Registration No.

200001008645 (511251-V)

BANK OF CHINA (MALAYSIA) BERHAD

(Incorporated in Malaysia)

STATUTORY FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

0947A4/lh

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BANK OF CHINA (MALAYSIA) BERHAD
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DIRECTORS' REPORT

The Directors have pleasure in submitting their report together with the audited financial statements of the Group and of the Bank for the financial year ended 31 December 2024.

PRINCIPAL ACTIVITIES

The principal activities of the Bank are commercial banking and related financial services. On 18 November 2024, the subsidiary has been placed under Member's Voluntary Winding-up pursuant to Section 439(1)(b) of the Companies Act 2016.

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

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

FINANCIAL RESULTS

	Group RM'000	Bank RM'000
Profit before taxation	301,513	298,985
Taxation	(70,794)	(72,589)
Net profit for the financial year	230,719	226,396

DIVIDENDS

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

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

CHANGES IN DEBT AND EQUITY SECURITIES

There were no issuance and repayment of debt, share buy-backs, share cancellations, shares held as treasury shares and resale of treasury shares during the financial year end, other than the issuance and repayment of subordinated loan as disclosed in Note 21 to the financial statements.

RESERVES AND PROVISIONS

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

BAD AND DOUBTFUL DEBTS

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

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

CURRENT ASSETS

Before the financial statements of the Group and of the Bank were made out, the Directors took reasonable steps to ensure that any current assets, other than debts, which were unlikely to realise in the ordinary course of business, their values as shown in the accounting records of the Group and 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 Group and of the Bank misleading.

VALUATION METHODS

At the date of this report, the Directors are not aware of any circumstances which have arisen which would render adherence to the existing methods of valuation of assets or liabilities of the Group and 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 Group and 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 Group and of the Bank which has arisen since the end of the financial year other than in the ordinary course of banking business.

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

CHANGE OF CIRCUMSTANCES

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

ITEMS OF AN UNUSUAL NATURE

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

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

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

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

SUBSEQUENT EVENT AFTER THE BALANCE SHEET DATE

The subsequent event after the balance sheet date is disclosed in Note 41 to the financial statements. There is no significant adjusting event after the statements of financial position date up to the date when the financial statements are authorized for issuance which is within the period from 1 January 2025 to 24 April 2025.

DIRECTORS

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

The Bank

Zhang Min
Eugene Khoo Kong Hooi
Lee Heng Guie
Yu Xiaohui (Appointed on 27 May 2024)
Dato' Tan Tian Meng (Appointed on 7 June 2024)
Zhu Yanlai (Resigned on 27 May 2024)

The subsidiary

Zhang Fengmei
Zhao Haiqing (Appointed on 18 April 2024)
Qiu Hengchang (Resigned on 19 April 2024)

DIRECTORS' BENEFITS

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

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

DIRECTORS' INTERESTS IN SHARES

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

INDEMNITY AND INSURANCE COSTS

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

HOLDING COMPANIES

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

PERFORMANCE REVIEW 2024

The Group’s operating income grew by 13.19% or RM55.73 million to RM478.37 million in 2024 compared to the corresponding period. This was due to an increase in other operating income of RM34.02 million. Profit after tax increase by 47.88% or RM74.70 million to RM230.72 million in 2024 compared to the corresponding period, mainly due to increase in operating income.

The Bank’s operating income grew by 16.38% or RM66.75 million to RM474.33 million in 2024 compared to the corresponding period. This was due to an increase in other operating income of RM45.36 million. Profit after tax increase by 47.11% or RM72.50 million to RM226.40 million in 2024 compared to the corresponding period, mainly due to increase in operating income.

PERFORMANCE REVIEW 2024 (CONTINUED)

The Bank's total assets increased by 13.81% or RM2.27 billion to RM18.69 billion in 2024 compared to 31 December 2023, mainly as a result of higher deposits and placements with banks and other financial institutions. Total liabilities increased by 14.14% or RM2.04 billion to RM16.46 billion compared to 31 December 2023, largely due to an increase in customer deposits and deposits and placements of banks and other financial institutions.

BUSINESS OUTLOOK FOR 2025

Global gross domestic product ("GDP") growth is estimated at 3.2% in 2024 (3.1% in 2023) and is projected to remain steady at 3.3% in both 2025 and 2026, according to the International Monetary Fund ("IMF"). For 2025, the US economic growth is expected to grow by 2.7% in 2025 (2.8% in 2024). The Federal Reserve ("Fed") kept the federal funds rate steady at 4.25%-4.50% during its March 2025 meeting amid keeping a close vigilance on inflation risk. The Fed indicated that it may only lower interest rate twice in 2025 though market remains wary about the impact of the uncertainty in trade flows between nations as well as investment policies on inflation.

Economic growth in China was below expectations amid incipient signs of stabilization in the property market and persistently low consumer confidence. The IMF estimated China's economy to grow at 4.6% in 2025 (4.6% in 2024), reflecting concerns over the US-China trade conflicts and the on-going property sector adjustment.

The Government of Malaysia forecasts the Malaysian economy to grow by between 4.5% and 5.5% in 2025 (5.1% in 2024), underpinned by domestic demand and continued exports. Downside risks to the growth outlook remain, especially due to potential spillover effects from the uncertainty in trade flows between the nations. Inflation is expected to increase to between 2.0% and 3.5% in 2025, with upside risk dependent on the extent of spillover effects of domestic policy measures, as well as global commodity prices and financial market developments.

The Bank aspires to be the preferred bank for China-related businesses in Malaysia. With markets continuing to evolve, the Bank will take opportunity of the market changes to meet its long-term aspirations. China remains the largest trading partner for Malaysia and the Bank as the Renminbi ("RMB") clearing bank in Malaysia is well positioned to capture the trading flows. As trade between China and Malaysia grows, the Bank expects to see increased volume for the RMB business.

The Bank's key strategies are to continue developing the RMB businesses, providing a platform for closer trade and economic relations between China and Malaysia, better serve target customers and maintaining strong ties with local communities, providing cross-border services and innovative financial solutions domestically and abroad, continuing to focus on the areas of sustainability, corporate governance and risk management.

RATINGS BY EXTERNAL RATING AGENCY

RAM has upgraded Bank of China (Malaysia) Berhad's Financial Institution Ratings from AA1/Stable/P1 to AAA/Stable/P1.

DIRECTORS' REPORT (CONTINUED)

DIRECTORS' PROFILE

As at the date of this report, the Board comprises five (5) members, of whom three (3) are Independent Non-Executive Directors, a Non-Independent Non-Executive Director and an Executive Director. The Board members, who were in office since the beginning of the financial year ended 31 December 2024 and up to the date of this statement, and the profile of current Board members are as follows:-

Designation	Name of Directors
Chairman	Yu Xiaohui *(Appointed on 27 May 2024)* *Chairman / Non-Independent Non-Executive Director*
	Zhu Yanlai *(Resigned on 27 May 2024)* *Chairman / Non-Independent Non-Executive Director*
Member	Zhang Min *Executive Director / Chief Executive Officer*
	Eugene Khoo Kong Hooi *Independent Non-Executive Director*
	Lee Heng Guie *Independent Non-Executive Director*
	Dato' Tan Tian Meng *(Appointed on 7 June 2024)* *Independent Non-Executive Director*

<u>Yu Xiaohui – Chairman / Non-Independent Non-Executive Director</u>
Madam Yu Xiaohui, Chinese citizen, aged 57, was appointed to the Board on 27 May 2024.

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

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

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

Madam Yu does not have any shareholding in the Bank.

DIRECTORS' PROFILE (CONTINUED)

Zhang Min – Executive Director/Chief Executive Officer
Mr. Zhang Min, Chinese citizen, aged 59, was appointed as Executive Director/Chief Executive Officer on 15 January 2019.

Mr. Zhang graduated from Wuhan University, China with a Bachelor's Degree in International Finance. He also obtained a Master's Degree in Finance from Xiamen University, China, and a Doctoral Degree in Population, Resources and Environmental Economics from Yunnan University, China.

Mr. Zhang has more than 30 years of experience in the banking industry, held various positions and gained wide-ranging experience in international settlement, corporate banking, retail banking, financial market, risk management and banking branch management. He joined BOC Group in 1988. In 2003, he served as Assistant General Manager of Yunnan Branch of BOC and was promoted as Deputy General Manager of Yunnan Branch of BOC in 2006. From 2011 to 2017, he served as General Manager of Jakarta Branch of BOC, responsible for the overall branch management and was then served as General Manager of Credit Risk Division of Bank of China (Hong Kong) Limited from 2017 to January 2019.

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

Eugene Khoo Kong Hooi – Independent Non-Executive Director
Mr. Eugene Khoo Kong Hooi, Malaysian, aged 58, was appointed to the Board on 9 January 2017.

He holds a Bachelor of Economics Degree from Monash University, Australia. He is a qualified Chartered Banker and Chartered Accountant. He holds membership with the Chartered Banker Institute UK, Asian Institute of Chartered Bankers, Malaysian Institute of Accountants and the Chartered Accountants Australia and New Zealand. He was the President of the Malaysian Mergers & Acquisitions Association ("MMAA") from January 2015 to July 2019 and a committee member from 2019 to 2023.

From 2016 to 2018, he was the Group Chief Executive Officer of a public listed company on Bursa Malaysia. He was responsible for its property and plantation businesses. Prior to this, he worked in the corporate and investment banking area with several banks. He has extensive experience in the banking industry, covering various areas including mergers and acquisitions, corporate banking, corporate finance, debt capital markets, equity capital markets, private equity investment and relationship management. He has worked on transactions with clients from small to large corporations in various countries across a broad range of industry sectors. He started his career with an international accounting firm in 1989 where he obtained his qualification as a Chartered Accountant in Australia. He is currently a member of the Committee of The Royal Selangor Golf Club.

Mr. Eugene Khoo does not have any shareholding in the Bank.

DIRECTORS' PROFILE (CONTINUED)

Lee Heng Guie – Independent Non-Executive Director
Mr. Lee Heng Guie, Malaysian, aged 63, was appointed to the Board on 8 December 2021.

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

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

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

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

Dato' Tan Tian Meng – Independent Non-Executive Director
Dato' Tan Tian Meng, Malaysian, aged 61, was appointed to the Board on 7 June 2024.

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

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

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

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

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

Dato' Tan is currently an Independent and Non-Executive Director of Muda Holdings Berhad, a public listed company. Dato' Tan does not have any shareholding in the Bank.

CORPORATE GOVERNANCE STATEMENT

BOARD OF DIRECTORS

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

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

1. Roles and Responsibilities of the Board of Directors

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

   The main duties and responsibilities of the Board include:

   (i) Strategy and Planning

   - Set and oversee the implementation of business and risk objectives and strategies and in doing so shall have regard to the long-term viability of the Bank and reasonable standards of fair dealing.

   (ii) Risk Management and Internal Controls

   - Ensure and oversee the effective design and implementation of the Bank's governance framework, sound internal controls, compliance and risk management systems commensurate with the nature, scale and complexity of the business and structure of the Bank.
   - Oversee and approve the recovery and resolution plans, business continuity plans, operational resilience for the Bank to restore its financial strength, and maintain or preserve critical operations and critical services when it comes under stress.
   - Assess and manage risk-taking activities to align with the Bank's capacity to absorb losses and long-term business viability.
   - Ensure requirements in BNM's policy documents on Risk Governance and Risk Management in Technology are at all times observed.

   (iii) Disclosure of Information

   - Ensure reliable and transparent financial reporting process within the Bank. The Board is responsible to ensure the integrity and credibility of financial statements of the Bank.

   (iv) Management and Compliance

   - Promote, together with senior management, a sound corporate culture that reinforces ethical, prudent and professional behaviour and ensure that the operations of the Bank are conducted prudently, and within the framework of the relevant laws and policies.

CORPORATE GOVERNANCE STATEMENT (CONTINUED)

BOARD OF DIRECTORS (CONTINUED)

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

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

(v) Monitoring and Delegation of Authorities to Various Committees

- Establish and ensure effective functioning of various Board Committees. Duties may be delegated to the Board Committees; however, the Board remains fully responsible for the decisions of the committees. The Board is timely and regularly informed of each committee's activities, findings, conclusion and recommendations. The Board reviews reports submitted by various committees, and provides guidance, when necessary.

