

Bank of America Malaysia Berhad
Pillar 3 Disclosures
As at 31 December 2025

Bank of America Malaysia Berhad

Pillar 3 Disclosures



Bank of America Malaysia Berhad

Pillar 3 Disclosures

Attestation by Chief Executive Officer

This is to certify that Bank of America Malaysia Berhad's Basel II Pillar 3 Disclosures as at 31 December 2025, prepared in accordance with the requirements of Bank Negara Malaysia's Guideline on Risk Weighted Capital Adequacy Framework (Basel II) – Disclosure Requirements (Pillar 3) are accurate, complete and not misleading.

GAUTAM PADMAKAR PUNTAMBEKAR

Chief Executive Officer

Bank of America Malaysia Berhad

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1. Scope of Application

Bank of America Malaysia Berhad – BAMB (“Bank” or “BAMB”) is a limited company, incorporated and domiciled in Malaysia. Bank of America, National Association is the holding company and Bank of America Corporation is the ultimate holding company, both are incorporated in the United States of America. The Bank is principally engaged in all aspects of the banking business and in the provision of such related services.

The provisions of Malaysian Financial Reporting Standard (“MFRS”) 127 “Consolidated and Separate Financial Statements” and MFRS 128 “Investments in Associates”, issued by the Malaysian Accounting Standards Board (“MASB”) do not apply to the Bank. Hence the disclosures in this report are made for the Bank as a standalone entity.

2. Capital Adequacy

2.1 Capital Management

The Bank is required to comply with all applicable laws and regulations in Malaysia including Policy Documents and guidelines issued by Bank Negara Malaysia (“BNM”) and other relevant regulatory bodies.

The BAMB Board, through its various Committees, is overall accountable for the management of risk in BAMB.

The Local Management Team (LMT) is responsible for understanding the nature and level of risk being taken by BAMB and ensuring that the risk management processes are being carried out appropriately in light of the risk profile and the business plan. The LMT is also responsible for issue escalations to the Board.

In order to meet this responsibility, the Board, LMT and Asset and Liability Counsel (ALCO) will utilize the annual ICAAP to assess the adequacy of capital, internal governance and risk management.

The ICAAP process seeks to ensure that the Bank maintains sufficient capital at all times, plans for all future capital requirements and at the same time, maintains adequate governance and monitoring over its material risks. It establishes a framework for the Bank to perform a comprehensive assessment of the risks they face and to relate capital to those risks. The capital assessment performed by the Bank is expected to encompass all risks, not just the risks captured by the Basel II Pillar 1 minimum regulatory capital calculations. BAMB has undertaken a Comprehensive Risk Assessment to identify all material risks and ensure adequate capital is held to commensurate with such material risks. BAMB has established quantitative and qualitative methodologies to assess each risk to determine its materiality.

The Bank has established an Internal Capital Guideline (IGL) and maintains capital levels in excess of this guideline. The internal buffer over the minimum requirement serves as an early warning signal for management and prompts remediation actions to avoid any capital breach.

2.2 Core Equity Tier I (“CET I”) Capital Ratio, Tier I Capital Ratio and Total Capital Ratio

The total capital and capital adequacy ratios of the Bank are computed in accordance with BNM’s Policy Documents on Capital Adequacy Framework Capital Components issued on 14th June 2024 and Basel II Risk-Weighted Assets issued on 18th December 2023 for credit risk and market risk . With effect from 1 January 2025, the Bank has adopted the Capital Adequacy Framework (Operational Risk) under the Basel III framework, as stipulated in the relevant BNM policy document.

Table 1.1: Capital Ratios

	31.12.2025	31.12.2024
CET I Capital Ratio	33.369 %	31.487 %
Tier I Capital Ratio	33.369 %	31.487 %
Total Capital Ratio	33.607 %	31.771 %

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Table 1.2: Capital Adequacy Requirements

	CET I Capital Ratio	Tier I Capital Ratio	Total Capital Ratio
31.12.2025	7.000%	8.500%	10.500%
31.12.2024	7.000%	8.500%	10.500%

The minimum regulatory capital adequacy requirements as stated above include capital conservation buffer (2.5%) and counter-cyclical buffer (currently 0%).

2.3 Risk Weighted Assets (“RWA”) and Capital Requirements

The Bank has adopted the Standardised Approach (“SA”) for Credit Risk and Market Risk and Basel III Business Indicator Approach for Operational Risk for computing its capital requirement. The Bank does not have any capital requirement for Large Exposure Risk as there is no amount in excess of the lowest threshold arising from equity holdings as specified in BNM’s Policy Document on Capital Adequacy Framework (Basel II – Risk-Weighted Assets).

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Table 2.1: Exposures as at 31 December 2025

Exposure Class 31.12.2025	Gross Exposures /^EAD before #CRM RM'000	Net Exposures /^EAD after #CRM RM'000	RWA RM'000	RWA absorbed by *PSIA RM'000	Total RWA after effects of PSIA RM'000	Minimum Capital Requirement at 8 % RM'000
Credit Risk						
<u>On-Balance Sheet Exposures:</u>						
Sovereigns/Central Banks	5,421,683	5,421,683	303,776	—	303,776	24,302
Banks, Development Financial Institutions ("DFIs") & Multilateral Development Banks ("MDBs")	213,405	213,405	42,681	—	42,681	3,414
Insurance Cos, Securities Firms & Fund Managers	—	—	—	—	—	—
Corporates	450,693	450,693	450,693	—	450,693	36,055
Residential Mortgages	—	—	—	—	—	—
Other Assets	46,586	46,586	31,497	—	31,497	2,520
Defaulted Exposures	—	—	—	—	—	—
Total On-Balance Sheet Exposures	6,132,367	6,132,367	828,647	—	828,647	66,291
<u>Off-Balance Sheet Exposures:</u>						
OTC Derivatives	1,383,614	1,230,052	555,816	—	555,816	44,466
Off-Balance Sheet Exposures Other Than OTC Derivatives or Credit Derivatives	189,164	188,632	183,789	—	183,789	14,703
Total Off-Balance Sheet Exposures	1,572,778	1,418,684	739,605	—	739,605	59,169
Total On and Off-Balance Sheet Exposures	7,705,145	7,551,051	1,568,252	—	1,568,252	125,460
Market Risk						
	Long Position	Short Position				
Foreign currency	3,136	414,645	414,645	—	414,645	33,172
Interest rate			1,724,932	—	1,724,932	137,995
Options			450,830	—	450,830	36,066
Total Market Risk Exposure			2,590,407	—	2,590,407	207,233
Total Operational Risk Exposure			457,159	—	457,159	36,573
Total RWA and Capital Requirements			4,615,818	—	4,615,818	369,266

Key:

^ Exposure at Default ("EAD")

Credit Risk Mitigation ("CRM")

* Profit Sharing Investment Account ("PSIA")

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Table 2.2: Exposures as at 31 December 2024

Exposure Class 31.12.2024	Gross Exposures /^EAD before #CRM RM'000	Net Exposures /^EAD after #CRM RM'000	RWA RM'000	RWA absorbed by *PSIA RM'000	Total RWA after effects of PSIA RM'000	Minimum Capital Requirement at 8 % RM'000
Credit Risk						
<u>On-Balance Sheet Exposures:</u>						
Sovereigns/Central Banks	5,342,613	5,342,613	340,730	—	340,730	27,258
Banks, Development Financial Institutions ("DFIs") & Multilateral Development Banks ("MDBs")	372,209	372,209	74,442	—	74,442	5,955
Insurance Cos, Securities Firms & Fund Managers	—	—	—	—	—	—
Corporates	791,967	791,967	790,162	—	790,162	63,213
Residential Mortgages	—	—	—	—	—	—
Other Assets	29,383	29,383	24,507	—	24,507	1,961
Defaulted Exposures	—	—	—	—	—	—
Total On-Balance Sheet Exposures	6,536,172	6,536,172	1,229,841	—	1,229,841	98,387
<u>Off-Balance Sheet Exposures:</u>						
OTC Derivatives	1,139,135	947,090	506,197	—	506,197	40,496
Off-Balance Sheet Exposures Other Than OTC Derivatives or Credit Derivatives	286,882	286,373	281,307	—	281,307	22,505
Total Off-Balance Sheet Exposures	1,426,017	1,233,463	787,504	—	787,504	63,001
Total On and Off-Balance Sheet Exposures	7,962,189	7,769,635	2,017,345	—	2,017,345	161,388
Market Risk						
	Long Position	Short Position				
Foreign currency	81,833	5,231	81,833	—	81,833	6,547
Interest rate			1,390,655	—	1,390,655	111,252
Options			198,586	—	198,586	15,887
Total Market Risk Exposure			1,671,074	—	1,671,074	133,686
Total Operational Risk Exposure			641,548	—	641,548	51,324
Total RWA and Capital Requirements			4,329,967	—	4,329,967	346,398

