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 2025

BANK OF AMERICA MALAYSIA BERHAD
(Incorporated in Malaysia)

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

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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 2025.

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

	2025
	RM'000
Profit before taxation	227,673
Taxation	(55,449)
Profit for the financial year	172,224

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 2025.

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:

Andrew Mark Sill	(appointed as Chairman on 29 October 2025)
Gautam Padmakar Puntambekar	
Donna Chang Wai Kah	
Adil Ahmad	(appointed as Independent Director on 28 October 2025)
Anthony Lim Choon Eng	(resigned as Chairman and Independent Director on 29 October 2025)

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.

DIRECTOR'S REPORT (CONTINUED)

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 31.12.2025
Gautam Padmakar Puntambekar	8,838	5,940	(1,930)	12,848

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	517
- Directors other emoluments	3,279

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. We have clear ownership and accountability for managing risk across three lines of defence: Front Line Units ("FLUs"), Global Risk Management ("GRM") and Corporate Audit.

RISK MANAGEMENT FRAMEWORK (CONTINUED)

We also have control functions outside FLUs and GRM (eg. Legal and Global Human Resources). The three lines of defence are integrated into our management level governance structure.

BUSINESS PLAN AND STRATEGY FOR THE FINANCIAL YEAR ENDED 2025

Bank of America Malaysia Berhad (“BAMB”) delivered a strong performance in Financial Year Ended ("FYE") 2025, advancing client outcomes while deepening its support for local communities. The Bank maintained its commitment to responsible, sustainable growth, with continued focus on multinational corporations, large local corporates, and financial institutions. Its core businesses comprising Credit Facilities, Vendor Financing, Cash Management, and Treasury has remained resilient and contributed meaningfully to overall results.

BAMB’s Fixed Income, Currencies & Commodities ("FICC") was appointed by Bank Negara Malaysia ("BNM") as a Principal Dealer for 2025–2026. The business actively supported client needs across foreign exchange, derivatives, and government securities, reinforcing BAMB’s role as a trusted partner for investment and hedging solutions.

Strategically, the Bank partnered with MIDA and the Johor State Government to promote the Johor–Singapore Special Economic Zone (JS SEZ) to US corporates and financial institutions. This initiative positions BAMB at the forefront of facilitating cross-border investment and supporting Malaysia’s economic development priorities.

Global uncertainties arising from US tariff policies and geopolitical tensions involving the US, China, and regional partners influenced client capital-investment decisions and activity levels within BAMB’s franchise.

Despite these headwinds, BAMB’s pre-tax margins remained among the highest relative to peers, underpinned by continued cost discipline. Community investment remained a priority, with sustained NGO partnerships and high employee volunteer participation.

OUTLOOK FOR THE FINANCIAL YEAR 2026

Geopolitics, anti-globalisation trends, and trade tensions are expected to continue shaping client strategies in 2026. Corporates will likely diversify production footprints and supply chains to mitigate concentration risk. Over the longer term, deflationary pressures from technological disruption, particularly AI, and demographic ageing in developed markets are expected to persist.

Despite the elevated global uncertainty, Malaysia remains well positioned to attract new waves of Foreign Direct Investment (FDI). Multinational corporations are increasingly seeking alternative supply-chain hubs to mitigate geopolitical risk, and Malaysia offers a compelling combination of stability, talent, and connectivity.

The Johor–Singapore Special Economic Zone (JS-SEZ) is poised to enhance the combined competitiveness of Johor and Singapore, offering global investors a more integrated and efficient operating ecosystem. Johor’s growing data-centre landscape is driven by demand from hyperscalers and AI-ready infrastructure where it positions it as a potential regional digital-economy hub. At the same time, Penang continues to draw strong interest from multinational companies as a leading centre for Electrical & Electronics manufacturing.

Against this backdrop, Bank of America Malaysia Berhad ("BAMB") is well positioned to support clients and capture opportunities arising from these structural shifts. With its global expertise and strong local presence, BAMB is prepared to serve the evolving needs of corporates as they navigate a more complex operating environment. In first quarter of 2026, BAMB will relocate to a new state-of-the-art facility at Merdeka 118, reinforcing the Bank’s long-term commitment to Malaysia.

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 2025, the Board has four (4) members, comprising the Chief Executive Officer and Executive Director (1), and Independent Directors (3), as follows:

	Designation
Andrew Mark Sill	Chairman and Independent Director
Gautam Padmakar Puntambekar	Chief Executive Officer and Executive Director
Donna Chang Wai Kah	Independent Director
Adil Ahmad	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 judgement 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

Andrew Mark Sill

Chairman and Independent Director

Andrew Mark Sill ("Mr. Andrew") has served as an independent director of Bank of America Malaysia Berhad since December 2022. He was appointed Chairman of the Board in October 2025. He is also the Chair of the Board of Directors of Heriot-Watt University Malaysia Sdn Bhd.

Mr. 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. Mr. 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, Mr. 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.

Mr. 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.

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)

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 recognised 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.

Adil Ahmad

Independent Director

Mr. Adil Ahmad served as an independent director of Bank of America Malaysia Berhad since October 2025. Mr. Adil Ahmad, an Australian citizen, is an experienced board director and a retired senior international banker, with 35 years of experience in Australia, Kuwait, Malaysia, Pakistan, United Kingdom and Vietnam. His last executive role was as CEO of Kuwait International Bank, Kuwait ("KIB"). Prior to joining KIB he was with the ANZ Bank for two decades in a range of senior roles in Australia, United Kingdom, Pakistan and Vietnam. Mr. Adil Ahmad graduated with a BA in Economics and MBA in Finance & Accounting from Cornell University, USA. He is also a graduate of the INSEAD Executive Management program.

Mr. Adil Ahmad is Chairman of the Board of Directors at Liberty General Insurance Berhad and independent director of FIDE Forum and Vingroup JSC, Vietnam. He retired as Chairman of the Board of Directors at FWD Takaful Bhd and as Board Director at HSBC Amanah Malaysia Bhd. His other past directorships in listed and unlisted entities include Ping Petroleum Ltd (Malaysia), Sacombank (Vietnam), First ANZ International Modaraba (UK) and First Grindlays Modaraba (Pakistan).

DIRECTOR'S REPORT (CONTINUED)

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 2025. 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 %
Andrew Mark Sill	8/8	100%
(appointed as Chairman and Independent Director on 29 October 2025)		
Gautam Padmakar Puntambekar	8/8	100%
Chief Executive Officer and Executive Director		
Donna Chang Wai Kah	8/8	100%
Independent Director		
Adil Ahmad	2/2	100%
(appointed as Independent Director on 28 October 2025)		

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.

DIRECTOR'S REPORT (CONTINUED)

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%
Andrew Mark Sill	7/7	100%
Adil Ahmad	2/2	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 %
Adil Ahmad (appointed as Chair on 29 October 2025)	2/2	100%
Andrew Mark Sill	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 %
Adil Ahmad (appointed as Chair on 29 October 2025)	2/2	100%
Andrew Mark Sill	5/5	100%
Donna Chang Wai Kah	5/5	100%

BANK OF AMERICA MALAYSIA BERHAD
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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%
Andrew Mark Sill	3/3	100%
Adil Ahmad	1/1	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 RM313,000. 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

ANDREW MARK SILL
DIRECTOR

Kuala Lumpur

BANK OF AMERICA MALAYSIA BERHAD
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STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2025

	Note	2025 RM'000	2024 RM'000
ASSETS			
Cash and short term funds	2	3,127,232	2,913,349
Deposits and placements with banks and other financial institutions	3	204,128	656,378
Financial assets at fair value through profit or loss (FVTPL)	4	758,199	210,205
Financial assets at fair value through other comprehensive income (FVOCI)	5	2,109,657	1,730,077
Loans and advances	6	441,406	786,776
Other assets	7	189,752	369,562
Derivative assets	8	969,358	571,829
Statutory deposits with Bank Negara Malaysia	9	25,000	65,000
Property and equipment	10	23,922	7,072
Tax recoverable		291	–
Deferred tax assets	11	3,948	4,342
TOTAL ASSETS		7,852,893	7,314,590
LIABILITIES AND SHAREHOLDERS' FUNDS			
Deposits from customers	12	4,135,967	4,285,358
Deposits and placements of banks and other financial institutions	13	548,974	478,066
Bills and acceptances payable		2,305	9,113
Other liabilities	14	432,310	330,065
Derivative liabilities	15	1,188,414	839,339
Provision for taxation		–	201
TOTAL LIABILITIES		6,307,970	5,942,142
Share capital	16	135,800	135,800
Reserves	17	1,409,123	1,236,648
Shareholders' funds		1,544,923	1,372,448
TOTAL LIABILITIES AND SHAREHOLDERS' FUNDS		7,852,893	7,314,590
COMMITMENTS AND CONTINGENCIES	30	134,393,375	106,717,700

BANK OF AMERICA MALAYSIA BERHAD
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STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

	Note	2025 RM'000	2024 RM'000
Interest income	18	202,587	252,897
Interest expense	19	(62,411)	(77,191)
Net interest income		**140,176**	**175,706**
Net trading income	20	167,877	176,523
Other operating income	21	39,030	37,987
Net non-interest income		**206,907**	**214,510**
Net income		**347,083**	**390,216**
Other operating expenses	22	(116,573)	(122,751)
Profit before impairment		**230,510**	**267,465**
Allowance for credit losses	25	(2,837)	(334)
Net profit before tax		**227,673**	**267,131**
Taxation	28	(55,449)	(64,347)
Profit for the financial year		**172,224**	**202,784**
Other comprehensive income:			
Other comprehensive income/(loss) that may be reclassified to the income statements			
Change in value of investments at fair value through other comprehensive income (FVOCI)		330	245
Income tax effect		(79)	(59)
Other comprehensive income/(loss), net of tax		251	186
Total comprehensive income for the financial year		**172,475**	**202,970**
Earnings per share (sen)			
Basic/diluted	29	126.82	149.33

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

	Share capital RM'000	FVOCI reserves RM'000	Regulatory reserves RM'000	Retained profits RM'000	Total RM'000
2025					
Balance at 1 January	135,800	1,022	4,182	1,231,444	1,372,448
Profit for the financial year	–	–	–	172,224	172,224
Other comprehensive income, net of income tax					
Net change in value of FVOCI	–	251	–	–	251
Total other comprehensive income	–	251	–	–	251
Total comprehensive income for the financial year	–	251	–	172,224	172,475
Net change in regulatory reserves	–	–	(4,182)	4,182	–
Balance at 31 December	135,800	1,273	–	1,407,850	1,544,923
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

Included within the statement of changes in equity is an amount of RM4,531,494 (2024: RM3,086,502) relating to group share based payment cost and an amount of RM4,531,494 (2024: RM3,086,502) relating to the recharge.

BANK OF AMERICA MALAYSIA BERHAD
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STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

	Note	2025 RM'000	2024 RM'000
Cash flows from operating activities			
Profit before taxation		227,673	267,131
Adjustments for:			
Depreciation of property and equipment		1,811	1,794
Property and equipment written off		181	353
Depreciation of right-of-use assets		523	731
Interest expense on lease liabilities		47	46
Finance cost on provision for reinstatement costs		–	77
Allowance for/(Writeback of) allowance for credit losses		2,837	334
Net unrealised loss/(gain) on fair value changes in derivatives		(48,455)	222,037
Net unrealised loss/(gain) on revaluation of financial assets at FVTPL		723	302
		185,340	**492,805**
Changes in working capital:			
(Increase)/decrease in operating assets:			
Deposits and placements with banks		452,250	(656,378)
Financial assets FVTPL		(548,717)	111,623
Financial assets FVOCI		(379,250)	(65,134)
Loans and advances		341,325	(297,233)
Other assets		179,810	(263,928)
Derivative assets		(349,074)	(265,078)
Statutory deposit with Bank Negara Malaysia		40,000	(5,000)
Increase/(decrease) in operating liabilities:			
Deposits from customers		(149,391)	(571,701)
Deposits and placements of banks and other financial institutions		70,908	321,338
Bills and acceptances payable		(6,808)	(3,629)
Other liabilities		104,027	(60,160)
Derivative liabilities		349,075	265,077
Cash flows used in operating activities		**289,495**	**(997,398)**
Net taxation paid		(55,626)	(65,041)
Net cash used in operating activities		**233,869**	**(1,062,439)**
Cash flows from investing activities			
Purchase of property and equipment		(19,365)	(1,767)
Net cash used in investing activities		**(19,365)**	**(1,767)**
Cash flows from financing activities			
Repayment of lease rentals		(621)	(466)
Net cash used in financing activities		**(621)**	**(466)**
Net increase/(decrease) in cash and cash equivalents		213,883	(1,064,672)
Cash and cash equivalents as at 1 January		2,913,349	3,978,021
Cash and cash equivalents as at 31 December	2	**3,127,232**	**2,913,349**

	2025 RM'000	2024 RM'000
An analysis of changes in lease liabilities is as follows:		
As at 1 January	1,457	314
Addition*	5,065	1,563
Interest expense	47	46
Lease payments	(621)	(466)
As at 31 December	5,948	1,457

The total cash outflow for leases during the year was RM620,714 (2024: RM465,535)
*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 judgement in the process of applying the Bank's accounting policies. Although these estimates and judgements are based on the Directors' best knowledge of current events and actions, actual results may differ.