(vi) Supervision over Performance of the Management

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

(vii) Communications with Shareholders/Stakeholders

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

(viii) Environmental, Social and Governance ("ESG")

- Promote sustainability through appropriate environmental, social and governance considerations in line with the Bank's business strategies.

2. Board Meetings and Supply of Information to the Board

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

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

CORPORATE GOVERNANCE STATEMENT (CONTINUED)

BOARD OF DIRECTORS (CONTINUED)

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

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

Minutes of Board meetings are circulated to all Directors for their perusal prior to confirmation at the following Board meeting.

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

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

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

Directors	**Number of Meetings**	
	Meetings attended/held	**%**
Yu Xiaohui Chairman / Non-Independent Non-Executive Director *(Appointed on 27 May 2024)*	4/4	100
Zhang Min Executive Director / CEO	8/8	100
Eugene Khoo Kong Hooi Independent Non-Executive Director	8/8	100
Lee Heng Guie Independent Non-Executive Director	8/8	100
Dato' Tan Tian Meng Independent Non-Executive Director *(Appointed on 7 June 2024)*	4/4	100
Zhu Yanlai Chairman / Non-Independent Non-Executive Director *(Resigned on 27 May 2024)*	4/4	100

CORPORATE GOVERNANCE STATEMENT (CONTINUED)

BOARD OF DIRECTORS (CONTINUED)

3. Effectiveness of the Board of Directors

(a) Division of Responsibilities between the Chairman and CEO

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

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

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

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

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

(b) Board Composition

The current Board comprises personnel with diverse experience with necessary skill and qualification. The composition of the Board and Directors' profile can be found on pages 6 to 8 of this report.

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

CORPORATE GOVERNANCE STATEMENT (CONTINUED)

BOARD OF DIRECTORS (CONTINUED)

3. Effectiveness of the Board of Directors (continued)

(b) Board Composition (continued)

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

(c) Appointments and Re-election of Directors

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

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

(d) Directors' Independence and Tenure

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

An Independent Non-Executive Director refers to Director who is independent of management and free from any business or other relationship, which could interfere with the exercise of independent judgement or the ability to act in the best interest of the Bank.

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

3. Effectiveness of the Board of Directors (continued)

(d) Directors’ Independence and Tenure (continued)

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

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

(e) Directors’ Performance and Remuneration

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

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

Currently, the Independent Directors are paid directors’ fee following the approval of shareholder at the AGM. The details of remuneration received by Directors of the Bank for the financial year ended 31 December 2024 are disclosed in Note 29 to the financial statements.

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

CORPORATE GOVERNANCE STATEMENT (CONTINUED)

BOARD OF DIRECTORS (CONTINUED)

3. Effectiveness of the Board of Directors (continued)

(f) Induction and Training

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

Both Madam Yu Xiaohui and Dato' Tan Tian Meng had attended a 2-day Directors Orientation programme in June 2024 after their appointment on the Board on 27 May 2024 and 7 June 2024, respectively.

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

CORPORATE GOVERNANCE STATEMENT (CONTINUED)

BOARD COMMITTEES

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

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

1. Board Audit Committee ("BAC")

(a) Objective

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

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

CORPORATE GOVERNANCE STATEMENT (CONTINUED)

BOARD COMMITTEES (CONTINUED)

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

(b) Membership and Attendance

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

The attendance of each member at the BAC meetings held during the financial year ended 31 December 2024 is as follows:

Members	**Number of Meetings**	
	Meetings attended/held	**%**
Eugene Khoo Kong Hooi (Chairman) (Independent Non-Executive Director)	7/7	100
Lee Heng Guie (Independent Non-Executive Director)	7/7	100
Dato' Tan Tian Meng (Independent Non-Executive Director) *(Appointed as member on 10 October 2024)*	2/2	100
Yu Xiaohui (Non-Independent Non-Executive Director) *(Appointed as member on 27 May 2024 and resigned as member on 10 October 2024)*	2/2	100
Zhu Yanlai (Non-Independent Non-Executive Director) *(Ceased as member on 27 May 2024)*	3/3	100

(c) Roles and Responsibilities

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

(i) Review and monitor the effectiveness of the financial reporting processes implemented by the Management, as well as appropriateness of the Group's accounting and financial reporting;

(ii) Review and if appropriate, recommend for approval by the Board:

(a) The annual audited financial statements, together with the report of the Directors and external auditors thereon;
(b) The half-yearly financial statements;
(c) The quarterly financial results; and
(d) All financial information in material public disclosure documents, if any.

CORPORATE GOVERNANCE STATEMENT (CONTINUED)

BOARD COMMITTEES (CONTINUED)

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

(c) Roles and Responsibilities (continued)

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

(iii) Review the effectiveness of the risk management and internal control system of the Group;

(iv) Review whistleblowing arrangements for the Group's employees and other stakeholder who, in confidence, raise concerns about possible improprieties in financial reporting, internal control or other matters;

(v) Review and approve the responsibilities and structure of the Internal Audit Department ("IAD"), and recommend to the Board the appointment, termination, remuneration, annual performance targets, and results of performance appraisal of the Head of IAD;

(vi) Review the reports (including follow-up reports) submitted by IAD, together with the Management's response to any identified weaknesses on internal control and/or follow-up actions;

(vii) Review and monitor the external auditors' independence and objectivity and the effectiveness of the audit process, and review the policy on the engagement of the external auditors to supply non-audit services; and

(viii) Review and recommend the appointment, re-appointment and removal of the external auditors, and approve the external auditors' remuneration and terms of engagement.

CORPORATE GOVERNANCE STATEMENT (CONTINUED)

BOARD COMMITTEES (CONTINUED)

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

(d) Key Internal Control Processes

The key processes that have been established in reviewing the adequacy and integrity of the system of internal controls include the following:

(i) The BAC reviews internal control issues identified by the internal auditor, the external auditor, regulatory authorities, the auditor from the holding company and the management, and evaluates the adequacy and effectiveness of the internal control systems. The minutes of the BAC meetings are tabled to the Board of the Bank; and

(ii) The IAD of the Bank monitors compliance with policies and procedures and the effectiveness of the internal control systems and highlights significant findings in respect of any non- compliance. The frequency of the audit is determined by the level of risk assessed, to provide an independent and objective report on operational and management activities of the departments. The annual audit plan is reviewed and approved by the BAC and the findings of the audits are submitted to the BAC for review.

2. Board Risk Management Committee ("BRMC")

(a) Objective

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

The functions of the BRMC include, among others:-

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

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

(b) Membership and Attendance

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

The attendance of the members at the BRMC meetings held during the financial year ended 31 December 2024 is as follows:

Members	**Number of Meetings**	
	Meetings attended/held	**%**
Lee Heng Guie (Chairman) (Independent Non-Executive Director)	6/6	100
Eugene Khoo Kong Hooi (Independent Non-Executive Director)	6/6	100
Yu Xiaohui (Non-Independent Non-Executive Director) *(Appointed as member on 27 May 2024)*	4/4	100
Zhu Yanlai (Non-Independent Non-Executive Director) *(Ceased as member on 27 May 2024)*	2/2	100

(c) Roles and Responsibilities

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

(i) Advise the Board on risk appetite and tolerance in determining strategy. The BRMC has power delegated by the Board to set risk appetite and accept risks beyond the approval discretion provided to management;

(ii) Assess/approve/review or recommend for the approval of the Board, the risk and compliance related policies and framework and oversee the management of risk management function and compliance function;

(iii) Provide effective oversight on senior management's actions to ensure consistency with the risk strategy and policies approved by the Board, including the risk appetite framework;

(iv) Exercise oversight on Board Information Technology Sub-Committee ("BITSC"), overseeing technology and cybersecurity related matters;

(v) Exercise oversight on Risk Management and Internal Control Committee ("RMICC") and Compliance Risk Management Committee ("CRMC"), reviewing all matters that are referred to the BRMC for consideration, including minutes and regular reports that assess the risk management and internal control;

CORPORATE GOVERNANCE STATEMENT (CONTINUED)

BOARD COMMITTEES (CONTINUED)

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

(c) Roles and Responsibilities (continued)

(vi) Exercise oversight on Assets and Liabilities Management Committee ("ALCO"), overseeing the Bank's Balance Sheet structure and to ensure that it is consistent with both the policy of the holding company and the overall business plan of the Bank;

(vii) Exercise oversight on credit risk management including the management of risk models and provision matters to oversee the credit risk management of the Bank;

(viii) Provide oversight to the senior management in establishing and implementing an appropriate anti-money laundering, countering financing of terrorism and countering proliferation financing ("AML/CFT/CPF") framework of policies, procedures and processes;

(ix) Exercise oversight on operational risk management to oversee and mitigate the operational risk associated with the Bank's activities;

(x) Exercise oversight on market risk management to oversee and mitigate the market risk associated with the Bank's activities;

(xi) Exercise oversight on the Bank's wholesale financial markets code of conduct risk governance on its treasury activities;

(xii) Exercise oversight on liquidity risk management to oversee the liquidity risk associated with the Bank's activities and management of liquidity coverage ratio ("LCR") and Net Stable Funding Ratio ("NSFR");

(xiii) Exercise oversight on climate risk management to promote sustainability through the integration of appropriate ESG considerations in risk management and decision-making process;

(xiv) Exercise oversight on the development, maintenance and implementation of the recovery plan, operational resilience framework, anti-bribery and corruption ("ABC") programme;

(xv) Recommend the appointment, remuneration, key performance indicators, job description and dismissal/termination of Chief Risk Officer ("CRO") and Chief Compliance Officer ("CCO"), including their performance review to the Board for approval;

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

(c) Roles and Responsibilities (continued)

(xvi) Oversee and advise the Board on adherence to the Bank's risk appetite and implementation of risk management measures in managing key risks as well as emerging risks. In order to fulfil the requirement, the BRMC shall oversee:

- Current and forward-looking risk exposures; and
- Bank's risk appetite and risk strategy, including capital and liquidity management strategy; and management of risk of the Bank, to ensure capital is adequate to cover material risks inherent in the Bank by meeting all relevant regulatory standards and guidelines, and to fulfill shareholder expectation.

(xvii) Oversee all relevant and material risks in senior management's activities in managing enterprise-wide risks, covering but not limited to credit, market, technology, interest rate, liquidity, climate, operational, legal and compliance, bribery and corruption, reputation, strategic, money laundering, terrorism financing and proliferation financing, outsourcing, market conduct and other risks;

(xviii) Oversee and approve the recovery and resolution plans, business continuity plans and operational resilience for the Bank to restore its financial strength, and maintain or preserve critical operations and critical services when it comes under stress;

(xix) Together with senior management, ensure risk management activity is not carried out in isolation but is well-integrated throughout the Bank, considering the potential transmission effects of risk contagion;

(xx) Together with senior management, ensure framework, infrastructure, resources and systems are in place for risk management functions, ensuring that the staff responsible for implementing risk management framework perform those duties independently of the Bank's risk-taking activities;

(xxi) Oversee and ensure that compliance function and risk management function interact closely to bring risk issues to the attention of risk management and cooperate in developing mitigation measures, and that compliance function also cooperates with other functions (e.g. legal, finance) to promote effective controls in managing compliance risk;

(xxii) Assist the Board Remuneration and Nomination Committee ("BRNC") ensuring smooth implementation of a sound remuneration system, examine whether incentives provided by the remuneration system take into consideration risks, capital, liquidity and the likelihood and timing of earnings, without prejudice to the tasks of BRNC;

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

(c) Roles and Responsibilities (continued)

(xxiii) Review management's periodic reports on risk exposure, risk portfolio composition, risk management activities, compliance report and AML/CFT/CPF reporting;

(xxiv) Review and recommend to the Board for approval on new products and ensure compliance with the prevailing guidelines issued by BNM or other relevant regulatory bodies;

(xxv) Ensure effective oversight and governance of outsourcing arrangements, supported by a robust outsourcing risk management framework to manage outsourcing risks and ensure compliance with relevant laws, regulations and prudential requirements that relate to outsourced activities;

(xxvi) Discuss compliance issues regularly, ensure adequate time and priority is provided in the Board's agenda to deliberate compliance issues and that such issues are resolved effectively and expeditiously;

(xxvii) Evaluate the effectiveness of the overall management of compliance risk;

(xxviii) Provide oversight on the development and implementation of the stress testing programme; and

(xxix) Oversee technology and cybersecurity related matters. Among other things, the BRMC reviews the technology-related framework for the Board's approval, and ensures that risk assessments undertaken in relation to material technology applications are robust and comprehensive.

