaired (Stage 2) RM'000	Credit Impaired (Stage 3) RM'000	Total RM'000
At 1 January 2024	4,681	–	7	4,688
Changes due to loans and advances recognised				
- Transfer to Stage 1: 12-Month ECL	–	–	–	–
- Transfer to Stage 2: Lifetime ECL not credit-impaired	(1,242)	1,242	–	–
- Transfer to Stage 3: Lifetime ECL credit-impaired	–	–	–	–
Loans and advances derecognised (other than write off)	(1,716)	–	(7)	(1,723)
New loans and advances originated	2,862	–	–	2,862
Net remeasurement due to changes in credit risk	(357)	–	–	(357)
At 31 December 2024	4,228	1,242	–	5,470

During the year, the gross carrying amount on third party loans and advances impacting the loss allowance increased RM297m reflecting higher drawdown of loans and advances. Accordingly, ECL on the gross carrying amount on stage 1 and 2 loans increased by RM0.80m.

	12-Month ECL (Stage 1) RM'000	Lifetime ECL Not Credit-Impaired (Stage 2) RM'000	Credit Impaired (Stage 3) RM'000	Total RM'000
At 1 January 2023	5,332	192	10,747	16,271
Changes due to loans and advances recognised				
- Transfer to Stage 1: 12-Month ECL	192	(192)	–	–
- Transfer to Stage 2: Lifetime ECL not credit-impaired	–	–	–	–
- Transfer to Stage 3: Lifetime ECL credit-impaired	–	–	–	–
Loans and advances derecognised (other than write off)	(853)	–	(10,740)	(11,593)
New loans and advances originated	273	–	–	273
Net remeasurement due to changes in credit risk	(263)	–	–	(263)
At 31 December 2023	4,681	–	7	4,688

6 LOANS AND ADVANCES (CONTINUED)

(l) Impaired loans and advances analysed by geographical distribution

	2024 RM'000	2023 RM'000
Malaysia	–	7

(m) Impaired loans and advances analysed by economic purpose

	2024 RM'000	2023 RM'000
Purchase of landed property (residential)	–	7
Working capital	–	–
	–	7

7 OTHER ASSETS

	2024 RM'000	2023 RM'000
Collateral receivables	356,747	101,355
Intercompany receivables	3,154	3,291
Deposits	38	36
Prepayments	534	162
Other receivables	9,089	790
	369,562	105,634

Other assets are within Stage 1 allocation (12-months ECL) with RM Nil (2023: RM Nil) impairment allowance.

8 DERIVATIVE ASSETS

	2024		2023	
	Contract/ Notional amount RM'000	Assets RM'000	Contract/ Notional amount RM'000	Assets RM'000
Foreign exchange forwards and swaps	20,044,848	419,325	21,492,350	396,932
Interest rate and cross currency swaps	26,966,763	152,504	19,111,104	131,856
	47,011,611	571,829	40,603,454	528,788

9 STATUTORY DEPOSIT WITH BANK NEGARA MALAYSIA

The non-interest bearing statutory deposit is maintained with Bank Negara Malaysia in compliance with Section 26(2)(c) of the Central Bank of Malaysia Act, 2009, the amount of which is determined as a set percentage of total eligible liabilities

10 PROPERTY AND EQUIPMENT

	Office Equipment and Furniture	Computer Equipment and Software	Bank Premises Alterations	Right of Use Asset	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
2024					
Cost					
At 1 January	4,714	11,443	4,901	4,200	25,258
Additions	–	1,767	–	1,563	3,330
Written off	(122)	(744)	–	–	(866)
At 31 December	4,592	12,466	4,901	5,763	27,722
Accumulated depreciation					
At 1 January	4,027	6,160	4,901	3,550	18,638
Charged for the year	192	1,602	–	731	2,525
Written off	(122)	(391)	–	–	(513)
At 31 December	4,097	7,371	4,901	4,281	20,650
Net book value					
At 31 December	495	5,095	–	1,482	7,072

	Office Equipment and Furniture	Computer Equipment and Software	Bank Premises Alterations	Right of Use Asset	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
2023					
Cost					
At 1 January	6,372	11,885	4,907	4,200	27,364
Additions	656	1,719	–	–	2,375
Reclassification	(691)	691	–	–	–
Written off	(1,623)	(2,852)	(6)	–	(4,481)
At 31 December	4,714	11,443	4,901	4,200	25,258
Accumulated depreciation					
At 1 January	5,725	7,140	4,907	2,770	20,542
Charged for the year	245	1,540	–	780	2,565
Reclassification	(332)	332	–	–	–
Written off	(1,611)	(2,852)	(6)	–	(4,469)
At 31 December	4,027	6,160	4,901	3,550	18,638
Net book value					
At 31 December	687	5,283	–	650	6,620

11 DEFERRED TAXATION

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

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

	2024 **RM'000**	**2023** **RM'000**
Deferred tax assets	4,342	4,032

The movement in deferred tax assets and liabilities during the year comprises the following:

	Provision for accrued expenses **RM'000**	**Accelerated tax depreciation** **RM'000**	**FVOCI reserve** **RM'000**	**Expected Credit Loss** **RM'000**	**Total** **RM'000**
2024					
At 1 January	1,349	1,080	(261)	1,864	4,032
Credited/(Charged) to profit or loss (Note 28)	369	(62)	–	62	369
Credited to FVOCI Reserve	–	–	(59)	–	(59)
At 31 December	1,718	1,018	(320)	1,926	4,342
2023					
At 1 January	2,090	507	(309)	1,556	3,844
Credited/(Charged) to profit or loss (Note 28)	(741)	573	–	308	140
Charged to FVOCI Reserve	–	–	48	–	48
At 31 December	1,349	1,080	(261)	1,864	4,032

12 DEPOSITS FROM CUSTOMERS

	2024 RM'000	2023 RM'000
Demand deposits	4,223,874	4,736,393
Savings deposits	–	–
Fixed deposits	61,484	120,666
	4,285,358	4,857,059

(a) Maturity structure of fixed deposits is as follows:

	2024 RM'000	2023 RM'000
Due within six months	60,434	119,616
Six months to one year	–	–
One year to five years	1,050	1,050
More than five years	–	–
	61,484	120,666

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

	2024 RM'000	2023 RM'000
Business enterprise	4,285,358	4,857,059
	4,285,358	4,857,059

13 DEPOSITS AND PLACEMENTS OF BANKS AND OTHER FINANCIAL INSTITUTIONS

	2024 RM'000	2023 RM'000
Licensed banks	478,066	156,728
Other financial institutions	—	—
	478,066	156,728

14 OTHER LIABILITIES

	2024 RM'000	2023 RM'000
Collateral payables	277,235	347,965
Intercompany payables	9,831	6,638
Deferred income on loans and advances	414	658
Accruals	6,794	5,852
Share-based recharge payables	1,579	1,408
ECL for guarantees and commitments (Note 14 (a))	2,664	3,111
Lease Liabilities (Note 14(b))	1,457	314
Provisions for reinstatement costs	4,390	4,313
Other payables	25,701	19,193
	330,065	389,452

14 OTHER LIABILITIES (CONTINUED)

(a) Movements in Expected Credit Losses ("ECL") on Guarantees and Commitments

	12-Month ECL (Stage 1)	Lifetime ECL Not Credit-Impaired (Stage 2)	Credit Impaired (Stage 3)	Total
	RM'000	RM'000	RM'000	RM'000
At 1 January 2024	3,059	52	–	3,111
- Transfer to Stage 1: 12-Month ECL	–	–	–	–
- Transfer to Stage 2: Lifetime ECL not credit-impaired	–	–	–	–
- Transfer to Stage 3: Lifetime ECL credit-impaired	–	–	–	–
New financial assets originated or purchased	238	–	–	238
Financial assets derecognised (other than write off)	(3)	–	–	(3)
Net remeasurement due to changes in credit risk	(847)	165	–	(682)
At 31 December 2024	2,447	217	–	2,664

	12-Month ECL (Stage 1)	Lifetime ECL Not Credit-Impaired (Stage 2)	Credit Impaired (Stage 3)	Total
	RM'000	RM'000	RM'000	RM'000
At 1 January 2023	1,074	153	–	1,227
- Transfer to Stage 1: 12-Month ECL	–	–	–	–
- Transfer to Stage 2: Lifetime ECL not credit-impaired	–	–	–	–
- Transfer to Stage 3: Lifetime ECL credit-impaired	–	–	–	–
New financial assets originated or purchased	591	47	–	638
Financial assets derecognised (other than write off)	(294)	(141)	–	(435)
Net remeasurement due to changes in credit risk	1,688	(7)	–	1,681
At 31 December 2023	3,059	52	–	3,111

(b) Leases

Lessee arrangements

The Bank's lessee arrangements predominantly consist of leases for premises. Lease terms may contain renewal and extension options and early termination features. Generally, these options do not impact the lease term because the Bank is not reasonably certain that it will exercise the options.

14 OTHER LIABILITIES (CONTINUED)

Lessee arrangements (continued)

In cases in which the Bank is not reasonably certain to exercise an optional extended lease term, payments associated with the optional period are not included within lease liabilities. Potential future cash outflows of RM4,604,145 (2023: RM4,604,145) have not been included in the lease liabilities because it is not reasonably certain that the leases will be extended or not terminated.

Lease liabilities

	2024 RM'000	2023 RM'000
Maturity analysis - contractual undiscounted cash flows		
Less than one year	621	362
One to five years	956	–
Total undiscounted lease liabilities at 31 December	1,577	362
Lease liabilities included in the statement of financial position at 31 December		
Current	466	314
Non-current	991	–
	1,457	314
Lease payments not included in the measurement of lease liabilities being low value assets	791	706

15 DERIVATIVE LIABILITIES

	2024		2023	
	Contract/ Notional amount RM'000	Liabilities RM'000	Contract/ Notional amount RM'000	Liabilities RM'000
Foreign exchange forwards and swaps	28,101,463	647,763	21,657,511	395,593
Interest rate and cross currency swaps	29,803,194	191,576	17,795,359	178,669
	57,904,657	839,339	39,452,870	574,262

16 SHARE CAPITAL

	2024		2023	
	Number of Ordinary Shares ('000)	RM'000	Number of Ordinary Shares ('000)	RM'000
<u>Ordinary shares of RM1.00 each</u>				
At 1 January /31 December	135,800	135,800	135,800	135,800
<u>Authorised shares of RM1.00 each</u>				
At 1 January /31 December	250,000	250,000	250,000	250,000

17 RESERVES

(i) Movement of the fair value reserve of FVOCI securities is as follows:

	2024 RM'000	2023 RM'000
At 1 January	836	987
Net change in value of debt and equity investments at fair value through other comprehensive income (FVOCI)	186	(151)
At 31 December	1,022	836

(ii) Regulatory reserves

On 27 September 2019, BNM issued a revised policy document on Financial Reporting (BNM/RH/PD032-13). There is no change in the regulatory reserve where the Bank must maintain, in aggregate, loss allowance for non-credit impaired exposures and regulatory reserves of no less than 1% of total credit exposures, net of loss allowance for credit-impaired exposures.