The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 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 2025.</u>

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 adoption of this standard is not expected to 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 2026.

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)

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.

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.

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)

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.

B INTEREST INCOME AND EXPENSES

Effective interest rate ("EIR")

Interest income and expense are recognised in profit or loss under EIR method. The EIR is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial instrument to the gross carrying amount of the financial asset or the amortised cost of the financial liability. When calculating the EIR financial instruments other than purchased or originated credit-impaired ("POCI") financial assets, the Bank estimates cash flows considering all contractual terms of the financial instrument but does not consider expected credit losses (ECLs). For POCI financial assets, a credit-adjusted effective interest rate is calculated using estimated future cash flows including ECLs. The calculation of the EIR includes transaction cost and fees paid or received that are an integral part of the EIR. Transaction costs include incremental costs that are directly attributable to the acquisition or issue of a financial asset or liability.

Amortised cost and gross carrying amount

The "amortised cost" of a financial asset or liability is the amount at which the financial asset or liability is measured on initial recognition minus the principal repayments, plus or minus the cumulative amortisation using the EIR method of any difference between that initial amount and the maturity amount and, for financial assets, adjusted for any ECL allowance. The "gross carrying amount" of a financial asset is the amortised cost of a financial asset before adjusting for any ECL allowance.

Calculation of interest income and expense

The EIR of a financial asset or liability is calculated on initial recognition of a financial asset or liability. In calculating interest income and expense, the EIR is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability.

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

I MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

B INTEREST INCOME AND EXPENSES (CONTINUED)

Calculation of interest income and expense (continued)

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

Presentation

Interest income presented in the Statement of profit or loss includes:
- Interest on financial assets measured at amortised cost
- Interest on debt instruments measured at FVOCI
- Negative interest on financial liabilities measured at amortised cost

Interest expense presented in the Statement of profit or loss includes:
- Interest on financial liabilities at amortised cost
- Negative interest on financial assets at amortised cost; and
- Interest expense on lease liabilities
- The unwinding of any discount in relation to provision

Interest income and expense on all:
- trading assets and liabilities are presented in Net trading income; and
- other financial assets and liability at fair value through profit or loss (“FVTPL”) are presented in Net income from other financial instruments at FVTPL.

C PROVISIONS

Provisions are recognised when the Bank has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

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.

Reinstatement

The Bank is required to restore the leased premises to their original condition at the end of the respective lease terms. A provision has been recognised for the present value of the estimated expenditure required to remove any leasehold improvements. These costs have been capitalised as part of the cost of leasehold improvements and are amortised over the shorter of the term of the lease and the useful life of the assets.

Litigation and Regulatory Matters

In the ordinary course of business, the Bank are routinely defendants in or parties to many pending and threatened legal, regulatory and governmental actions and proceedings. In view of the inherent difficulty of predicting the outcome of such matters, particularly where the claimants seek very large or indeterminate damages or where the matters present novel legal theories or involve a large number of parties, the Bank generally cannot predict the eventual outcome of the pending matters, timing of the ultimate resolution of these matters, or eventual loss, fines or penalties related to each pending matter.

As a matter develops, the entity, in conjunction with any outside counsel handling the matter, evaluates whether such matter presents an obligation and it is probable that an outflow of resources will be required to settle the obligation, and the amount can be reliably estimated a provision is to recognised.

I MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

D FINANCIAL ASSETS AND LIABILITIES

(a) Recognition and initial measurement

Financial assets and liabilities are recognised on the Statement of financial position when the Bank becomes a party to the contractual provisions of the instrument. In particular,

- Loans and advances to banks or customers are recognised when funds are transferred to their accounts.
- Deposits from banks or customers are recognised when funds are transferred to the Bank.
- Regular way trades (i.e. purchases and sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place) are recognised on settlement date (i.e. the date on which the Bank purchase or sell the assets).
- Derivatives are recognised at their fair value on settlement date.

On initial recognition, financial assets and liabilities at FVTPL are initially measured at their fair value, with transaction costs recognised under Other expenses in the Statement of profit or loss. The initial measurement of other financial instruments is based on their fair value, but adjusted in respect of any transaction costs that are incremental and directly attributable to the acquisition or issue of the financial instrument. Trade receivables are measured at the transaction price. When the fair value of financial instruments at initial recognition differs from the transaction price, the Bank accounts for the Day 1 profit or loss, as described below.

(b) Day 1 profit or loss

When the transaction price of the instrument differs from the fair value at origination and the fair value is based on a valuation technique using only inputs observable in market transactions, the Bank recognises the difference between the transaction price and fair value, in Net trading income or Net income from other financial instruments at FVTPL, as appropriate. For Level 3 financial instruments and certain Level 2 instruments with less observable inputs; see note: IP - Financial assets at fair value, the difference between the transaction price and the fair value, commonly referred to as "Day 1 profit or loss" is deferred until the instrument's fair value can be determined using market observable inputs or the instrument is disposed or settled.

(c) Financial assets - classification and subsequent measurement

On initial recognition, a financial asset is classified as measured at: amortised cost, FVOCI or FVTPL.

A financial asset is classified as measured at amortised cost if it meets both of the following conditions and is not designated as FVTPL:

- The asset is held within a business model whose objective is to hold assets to collect contractual cash flows ("HTC" business model): and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding.

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 ("HTC&S" business model); and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are SPPI.

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.

I MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

D FINANCIAL ASSETS AND LIABILITIES (CONTINUED)

(c) Financial assets - classification and subsequent measurement (continued)

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

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

(i) Business model assessment

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 (HTC) or is to collect both the contractual cash flows and cash flows arising from the sale of assets (HTC&S). 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 an "Other" business model and are measured at FVTPL.

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, and
- How managers are compensated.

(ii) Solely payments of principal and interest ("SPPI")

Where the business model is HTC or HTC&S, the Bank assesses whether the financial instruments' cash flows represent SPPI. In making this assessment, the Bank considers whether the contractual cash flows are consistent with a basic lending arrangement i.e. 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.

Reclassification

Financial assets are not reclassified subsequent to their initial recognition, except in the period after the Bank changes its business model for managing financial assets.

(d) Financial liabilities - classification and subsequent measurement

All financial liabilities are classified and subsequently measured at amortised cost, except for:
- Financial liabilities at FVTPL which include:
  - Trading liabilities,
  - Derivatives, and
  - Other financial liabilities designated as FVTPL
- Financial guarantee and loan commitments

I MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

D FINANCIAL ASSETS AND LIABILITIES (CONTINUED)

Financial liabilities (including certain loan commitment) are designated at FVTPL only upon initial recognition when one of the following criteria are met:

- The liabilities are part of a group of financial liabilities, which are managed and their performance evaluated on a fair value basis, in accordance with a documented risk management or investment strategy.
- The designation eliminates or significantly reduces an accounting mismatch that would otherwise arise.
- The liabilities contain one or more embedded derivatives, unless they do not significantly modify the cash flows that would otherwise be required by the contract, or it is clear with little or no analysis when a similar instrument is first considered that separation of the embedded derivative(s) is prohibited.

(e) Derecognition of financial assets

The Bank derecognises a financial asset when:

- the contractual rights to the cash flows from the asset expire,
- it transfers the right to receive contractual cash flows in a transaction in which:
  - substantially all the risks and rewards of ownership of the asset are transferred or
  - the Bank neither transfers nor retains substantially all the risks and rewards of ownership and it does not retain control of the asset.
- there is a substantial modification to the cash flows of the asset.

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.

(i) Derecognition due to transfer

When a transfer of a financial asset by or to the Bank does not result in derecognition from the perspective of the transferor, the transferred asset is not derecognised from or recognised on the Bank's Statement of financial position with any cash consideration received or paid is recognised as secured borrowing or lending.

When an asset is sold to a third party or the Bank with a concurrent Total return swap (TRS) on the transferred asset, the transaction is accounted for as a secured borrowing or lending because the transferor retains all or substantially all of the risks and rewards of ownership of the asset. As appropriate, the secured borrowing is presented within Trading liabilities, Financial liabilities designated at FVTPL or Borrowings and the secured lending is presented within Trading assets, Financial assets at fair value or Loans and advances to banks/ customers.

When the Bank has neither transferred nor retained substantially all the risks and rewards and has retained control of the asset, the asset continues to be recognised only to the extent of the Bank's continuing involvement, in which case, the Bank also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Bank has retained.

I MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

D FINANCIAL ASSETS AND LIABILITIES (CONTINUED)

(e) Derecognition of financial assets (continued)

(ii) Derecognition due to modification

If the terms of a financial asset carried at amortised cost or FVOCI are modified, the Bank evaluates whether the cash flows of the modified asset are substantially different based on qualitative and/or quantitative factors, as appropriate. If the cash flows are:

- substantially different, the original financial asset is derecognised, and a new financial asset is recognised at fair value plus any eligible transactions, with any difference between the two amounts recognised in profit or loss as a gain or loss on derecognition under Net gains on derecognition of financial assets measured at amortised cost or Other income, as appropriate in the Statement of profit or loss.

  For impairment measurement, the date of modification is considered to be the date of initial recognition of the new financial asset when assessing whether the credit risk has increased significantly since initial recognition as well as whether the new financial asset is a Purchased or originated credit-impaired (POCI) asset e.g. when there is a substantial modification of a distressed asset.

- not substantially different, the gross carrying amount of the financial asset is recalculated as the present value of the modified contractual cash flows that are discounted at the financial asset's original EIR (or credit-adjusted EIR for POCI assets). Any difference between the recalculated amount and the existing gross carrying amount is recognised as a modification gain or loss in profit or loss as Interest income (or presented together with impairment loss when the modification is carried out because of financial difficulties of the borrower).

(f) Derecognition of financial liabilities

The Bank derecognises a financial liability when:

- its contractual obligations are discharged, cancelled, or expire, or
- its terms are modified, and the cash flows of the modified liability are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability derecognised and the consideration paid is recognised under Other income in the Statement of profit or loss.

If the modification of a financial liability is not accounted for as derecognition, the amortised cost of the liability is recalculated by discounting the modified cash flows at the original EIR and the resulting gain or loss is recognised in Other income. Any costs and fees incurred are recognised as an adjustment to the carrying amount of the liability and amortised over the remaining term of the modified financial liability by re-computing the EIR on the instrument.

(g) Offsetting

Financial assets and financial liabilities are offset and the net amount is reported in the Statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

I MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

D FINANCIAL ASSETS AND LIABILITIES (CONTINUED)

(g) Offsetting (continued)

Financial assets - 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).

Financial 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).

E 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.

I MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

E DERECOGNITION OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONTINUED)

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.

F 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 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 IJ - 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.

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.

G 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 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

H 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.

I 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.

J 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.

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.

I MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

J IMPAIRMENT OF FINANCIAL ASSETS (CONTINUED)

12-month ECL are the portion of lifetime ECL that result from default events on a financial instrument that are possible within the 12 months after the reporting date. Financial instruments for which 12-month ECL are recognised are referred as “Stage 1 financial instruments”. Financial instruments allocated to Stage 1 have not undergone a significant increase in credit risk since initial recognition and are not credit-impaired.

Lifetime ECL are the ECL that results from all possible default events over the expected life of the financial instrument or the maximum contractual period of exposure. Financial instruments for which Lifetime ECL are recognised but that are not credit-impaired are referred to as “Stage 2 financial Instruments”. Financial Instruments allocated to Stage 2 are those that have experienced a significant increase in credit risk since initial recognition but are not credit-impaired.

Financial instruments for which lifetime ECL are recognised and that are credit-impaired are referred to as “Stage 3 financial instruments”.

(a) Definition of default

A Bank’s obligor is in default if:

- The Bank determines that the obligor is unlikely to pay its credit obligations to the Bank in full, without recourse by the Bank to actions such as realising collateral (if held); or
- The obligor is past due more than 90 days on any material credit obligation(s) to the Bank.

An obligor in default remains in default until the Bank has reasonable assurance of repayment and performance for all contractual principal and interest payments on all exposures of the Bank to the obligor.

The definition of default largely aligns with that applied by the Bank for regulatory capital purposes.

(b) Measurement of ECL

ECL is estimated using quantitative methods that consider a variety of factors such as historical loss experience, the current credit quality of the portfolio as well as an economic outlook over the life of the loan. Parameters include PD, LGD and EAD to estimate the likelihood and overall impact of default. The Bank incorporates forward-looking information through the use of macroeconomic scenarios applied over the forecasted life of the assets in addition to a staging framework that helps inform a significant increase in credit risk. Qualitative reserves are included in the total allowance to cover losses that are expected but, in the Bank’s assessment, may not be adequately reflected in the quantitative methods or the economic assumptions described above.

The framework includes estimation of both 12-month and lifetime ECLs. When assessing the PD for loans classified as Stage 1 the projection looks forward no more than 12 months. When assessing the PD for loans classified as Stage 2 and 3 the Bank considers the risk of default over the maximum contractual period (including any borrower’s extension options) over which the Bank 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 to terminate a loan commitment or guarantee.

The LGD model informs the business of the expected severity of the losses it will suffer from different collateral and loan characteristics in stressed economic environments. The key characteristics of a commercial loan, such as collateral type, obligor size, country and the presence of a guarantor, which in combination with economic conditions, influence the loss severity rates.