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

(a) Objective

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

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

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

(b) Membership and Attendance

The BRNC comprises only Non-Executive Directors with a minimum of three (3) members. The attendance of members at the BRNC meetings held during the financial year ended 31 December 2024 is as follows:

Members	Number of Meetings	
	Meetings attended/held	**%**
Dato' Tan Tian Meng (Chairman) (Independent Non-Executive Director) *(Appointed as Chairman on 10 October 2024)*	2/2	100
Eugene Khoo Kong Hooi (Independent Non-Executive Director) *(Re-designated as member on 10 October 2024)*	7/7	100
Lee Heng Guie (Independent Non-Executive Director)	7/7	100
Yu Xiaohui (Non-Independent Non-Executive Director) *(Appointed as member on 27 May 2024 and resigned as member 10 October 2024)*	2/2	100
Zhu Yanlai (Non-Independent Non-Executive Director) *(Ceased as member on 27 May 2024)*	3/3	100

(c) Roles and Responsibilities

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

(i) Remuneration

- Recommend to the Board a framework and developing a clear remuneration policy for Directors, CEO, other members of senior management, control function heads and other material risk takers for the Board's approval;

- Recommend to the Board appropriate remuneration package, which should be sufficient to attract and retain directors of caliber, and yet not excessive to the extent the Bank's funds are used to subsidise the excessive remuneration package;

- Recommend to the Board the appropriate level of remuneration packages for Non-Executive Directors and Independent Directors that is linked to their level of responsibilities undertaken and contribution to the effective functioning of the Board. The remuneration of each Board member may differ based on their level of expertise, knowledge and experience; and

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

(c) Roles and Responsibilities (continued)

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

(i) Remuneration (continued)

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

(ii) Nomination

- Establish the minimum requirements on the skills, knowledge, experience, qualifications and other core competencies of a Director and the CEO;

- Assess and recommend to the Board the nominees for appointment of Board Chairman, Director, Board Committee member and CEO;

- Assess and recommend to the Board, the re-appointment of Directors/CEO upon expiry of their respective terms of appointment as approved by BNM;

- On an annual basis, review the required mix of skills, experience and core competencies within the Board and make recommendations to the Board with regard to any changes;

- Oversee the Board succession plan and overall composition of the Board, in terms of the appropriate size and skills, tenure of services and the balance between Executive Director, Non-Executive Directors and Independent Directors through annual review;

- Establish a mechanism for the formal assessment on the effectiveness of the Board as a whole and the contribution of each director to the effectiveness of the Board, the contribution of the Board's various committees and the performance of the CEO;

- Recommend to the Board the removal of a Director/CEO/other members of senior management from the Board or management if they are ineffective, errant and negligent in discharging their responsibilities;

- Review the results of the Board's performance evaluation process;

- Ensure that all Directors receive appropriate continuous training programmes in order to keep abreast with the latest developments in the industry;

CORPORATE GOVERNANCE STATEMENT (CONTINUED)

BOARD COMMITTEES (CONTINUED)

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

(c) Roles and Responsibilities (continued)

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

(i) Nomination (continued)

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

  For the avoidance of doubt-

  - the appointment, remuneration, dismissal/termination and performance review of the CRO/CCO are to be recommended by BRMC and approved by the Board.
  - the appointment, termination, remuneration, annual performance targets, and results of performance appraisal of the Head of IAD are to be recommended by the BAC and approved by the Board.

- Review, recommend and oversee the adoption and implementation of the Bank's responsibility mapping framework; and

- Assess on an annual basis, to ensure that the Directors and senior management are not disqualified under Section 59(1) of the Financial Services Act 2013 ("FSA") and have complied with the fit and proper requirements in accordance with the Bank's Fit and Proper Policy for Key Responsible Persons.

(d) Overview of Remuneration System

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

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

(d) Overview of Remuneration System (continued)

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

- Hong Kong Monetary Authority ("HKMA") "Guideline on a Sound Remuneration System" which is applicable to the BOCHK and all of its subsidiaries (including the branches and institutions in and outside Hong Kong); and

- Principle 8 of BNM CG Guidelines for Licensed Institutions on the requirement of "a formal and transparent procedure for fixing the remuneration packages of Board Members, CEO and Senior Management and the remuneration policies and practices should be in line with the Licensed Institution's ethical values, objectives and culture".

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

(e) Remuneration Governance

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

As at 31 December 2024, the Senior Management of the Bank consists of a CEO, two (2) Deputy CEO, and a CRO.

BOARD COMMITTEES (CONTINUED)

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

(f) Design and Structure of Remuneration Processes

(i) BOC Group has implemented a Remuneration Policy globally within the Group, which covers all local and expatriate employees in Malaysia. The Remuneration Policy of the Bank is founded upon the Group Remuneration System and customised to be in line with Malaysia local market practice and standard regulations. The Remuneration Policy sets out the components of remuneration, the governance and review mechanism for the remuneration of all employees of the Bank and incorporates risk management in the performance management process and job design.

(ii) The objective of the Remuneration Policy is to align remuneration management with risk management whilst providing proper structured remuneration and compensation to attract, retain and motivate high quality people to lead, manage and serve the Bank in a competitive environment and in the best interests of all stakeholders.

(iii) The key features of the policy include the governance and review mechanism for remuneration mix of all employees of the Bank in line with the above-mentioned objectives, and ensuring that remuneration is adjusted appropriately for the time horizon of risks undertaken.

(iv) The Bank has implemented Variable Pay Deferral Policy for all employees of the Bank. The total annual variable pay is subject to deferral condition when it reaches certain threshold. The variable pay deferral rate is set according to total annual variable pay. The deferred variable pay shall be vested one year after the grant date and over 3 years period.

(v) The Bank adopts Staff Performance Management Policy for its staff performance management, whereby the relevant compliance and risk management key performance indicators ("KPI") are embedded according to staff's position. The KPI framework sets out from 4 dimensions; (i) financial perspective, (ii) strategic execution, (iii) risk, compliance and internal control management, and (iv) human capital. Employee performance assessment shall include the assessment of the employees' corporate values demonstration in the Bank's efforts to uphold professionalism and utmost integrity.

(vi) The performance of Officers in risk and control functions is assessed based on their achievements and effectiveness in the performance of their job responsibilities in control functions. Their remuneration is set independent of the financial targets of businesses they oversee to ensure the effectiveness of their roles. There is no direct linkage of their remuneration with the business performance. Failure to detect, mitigate, control or manage risk however will have a direct bearing on their remuneration.

CORPORATE GOVERNANCE STATEMENT (CONTINUED)

BOARD COMMITTEES (CONTINUED)

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

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

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

(g) Linking Pay to Performance

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

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

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

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

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

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

CORPORATE GOVERNANCE STATEMENT (CONTINUED)

BOARD COMMITTEES (CONTINUED)

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

(h) Impact of Longer-Term Performance on Remuneration

(i) In order to align variable remuneration with the Bank's long-term performance and risk controls, variable remuneration of all employees is subjected to deferral based on the threshold, deferral rate and vesting terms and conditions, as stipulated in the Bank's Variable Pay Deferral Policy.

(ii) The deferred variable remuneration payout is subject to the achievement of risk adjusted Regional Office's KPIs.

(iii) Forfeiture of deferred variable remuneration payout may apply where prior year failures, financial loss, misconducts, for example fraud, mis-selling of financial products, breaches or non-compliances, non-observation to corporate cultures is reported subsequently. The quantum of forfeiture depends on the magnitude of the incident.

(i) Forms of Variable Remuneration

(i) The Bank offers most employees with a performance bonus as variable remuneration and it is calculated and paid out annually in accordance with the performance assessment result provided by BOC Group.

(ii) Sales employees are eligible for Sales Incentive Plan as variable remuneration. The payment is based on sales achievement and observation of the Bank's core values and code of conducts.

(iii) Total amount of remuneration received by CEO and Directors during the financial year ended 31 December 2024 are as follows:

	Zhang Min	Eugene Khoo Kong Hooi	Lee Heng Guie	Dato' Tan Tian Meng
	RM'000	RM'000	RM'000	RM'000
Fixed Remuneration - Cash based (non-deferred)	1,810	207	191	66
Variable Remuneration - Cash based (deferred & non-deferred)	349	-	-	-
Benefits-in-kind	53	-	-	-
TOTAL	2,212	207	191	66

CORPORATE GOVERNANCE STATEMENT (CONTINUED)

BOARD COMMITTEES (CONTINUED)

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

(i) Forms of Variable Remuneration (continued)

(iv) Total amount of remuneration awarded to the Senior Management and other material risk takers ("OMRT") for the financial year ended 31 December 2024 are as follows:

	Senior Management RM'000	OMRT RM'000
Fixed Remuneration - Cash based (non-deferred) - Number of officers entitled	6,073 7	15,118 26
Variable Remuneration - Cash based (non-deferred) - Number of officers entitled	1,690 5	6,756 26
Variable Remuneration - Cash based (deferred) - Number of officers entitled	545 5	952 12
Defined contribution plan ("EPF")	273	1,355
Benefits-in-kind	53	119
Total	8,634	24,300

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

	Senior Management RM'000	OMRT RM'000
Variable Remuneration - Cash based (deferred) - Number of officers entitled	1,066 4	1,473 12
Variable Remuneration - Cash based (deferred vested) - Number of officers entitled	511 4	296 9

There is no reduction value of outstanding deferred remuneration in the year 2024 due to ex-post explicit or implicit adjustments.

CORPORATE GOVERNANCE STATEMENT (CONTINUED)

BOARD COMMITTEES (CONTINUED)

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

(a) Objective

The BITSC is established to assist BRMC to support the Board in discharging the responsibilities in overseeing technology and cyber security related matters, ensuring risks assessments undertaken in relation to material technology applications are robust and comprehensive, and ensuring management meets the expectations on technology and cyber security risk management as set out in BNM's policy document on Risk Management in Technology.

(b) Membership and Attendance

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

The attendance of each member at the BITSC meetings held during the financial year ended 31 December 2024 is as follows:

Members	**Number of Meetings**	
	Meetings attended/held	**%**
Lee Heng Guie (Chairman) (Independent Non-Executive Director)	2/2	100
Dato' Tan Tian Meng (Independent Non-Executive Director) (Appointed as member on 10 October 2024)	-	100
Eugene Khoo Kong Hooi (Independent Non-Executive Director)	2/2	100
Zhang Min (Executive Director/CEO) (Resigned as member on 10 October 2024)	2/2	100

CORPORATE GOVERNANCE STATEMENT (CONTINUED)

BOARD COMMITTEES (CONTINUED)

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

(c) Roles and Responsibilities

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

- Deliberate BOCM Group's IT strategic plans, budgets, implementation and its adequacy.

- Deliberate strategic direction for IT development within BOCM Group and ensuring that IT, digitalisation, and technology related innovation strategic plans are aligned and integrated with BOCM Group's business objectives and strategies.

- Deliberate and review IT planning and strategy, including the financial, strategic benefits, objectives and risk of the proposed significant IT related projects and initiatives.

- Deliberate IT matters including IT risk assessment and security, and ensure effective implementation of a sound and robust technology risk management framework and cyber resilience framework.

- Oversee implementation and post implementation of IT related projects and initiatives.

5. Risk Management and Internal Control

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

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

CORPORATE GOVERNANCE STATEMENT (CONTINUED)

BOARD COMMITTEES (CONTINUED)

5. Risk Management and Internal Control (continued)

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

(i) The Bank has established a robust organisational structure where the responsibility, authority and accountability of key personnel have been clearly defined. The Bank has formulated policies and procedures to embed reasonable checks and balances for all operating units, safeguard the Bank's portfolio quality, and ensure adherence to relevant laws and regulations and risk management in its operations.

(ii) The management formulates and continuously monitors the implementation of the Bank's strategies, business plans and financial budgets. The accounting and management systems are in place to provide basis for evaluating financial and operational performance.

(iii) The Bank has set up mechanism to identify, evaluate and manage all major categories of risks and the corresponding internal control procedures and processes. The policies and procedures cover major aspects of risks including credit, market, interest rate, liquidity, operational, legal, compliance, technology, strategic, reputation and climate-related risk. The procedures for handling and dissemination of information are currently in place.

(iv) The Bank has established risk reporting mechanism to provide the Board, management and external stakeholders such as regulators with accurate and timely information. Such information facilitates the Board, management, business units and the regulatory bodies to assess and monitor the Bank's operation and performance. Proper communication channels and reporting mechanism are in place to facilitate risk-informed decision making.