18 INTEREST INCOME

	2024 RM'000	2023 RM'000
Loans and advances	32,322	34,506
Money at call and deposit placements with banks and other financial institutions	156,692	190,907
Financial assets at FVOCI	55,177	38,727
Others	8,706	–
	252,897	264,140

19 INTEREST EXPENSE

	2024 RM'000	2023 RM'000
Deposits and placements of banks and other financial institutions	19,926	13,956
Deposits from customers	39,106	43,367
Interest expense on lease liabilities	46	14
Others	18,113	–
	77,191	57,337

20 NET TRADING INCOME

	2024 RM'000	2023 RM'000
Fair value gain/(loss) on instruments held for trading		
Debt instruments at FVTPL		
Net gain from sale of financial assets at FVTPL	2,213	2,732
Unrealised revaluation (loss)/gain on financial assets at FVTPL	(302)	258
Derivatives financial instruments		
Realised (loss)/gain on derivatives	(22,165)	40,457
Unrealised (loss)/gain on foreign exchange forwards	(229,778)	70,465
Unrealised gain/(loss) on interest rate and cross currency swaps	7,741	(43,234)
Interest income from financial assets at FVTPL	28,846	24,130
Realised foreign exchange gain	389,968	34,138
Others	—	(5,492)
	176,523	123,454

21 OTHER OPERATING INCOME

	2024 RM'000	2023 RM'000
Fee income		
Commission	329	569
Service charges and fees	18,471	14,664
Guarantee fees	3,754	3,420
Management fee income	3,262	4,806
Fee income from related parties	10,740	9,970
Other income	1,431	2,227
	37,987	35,656

22 OTHER OPERATING EXPENSES

	2024 RM'000	2023 RM'000
Personnel costs		
Salaries, allowances and bonuses	30,016	28,382
Share-based payment	4,220	1,301
Defined contribution plans	4,850	5,888
Other personnel costs	2,657	4,173
	41,743	39,744
Establishment costs		
Depreciation of property and equipment	1,794	1,785
Depreciation of right-of-use-assets	731	780
Finance cost on provision for reinstatement costs	77	91
Rental of premises	714	603
Rental of equipment	77	103
Repair and maintenance	892	1,112
Upkeep of office and building	4,768	4,021
Others	1,541	1,500
	10,594	9,995
Marketing expenses		
Business promotion and advertisement	53	107
Others	503	433
	556	540
Administration and general expenses		
Auditors' remuneration		
Current financial year		
- Statutory audit fees	250	246
- Regulatory related fees	—	150
- Non-audit fees	34	33
	284	429
Communication expenses	2,509	2,236
Legal and professional fees	1,444	527
Stationery and postages	464	600
Shared administrative support expenses	56,752	50,909
Others	8,405	8,052
	69,858	62,753
	122,751	113,032

23 REMUNERATION OF CHIEF EXECUTIVE OFFICER ("CEO") AND DIRECTORS

The aggregate remuneration paid to the Directors of the Bank during the financial year is as follows:

	2024	2023
	RM	RM
Executive Director and CEO:		
Raymond Yeoh Cheng Seong		
Salaries	–	1,150,154
Bonus	–	–
Defined contribution plan	–	623,891
Others	–	1,228,478
Gautam Padmakar Puntambekar		
Salaries	1,861,000	430,231
Bonus	711,715	138,531
Defined contribution plan	397,660	118,538
Others	387,760	267,225
Non-Executive Directors:		
Fees		
Anthony Lim Choon Eng	181,599	138,620
Sarena Cheah Yean Tih	–	111,236
Dato' Wan Kamaruzaman Bin Wan Ahmad	4,164	163,044
Andrew Mark Sill	155,000	138,620
Donna Chang Kai Wah	155,000	28,123
	3,853,898	4,536,691

24 SHARE-BASED PAYMENT

BAC annual report 2023 BAC administers a number of equity compensation plans, with awards being granted predominantly from the Bank of America Corporation Equity Plan (BACEP). Under this plan, shares of BAC's common stock are authorised to be used for grants of awards to the Bank's employees.

During the year ended 31 December 2024, BAC granted 19,219 (2023: 26,196) restricted stock unit (RSU) awards to certain employees of the Company under the BACEP, which will settle predominantly in shares of common stock of BAC. The four-year awards vest primarily in one-fourth increments on each of the first four anniversaries of the grant date, provided that the employee remains continuously employed with the Company during that time. The expense recognised is net of estimated forfeitures for non-retirement eligible employees based on the grant-date fair value of the shares. Of the RSUs granted that vest over four years, 11,735 units do not include retirement eligibility. For all other RSUs granted to employees who are retirement eligible, they are deemed authorised as of the beginning of the year preceding the grant date when the incentive award plans are generally approved. As a result, the estimated value is expensed ratably over the year preceding the grant date.

Certain awards contain claw-back provisions which permit BAC to cancel all or a portion of the award under specified circumstances.

Recipients of RSU awards may receive cash payments equivalent to dividends. For awards that are not dividend-eligible, the fair value measurement of the award is decreased to reflect the expected value of the dividends that similar awards would be eligible to receive. The RSUs had a grant date weighted-average fair value of USD33.48 per share (2023: USD35.20 per share).

24 SHARE-BASED PAYMENT (CONTINUED)

The total pre-tax cost recognised in profit and loss for share-based compensation plans for the year ended 31 December 2024 was RM4,219,865 (2023:RM1,300,904), including the incremental effects of the chargeback agreements with BAC.

The compensation cost for share-based plans is presented in Note 22 - Other operating expenses to the financial statements.

25 (ALLOWANCE FOR) / WRITEBACK OF ALLOWANCE FOR CREDIT LOSSES

	2024 RM'000	2023 RM'000
(Allowance for)/writeback of impairment		
- Loans and advances	(781)	11,583
- Guarantees and commitments	447	(1,884)
Impaired loans and advances recovered	–	8,206
	(334)	17,905

Measurement of ECL

The key inputs in the measurement of ECL are the following variables:

Probability of default (“PD”):	the likelihood of a borrower defaulting on its financial obligation
Loss given default (“LGD”):	the magnitude of the likely losses if there is a default
Exposure at default (“EAD”):	the expected exposure in the event of a default

The ECL is determined by projecting the PD, LGD and EAD for each future month and for each individual exposure. The Bank generally derives these parameters from internally developed statistical models based on internally compiled data comprising quantitative and qualitative factors, as well as other historical data such as recovery rates of claims against defaulted counterparties.

Subject to using a maximum of a 12-month PD for financial assets for which credit risk has not significantly increased, the Bank measures ECL considering the risk of default over the maximum contractual period (including any borrower’s extension options) over which it is exposed to credit risk, even if, for risk management purposes, the Bank considers a longer period. The maximum contractual period extends to the date at which the Bank has the right to require repayment of an advance or terminate a loan commitment or guarantee.

Incorporation of forward-looking information

The Bank incorporates forward looking information into both its assessment of whether the credit risk of an instrument has increased significantly since its initial recognition and its measurement of ECL. This is implemented through the use of macroeconomic scenarios applied over the forecasted life of the assets. These macroeconomic scenarios include variables that have historically been drivers of increases and decreases in credit losses. These variables include, but are not limited to, unemployment rate, gross domestic product levels and corporate bond spreads. As any one economic outlook is inherently uncertain, the Bank leverages multiple scenarios which represent a range of possible outcomes. The scenarios include both downside and an upside scenarios that are different from the consensus outlook.

25 (ALLOWANCE FOR) / WRITEBACK OF ALLOWANCE FOR CREDIT LOSSES (CONTINUED)

In order to calculate lifetime ECL for loans classified as Stage 2 or Stage 3, the Bank uses existing forecast horizon followed by extrapolation to cover the lifetime of the financial asset.

As with any economic forecast, the projections and likelihoods of occurrence are subject to a high degree of inherent uncertainty and therefore the actual outcomes may be significantly different to those projected. The Bank considers these forecasts to represent the best estimate of the possible outcomes and the chosen scenarios are appropriately representative of the range of possible scenarios.

Credit risk ratings

As part of its risk management process, the Bank assigns numeric risk ratings to its corporate loan facilities based on quantitative and qualitative assessments of the obligor and facility. These risk ratings are reviewed at least annually or more often if material events have occurred related to the obligor or facility.

Credit risk ratings are a primary input into the determination of the term structure of PD for exposures. The Bank collects performance and default information about its credit risk exposures analysed by jurisdiction or region and by type of product and borrower as well as by credit risk rating. The Bank employs statistical models to analyse the data collected and generate estimates of the remaining lifetime PD of exposures and how these are expected to change as a result of the passage of time.

Determining a significant increase in credit risk

When determining whether the risk of default on a financial instrument has increased significantly since initial recognition, the Bank compares the remaining lifetime PD as at the reporting date with the remaining lifetime PD for this point in time as estimated at the time of initial recognition of the exposure (adjusted as relevant for changes in prepayment expectations). The Bank calculates the remaining lifetime PD using the same methodology, obligor-level data elements, and forecasted macroeconomic scenarios and scenario weights used to calculate ECL.

The Bank has established thresholds based on both absolute and relative change in PD, leveraging internal credit risk officers' definition of significant credit deterioration. In addition to quantitative review of PD and risk rating changes, qualitative factors aligned to internal credit risk officers' view of risk management are considered, including the overall risk rating of the date) based on delinquency, such that instruments which are more than 30 days past due should be considered to have a significant increase in credit risk. Financial instruments that have been determined to have a significant increase in credit risk are subsequently reviewed in line with rating timelines to identify whether there has been an improvement of credit quality in the underlying instrument. obligor in periods subsequent to origination. Further, the Bank applies the presumption which has not been rebutted as at the reporting

Sensitivity

The calculation of the ECL allowance is dependent on a number of judgments and estimates as to the inputs and assumptions inherent in the model. Variables around stage determination, scenario weighting, and other macroeconomic forecast assumptions are considered to have the most significant impact on the ECL calculations for the Bank’s primary third party loans and advances; and lease population. Review of the assumptions is integrated into the Bank's risk and governance processes.

As part of these governance processes, the Bank has adopted a framework to assess certain risks, that may not be fully captured in the modelled ECL computation. These factor into the ECL an estimated impact from higher-risk segments that includes country of risk and industries. In addition, the Bank considers the potential for further losses from large single-name 'fallen angel' exposures. The results of this assessment are then overlaid to the modelled output to result in the overall ECL provision.

25 (ALLOWANCE FOR) / WRITEBACK OF ALLOWANCE FOR CREDIT LOSSES (CONTINUED)

Total judgement overlays at 31 December 2024 amounted to RM6,345,284 (2023: RM6,360,742). Included in the judgmental overlays are post model adjustments which represent 78% (2023:81%) and 0% (2023: 0%) of the total ECL for risk of failure of significant single name exposures ("fallen angels") and management overlays respectively.

Whilst overlays to the modelled output are intended to ensure that the Bank has appropriately captured the risks from which credit losses may be expected to arise, the ECL provision remains sensitive to changes in the model assumptions. To provide an illustration of the sensitivity of the macroeconomic scenarios and other assumptions on the estimate of our allowance for credit losses, the Bank assessed modelled ECL changes driven by stage and scenarios, shown below:

In relation to stage determination, forcing all loans to Stage 1 and calculating ECL on a 12-month basis would reduce the calculated allowance by RM162,639 (2023: RM206,589), whereas moving all loans to the lifetime loss horizon (Stage 2) would increase the ECL allowance by RM4,217,321 (2023: RM2,945,323).

While the sensitivity analysis may be useful to understand how changes in macroeconomic assumptions could impact our modelled ECLs, it is not meant to forecast how our allowance for credit losses is expected to change in a different macroeconomic outlook. Importantly, the above sensitivities do not incorporate a variety of factors, including qualitative reserves and the weighting of alternate scenarios, which could have offsetting effects on the estimate.

For example, qualitative reserves are determined based on a number of risk factors not reflected in the modelled results and could increase or decrease depending on methodological or scenario weighting inputs.

Collective based and other loss allowance assessment

The primary credit exposures of the Bank falling within the impairment provisions of MFRS 9 relate to the Bank's portfolio of loans and advances to third party customers and banks, as well as its third party loan commitments. Loss allowances for these financial instruments is modelled on an instrument by instrument basis, determining the relevant PD, LGD and EAD using statistical data as described above and throughout this note.

For other financial instruments the Bank assesses the ECL on either a collective or an individual basis using a reduced-complexity calculation, whilst still incorporating as relevant quantitative historical loss experience data and forward-looking information as well as qualitative information as to the nature of risks inherent in the instruments.