The ECL model is frequently reviewed and improved to incorporate critical changes including but not limited to business requirements and regulatory guidance, which can impact ECL measurement.

I MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

J IMPAIRMENT OF FINANCIAL ASSETS (CONTINUED)

(c) Definition of credit-impaired

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.

(d) Purchased or originated credit-impaired (“POCI”) financial assets

POCI financial assets are assets that are credit-impaired on initial recognition. For POCI assets, lifetime ECL are incorporated into the calculation of the effective interest rate on initial recognition.

Consequently, POCI assets do not carry an impairment allowance on initial recognition. The amount recognised as a loss allowance subsequent to initial recognition is equal to the changes in lifetime ECL since initial recognition of the asset.

(e) Presentation of allowance for ECL in the statement of financial position

Loss allowances for ECL are presented in the statement of financial position as follows:

- financial assets measured at amortized cost: as a deduction from the gross carrying amount of the assets,
- loan commitments and financial guarantee contracts: generally, as a provision; and
- debt instruments measured at FVOCI: The ECL do not reduce the carrying amount of these financial assets in the statement of financial position, which remains at fair value. Instead, an amount equal to the allowance that would arise if the assets were measured at amortised cost is recognised in OCI as an accumulated impairment amount, with a corresponding charge to profit or loss. The accumulated loss recognised in OCI is recycled to the profit and loss upon derecognition of the assets.
- undrawn loan commitments: as the present value of the difference between the contractual cash flows that are due to the Bank if the commitment is drawn down and the cash flows that the Bank expects to receive; and
- financial guarantee contracts: the expected payments to reimburse the holder less any amounts that the Bank expects to recover.

(f) Write offs

Loans and debt securities are written off (either partially or in full) when there is no reasonable expectation of recovering a financial asset in its entirety or a portion thereof. 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.

Recoveries of amounts previously written off are recognised when cash is received and are included in Provision for credit losses in the Statement of profit or loss.

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.

I MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

J IMPAIRMENT OF FINANCIAL ASSETS (CONTINUED)

(g) Financial guarantee contract held

A financial guarantee contract held is included in the measurement of ECL of a financial asset when either the guarantee is specified in the contractual terms of the financial asset or is integral to the financial asset, in that the guarantee will form part of the basis on which the financial asset was originated or acquired. Otherwise, the guarantee held is accounted as a separate unit of account subject to ECL.

(h) Financial guarantee contracts and loan commitments issued

Financial guarantee issued are contracts that require the Bank to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due, in accordance with the terms of a debt instrument. They are initially measured at fair value within Provision and subsequently, measured at the higher of the ECL allowance and the amount initially recognised less, when appropriate, the cumulative amount of income recognised.

Loan commitments issued are firm commitments to provide credit under pre-specified terms and conditions. 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. Commitments which the Bank designates as financial liabilities at FVTPL are included within Financial liabilities designated at fair value through profit or loss in the Statement of financial position with all changes in fair value presented in profit or loss.

Other commitments are included with Provision measured at the sum of (i) the ECL allowance and (ii) the amount of any non-refundable fees received, less, if the commitment is unlikely to result in a specific lending arrangement, the cumulative amount of income recognised.

K IMPAIRMENT OF NON-FINANCIAL ASSETS

Non-financial assets are tested 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 asset’s carrying amount 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 separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of cash-generating assets. Assets that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

L 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.

I MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

L LEASES (CONTINUED)

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.

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.

I MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

M PROPERTY AND EQUIPMENT

Items of property and equipment are measured at cost less accumulated depreciation and any impairment losses. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment. Depreciation is calculated to write off the cost of items of property and equipment less their estimated residual values under the straight-line method over their estimated useful lives as follows and is recognised in profit or loss.

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 methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate. Any gain or loss on disposal of an item of property and equipment is recognised in Other income in the Statement of profit or loss.

N BILLS AND ACCEPTANCES PAYABLE

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

O DERIVATIVES

Derivatives are entered into on behalf of customers, for trading or to support risk management activities. The Bank manages interest rate and foreign currency exchange rate sensitivity predominantly through the use of derivatives. Derivatives utilised by the Bank include swaps, futures and forward settlement contracts, and option contracts. All derivatives are recorded on the Bank’s Statement of financial position at fair value with changes recorded in Net trading income.

At their inception, derivatives often involve only an exchange of cash or other assets in the future, with little or no transfer of initial consideration. However, when there is a transfer of an initial consideration in cash for a contract which is not smaller that would be required for other types of contracts that would be expected to have a similar response to changes in market factors, the entire contract together with the initial consideration:

- paid is recognised within Trading asset or Financial assets at fair value, as appropriate; or
- received is recognised within Trading liabilities or Financial liabilities designated at FVTPL, as appropriate.

I MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

P FINANCIAL ASSETS AT FAIR VALUE

Financial assets at fair value in the Statement of financial position includes:

- Debt and equity investment securities
  - mandatorily measured at FVTPL or
  - designated as at FVTPL
- Debt securities measured at FVOCI; and
- Equity investment securities designated at FVOCI

For debt securities measured at FVOCI, gains and losses are recognised in OCI, except for interest revenue under the EIR method, provision for credit losses and foreign exchange gains and losses which are recognised in profit or loss in the same manner as for financial assets measured at amortised cost. Upon derecognition of a debt investment at FVOCI, any cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised under Other income in the Statement of profit or loss.

Fair value gains and losses for equity investment at FVOCI are never reclassified to profit or loss and no impairment is recognised in profit or loss. Upon derecognition of an equity investment at FVOCI, any cumulative gain or loss previously recognised in OCI is transferred to Retained earnings.

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.

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.

I MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

R INCOME TAX

Income tax expense comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to items recognised directly in equity or in OCl. The Bank has applied a temporary mandatory relief from deferred tax accounting for the impacts of the top-up tax and accounts for it as a current tax when it is incurred.

(a) Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date in Malaysia where the Bank operates and generates taxable income. Current tax assets and liabilities are offset only if certain criteria are met.

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 recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on business plans for the Bank.

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.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date, and reflects uncertainty related to income taxes, if there is any.

Deferred tax assets and liabilities are offset only if certain criteria are met.

S CASH AND CASH EQUIVALENTS

Cash and cash equivalents as referred to in the cash flow statement comprises cash on hand, non–restricted current accounts with central banks and amounts due from banks on demand or with an original maturity of three months or less.

I MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

T EMPLOYEE BENEFITS

(a) Short term employee benefits obligations

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') on a mandatory or contractual basis.

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.

The Bank has no further payment obligations once the contributions have been paid. The contributions are recognised as compensation and benefits expense when they are due.

(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.

I MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

U SHARE-BASED PAYMENTS (CONTINUED)

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 compensation and benefits expense whereas the subsequent movement in the fair value prior to delivery is recorded in service fee income or service fee expense, as appropriate.

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.

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.

I MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

W SHARE CAPITAL (CONTINUED)

(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.

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.

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).

  Loan commitment issued where a fee is:
  - charged and received on a retrospective basis based on the amount of unused available credit, the fee is recognised as and when the amount is earned over time.
  - received upfront and non-refundable, the fee is recognised on a straight-line basis over the commitment period if the commitment is not expected to result in the draw-down of the loan. Otherwise, the fee will be included in the EIR calculation.

- 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.

I MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Y FEE INCOME (CONTINUED)

- 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

In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of the Bank's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

(a) Judgements

Information about judgements made in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is included in the following notes.

- Note 25 - Allowance for credit losses and determining a a significant increase in credit risk:

  Establishing the criteria for determining whether credit risk on a financial asset has increased significantly since initial recognition, determining the methodology for incorporating forward-looking information into the measurement of ECL and selection and approval of models used to measured ECL.

- Note 4 (c) Financial assets - classification and subsequent measurement and Note 32 - Financial risk management by category:

  Classification of financial assets: assessment of the business model within which the assets are held and assessment of whether the contractual terms of the financial assets are SPPI on the principal amount outstanding.

II CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS (CONTINUED)

(b) Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties at the reporting date that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year is included in the following notes.

- Note 25 - Allowance for credit losses : Impairment of financial assets: determination of inputs into the ECL measurement model, including key assumptions used in estimating recoverable cash flows and incorporation of forward-looking information.

- Note 33 - Fair value measurement : measurement of the fair value of financial instruments with significant unobservable inputs.

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 Level 38, Menara Merdeka 118, Presint Merdeka 118, 50118 Kuala Lumpur Malaysia. The principal place of operation of the Bank is at Level 38, Menara Merdeka 118, 50118 Kuala Lumpur, Malaysia.

2 CASH AND SHORT TERM FUNDS

	2025 RM'000	2024 RM'000
Cash and balances with banks and other financial institutions	102,353	70,932
Money at call and deposit placements maturing within one month	3,024,879	2,842,417
	3,127,232	2,913,349

Money at call and interbank placements is within Stage 1 allocation (12-month ECL) with RM Nil (2024: RM Nil) impairment allowance.

3 DEPOSITS AND PLACEMENTS WITH BANKS AND OTHER FINANCIAL INSTITUTIONS

	2025 RM'000	2024 RM'000
Deposit placements maturing more than one month	204,128	656,378
	204,128	656,378

Placements with Bank Negara Malaysia is within Stage 1 allocation (12-months ECL) with RM Nil (2024: RM Nil) impairment allowance.

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

	2025 RM'000	2024 RM'000
Malaysian Government Securities	611,618	162,811
Malaysian Government Investment Issues	131,175	47,394
Malaysian Government Treasury Bills	15,406	—
	758,199	210,205

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

	2025	2024
	RM'000	RM'000
Quoted debt securities in Malaysia:		
Malaysian Government Securities	675,616	50,633
Malaysian Treasury Bills	1,431,072	1,676,475
Unquoted equity securities in Malaysia:		
Shares	2,969	2,969
	2,109,657	1,730,077

FVOCI is within Stage 1 allocation (12-months ECL) with RM Nil (2024: RM Nil) impairment allowance.

	2025	2024
	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

	2025	2024
	RM'000	RM'000
At amortised cost		
Overdrafts	44,965	73,520
Factoring receivables	9,551	10,453
Staff loans	228	279
Revolving advances	365,997	355,636
Term loans	28,524	342,608
Other trade bills discounted	1,656	9,750
Gross loan and advances	450,921	792,246
Expected Credit Losses ("ECL")		
Stage 1: 12 Months - On Balance Sheet	(1,857)	(4,228)
Stage 2: Lifetime ECL not credit-impaired	(7,658)	(1,242)
Stage 3: Lifetime ECL credit-impaired	–	–
Total net loans and advances	441,406	786,776

6 LOANS AND ADVANCES (CONTINUED)

(b) By geographical distribution

	2025 RM'000	2024 RM'000
Malaysia	450,921	792,246

(c) By type of customer

	2025 RM'000	2024 RM'000
Domestic business enterprises	450,693	791,967
Individuals	228	279
	450,921	**792,246**

(d) By interest rate sensitivity

	2025 RM'000	2024 RM'000
Fixed rate:		
Housing loans	228	279
Other fixed rate loans	38,076	83,199
Variable rate:		
Cost plus	410,960	590,048
Other floating rate loans	1,657	118,720
	450,921	**792,246**

(e) By sector

	2025 RM'000	2024 RM'000
Mining & quarrying	4,532	981
Manufacturing	240,742	378,400
Electricity, gas and water	–	3,610
Construction	1,656	9,751
Wholesale & Retail trade, Restaurant & Hotels	10,017	8,039
Transport, storage, communication	–	108,970
Finance, insurance and business services	193,746	282,216
Household	228	279
	450,921	**792,246**

(f) By economic purpose

	2025 RM'000	2024 RM'000
Purchase of landed property (residential)	228	279
Working capital	450,693	791,967
	450,921	**792,246**

6 LOANS AND ADVANCES (CONTINUED)

(g) By residual contractual maturity

	2025	2024
	RM'000	RM'000
Within one year	441,700	442,516
One year to three years	2,612	344,627
Three years to five years	6,548	4,884
Over five years	61	219
	450,921	**792,246**

(h) Gross loans and advances by staging

	2025	2024
	RM'000	RM'000
Stage 1: 12 Month ECL	315,092	636,137
Stage 2: Lifetime ECL not credit-impaired	135,829	156,109
Stage 3: Lifetime ECL credit-impaired	–	–
	450,921	**792,246**

(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 2025	636,137	156,109	–	792,246
Changes due to loans and advances recognised				
- Transfer to Stage 1: 12-Month ECL	–	–	–	–
- 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)	(329,817)	(156,109)	–	(485,926)
New loans and advances originated	70,746	135,829	–	206,575
Net remeasurement due to changes in credit risk	(61,974)	–	–	(61,974)
At 31 December 2025	315,092	135,829	–	450,921

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 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

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

	2025	2024
	RM'000	RM'000
At 1 January	–	7
Impaired during the year	–	–
Amount recovered	–	(7)
Exchange rate difference	–	–
At 31 December	–	–
Stage 3: Lifetime ECL credit-impaired	–	–
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 2025	4,228	1,242	–	5,470
Changes due to loans and advances recognised				
- Transfer to Stage 1: 12-Month ECL	–	–	–	–
- 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)	(2,385)	(1,242)	–	(3,627)
New loans and advances originated	250	7,658	–	7,908
Net remeasurement due to changes in credit risk	(236)	–	–	(236)
At 31 December 2025	1,857	7,658	–	9,515

During the year, the gross carrying amount on third party loans and advances impacting the loss allowance decreased RM341m reflecting lower drawdown of loans and advances. Accordingly, ECL on the gross carrying amount on stage 1 and 2 loans increased by RM4m.