(v) Internal audit conducts independent reviews on the Bank's key activities using risk-based approach, follows up closely on the items that require attention and reports their implementation status to the management and the Board through BAC in a timely manner.

(vi) The BAC reviews the reports submitted by external auditors in connection with the annual audit as well as the recommendations made by regulatory bodies on risk management and internal control. The Bank's internal audit follows up closely on the same to ensure timely implementation of the recommendations, and also periodically reports the status of the implementation to management and BAC.

CORPORATE GOVERNANCE STATEMENT (CONTINUED)

BOARD COMMITTEES (CONTINUED)

5. Risk Management and Internal Control (continued)

The Bank is committed to uphold good corporate governance practices. Internal control system is reviewed regularly to facilitate management and the Board to make informed and timely decision. During the year of 2024, continuous improvements on the risk management policies and procedures have been undertaken by the Bank. In response to local and global economic conditions, operating environment, regulatory requirement and business development, the Bank will continue to review the effectiveness of the risk management framework and internal control mechanism.

ACCOUNTABILITY AND AUDIT

Financial Reporting

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

Internal Audit and Control

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

The Internal Audit function undertakes regular reviews of the Group's and of the Bank's operations and the systems of internal control. Regular reviews are performed on the business processes to examine and evaluate the adequacy and efficiency of financial and operating controls. Significant risks and non-compliance impacting the Group and the Bank are highlighted and where applicable, recommendations are provided to improve on the effectiveness of risk management, internal control system and governance processes. Management follows through and reviews the status of actions on recommendations made by the internal auditors. Status of actions taken or to be taken by the management are submitted to the BAC for deliberation. Reviews by Internal Audit are carried out on units that are identified using risk-based approach taking into consideration input from the management, BAC and the Board of Directors.

The BAC meets on a scheduled basis to review issues identified in audit reports prepared by Internal Audit and further evaluates the effectiveness and adequacy of the Group's and of the Bank's internal control system. The BAC has active oversight on Internal Audit's independence, scope of work and resources. It also reviews the Internal Audit function, the scope of the annual audit plan and frequency of the internal audit activities. The Head of Internal Auditor attends the BAC meetings to facilitate the deliberation of audit reports. The minutes of the BAC meetings are subsequently tabled to the Board for information.

Whistleblowing Policy

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

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

CORPORATE GOVERNANCE STATEMENT (CONTINUED)

ACCOUNTABILITY AND AUDIT (CONTINUED)

Related Party Transactions

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

Compliance with BNM's Guidelines on Financial Reporting

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

AUDITORS

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

Auditors' remuneration for the financial year is RM440,000 for the Group and Bank. Details of auditors' remuneration is as follows:

	Group and Bank 2024 RM'000
Auditors' remuneration	
Statutory audit	250
Assurance Services	
- Regulatory-related services	190
	440

Signed on behalf of the Board of Directors in accordance with the approval granted by the Board of Directors dated 24 April 2025.

EUGENE KHOO KONG HOOI
DIRECTOR

ZHANG MIN
DIRECTOR

Kuala Lumpur
24 April 2025

Registration No.

200001008645 (511251-V)

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

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

We, Eugene Khoo Kong Hooi and Zhang Min, being two of the Directors of Bank of China (Malaysia) Berhad, do hereby state that, in the opinion of the Directors, the financial statements set out on pages 42 to 163 are drawn up in accordance with MFRS Accounting Standards ("MFRS"), IFRS Accounting Standards ("IFRS") and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Bank as at 31 December 2024 and of the financial performance and cash flows of the Group and of the Bank for the financial year then ended.

In accordance with a resolution of the Board of Directors dated 24 April 2025.

EUGENE KHOO KONG HOOI
DIRECTOR

ZHANG MIN
DIRECTOR

Kuala Lumpur
24 April 2025

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

I, Zhao Haiqing, being the officer primarily responsible for the financial management of Bank of China (Malaysia) Berhad, do solemnly and sincerely declare that the financial statements set out on pages 42 to 163 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.

ZHAO HAIQING

Subscribed and solemnly declared by the abovenamed Zhao Haiqing at Kuala Lumpur on 24 April 2025, before me.

COMMISSIONER FOR OATHS

2000001008645 (511251-V)

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

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Bank of China (Malaysia) Berhad, which comprise the statement of financial position as at 31 December 2024 of of the Bank, and statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Bank for the year then ended, and notes to the financial statements, including material accounting policy information, as set out on pages 42 to 163.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Bank as at 31 December 2024, and of the financial performance and their cash flows of the Group and of the Bank for the year then ended in accordance with MFRS Accounting Standards, IFRS Accounting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for opinion

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

Independence and other ethical responsibilities

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

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

Information other than the financial statements and auditors' report thereon

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

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

In connection with our audit of the financial statements of the Group and 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 Group and of the Bank or our knowledge obtained in the audit or otherwise appears to be materially misstated.

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

Responsibilities of the directors for the financial statements

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

In preparing the financial statements of the Group and of the Bank, the directors are responsible for assessing the Group's and 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 Group or the Bank or to cease operations, or have no realistic alternative but to do so.

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

Auditors' responsibilities for the audit of the financial statements

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

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

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Bank, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Bank's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or 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 Group and 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 Group or the Bank to cease to continue as a going concern.

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

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

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the financial statements of the Group. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

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.

Report on other legal and regulatory requirements

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiary of which we have not acted as auditors, are disclosed in Note 14 to the financial statements.

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.

The financial statements of the Group and of the Bank for the year ended 31 December 2023 were audited by another auditor who expressed an unmodified opinion on those financial statements on 29 April 2024.

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

Chan Hooi Lam
No. 02844/02/2026 J
Chartered Accountant

Kuala Lumpur, Malaysia
24 April 2025

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

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2024

		Group		Bank
	Note	2023	2024	2023
		RM'000	RM'000	RM'000
ASSETS				
Cash and short-term funds	2	3,577,514	3,331,258	3,577,461
Deposits and placements with banks and other financial institutions	3	89,770	1,093,468	89,770
Derivative financial assets	4	16,074	89,968	16,074
Debt instruments at fair value through other comprehensive income ("FVOCI")	5	1,992,554	2,303,458	1,992,554
Equity instruments at FVOCI	6	19,008	15,155	19,008
Equity instrument at fair value through profit and loss ("FVTPL")	7	-	950	-
Debt instruments at amortised cost	8	70,183	70,183	70,183
Loans and advances	9	10,422,439	11,540,538	10,422,439
Other assets	10	22,444	18,356	22,073
Right-of-use assets	11	26,894	18,626	21,242
Tax recoverable		17,617	14,264	17,607
Deferred tax assets	12	31,339	31,148	31,202
Statutory deposits with Bank Negara Malaysia	13	92,000	116,000	92,000
Investment in a subsidiary	14	-	1,000	1,000
Property and equipment	15	45,850	40,455	45,465
Intangible assets	16	1,724	1,903	1,724
TOTAL ASSETS		16,425,410	18,686,730	16,419,802
LIABILITIES AND EQUITY				
Deposits from customers	17	9,597,622	10,481,355	9,598,810
Deposits and placements of banks and other financial institutions	18	3,029,594	3,788,462	3,029,594
Derivative financial liabilities	4	14,504	88,726	14,504
Other liabilities	19	343,157	381,884	334,653
Other borrowing	20	-	314,434	-
Subordinated loan	21	1,441,742	1,402,981	1,441,742
TOTAL LIABILITIES		14,426,619	16,457,842	14,419,303
Share capital	22	760,518	760,518	760,518
Reserves	23	1,238,273	1,468,370	1,239,981
TOTAL EQUITY		1,998,791	2,228,888	2,000,499
TOTAL LIABILITIES AND EQUITY		16,425,410	18,686,730	16,419,802
COMMITMENTS AND CONTINGENCIES	35	8,559,867	14,732,746	8,571,867

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

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

		Group		Bank	
	Note	1 January 2024 to 17 November 2024 RM'000	1 January 2023 to 31 December 2023 RM'000	1 January 2024 to 31 December 2024 RM'000	1 January 2023 to 31 December 2023 RM'000
Operating revenue	24	936,885	810,835	932,836	795,769
Interest income	25	791,753	699,723	791,753	700,049
Interest expense	26	(458,511)	(388,193)	(458,511)	(388,193)
Net interest income		333,242	311,530	333,242	311,856
Other operating income	27	145,132	111,112	141,083	95,720
Other operating expenses	28	(182,459)	(180,451)	(181,043)	(173,342)
Operating profit before expected credit losses ("ECL")		295,915	242,191	293,282	234,234
Reversal of ECL/(ECL charge) for loans, advances and other financial assets	30	5,598	(30,797)	5,703	(30,667)
Profit before taxation		301,513	211,394	298,985	203,567
Taxation	31	(70,794)	(55,377)	(72,589)	(49,670)
Net profit for the financial period/ year		230,719	156,017	226,396	153,897
Other comprehensive income:					
Items that will be reclassified subsequently to profit or loss when specific conditions are met:					
- Net fair value changes in debt instruments at FVOCI, net of tax		1,863	14,911	1,863	14,911
- Net changes in ECL in debt instruments at FVOCI	5	141	(54)	141	(54)
- Net (loss)/gain on foreign exchange translation		(11)	15	(11)	15
Total comprehensive income for the financial period/year, net of tax		232,712	170,889	228,389	168,769
Earnings per share					
- Basic/fully diluted (sen)	32	30.34	20.51		

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BANK OF CHINA (MALAYSIA) BERHAD
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STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

	Non-distributable				Distributable	
	Share capital	Foreign exchange reserve	Fair value through other comprehensive reserve	Regulatory reserve	Retained profits	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Group						
As at 1 January 2024	760,518	11	8,160	55,000	1,175,102	1,998,791
Profit for the financial year	-	-	-	-	230,719	230,719
Distribution from liquidation of subsidiary	-	-	-	-	(2,615)	(2,615)
Other comprehensive (expense)/income, net of tax	-	(11)	2,004	-	-	1,993
Total comprehensive (expense)/income for the financial year, net of tax	-	(11)	2,004	-	228,104	230,097
Deconsolidation upon commencement of liquidation of the subsidiary (Note 14)	(760,518)	-	(10,164)	(55,000)	(1,403,206)	(2,228,888)
As at 31 December 2024	-	-	-	-	-	-
As at 1 January 2023	760,518	(4)	(6,697)	38,000	1,036,085	1,827,902
Profit for the financial year	-	-	-	-	156,017	156,017
Other comprehensive income, net of	-	15	14,857	-	-	14,872
Total comprehensive income for the financial year, net of tax	-	15	14,857	-	156,017	170,889
Transfer from retained profits to regulatory reserve	-	-	-	17,000	(17,000)	-
As at 31 December 2023	760,518	11	8,160	55,000	1,175,102	1,998,791

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

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

	Non-distributable				Distributable	
	Share capital	Foreign exchange reserve	Fair value through other comprehensive reserve	Regulatory reserve	Retained profits	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Bank						
As at 1 January 2024	760,518	11	8,160	55,000	1,176,810	2,000,499
Profit for the financial year	-	-	-	-	226,396	226,396
Other comprehensive (expense)/income, net of tax	-	(11)	2,004	-	-	1,993
Total comprehensive (expense)/income for the financial year, net of tax	-	(11)	2,004	-	226,396	228,389
As at 31 December 2024	760,518	-	10,164	55,000	1,403,206	2,228,888
As at 1 January 2023	760,518	(4)	(6,697)	38,000	1,039,913	1,831,730
Profit for the financial year	-	-	-	-	153,897	153,897
Other comprehensive Income, net of tax	-	15	14,857	-	-	14,872
Total comprehensive income for the financial year, net of tax	-	15	14,857	-	153,897	168,769
Transfer from retained profits to regulatory reserve	-	-	-	17,000	(17,000)	-
As at 31 December 2023	760,518	11	8,160	55,000	1,176,810	2,000,499