Key:

^ Exposure at Default ("EAD")

Credit Risk Mitigation ("CRM")

* Profit Sharing Investment Account ("PSIA")

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3. Capital Structure

The Bank's total regulatory capital is made up of Tier I and Tier II capital as follows:

Tier I Capital consists of ordinary paid-up share capital, approved retained profits and unrealised gains and losses of financial instruments measured at fair value through other comprehensive income (FVOCI) less net deferred tax asset and applicable regulatory adjustments.

There is no obligation to pay dividend to ordinary shareholders. No dividend has been paid or proposed for the financial period ended 31 December 2025.

Tier II Capital consists of regulatory reserve and collective impairment allowance for non-impaired loans, advances and financing.

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

Table 3.1: Components of Capital

	31.12.2025 RM'000	31.12.2024 RM'000
<u>CET I Capital</u>		
Share Capital	135,800	135,800
Retained Profits	1,407,850	1,235,626
Other Disclosed Reserves:		
Unrealised gains and losses of financial instruments measured at FVOCI	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 financial instruments measured at FVOCI	(700)	(562)
Regulatory reserve	—	(4,182)
Total CET I and Tier I Capital	1,540,275	1,363,362
<u>Tier II Capital</u>		
Loss Allowance for non-credit impaired exposures*	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 on impaired loans restricted from Tier II Capital of BAMB of RM nil (31.12.2024 : RM Nil).

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4. Risk Management

Bank of America Malaysia Berhad ("BAMB") has adopted the risk philosophy, processes and controls of Bank of America Corporation ("BAC", the Company), including the Risk Framework and Risk Appetite Statement. The enterprise risk framework is reviewed annually and approved by the BAC board. The following lays out the key components of BAC's risk management approach, risk culture and risk appetite.

BAC's risk management approach is appropriate given the Company's size, complexity, structure, activities and risk profile. Following are the five components of our risk management approach.

4.1 BAMB's Risk Management Framework

The five (5) components of BAMB's risk management approach are as follows:

- **Culture of Managing Risk Well:** A culture that instills the importance of managing risk well, ensures appropriate focus on risk in all activities. It encourages the necessary mind-set and behavior to enable effective risk management and promote sound risk-taking within our risk appetite. Individual accountability is the cornerstone of our culture. Our culture requires that all risks are promptly identified, escalated and debated, thereby benefiting the overall performance of the Bank.
- **Risk appetite:** The Bank's Risk Appetite Statement defines the types and levels of risk the Bank is willing to take to achieve its objectives. It includes qualitative statements and quantitative measures, as appropriate.
- **Risk Management Processes:** Risk management is both an essential component of our daily business activities and an integral part of our strategic, capital and financial planning processes. BAC employs a simple but effective risk management process, referred to as IMMC: Identify, Measure, Monitor and Control.
- **Risk data management, aggregation and reporting:** Effective risk reporting provides a clear understanding of all material current and emerging risks. We leverage our data and management information systems to achieve transparency and generate actionable insights.
- **Risk Governance:** Our risk governance framework serves as the foundation for the comprehensive management of risks facing the Bank. It outlines, among other things, clear ownership and accountability for managing risk across three lines of defense: Front Line Units, Global Risk Management and Corporate Audit.

4.1.1 BAMB Risk Taking Capacity

BAMB adopts a disciplined approach to understanding and managing risk to minimize the volatility of its financial results, create sustainable earnings and protect its brand and reputation. BAMB is committed to maintaining strong, consistent risk management practices and aims to balance its capacity for risk commensurate with its capital and liquidity, while adhering to all applicable rules and regulations in Malaysia.

The document on Risk Appetite Statement (also known as BAMB Risk Taking Capacity) has been established and defines the main principles, governance and methodologies that ensure that BAMB activities and culture are aligned to the above stated risk management philosophy.

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Governance Processes and Controls

Approval

BAMB's RTC metrics are updated in the RAS (approved as part of other BAMB policy/limit approvals), or proposed and approved annually as part of the RAS review. A thorough review and assessment of the RTC metrics following the principles in the RAS will be initiated by BAMB CRO. The Lines of Business (LoB) and stakeholders for each Risk Category above will be engaged in this review process. Upon completion of the review and assessment, the BAMB CRO will put forth a recommendation to the Local Management Team ("LMT") for appropriate RTC metrics and limits.

The recommended RTC metrics will first be reviewed and approved by the LMT, followed by the BAMB RMC, and finally by the BAMB Board. RTC metrics and limits will be applicable until the next RAS review or until other BAMB policy/limits are approved.

Monitoring and Reporting

The monitoring of RTC metrics and performance against limits is carried out on a monthly basis and BAMB CRO provides independent reporting at least on a monthly basis via a RTC performance report to the LMT*. The performance report will also be tabled to the BAMB RMC and Board for their noting.

* Except for technology Key Risk Indicators ("KRI").

Exceptions

Proper and timely identification, escalation and remediation or risk appetite limit breaches is important to effective risk appetite monitoring and management. Breaches of any RTC triggers or limits serve as an early warning signal and will be highlighted to LMT. LMT will determine if any mitigating actions should be taken.

Limit breach escalation process:

- Escalation to the BAMB Chief Executive Officer (CEO) and BAMB Country Risk Officer (CRO) shall occur as soon as practically possible.
- The BAMB CRO will notify the LMT of the breach. Depending on the materiality of the breach, an ad-hoc LMT meeting will be convened as soon as practically possible to discuss remediation steps. Based on the materiality of the breach, LMT will determine if it should be escalated to the Board.
- A temporary limit increase may be approved by the CEO and CRO if considered appropriate. Permanent increases are to be approved by the Board.
- Limit breaches and resolution plans are reported to the BAMB LMT, RMC and Board at each meeting until they are successfully remediated.

4.1.2 Risk Management Structure

All BAMB employees are responsible for the below risk management:

- **Businesses:** Business (Front Line Unit) managers, Wholesale Credit and associates are accountable for identifying and managing all risks in their business units, including existing and emerging risks. Business managers must ensure that their business activities are conducted within BAMB's Risk Taking Capacity Document. BAMB risk teams are responsible for establishing policies, limits, standards, controls, metrics and thresholds within the defined corporate standards.
- **Governance & Control:** The BAMB Risk teams, including the CRO and Market Risk, are independent from the Businesses, and maintain sufficient autonomy to develop and implement meaningful risk management measures. Corporate Operational Risk, Enterprise Credit Risk Vendor Risk Management, Enterprise Stress Testing and Global Recovery and Resolution Planning are responsible for setting and establishing enterprise policies, programs and standards, assessing program adherence, providing enterprise-level risk oversight, reporting and monitoring for systemic and emerging risk issues. In addition, the BAMB risk teams are responsible for monitoring and ensuring risk limits within their function are reasonable and consistent with the BAMB's Risk Taking Capacity.

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- **Corporate Audit:** The BAMB Corporate Audit function maintains independence from the Businesses and Governance & Control Functions by reporting directly to the Audit Committee of BAMB. The Corporate Audit provides independent assessment and validation through testing of key processes and controls.