	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

6 LOANS AND ADVANCES (CONTINUED)

(l) Impaired loans and advances analysed by geographical distribution

	2025 RM'000	2024 RM'000
Malaysia	–	–

(m) Impaired loans and advances analysed by economic purpose

	2025 RM'000	2024 RM'000
Purchase of landed property (residential)	–	–
Working capital	–	–
	–	–

7 OTHER ASSETS

	2025 RM'000	2024 RM'000
Collateral receivables	180,587	356,747
Intercompany receivables	4,433	3,154
Deposits	617	38
Prepayments	459	534
Other receivables	3,656	9,089
	189,752	369,562

Other assets are within Stage 1 allocation (12-months ECL) with RM Nil (2024: RM Nil) impairment allowance.

8 DERIVATIVE ASSETS

	2025		2024	
	Contract/ Notional amount RM’000	Assets RM’000	Contract/ Notional amount RM’000	Assets RM’000
Foreign exchange forwards and swaps	30,977,315	703,630	20,044,848	419,325
Interest rate and cross currency swaps	35,880,040	265,728	26,966,763	152,504
	66,857,355	969,358	47,011,611	571,829

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

The table below provides the details of changes in leasehold improvements, office equipment, fixture and fittings and right of use assets classified under Property and equipment in 2025 and 2024.

	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
2025					
Cost					
At 1 January	4,592	12,466	4,901	5,763	27,722
Additions	112	14,188	–	5,065	19,365
Reclassification	–	–	–	–	–
Written off	–	(1,492)	–	–	(1,492)
At 31 December	4,704	25,162	4,901	10,828	45,595
Accumulated depreciation					
At 1 January	4,097	7,371	4,901	4,281	20,650
Charged for the year	183	1,628	–	523	2,334
Written off	–	(1,311)	–	–	(1,311)
At 31 December	4,280	7,688	4,901	4,804	21,673
Net book value					
At 31 December	424	17,474	–	6,024	23,922

	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
Reclassification	–	–	–	–	–
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
Reclassification	–	–	–	–	–
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

11 DEFERRED TAXATION

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

	2025 **RM'000**	**2024** **RM'000**
Deferred tax assets	3,948	4,342

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**
2025					
At 1 January	1,718	1,018	(320)	1,926	4,342
Credited/(Charged) to profit or loss (Note 28)	1,110	(1,189)	–	(236)	(315)
Credited to FVOCI Reserve	–	–	(79)	–	(79)
At 31 December	2,828	(171)	(399)	1,690	3,948
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
Charged to FVOCI Reserve	–	–	(59)	–	(59)
At 31 December	1,718	1,018	(320)	1,926	4,342

The deferred tax assets on the Statement of financial position of RM3,948,407 (2024: RM4,342,440) relate entirely to temporary differences. Forecasts of future taxable profits indicate this amount will be fully recovered. Management has concluded that these deferred tax assets will be fully recovered in the future based on financial results, forecasts of future taxable profit and the respective carry forward periods.

12 DEPOSITS FROM CUSTOMERS

	2025 RM'000	2024 RM'000
Demand deposits	4,035,397	4,223,874
Savings deposits	–	–
Fixed deposits	100,570	61,484
	4,135,967	4,285,358

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

	2025 RM'000	2024 RM'000
Due within six months	99,520	60,434
Six months to one year	–	–
One year to five years	1,050	1,050
More than five years	–	–
	100,570	61,484

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

	2025 RM'000	2024 RM'000
Business enterprise	4,135,967	4,285,358
	4,135,967	4,285,358

13 DEPOSITS AND PLACEMENTS OF BANKS AND OTHER FINANCIAL INSTITUTIONS

	2025 RM'000	2024 RM'000
Licensed banks	548,974	478,066
	548,974	478,066

14 OTHER LIABILITIES

	2025 RM'000	2024 RM'000
Collateral payables	393,159	277,235
Intercompany payables	8,444	9,831
Deferred income on loans and advances	–	414
Accruals	7,687	6,794
Share-based recharge payables	2,051	1,579
ECL for guarantees and commitments (Note 14 (a))	1,456	2,664
Lease Liabilities (Note 14(b))	5,948	1,457
Provisions for reinstatement costs	4,390	4,390
Other payables	9,175	25,701
	432,310	330,065

14 OTHER LIABILITIES (CONTINUED)

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

	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 2025	2,447	217	–	2,664
- 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	42	166	–	208
Financial assets derecognised (other than write off)	(154)	(205)	–	(359)
Net remeasurement due to changes in credit risk	(1,081)	24	–	(1,057)
At 31 December 2025	1,254	202	–	1,456

	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	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

(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 RM22,893,406 (2024: 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

	2025 RM'000	2024 RM'000
Maturity analysis - contractual undiscounted cash flows		
Less than one year	1,871	621
One to five years	4,417	956
Total undiscounted lease liabilities at 31 December	6,288	1,577
Lease liabilities included in the statement of financial position at 31 December		
Current	1,725	466
Non-current	4,223	991
	5,948	1,457
Lease payments not included in the measurement of lease liabilities being low value assets	1,263	791

15 DERIVATIVE LIABILITIES

	2025		2024	
	Contract/ Notional amount RM'000	Liabilities RM'000	Contract/ Notional amount RM'000	Liabilities RM'000
Foreign exchange forwards and swaps	32,627,475	933,413	28,101,463	647,763
Interest rate and cross currency swaps	32,730,150	255,001	29,803,194	191,576
	65,357,625	1,188,414	57,904,657	839,339

16 SHARE CAPITAL

	2025		2024	
	Number of Ordinary Shares ('000)	RM'000	Number of Ordinary Shares ('000)	RM'000
Ordinary shares of RM1.00 each				
At 1 January /31 December	135,800	135,800	135,800	135,800
Authorised shares of RM1.00 each				
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:

	2025 RM'000	2024 RM'000
At 1 January	1,022	836
Net change in value of debt and equity investments at fair value through other comprehensive income (FVOCI)	251	186
At 31 December	1,273	1,022

(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

	2025 RM'000	2024 RM'000
Loans and advances	29,567	32,322
Money at call and deposit placements with banks and other financial institutions	126,499	156,692
Financial assets at FVOCI	45,116	55,177
Others	1,405	8,706
	202,587	252,897

19 INTEREST EXPENSE

	2025 RM'000	2024 RM'000
Deposits and placements of banks and other financial institutions	23,373	19,926
Deposits from customers	26,119	39,106
Interest expense on lease liabilities	47	46
Others	12,872	18,113
	62,411	77,191

20 NET TRADING INCOME

	2025 RM'000	2024 RM'000
Fair value gain/(loss) on instruments held for trading		
Debt instruments at FVTPL		
Net gain from sale of financial assets at FVTPL	10,688	2,213
Unrealised revaluation (loss)/gain on financial assets at FVTPL	(723)	(302)
Derivatives financial instruments		
Realised (loss)/gain on derivatives	(51,940)	(22,165)
Unrealised (loss)/gain on foreign exchange forwards	(1,345)	(229,778)
Unrealised gain/(loss) on interest rate and cross currency swaps	49,800	7,741
Interest income from financial assets at FVTPL	41,861	28,846
Realised foreign exchange gain	119,536	389,968
	167,877	176,523

21 OTHER OPERATING INCOME

	2025 RM'000	2024 RM'000
Fee income		
Commission	318	329
Service charges and fees	18,013	18,471
Guarantee fees	2,557	3,754
Management fee income	3,638	3,262
Fee income from related parties	12,884	10,740
Other income	1,620	1,431
	39,030	37,987

22 OTHER OPERATING EXPENSES

	2025 RM'000	2024 RM'000
Personnel costs		
Salaries, allowances and bonuses	31,717	30,016
Share-based payment	6,490	4,220
Defined contribution plans	5,143	4,850
Other personnel costs	4,595	2,657
	47,945	41,743
Establishment costs		
Depreciation of property and equipment	1,811	1,794
Depreciation of right-of-use-assets	523	731
Finance cost on provision for reinstatement costs	–	77
Rental of premises	1,176	714
Rental of equipment	87	77
Repair and maintenance	1,527	892
Upkeep of office and building	8,510	4,768
Others	2,087	1,541
	15,721	10,594
Marketing expenses		
Business promotion and advertisement	108	53
Others	826	503
	934	556
Administration and general expenses		
Auditors' remuneration		
Current financial year		
- Statutory audit fees	313	250
- Regulatory related fees	—	—
- Non-audit fees	34	34
	347	284
Communication expenses	1,710	2,509
Legal and professional fees	780	1,444
Stationery and postages	432	464
Shared administrative support expenses	40,279	56,752
Others	8,425	8,405
	51,973	69,858
	116,573	122,751

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:

	2025	2024
	RM	RM
Executive Director and CEO:		
Gautam Padmakar Puntambekar		
Salaries	1,861,000	1,861,000
Bonus	728,790	711,715
Defined contribution plan	453,824	397,660
Others	235,373	387,760
Non-Executive Directors:		
Fees		
Anthony Lim Choon Eng	157,986	181,599
Andrew Mark Sill	165,634	155,000
Donna Chang Kai Wah	160,332	155,000
Ahmad Adil	32,616	–
Dato' Wan Kamaruzaman Bin Wan Ahmad	–	4,164
	3,795,555	3,853,898

24 SHARE-BASED PAYMENT

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 2025, BAC granted 19,646 (2024: 19,219) restricted stock unit (RSU) awards to certain employees of the Bank under the BACEP, which will settle predominantly in shares of common stock of BAC. The RSUs granted in 2025 and 2024 predominantly vest over four years in one-fourth increments on each of the first four anniversaries of the grant date, provided that the employee remains continuously employed with the Bank during that time. The expense recognised is net of estimated forfeitures for nonretirement eligible employees based on the grant-date fair value of the shares. Of the RSUs granted in 2025 and in 2024, 9,390 and 11,735 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 clawback 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 USD46.91 per share (2024: USD33.48 per share).

The total pre-tax cost recognised in profit and loss for share-based compensation plans for the year ended 31 December 2025 was RM6,490,439 (2024:RM4,219,865), 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 CREDIT LOSSES

	2025 RM'000	2024 RM'000
Allowance for impairment		
- Loans and advances	(4,045)	(781)
- Guarantees and commitments	1,208	447
Impaired loans and advances recovered	–	–
	(2,837)	(334)

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 includes various estimates and assumptions, some of which require judgement. One use of judgement in the process is weighting forward-looking macroeconomic scenarios used within statistical models. While the Bank generally relies on consensus estimates, any one economic outlook path is inherently uncertain, and as such the Bank uses multiple macroeconomic scenarios in its ECL calculation.

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.

25 ALLOWANCE FOR CREDIT LOSSES (CONTINUED)

Credit risk ratings

In addition to the above judgements and estimates around macroeconomic expectations, the allowance for credit losses can also be impacted by changes in asset quality of the portfolio, such as increases or decreases in credit and/or internal risk ratings within the portfolio.

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. As well as by credit risk rating, the Bank collects performance and default information about its credit risk exposures analysed by jurisdiction or region and by type of product and borrower. 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

For a loan to qualify to be treated for lifetime losses (as Stage 2 or 3 under MFRS 9) it must be credit impaired (stage 3) or have experienced 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 obligor in periods subsequent to origination. Further, the Bank applies the presumption (which has not been rebutted as at the reporting 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.

The Bank continues to closely monitor the macroeconomic and geopolitical risks as they evolve and places a high level of focus on the selection of scenarios and the amount of weighting given to each scenario, both of which are reviewed on a quarterly basis. These selections depend on a variety of factors including recent economic events, leading economic indicators and views of internal and third-party economists and industry trends. The Bank also includes qualitative reserves to cover losses that are expected but, in the Bank assessment, may not be adequately represented in the quantitative models or economic assumptions described above. For illustration, factors that the Bank considers include, but are not limited to: changes in business conditions, asset quality, the nature and size of the portfolio, and portfolio concentrations. Further, the Bank considers the inherent uncertainty in statistical models that are built on historical data.

Judgemental adjustments and sensitivity

The calculation of the ECL allowance is dependent on a number of judgements 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 material impact on the ECL calculations for the Bank's third party loan. Review of the assumptions is integrated into the Company'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, but are not limited to leveraged loans or certain industries. The Bank considers concentration risk arising from the portfolio construction which includes large exposures to counterparties in Stage 1. In addition, Individual assessments are performed for exposures designated as non-performing. The results of this assessment are then overlaid to the modelled output to result in the overall ECL provision.

25 ALLOWANCE FOR CREDIT LOSSES (CONTINUED)

Total judgement overlays at 31 December 2025 amounted to RM1,176,371 (2024: RM6,345,284). Included in the judgmental overlays are post model adjustments which represent 9% (2024:78%) and 0% (2024: 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 RM3,452,852 (2024: RM162,639), whereas moving all loans to the lifetime loss horizon (Stage 2) would increase the ECL allowance by RM1,068,772 (2024: RM4,217,321).