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

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

	Note	Group 1 January 2024 to 17 November 2024 RM'000	Group 1 January 2023 to 31 December 2023 RM'000	Bank 1 January 2024 to 31 December 2024 RM'000	Bank 1 January 2023 to 31 December 2023 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit before taxation		301,513	211,394	298,985	203,567
Adjustments for:					
Depreciation of property and equipment	28	5,444	7,065	5,444	6,401
Depreciation of right-of-use assets	28	8,078	9,008	7,603	7,760
Amortisation of intangible assets	28	1,221	1,549	1,221	1,549
Amortisation of premium less accretion of discount	25	9,906	14,778	9,906	14,778
(Reversal of ECL)/ECL charge for loans, advances and other financial assets	30	(4,447)	32,091	(4,552)	31,961
Bad debt recovered during the year	30	(1,151)	(1,294)	(1,151)	(1,294)
Interest income from debt instruments at FVOCI	25	(81,102)	(68,977)	(81,102)	(68,977)
Interest income from debt instruments at amortised cost	25	(2,583)	(3,768)	(2,583)	(3,768)
Finance cost on lease liabilities	28	857	1,220	776	956
Interest expense on other borrowing	26	6,491	-	6,491	-
Interest expense on subordinated loan	26	88,955	82,472	88,955	82,472
Unrealised foreign exchange (gain)/ loss	27	(2,215)	89	(2,215)	89
Net loss/(gain) on revaluation of derivatives	27	329	(472)	329	(472)
Unrealised gain on equity instrument at FVTPL	27	(977)	-	(977)	-
Net gain on disposal of property and equipment	27	(1,700)	-	(69)	-
Dividend income received from equity instruments at FVOCI	27	(60)	(60)	(60)	(60)
Property and equipment written-off	28	25	11	-	7
Operating profit before changes in operating assets and liabilities		328,584	285,106	327,001	274,969
(INCREASE)/DECREASE IN OPERATING ASSETS					
Deposits and placements with banks and other financial institutions		(1,003,844)	1,178,155	(1,003,844)	1,178,155
Loans and advances		(1,112,632)	(1,601,840)	(1,112,632)	(1,591,318)
Right-of-use assets		190	(2,198)	(4,987)	(1,975)
Other assets		1,651	9,515	907	9,595

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

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

		Group		Bank	
	Note	1 January 2024 to 17 November 2024 RM'000	1 January 2023 to 31 December 2023 RM'000	1 January 2024 to 31 December 2024 RM'000	1 January 2023 to 31 December 2023 RM'000
Tax recoverable		1,942	-	-	-
Statutory deposits with Bank Negara Malaysia		(24,000)	(12,000)	(24,000)	(12,000)
		(1,808,109)	(143,262)	(1,817,555)	(142,574)
INCREASE/(DECREASE) IN OPERATING LIABILITIES					
Deposits from customers		883,733	915,660	882,545	916,125
Deposits and placements of banks and other financial institutions		758,868	275,723	758,868	275,723
Other liabilities		46,920	124,084	55,110	121,683
Subordinated loan		(35,649)	-	(35,649)	-
Cash (used in)/generated from operating activities		(154,237)	1,172,205	(156,681)	1,170,957
Taxes recovered		-	6,592	-	4,764
Taxes paid		(69,780)	(52,670)	(69,780)	(51,000)
Net cash (used in)/generated from operating activities		(224,017)	1,126,127	(226,461)	1,124,721
CASH FLOWS FROM INVESTING ACTIVITIES					
Dividend income received from equity instrument at FVOCI		60	60	60	60
Purchase of property and equipment	15	(1,723)	(3,058)	(1,723)	(3,058)
Proceeds from disposal of property and equipment		1,700	-	69	-
Purchase of intangible assets	16	-	(152)	-	(152)
Distribution from liquidation of subsidiary	14	(1,887)	-	-	-
Purchases of debt instruments at FVOCI		(1,093,173)	(713,128)	(1,093,173)	(713,128)
Proceeds from debt instruments at FVOCI		782,180	521,982	782,180	521,982
Purchases of debt instruments at amortised cost		-	(700,000)	-	(700,000)

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

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

	Note	Group 1 January 2024 to 17 November 2024 RM'000	Group 1 January 2023 to 31 December 2023 RM'000	Bank 1 January 2024 to 31 December 2024 RM'000	Bank 1 January 2023 to 31 December 2023 RM'000
Proceeds from debt instruments at amortised cost		-	630,000	-	630,000
Interest received on debt instruments at FVOCI		77,582	67,268	77,582	67,268
Interest received on debt instruments at amortised cost		2,583	3,585	2,583	3,585
Net cash used in investing activities		(232,678)	(193,443)	(232,422)	(193,443)
CASH FLOWS FROM FINANCING ACTIVITIES					
Payment of lease liabilities		(3,656)	(10,033)	(3,143)	(8,629)
Proceed from other borrowing		313,378	-	313,378	-
Repayment of subordinated loan		-	(1,442,120)	-	(1,442,120)
Proceed from issuance of subordinated loan		-	1,442,120	-	1,442,120
Interest paid on other borrowing		(5,488)	-	(5,488)	-
Interest paid on subordinated loan		(92,067)	(72,241)	(92,067)	(72,241)
Net cash generated from/(used in) financing activities		212,167	(82,274)	212,680	(80,870)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS DURING THE FINANCIAL PERIOD/YEAR		(244,528)	850,410	(246,203)	850,408
DECONSOLIDATION UPON COMMENCEMENT OF LIQUIDATION OF THE SUBSIDIARY (NOTE 14)		(3,332,986)	-	-	-
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD/YEAR		3,577,514	2,727,104	3,577,461	2,727,053
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD/YEAR	2	-	3,577,514	3,331,258	3,577,461

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

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

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

	Subordinated Loan RM'000	Lease Liabilities RM'000	Total RM'000
Group			
At 1 January 2024	1,441,742	28,491	1,470,233
Repayment	-	(3,656)	(3,656)
Interest paid	(92,067)	(857)	(92,924)
Interest accrued	88,955	857	89,812
Exchange differences	(35,649)	-	(35,649)
Other non-cash movement	-	(4,777)	(4,777)
Deconsolidation upon commencement of liquidation of the subsidiary	(1,402,981)	(20,058)	(1,423,039)
At 31 December 2024	-	-	-
At 1 January 2023	1,371,681	35,141	1,406,822
Repayment	(1,442,120)	(10,033)	(1,452,153)
Issuance	1,442,120	-	1,442,120
Interest paid	(72,241)	(1,220)	(73,461)
Interest accrued	82,472	1,220	83,692
Exchange differences	59,830	-	59,830
Other non-cash movement	-	3,383	3,383
At 31 December 2023	1,441,742	28,491	1,470,233

	Subordinated Loan RM'000	Lease Liabilities RM'000	Total RM'000
Bank			
At 1 January 2024	1,441,742	22,698	1,464,440
Repayment	-	(3,142)	(3,142)
Interest paid	(92,067)	(776)	(92,843)
Interest accrued	88,955	776	89,731
Exchange differences	(35,649)	-	(35,649)
Other non-cash movement	-	502	502
At 31 December 2024	1,402,981	20,058	1,423,039
At 1 January 2023	1,371,681	28,400	1,400,081
Repayment	(1,442,120)	(8,629)	(1,450,749)
Issuance	1,442,120	-	1,442,120
Interest paid	(72,241)	(956)	(73,197)
Interest accrued	82,472	956	83,428
Exchange differences	59,830	-	59,830
Other non-cash movement	-	2,927	2,927
At 31 December 2023	1,441,742	22,698	1,464,440

SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

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

A BASIS OF PREPARATION

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

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

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

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

Changes in accounting policies

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

Amendments to MFRSs effective for the annual periods beginning on or after 1 January 2024

- Amendments to MFRS 16, *Leases Liability in a Sale and Leaseback*
- Amendments to MFRS 101, *Presentation of Financial Statements – Non-current Liabitlites with Covenants*
- Amendments to MFRS 7, *Financial Instrument: Disclosures – Supplier Finance Arrangements*
- Amendments to MFRS 107 and MFRS 7, *Statement of Cash Flows – Supplier Finance Arrangements*

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

A BASIS OF PREPARATION (CONTINUED)

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

<u>Amendments effective for the annual periods beginning on or after 1 January 2025</u>

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

<u>Amendments effective for the annual periods beginning on or after 1 January 2026</u>

- Amendments to the Classification and Measurement of Financial Instruments (Amendments to MFRS 9 *Financial Instruments* and MFRS 7 *Financial Instruments: Disclosures*)
- Amendments to MFRS Accounting Standards contained in the document entitled "Annual Improvements to MFRS Accounting Standards – Volume 11"
- Amendments to MFRS 7 and MFRS 9, *Contracts Referencing Nature-dependent Electricity*

<u>MFRSs effective for the annual periods beginning on or after 1 January 2027</u>

- MFRS 18, *Presentation and Disclosure in Financial Statements*
- MFRS 19, *Subsidiaries without Public Accountability: Disclosures*

<u>Effective date of these Amendments to Standards has been deferred, pending further announcement</u>

- Amendments to MFRS 10 and MFRS 128, *Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

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

B BASIS OF CONSOLIDATION

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

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

(i) Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);

(ii) Exposure, or rights, to variable returns from its investment with the investee; and

(iii) The ability to use its power over the investee to affect its returns.

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

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

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

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

B BASIS OF CONSOLIDATION (CONTINUED)

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

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

<u>Business combinations</u>

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

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

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

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

<u>Subsidiary</u>

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

(i) Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);

(ii) Exposure, or rights, to variable returns from its investment with the investee; and

(iii) The ability to use its power over the investee to affect its returns.

C PROPERTY AND EQUIPMENT

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

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

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

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

Freehold land is not depreciated.

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

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

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

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

D INTANGIBLE ASSETS

Computer Software

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

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

E RIGHT-OF-USE ASSETS

The Group and the Bank recognise right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and lease term.

The Group and the Bank apply the short-term lease recognition exemption to its short-term leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. The Group and the Bank also apply the lease of low-value assets recognition exemption to leases of assets that are considered of low-value. Lease payments on short-term leases and leases of low-value assets are recognised as expense when incurred.

F FINANCIAL ASSETS

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

(a) Recognition and initial measurement

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

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

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

F FINANCIAL ASSETS (CONTINUED)

(a) Recognition and initial measurement (continued)

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

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

(b) Subsequent measurement

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

(i) Financial assets at amortised cost (debt instruments);

(ii) Financial assets at FVOCI with recycling of cumulative gains and losses (debt instruments);

(iii) Financial assets designated at FVOCI without recycling of cumulative gains and losses upon derecognition (equity instruments); and

(iv) Financial assets at FVTPL.

(c) Classification

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

(i) Debt instruments at amortised cost

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

(a) The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and

(b) The contractual terms of the financial asset give rise on specified dates to cash flows that are SPPI on the principal amount outstanding.

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

F FINANCIAL ASSETS (CONTINUED)

(c) Classification (continued)

(ii) Debt instruments at FVOCI

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

(iii) Equity instruments at FVOCI without recycling

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

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

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

(iv) Financial assets at FVTPL

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

Financial assets may be designated at FVTPL when:

- the designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities on a different basis; or

- a group of financial assets is managed and its performance evaluated on a fair value basis; or

- the assets include embedded derivatives and such derivatives are required to be recognised separately.

F FINANCIAL ASSETS (CONTINUED)

(d) Derecognition

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

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

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

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

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

(e) Modification

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

(f) Offsetting financial instruments

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

G IMPAIRMENT OF FINANCIAL ASSETS

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

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

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

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

H IMPAIRMENT OF NON-FINANCIAL ASSETS

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

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

I CASH AND CASH EQUIVALENTS

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

J LEASE LIABILITIES

At the commencement date of the lease, the Group and the Bank recognise lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and the Bank and payments of penalties for terminating the lease, if the lease term reflects the Group and the Bank exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group and the Bank use its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g. changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

K FINANCIAL LIABILITIES

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

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

(a) Financial liabilities at FVTPL

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

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

K FINANCIAL LIABILITIES (CONTINUED)

(b) Financial liabilities measured at amortised cost

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

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

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

L SUBORDINATED LIABILITIES

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

M FINANCIAL GUARANTEE CONTRACTS

Financial guarantee contracts are contracts that require the Group or the Bank to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due, in accordance with the terms of a debt instrument.

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

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

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

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

N PROVISIONS

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

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

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

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

O DIVIDENDS PAYABLE

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

P CONTINGENT LIABILITIES AND CONTINGENT ASSETS

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

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

Q RECOGNITION OF INTEREST INCOME

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

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

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

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

R RECOGNITION OF FEES AND OTHER INCOME

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

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

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

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

S CURRENCY TRANSLATIONS

(a) Functional and presentation currency

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

(b) Transactions and balances

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

T INCOME TAX

Current tax

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

Deferred tax

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

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences or unused tax losses can be utilised.