Oversight of BAMB's Board and Senior Management: BAMB's Board and Senior Management have responsibility for overseeing and managing all risks faced by BAMB. Management of risks relevant to BAMB is accomplished through the Risk Framework, Risk Taking Capacity, ongoing reporting and monitoring, and approved policies, procedures and guidelines. Senior management is well qualified and has significant experience in the industry.

4.1.3 Risk Management Process

On a day-to-day basis, BAMB's employees are responsible for managing risks which are threatening the interests of the Bank. Employees are provided ongoing training opportunities on risk management and are given clear, detailed guidance through supporting processes such as governance bodies (e.g. committees) and supporting management documents (e.g. policies, procedures, standard operating requirements, guidelines, playbooks, etc).

BAMB employs a simple but effective overarching risk management process, referred to as IMMC. This process builds on employees' regular tasks and ensures a solid knowledge base for mitigating risk:

- **Identify:** To be effectively managed, risks must be clearly defined and proactively identified. Proper risk identification focuses on recognizing and understanding all key risks inherent in our business activities or key risks that may arise from external factors. Risk identification is an ongoing process incorporating input from front line units and control functions, designed to be forward looking and capture relevant risk factors across all BAMB lines of business.
- **Measure:** Once a risk is identified, it must be accurately measured, through a systematic risk quantification process including quantitative and qualitative components. Risk is measured at various levels including, but not limited to, risk type, front line unit, legal entity and on an aggregate basis. This risk quantification process helps to capture changes in BAMB risk profile due to changes in strategic direction, concentrations, portfolio quality and the overall economic environment. Senior Management considers how risk exposures might evolve under a variety of stress scenarios.
- **Monitor:** We monitor risk levels regularly to track adherence to risk appetites, policies, standards, procedures and processes. BAMB also regularly update risk assessments and review risk exposures. Through our monitoring, we know our level of risk relative to limits and can take action in a timely manner. We also know when risk limits are breached and have processes to appropriately report and escalate exceptions. This includes immediate requests for approval to managers and alerts to executive management, management level committee or the Board of Directors (directly or through an appropriate board committee);
- **Control:** We establish and communicate risk limits and controls through policies, standards, procedures and processes that define responsibility and authority for risk-taking. The limits and controls can be adjusted by the boards or management when conditions or risk tolerances warrant. These limits may be absolute (e.g. loan amount, trading volume) or relative (e.g. percentage of loan booked in higher risk categories). Our lines of business are held accountable to perform within the established limits.

4.2 Credit Risk

Credit risk is created when the Company commits to, or enters into, an agreement with a borrower or counterparty. Credit exposure to a borrower or counterparty is the potential loss arising from loans, leases, derivatives and other extensions of credit.

BAMB's credit risk arises principally from the following activities:

- Loans;
- FX/Derivative transactions (plain vanilla)
- Global Vendor financing;
- Due from placements with banks;
- Standby letters of credit/bank guarantees; and
- Trade finance products.

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Given the description of its business above, BAMB is primarily exposed to credit risk of corporates and financial institutions including banks.

Credit Underwriting & Approval

Credit processes are designed to execute the defined credit strategy (e.g. product-specific underwriting and client selection criteria) and adhere to credit policies (e.g. BAMB Credit Compliance Manual (“CCM”), BAC Core Credit Policy and other BAMB local policies), while remaining compliant with local laws, rules and regulations. In assessing borrowers’ credit risk, BAMB follows BAC’s internal risk policies and local regulatory requirements. Analysis includes an assessment of the borrower’s character, debt capacity, capital structure, collateral and business prospects. For borrowers identified as higher risk, or where certain transaction have heightened environmental and/or social risk as defined in BAC Core Credit Policy or BAC’s Environmental and Social Risk Policy Framework (“ESRPF”) it will be subject to enhanced due diligence. Borrowers are also assessed for Climate and Environmental related risks, based on internal bank policies. This analysis drives a forward-looking internal risk rating, which when taken in conjunction with the amount and type of exposure determines the required level of approval by Enterprise Credit and / or Risk officers. Risk ratings are also used to ensure portfolio asset quality remains within approved credit risk standards and limits. Risk ratings follow BAC’s internal scale of 1-11 and are monitored on an ongoing basis.

Credit Risk Approval

Enterprise Credit Officers perform due diligence comprising analysis of credit risk and preparation of approval memorandum including Risk Rating, identification of Sources of Repayment and Key Credit Risks, recommendation of facilities (including traded products with potential credit exposures) with terms and conditions (if any). Enterprise Credit Climate Center of Excellence Team is responsible for assessing a borrower’s climate and environmental risks, which will be reviewed and challenged by Enterprise Credit and Risk officers.

Credit approvals are taken in line with the Enterprise Credit Approval Grid, and BAMB Local Onshore Approval Authority (see BAMB CCM for details), which identifies the minimum approval authority required for a given credit action. Escalation to higher approving authority levels may be required based on the defined levels in the approval grid, and also for higher-risk industries and facility structures.

At minimum, onshore Enterprise Credit and BAMB CRO approval is required for all credit actions on counterparties booked in BAMB. No credit facility can be made available without the final approval of both local officers, even if Regional Credit Risk approvers have already provided their approvals.

Credit Portfolio Management

Once credit has been extended, processes are in place to monitor credit risk exposures at both the individual and portfolio levels. We assess our credit risk exposures under both normal and stress scenarios and manage our credit risk primarily through establishing and monitoring limits. We may hedge our credit risk to mitigate exposure and remain within our credit risk appetite and return expectations.

Regular portfolio monitoring and reporting and business-specific governance routines, including periodic testing and examinations by Credit Review, which is part of Corporate Audit, enable us to detect deteriorating credit trends, develop mitigation strategies and measure the effectiveness of actions taken. At the borrower and counterparty level, we review the risks inherent in ongoing financial performance. At the portfolio level, we assess our aggregate losses, credit performance and concentrations in baseline and potential stress scenarios.

Enterprise Credit, as well as supporting units (such as credit operations), and with oversight by Risk, is responsible for the ongoing management and administration of credit risk at the borrower level by:

- Monitoring borrower risk ratings on an ongoing basis, and if necessary, adjusting them to reflect changes in the financial condition, cash flow, risk profile (including climate, environmental and social related risks) or outlook of a borrower or counterparty;
- Monitoring performance by updating customer analysis and reviewing periodically;
- Monitoring collateral to ensure sufficient coverage;

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- Undertaking periodic portfolio reviews to ensure management is aware of borrower specific trends for a given portfolio;
- Recognizing developing problems and promptly bringing them to the attention of management;
- Recommending exposure management measures;
- Taking prompt corrective action on past due and non-accrual loans; and
- Maintaining proper credit file documentation and determining compliance with all loan covenants periodically.

Credit Risk Taking Capacity

Credit Quality Metrics: established to monitor and limit potential adverse impact of BAMB's risk taking activities to BAMB's capital and profitability levels. The internal and tripwire/trigger limits established to monitor credit quality are as follows:

- Stage 3 (Credit-Impaired) loans: defined as total Stage 3 Credit-Impaired loans as a % of total loan exposure in BAMB (excluding housing loan portfolio) to be no greater than 2%. Stage 3 loans impact profitability as such loans are usually placed on non-accrual status and requires specific assessment on expected credit losses ("ECL"). In BAMB, Stage 3 exposures usually will have a risk rating of 9- (substandard and non-accrual) or lower. Tripwire/trigger is set at 1%.
- Net Credit Loss Rate: defined as the Year-to-date charge off of loan exposures as % of total loan exposures in BAMB (excluding housing loan portfolio) to be less than 0.50%. Loans are charged off if they are determined to be uncollectible. Tripwire/trigger is set at 0.25%.
- Facility Risk Rating 8 or worse % of Total Binding Exposure "TBE" (excluding Due From BNM): defined as TBE rated Facility Risk Rating 8 (Special Mention) or worse as a % of TBE in BAMB (excluding Due From BNM) to be no greater than 6%. This metrics enables an early warning indicator "EWI" of deterioration in credit quality as it includes loans which are still performing in the RR8 or 9+ rating categories. Tripwire/trigger is set at 4%.