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

Based on the nature of a credit exposure, the Bank may assess the ECL using a reduced complexity calculation, whilst still incorporating, where relevant, any quantitative historical loss experience data, forward-looking information and qualitative information as to the risks inherent in the exposure.

Standard calculation
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.

Reduced complexity calculation
Due to the following reasons, the PD, LGD, or both of the following credit exposures are such that the resulting ECL is not significant to the Bank and the actual amounts written off during the year on these other financial instruments are also not significant to the Bank. In light of this, separate disclosure of ECL allowance or amounts charged off on these instruments is not considered necessary in the financial statements.

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:

	2025			**2024**		
	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	–	14,438	–	–	14,405	—
Management fee income	–	–	3,638	–	–	3,262
Fee income from related parties	–	12,740	144		10,614	126
Other fee income	–	–	252	–	–	203
	–	27,178	4,034	–	25,019	3,591
Expenses						
Interest on deposits and placements of banks and other financial institutions	–	23,307	51	–	19,861	42
Interest on deposits from customers	–	–	117	–	–	127
Shared administrative support expenses	–	28,058	12,221	–	44,718	12,034
	–	51,365	12,389	–	64,579	12,203
Amount due from						
Deposits and placements	–	14,893	17,915	–	–	15,781
Other receivables	–	3,269	1,164	–	2,066	1,088
	–	18,162	19,079	–	2,066	16,869
Amount due to						
Deposits and placements	–	486,327	9,179	–	433,059	10,182
Interest payable	–	2,344	61	–	2,540	49
Other payables	–	6,004	4,491	–	14,254	3,118
	–	494,675	13,731	–	449,853	13,349

Approved limit	**2025**	**2024**
	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.

2025

Type of service	**Singapore RM'000**	**Hong Kong RM'000**	**Others RM'000**	**Total RM'000**
- Legal entity shared service#	15,890	2,018	8,846	26,754
- Global Transaction Services*	5,443	1,340	–	6,783
- Regional management^	1,414	1,876	–	3,290
- Others	1,110	–	2,342	3,452
	23,857	5,234	11,188	40,279

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

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:

	2025 RM'000	**2024 RM'000**
Short-term employee benefits:		
Salaries and other remuneration	6,589	6,651
Fees	517	496
Post-employment benefits	1,115	1,048
Share based compensation	367	188
	8,588	8,383

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

	2025 RM'000	2024 RM'000
Outstanding total exposure with connected parties	—	—
Total credit exposures	—	—
Total exposure to connected parties as % of total capital	—%	—%
Total exposure to connected parties as % of total outstanding credit exposures	—%	—%

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

The components of income tax expense for the period ended 31 December 2025 and 2024 are presented in the table below:

	2025 RM'000	2024 RM'000
Malaysian income tax:		
Current financial year	54,785	64,950
Under/(Over) under provision of prior financial years' taxation	349	(234)
Deferred taxation (Note 11)	315	(369)
Tax expense for the financial year	55,449	64,347

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

	2025 RM'000	2024 RM'000
Profit before taxation	227,673	267,131
Tax calculated at rate of 24%	54,642	64,111
Expenses not deductible for tax purposes	34	203
Under provision of deferred taxation in prior financial years	424	267
Under/(Over) provision of prior financial years' taxation	349	(234)
Tax expense for the financial year	55,449	64,347

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.

28 TAXATION (CONTINUED)

Pillar Two legislation relating to Income Inclusion Rules and Qualified domestic minimum top-up tax was enacted in Malaysia, the jurisdiction in which the Bank is incorporated and has 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.

The Bank does not anticipate recording any top-up taxes in respect of Pillar Two given that the Bank 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 RM172,223,518 (2024: RM202,783,999) and the weighted average number of ordinary shares in issue during the financial year of 135,800,000 units (2024: 135,800,000 units).

30 COMMITMENTS AND CONTINGENCIES

In the normal course of business, the Bank enters into a number of off-balance sheet commitments. These commitments expose the Bank to varying degrees of credit and market risk and are subject to the same credit and market risk limitation reviews as those instruments recorded on the Statement of financial position. For information regarding the credit and liquidity risk on financial guarantees, letters of credit and other undrawn commitments, refer to Note 32 B respectively under Use of financial instruments - Risk governance.

<u>Credit extension commitments</u>

The Bank enters into commitments to extend credit such as loan commitments, standby letters of credit (SBLCs) and commercial letters of credit to meet the financing needs of its customers. The following table includes the notional amount of unfunded legally binding lending commitments net of amounts distributed (i.e., syndicated or participated) to other financial institutions. The contractual amount of these financial instruments represents the maximum possible credit risk to the Bank should the counterparty draw upon the commitment or the Bank be required to fulfill its obligation under the guarantee, and should the counterparty subsequently fail to perform according to the terms of the contract. Legally binding commitments to extend credit generally have specified rates and maturities. Certain of these commitments have adverse change clauses that help to protect the Bank against deterioration in the borrower’s ability to pay.

<u>Nature of commitments and contingencies</u>

- 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 2025			31 December 2024		
	Principal amount	Credit equivalent amount	Risk weighted amount	Principal amount	Credit equivalent amount	Risk weighted amount
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Description						
Direct credit substitutes	125,824	125,824	123,439	140,863	140,863	137,579
Transaction related contingent items	124,682	62,341	59,350	287,715	143,858	141,566
Short term self liquidating trade related contingencies	4,998	1,000	1,000	10,809	2,162	2,162
Foreign exchange related contracts:						
- One year or less	7,145,096	107,347	107,020	7,508,364	160,842	160,534
- 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	125,069,883	1,276,266	448,796	97,407,904	978,292	345,663
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	–	–	–	–	–	–
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	1,922,892	–	–	1,362,045	–	–
Total	134,393,375	1,572,778	739,605	106,717,700	1,426,017	787,504

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:

	2025 RM'000	2024 RM'000
Common Equity ("CET1") Capital and Tier 1 Capital		
Share capital	135,800	135,800
Retained profits	1,407,850	1,235,626
Other disclosed reserves		
Unrealised gains and losses on FVOCI financial instruments	1,273	1,022
	1,544,923	1,372,448
Less: regulatory adjustments		
- Deferred tax assets	(3,948)	(4,342)
- 55% of cumulative gains of FVOCI financial instruments	(700)	(562)
- Regulatory reserve	—	(4,182)
Total CET I and Tier I capital	1,540,275	1,363,362
Tier-II Capital		
Loss allowance for non-credit impaired exposures/collective assessment allowance*	10,971	8,134
Regulatory reserve	—	4,182
Total Tier II capital	10,971	12,316
Total capital	1,551,246	1,375,678

*Excludes Lifetime ECL Credit Impaired (Stage 3) loans/collective assessment allowance on impaired loans restricted from Tier-II Capital of BAMB of RMnil (2024: RMnil).

Capital ratios

	2025	2024
CET I capital ratio	33.369%	31.487%
Tier I capital ratio	33.369%	31.487%
Total capital ratio	33.607%	31.771%

Total capital and capital adequacy ratios of the Bank are computed in accordance with BNM’s Capital Adequacy Framework (Capital Components) guidelines issued on 14 June 2024. 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:

		2025		**2024**	
		Principal	**Risk-weighted**	**Principal**	**Risk-weighted**
		RM'000	**RM'000**	**RM'000**	**RM'000**
(i)	Credit risk				
	0%	3,917,229	–	3,643,840	–
	20%	2,127,729	425,546	2,274,079	454,816
	35%	–	–	–	–
	50%	726,774	363,387	578,374	289,187
	75%	–	–	–	–
	100%	779,319	779,319	1,273,342	1,273,342
	150%	–	–	–	–
		7,551,051	1,568,252	7,769,635	2,017,345
(ii)	Market risk	–	2,590,407	–	1,671,074
(iii)	Operational risk	–	457,159	–	641,548
		7,551,051	4,615,818	7,769,635	4,329,967

Capital management

The Bank's objective when managing capital is to ensure sufficient level and composition of capital to support the Bank's business activities and associated risk during both normal economic environment and under stress conditions.

A strong capital position is essential to the Bank's business strategy and competitive position, this is supported through its capital management framework designed to ensure that the Bank is adequately capitalised at all times in relation to:

- Minimum risk-based regulatory capital requirements (Pillar 1 capital), Pillar 2 additional own funds requirements, as well as buffer requirements as set out from BNM’s Capital Adequacy Framework (Capital Components) guidelines issued on 14 June 2024

- Upcoming and future regulations impacting the Bank.

- An internal capital buffer above those prescribed in regulation is also maintained.

- The risks faced by the Bank through regular review of the current and future business activities.

The framework used to manage capital within the Bank is supported by regular point in time capital calculations and reporting, supplemented by forward looking projection and stress testing. Each step of the process is supported by established controls. This includes weekly, monthly and quarterly reporting to ensure there is sufficient oversight to enable effective management of its capital adequacy position within the Bank's risk appetite limits. Escalation of issues are driven by specific triggers.

There has been no change from the previous period in the objectives, policies, and processes for managing capital, and what the Bank manages as capital.

As at the end of the current and prior years the Bank exceeded external capital requirements.

32 FINANCIAL RISK MANAGEMENT

A Financial instruments by category

The following table provides a reconciliation between line items in the statement of financial position and categories of financial instruments.

	2025			2024		
	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	3,127,232	–	–	2,913,349	–	–
Deposits and placements with banks and other financial institutions	204,128	–	–	656,378	–	–
Financial assets at fair value through profit or loss (FVTPL)	–	758,199	–	–	210,205	–
Financial assets at fair value through other comprehensive income (FVOCI)	–	–	2,109,657	–	–	1,730,077
Loans and advances	441,406	–	–	786,776	–	–
Other assets	189,293	–	–	369,028	–	–
Derivative assets	–	969,358	–	–	571,829	–
TOTAL ASSETS	3,962,059	1,727,557	2,109,657	4,725,531	782,034	1,730,077
Financial liabilities						
Deposits from customers	4,135,967	–	–	4,285,358	–	–
Deposits and placements of banks and other financial institutions	548,974	–	–	478,066	–	–
Bills and acceptances payable	2,305	–	–	9,113	–	–
Other liabilities	432,310	–	–	329,651	–	–
Derivative liabilities	–	1,188,414	–	–	839,339	–
TOTAL LIABILITIES	5,119,556	1,188,414	–	5,102,188	839,339	–

32 FINANCIAL RISK MANAGEMENT (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

Market Risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices.

Market risk is composed of the following:

Interest rate risk is the risk to current or projected financial condition arising from movements in interest rates. Interest rate risk results from differences between the timing of rate changes and the timing of cash flows (repricing risk), from changing rate relationships among different yield curves affecting bank activities (basis risk), from changing rate relationships across the spectrum of maturities (yield curve risk), and from interest-related options embedded in bank products or investment securities (options risk). The types of instruments exposed to this risk include, but are not limited to loans, debts securities, certain trading-related assets and liabilities, deposits, borrowings, and derivatives.

Foreign exchange risk represents exposures to changes in the values of current holdings and future cash flows denominated in currencies other than the functional currency of the Bank. The types of instruments exposed to this risk include foreign currency-denominated loans and securities, future cash flows in foreign currencies arising from foreign exchange transactions, foreign currency-denominated debt and various foreign exchange derivatives whose values fluctuate with changes in the level or volatility of currency exchange rates.

(a) Market risk management

The Bank classifies exposures to market risk into either traded (the Trading book) or non-trading (the Banking book) portfolios and manages each of those portfolios separately.

32 FINANCIAL RISK MANAGEMENT (CONTINUED)

B Risk governance (continued)

(b) Trading risk management

The Bank's trading positions are reported at fair value with changes reflected in income. Trading positions are subject to various changes in market-based risk factors. The majority of this risk is generated by our activities in the interest rate, foreign exchange and credit market. In addition, the values of assets and liabilities could change due to market liquidity, correlations across markets and expectations of market volatility. The management seeks to manage these risk exposures by using a variety of techniques that encompass a broad range of financial instruments.

Global Risk Management is responsible for providing senior management with a clear and comprehensive understanding of the trading risks to which we are exposed. These responsibilities include ownership of market risk policy, developing and maintaining quantitative risk models, calculating aggregated risk measures, establishing, and monitoring position limits consistent with risk appetite, conducting daily reviews and analysis of trading inventory, approving material risk exposures and fulfilling regulatory requirements.

To evaluate risks in our trading activities, the management focuses on the actual and potential volatility of revenues generated by individual positions as well as portfolios of positions. Various techniques and procedures are utilised to enable the most complete understanding of these risks. Quantitative measures of market risk are evaluated on a daily basis from a single position to the portfolio of the Bank. These measures include sensitivities of positions to various market risk factors, such as the potential impact on revenue from a one basis point change in interest rates, and statistical measures utilizing both actual and hypothetical market moves, such as Value-at-Risk (VaR).

VaR is a common statistic used to measure market risk as it allows the aggregation of market risk factors, including the effects of portfolio diversification. A VaR model simulates the value of a portfolio under a range of scenarios in order to generate a distribution of potential gains and losses. VaR represents the loss a portfolio is not expected to exceed more than a certain number of times per period, based on a specified holding period, confidence level and window of historical data. The management uses one VaR model consistently across the trading portfolios and it uses a historical simulation approach based on a three-year window of historical data. The Bank's primary VaR statistic is equivalent to a 99 percent confidence level, which means that for a VaR with a one-day holding period, there should not be losses in excess of VaR, on average, 99 out of 100 trading days.