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

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

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

U EMPLOYEE BENEFITS

Short-term employee benefits

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

Post-employment benefits - defined contribution plans

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

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

V DERIVATIVE FINANCIAL INSTRUMENTS

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

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

Fair value hedge

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

Cash flow hedge

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

Net investment hedge

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

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

Derivatives that do not qualify for hedge accounting

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

1 GENERAL INFORMATION

The principal activities of the Bank are commercial banking and related financial services. On 18 November 2024, the subsidiary has been places under Member's Voluntary Winding-up pursuant to Section 439(1)(b) of the Companies Act 2016.

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

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

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

2 CASH AND SHORT-TERM FUNDS

	Group		Bank
	2023	2024	2023
	RM'000	RM'000	RM'000
Cash and balances with banks and other financial institutions	675,157	292,501	675,106
Cash in hand	25,222	24,470	25,220
Money at call and deposit placements with original maturity within one month	2,877,355	3,014,492	2,877,355
	3,577,734	3,331,463	3,577,681
Less: ECL	(220)	(205)	(220)
Cash and short-term funds, representing cash and cash equivalents	3,577,514	3,331,258	3,577,461

Movements in ECL on cash and short-term funds:

		Group		Bank
	2024	2023	2024	2023
	RM'000	RM'000	RM'000	RM'000
Stage 1 (12-month ECL):				
As at 1 January	220	82	220	82
ECL made/(written-back) during the financial year (Note 30)	(15)	138	(15)	138
Deconsolidation upon commencement of liquidation of the subsidiary	(205)	-	-	-
As at 31 December	-	220	205	220

3 DEPOSITS AND PLACEMENTS WITH BANKS AND OTHER FINANCIAL INSTITUTIONS

	Group		Bank
	2023	2024	2023
	RM'000	RM'000	RM'000
Licensed banks	89,775	1,093,619	89,775
Less: ECL	(5)	(151)	(5)
	89,770	1,093,468	89,770

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

	Group		Bank	
	2024	2023	2024	2023
	RM'000	RM'000	RM'000	RM'000
Stage 1 (12-month ECL):				
As at 1 January	5	21	5	21
ECL made/(written-back) during the financial year (Note 30)	146	(16)	146	(16)
Deconsolidation upon commencement of liquidation of the subsidiary	(151)	-	-	-
As at 31 December	-	5	151	5

4 DERIVATIVE FINANCIAL ASSETS/(LIABILITIES)

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

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

Group	Contract or underlying principal amount	Derivative financial assets	Derivative financial liabilities
	RM'000	RM'000	RM'000
31 December 2023			
Foreign exchange related contracts	1,731,010	10,807	(9,237)
Interest rate related contracts	581,723	5,267	(5,267)
	2,312,733	16,074	(14,504)

Bank	Contract or underlying principal amount	Derivative financial assets	Derivative financial liabilities
	RM'000	RM'000	RM'000
31 December 2024			
Foreign exchange related contracts	7,375,786	77,264	(76,022)
Interest rate related contracts	961,688	12,704	(12,704)
	8,337,474	89,968	(88,726)
31 December 2023			
Foreign exchange related contracts	1,731,010	10,807	(9,237)
Interest rate related contracts	581,723	5,267	(5,267)
	2,312,733	16,074	(14,504)

5 DEBT INSTRUMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	Group		Bank
	2023	2024	2023
	RM'000	RM'000	RM'000
Money market instrument:			
Malaysian Government Securities ("MGS")	966,986	984,587	966,986
Malaysian Government Investment Issues ("MGII") quoted securities	952,341	1,218,191	952,341
Unquoted securities:			
Corporate bond	40,301	100,680	40,301
Foreign bond	32,926	-	32,926
	73,227	100,680	73,227
	1,992,554	2,303,458	1,992,554

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

<u>Movements in ECL on Debt Instruments at FVOCI</u>

	Group		Bank	
	2024	2023	2024	2023
	RM'000	RM'000	RM'000	RM'000
Stage 1 (12-month ECL):				
As at 1 January	137	191	137	191
ECL made/(written-back) during the financial year (Note 30)	141	(54)	141	(54)
Deconsolidation upon commencement of liquidation of the subsidiary	(278)	-	-	-
As at 31 December	-	137	278	137

6 EQUITY INSTRUMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

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

	Group	Bank	
	2023	2024	2023
	RM'000	RM'000	RM'000
At fair value:			
Unquoted securities in Malaysia			
of which:			
- Cagamas Holdings Berhad	15,793	11,801	15,793
- Credit Guarantee Corporation ("CGC")	3,215	3,354	3,215
	19,008	15,155	19,008

7 EQUITY INSTRUMENTS AT FAIR VALUE THROUGH PROFIT AND LOSS

	Group	Bank	
	2023	2024	2023
	RM'000	RM'000	RM'000
At fair value:			
Quoted securities:			
Shares of corporation outside Malaysia	-	950	-

8 DEBT INSTRUMENTS AT AMORTISED COST

	Group	Bank	
	2023	2024	2023
	RM'000	RM'000	RM'000
At amortised cost:			
Unquoted corporate bond	70,183	70,183	70,183

9 LOANS AND ADVANCES

(i) By type:

	Group	Bank	
	2023	2024	2023
	RM'000	RM'000	RM'000
At amortised cost:			
Overdrafts	251,822	202,655	251,822
Term loans			
- Housing loans	857,439	1,102,752	857,439
- Syndicated term loans	3,737,894	3,721,056	3,737,894
- Other term loans	1,471,281	1,744,160	1,471,281
Bills receivables	585,694	647,639	585,694
Trust receipts	3,358	-	3,358
Claims on customers under acceptance credits	528,056	641,278	528,056
Revolving credits	3,240,772	3,711,474	3,240,772
Staff loans	973	500	973
Gross loans and advances	10,677,289	11,771,514	10,677,289
Less: ECL	(254,850)	(230,976)	(254,850)
Total net loans and advances	10,422,439	11,540,538	10,422,439

(ii) By geographical distribution:

	Group	Bank	
	2023	2024	2023
	RM'000	RM'000	RM'000
At			
Malaysia	7,619,159	8,620,850	7,619,159
Other countries	3,058,130	3,150,664	3,058,130
Gross loans and advances	10,677,289	11,771,514	10,677,289

(iii) By interest rate sensitivity:

	Group	Bank	
	2023	2024	2023
	RM'000	RM'000	RM'000
Fixed rate			
- Other fixed rate loans	2,062,037	2,249,353	2,062,037
Variable rate			
- Base lending rate/base rate plus	1,627,018	1,800,700	1,627,018
- Cost of funds plus	6,584,514	7,584,814	6,584,514
- Other variable rates	403,720	136,647	403,720
Gross loans and advances	10,677,289	11,771,514	10,677,289

9 LOANS AND ADVANCES (CONTINUED)

(iv) By economic sector:

	Group	Bank	
	2023	2024	2023
	RM'000	RM'000	RM'000
Agriculture, forestry and fishing	227,788	486,710	227,788
Mining and quarrying	133,293	192,233	133,293
Manufacturing	2,169,179	1,921,134	2,169,179
Electricity, gas, steam and air conditioning supply	941,563	987,725	941,563
Water supply; sewerage, waste management and remediation activities	3,532	1,179	3,532
Construction	892,960	757,289	892,960
Wholesale and retail trade; repair of motor vehicles and motorcycles	319,291	563,531	319,291
Transport, and storage	1,111,911	1,161,920	1,111,911
Accommodation and food service activities	56,299	56,740	56,299
Information and communication	264,358	299,109	264,358
Financial and insurance/ takaful activities	1,378,471	1,868,314	1,378,471
Real estate activities	1,474,994	1,516,306	1,474,994
Professional, scientific and technical activities	100,613	111,620	100,613
Administrative and support service activities	152,896	155,667	152,896
Public administration and defence; compulsory social security	14,536	8,452	14,536
Education	209,252	222,725	209,252
Arts, entertainment and recreation	71,686	72,949	71,686
Household	1,154,667	1,387,911	1,154,667
Gross loans and advances	10,677,289	11,771,514	10,677,289

(v) By residual contractual maturity:

	Group	Bank	
	2023	2024	2023
	RM'000	RM'000	RM'000
Maturing within one month	1,818,013	1,835,398	1,818,013
More than one month to three months	929,617	1,350,060	929,617
More than three months to six months	388,419	431,607	388,419
More than six months to twelve months	938,236	785,317	938,236
More than twelve months	6,603,004	7,369,132	6,603,004
Gross loans and advances	10,677,289	11,771,514	10,677,289

9 LOANS AND ADVANCES (CONTINUED)

(vi) Changes in gross loans and advances carrying amount

Group

	12-month ECL (Stage 1)	Lifetime ECL (non-credit impaired) (Stage 2)	Lifetime ECL (credit impaired) (Stage 3)	Total
	RM'000	RM'000	RM'000	RM'000
As at 1 January 2023	8,174,429	540,728	380,832	9,095,989
Transferred to 12-month ECL (Stage 1)	195,840	(190,796)	(5,044)	-
Transferred to lifetime ECL (non-credit impaired) (Stage 2)	(152,942)	153,054	(112)	-
Transferred to lifetime ECL (credit impaired) (Stage 3)	(6,586)	(16,515)	23,101	-
Net change in exposure	(28,375)	(9,863)	20,597	(17,641)
New loans and advances originated	2,689,040	13,357	-	2,702,397
Full settlement	(801,370)	(258,188)	(23,225)	(1,082,783)
Amount written off	-	-	(20,673)	(20,673)
Gross carrying amount as at 31 December 2023	10,070,036	231,777	375,476	10,677,289

9 LOANS AND ADVANCES (CONTINUED)

(vi) Changes in gross loans and advances carrying amount (continued)

Bank

	12-month ECL (Stage 1)	Lifetime ECL (non-credit impaired) (Stage 2)	Lifetime ECL (credit impaired) (Stage 3)	Total
	RM'000	RM'000	RM'000	RM'000
As at 1 January 2024	10,070,036	231,777	375,476	10,677,289
Transferred to 12-month ECL (Stage 1)	65,431	(65,064)	(367)	-
Transferred to lifetime ECL (non-credit impaired) (Stage 2)	(91,623)	91,623	-	-
Transferred to lifetime ECL (credit impaired) (Stage 3)	(482)	(6,068)	6,550	-
Net change in exposure	718,996	(9,524)	777	710,249
New loans and advances originated	1,438,507	-	-	1,438,507
Full settlement	(990,792)	(32,013)	(13,306)	(1,036,111)
Amount written off	-	-	(18,420)	(18,420)
Gross carrying amount as at 31 December 2024	11,210,073	210,731	350,710	11,771,514
As at 1 January 2023	8,174,429	551,250	380,832	9,106,511
Transferred to 12-month ECL (Stage 1)	195,840	(190,796)	(5,044)	-
Transferred to lifetime ECL (non-credit impaired) (Stage 2)	(152,942)	153,054	(112)	-
Transferred to lifetime ECL (credit impaired) (Stage 3)	(6,586)	(16,515)	23,101	-
Net change in exposure	(28,375)	(20,385)	20,597	(28,163)
New loans and advances originated	2,689,040	13,357	-	2,702,397
Full settlement	(801,370)	(258,188)	(23,225)	(1,082,783)
Amount written off	-	-	(20,673)	(20,673)
Gross carrying amount as at 31 December 2023	10,070,036	231,777	375,476	10,677,289

9 LOANS AND ADVANCES (CONTINUED)

(vii) Credit impaired loans and advances:

(a) Movements in credit impaired loans and advances:

	Group 2023 RM'000	Bank 2024 RM'000	Bank 2023 RM'000
As at 1 January	380,832	375,476	380,832
Classified as credit impaired during the year	38,832	22,073	38,832
Reclassified as non-credit impaired during the year	(5,156)	(367)	(5,156)
Amount recovered	(18,359)	(28,052)	(18,359)
Amount written-off	(20,673)	(18,420)	(20,673)
As at 31 December	375,476	350,710	375,476
Less: Lifetime ECL (credit impaired) (Stage 3)	(178,694)	(160,049)	(178,694)
	196,782	190,661	196,782

(viii) Gross credit impaired loans and advances

(a) By geographical distribution:

	Group 2023 RM'000	Bank 2024 RM'000	Bank 2023 RM'000
Malaysia	359,611	350,710	359,611
Other countries	15,865	-	15,865
	375,476	350,710	375,476

9 LOANS AND ADVANCES (CONTINUED)

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

(b) By economic sector:

	Group		Bank
	2023	2024	2023
	RM'000	RM'000	RM'000
Agriculture, forestry and fishing	39,794	39,050	39,794
Manufacturing	81,891	73,170	81,891
Electricity, gas, stream and air conditioning supply	15,865	-	15,865
Construction	671	581	671
Accommodation and food service activities	17,454	18,639	17,454
Financial and insurance/takaful activities	39,783	42,007	39,783
Real estate activities	6,976	6,352	6,976
Arts, entertainment and recreation	71,686	72,949	71,686
Household	101,356	97,962	101,356
	375,476	350,710	375,476

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

Group

	12-month ECL (Stage 1)	Lifetime ECL (non-credit impaired) (Stage 2)	Lifetime ECL (credit impaired) (Stage 3)	Total
	RM'000	RM'000	RM'000	RM'000
As at 1 January 2023	41,064	28,466	178,597	248,127
Transferred to 12-month ECL (Stage 1)	5,234	(5,234)	-	-
Transferred to lifetime ECL (non-credit impaired) (Stage 2)	(2,659)	2,771	(112)	-
Transferred to lifetime ECL (credit impaired) (Stage 3)	(245)	(4,680)	4,925	-
New loans and advances originated	2,875	1,355	-	4,230
ECL (written-back)/made during the year	(5,572)	25,694	36,202	56,324
Full settlement	(3,937)	(8,976)	(19,084)	(31,997)
Amount written off	-	-	(20,673)	(20,673)
Other movement	-	-	(1,161)	(1,161)
Allowance for ECL as at 31 December 2023	36,760	39,396	178,694	254,850

9 LOANS AND ADVANCES (CONTINUED)

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

Bank

	12-month ECL (Stage 1)	Lifetime ECL (non-credit impaired) (Stage 2)	Lifetime ECL (credit impaired) (Stage 3)	Total
	RM'000	RM'000	RM'000	RM'000
As at 1 January 2024	36,760	39,396	178,694	254,850
Transferred to 12-month ECL (Stage 1)	4,903	(4,536)	(367)	-
Transferred to lifetime ECL (non-credit impaired) (Stage 2)	(297)	297	-	-
Transferred to lifetime ECL (credit impaired) (Stage 3)	(2)	(578)	580	-
New loans and advances originated	4,691	-	-	4,691
ECL (written-back)/made during the year	(5,580)	5,594	18,507	18,521
Full settlement	(1,968)	(7,753)	(17,807)	(27,528)
Amount written off	-	-	(18,420)	(18,420)
Other movement	-	-	(1,138)	(1,138)
Allowance for ECL as at 31 December 2024	38,507	32,420	160,049	230,976
As at 1 January 2023	41,064	28,707	178,597	248,368
Transferred to 12-month ECL (Stage 1)	5,234	(5,234)	-	-
Transferred to lifetime ECL (non-credit impaired) (Stage 2)	(2,659)	2,771	(112)	-
Transferred to lifetime ECL (credit impaired) (Stage 3)	(245)	(4,680)	4,925	-
New loans and advances originated	2,875	1,355	-	4,230
ECL (written-back)/made during the year	(5,572)	25,453	36,202	56,083
Full settlement	(3,937)	(8,976)	(19,084)	(31,997)
Amount written off	-	-	(20,673)	(20,673)
Other movement	-	-	(1,161)	(1,161)
Allowance for ECL as at 31 December 2023	36,760	39,396	178,694	254,850

9 LOANS AND ADVANCES (CONTINUED)

Impact of movements in gross carrying amount on expected credit losses

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

Overall, total allowance for impairment on loan and advances reduced by RM23.87 million for the Bank, which was mainly due to the following:

(a) 12-month ECL (stage 1) – increased by RM1.75 million for the Bank, mainly due to new drawdown of loan and advances and some of accounts improved from stage 2 to stage 1.

(b) Lifetime ECL Not Credit-Impaired (stage 2) - decreased by RM6.98 million for the Bank, mainly due to repayment received from existing loan and advances.

(c) Lifetime ECL Credit-Impaired (stage 3) - decreased by RM18.65 million for the Bank, mainly due to written-off accounts and repayment received from existing loan and advances.

10 OTHER ASSETS

	Group	Bank	
	2023	2024	2023
	RM'000	RM'000	RM'000
Other receivables	18,758	16,587	18,799
Sundry deposits	2,930	2,928	2,505
Prepayments	1,767	2,517	1,767
Precious metal inventories	37	28	37
	23,492	22,060	23,108
Less: ECL	(1,048)	(3,704)	(1,035)
	22,444	18,356	22,073

Movements in ECL on other assets

	Group		Bank	
	2024	2023	2024	2023
	RM'000	RM'000	RM'000	RM'000
Stage 1 (12-month ECL):				
As at 1 January	1,048	645	1,035	632
ECL made/(written-back) during the financial year (Note 30)	2,700	403	2,713	403
Amount written-off	(44)	-	(44)	-
Deconsolidation upon commencement of liquidation of the subsidiary	(3,704)	-	-	-
As at 31 December	-	1,048	3,704	1,035

11 RIGHT-OF-USE ASSETS

	Premises RM'000	Motor vehicles RM'000	Total RM'000
Group			
Cost			
As at 1 January 2024	55,351	916	56,267
Additions	13,453	-	13,453
Remeasurement of lease terms	40	-	40
Termination of lease contracts	(24,017)	(916)	(24,933)
Deconsolidation upon commencement of liquidation of the subsidiary	(44,827)	-	(44,827)
As at 31 December 2024	-	-	-
Accumulated depreciation			
As at 1 January 2024	28,699	674	29,373
Charge for the financial year	7,868	210	8,078
Remeasurement of lease terms	-	-	-
Termination of lease contracts	(10,366)	(884)	(11,250)
Deconsolidation upon commencement of liquidation of the subsidiary	(26,201)	-	(26,201)
As at 31 December 2024	-	-	-
Net carrying amount	-	-	-
Cost			
As at 1 January 2023	61,566	1,080	62,646
Additions	1,965	-	1,965
Remeasurement of lease terms	306	3	309
Termination of lease contracts	(8,486)	(167)	(8,653)
As at 31 December 2023	55,351	916	56,267
Accumulated depreciation			
As at 1 January 2023	28,409	533	28,942
Charge for the financial year	8,587	306	8,893
Remeasurement of lease terms	114	1	115
Termination of lease contracts	(8,411)	(166)	(8,577)
As at 31 December 2023	28,699	674	29,373
Net carrying amount	26,652	242	26,894

11 RIGHT-OF-USE ASSETS (CONTINUED)

	Premises RM'000	Motor vehicles RM'000	Total RM'000
Bank			
Cost			
As at 1 January 2024	48,000	916	48,916
Additions	13,453	-	13,453
Remeasurement of lease terms	40	-	40
Termination of lease contracts	(16,666)	(916)	(17,582)
As at 31 December 2024	44,827	-	44,827
Accumulated depreciation			
As at 1 January 2024	27,000	674	27,674
Charge for the financial year	7,393	210	7,603
Remeasurement of lease terms	-	-	-
Termination of lease contracts	(8,192)	(884)	(9,076)
As at 31 December 2024	26,201	-	26,201
Net carrying amount	18,626	-	18,626
Cost			
As at 1 January 2023	49,780	1,080	50,860
Additions	1,680	-	1,680
Remeasurement of lease terms	369	3	372
Termination of lease contracts	(3,829)	(167)	(3,996)
As at 31 December 2023	48,000	916	48,916
Accumulated depreciation			
As at 1 January 2023	23,300	533	23,833
Charge for the financial year	7,334	306	7,640
Remeasurement of lease terms	119	1	120
Termination of lease contracts	(3,753)	(166)	(3,919)
As at 31 December 2023	27,000	674	27,674
Net carrying amount	21,000	242	21,242

11 RIGHT-OF-USE ASSETS (CONTINUED)

The following are the amounts recognised in profit or loss:

	Group		Bank
	2023	2024	2023
	RM'000	RM'000	RM'000
Expense relating to short-term leases (included in establishment cost)	6	16	6
Expense relating to leases of low value assets (included in establishment cost)	42	55	32

12 DEFERRED TAX ASSETS

		Group		Bank
	2024	2023	2024	2023
	RM'000	RM'000	RM'000	RM'000
As at 1 January	31,339	36,929	31,202	33,018
Recognised in profit or loss (Note 31)	397	(881)	534	2,893
Recognised in other comprehensive income	(588)	(4,709)	(588)	(4,709)
Deconsolidation upon commencement of liquidation of the subsidiary	(31,148)	-	-	-
As at 31 December	-	31,339	31,148	31,202

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

	Group		Bank
	2023	2024	2023
	RM'000	RM'000	RM'000
Deferred tax assets	34,825	35,051	34,663
Deferred tax liabilities	(3,486)	(3,903)	(3,461)
	31,339	31,148	31,202

12 DEFERRED TAX ASSETS (CONTINUED)

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

Deferred tax assets/(liabilities)

	Unabsorbed tax losses and capital allowance	Accelerated capital allowances	Right-of-use assets	ECL	Provision for other liabilities	Fair value through other comprehensive reserve	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Group							
As at 1 January 2023	4,029	(1,480)	345	15,512	16,348	2,175	36,929
Recognised in profit or loss (Note 31)	(4,029)	528	38	1,025	1,557	-	(881)
Recognised in other comprehensive income	-	-	-	-	-	(4,709)	(4,709)
As at 31 December 2023	-	(952)	383	16,537	17,905	(2,534)	31,339
Recognised in profit or loss (Note 31)	-	171	(40)	(769)	1,035	-	397
Recognised in other comprehensive income	-	-	-	-	-	(588)	(588)
Deconsolidation upon commencement of liquidation of the subsidiary	-	781	(343)	(15,768)	(18,940)	3,122	(31,148)
As at 31 December 2024	-	-	-	-	-	-	-

12 DEFERRED TAX ASSETS (CONTINUED)

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

Deferred tax assets/(liabilities) (continued)

	Accelerated capital allowances	Right-of-use assets	ECL	Provision for other liabilities	Fair value through other comprehensive reserve	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Bank						
As at 1 January 2023	(1,264)	329	15,508	16,270	2,175	33,018
Recognised in profit or loss (Note 31)	337	20	1,021	1,515	-	2,893
Recognised in other comprehensive income	-	-	-	-	(4,709)	(4,709)
As at 31 December 2023	(927)	349	16,529	17,785	(2,534)	31,202
Recognised in profit or loss (Note 31)	146	(6)	(761)	1,155	-	534
Recognised in other comprehensive income	-	-	-	-	(588)	(588)
As at 31 December 2024	(781)	343	15,768	18,940	(3,122)	31,148

12 DEFERRED TAX ASSETS (CONTINUED)

The amounts of net deferred tax assets, which are not recognised in the financial statements due to uncertainty of their realisation, are as follows:

	Group 2023 RM'000
Unutilised tax losses	6,264
Unabsorbed capital allowances	2,536
	8,800

In the financial year ended 2023, the subsidiary reported unutilised tax losses which are available for offsetting future taxable profit generated from business source only for the next 10 consecutive years effective from year of assessment 2020. The unabsorbed capital allowance can be carried forward indefinitely to offset against future taxable profits generated from the same underlying business source made by the subsidiary.

However, these utilisation of carried forward tax losses and allowances are also subject to no substantial change in shareholdings of those entities under the Income Tax Act 1967 and guidelines issued by the tax authority.

13 STATUTORY DEPOSITS WITH BANK NEGARA MALAYSIA

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

14 INVESTMENT IN A SUBSIDIARY

	Bank	
	2024	2023
	RM'000	RM'000
Unquoted shares, at cost, in Malaysia	1,000	1,000

The subsidiary of the Bank is as follow:

Name	Principal activity	Percentage of equity held 2024	Percentage of equity held 2023
		%	%
China Bridge (Malaysia) Sdn. Bhd.	Dormant	100	100

The subsidiary has commenced member's voluntary winding up on 18 November 2024. Pursuant to Section 445 (2) and Eleventh Schedule of Companies Act 2016, the liquidator has the power to act in the name of the subsidiary and the control over assets and liabilities of the subsidiary lies with the liquidator from 18 November 2024. Accordingly, the subsidiary is consolidated up to 17 November 2024.