Credit Concentration Risk Metrics: established to monitor concentration risks which could expose BAMB to higher risk of credit losses if there is undue concentration in any specific industry or client relationship. Concentration risk is monitored via expressed limits on certain higher risk industries as well as guidelines on single relationship or connected party concentration.

- Single Customer Exposure Limit: Definition as determined by Bank Negara Malaysia, Internal and escalation thresholds for Corporate and FI and Intragroup is as detailed in BAMB's SCEL.
- Large Exposure Limit: Definition as determined by Bank Negara Malaysia. Internal and escalation thresholds for large exposures is as detailed in BAMB's SCEL Policy.
- Connected Party Exposure Limit: Definition as determined by BNM. Internal and escalation thresholds for connected party exposures is as detailed in BAMB's Connected Party Policy.
- Industry Limits: defined as maximum TBE to the following higher risk industries. Industry TBE as a % of TBE in BAMB (excluding Due From BNM) to the higher risk industries below should not exceed 10%, with Tripwire/trigger of 8%:
 - i. Commercial Real Estate
 - ii. Construction
 - iii. Shipping
 - iv. Aviation

In addition to the above:

1. Besides Commercial Banks, no single industry shall exceed 25% of TBE in BAMB (excluding Due From BNM). Tripwire/trigger of 20%.
2. BAMB shall adhere to other credit concentration risk and global limits as per BAC's Core Credit Policy e.g. House Guidelines, Industry Limits and Country Limits).

BAMB's credit portfolio as of 31 December 2025 primarily comprises exposure to the Government of Malaysia, large local and foreign commercial banks operating in Malaysia, and the Malaysian subsidiaries of MNCs.

- Exposure to the Government of Malaysia consists of due from placements with Bank Negara Malaysia.
- Exposure to large local and foreign commercial banks primarily comprises due from placements, FX swaps,

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FX forwards, cross currency swaps, and interest rate swaps. Client selection is considered sound and most derivative and FX exposure is traded under Credit Support Annexes ("CSAs"), mitigating the exposure through the posting of collateral based on pre-agreed terms.

Credit exposure to Malaysian subsidiaries of MNCs consists primarily of working capital and trade facilities extended on an uncommitted/on-demand basis and FX forwards. BAMB MNC's clients are mostly secured against Corporate Guarantee of the Parent company.

Past Due and Impaired Loans, Advances and Financing

- The Bank considers a loan/financing to be past due once a contractual payment on principal and/or interest remained unpaid by the borrower on its due date.
- The Bank also follows Bank Negara Malaysia Policies on Credit Risk (BNM/RH/PD/029-22) and Financial Reporting (BNM/RH/PD/032-13).

Impairment

- The Bank recognises loss allowances for Expected Credit Losses ("ECL") on the following financial instruments that are not measured at Fair Value Through Profit/Loss;
 - 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 measures loss allowances at an amount equal to 12-months ECL for financial instruments on which credit risk has not increased significantly since their initial recognition. Loss allowances for financial instruments where there has been a significant increase in credit risk are measured at lifetime ECL.
- 12 months ECL are the portion of ECL that result from default events on a financial instrument that are possible within the 12 months after the reporting date. Lifetime ECL are the expected credit losses that result from all possible default events over the expected life of the financial instrument.
- ECL will be assessed using an approach which classifies financial assets into three stages which reflects the change in credit quality of financial assets since initial recognition:

Stage 1: 12 months ECL – not credit impaired

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

Stage 2: Lifetime ECL – not credit impaired

For credit exposures where there has been a significant increase in credit risk since initial recognition but that are not credit impaired, the ECL associated with the probability of default events occurring within the lifetime ECL will be recognised. Unless identified at an earlier stage, all financial assets are deemed to have suffered a significant increase in credit risk when 30 days past due.

Stage 3: Lifetime ECL – credit impaired

Financial assets are assessed as credit impaired when one or more objective evidence of defaults that have a detrimental impact on the estimated future cash flows of that asset have occurred. For financial assets that have become credit impaired, a lifetime ECL will be recognised.

• Measurement of ECL:

ECL are unbiased and probability-weighted estimate of credit losses, measured as follows:

- For financial assets that are not credit-impaired at the reporting date, the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Bank expects to receive);
- For financial assets that are credit-impaired at the reporting date, the difference between the

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gross carrying amount and the present value of estimated future cash flows;

- For undrawn loan commitments, the present value of the difference between the contractual cash flows that are due to the Bank if the commitment is drawn upon and the cash flows that the Bank expects to receive and
- For financial guarantee contracts, the expected payments to reimburse the holder less any amounts that the Bank expects to recover.
- **Credit-impaired financial assets:**
 - At each reporting date, the Bank assesses whether financial assets carried at amortised cost and debt financial assets carried at FVOCI are credit-impaired. A financial asset is ‘credit-impaired’ when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.
 - Evidence that a financial asset is credit-impaired includes the following observable data:
 - Significant financial difficulty of the borrower or issuer;
 - A breach of contract such as a default or past due event;
 - The restructuring of a loan or advance by the Bank on terms that the Bank would not consider otherwise;
 - It is becoming probable that the borrower will enter bankruptcy or other financial reorganization;
 - 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.

4.2.1 Breakdown of Gross Credit Exposures

(a) By Geographical Distribution

Table 4.1: Exposures by Geographical Distribution

Category	Malaysia RM'000	United States RM'000	Singapore RM'000	United Kingdom RM'000	Others RM'000	Total RM'000
31.12.2025						
Sovereign/Central Banks	5,421,683	—	—	—	—	5,421,683
Banks, DFIs, and MDBs	1,063,694	164,695	9,975	6,866	6,139	1,251,369
Insurance Cos, Securities Firms & Fund Managers	85,048	—	—	236,875	—	321,923
Corporates	663,420	—	—	—	164	663,584
Residential Mortgages	—	—	—	—	—	—
Other Assets	46,287	299	—	—	—	46,586
Total as at 31 December 2025	7,280,132	164,994	9,975	243,741	6,303	7,705,145

31.12.2024						
Sovereign/Central Banks	5,342,613	—	—	—	—	5,342,613
Banks, DFIs, and MDBs	914,534	60,617	134,504	8,978	4,596	1,123,229
Insurance Cos, Securities Firms & Fund Managers	110,147	—	—	212,323	1,686	324,156
Corporates	1,141,950	—	757	—	101	1,142,808
Residential Mortgages	—	—	—	—	—	—
Other Assets	29,383	—	—	—	—	29,383
Total as at 31 December 2024	7,538,627	60,617	135,261	221,301	6,383	7,962,189

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(b) By Sector Distribution

Table 4.2: Exposures by Sector Distribution

Category	Finance, Insurance and Business Services	Government & Government Agencies	Manufacturing	General Commerce	Mining & Quarrying	Construction	Electricity, Gas and Water Supply	Transport, Storage and Communication	Purchase of Residential Landed Property, Securities, and Transport Vehicles	Others	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
31.12.2025											
Sovereign/Central Banks	—	5,421,683	—	—	—	—	—	—	—	—	5,421,683
Banks, DFIs, and MDBs	1,251,369	—	—	—	—	—	—	—	—	—	1,251,369
Insurance Cos, Securities Firms & Fund Managers	321,923	—	—	—	—	—	—	—	—	—	321,923
Corporates	199,157	—	417,372	23,986	6,793	15,690	—	586	—	—	663,584
Residential Mortgages	—	—	—	—	—	—	—	—	—	—	—
Other Assets	46,358	—	—	—	—	—	—	—	228	—	46,586
Total as at 31 December 2025	1,818,807	5,421,683	417,372	23,986	6,793	15,690	—	586	228	—	7,705,145
31.12.2024											
Sovereign/Central Banks	—	5,342,613	—	—	—	—	—	—	—	—	5,342,613
Banks, DFIs, and MDBs	1,123,229	—	—	—	—	—	—	—	—	—	1,123,229
Insurance Cos, Securities Firms & Fund Managers	324,156	—	—	—	—	—	—	—	—	—	324,156
Corporates	284,650	—	622,928	18,214	79,316	23,640	3,610	110,450	—	—	1,142,808
Residential Mortgages	—	—	—	—	—	—	—	—	—	—	—
Other Assets	29,104	—	—	—	—	—	—	—	279	—	29,383
Total as at 31 December 2024	1,761,139	5,342,613	622,928	18,214	79,316	23,640	3,610	110,450	279	—	7,962,189