Within any VaR model, there are significant and numerous assumptions that will differ from bank to bank. The accuracy of a VaR model depends on the availability and quality of historical data for each of the risk factors in the portfolio. A VaR model may require additional modeling assumptions for new products that do not have the necessary historical market data or for less liquid positions for which accurate daily prices are not consistently available. For positions with insufficient historical data for the VaR calculation, the process for establishing an appropriate proxy is based on fundamental and statistical analysis of the new product or less liquid position.

This analysis identifies reasonable alternatives that replicate both the expected volatility and correlation to other market risk factors that the missing data would be expected to experience.

VaR may not be indicative of realised revenue volatility as changes in market conditions or in the composition of the portfolio can have a material impact on the results. In particular, the historical data used for the VaR calculation might indicate higher or lower levels of portfolio diversification than will be experienced. In order for the VaR model to reflect current market conditions, the management updates the historical data underlying our VaR model on a weekly basis, or more frequently during periods of market stress, and regularly review the assumptions underlying the model.

32 FINANCIAL RISK MANAGEMENT (CONTINUED)

B Risk governance (continued)

(b) Trading risk management (continued)

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.

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 centralised limits management system. Trading limit excesses are communicated to management for review.

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 which consists of securities at FVTPL and derivatives.

	Year End RM'000	**Average RM'000**	**High RM'000**	**Low RM'000**
2025				
VaR of the Bank	4,469	3,593	7,379	1,376
Foreign exchange	4,201	2,079	6,357	37
Interest rate	2,449	2,918	5,092	753
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

(c) Interest rate risk and foreign exchange risk management for the Banking Book

Interest rate and foreign exchange risk represents the most significant market risk exposure to our banking book balance sheet.

Interest rate risk

The Management prepares forward-looking forecasts of net interest income. The baseline forecast takes into consideration expected future business growth, assets liabilities management positioning and the direction of interest rate movements as implied by the market-based forward curve.

The Management then measures and evaluates the impact that alternative interest rate scenarios have on the baseline forecast in order to assess interest rate sensitivity under varied conditions. The net interest income forecast is frequently updated for changing assumptions and differing outlooks based on economic trends, market conditions and business strategies. Thus, we continually monitor our balance sheet position in order to maintain an acceptable level of exposure to interest rate changes.

The interest rate scenarios that we analyse incorporate balance sheet assumptions such as loan and deposit growth and pricing, changes in funding mix, product repricing, maturity characteristics and investment securities premium amortisation. Our overall goal is to manage interest rate risk so that movements in interest rates do not significantly adversely affect earnings and capital.

The Bank may use interest rate derivative contracts to manage its interest rate risks. However, the Bank does not designate any accounting hedges under MFRS 9 for such activities.

32 FINANCIAL RISK MANAGEMENT (CONTINUED)

B Risk governance (continued)

Liquidity risk

Liquidity is defined as readily available assets, limited to cash and high-quality, liquid, unencumbered securities that the Bank can use to meet our contractual and contingent financial obligations as they arise.

Liquidity risk is the inability to meet expected or unexpected cash flow and collateral needs while continuing to support the businesses and customers, under a range of economic conditions.

(a) Liquidity risk management

The Bank's primary liquidity risk management objective is to meet expected or unexpected cash flow and collateral requirements, including payments under long-term debt agreements, commitments to extend credit and customer deposit withdrawals, while continuing to support our businesses and customers under a range of economic conditions. To achieve that objective, the management analyses and monitors the Bank's liquidity risk under expected and stressed conditions, maintain liquidity and access to diverse funding sources, including our stable deposit base, and seek to align liquidity-related incentives and risks.

The Bank's liquidity position is managed through line-of-business and asset and liability management activities, as well as through the Bank's funding strategy, on both a forward and current (including intraday) basis under both expected and stressed conditions.

The Bank assigns clear accountability for managing liquidity risk across three lines of defense.

BAMB’s local treasury, as the first line of defense, manages the Bank’s liquidity and funding profile, maintains diversified and reliable funding sources, monitors liquidity risk exposures and ensures compliance with applicable regulatory liquidity requirements.

Bank of America’s Global Risk Management (GRM), as the second line of defense, provides oversight of centralised liquidity and funding management as well as oversight of liquidity management across front-line units and legal entities.

Bank of America’s Corporate Audit, as the third line of defense, provides independent assessment and validation through testing of key processes and controls.

Local governance is provided through the BAMB’s Asset and Liability Council (“ALCO”), which is a council responsible for monitoring and management of interest rate, liquidity and capital and the market and business trends that impact them, at the subsidiary level. The Council escalates any issues requiring the attention of senior management to the BAMB Board of Directors (“BAMB Board”) or other internal or Enterprise committees as appropriate. ALCO reports to the BAMB Board, which provides oversight of BAMB’s liquidity risk profile. The BAMB Board periodically reviews and approves the liquidity risk management strategies, policies, and procedures.

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

- BAMB sets Liquidity Risk Limits and Liquidity Risk Indicators/Risk Monitoring metrics to manage liquidity risk within risk appetite, identify a potential change in BAMB’s risk profile, and ensure the amount of liquidity maintained at BAMB remains prudently sized under baseline and stressed conditions.
- The liquidity risk policy and the contingency funding plan are in place and reviewed at least annually;
- 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.

32 FINANCIAL RISK MANAGEMENT (CONTINUED)

B Risk governance (continued)

(b) Liquidity risk reporting

Daily liquidity reporting enables liquidity risk monitoring and appropriate risk escalation, which includes defined protocols for limit breaches and emerging risks and issues. Treasury estimates and analyses BAMB’s liquidity position across currencies and business lines under normal and stressed conditions. GRM reports and monitors compliance with liquidity risk limits and risk indicators, which includes current utilisation and trending of liquidity risk limits.

In line with requirements of BNM on Liquidity Coverage Ratio (“LCR”) dated 25 August 2016 (BNM/RH/PD 029-13) and Net Stable Funding Ratio (“NSFR”) dated 31 July 2019 (BNM/RH/PD 029-40), the Bank ensures LCR and NSFR remain above the specified regulatory minimum requirements at all times.

The Bank has recorded all derivative financial instrument liabilities in the "on demand" in up to 1 week category to reflect the common market practice of terminating such liabilities at fair value upon a client's request, although the Bank is generally not contractually obliged to do so. The Bank considers it unlikely that, in any given period, all of the liabilities will unwind in the short term. The Bank manages liquidity for these instruments by actively unwinding asset positions to ensure appropriately balanced cash flows. Guarantees and commitments and financial liabilities designated at fair value are shown on the basis of the earliest date they can be called. All other figures show contractual maturities.

The tables below represent the cash flows of the Bank at 31 December 2025, which is consistent with the values used in the liquidity risk management of these instruments:

32 FINANCIAL RISK MANAGEMENT (CONTINUED)

C Interest rate risk

The following table provides an analysis of the Bank's interest rate risk exposure on non–trading financial assets and liabilities. The Bank's assets and liabilities are included at carrying amount and categorised by the earlier of contractual repricing or maturity dates.

2025	**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	3,024,879	–	–	–	–	102,353	–	3,127,232
Deposits and placements with banks and other financial institutions	–	204,128	–	–	–	–	–	204,128
Financial assets at fair value through profit or loss (FVTPL)	–	–	–	–	–	–	758,199	758,199
Financial assets at fair value through other comprehensive income (FVOCI)	249,415	577,294	1,279,979	–	–	2,969	–	2,109,657
Loans and advances	317,198	132,800	559	364	–	(9,515)	–	441,406
Other assets*	–	–	–	–	–	189,293	–	189,293
Derivative assets	–	–	–	–	–	–	969,358	969,358
Total assets	3,591,492	914,222	1,280,538	364	–	285,100	1,727,557	7,799,273
Liabilities								
Deposits from customers	2,946,651	54,923	–	1,050	–	1,133,343	–	4,135,967
Deposits and placements of banks and other financial institutions	–	447,799	–	–	–	101,175	–	548,974
Bills and acceptances payable	–	–	–	–	–	2,305	–	2,305
Other liabilities	393,211	103	466	335	–	38,195	–	432,310
Derivative liabilities	–	–	–	–	–	–	1,188,414	1,188,414
Total liabilities	3,339,862	502,825	466	1,385	–	1,275,018	1,188,414	6,307,970
On-balance sheet - interest rate gap	251,630	411,397	1,280,072	(1,021)	–			

*Excludes prepayment

32 FINANCIAL RISK MANAGEMENT (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 FINANCIAL RISK MANAGEMENT (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:

	2025		2024	
	MYR	USD	MYR	USD
	%	%	%	%
Financial assets				
Cash and short term funds	2.75	3.38	2.99	4.38
Financial assets at FVTPL	4.04	–	3.95	–
Financial assets at FVOCI	3.88	–	3.88	–
Loans and advances	4.11	5.11	4.60	5.93
Financial liabilities				
Deposits from customers	0.97	1.07	1.19	1.42
Deposits and placements of bank and other financial institutions	–	3.76	–	4.42

D Operational risk

The Bank defines operational risk as the risk of loss resulting from inadequate or failed internal processes, people, and systems, or from external events. Operational risk is integral to the Bank's activities and can manifest in multiple forms, such as fraudulent behavior, disruptions to business operations, including those arising from exceptional circumstances beyond the Bank's control, cyberattacks, employee misconducts, non-compliance with relevant laws, regulations, or requirements, and failures by third-party vendors to meet their contractual obligations.

BAC classifies Operational Risk using the seven (7) Basel III operational risk event categories 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 and 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 to identify, assess, oversee, test, manage and report operational risk across the Bank. The management of the Bank's overall operational risk is accomplished through the oversight by BAMB Chief Risk Officer, Chief Compliance Officer, and LMT with formal oversight by the BAMB Board of Directors.

E 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.

32 FINANCIAL RISK MANAGEMENT (CONTINUED)

F Liquidity risk

Contractual maturity of assets and liabilities

2025	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	3,127,232	–	–	–	–	–	–	3,127,232
Deposits and placements with banks and other financial institutions	–	–	204,128	–	–	–	–	204,128
Financial assets at fair value through profit or loss (FVTPL)	–	–	22,119	1,257	414,239	320,584	–	758,199
Financial assets at fair value through other comprehensive income (FVOCI)	–	249,416	577,294	346,320	933,658	–	2,969	2,109,657
Loans and advances	44,947	153,982	123,400	10,392	99,521	9,164	–	441,406
Other assets*	184,243	4,433	–	–	–	–	617	189,293
Derivative assets	1,003	1,339	96,895	109,239	328,535	432,347	–	969,358
Statutory deposit with Bank Negara Malaysia	–	–	–	–	–	–	25,000	25,000
Property and equipment	–	–	–	–	–	–	23,922	23,922
Tax recoverable	–	–	–	–	291	–	–	291
Deferred tax assets	–	–	–	–	–	–	3,948	3,948
	3,357,425	409,170	1,023,836	467,208	1,776,244	762,095	56,456	7,852,434
Liabilities								
Deposits from customers	4,047,899	32,340	54,627	–	51	1,050	–	4,135,967
Deposits and placements of banks and other financial institutions	548,974	–	–	–	–	–	–	548,974
Bills and acceptances payable	2,305	–	–	–	–	–	–	2,305
Other liabilities^	402,335	10,542	7,444	4,823	1,493	4,217	1,456	432,310
Derivative liabilities	179,934	232,785	271,371	194,024	92,601	217,699	–	1,188,414
	5,181,447	275,667	333,442	198,847	94,145	222,966	1,456	6,307,970
Net liquidity gap	(1,824,022)	133,503	690,394	268,361	1,682,099	539,129	55,000	1,544,464

*Excludes prepayment
^Excludes deferred income on loans and advances

32 FINANCIAL RISK MANAGEMENT (CONTINUED)

F Liquidity risk (continued)

Contractual maturity of assets and liabilities (continued)

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 FINANCIAL RISK MANAGEMENT (CONTINUED)

F 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	>1 week to 1month	>1 - 3 months	>3 - 6 months	>6 - 12 months	Over 1 year	No specific maturity	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
2025								
Liabilities								
Deposits from customers	4,047,894	32,358	54,760	–	51	1,050	–	4,136,113
Deposits and placements of banks and other financial institutions	547,500	–	–	–	–	–	–	547,500
Bills and acceptances payable	2,305	–	–	–	–	–	–	2,305
Other liabilities^	430,854	52	103	468	1,248	4,392	–	437,117
	5,028,553	32,410	54,863	468	1,299	5,442	–	5,123,035
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

^ Excludes deferred income on loans and advances.