26 SIGNIFICANT RELATED PARTY DISCLOSURES

(a) Related parties and relationships

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

Related parties	Relationship
Bank of America Corporation	Ultimate holding company
Bank of America, National Association	Immediate holding company
Bank of America, National Association - New York Branch	Branch of the immediate holding company
Bank of America, National Association - Charlotte Branch	Branch of the immediate holding company
Bank of America, National Association - San Francisco Branch	Branch of the immediate holding company
Bank of America, National Association - Labuan Branch	Branch of the immediate holding company
Bank of America, National Association - Singapore Branch	Branch of the immediate holding company
Bank of America, National Association - London Branch	Branch of the immediate holding company
Bank of America, National Association - Canada Branch	Branch of the immediate holding company
Bank of America, National Association - Bangkok Branch	Branch of the immediate holding company
Bank of America, National Association - Jakarta Branch	Branch of the immediate holding company
Bank of America, National Association - Mumbai Branch	Branch of the immediate holding company
Bank of America, National Association - Sydney Branch	Branch of the immediate holding company
Bank of America, National Association - Tokyo Branch	Branch of the immediate holding company
Bank of America, National Association - Hong Kong Branch	Branch of the immediate holding company

26 SIGNIFICANT RELATED PARTY DISCLOSURES (CONTINUED)

(a) Related parties and relationships (continued)

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

Related parties	Relationship
Bank of America, National Association - Seoul Branch	Branch of the immediate holding company
Bank of America, National Association - Shanghai Branch	Branch of the immediate holding company
BofA Securities Japan Co Limited	Subsidiary of the ultimate holding company
Merrill Lynch Malaysian Advisory Sdn. Bhd.	Subsidiary of the ultimate holding company
Merrill Lynch International	Subsidiary of the ultimate holding company
Merrill Lynch International Bank Limited	Subsidiary of the ultimate holding company
Merrill Lynch (Asia Pacific) Limited	Subsidiary of the ultimate holding company
Merrill Lynch Global Services Private Limited	Subsidiary of the ultimate holding company
Key management personnel	The key management personnel of the Bank consists of (i) All Directors of the Bank (ii) Senior management of the Bank
Related parties of key management personnel (deemed as related to the Bank)	(i) Close family members and dependents of key management personnel (ii) Entities that are controlled, jointly controlled or significantly influenced by, or for which significant voting power in such entity resides with, directly or indirectly by key management personnel or its close family members

Transactions with the other group entities are mainly related to liquidity management, covering funding requirements, centralised risk management activities, or related to the Bank acting as the clearer of the group or to provide access to exchanges to facilitate clearing activities of client trades. Related to these activities, there are regularly back-to-back trades with the Bank.

The Bank also exchanges cash and security collateral in connection with derivative transactions.

The outstanding balances of transactions with the group entities at the year-end are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables.

The Bank participates in cost sharing agreements with BAC group affiliates for the Bank’s involvement in the group’s business activities. In addition, the Bank incurs or receives management charges with BAC Group affiliates relating to operational and administrative support and management services.

26 SIGNIFICANT RELATED PARTY DISCLOSURES (CONTINUED)

(a) Related parties and relationships (continued)

The Bank has entered into a chargeback agreement with BAC under which it is committed to pay to BAC the grant-date fair value of equity settled share-based payment awards and the subsequent movements in the fair value of those awards between the grant date and delivery to employees. See Note 24 for further information.

(b) Significant related party balances and transactions

A number of banking transactions are entered into with related parties in the normal course of business. The volume of related party transactions, outstanding balances at the financial year end, and the corresponding expense and income for the financial year are as follows:

	2024			**2023**		
	Key Management	**Parent**	**Fellow subsidiaries**	**Key Management**	**Parent**	**Fellow subsidiaries**
	RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Income						
Interest on deposits and placements with other financial institutions	–	14,405	–	–	15,420	–
Management fee income	–	–	3,262	–	–	4,806
Fee income from related parties	–	10,614	126		8,421	1,549
Other fee income	–	–	203	–	1,080	76
	–	25,019	3,591	–	24,921	6,431
Expenses						
Interest on deposits and placements of banks and other financial institutions	–	19,861	42	–	13,917	15
Interest on deposits from customers	–	–	127	–	–	111
Shared administrative support expenses	–	44,718	12,034	–	38,990	11,919
	–	64,579	12,203	–	52,907	12,045
Amount due from						
Deposits and placements	–	–	15,781	–	–	21,358
Other receivables	–	2,066	1,088	–	1,709	1,582
	–	2,066	16,869	–	1,709	22,940
Amount due to						
Deposits and placements	–	433,059	10,182	–	98,845	12,699
Interest payable	–	2,540	49	–	1,448	48
Other payables	–	14,254	3,118	–	19,814	3,085
	–	449,853	13,349	–	120,107	15,832

Approved limit	**2024**	**2023**
	RM'000	**RM'000**
The approved limit on loans and advances for key management personnel	–	–

26 SIGNIFICANT RELATED PARTY DISCLOSURES (CONTINUED)

(c) Intercompany charges with breakdown by type of services received and geographical distribution.

Intercompany charges below are presented in accordance with the requirements of Paragraph 11.4(q) of Bank Negara Malaysia's Policy Document on Financial Reporting BNM/RH/PD 032-13 dated 29 April 2022.

2024

Type of service	Singapore RM'000	Hong Kong RM'000	Others RM'000	Total RM'000
- Legal entity shared service#	16,925	17,429	8,409	42,763
- Global Transaction Services*	4,862	2,175	–	7,037
- Regional management^	1,484	1,468	–	2,952
- Others	1,136	–	2,864	4,000
	24,407	21,072	11,273	56,752

2023

Type of service	Singapore RM'000	Hong Kong RM'000	Others RM'000	Total RM'000
- Legal entity shared service#	16,519	16,520	5,110	38,149
- Global Transaction Services*	5,520	2,401	–	7,921
- Regional management^	2,009	1,496	–	3,505
- Others	196	840	298	1,334
	24,244	21,257	5,408	50,909

Legal entity shared expense "LESE" covers support services for Back office and IT base support, Strategic management, Risk management and Software development.

* Global Transaction Services "GTS" provides regional sales, coverage and business support.

^ Regional management provides regional support for initiatives to help the country heads coordinate and drive business strategies and align governance across Lines of Business.

(d) Key management personnel

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Bank directly or indirectly. The Bank considers the Local Management Team to be key management personnel. the key management remuneration includes salary, bonus and benefits-in-kind computed based on the cost incurred by the bank.

The key management remuneration are as follows:

	2024 RM'000	2023 RM'000
Short-term employee benefits:		
Salaries and other remuneration	6,651	5,576
Fees	496	580
Post-employment benefits	1,048	1,362
Share based compensation	188	1,312
	8,383	8,830

The above remuneration includes Directors' remuneration as disclosed in Note 23 - Remuneration of chief executive officer ("CEO") and directors to the financial statements.

27 CREDIT TRANSACTIONS AND EXPOSURES WITH CONNECTED PARTIES

	2024 RM'000	2023 RM'000
Outstanding total exposure with connected parties	—	51,819
Total credit exposures	—	51,819
Total exposure to connected parties as % of total capital	—%	16.94%
Total exposure to connected parties as % of total outstanding credit exposures	—%	2.72%

As required by BNM policy, the revised guidelines on "Credit Transactions and Exposures with Connected Parties" issued on 16 July 2014 BNM/RH/GL 001-25, which sets out the broad parameters and conditions relating to the conduct of such transactions (hereafter referred to as credit transactions) with connected parties to ensure an appropriate level of prudence.

28 TAXATION

	2024 RM'000	2023 RM'000
Malaysian income tax:		
Current financial year	64,950	65,275
(Over)/Under under provision of prior financial years' taxation	(234)	261
Deferred taxation (Note 11)	(369)	(140)
Tax expense for the financial year	64,347	65,396

Reconciliation between tax charge and the Malaysian tax rate is as follows:

	2024 RM'000	2023 RM'000
Profit before taxation	267,131	270,786
Tax calculated at rate of 24%	64,111	64,989
Expenses not deductible for tax purposes	203	146
Under provision of deferred taxation in prior financial years	267	–
(Over)/Under provision of prior financial years' taxation	(234)	261
Tax expense for the financial year	64,347	65,396

In December 2021, the Organisation for Economic Co-operation and Development ("OECD") issued model rules for a new global minimum tax framework, also known as the 'Pillar Two' rules. On 2 June 2023, the Malaysian Accounting Standards Board ("MASB") published International Tax Reform—Pillar Two Model Rules – Amendments to MFRS112. The standard introduced a mandatory temporary exception to the accounting for deferred taxes arising from the jurisdictional implementation of the Pillar Two model rules, which was effective immediately. The Bank has adopted the mandatory temporary exception.

Pillar Two legislation was enacted in Malaysia, the jurisdiction in which the Bank is incorporated and domiciled and will come into effect from 1 January 2025. Under the legislation, the Bank is liable to pay its allocation of top-up tax for the difference between the Global Anti-Base Erosion ("GloBE") effective tax rate in Malaysia and the 15% minimum rate.

28 TAXATION (CONTINUED)

The Bank does not anticipate recording any top-up taxes in respect of Pillar Two given that the Company is expected to have a Global Anti-Base Erosion Model (“GloBE“) effective tax rate above the 15% minimum tax rate in Malaysia.

29 EARNINGS PER SHARE

The earnings per share has been calculated based on net profit for the financial year of RM202,783,999 (2023: RM205,390,627) and the weighted average number of ordinary shares in issue during the financial year of 135,800,000 units (2023: 135,800,000 units).

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.

Nature of commitments and contingencies

Direct credit substitutes comprise guarantees undertaken by the Bank to support the financial obligations of their customers to third parties.

Certain transactions related contingent items represent financial products whose crystallisations are dependent on specific events other than default payment by the customers. They include performance related contingencies and standby letter of credit.

Short-term self-liquidating trade-related contingencies relate to bills of exchange which have been endorsed by the Bank and represent liabilities in the event of default by the acceptors and the drawers of the bills.

Foreign exchange related contracts are agreements or options to buy or sell fixed amounts of currency at agreed rates of exchange on a specified future date.

Interest related contracts are agreements between two counterparties to exchange periodic interest payments, calculated at agreed interest rates, in the same or different currencies, for a specified period of time.

30 COMMITMENTS AND CONTINGENCIES (CONTINUED)

The commitments and contingencies constitute the followings:

	31 December 2024			31 December 2023		
	Principal amount RM'000	Credit equivalent amount RM'000	Risk weighted amount RM'000	Principal amount RM'000	Credit equivalent amount RM'000	Risk weighted amount RM'000
Description						
Direct credit substitutes	140,863	140,863	137,579	111,694	111,694	109,002
Transaction related contingent items	287,715	143,858	141,566	244,409	122,205	120,856
Short term self liquidating trade related contingencies	10,809	2,162	2,162	11,571	2,314	2,314
Foreign exchange related contracts:						
- One year or less	7,508,364	160,842	160,534	6,189,575	90,240	85,846
- Over one year to five years	–	–	–	–	–	–
Interest rate related contracts:						
- One year or less	–	–	–	–	–	–
- Over one year to five years	–	–	–	–	–	–
- Over five years	–	–	–	–	–	–
OTC Derivative transactions and credit derivative contracts subject to valid bilateral netting agreements	97,407,904	978,292	345,663	73,866,749	852,443	256,674
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	–	–	–	2,309	1,154	1,154
Any commitments that are unconditionally cancelled at any time by the Bank without prior notice or that effectively provide for automatic cancellation due to deterioration in a borrower's creditworthiness	1,362,045	–	–	1,085,238	–	–
Total	106,717,700	1,426,017	787,504	81,511,545	1,180,050	575,846

All interest rate related contracts and some foreign exchange related contracts have been subject to valid bilateral netting agreements.

31 CAPITAL ADEQUACY

The table below summaries the composition of regulatory capital and ratio of the Bank:

	2024	**2023**
	RM'000	**RM'000**
Common Equity ("CET1") Capital and Tier 1 Capital		
Share capital	135,800	135,800
Retained profits	1,235,626	1,032,842
Other disclosed reserves		
Unrealised gains and losses on FVOCI		
financial instruments	1,022	836
	1,372,448	1,169,478
Less: regulatory adjustments		
- Deferred tax assets	(4,342)	(4,032)
- 55% of cumulative gains of FVOCI		
financial instruments	(562)	(460)
- Regulatory reserve	(4,182)	(834)
Total CET I and Tier I capital	1,363,362	1,164,152
Tier-II Capital		
Loss allowance for non-credit impaired exposures/ collective		
assessment allowance*	8,134	7,793
Regulatory reserve	4,182	834
Total Tier II capital	12,316	8,627
Total capital	1,375,678	1,172,779

*Excludes Lifetime ECL Credit Impaired (Stage 3) loans/collective assessment allowance on impaired loans restricted from Tier-II Capital of BAMB of RMnil (2023: RM7,274).

Capital ratios

	2024	**2023**
CET I capital ratio	31.487%	41.283%
Tier I capital ratio	31.487%	41.283%
Total capital ratio	31.771%	41.589%

Total capital and capital adequacy ratios of the Bank are computed in accordance with BNM’s Capital Adequacy Framework (Capital Components) guidelines issued on 9 December 2020. The Bank has adopted the Standardised Approach (“SA”) for Credit Risk and Market Risk and Basic Indicator Approach (“BIA”) for Operational Risk.