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(c) By Residual Maturity

Table 4.3: Exposures by Residual Maturity

Category	Up to 1 Year	More than 1 Year to 5 Years	More than 5 Years	Total
	RM'000	RM'000	RM'000	RM'000
31.12.2025				
Sovereign/Central Banks	5,421,683	—	—	5,421,683
Banks, DFIs, and MDBs	718,147	504,390	28,832	1,251,369
Insurance Cos, Securities Firms & Fund Managers	93,599	151,955	76,369	321,923
Corporates	601,827	61,757	—	663,584
Residential Mortgages	—	—	—	—
Other Assets	46,586	—	—	46,586
Total as at 31 December 2025	6,881,842	718,102	105,201	7,705,145
31.12.2024				
Sovereign/Central Banks	5,342,613	—	—	5,342,613
Banks, DFIs, and MDBs	694,539	406,886	21,804	1,123,229
Insurance Cos, Securities Firms & Fund Managers	119,402	190,901	13,853	324,156
Corporates	988,070	154,738	—	1,142,808
Residential Mortgages	—	—	—	—
Other Assets	29,383	—	—	29,383
Total as at 31 December 2024	7,174,007	752,525	35,657	7,962,189

4.2.2 Breakdown of Gross Impaired Loans, Past Due Loans and Impairment Provisions

(a) Gross Impaired Loans, Advances and Financing Analysed by Sector and Geographical Area

Table 5.1: Impaired Loans, Advances and Financing by Sector and Geographical Area

	31.12.2025 RM'000	31.12.2024 RM'000
Malaysia		
Purchase of Residential Landed Property, Securities and Transport Vehicles	—	—
Total Gross Impaired Loans, Advances and Financing	—	—
Gross Impaired Loans as a % of Gross Loans, Advances and Financing	0.00%	0.00%

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(b) Gross Loan, Advances and Financing Past Due but Not Impaired, Analysed by Sector and Geographical Area

Table 5.2: Loans, Advances and Financing Past Due but Not Impaired by Sector and Geographical Area

	31.12.2025 RM'000	31.12.2024 RM'000
Malaysia		
Purchase of Residential Landed Property, Securities and Transport Vehicles	—	—
Total Gross Loans, Advances and Financing Past Due but Not Impaired	—	—

(c) Impairment Analysed by Sector and Geographical Area

Table 5.3: Lifetime ECL Credit Impaired (Stage 3) by Sector and Geographical Area

	31.12.2025 RM'000	31.12.2024 RM'000
Malaysia		
Purchase of Residential Landed Property, Securities and Transport Vehicles	—	—
Total Lifetime ECL Credit Impaired (Stage 3)	—	—

Table 5.4: 12 Months ECL (Stage 1) and Lifetime ECL Not Credit Impaired (Stage 2) by Sector and Geographical Area

Category	Malaysia	Total
	RM'000	RM'000
31.12.2025		
Finance, Insurance and Business Services	1,392	1,392
General Commerce	26	26
Manufacturing	8,045	8,045
Transport, storage, communication	—	—
Electricity, Gas and Water Supply	—	—
Mining and Quarrying	37	37
Construction	15	15
Total 12 Months ECL (Stage 1) and Lifetime ECL Not Credit Impaired (Stage 2) as at 31 December 2025	9,515	9,515
31.12.2024		
Finance, Insurance and Business Services	1,505	1,505
General Commerce	57	57
Manufacturing	2,835	2,835
Transport, storage, and communication	999	999
Electricity, Gas and Water Supply	23	23
Mining and Quarrying	2	2
Construction	49	49
Total 12 Months ECL (Stage 1) and Lifetime ECL Not Credit Impaired (Stage 2) as at 31 December 2024	5,470	5,470

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(d) Movement in Lifetime ECL Credit Impaired (Stage 3) by Sector

Table 5.5: Movement in Lifetime ECL Credit Impaired (Stage 3) by Sector

	Mining	Transport, storage, communication	Purchase of Residential Landed Property, Securities and Transport Vehicles	Total
	RM'000	RM'000	RM'000	RM'000
In Malaysia				
At 1 January 2025	—	—	—	—
Additional allowance made	—	—	—	—
Written back	—	—	—	—
At 31 December 2025	—	—	—	—
In Malaysia				
At 1 January 2024	—	—	7	7
Additional allowance made	—	—	—	—
Written back	—	—	(7)	(7)
At 31 December 2024	—	—	—	—

(e) Reconciliation of Changes in ECL and Impairment Provisions

Table 5.6: Reconciliation of Changes in ECL and Impairment Provisions

	31.12.2025 RM'000	31.12.2024 RM'000
Lifetime ECL Credit Impaired (Stage 3)		
Opening Balance	—	7
Allowance Made During the period	—	—
Written back	—	(7)
Closing Balance	—	—
12 Months ECL (Stage 1) and Lifetime ECL Not Credit Impaired (Stage 2)		
Opening Balance	5,470	4,681
Allowance Made During the period	7,672	2,505
Written Back	(3,627)	(1,716)
Closing Balance	9,515	5,470

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4.2.3 Standardised Approach to Credit Risk

Under the standardised approach for credit risk, the determination of the capital requirements is based on an approach that links predefined risk weights to predefined classes of assets to which credit exposures are assigned.

For Sovereigns/Central Banks, Public Sector Entities, Banking Institutions and Corporates, external ratings are used as basis for determination of risk weights. These external ratings are provided by External Credit Assessment Institutions ("ECAI") recognised by BNM, namely:

- Standard & Poor's Rating Services ("S&P");
- Moody's Investors Service ("Moody's");
- Fitch Ratings ("Fitch"); and
- RAM Rating Services Berhad ("RAM").

The following is a summary of risk weights and rating categories used in assigning credit quality to credit exposures under the standardised approach:

Table 6.1: Rating Categories of Sovereigns / Central Banks

Rating Category	S&P	Moody's	Fitch	Risk Weight
1	AAA to AA-	Aaa to Aa3	AAA to AA-	0 %
2	A+ to A-	A1 to A3	A+ to A-	20 %
3	BBB+ to BBB-	Baa1 to Baa3	BBB+ to BBB-	50 %
4	BB+ to B-	Ba1 to Ba3	BB+ to B-	100 %
5	CCC+ to D	Caa1 to C	CCC+ to D	150 %
Unrated				100 %

Table 6.2: Rating Categories of Banking Institutions

Rating Category	S&P	Moody's	Fitch	RAM	Risk Weight	Risk Weight (Original Maturity of 6 Months or Less)	Risk Weight (Original Maturity of 3 Months or Less)
1	AAA to AA-	Aaa to Aa3	AAA to AA-	AAA to AA3	20 %	20 %	20 %
2	A+ to A-	A1 to A3	A+ to A-	A1 to A3	50 %	20 %	
3	BBB+ to BBB-	Baa1 to Baa3	BBB+ to BBB-	BBB1 to BBB3	50 %	20 %	
4	BB+ to B-	Ba1 to Ba3	BB+ to B-	BB1 to B3	100 %	50 %	
5	CCC+ to D	Caa1 to C	CCC+ to D	C1 to D	150 %	150 %	
Unrated					50 %	20 %	

Table 6.3: Rating Categories of Corporates / Insurance Cos, Securities Firms & Fund Managers