32 FINANCIAL RISK MANAGEMENT (CONTINUED)

F Liquidity risk (continued)

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

	2025			2024		
	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	2	125,822	125,824	286	140,577	140,863
Transaction related contingent items	408	124,274	124,682	–	287,715	287,715
Short-term self liquidating trade related contingencies	–	4,998	4,998	–	10,809	10,809
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	1,922,892	–	1,922,892	1,362,045	–	1,362,045
	1,923,302	255,094	2,178,396	1,362,331	439,101	1,801,432

32 FINANCIAL RISK MANAGEMENT (CONTINUED)

F 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
2025	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Gross-settled derivatives:							
Foreign exchange forwards and swaps							
Receipts	30,539,829	6,995,129	14,340,891	7,184,005	4,326,113	25,816	63,411,783
Payments	(29,903,019)	(7,906,630)	(11,461,478)	(8,677,200)	(4,317,551)	(1,230)	(62,267,108)
	636,810	(911,501)	2,879,413	(1,493,195)	8,562	24,586	1,144,675
Interest rate and cross currency swaps							
Receipts	17,860,423	6,995,941	14,297,548	7,204,186	4,774,438	7,310,779	58,443,315
Payments	(17,308,942)	(7,907,168)	(11,417,849)	(8,697,482)	(5,522,714)	(6,017,264)	(56,871,419)
	551,481	(911,227)	2,879,699	(1,493,296)	(748,276)	1,293,515	1,571,896
	1,188,291	(1,822,728)	5,759,112	(2,986,491)	(739,714)	1,318,101	2,716,571
2024							
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)

32 FINANCIAL RISK MANAGEMENT (CONTINUED)

G Currency risk

The management sets limits on the level of exposure by currency for overnight positions which are monitored daily. The Bank may use foreign currency derivative contracts to manage its foreign currency risks. However, the Bank does not designate any accounting hedges under MFRS 9 for such activities.

The table below summarises 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.

2025	**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	1,779,342	1,329,714	5,224	304	1,976	10,672	3,127,232
Deposits and placements with banks and other financial institutions		204,128	–	–	–	–	204,128
Financial assets at fair value through profit or loss (FVTPL)	758,199	–	–	–	–	–	758,199
Financial assets at fair value through other comprehensive income (FVOCI)	2,109,657	–	–	–	–	–	2,109,657
Loans and advances	400,787	40,619	–	–	–	–	441,406
Other assets*	4,045	184,949	–	–	–	299	189,293
Derivative assets	969,358	–	–	–	–	–	969,358
	6,021,388	1,759,410	5,224	304	1,976	10,971	7,799,273
Liabilities							
Deposits from customers	2,328,114	1,750,480	4,735	–	423	52,215	4,135,967
Deposits and placements of banks and other financial institutions	59,160	489,814	–	–	–	–	548,974
Bills and acceptances payable	1,792	513	–	–	–	–	2,305
Other liabilities^	20,430	406,705	–	–	–	110	427,245
Derivative liabilities	1,188,414	–	–	–	–	–	1,188,414
	3,597,910	2,647,512	4,735	–	423	52,325	6,302,905
Currency gap	2,423,478	(888,102)	489	304	1,553	(41,354)	

*Excludes prepayment
^Excludes deferred income on loans and advances

32 FINANCIAL RISK MANAGEMENT (CONTINUED)

G Currency risk (continued)

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 FINANCIAL RISK MANAGEMENT (CONTINUED)

H Credit risk

Credit risk is the risk of loss arising from the inability or failure of a borrower or counterparty to meet its obligations. Credit risk can also arise from operational failures that result in an erroneous advance, commitment or investment of funds. The Bank defines the credit exposure to a borrower or counterparty as the loss potential arising from all product classifications including:

- funded instruments such as loans and debt securities,
- unfunded instruments such as undrawn loan commitments, letters of credit and financial guarantees, and derivative positions

For derivative positions, credit risk is measured as the net cost in the event the counterparties with contracts in which the Bank is in a gain position fail to perform under the terms of those contracts. The Bank uses the current fair value to represent credit exposure without giving consideration to future mark-to-market changes.

Credit risk management

Credit risk management begins with an assessment of the credit risk profile of the borrower or counterparty based on an analysis of its financial position. As part of the overall credit risk assessment, credit exposures are assigned a risk rating and are subject to approval based on defined credit approval standards. Subsequent to loan origination, risk ratings are monitored on an ongoing basis, and if necessary, adjusted to reflect changes in the financial condition, cash flow, risk profile or outlook of a borrower or counterparty. In making credit decisions, the Bank considers risk rating, collateral, country, industry and single-name concentration limits while also balancing these considerations with the total borrower or counterparty relationship. The Bank uses a variety of tools to continuously monitor the ability of a borrower or counterparty to perform under its obligations. The Bank uses risk rating aggregations to measure and evaluate concentrations within portfolios. In addition, risk ratings are a factor in determining the level of the allowance for credit losses.

As part of our ongoing risk mitigation initiatives, the Bank attempts to work with clients experiencing financial difficulty to modify their loans to terms that better align with their current ability to pay.

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	**2025**	**2024**
		RM'000	**RM'000**
Assets			
Cash and short term funds*	2	3,126,432	2,911,547
Deposits and placements with banks and other financial institutions	3	204,128	656,378
Financial assets at fair value through other comprehensive income (FVOCI)*	5	2,106,688	1,727,108
Loans and advances^	6	441,406	786,776
Other assets*	7	189,293	369,028
Derivative assets	8	969,358	571,829
Total assets*		7,037,305	7,022,666
Commitments and contingencies	30	134,393,375	106,717,700
Total credit exposure		141,430,680	113,740,366

^ Net of collective impairment and individual impairment of RM9,514,983 (2024: RM5,469,722).

* Excludes cash in hand, unquoted shares and prepayments.

32 FINANCIAL RISK MANAGEMENT (CONTINUED)

H Credit risk (continued)

Maximum exposure to credit risk (continued)

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 FINANCIAL RISK MANAGEMENT (CONTINUED)

H 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
2025	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Cash and short term funds	3,093,363	14,893	285	5,224	12,667	3,126,432
Deposits and placements with banks and other financial institutions	204,128	–	–	–	–	204,128
Financial assets at fair value through other comprehensive income (FVOCI)	2,106,688	–	–	–	–	2,106,688
Loans and advances	441,406	–	–	–	–	441,406
Other assets*	189,293	–	–	–	–	189,293
Derivative assets	800,318	125,732	–	265	43,043	969,358
On Balance Sheet total	6,835,196	140,625	285	5,489	55,710	7,037,305
Commitments and contingencies	102,005,957	13,542,862	–	515,243	18,329,313	134,393,375
Total credit exposure	108,841,153	13,683,487	285	520,732	18,385,023	141,430,680
2024						
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

*Excludes prepayment

32 FINANCIAL RISK MANAGEMENT (CONTINUED)

H Credit risk (continued)

Concentration risk by economic sectors

2025	Government & government agencies RM'000	Mining & quarrying 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	3,092,970	–	–	–	–	–	–	33,462	–	3,126,432
Deposits and placements with banks and other financial institutions	204,128	–	–	–	–	–	–	–	–	204,128
Financial assets at fair value through other comprehensive income (FVOCI)	2,106,688	–	–	–	–	–	–	–	–	2,106,688
Loans and advances	–	4,496	232,695	–	1,642	9,992	–	192,353	228	441,406
Other assets*	–	–	–	–	–	–	–	189,293	–	189,293
Derivative assets	–	–	4,232	–	–	3,512	6	961,608	–	969,358
On Balance Sheet total	5,403,786	4,496	236,927	–	1,642	13,504	6	1,376,716	228	7,037,305
Commitments and contingencies	–	490,157	2,882,778	–	650,688	558,419	18,304	129,793,029	–	134,393,375
Total credit exposure	5,403,786	494,653	3,119,705	–	652,330	571,923	18,310	131,169,745	228	141,430,680

*Excludes prepayment

32 FINANCIAL RISK MANAGEMENT (CONTINUED)

H Credit risk (continued)

Concentration risk by economic sectors (continued)

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 FINANCIAL RISK MANAGEMENT (CONTINUED)

H Credit risk (continued)

Credit quality analysis

The following table analyses the gross carrying amount of and maximum exposure to credit risk on the Bank subject to impairment by its staging within the impairment process; and external credit rating or internal equivalent thereof. Where there is no rating, the balances are classified as not rated.

	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
2025							
Cash and short term funds	3,126,432	–	–	–	3,126,432	–	3,126,432
Deposits and placements with banks and other financial institutions	204,128	–	–	–	204,128	–	204,128
Financial assets at fair value through other comprehensive income (FVOCI)	2,106,688	–	–	–	2,106,688	–	2,106,688
Loans and advances	450,693	–	–	228	450,921	(9,515)	441,406
Other assets*	–	–	–	189,293	189,293	–	189,293
Derivative assets	969,351	–	1	6	969,358	–	969,358
Total assets	6,857,292	–	1	189,527	7,046,820	(9,515)	7,037,305
Commitments and contingencies	134,256,018	73,108	59,170	5,079	134,393,375	–	134,393,375
Total credit exposure	141,113,310	73,108	59,171	194,606	141,440,195	(9,515)	141,430,680
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

*Excludes prepayment

32 FINANCIAL RISK MANAGEMENT (CONTINUED)

H 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
2025							
Stage 1							
Cash and short term funds	3,126,432	–	–	–	3,126,432	–	3,126,432
Deposits and placements with banks and other financial institutions	204,128	–	–	–	204,128	–	204,128
Financial assets at fair value through other comprehensive income (FVOCI)	2,106,688	–	–	–	2,106,688	–	2,106,688
Loans and advances	314,864	–	–	228	315,092	(1,857)	313,235
Other assets*	–	–	–	189,293	189,293	–	189,293
Derivative assets	969,351	—	1	6	969,358	–	969,358
Commitments and contingencies	134,200,905	8,108	30,570	5,079	134,244,662	–	134,244,662
	140,922,368	8,108	30,571	194,606	141,155,653	(1,857)	141,153,796
Stage 2							
Loans and advances	135,829	–	–	–	135,829	(7,658)	128,171
Commitments and contingencies	55,113	65,000	28,600	–	148,713	–	148,713
	190,942	65,000	28,600	–	284,542	(7,658)	276,884
Stage 3							
Loans and advances	–	–	–	–	–	–	–
Commitments and contingencies	–	–	–	–	–	–	–
	–	–	–	–	–	–	–

*Excludes prepayment

32 FINANCIAL RISK MANAGEMENT (CONTINUED)

H 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
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 asset*	–	–	–	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 FINANCIAL RISK MANAGEMENT (CONTINUED)

H 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
2025					
ORR1 – Exceptional	–	–	–	–	–
ORR2 – Excellent	–	–	–	–	–
ORR3 – Strong	–	61,163	–	–	61,163
ORR4 – Good	–	148,786	–	–	148,786
ORR5 – Satisfactory	–	54,163	–	–	54,163
ORR6 – Acceptable	–	50,752	–	–	50,752
ORR7 – Watchlist	–	–	–	–	–
ORR8 – Special Mention	–	135,829	–	–	135,829
ORR9 – Sub-standard	–	–	–	–	–
ORR10 – Doubtful	–	–	–	–	–
ORR11 – Loss	–	–	–	–	–
Unrated	–	–	228	–	228
Total	–	450,693	228	–	450,921
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

*ORR = Obligor Risk Rating

32 FINANCIAL RISK MANAGEMENT (CONTINUED)

H 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:

2025	Corporate RM'000	Mortgages RM'000
Gross impaired	–	–
Less: Individual allowance	–	–
Net impaired	–	–
2024		
Gross impaired	–	–
Less: Individual allowance	–	–
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") RM'000	Malaysian Treasury Bills RM'000	Total RM'000
2025			
Financial assets at fair value through other comprehensive income (FVOCI)			
Sovereign rating (AAA to A-)	675,616	1,431,072	2,106,688
	675,616	1,431,072	2,106,688
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

32 FINANCIAL RISK MANAGEMENT (CONTINUED)

I 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	**2025 RM'000**	**2024 RM'000**
Economic Value Impact	Parallel 250 bps up	76,835	87,824
	Parallel 200 bps up	61,468	70,259
	Parallel 150 bps up	46,101	52,694
	Steepener	(28,818)	(33,498)
	Flattener	37,131	42,057
	Short Rate Up	58,664	66,529
	Short Rate Down	(58,664)	(66,529)
Earnings at Risk	Parallel 250 bps up	73,483	86,046
	Parallel 200 bps up	58,786	68,837
	Parallel 150 bps up	44,090	51,628

33 FAIR VALUE MEASUREMENT

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. When determining the fair values of its financial instruments, the Bank is required to maximise the use of observable inputs and minimise the use of unobservable inputs. The Bank categorises its financial instruments into three levels based on the established fair value hierarchy:

- Level 1 - Unadjusted quoted prices in active markets for identical assets or liabilities. Level 1 assets and liabilities include debt and equity securities and derivative contracts that are traded in an active exchange market, as well as certain securities that are highly liquid and actively traded in over the counter (OTC) markets.
- Level 2 - Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities. Level 2 assets and liabilities include debt securities with quoted prices that are traded less frequently than exchange-traded instruments and derivative contracts where fair value is determined using a pricing model with inputs that are observable in the market or can be derived principally from or corroborated by observable market data.
- Level 3 - Unobservable inputs that are supported by little or no market activity and that are significant to the overall fair value of the assets or liabilities. Level 3 assets and liabilities include financial instruments for which the determination of fair value requires significant management judgement or estimation. The fair value for such assets and liabilities is generally determined using pricing models, discounted cash flow methodologies or similar techniques that incorporate the assumptions a market participant would use in pricing the asset or liability.

(i) Valuation techniques and inputs

The following sections outline the valuation methodologies for the Bank's assets and liabilities. While the Bank believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different estimate of fair value at the reporting date.