Detailed disclosures pursuant to the requirements of BNM Risk-Weighted Capital Adequacy Framework (Basel II) – Disclosure Requirements (Pillar 3), in addition to those set out below, have been made in a separate Pillar 3 Disclosures Report.

31 CAPITAL ADEQUACY (CONTINUED)

The breakdown of risk-weighted assets in the various categories of risk-weights:

		2024		2023	
		Principal	**Risk-weighted**	**Principal**	**Risk-weighted**
		RM'000	**RM'000**	**RM'000**	**RM'000**
(i)	Credit risk				
	0%	3,643,840	–	4,261,507	–
	20%	2,274,079	454,816	1,829,316	365,863
	35%	–	–	–	–
	50%	578,374	289,187	371,897	185,949
	75%	–	–	–	–
	100%	1,273,342	1,273,342	841,711	841,711
	150%	–	–	–	–
		7,769,635	2,017,345	7,304,431	1,393,523
(ii)	Market risk	–	1,671,074	–	947,705
(iii)	Operational risk	–	641,548	–	478,728
		7,769,635	4,329,967	7,304,431	2,819,956

32 USE OF FINANCIAL INSTRUMENTS

A Financial instruments by category

	2024			2023		
	Financial assets / liabilities measured at amortised cost	Financial assets / liabilities measured at fair value through profit or loss	Financial assets / liabilities measured at fair value through other comprehensive income	Financial assets / liabilities measured at amortised cost	Financial assets / liabilities measured at fair value through profit or loss	Financial assets / liabilities measured at fair value through other comprehensive income
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Financial assets						
Cash and short term funds	2,913,349	–	–	3,978,021	–	–
Deposits and placements with banks and other financial institutions	656,378	–	–	–	–	–
Financial assets at fair value through profit or loss (FVTPL)	–	210,205	–	–	322,130	–
Financial assets at fair value through other comprehensive income (FVOCI)	–	–	1,730,077	–	–	1,664,698
Loans and advances	786,776	–	–	490,324	–	–
Other assets	369,028	–	–	105,472	–	–
Derivative assets	–	571,829	–	–	528,788	–
TOTAL ASSETS	4,725,531	782,034	1,730,077	4,573,817	850,918	1,664,698
Financial liabilities						
Deposits from customers	4,285,358	–	–	4,857,059	–	–
Deposits and placements of banks and other financial institutions	478,066	–	–	156,728	–	–
Bills and acceptances payable	9,113	–	–	12,742	–	–
Other liabilities	329,651	–	–	388,794	–	–
Derivative liabilities	–	839,339	–	–	574,262	–
TOTAL LIABILITIES	5,102,188	839,339	–	5,415,323	574,262	–

32 USE OF FINANCIAL INSTRUMENTS (CONTINUED)

B Risk governance

BAC has established a risk governance framework (the “Risk Framework”) which serves as the foundation for consistent and effective management of risks facing BAC and its subsidiaries. The Risk Framework applies to all BAC employees. It provides an understanding of the Bank’s approach to risk management and each employee’s responsibilities for managing risk. All employees must take ownership for managing risk well and are accountable for identifying, escalating and debating risks facing the Bank. The following are the five components of the Bank’s risk management approach:

– Culture of Managing Risk Well;
– Risk Appetite and Risk Limits;
– Risk Management Processes;
– Risk Data Management, Aggregation and Reporting; and
– Risk Governance

The seven key types of risk faced by BAC businesses as defined in the Risk Framework are:
– Market risk
– Credit risk
– Liquidity risk
– Strategic risk
– Compliance risk
– Operational risk
– Reputational risks

Market risk management

Market risk is the risk that value of assets and liabilities or revenues will be adversely affected by changes in market conditions.

Market risk is inherent in the Bank’s operations and arises from both trading and non-trading positions. Trading exposures represent positions taken in a wide range of financial instruments and markets which expose the Bank to various risks, such as interest rate and foreign exchange. The Bank manages these risks by using trading strategies and other hedging actions which encompass a variety of financial instruments in both the cash and derivatives markets. Non- trading exposures arise from its Corporate Treasury activities, as part of International Treasury, as a consequence of the mismatch of assets and liabilities in the banking book. Corporate Treasury is also exposed to market risk as a consequence of its use of derivatives to mitigate the risks associated from this mismatch.

The Bank uses Value-At-Risk (“VaR”) as one of the key risk measures to evaluate and limit the risks in its trading activities. VaR is a statistical measure of potential portfolio market value loss resulting from changes in market variables, during a given holding period, measured at a specified confidence level.

At Bank of America, VaR for internal management uses a historical simulation approach and is calculated over a one-day holding period at a 99% confidence level. The standard implementation uses three years of history. The VaR model is designed to take into account various market risk factors such as interest rate, spreads, foreign exchange rate and volatility.

In addition to measuring the Bank’s trading positions using VaR, Stressed Value-At-Risk (“SVaR”) is implemented as a stress measure.

Global Risk Management continually reviews, evaluates and enhances our VaR model so that it reflects the material risks in our trading portfolio. Changes to the VaR model are reviewed and approved prior to implementation and any material changes are reported to management through the appropriate management committees.

32 USE OF FINANCIAL INSTRUMENTS (CONTINUED)

B Risk governance (continued)

Trading limits on quantitative risk measures, including VaR, are independently set by Global Markets Risk Management and reviewed on a regular basis so that trading limits remain relevant and within our overall risk appetite for market risks. Trading limits are reviewed in the context of market liquidity, volatility and strategic business priorities. Trading limits are set at both a granular level to allow for extensive coverage of risks as well as at aggregated portfolios to account for correlations among risk factors. All trading limits are approved at least annually.

Approved trading limits are stored and tracked in a centralized limits management system. Trading limit excesses are communicated to management for review.

Credit risk management

Credit risk is the risk of loss arising from the inability or failure of a borrower or counterparty to meet its obligations.Credit risk is created when the Bank commits to, or enters into, an agreement with a borrower or counterparty. The Bank define the credit exposure to a borrower or counterparty as the loss potential arising from all product classifications including loans, leases, deposit overdrafts, derivatives and unfunded lending commitments which include loan commitments, letters of credit and financial guarantees.

The Bank manages credit risk based on the risk profile of the borrower or counterparty, repayment sources, the nature of underlying collateral, and other supports given current events, conditions and expectations. The credit underwriting and monitoring of the Bank is in line with BAC's global Core Credit Policy. As part of the overall credit risk assessment of a borrower or counterparty, credit exposures are assigned a risk rating and are subject to approval based on defined credit approval grid. Subsequent to approving credit limits, risk ratings are monitored on an ongoing basis. If necessary, risk ratings are adjusted to reflect changes in the financial condition, cash flow or financial situation of a borrower or counterparty.

A number of actions is used to mitigate losses, including increased frequency and intensity of portfolio monitoring for moderate to weak risk profiles, hedging, and transferring management of deteriorated commercial exposures to special asset officers.

Credit risk management includes the following processes:

- Credit origination
- Portfolio management
- Loss mitigation activities
- Establishing the allowance for credit losses, which is a reserve for expected credit losses over the life of the Bank's lending commitments
- Climate risk management

These processes create a comprehensive and consolidated view of the Bank's credit risks, thus providing executive management with the information required to guide or redirect Front Line Units (FLUs) and certain legal entity strategic plans, if necessary.

Enterprise Risk Management, as well as supporting functions, is responsible for the ongoing management and administration of credit risk at the borrower level by:

- Monitoring borrower risk ratings on an ongoing basis, and if necessary, adjusting to reflect changes in the financial condition, cash flow, risk profile or outlook of a borrower or counterparty;
- Monitoring performance by updating the borrower financial analysis and reviewing them periodically;
- Monitoring collateral;
- Undertaking periodic portfolio reviews to ensure management is aware of specific trends for a given portfolio;
- Recognizing developing problems and promptly bringing them to the attention of management;
- Taking prompt corrective action on past due and non-accrual loans;
- Maintaining proper credit file documentation and determining compliance with all loan covenants periodically.

32 USE OF FINANCIAL INSTRUMENTS (CONTINUED)

B Risk governance (continued)

Liquidity risk management

Liquidity risk is the risk that the Bank will not be able to meet contractual and contingent financial obligations, on- or off-balance sheet, as they become due. The primary liquidity risk management objective is to develop a strategy and execution plan to ensure the Bank can meet contractual and contingent financial obligations through market cycles and periods of liquidity stress. With the Bank Liquidity Risk Policy and Contingency Funding Plan, the Bank ensures that adequate internal governance, controls, systems and risk management practices are employed to manage this liquidity risk.

The Bank has in place the following liquidity risk mitigation tools and plan:

– The liquidity risk policy and the contingency funding plan are in place and reviewed at least annually;
– Liquidity Risk Limits and Liquidity Risk Indicators/Risk Monitoring metrics are in place and monitored daily;
– Local governance is provided through the Asset and Liability Council (“ALCO”), which meets on a quarterly basis. The council is provided with updates on market conditions and liquidity-related reporting;
– Liquidity stress tests are conducted regularly, both for regulatory purposes and internal stress-testing;
– Established internal control and reporting processes with support partners are in place.

Operational risk management

The Bank defines operational risk as the risk of loss resulting from inadequate or failed internal processes, people, and systems, or from external events. BAC classifies Operational Risk using the Basel III Categories and definitions as follows: Internal Fraud, External Fraud, Employment Practices and Workplace Safety, Clients, Products, and Business Practices, Damage to Physical Assets, Business Disruption and System Failures, Execution, Delivery, and Process Management.

The Bank has a robust operational risk management framework. Within the Bank, the Local Management Team (LMT) is responsible for monitoring the Malaysian business operations. The businesses, which are represented within the LMT, are responsible for all the risks within the business including operational risks. Operational risks are managed through corporate-wide or line of business specific policies and procedures, controls, and monitoring tools. The management of the Bank's overall operational risk is accomplished through the oversight by BAMB CRO, CCO and LMT with formal oversight by the BAMB Board of Directors.

C Interest rate risk

The following is a summary of the Bank’s interest rate gap position on non-trading portfolio. The interest rate repricing gap table analyses the full-term structure of interest rate mismatches within the Bank’s balance sheet based on either:

– the next repricing date or the maturity date if floating or
– the maturity date if fixed rate

The amount under derivatives used for risk management represents the net contractual/ underlying principal amounts of all interest rate derivatives.

32 USE OF FINANCIAL INSTRUMENTS (CONTINUED)

C Interest rate risk (continued)

The tables below summarise the Bank's exposure to interest rate risks. Included in the tables are the Bank's assets and liabilities at carrying amounts, categorised by the earlier of contractual repricing or maturity dates. The off-balance sheet gap represents the net notional amounts of all interest rate sensitive derivative financial instruments. As interest rates and yield curves change over time the Bank may be exposed to a loss in earnings due to the effects of interest rates on the structure of the balance sheet. Sensitivity to interest rates arises from mismatches in the repricing dates, cash flows and other characteristics of the assets and their corresponding liability funding.