Rating Category	S&P	Moody's	Fitch	RAM	Risk Weight
1	AAA to AA-	Aaa to Aa3	AAA to AA-	AAA to AA3	20 %
2	A+ to A-	A1 to A3	A+ to A-	A1 to A3	50 %
3	BBB+ to BB-	Baa1 to Ba3	BBB+ to BB-	BBB1 to BB3	100 %
4	B+ to D	B1 to C	B+ to D	B1 to D	150 %
Unrated					100 %

In cases where counterparty is rated by more than one ECAI, all available external ratings of the counterparty are captured and the following rules observed

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- Where 2 or more recognised external ratings are available, the lower of the highest 2 ratings will be used for the capital adequacy calculation purposes.

a. Breakdown of Credit Risk Exposures by Risk Weights

Table 6.4: Exposures by Risk Weights

Risk Weights	Exposures After Netting and Credit Risk Mitigation (RM'000)							
	Sovereigns /Central Banks	Insurance Cos, Securities Firm & Fund Managers	Banks, DFIs & MDBs	Corporates	Residential Mortgages	Other Assets	Total Exposures After Netting and Credit Risk Mitigation	Total RWA
31.12.2025								
0%	3,902,805	—	—	—	—	14,425	3,917,230	—
20%	1,518,878	—	608,207	—	—	644	2,127,729	425,546
35%	—	—	—	—	—	—	—	—
50%	—	228,225	498,250	—	—	299	726,774	363,387
100%	—	85,048	—	663,052	—	31,218	779,318	779,319
150%	—	—	—	—	—	—	—	—
Total as at 31 December 2025	5,421,683	313,273	1,106,457	663,052	—	46,586	7,551,051	1,568,252
RWA by Exposure	303,776	199,161	370,766	663,052	—	31,497		1,568,252
Average Risk Weight	5.603%	63.574 %	33.509 %	100.000 %	—	67.610 %		20.769 %
Deduction from Capital Base	—	—	—	—	—	—		
31.12.2024								
0%	3,638,964	—	—	—	—	4,876	3,643,840	—
20%	1,703,649	—	570,430	—	—	—	2,274,079	454,816
35%	—	—	—	—	—	—	—	—
50%	—	204,246	370,518	3,610	—	—	578,374	289,187
100%	—	110,146	—	1,138,689	—	24,507	1,273,342	1,273,342
150%	—	—	—	—	—	—	—	—
Total as at 31 December 2024	5,342,613	314,392	940,948	1,142,299	—	29,383	7,769,635	2,017,345
RWA by Exposure	340,730	212,269	299,345	1,140,494	—	24,507		2,017,345
Average Risk Weight	6.378%	67.517 %	31.813 %	99.842 %	—	83.405 %		25.964 %
Deduction from Capital Base	—	—	—	—	—	—		

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b. Breakdown of Credit Risk Exposures by ECAI Ratings

Table 6.5: Sovereigns / Central Bank Exposures by ECAI Ratings

	S&P	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to D	Unrated
	Moody's	AAA to Aa3	A1 to A3	Baa1 to Baa3	Ba1 to B3	Caa1 to C	
	Fitch	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to D	
	Total	1	2	3	4	5	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
31.12.2025	5,421,683	—	5,421,683	—	—	—	—
31.12.2024	5,342,613	—	5,342,613	—	—	—	—

Table 6.6: Insurance Cos, Securities Firms & Fund Managers Exposures by ECAI Ratings

	S&P	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D	Unrated
	Moody's	AAA to Aa3	A1 to A3	Baa1 to Ba3	B1 to C	
	Fitch	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D	
	RAM	AAA to AA3	A1 to A3	BBB1 to BB3	B1 to D	
	Total	1	2	3	4	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
31.12.2025	321,923	—	236,875	—	—	85,048
31.12.2024	324,156	—	212,323	—	—	111,833

Table 6.7: Banks, DFIs and MDBs Exposures by ECAI Ratings

	S&P	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to D	Unrated
	Moody's	AAA to Aa3	A1 to A3	Baa1 to Baa3	Ba1 to B3	Caa1 to C	
	Fitch	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to D	
	RAM	AAA to AA3	A1 to A3	BBB1 to BBB3	BB1 to B3	C1 to D	
	Total	1	2	3	4	5	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
31.12.2025	1,251,369	390,032	707,869	120,624	—	—	32,844
31.12.2024	1,123,229	266,276	686,009	149,615	—	—	21,329

Table 6.8: Corporate Exposures by ECAI Ratings

	S&P	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D	Unrated
	Moody's	AAA to Aa3	A1 to A3	Baa1 to Ba3	B1 to C	
	Fitch	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D	
	RAM	AAA to AA3	A1 to A3	BBB1 to BB3	B1 to D	
	Total	1	2	3	4	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
31.12.2025	663,584	—	—	—	—	663,584
31.12.2024	1,142,808	—	3,610	—	—	1,139,198

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4.2.4 Credit Risk Mitigation

Credit Risk Mitigation (“CRM”) techniques include, where appropriate:

- Legally enforceable master netting agreements;
- Initial collateral or margin;
- Right to terminate transactions or to obtain collateral should unfavourable events occur;
- Right to call for collateral when certain exposure thresholds are exceeded; and/or
- Third party guarantees and credit default protection

On and Off-Balance Sheet Netting

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

For derivatives counterparties, the Bank enters into master netting arrangements, which provide the Bank, in the event of a customer default, the right to offset the counterparty’s rights and obligations.

The Bank has not employed on balance sheet netting to mitigate its credit exposures as of 31 December 2025.

Collateralised Transactions

The main types of collateral obtained by the Bank are in the form of cash, fixed deposits and residential properties. The Bank also pledges cash collateral on its own derivative positions.

Cash deposit and cash equivalents held in traditional Bank deposit platform are valued at nominal value stated for the instrument. Valuation is performed on quarterly basis if held in BAC or its subsidiaries’ accounts, and on monthly basis if held in other financial institutions.

Cash security taken as collateral should be denominated in the same currency as the underlying loan or in US Dollar, Malaysian Ringgit and Euro. In the event there is any mis-match in currency exposure against the collateral provided, the Bank will require additional collateral to be pledged to mitigate the risk.

Collateral qualifies as CRM for regulatory capital purposes if:-

- Documentation conforms to the Basel requirements, binding on all parties and legally enforceable in all relevant jurisdictions;
- The credit quality of the counterparty and the value of collateral does not have a material positive correlation for the collateral to provide effective cover;
- There are clear and robust procedures for timely liquidation of collateral; and
- Collateral are appropriately valued and monitored both at origination and on an on-going basis. Collateral which lacks substantiated market value or clear right to accelerate and realise on collateral value will not be considered for CRM.

Guarantees and Credit Default Protection

The Bank routinely accepts contractual credit enhancements such as guarantees, Standby Letters of Credit, or other support issued by third party, such as the parent company, or other financial institution in favor of the Bank as CRM. Prior to acceptance of such credit enhancements for CRM purpose, Credit Officers assesses the credit strength of the Guarantor or support provider, including its financial willingness and motivation to support the borrower. Legal counsel for the Bank also reviews and opines on the strength and enforceability of all guarantees.

As at 31 December 2025, the Bank had not entered into any credit derivative transactions for credit default protection.

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Risk Concentrations

Credit exposures arising from credit risk mitigation are included in and monitored through the concentration limits as described in “Credit Concentration Risk” under Section 4.2.

There is no material concentration of credit risk mitigation held as at 31 December 2025.

Credit Risk Mitigation under Comprehensive Approach

Subject to standard supervisory haircuts, where applicable, eligible cash collateral is deducted from the gross credit exposure for capital adequacy purpose. The net balance is then used as the basis of calculating the risk weighted asset and the resulting capital requirement.