During 2025, there were no significant changes to valuation approaches or techniques that had, or are expected to have, a material impact on the Bank's financial position or results of operations.

(a) Trading Assets and Liabilities and other debts securities at fair value

The fair values of trading assets and liabilities are primarily based on actively traded markets where prices are based on either direct market quotes or observed transactions. The fair values of other debt securities are generally based on quoted market prices or market prices for similar assets.

Liquidity is a significant factor in the determination of the fair values of trading account assets and liabilities and other debt securities. Market price quotes may not be readily available for some positions such as positions within a market sector where trading activity has slowed significantly or ceased. Some of these instruments are valued using a discounted cash flow model, which estimates the fair value of the securities using internal credit risk, and interest rate and prepayment risk models that incorporate management’s best estimate of current key assumptions such as default rates, loss severity and prepayment rates. Principal and interest cash flows are discounted using an observable discount rate for similar instruments with adjustments that management believes a market participant would consider in determining fair value for the specific security.

Other instruments are valued using a net asset value approach which considers the value of the underlying securities. Underlying assets are valued using external pricing services, where available, or matrix pricing based on the vintages and ratings. Situations of illiquidity generally are triggered by the market’s perception of credit uncertainty regarding a single company or a specific market sector. In these instances, fair value is determined based on limited available market information and other factors, principally from reviewing the issuer’s financial statements and changes in credit ratings made by one or more rating agencies.

33 FAIR VALUE MEASUREMENT (CONTINUED)

(b) Derivative financial instruments

The fair values of derivative financial instruments traded in the OTC market are determined using quantitative models that utilise multiple market inputs including interest rates, prices and indices to generate continuous yield or pricing curves and volatility factors to value the position. The majority of market inputs are actively quoted and can be validated through external sources, including brokers, market transactions and third-party pricing services. When third-party pricing services are used, the methods and assumptions are reviewed by the Bank.

Estimation risk is greater for derivative instruments that are option-based or have longer maturity dates where observable market inputs are less readily available, or are unobservable, in which case, quantitative-based extrapolations of rate, price or index scenarios are used in determining fair values. The fair values of derivative instruments include adjustments for market liquidity, counterparty credit quality and other instrument-specific factors, where appropriate. In addition, the Bank incorporates within its fair value measurements of OTC derivatives a valuation adjustment to reflect the credit risk associated with the net position. Positions are netted by counterparty, and fair value for net long exposures is adjusted for counterparty credit risk while the fair value for net short exposures is adjusted for the Bank's own credit risk. The Bank also incorporates funding valuation adjustments (FVA) within its fair value measurements to include funding costs on uncollateralised derivatives and derivatives where the Bank is not permitted to use the collateral it receives. An estimate of severity of loss is also used in the determination of fair value, primarily based on market data.

(c) Loans and Loan Commitments

The fair values of loans and loan commitments are based on market prices, where available, or discounted cash flow analyses using market-based credit spreads of comparable debt instruments or credit derivatives of the specific borrower or comparable borrowers. Results of discounted cash flow analyses may be adjusted, as appropriate, to reflect other market conditions or the perceived credit risk of the borrower.

(d) Securities Financing Transactions

The fair values of certain securities financing arrangements are determined using quantitative models, including discounted cash flow models that require the use of multiple market inputs including interest rates and spreads to generate continuous yield or pricing curves, and volatility factors. The majority of market inputs are actively quoted and can be validated through external sources, including brokers, market transactions and third-party pricing services.

(e) Deposits

The fair values of deposits are determined using quantitative models, including discounted cash flow models that require the use of multiple market inputs including interest rates and spreads to generate continuous yield or pricing curves, and volatility factors. The majority of market inputs are actively quoted and can be validated through external sources, including brokers, market transactions and third-party pricing services. The Bank considers the impact of its own credit spread in the valuation of these liabilities. The credit risk is determined by reference to observable credit spreads in the secondary cash market.

(f) Structured liabilities issued (including funded derivatives)

The Bank issues structured liabilities, including funded derivatives that may have coupons or repayment terms linked to the performance of debt or equity securities, interest rates, indices, currencies or commodities. The fair values of these liabilities are estimated using quantitative models for the combined derivative and debt portions of the notes. These models incorporate observable and, in some instances, unobservable inputs including security prices, interest rate yield curves, option volatility, currency, commodity or equity rates and correlations among these inputs. The Bank also considers the impact of its own credit spread in determining the discount rate used to value these liabilities. The credit spread is determined by reference to observable spreads in the secondary bond market.

33 FAIR VALUE MEASUREMENT (CONTINUED)

(ii) Valuation framework

In keeping with the prudent application of estimates and management judgement in determining the fair value of assets and liabilities, the Bank has in place various processes and controls that include:

- a model validation policy that requires review and approval of quantitative models used for deal pricing, financial statement fair value determination and risk quantification;
- a trading product valuation policy that requires verification of all traded product valuations; and
- a periodic review and substantiation of daily profit and loss reporting for all traded products.

Primarily through validation controls, the Bank utilise both broker and pricing service inputs which can and do include both market-observable and internally modeled values and/or valuation inputs. The Bank's reliance on this information is affected by the Bank's understanding of how the broker and/or pricing service develops its data with a higher degree of reliance applied to those that are more directly observable and lesser reliance applied to those developed through their own internal modeling. For example, broker quotes in less active markets may only be indicative and therefore less reliable. These processes and controls are performed independently of the business.

(iii) Assets and liabilities measured at fair value on a recurring basis

Assets and liabilities carried at fair value on a recurring basis at 31 December 2025 and 2024, including financial instruments that the Bank designates at FVTPL, are summarised in the following tables by fair value hierarchy:

The Bank does not have liabilities measured at fair value with an inseparable third-party credit enhancement.

	Level 1	**Level 2**	**Level 3**	**Total**
	RM'000	**RM'000**	**RM'000**	**RM'000**
2025				
Financial assets at fair value through profit or loss				
Financial assets at fair value through profit or loss (FVTPL)				
- Malaysian Government Securities	611,618	–	–	611,618
- Malaysian Government Investment Issues	131,175	–	–	131,175
- Malaysian Government Treasury Bills	15,406	–	–	15,406
Derivative assets				
- Foreign exchange forwards and swaps	–	703,630	–	703,630
- Interest rate and cross currency swaps	–	265,728	–	265,728
Financial assets at fair value through other comprehensive income				
- Unquoted shares	–	–	2,969	2,969
- Malaysian Government Securities	675,616	–	–	675,616
- Malaysian Treasury Bills	1,431,072	–	–	1,431,072
Total assets	2,864,887	969,358	2,969	3,837,214
Financial liabilities at fair value through profit or loss				
Derivative liabilities				
- Foreign exchange forwards and swaps	–	933,413	–	933,413
- Interest rate and cross currency swaps	–	255,001	–	255,001
Total liabilities	–	1,188,414	–	1,188,414

33 FAIR VALUE MEASUREMENT (CONTINUED)

	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

There were no transfers between levels 1 and 2 during the year (2024: 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 MEASUREMENT (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 2025 and 31 December 2024.

There were no gains or losses from Level 3 instruments recognised in profit or loss in the financial year ended 31 December 2025 and 31 December 2024.

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**
2025				
Financial assets at FVOCI				
Unquoted shares	2,969	Net tangible asset	Net tangible asset	+/- 5%
2024				
Financial assets at FVOCI				
Unquoted shares	2,969	Net tangible asset	Net tangible asset	+/- 5%

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 RM2,734,934 (2024: RM2,666,604) higher and RM2,191,692 (2024: RM2,129,869) lower respectively.

33 FAIR VALUE MEASUREMENT (CONTINUED)

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.

2025	Carrying value RM'000	Level 1 RM'000	Level 2 RM'000	Total RM'000
Assets				
Cash and short term funds	3,127,232	–	3,127,232	3,127,232
Deposits and placements with banks and other financial institutions	204,128	–	204,128	204,128
Loans and advances	441,406	–	450,438	450,438
Other assets	189,752	–	189,752	189,752
Total	3,962,518	–	3,971,550	3,971,550
Liabilities				
Deposits from customers	4,135,967	–	4,135,967	4,135,967
Deposits and placements of banks and other financial institutions	548,974	–	548,974	548,974
Bills and acceptances payable	2,305	–	2,305	2,305
Other liabilities	432,310	–	432,310	432,310
Total	5,119,556	–	5,119,556	5,119,556

2024	Carrying value RM'000	Level 1 RM'000	Level 2 RM'000	Total 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

33 FAIR VALUE MEASUREMENT (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 recognised amounts, and there is an intention to settle on a net basis or realise 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 2025 and 31 December 2024. 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 2025.

				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
2025						
Derivative financial assets	969,358	—	969,358	(778,221)	(180,587)	10,550
Derivative financial liabilities	1,188,414	—	1,188,414	(778,221)	(393,159)	17,034
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

The Branch’s head office and the Branch jointly enters into International Swaps and Derivatives Associate, Inc (ISDA) derivative contracts that include master netting or similar agreements. Substantially all of the Branch’s derivatives are entered via these contracts. The collateral applicable to these contracts are managed by the Branch’s Head Office. Where legally enforceable, these master netting agreements gives the Branch’s Head office, in the event of default by the counterparty, the right to liquidate the cash or securities held as collateral to offset derivative receivables due from and/or derivative payables due to the same counterparty, which are generally across multiple branches. As this right is specific to the Head Office, the derivative contracts specific to the Branch are presented as uncollateralised.

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 2025, 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 2025 which referenced KLIBOR:

	2025 Carrying amount/Nominal amount			2024 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	355,441	–	355,441	599,025	–	599,025
Derivatives assets	11,656,880	–	11,656,880	26,843,720	–	26,843,720
Derivatives liabilities	20,035,500	–	20,035,500	29,680,105	–	29,680,105

36 MATURITY ANALYSIS OF ASSETS AND LIABILITIES

The table below shows an analysis of assets and liabilities presented according to when they are expected to be recovered or settled. Trading assets and liabilities including derivatives have been classified to mature or repaid within 12 months, regardless of the actual contractual maturities. For loans and advances to customers, the Bank uses the same basis of expected repayment behavior that was used in estimating the EIR.

			2025			2024
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
Cash and short term funds	3,127,232	—	3,127,232	2,913,349	—	2,913,349
Deposits and placements with banks and other financial institutions	204,128	—	204,128	656,378	—	656,378
Financial assets at fair value through profit or loss (FVTPL)	758,199	—	758,199	46,191	164,014	210,205
Financial assets at fair value through other comprehensive income (FVOCI)	2,106,688	2,969	2,109,657	1,727,108	2,969	1,730,077
Loans and advances	432,242	9,164	441,406	439,721	347,055	786,776
Other assets	189,135	617	189,752	369,524	38	369,562
Derivative assets	969,358	—	969,358	344,011	227,818	571,829
Statutory deposits with Bank Negara Malaysia	—	25,000	25,000	—	65,000	65,000
Property and equipment	—	23,922	23,922	—	7,072	7,072
Deferred tax assets	3,948	—	3,948	3,888	454	4,342
Deposits from customers	4,134,917	1,050	4,135,967	4,284,308	1,050	4,285,358
Deposits and placements of banks and other financial institutions	548,974	—	548,974	478,066	—	478,066
Bills and acceptances payable	2,305	—	2,305	9,113	—	9,113
Other liabilities	430,854	1,456	432,310	326,987	3,078	330,065
Derivative liabilities	1,188,414	—	1,188,414	658,161	181,178	839,339
Provision for taxation	—	—	—	201	—	201

37 SIGNIFICANT EVENTS SUBSEQUENT TO THE BALANCE SHEET DATE

There are no material significant events subsequent to the balance sheet date that would require disclosure or recognition in the Financial Statements as of 31 December 2025.

38 APPROVAL OF FINANCIAL STATEMENTS

The financial statements have been approved for issue in accordance with a resolution of the Board of Directors on 26 March 2026.

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 Andrew Mark Sill , 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 102 are drawn up so as to give a true and fair view of the financial position of the Bank as at 31 December 2025 and financial performance of the Bank for the financial year ended 31 December 2025 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 26 March 2026.

GAUTAM PADMAKAR PUNTAMBEKAR	ANDREW MARK SILL
DIRECTOR	DIRECTOR

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

I, Nursuzanna binti Nordin, 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 102 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.

NURSUZANNA BINTI NORDIN

Subscribed and solemnly declared by the above named Nursuzanna binti Nordin at Kuala Lumpur on , before me.

COMMISSIONER FOR OATHS

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 2025, 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 2025, 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 102.

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"), as applicable to audits of financial statements of public interest entities and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Information other than the financial statements and auditors' report thereon

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

Our opinion on the financial statements of the Bank does not cover the other information and we do not express any form of assurance conclusion thereon.

PricewaterhouseCoopers PLT (LLP0014401-LCA & AF 1146),
Chartered Accountants, Level 10, Menara TH 1 Sentral,
Jalan Rakyat, Kuala Lumpur Sentral, P O Box 10192,
50706 Kuala Lumpur, Malaysia.
T: +60 (3) 2173 1188, F: +60 (3) 2173 1288

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

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.

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.

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)

(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.

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
LLP0014401-LCA & AF 1146
Chartered Accountants

MOHAMED ZHARIF BIN MD AGIL
03795/10/2027 J
Chartered Accountant

Kuala Lumpur
26 March 2026