32 USE OF FINANCIAL INSTRUMENTS (CONTINUED)

C Interest rate risk (continued)

2024	**Up to 1 month**	**>1 - 3 months**	**>3 - 12 months**	**>1 - 5 years**	**Over 5 years**	**Non-interest bearing**	**Trading book**	**Total**
Assets	**RM’000**	**RM’000**	**RM’000**	**RM’000**	**RM’000**	**RM’000**	**RM’000**	**RM’000**
Cash and short term funds	2,842,418	–	–	–	–	70,931	–	2,913,349
Deposits and placements with banks and other financial institutions	–	431,827	224,551	–	–	–	–	656,378
Financial assets at fair value through profit or loss (FVTPL)	–	–	–	–	–	–	210,205	210,205
Financial assets at fair value through other comprehensive income (FVOCI)	488,756	498,246	740,106	–	–	2,969	–	1,730,077
Loans and advances	380,092	333,638	3,917	74,599	–	(5,470)	–	786,776
Other assets*	–	–	–	–	–	369,028	–	369,028
Derivative assets	–	–	–	–	–	–	571,829	571,829
Total assets	3,711,266	1,263,711	968,574	74,599	–	437,458	782,034	7,237,642
Liabilities								
Deposits from customers	2,664,584	28,519	2,000	1,050	–	1,589,205	–	4,285,358
Deposits and placements of banks and other financial institutions	–	404,336	–	–	–	73,730	–	478,066
Bills and acceptances payable	–	–	–	–	–	9,113	–	9,113
Other liabilities	278,314	94	433	930	–	49,880	–	329,651
Derivative liabilities	–	–	–	–	–	–	839,339	839,339
Total liabilities	2,942,898	432,949	2,433	1,980	–	1,721,928	839,339	5,941,527
On-balance sheet - interest rate gap	768,368	830,762	966,141	72,619	–			

*Excludes prepayment

32 USE OF FINANCIAL INSTRUMENTS (CONTINUED)

C Interest rate risk (continued)

2023	**Up to 1 month**	**>1 - 3 months**	**>3 - 12 months**	**>1 - 5 years**	**Over 5 years**	**Non-interest bearing**	**Trading book**	**Total**
Assets	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Cash and short term funds	3,915,288	–	–	–	–	62,733	–	3,978,021
Financial assets at fair value through profit or loss (FVTPL)	–	–	–	–	–	–	322,130	322,130
Financial assets at fair value through other comprehensive income (FVOCI)	164,528	557,155	889,170	50,876	–	2,969	–	1,664,698
Loans and advances	360,085	–	–	134,599	328	(4,688)	–	490,324
Other assets*	–	–	–	–	–	105,472	–	105,472
Derivative assets	–	–	–	–	–	–	528,788	528,788
Total assets	4,439,901	557,155	889,170	185,475	328	166,486	850,918	7,089,433
Liabilities								
Deposits from customers	3,570,312	6,005	51		1,050	1,279,641	–	4,857,059
Deposits and placements of banks and other financial institutions	–	91,991	–	–	–	64,737	–	156,728
Bills and acceptances payable	–	–	–	–	–	12,742	–	12,742
Other liabilities	348,001	129	7,156	417	–	33,091	–	388,794
Derivative liabilities	–	–	–	–	–		574,262	574,262
Total liabilities	3,918,313	98,125	7,207	417	1,050	1,390,211	574,262	5,989,585
On-balance sheet - interest rate gap	521,588	459,030	881,963	185,058	(722)			

*Excludes prepayment

32 USE OF FINANCIAL INSTRUMENTS (CONTINUED)

C Interest rate risk (continued)

The tables below summarises the effective average interest rates by major currency for each class of financial assets and financial liabilities:

	2024			2023		
	MYR	USD	AUD	MYR	USD	AUD
	%	%	%	%	%	%
Financial assets						
Cash and short term funds	2.99	4.38	–	2.99	5.19	–
Financial assets at FVTPL	3.95	–	–	4.21	–	–
Financial assets at FVOCI	3.88	–	–	3.88	–	–
Loans and advances	4.60	5.93	–	4.17	6.75	4.90
Financial liabilities						
Deposits from customers	1.19	1.42	–	0.99	1.33	–
Deposits and placements of bank and other financial institutions	–	4.42	–	–	5.45	–

D Climate risk

Both physical and transitional climate related changes can impact market risk. Certain countries and corporates will be particularly affected by the geopolitical and economic impacts of climate change. Vendor climate models will be used to assess various climate scenarios such as acute and chronic climate perils due to rising temperatures, and / or the increased cost of adapting to new policies and customer preferences. Typically, gradual changes in asset values will be reflected in the capital markets. However, depending on the climate pathway, impacts from an immediate introduction of a carbon tax or significant deterioration of public finances from acute and chronic climate perils, which are not fully priced in, may result in financial risk from sudden and steep decline in prices of traded products. Therefore, the market risk component is most often captured through an instantaneous shock to several market risk factors such as equity volatilities, FX, credit spreads, including asset prices for commodities and real estate.

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 draw downs.

It is unusual for any bank to completely match the maturity profile of its assets and liabilities as business transacted is often of uncertain terms and of different types. Therefore, controlled mismatching of the maturities of assets and liabilities is fundamental to prudent liquidity risk management of the Bank.

The Bank closely monitors its liquidity risk profile with a variety of tools which includes cash flow forecasts and maturity mismatch reports and conducts regular stress-testing to ensure that it will be able to meet its obligations when they come due.

Contractual maturity of assets and liabilities

The Bank analyses its assets and liabilities (including non-financial instruments) based on the remaining contractual maturity in accordance with the requirements of "BNM Guidelines on Financial Reporting for Banking Institutions" (BNM/RH/PD 032-13) issued on 27 September 2019.

32 USE OF FINANCIAL INSTRUMENTS (CONTINUED)

E Liquidity risk (continued)

Contractual maturity of assets and liabilities

2024	Up to 1 week RM'000	>1 week to 1 month RM'000	>1 - 3 months RM'000	>3 - 6 months RM'000	>6 - 12 months RM'000	Over 1 year RM'000	No specific maturity RM'000	Total RM'000
Assets								
Cash and short term funds	2,913,349	–	–	–	–	–	–	2,913,349
Deposits and placements with banks and other financial institutions	–	–	–	656,378	–	–	–	656,378
Financial assets at fair value through profit or loss (FVTPL)	–	–	25,961	–	20,230	164,014	–	210,205
Financial assets at fair value through other comprehensive income (FVOCI)	–	488,729	498,253	543,657	196,469	–	2,969	1,730,077
Loans and advances	73,498	48,663	176,688	1,585	139,287	347,055	–	786,776
Other assets*	365,836	3,154	–	–	–	–	38	369,028
Derivative assets	3,340	2,461	41,820	97,660	198,730	227,818	–	571,829
Statutory deposit with Bank Negara Malaysia	–	–	–	–	–	–	65,000	65,000
Property and equipment	–	–	–	–	–	–	7,072	7,072
Deferred tax assets	–	–	–	–	–	–	4,342	4,342
	3,356,023	543,007	742,722	1,299,280	554,716	738,887	79,421	7,314,056
Liabilities								
Deposits from customers	4,224,904	8,795	50,558	–	51	1,050	–	4,285,358
Deposits and placements of banks and other financial institutions	478,066	–	–	–	–	–	–	478,066
Bills and acceptances payable	9,113	–	–	–	–	–	–	9,113
Other liabilities^	302,958	11,511	7,550	5,785	737	1,110	–	329,651
Derivative liabilities	112,156	243,127	176,756	92,841	33,281	181,178	–	839,339
Provision for taxation	–	–	–	–	201	–	–	201
	5,127,197	263,433	234,864	98,626	34,270	183,338	–	5,941,728
Net liquidity gap	(1,771,174)	279,574	507,858	1,200,654	520,446	555,549	79,421	1,372,328

*Excludes prepayment
^Excludes deferred income on loans and advances

32 USE OF FINANCIAL INSTRUMENTS (CONTINUED)

E Liquidity risk (continued)

Contractual maturity of assets and liabilities (continued)

2023	Up to 1 week RM'000	>1 week to 1 month RM'000	>1 - 3 months RM'000	>3 - 6 months RM'000	>6 - 12 months RM'000	Over 1 year RM'000	No specific maturity RM'000	Total RM'000
Assets								
Cash and short term funds	3,749,002	229,019	–	–	–	–	–	3,978,021
Financial assets at fair value through profit or loss (FVTPL)	–	–	–	–	406	321,724	–	322,130
Financial assets at fair value through other comprehensive income (FVOCI)	–	164,529	557,155	692,804	196,365	50,876	2,969	1,664,698
Loans and advances	40,682	19,425	15,870	140,652	140,437	133,258	–	490,324
Other assets*	102,145	3,291	–	–	–	–	36	105,472
Derivative assets	25,242	966	51,230	224,515	92,690	134,145	–	528,788
Statutory deposit with Bank Negara Malaysia	–	–	–	–	–	–	60,000	60,000
Property and equipment	–	–	–	–	–	–	6,620	6,620
Deferred tax assets	–	–	–	–	–	–	4,032	4,032
	3,917,071	417,230	624,255	1,057,971	429,898	640,003	73,657	7,160,085
Liabilities								
Deposits from customers	4,752,400	99,054	4,504	51	–	1,050	–	4,857,059
Deposits and placements of banks and other financial institutions	156,728	–	–	–	–	–	–	156,728
Bills and acceptances payable	12,742	–	–	–	–	–	–	12,742
Other liabilities^	367,194	8,227	5,045	1,969	5,942	417	–	388,794
Derivative liabilities	14,190	18,238	11,280	225,395	124,731	180,428	–	574,262
Provision for taxation	–	–	–	–	–	–	526	526
	5,303,254	125,519	20,829	227,415	130,673	181,895	526	5,990,111
Net liquidity gap	(1,386,183)	291,711	603,426	830,556	299,225	458,108	73,131	1,169,974

*Excludes prepayment
^Excludes deferred income on loans and advances.

32 USE OF FINANCIAL INSTRUMENTS (CONTINUED)

E Liquidity risk (continued)

Non-derivative financial liabilities

The tables below analyses the Bank's non-derivative financial liabilities into relevant maturity groupings based on the remaining contractual maturities at the end of the reporting period. The amounts disclosed in the tables are the contractual undiscounted cash flows.

	Up to 1 week RM'000	>1 week to 1month RM'000	>1 - 3 months RM'000	>3 - 6 months RM'000	>6 - 12 months RM'000	Over 1 year RM'000	No specific maturity RM'000	Total RM'000
2024								
Liabilities								
Deposits from customers	4,224,886	8,801	50,646	–	51	1,050	–	4,285,434
Deposits and placements of banks and other financial institutions	476,480	–	–	–	–	–	–	476,480
Bills and acceptances payable	9,113	–	–	–	–	–	–	9,113
Other liabilities^	325,452	137	769	1,416	763	1,114	–	329,651
	5,035,931	8,938	51,415	1,416	814	2,164	–	5,100,678
2023								
Liabilities								
Deposits from customers	4,754,518	99,114	4,521	51	–	1,050	–	4,859,254
Deposits and placements of banks and other financial institutions	156,286	–	–	–	–	–	–	156,286
Bills and acceptances payable	12,742	–	–	–	–	–	–	12,742
Other liabilities^	367,194	8,126	5,145	1,970	5,942	417	–	388,794
	5,290,740	107,240	9,666	2,021	5,942	1,467	–	5,417,076

^ Excludes deferred income on loans and advances.

32 USE OF FINANCIAL INSTRUMENTS (CONTINUED)

E Liquidity risk (continued)

The following table presents the contractual expiry by maturity of the Bank's commitment and contingencies:

	2024			**2023**		
	One year or less	**Over one year**	**Total**	**One year or less**	**Over one year**	**Total**
	RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Direct credit substitutes	286	140,577	140,863	100	111,594	111,694
Transaction related contingent items	–	287,715	287,715	–	244,409	244,409
Short-term self liquidating trade related contingencies	–	10,809	10,809	3,645	7,926	11,571
Any commitments that are unconditionally cancelled at any time by the Bank, without prior notice or that effectively provide for automatic cancellation due to deterioration in a borrower's creditworthiness	1,362,045	–	1,362,045	1,085,238	–	1,085,238
	1,362,331	439,101	1,801,432	1,088,983	363,929	1,452,912

32 USE OF FINANCIAL INSTRUMENTS (CONTINUED)

E Liquidity risk (continued)

Derivative financial liabilities

The table below analyses the Bank's derivative financial liabilities based on the remaining period from the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Up to 1 week	>1 week to 1 month	>1 - 3 months	>3 - 6 months	>6 - 12 months	Over 1 year	Total
2024	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Gross-settled derivatives:							
Foreign exchange forwards and swaps							
Receipts	12,582,299	11,146,313	12,575,143	5,481,196	2,068,267	56,483	43,909,701
Payments	(12,567,165)	(9,234,541)	(13,205,771)	(7,761,121)	(1,451,490)	(2,047)	(44,222,135)
	15,134	1,911,772	(630,628)	(2,279,925)	616,777	54,436	(312,434)
Interest rate and cross currency swaps							
Receipts	6,869,344	4,232	29,860	30,401	267,029	5,277,204	12,478,070
Payments	(6,805,023)	(4,173)	(31,186)	(34,014)	(267,279)	(5,312,666)	(12,454,341)
	64,321	59	(1,326)	(3,613)	(250)	(35,462)	23,729
	79,455	1,911,831	(631,954)	(2,283,538)	616,527	18,974	(288,705)
2023							
Gross-settled derivatives:							
Foreign exchange forwards and swaps							
Receipts	16,796,006	3,218,244	8,663,302	8,914,278	814,716	66,053	38,472,599
Payments	(15,516,803)	(3,045,048)	(12,027,512)	(7,714,973)	(432,820)	(2,219)	(38,739,375)
	1,279,203	173,196	(3,364,210)	1,199,305	381,896	63,834	(266,776)
Interest rate and cross currency swaps							
Receipts	–	1,440	14,900	42,468	190,404	3,880,983	4,130,195
Payments	–	(1,036)	(13,779)	(40,642)	(152,793)	(3,932,142)	(4,140,392)
	–	404	1,121	1,826	37,611	(51,159)	(10,197)
	1,279,203	173,600	(3,363,089)	1,201,131	419,507	12,675	(276,973)

32 USE OF FINANCIAL INSTRUMENTS (CONTINUED)

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. Management sets limits on the level of exposure by currency for overnight positions which are monitored daily.