Table 7.1: Credit Risk Mitigation as at 31 December 2025

Credit Risk Exposures 31.12.2025	Gross Exposures/ EAD before CRM	Exposures Covered by Guarantees	Exposures Covered by Eligible Financial Collateral	Exposures Covered by Other Eligible Collateral
	RM'000	RM'000	RM'000	RM'000
On-Balance Sheet Exposures:				
Sovereigns/Central Banks	5,421,683	—	—	—
Banks, Development Financial Institutions (“DFIs”) & Multilateral Development Banks (“MDBs”)	213,405	—	—	—
Insurance Cos, Securities Firms & Fund Managers	—	—	—	—
Corporates	450,693	—	—	—
Residential Mortgages	—	—	—	—
Other Assets	46,586	—	—	—
Defaulted Exposures	—	—	—	—
Total On-Balance Sheet Exposures	6,132,367	—	—	—
Off-Balance Sheet Exposures:				
OTC Derivatives	1,383,614	—	381,785	—
Off-Balance Sheet Exposures other than OTC Derivatives or Credit Derivatives	189,164	—	532	—
Total Off-Balance Sheet Exposures	1,572,778	—	382,317	—
Total On and Off-Balance Sheet Exposures	7,705,145	—	382,317	—

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Table 7.2: Credit Risk Mitigation as at 31 December 2024

Credit Risk Exposures 31.12.2024	Gross Exposures/ EAD before #CRM	Exposures Covered by Guarantees	Exposures Covered by Eligible Financial Collateral	Exposures Covered by Other Eligible Collateral
	RM'000	RM'000	RM'000	RM'000
On-Balance Sheet Exposures:				
Sovereigns/Central Banks	5,342,613	—	—	—
Banks, Development Financial Institutions ("DFIs") & Multilateral Development Banks ("MDBs")	372,209	—	—	—
Insurance Cos, Securities Firms & Fund Managers	—	—	—	—
Corporates	791,967	—	—	—
Residential Mortgages	—	—	—	—
Other Assets	29,383	—	—	—
Defaulted Exposures	—	—	—	—
Total On-Balance Sheet Exposures	6,536,172	—	—	—
Off-Balance Sheet Exposures:				
OTC Derivatives	1,139,135	—	396,279	—
Off-Balance Sheet Exposures other than OTC Derivatives or Credit Derivatives	286,882	—	510	—
Total Off-Balance Sheet Exposures	1,426,017	—	396,789	—
Total On and Off-Balance Sheet Exposures	7,962,189	—	396,789	—

4.2.5 Off-Balance Sheet Exposures and Counterparty Credit Risk ("CCR")

CCR is the risk that the counterparty to a transaction could default or deteriorate in creditworthiness before the final settlement of a transaction's cash flow. Counterparties can include other financial institutions, corporate entities or individuals.

The Bank has off-balance sheet exposure comprising of banking products and Over-The-Counter ("OTC") derivatives exposures which are included under Pillar 1 capital requirement.

For regulatory capital, credit risk for a derivative contract is an estimate of the potential future changes in value (represented by the Notional amount of the contract multiplied by a credit conversion factor) and the replacement cost, which is the positive mark-to-market (MTM) value of the contract. A positive MTM is a credit exposure for the Bank since it is owed money - a counterparty default in this situation exposes it to a loss equivalent to the MTM. A negative MTM, on the other hand, means the Bank owes money to the counterparty and is not considered an exposure. Credit exposure is therefore asymmetric with respect to the underlying rate or price. The Bank uses current exposure method (CEM) for derivatives to determine the credit equivalent amount (or EAD) for these transactions for purposes of the capital adequacy calculation.

The exposure to CCR exposures is managed as part of the overall lending limits as described in "Credit Risk" under Section 4.2.

Collateral for Traded Products

Collateralisation is one of the key credit risk mitigation techniques available in the privately negotiated OTC Derivatives market. When facing derivative counterparties, the Bank, in appropriate circumstances, enters into collateral arrangements which provide the Bank, in the event of a customer default, the right to liquidate collateral. The Bank also monitors the fair market value of the underlying securities used as collateral, including accrued interest, and, as necessary, requests additional collateral to ensure that the relevant transactions are adequately collateralised.

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Collateral Reserves and Credit Ratings Downgrade

As at 31 December 2025, the Bank only accepts or post cash deposits as collateral to derivatives transactions, and does not hold or post any securities as collateral. There is no implication to the collateral value to be posted in the event of credit ratings downgrade, and as such no credit reserves are created for exposures which are secured in such manner.

Table 8.1: Off-Balance Sheet Exposures

	Principal Amount	Positive Fair Value of Derivative Contracts	Credit Equivalent Amount*	RWA
Off-Balance Sheet Exposures	RM'000	RM'000	RM'000	RM'000
31.12.2025				
Direct Credit Substitutes ¹	125,824	—	125,824	123,439
Transaction Related Contingent Items ²	124,682	—	62,341	59,350
Short Term Self Liquidating Trade-Related Contingencies ³	4,998	—	1,000	1,000
<u>Foreign Exchange Related Contracts</u>				
One Year or Less	7,145,096	7,618	107,347	107,020
Over One Year to Five Years	—	—	—	—
<u>Interest/Profit Related Contracts</u>				
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
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	—	—	—
Total as at 31 December 2025	134,393,375	7,618	1,572,778	739,605
31.12.2024				
Direct Credit Substitutes ¹	140,863	—	140,863	137,579
Transaction Related Contingent Items ²	287,715	—	143,858	141,566
Short Term Self Liquidating Trade-Related Contingencies ³	10,809	—	2,162	2,162
<u>Foreign Exchange Related Contracts</u>				
One Year or Less	7,508,364	70,608	160,842	160,534
Over One Year to Five Years	—	—	—	—
<u>Interest/Profit Related Contracts</u>				
One Year or Less	—	—	—	—
Over One Year to Five Years	—	—	—	—
Over Five Years	—	—	—	—
OTC Derivative transactions and credit derivative contracts subject to valid bilateral netting agreements	97,407,904	18,500	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	1,362,045	—	—	—
Total as at 31 December 2024	106,717,700	89,108	1,426,017	787,504

* The credit equivalent amount is arrived at using the credit conversion factor as per BNM Policy Document

Key:

1 Financial Guarantees

2 Performance Guarantees

3 Documentary Credits & Letters of Credits

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4.3 Market Risk

Market risk is the risk that changes in market conditions may adversely impact the value of assets or liabilities or otherwise negatively impact earnings of BAMB. Market risk is inherent in the financial instruments associated with the operations and activities engaged by BAMB and its market risk exposures are primarily in its trading portfolio.

The key market risk exposures are assessed at both aggregate and at the specific asset and liability level. At the asset and liability level, we assess market risk by evaluating the impact of individual risk factors on individual exposures such as interest rates and foreign exchange risk. At the aggregate level, BAMB's market risk is assessed using two key measures which are Value-at-Risk ("VaR") and Stressed Value At Risk ("SVaR").

4.3.1 Market Risk Management Architecture

Market Risk Management function operates independently of the business to maintain objectivity. Its responsibilities include the overall measurement and monitoring of market risk.

4.3.2 Market Risk Management Control, Reporting and Oversight of Senior Management

BAMB's market risk is primarily managed through setting and active monitoring of market risk limits. Market risk limits provide thresholds that may not be exceeded without appropriate approval. Board and Senior Management approved limit structure is in place. Approval process is also in place to address temporary limit increases in accordance with delegated authorities.

Key market risk limits in BAMB are VaR and SVaR. In addition, individual market risk factor controls such as foreign exchange net open position and dollar value of one basis point limits may also be implemented when deemed appropriate.

BAMB's Market Risk Management utilises a suite of reports which assess risk on a daily basis. Key market risk information is reported to the Senior Management on a periodic basis. Limit excesses, temporary, and permanent limit changes are communicated to the Senior Management, LMT, RMC and the Board of Directors of BAMB.

Table 9.1: RWA and Capital Requirements for Market Risk

	31.12.2025	31.12.2024
	RM'000	RM'000
Total RWA for Market Risk	2,590,407	1,671,074
Capital Required for Market Risk	207,233	133,686
<u>Minimum Capital Requirement at 8% for:</u>		
Foreign Exchange Risk	33,172	6,547
Interest Rate Risk	137,995	111,252
Option Risk	36,066	15,887

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4.4 Operational Risk

BAMB has adopted the Basel Committee definition of operational risk. Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. An operational loss event can be associated with any of the following seven Basel III operational loss event categories: 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.