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.

2024	**MYR**	**USD**	**SGD**	**GBP**	**AUD**	**Others**	**Total**
	RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Assets							
Cash and short term funds	1,849,766	1,047,349	2,712	2,598	–	10,924	2,913,349
Deposits and placements with banks and other financial institutions		656,378	–	–	–	–	656,378
Financial assets at fair value through profit or loss (FVTPL)	210,205	–	–	–	–	–	210,205
Financial assets at fair value through other comprehensive income (FVOCI)	1,730,077	–	–	–	–	–	1,730,077
Loans and advances	678,805	107,971	–	–	–	–	786,776
Other assets*	9,097	359,656	53	–	14	208	369,028
Derivative assets	571,829	–	–	–	–	–	571,829
	5,049,779	2,171,354	2,765	2,598	14	11,132	7,237,642
Liabilities							
Deposits from customers	2,224,801	1,937,833	62,137	–	2,840	57,747	4,285,358
Deposits and placements of banks and other financial institutions	53,837	423,142	–	–	1,087	–	478,066
Bills and acceptances payable	5,950	3,163	–	–	–	–	9,113
Other liabilities^	25,787	303,833	–	–	–	31	329,651
Derivative liabilities	839,339	–	–	–	–	–	839,339
	3,149,714	2,667,971	62,137	–	3,927	57,778	5,941,527
Currency gap	1,900,065	(496,617)	(59,372)	2,598	(3,913)	(46,646)	

*Excludes prepayment
^Excludes deferred income on loans and advances

32 USE OF FINANCIAL INSTRUMENTS (CONTINUED)

F Currency risk (continued)

2023	MYR	USD	SGD	GBP	AUD	Others	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Assets							
Cash and short term funds	2,536,740	1,419,755	3,087	–	–	18,439	3,978,021
Financial assets at fair value through profit or loss (FVTPL)	322,130	–	–	–	–	–	322,130
Financial assets at fair value through other comprehensive income (FVOCI)	1,664,698	–	–	–	–	–	1,664,698
Loans and advances	80,976	353,033	–	–	56,315	–	490,324
Other assets*	1,281	103,974	1	–	188	28	105,472
Derivative assets	528,788	–	–	–	–	–	528,788
	5,134,613	1,876,762	3,088	–	56,503	18,467	7,089,433
Liabilities							
Deposits from customers	2,302,673	2,453,269	58,747	–	3,375	38,995	4,857,059
Deposits and placements of banks and other financial institutions	58,927	94,280	–	132	1,126	2,263	156,728
Bills and acceptances payable	9,403	3,339	–	–	–	–	12,742
Other liabilities^	31,448	357,346	–	–	–	–	388,794
Derivative liabilities	574,262	–	–	–	–	–	574,262
	2,976,713	2,908,234	58,747	132	4,501	41,258	5,989,585
Currency gap	2,157,900	(1,031,472)	(55,659)	(132)	52,002	(22,791)	

*Excludes prepayment

^Excludes deferred income on loans and advances

32 USE OF FINANCIAL INSTRUMENTS (CONTINUED)

G Credit risk

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.

	Note	2024 RM'000	2023 RM'000
Assets			
Cash and short term funds*	2	2,911,547	3,977,032
Deposits and placements with banks and other financial institutions	3	656,378	—
Financial assets at fair value through other comprehensive income (FVOCI)*	5	1,727,108	1,661,729
Loans and advances^	6	786,776	490,324
Other assets*	7	369,028	105,472
Derivative assets	8	571,829	528,788
Total assets*		7,022,666	6,763,345
Commitments and contingencies	30	106,717,700	81,511,545
Total credit exposure		113,740,366	88,274,890

^ Net of collective impairment and individual impairment of RM5,469,722 (2023: RM4,688,695).
* Excludes cash in hand, unquoted shares and prepayments.

Where financial instruments are recorded by 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.

Collaterals

The main types of collaterals obtained by the Bank are fixed deposits which are pledged as collateral for commitment and contingencies and tangible assets such as vessels.

Cash collateral is held for derivatives with reference to Note 34.

Financial assets at fair value through profit or loss (FVTPL) are not collateralised.

The Bank also accepts non-tangible securities such as support, guarantees from corporate and institutions which are subject to internal guidelines on eligibility.

Concentration risk by geographical sectors

The country exposure analysis is based on the residency of the borrowers and counterparties. In respect of derivatives financial instruments, the amount subject to, and hence disclosed as, credit risk is limited to the current fair value of the instruments that are favourable to the Bank (i.e. assets).

32 USE OF FINANCIAL INSTRUMENTS (CONTINUED)

G Credit risk (continued)

Concentration risk by geographical sectors (continued)

Credit risk exposure analysed by country in respect of the Bank's financial assets, including off-balance sheet financial instruments, are set out in the following table.

	Malaysia	United States	India	Singapore	Others	Total
2024	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Cash and short term funds	2,895,313	–	29	2,712	13,493	2,911,547
Deposits and placements with banks and other financial institutions	656,378	–	–	–	–	656,378
Financial assets at fair value through other comprehensive income (FVOCI)	1,727,108	–	–	–	–	1,727,108
Loans and advances	786,776	–	–	–	–	786,776
Other assets*	369,028	–	–	–	–	369,028
Derivative assets	381,705	37,947	–	104,174	48,003	571,829
On Balance Sheet total	6,816,308	37,947	29	106,886	61,496	7,022,666
Commitments and contingencies	76,567,231	9,168,478	–	5,263,766	15,718,225	106,717,700
Total credit exposure	83,383,539	9,206,425	29	5,370,652	15,779,721	113,740,366
2023						
Cash and short term funds	3,955,506	–	75	3,087	18,364	3,977,032
Financial assets at fair value through other comprehensive income (FVOCI)	1,661,729	–	–	–	–	1,661,729
Loans and advances	490,324	–	–	–	–	490,324
Other assets*	105,472	–	–	–	–	105,472
Derivative assets	299,770	165,380	–	17,013	46,625	528,788
On Balance Sheet total	6,512,801	165,380	75	20,100	64,989	6,763,345
Commitments and contingencies	57,320,549	12,270,640	–	3,791,805	8,128,551	81,511,545
Total credit exposure	63,833,350	12,436,020	75	3,811,905	8,193,540	88,274,890

*Excludes prepayment

32 USE OF FINANCIAL INSTRUMENTS (CONTINUED)

G Credit risk (continued)

Concentration risk by economic sectors

2024	Government & government agencies	Mining & quarrying	Manufacturing	Electricity, gas and water	Construction	Wholesale & Retail trade, Restaurant & Hotels	Transport, storage, communication	Finance, insurance & business services	Others	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Cash and short term funds	2,894,711	–	–	–	–	–	–	16,836	–	2,911,547
Deposits and placements with banks and other financial institutions	656,378	–	–	–	–	–	–	–	–	656,378
Financial assets at fair value through other comprehensive income (FVOCI)	1,727,108	–	–	–	–	–	–	–	–	1,727,108
Loans and advances	–	980	375,564	3,587	9,701	7,983	107,971	280,711	279	786,776
Other assets*	–	–	–	–	–	–	–	369,028	–	369,028
Derivative assets	–	–	30,937	–	2,701	393	–	537,798	–	571,829
On Balance Sheet total	5,278,197	980	406,501	3,587	12,402	8,376	107,971	1,204,373	279	7,022,666
Commitments and contingencies	–	346,094	3,188,624	–	756,502	475,593	123,474	101,825,663	1,750	106,717,700
Total credit exposure	5,278,197	347,074	3,595,125	3,587	768,904	483,969	231,445	103,030,036	2,029	113,740,366

*Excludes prepayment

32 USE OF FINANCIAL INSTRUMENTS (CONTINUED)

G Credit risk (continued)

Concentration risk by economic sectors (continued)

2023	Government & government agencies RM'000	Manufacturing RM'000	Electricity, gas and water RM'000	Construction RM'000	Wholesale & Retail trade, Restaurant & Hotels RM'000	Transport, storage, communication RM'000	Finance, insurance & business services RM'000	Others RM'000	Total RM'000
Cash and short term funds	3,955,276	–	–	–	–		21,756	–	3,977,032
Financial assets at fair value through other comprehensive income (FVOCI)	1,661,729	–	–	–	–		–	–	1,661,729
Loans and advances	–	249,574	7,691	–	13,450	122,284	96,997	328	490,324
Other assets*	–	–	–	–	–	–	105,472	–	105,472
Derivative assets	–	14,537	–	2,284	5,345	2,237	504,385	–	528,788
On Balance Sheet total	5,617,005	264,111	7,691	2,284	18,795	124,521	728,610	328	6,763,345
Commitments and contingencies	–	2,008,336	–	278,206	369,679	351,983	78,503,341	–	81,511,545
Total credit exposure	5,617,005	2,272,447	7,691	280,490	388,474	476,504	79,231,951	328	88,274,890

*Excludes prepayment

32 USE OF FINANCIAL INSTRUMENTS (CONTINUED)

G Credit risk (continued)

Credit quality analysis

	AAA to B	B-	CCC and lower	Not rated	Total gross amount	Impairment allowance	Total net amount
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
2024							
Cash and short term funds	2,911,547	–	–	–	2,911,547	–	2,911,547
Deposits and placements with banks and other financial institutions	656,378	–	–	–	656,378	–	656,378
Financial assets at fair value through other comprehensive income (FVOCI)	1,727,108	–	–	–	1,727,108	–	1,727,108
Loans and advances	791,967	–	–	279	792,246	(5,470)	786,776
Other assets*	–	–	–	369,028	369,028	–	369,028
Derivative assets	570,956	873	–	–	571,829	–	571,829
Total assets	6,657,956	873	–	369,307	7,028,136	(5,470)	7,022,666
Commitments and contingencies	106,473,174	221,322	2,843	20,361	106,717,700	–	106,717,700
Total credit exposure	113,131,130	222,195	2,843	389,668	113,745,836	(5,470)	113,740,366
2023							
Cash and short term funds	3,977,032	–	–	–	3,977,032	–	3,977,032
Financial assets at fair value through other comprehensive income (FVOCI)	1,661,729	–	–	–	1,661,729	–	1,661,729
Loans and advances	494,677	–	7	328	495,012	(4,688)	490,324
Other assets*	–	–	–	105,472	105,472	–	105,472
Derivative assets	528,788	–	–	–	528,788	–	528,788
Total assets	6,662,226	–	7	105,800	6,768,033	(4,688)	6,763,345
Commitments and contingencies	81,477,924	17,123	16,497	1	81,511,545	–	81,511,545
Total credit exposure	88,140,150	17,123	16,504	105,801	88,279,578	(4,688)	88,274,890

*Excludes prepayment

32 USE OF FINANCIAL INSTRUMENTS (CONTINUED)

G Credit risk (continued)