Operational Risk Capital

The capital requirements of operational risk for 2024 is computed using the BIA (“Basic Indicator Approach”) as prescribed in BNM guideline. Gross income figures are categorized into 12 quarters (equivalent to 3 years).

The capital requirements of operational risk for 2025, is computed using the Basel III Standardized Approach (Business Indicator Component of the prior 3 year-ends and applying the internal loss multiplier) as prescribed in BNM guideline.

Governance and Organization Structures

Operational risk is managed by all employees as part of our day-to-day activities. Front line units and control functions own operational risk and are responsible for monitoring, assessing and testing the effectiveness of controls, while continuing to identify, escalate, debate and report operational risks. Front line units/control functions may have business oversight or control teams that support business leaders in the implementation of the program.

The Operational Risk management function is independent of front line unit/control function management, and consists of:

- The Program Owners, which is responsible for designing the program and overseeing its implementation and execution in accordance with the Policy and its supporting Standards;
- Group Compliance and Operational Risk Teams which are responsible for objectively assessing, challenging and advising the front line units/control functions on operational risk;
- Governance of BAMB’s operational risk is accomplished through formal oversight by the Board, the Chief Risk Officer (CRO), Country Compliance Officer (CCO) and through LMT and risk oversight groups aligned to the BAC’s overall risk governance framework and practices.

Table 10.1: RWA and Capital Requirements for Operational Risk

	31.12.2025	31.12.2024
	RM'000	RM'000
Total RWA for Operational Risk	457,159	641,548
Minimum Capital Requirement at 8% for Operational Risk	36,573	51,324

4.4.1 Local Operational Risk Management Framework

BAMB has a robust operational risk management framework. Within BAMB, the LMT is responsible for monitoring the Malaysia business operations. As noted above, the Businesses, which are represented within the LMT, are responsible for all the risks within the business including operational risks. Such risks are managed through corporate-wide or line of business specific policies and procedures, controls, and monitoring tools. Examples of these include data reconciliation processes, fraud prevention, transaction processing monitoring and analysis and business recovery planning.

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4.5 Equity Exposures in the Banking Book

The Bank's banking book equity investments consist of unquoted shares held for socio-economic purposes. No equity risk arises from the equity investments.

The equity investments are classified as financial assets at fair value through other comprehensive income (FVOCI). Unrealised gains and losses arising from changes in fair value of the equity investments are recognised in equity, net of income tax, until such investments are sold, collected or otherwise disposed of, or until such investments are determined to be impaired. Further details on valuation and accounting for financial assets at FVOCI are set out in the financial statements.

(a) Equity Investments by Type

Table 11.1: Holdings of Equity Investments by Type

	31.12.2025		31.12.2024	
	Gross Credit Exposure	Weighted Assets	Gross Credit Exposure	Weighted Assets
	RM'000	RM'000	RM'000	RM'000
Privately Held Shares for Socio-Economic Purpose	2,969	2,969	2,969	2,969

(b) Cumulative Realised Gains/(Losses)

Table 11.2: Realised Gains/(Losses) from Sale of Equity Holdings

	31.12.2025	31.12.2024
	RM'000	RM'000
Realised gains recognised in profit and loss		
Privately Held Shares for Socio-Economic Purpose	—	—

(c) Unrealised Gains/(Losses)

Table 11.3: Unrealised Gains/(Losses) from Sale of Equity Holdings

	31.12.2025	31.12.2024
	RM'000	RM'000
Recognised in Other Comprehensive Income		
Privately Held Shares for Socio-Economic Purpose	—	—

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4.6 Interest Rate Risk / Rate of Return in the Banking Book ("IRRBB")

IRRBB represents risk to current or anticipated earnings or capital arising from the banking book due to movements in interest rates.

IRRBB is measured with two complementary frameworks - Earnings at Risk (EaR) and Economic Value of Equity (EVE). Changes in interest rates affect BAMB's earnings and capital by impacting its projection of Earnings at Risk ("EaR") and the underlying economic value of its assets, liabilities and off-balance sheet items (economic value of equity ("EVE")). Changes in economic value occur because the present value of future cash flows and in many cases the cash flows themselves, change when interest rates change.

The Bank measures EaR by evaluating the gain or loss on interest rate sensitive positions as a result of different interest rate environments. The EaR measure takes into account a constant one-year balance sheet horizon and the projected forward path of interest rates.

The EVE framework measures long-term Interest Rate Risk by incorporating both interest and principal cash flows and extends the measurement horizon up to thirty years. The EVE metric computes the change in the balance sheet's present value of the remaining life in a run-off view, measuring how different interest rate environments impact the company due to variations in the economic value of assets, liabilities and derivatives and their associated principal and interest cash flows.

The disclosure of IRRBB below is as at 31 December 2025 is as calculated in accordance with BNM Policy Document (BNM/RH/STD 029-43) issued on 30 June 2020. This policy document comes into effect on 1 January 2021 and reported monthly.

Table 12.1: Interest Rate Risk/Rate of Return Risk in the Banking Book as at 31 December 2025

	Scenario	MYR	USD	SGD	FCY (Others)	TOTAL
		RM'000	RM'000	RM'000	RM'000	RM'000
Economic Value Impact	Parallel 250 bps up	31,004	44,398	117	1,316	76,835
	Parallel 200 bps up	24,803	35,519	94	1,053	61,468
	Parallel 150 bps up	18,602	26,639	70	789	46,101
	Steepener	(11,523)	(16,775)	(29)	(491)	(28,818)
	Flattener	11,593	24,767	43	727	37,131
	Short Rate Up	20,462	37,046	65	1,092	58,664
	Short Rate Down	(20,462)	(37,046)	(65)	(1,092)	(58,664)
Earnings at Risk	Parallel 250 bps up	59,565	13,917	92	(91)	73,483
	Parallel 200 bps up	47,652	11,133	74	(73)	58,786
	Parallel 150 bps up	35,739	8,350	55	(55)	44,090

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Table 12.2: Interest Rate Risk/Rate of Return Risk in the Banking Book as at 31 December 2024

	Scenario	MYR	USD	SGD	FCY (Others)	TOTAL
		RM'000	RM'000	RM'000	RM'000	RM'000
Economic Value Impact	Parallel 250 bps up	38,860	45,892	1,556	1,515	87,824
	Parallel 200 bps up	31,088	36,714	1,245	1,212	70,259
	Parallel 150 bps up	23,316	27,535	934	909	52,694
	Steepener	(16,179)	(16,366)	(388)	(565)	(33,498)
	Flattener	16,018	24,627	574	838	42,057
	Short Rate Up	27,003	37,407	862	1,258	66,529
	Short Rate Down	(27,003)	(37,407)	(862)	(1,258)	(66,529)
Earnings at Risk	Parallel 250 bps up	69,890	16,741	(419)	(166)	86,046
	Parallel 200 bps up	55,912	13,393	(335)	(133)	68,837
	Parallel 150 bps up	41,934	10,045	(251)	(100)	51,628

Roles Accountabilities and Process Owners

In line with the Enterprise Interest Rate Risk Policy, the risk management process for IRRBB is adequately separated as follows:

The governance and oversight for IRRBB in BAMB is the responsibility of the ALCO and senior management while the day-to-day management of IRRBB is the responsibility of the Treasurer, who reports functionally into the regional Treasurer. A separate team within Treasury, Balance Sheet Management (BSM), has the regional responsibility to support the Treasurer by measuring IRRBB.

Enterprise Financial Risk (EFR) is an independent regional team that report into the risk management organization. EFR provides a second line of defense for BAMB. EFR oversees related governance structures, policies and limits, assessing the reasonableness of BSM's and Treasury's key IRRBB assumptions, scenarios and measurements results, while ensuring effective escalation of issues, risks and limit breaches to Governance Committees, as necessary.