Credit quality analysis - by staging

	AAA to B	B-	CCC and lower	Not rated	Total gross amount	Impairment allowance	Total net amount
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
2024							
Stage 1							
Cash and short term funds	2,911,547	–	–	–	2,911,547	–	2,911,547
Deposits and placements with banks and other financial institutions	656,378	–	–	–	656,378	–	656,378
Financial assets at fair value through other comprehensive income (FVOCI)	1,727,108	–	–	–	1,727,108	–	1,727,108
Loans and advances	635,858	–	–	279	636,137	(4,228)	631,909
Other assets*	–	–	–	369,028	369,028	–	369,028
Derivative assets	570,956	873	–	–	571,829	–	571,829
Commitments and contingencies	106,459,534	–	–	20,361	106,479,895	–	106,479,895
	112,961,381	873	–	389,668	113,351,922	(4,228)	113,347,694
Stage 2							
Loans and advances	156,109	–	–	–	156,109	(1,242)	154,867
Commitments and contingencies	13,640	221,322	2,843	–	237,805	–	237,805
	169,749	221,322	2,843	–	393,914	(1,242)	392,672
Stage 3							
Loans and advances	–	–	–	–	–	–	–
Commitments and contingencies	–	–	–	–	–	–	–
	–	–	–	–	–	–	–

*Excludes prepayment

32 USE OF FINANCIAL INSTRUMENTS (CONTINUED)

G Credit risk (continued)

Credit quality analysis - by staging (continued)

	AAA to B	B-	CCC and lower	Not rated	Total gross amount	Impairment allowance	Total net amount
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
2023							
Stage 1							
Cash and short term funds	3,977,032	–	–	–	3,977,032	–	3,977,032
Financial assets at fair value through other comprehensive income (FVOCI)	1,661,729	–	–	–	1,661,729	–	1,661,729
Loans and advances	494,677	–	–	328	495,005	(4,681)	490,324
Other asset*	–	–	–	105,472	105,472	–	105,472
Derivative assets	528,788	–	–	–	528,788	–	528,788
Commitments and contingencies	81,476,924	688	–	1	81,477,613	–	81,477,613
	88,139,150	688	–	105,801	88,245,639	(4,681)	88,240,958
Stage 2							
Loans and advances	–	–	–	–	–	–	–
Commitments and contingencies	1,000	16,435	16,497	–	33,932	–	33,932
	1,000	16,435	16,497	–	33,932	–	33,932
Stage 3							
Loans and advances	–	–	7	–	7	(7)	–
Commitments and contingencies	–	–	–	–	–	–	–
	–	–	7	–	7	(7)	–

*Excludes prepayment

32 USE OF FINANCIAL INSTRUMENTS (CONTINUED)

G Credit risk (continued)

(a) Loans and advances

The table below presents an analysis of the credit quality of loans and advances by reference to the internal rating system adopted by the Bank.

	Government & Government agencies	Large corporate customers	Staff loans	Mortgages	Total gross amount
	RM'000	RM'000	RM'000	RM'000	RM'000
2024					
ORR1 – Exceptional	–	–	–	–	–
ORR2 – Excellent	–	160,894	–	–	160,894
ORR3 – Strong	–	57,217	–	–	57,217
ORR4 – Good	–	417,747	–	–	417,747
ORR5 – Satisfactory	–	156,109	–	–	156,109
ORR6 – Acceptable	–	–	–	–	–
ORR7 – Watchlist	–	–	–	–	–
ORR8 – Special Mention	–	–	–	–	–
ORR9 – Sub-standard	–	–	–	–	–
ORR10 – Doubtful	–	–	–	–	–
ORR11 – Loss	–	–	–	–	–
Unrated	–	–	279	–	279
Total	–	791,967	279	–	792,246
2023					
ORR1 – Exceptional	–	–	–	–	–
ORR2 – Excellent	–	56,785	–	–	56,785
ORR3 – Strong	–	145,376	–	–	145,376
ORR4 – Good	–	23,793	–	–	23,793
ORR5 – Satisfactory	–	126,825	–	–	126,825
ORR6 – Acceptable	–	141,898	–	–	141,898
ORR7 – Watchlist	–	–	–	–	–
ORR8 – Special Mention	–	–	–	–	–
ORR9 – Sub-standard	–	–	–	–	–
ORR10 – Doubtful	–	–	–	7	7
ORR11 – Loss	–	–	–	–	–
Unrated	–	–	328	–	328
Total	–	494,677	328	7	495,012

*ORR = Obligor Risk Rating

32 USE OF FINANCIAL INSTRUMENTS (CONTINUED)

G Credit risk (continued)

Loans and advances (continued)

(b) Loans and advances individually impaired

The breakdowns of the amount of individually impaired loans and advances by class are as follows:

	Corporate	Mortgages
2024	**RM'000**	**RM'000**
Gross impaired	–	–
Less: Individual allowance	–	–
Net impaired	–	–
2023		
Gross impaired	–	7
Less: Individual allowance	–	(7)
Net impaired	–	–

(c) Securities at FVOCI

The table below presents an analysis of the credit quality of securities for the Bank by external rating agency are summarised as follows:

	Malaysian Government Securities ("MGS")	Malaysian Treasury Bills	Total
	RM'000	**RM'000**	**RM'000**
2024			
Financial assets at fair value through other comprehensive income (FVOCI)			
Sovereign rating (AAA to A-)	50,633	1,676,475	1,727,108
	50,633	1,676,475	1,727,108
2023			
Financial assets at fair value through other comprehensive income (FVOCI)			
Sovereign rating (AAA to A-)	50,876	1,610,853	1,661,729
	50,876	1,610,853	1,661,729

32 USE OF FINANCIAL INSTRUMENTS (CONTINUED)

H Market risk

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

The scenarios used are simplified whereby it is assumed that all key variables for all maturities move at the same time and by the same magnitude and do not incorporate actions that would be otherwise taken by risk management to mitigate the effect of this movement in key variables. In reality, the Bank proactively seeks to ensure that the interest rate risk profile is managed to minimise losses and optimise net revenues.

Interest rate risk sensitivity analysis on banking book

The primary goal of the management of IRRBB is to ensure that interest rate risk exposures are maintained within the defined risk tolerances. The material sources of IRRBB are repricing risk, yield curve risk, basis risk and optionality risk.

A range of techniques are employed to measure IRRBB from both earnings and economic value perspective on monthly basis. One measure involves the assessment of the impact of various interest rate risk scenarios on the net interest income and the banking book's Economic Value of Equity ("EVE").

	Scenario	2024 RM'000	2023 RM'000
Economic Value Impact	Parallel 250 bps up	87,824	99,510
	Parallel 200 bps up	70,259	79,608
	Parallel 150 bps up	52,694	59,706
	Steepener	(33,498)	(37,936)
	Flattener	42,057	48,596
	Short Rate Up	66,529	76,319
	Short Rate Down	(66,529)	(76,319)
Earnings at Risk	Parallel 250 bps up	86,046	89,913
	Parallel 200 bps up	68,837	71,930
	Parallel 150 bps up	51,628	53,948

The following table presents year-end, average, high and low daily VaR using a 99 percent confidence level.
The numbers are based on FICC positions only (Securities at FVTPL and derivatives).

	Year End RM'000	Average RM'000	High RM'000	Low RM'000
2024				
VaR of the Bank	1,536	3,767	7,491	1,101
Foreign exchange	1,180	3,406	6,393	883
Interest rate	1,036	1,599	5,391	36
2023				
VaR of the Bank	2,879	3,891	8,658	1,285
Foreign exchange	2,710	3,641	7,710	1,289
Interest rate	998	1,152	4,308	23

33 FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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 a range of methodologies and assumptions regarding risk characteristics of various financial instruments, discount rates, estimates of future cash flows and other factors. Changes in the uncertainties and assumptions could materially affect these estimates and the resulting fair value estimates.

A range of methodologies and assumptions had been used in deriving the fair values of the Bank's financial instruments at balance sheet date.

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

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

Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, as derived from prices).

Level 3: Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

Transfers between levels of the fair value hierarchy are assessed on a quarterly basis and the policy for determining a transfer amount is consistent for transfers in and transfers out.

The following table presents the Bank's financial assets and liabilities that are measured at fair value.

	Level 1	**Level 2**	**Level 3**	**Total**
	RM'000	**RM'000**	**RM'000**	**RM'000**
2024				
Financial assets at fair value through profit or loss				
Financial assets at fair value through profit or loss (FVTPL)				
- Malaysian Government Securities	162,811	–	–	162,811
- Malaysian Government Investment Issues	47,394	–	–	47,394
Derivative assets				
- Foreign exchange forwards and swaps	–	419,325	–	419,325
- Interest rate and cross currency swaps	–	152,504	–	152,504
Financial assets at fair value through other comprehensive income				
- Unquoted shares	–	–	2,969	2,969
- Malaysian Government Securities	50,633	–	–	50,633
- Malaysian Treasury Bills	1,676,475	–	–	1,676,475
Total assets	1,937,313	571,829	2,969	2,512,111
Financial liabilities at fair value through profit or loss				
Derivative liabilities				
- Foreign exchange forwards and swaps	–	647,763	–	647,763
- Interest rate and cross currency swaps	–	191,576	–	191,576
Total liabilities	–	839,339	–	839,339

33 FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

	Level 1	Level 2	Level 3	Total
	RM'000	RM'000	RM'000	RM'000
2023				
Financial assets at fair value through profit or loss				
Financial assets at fair value through profit or loss (FVTPL)				
- Malaysian Government Securities	190,760	–	–	190,760
- Malaysian Government Investment Issues	131,370	–	–	131,370
Derivative assets				
- Foreign exchange forwards and swaps	–	396,932	–	396,932
- Interest rate and cross currency swaps	–	131,856	–	131,856
Financial assets at fair value through other comprehensive income				
- Unquoted shares	–	–	2,969	2,969
- Malaysian Government Securities	50,876	—	—	50,876
- Malaysian Treasury Bills	1,610,853	–	–	1,610,853
Total assets	1,983,859	528,788	2,969	2,515,616
Financial liabilities at fair value through profit or loss				
Derivative liabilities				
- Foreign exchange forwards and swaps	–	395,593	–	395,593
- Interest rate and cross currency swaps	–	178,669	–	178,669
Total liabilities	–	574,262	–	574,262

There were no transfers between levels 1 and 2 during the year (2023: There were no transfers between Levels 1 and 2)

Financial instruments in Level 1

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Bank is the current bid price. These instruments are included in Level 1. Instruments included in Level 1 comprise primarily Malaysian Government Securities and Bank Negara Bills classified as trading securities.

Financial instruments in Level 2

The fair value of financial instruments that are not traded in an active market (for example, over-the- counter derivatives) is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2.

If one or more significant inputs is not based on observable market data, the instrument is included in Level 3.

33 FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

Specific valuation techniques used to value financial instruments include:

- Quoted market prices or dealer quotes for similar instruments
- The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves
- The fair value of forward foreign exchange contracts is determined using forward exchange rates at the balance sheet date, with the resulting value discounted back to present value
- Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments

Financial instruments in Level 3

Level 3 inputs relate to mark-to-model financial instruments having unobservable model inputs that have an overall significant impact on the financial instrument's fair value. This is true whether the financial instrument is considered a cash security, securitised product or structured derivative. Classification on Level 3 is essentially a result of failure to be classified on either Levels 1 or 2. It is important to note some key points regarding the use of Level 3 inputs for the purposes of estimating fair value:

- Unobservable inputs can only be used in the absence of reliable observable market data.

- If unobservable inputs are used, they must reflect the assumptions market participants would use when pricing the asset or liability, including assumptions about risk. If the Bank's own data is used to develop unobservable inputs, this should be adjusted if reasonably available information suggests other market participants would use different data.

- Assumptions about risk include the risk or uncertainty inherent in a particular valuation model used to estimate fair value, as well as the inputs used by the valuation model. A fair value estimate produced from a valuation model must be adjusted for these risks if a market participant would do so in their pricing of an asset or liability.

There were no movement in Level 3 instruments between financial year ended 31 December 2024 and 31 December 2023.

There were no gains or losses from Level 3 instruments recognised in profit or loss in the financial year ended 31 December 2024 and 31 December 2023.

Significant unobservable inputs

The following table discloses the valuation techniques and significant unobservable inputs by the Bank of asset recognised at fair value and classified as Level 3 with the range of values used for those significant unobservable inputs.

	Fair value at	Valuation technique	Significant unobservable inputs	Reasonable possible shift
	RM'000	RM'000	RM'000	RM'000
2024				
Financial assets at FVOCI				
Unquoted shares	2,969	Net tangible asset	Net tangible asset	+/- 5%
2023				
Financial assets at FVOCI				
Unquoted shares	2,969	Net tangible asset	Net tangible asset	+/- 5%

33 FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

Significant unobservable inputs (continued)

If the Net Tangible Asset had been 5% higher/lower, with all other variable held constant, the Bank's Other Comprehensive Income would have been RM2,666,604 (2023: RM2,496,224) higher and RM2,129,869 (2023: RM1,975,715) lower respectively.

A significant increase in market yields, default rates, loss severities or duration would result in a significantly lower fair value for long positions. Short positions would be impacted in a directionally opposite way. The impact of changes in prepayment speeds would have differing impacts depending on the seniority of the instrument. A significant increase in price would result in a significantly higher fair value for long positions, and short positions would be impacted in a directionally opposite way.

Financial instruments not measured at fair value

The following table analyses within the fair value hierarchy the Bank's assets and liabilities not measured at fair value, but for which fair value is disclosed.

	Carrying value	Level 1	Level 2	Total
2024	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Assets				
Cash and short term funds	2,913,349	–	2,913,349	2,913,349
Deposits and placements with banks and other financial institutions	656,378	–	656,378	656,378
Loans and advances	786,776	–	791,764	791,764
Other assets	369,562	–	369,562	369,562
Total	4,726,065	–	4,731,053	4,731,053
Liabilities				
Deposits from customers	4,285,358	–	4,285,358	4,285,358
Deposits and placements of banks and other financial institutions	478,066	–	478,066	478,066
Bills and acceptances payable	9,113	–	9,113	9,113
Other liabilities	330,065	–	330,065	330,065
Total	5,102,602	–	5,102,602	5,102,602

	Carrying value	Level 1	Level 2	Total
2023	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Assets				
Cash and short term funds	3,978,021	–	3,978,021	3,978,021
Loans and advances	490,324	–	494,449	494,449
Other assets	105,634	–	105,634	105,634
Total	4,573,979	–	4,578,104	4,578,104
Liabilities				
Deposits from customers	4,857,059	–	4,857,059	4,857,059
Deposits and placements of banks and other financial institutions	156,728	–	156,728	156,728
Bills and acceptances payable	12,742	–	12,742	12,742
Other liabilities	389,452	–	389,452	389,452
Total	5,415,981	–	5,415,981	5,415,981

33 FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

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

(a) Short term funds and deposits and placements with banks

For short term funds and deposits and placements with financial institutions with maturities of less than one year, the carrying value is a reasonable estimate of fair value. For short-term funds and deposits and placements with financial institutions, the carrying value approximates the fair value as these balances are subject to variable interest rate.

(b) Loans and advances

Loans and advances of the Bank comprise of floating rate loans and fixed rate loans. For performing floating rate loans, the carrying amount is a reasonable estimate of their fair values.

The fair values of performing fixed rate loans are arrived at using the discounted cash flows based on the prevailing market rates of loans and advances with similar credit ratings and maturities.

The fair values of impaired loans and advances, whether fixed or floating are represented by their carrying values, net of expected credit losses, being the reasonable estimate of recoverable amount.

(c) Deposits from customers

For deposits from customers with maturities of less than one year, the carrying amounts are a reasonable estimate of their fair value. For deposit with maturities of one year or more, the fair values are estimated using discounted cash flows based on prevailing market rates for similar deposits from customers.

(d) Deposits and placements of banks and other financial institutions

The estimated fair values of deposits and placements of banks and other financial institutions with maturities of less than one year approximate the carrying values. For deposits and placements with maturities of one year or more, the fair values are estimated based on discounted cash flows using prevailing money market interest rates for deposits and placements with similar remaining period to maturities.

(e) Other receivables and other payables

The carrying value less any allowances included in other assets and other liabilities are assumed to approximate their fair values as these items are not materially sensitive to the shift in market interest rates.

(f) Bills and acceptances payable

The estimated fair values of bills and acceptances payable with maturities of less than one year approximate the carrying values. For bills and acceptances payable with maturities of one year or more, the fair values are estimated based on discounted cash flows using prevailing money market interest rates for bills and acceptances payable with similar periods to maturity.

34 OFFSETTING FINANCIAL ASSETS AND FINANCIAL LIABILITIES

Financial assets and liabilities are offset, and the net amount reported in the statement of financial position where the Bank currently has a legally enforceable right to offset the recognized amounts, and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. The Bank has also entered into arrangements that do not meet the criteria for offsetting but still allow for the related amounts to be set-off in certain circumstances, such as bankruptcy or the termination of a contract. The following table presents the recognised financial instruments that are offset, or subject to enforceable master netting arrangements and other similar agreements but not offset, as at 31 December 2024 and 31 December 2023. The column 'net amount' shows the impact on the Bank's statement of financial position if all set-off rights were exercised. The financial collaterals are mainly related to derivatives. The carrying amount of financial collateral approximates fair value as at 31 December 2024.

				Related amounts not set off in the statement of financial position		
	Gross amount recognised financial assets	**Gross amounts of recognised financial assets set off in the statement of financial position**	**Net amounts of financial assets presented in the statement of financial position**	**Financial Instruments**	**Financial collateral**	**Net amount**
	RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
2024						
Derivative financial assets	571,829	—	571,829	(429,069)	(356,747)	(213,987)
Derivative financial liabilities	839,339	—	839,339	(429,069)	(277,235)	133,035
2023						
Derivative financial assets	528,788	—	528,788	(352,145)	(101,355)	75,288
Derivative financial liabilities	574,262	—	574,262	(352,145)	(347,965)	(125,848)

The Bank can undertake a number of financial instrument transactions with a single counterparty and may enter into an International Swaps and Derivatives Association, Inc ("ISDA”) master netting agreement or their equivalent (“master netting agreements”) with that counterparty. Such an agreement provides for a single net settlement of all financial instruments covered by the agreement in the event of default on, or termination of, any one contract. These agreements are commonly used to provide protection against loss in the event of bankruptcy or other circumstances that result in a counterparty being unable to meet its obligations. A master netting arrangement commonly creates a right of set-off that becomes enforceable and affects the realization or settlement of individual financial assets and financial liabilities only following a specified event of default or in other circumstances not expected to arise in the normal course of business. The Bank enters into ISDA master agreements or their equivalent (“master netting agreements”) with the Bank’s major derivative counterparties.

35 INTEREST RATE BENCHMARK REFORM

BNM has discontinued the publication of the two- and twelve-month KLIBOR tenors, which are the least referenced rates in the market for financial contracts, on 1 January 2023. The remaining one-, three- and six-month KLIBOR tenors, continue to reflect an active underlying market, until a further announcement from BNM on their review. As at year end, all LIBOR contracts have transitioned to alternative rates.

The Bank will closely monitor the regulators' announcements on Malaysia Overnight Rate ("MYOR") or discontinuation of publication of the KLIBOR for the relevant tenors and continues to engage with industry participants, to ensure an orderly transition to MYOR and to minimise the risks arising from transition, and it will continue to identify and assess risks associated with KLIBOR replacement.

As at 31 December 2024, the Bank has exposure to KLIBOR on its financial instruments. The following table contains details of the financial instruments that the Bank holds at 31 December 2024 which referenced KLIBOR:

			2024			2023
	Carrying amount/Nominal amount			Carrying amount/Nominal amount		
	MYR KLIBOR RM'000	USD LIBOR RM'000	Total RM'000	MYR KLIBOR RM'000	USD LIBOR RM'000	Total RM'000
Non-derivative financial assets	599,025	–	599,025	29,594	–	29,594
Derivatives assets	26,843,720	–	26,843,720	18,982,180	–	18,982,180
Derivatives liabilities	29,680,105	–	29,680,105	17,609,635	–	17,609,635

36 ANALYSIS OF ASSETS AND LIABILITIES (CURRENT AND NON-CURRENT)

The following table sets out the amounts of assets and liabilities expected to be recovered or settled within and after 12 months from the balance sheet date:

			2024			2023
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
Cash and short term funds	2,913,349	—	2,913,349	3,978,021	—	3,978,021
Deposits and placements with banks and other financial institutions	656,378	—	656,378	—	—	—
Financial assets at fair value through profit or loss (FVTPL)	46,191	164,014	210,205	406	321,724	322,130
Financial assets at fair value through other comprehensive income (FVOCI)	1,727,108	2,969	1,730,077	1,610,853	53,845	1,664,698
Loans and advances	439,721	347,055	786,776	357,066	133,258	490,324
Other assets	369,524	38	369,562	105,598	36	105,634
Derivative assets	344,011	227,818	571,829	394,643	134,145	528,788
Statutory deposits with Bank Negara Malaysia	—	65,000	65,000	—	60,000	60,000
Property and equipment	—	7,072	7,072	—	6,620	6,620
Deferred tax assets	3,888	454	4,342	3,484	548	4,032
Deposits from customers	4,284,308	1,050	4,285,358	4,856,009	1,050	4,857,059
Deposits and placements of banks and other financial institutions	478,066	—	478,066	156,728	—	156,728
Bills and acceptances payable	9,113	—	9,113	12,742	—	12,742
Other liabilities	326,987	3,078	330,065	385,683	3,769	389,452
Derivative liabilities	658,161	181,178	839,339	393,834	180,428	574,262
Provision for taxation	201	—	201	526	—	526

37 SIGNIFICANT EVENTS SUBSEQUENT TO THE BALANCE SHEET DATE

There are no significant events subsequent to the balance sheet date.

38 APPROVAL OF FINANCIAL STATEMENTS

The financial statements have been approved for issue in accordance with a resolution of the Board of Directors on 28 March 2025.

BANK OF AMERICA MALAYSIA BERHAD
(Incorporated in Malaysia)

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

We, Gautam Padmakar Puntambekar and Anthony Lim Choon Eng, being two of the Directors of Bank of America Malaysia Berhad, do hereby state that, in the opinion of the Directors, the financial statements set out on pages 11 to 98 are drawn up so as to give a true and fair view of the financial position of the Bank as at 31 December 2024 and financial performance of the Bank for the financial year ended 31 December 2024 in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia.

Signed on behalf of the Board of Directors in accordance with their resolution dated

GAUTAM PADMAKAR PUNTAMBEKAR	ANTHONY LIM CHOON ENG
DIRECTOR	DIRECTOR

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

I, Wong Poh Leng, the Officer primarily responsible for the financial management of Bank of America Malaysia Berhad, do solemnly and sincerely declare that the financial statements set out on pages 11 to 98 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

WONG POH LENG

Subscribed and solemnly declared by the above named Wong Poh Leng at Kuala Lumpur on , before me.

COMMISSIONER FOR OATHS

pwc

INDEPENDENT AUDITORS' REPORT
TO THE MEMBER OF BANK OF AMERICA MALAYSIA BERHAD
(Incorporated in Malaysia)
Registration No. 199401025304 (310983-V)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Our opinion

In our opinion, the financial statements of Bank of America Malaysia Berhad ("the Bank") give a true and fair view of the financial position of the Bank as at 31 December 2024, and of its financial performance and its cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

What we have audited

We have audited the financial statements of the Bank, which comprise the statement of financial position as at 31 December 2024, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the financial year then ended, and notes to the financial statements, including material accounting policy information, as set out on pages 11 to 98.

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 opinion.

Independence and other ethical responsibilities

We are independent of the Bank in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Information other than the financial statements and auditors' report thereon

The Directors of the Bank are responsible for the other information. The other information comprises the Directors' Report, but does not include the financial statements of the Bank and our auditors' report thereon.

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INDEPENDENT AUDITORS' REPORT
TO THE MEMBER OF BANK OF AMERICA MALAYSIA BERHAD (CONTINUED)
(Incorporated in Malaysia)
Registration No. 199401025304 (310983-V)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

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

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

Auditors' responsibilities for the audit of the financial statements

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

INDEPENDENT AUDITORS' REPORT
TO THE MEMBER OF BANK OF AMERICA MALAYSIA BERHAD (CONTINUED)
(Incorporated in Malaysia)
Registration No. 199401025304 (310983-V)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

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

(a) 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.

(b) 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.

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

(d) 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.

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

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

INDEPENDENT AUDITORS' REPORT
TO THE MEMBER OF BANK OF AMERICA MALAYSIA BERHAD (CONTINUED)
(Incorporated in Malaysia)
Registration No. 199401025304 (310983-V)

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.

PricewaterhouseCoopers PLT

PRICEWATERHOUSECOOPERS PLT
LLP0014401-LCA & AF 1146
Chartered Accountants

FOONG MEI LIN
03530/09/2026 J
Chartered Accountant

Kuala Lumpur
28 March 2025