Effect of deconsolidation of the subsidiary on the financial position of the Group:

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

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

	At the date of deconsolidation
	RM'000
Cash and bank balances in subsidiary	1,728
Cash and bank balances in Bank	3,331,258
	3,332,986

15 PROPERTY AND EQUIPMENT

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

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

15 PROPERTY AND EQUIPMENT (CONTINUED)

Group	Computer equipment RM'000	Motor vehicles RM'000	Office equipment and furniture RM'000	Renovations RM'000	Freehold land RM'000	Buildings RM'000	ATM machine RM'000	Work-in-progress RM'000	Total RM'000
Cost									
As at 1 January 2023	24,155	4,009	10,904	19,857	14,000	26,375	3,449	340	103,089
Additions	910	601	173	23	-	-	-	1,351	3,058
Reclassification	409	-	(95)	-	-	-	-	(314)	-
Reclassify to intangible assets (Note 16)	-	-	-	-	-	-	-	(217)	(217)
Write-offs	(87)	-	(270)	(6)	-	-	-	(43)	(406)
As at 31 December 2023	25,387	4,610	10,712	19,874	14,000	26,375	3,449	1,117	105,524
Accumulated depreciation									
As at 1 January 2023	13,189	3,785	9,425	17,911	-	5,566	3,087	-	52,963
Charge for the financial year (Note 28)	4,498	112	508	1,029	-	788	130	-	7,065
Write-offs	(86)	-	(262)	(6)	-	-	-	-	(354)
As at 31 December 2023	17,601	3,897	9,671	18,934	-	6,354	3,217	-	59,674
Net carrying amount	7,786	713	1,041	940	14,000	20,021	232	1,117	45,850

Included in the work-in-progress are projects relating to intangible assets amounting to RM674,000 (2022: RM340,000).

15 PROPERTY AND EQUIPMENT (CONTINUED)

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

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

15 PROPERTY AND EQUIPMENT (CONTINUED)

Bank	Office computer equipment RM'000	Motor vehicles RM'000	Office equipment and furniture RM'000	Renovations RM'000	Freehold land RM'000	Buildings RM'000	ATM machine RM'000	Work-in-progress RM'000	Total RM'000
Cost									
As at 1 January 2023	21,985	4,008	9,593	17,202	14,000	26,375	3,378	340	96,881
Additions	910	601	173	23	-	-	-	1,351	3,058
Reclassification	409	-	(95)	-	-	-	-	(314)	-
Reclassify to intangible assets (Note 16)	-	-	-	-	-	-	-	(217)	(217)
Write-offs	-	-	(252)	(6)	-	-	-	(43)	(301)
As at 31 December 2023	23,304	4,609	9,419	17,219	14,000	26,375	3,378	1,117	99,421
Accumulated depreciation									
As at 1 January 2023	11,728	3,784	8,212	15,499	-	5,566	3,018	-	47,807
Charge for the financial year (Note 28)	3,933	112	486	952	-	788	130	-	6,401
Write-offs	-	-	(246)	(6)	-	-	-	-	(252)
As at 31 December 2023	15,661	3,896	8,452	16,445	-	6,354	3,148	-	53,956
Net carrying amount	7,643	713	967	774	14,000	20,021	230	1,117	45,465

Included in the work-in-progress are projects relating to intangible assets amounting to RM674,000 (2022: RM340,000).

16 INTANGIBLE ASSETS

	Group		Bank	
	2024	2023	2024	2023
	RM'000	RM'000	RM'000	RM'000
Computer software				
Cost				
As at 1 January	9,114	8,748	9,114	8,745
Additions	-	152	-	152
Reclassify from property and equipment (Note 15)	1,400	217	1,400	217
Write-offs	-	(3)	-	-
Deconsolidation upon commencement of liquidation of the subsidiary	(10,514)	-	-	-
As at 31 December	-	9,114	10,514	9,114
Accumulated amortisation				
As at 1 January	7,390	5,844	7,390	5,841
Charge for the financial year (Note 28)	1,221	1,549	1,221	1,549
Write-offs	-	(3)	-	-
Deconsolidation upon commencement of liquidation of the subsidiary	(8,611)	-	-	-
As at 31 December	-	7,390	8,611	7,390
Net book value	-	1,724	1,903	1,724

17 DEPOSITS FROM CUSTOMERS

(i) By type of deposits

	Group		Bank
	2023	2024	2023
	RM'000	RM'000	RM'000
Demand deposits	3,199,289	3,985,078	3,200,477
Savings deposits	532,873	540,537	532,873
Fixed deposits	5,862,910	5,953,190	5,862,910
Other	2,550	2,550	2,550
	9,597,622	10,481,355	9,598,810

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

17 DEPOSITS FROM CUSTOMERS (CONTINUED)

(ii) By type of customers

	Group	Bank	
	2023	2024	2023
	RM'000	RM'000	RM'000
Government and statutory bodies	2,550	2,550	2,550
Business enterprises	4,098,739	4,702,753	4,099,927
Individuals	4,121,412	4,590,897	4,121,412
Others	1,374,921	1,185,155	1,374,921
	9,597,622	10,481,355	9,598,810

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

	Group	Bank	
	2023	2024	2023
	RM'000	RM'000	RM'000
Due within six months	4,004,920	4,232,640	4,004,920
Six months to one year	1,813,309	1,711,551	1,813,309
One year to three years	44,681	8,999	44,681
	5,862,910	5,953,190	5,862,910

18 DEPOSITS AND PLACEMENTS OF BANKS AND OTHER FINANCIAL INSTITUTIONS

	Group	Bank	
	2023	2024	2023
	RM'000	RM'000	RM'000
Bank Negara Malaysia	16,259	15,428	16,259
Licensed banks	3,000,045	3,759,145	3,000,045
Licensed investment banks	6,011	5,848	6,011
Licensed Islamic banks	7,276	8,034	7,276
Other financial institutions	3	7	3
	3,029,594	3,788,462	3,029,594

19 OTHER LIABILITIES

	Group	Bank	
	2023	2024	2023
	RM'000	RM'000	RM'000
Accrued expenses	47,620	53,576	46,898
Margin deposits	96,141	165,629	96,141
Interest advances from loans	20,937	18,871	20,937
Remittances	70,410	90,215	70,410
Others	65,515	22,595	63,408
Lease liabilities (Note 19(i))	28,491	20,058	22,698
Allowance for ECL on commitments and contingencies (Note 19(ii))	14,043	10,940	14,161
	343,157	381,884	334,653

The margin deposits include interest bearing deposits amounting to RM2,533,000 (2023: RM2,129,000) with a range of interest between 0.80% to 0.80% (2023: 0.50% to 1.20%), and the non-interest bearing deposits amounting to RM163,095,000 (2023: RM94,012,000).

(i) Lease liabilities maturity analysis

	Group	Bank	
	2023	2024	2023
	RM'000	RM'000	RM'000
Scheduled repayment of lease liabilities			
- Not later than one year	8,684	7,171	7,540
- Later than one year and not later than five years	17,967	12,449	13,708
- Later than five years	1,840	438	1,450
	28,491	20,058	22,698

19 OTHER LIABILITIES (CONTINUED)

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

Group

	12-month ECL (Stage 1)	Lifetime ECL (non-credit impaired) (Stage 2)	Lifetime ECL (credit impaired) (Stage 3)	Total
	RM'000	RM'000	RM'000	RM'000
As at 1 January 2024	8,359	5,684	-	14,043
Transferred to 12-month ECL (Stage 1)	175	(175)	-	-
Transferred to lifetime ECL (non-credit impaired) (Stage 2)	(1)	1	-	-
New loans and advances originated	1,315	-	-	1,315
Allowance during the year	903	142	-	1,045
Full settlement	(2,570)	(2,893)	-	(5,463)
Deconsolidation upon commencement of liquidation of the subsidiary	(8,181)	(2,759)	-	(10,940)
As at 31 December 2024	-	-	-	-
As at 1 January 2023	9,449	1,531	-	10,980
Transferred to 12-month ECL (Stage 1)	446	(446)	-	-
Transferred to lifetime ECL (non-credit impaired) (Stage 2)	(1,814)	1,814	-	-
New loans and advances originated	530	33	-	563
Allowance during the year	166	3,635	-	3,801
Full settlement	(418)	(883)	-	(1,301)
As at 31 December 2023	8,359	5,684	-	14,043

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

19 OTHER LIABILITIES (CONTINUED)

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

Bank

	12-month ECL (Stage 1)	Lifetime ECL (non-credit impaired) (Stage 2)	Lifetime ECL (credit impaired) (Stage 3)	Total
	RM'000	RM'000	RM'000	RM'000
As at 1 January 2024	8,359	5,802	-	14,161
Transferred to 12-month ECL (Stage 1)	175	(175)	-	-
Transferred to lifetime ECL (non-credit impaired) (Stage 2)	(1)	1	-	-
New loans and advances originated	1,315	-	-	1,315
Allowance during the year	903	142	-	1,045
Full settlement	(2,570)	(3,011)	-	(5,581)
As at 31 December 2024	8,181	2,759	-	10,940
As at 1 January 2023	9,449	1,538	-	10,987
Transferred to 12-month ECL (Stage 1)	446	(446)	-	-
Transferred to lifetime ECL (non-credit impaired) (Stage 2)	(1,814)	1,814	-	-
New loans and advances originated	530	33	-	563
Allowance during the year	166	3,746	-	3,912
Full settlement	(418)	(883)	-	(1,301)
As at 31 December 2023	8,359	5,802	-	14,161

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

20 OTHER BORROWING

	Group	Bank	
	2023	2024	2023
	RM'000	RM'000	RM'000
Unsecured:			
Chinese Yuan Renminbi term loan	-	314,434	-

The unsecured Chinese Yuan Renminbi term loan is bearing interest rate equal to -0.95% plus one-year loan prime rate ("LPR1Y") with maturity in one (1) year.

21 SUBORDINATED LOAN

	Group	Bank	
	2023	2024	2023
	RM'000	RM'000	RM'000
At cost	1,442,120	1,442,120	1,442,120
Interest accrued	21,942	18,831	21,942
Foreign exchange difference	(22,320)	(57,970)	(22,320)
	1,441,742	1,402,981	1,441,742

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

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

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

22 SHARE CAPITAL

	Number of ordinary shares		Amount	
	2024	2023	2024	2023
	'000	'000	RM'000	RM'000
Group and Bank				
Ordinary shares with par value at RM1 issued and fully paid:				
At 1 January/31 December	760,518	760,518	760,518	760,518

23 RESERVES

(a) Retained profits

The Bank is required to obtain BNM's written approval prior to declaring or distributing dividends out of its entire retained profits as at 31 December 2024 under the single tier system.

(b) Regulatory reserve

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

(c) Fair value through other comprehensive reserve

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

(d) Foreign exchange reserve

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

24 OPERATING REVENUE

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

25 INTEREST INCOME

	Group	
	1 January 2024 to 17 November 2024 RM'000	1 January 2023 to 31 December 2023 RM'000
Loans and advances		
- Interest income on non-credit impaired loans and advances	569,521	524,106
- Interest income on credit impaired loans and advances	(1,138)	(1,161)
Money at call and deposit placements with financial institutions	148,049	116,190
Debt instruments at FVOCI	81,102	68,977
Debt instrument at amortised cost	2,583	3,768
Others	1,542	2,621
	801,659	714,501
Amortisation of premium less accretion of discount	(9,906)	(14,778)
	791,753	699,723

	Bank	
	1 January 2024 to 31 December 2024 RM'000	1 January 2023 to 31 December 2023 RM'000
Loans and advances		
- Interest income on non-credit impaired loans and advances	569,521	524,432
- Interest income on credit impaired loans and advances	(1,138)	(1,161)
Money at call and deposit placements with financial institutions	148,049	116,190
Debt instruments at FVOCI	81,102	68,977
Debt instrument at amortised cost	2,583	3,768
Others	1,542	2,621
	801,659	714,827
Amortisation of premium less accretion of discount	(9,906)	(14,778)
	791,753	700,049

26 INTEREST EXPENSE

	Group		Bank	
	1 January 2024 to 17 November 2024	1 January 2023 to 31 December 2023	1 January 2024 to 31 December 2024	1 January 2023 to 31 December 2023
	RM'000	RM'000	RM'000	RM'000
Deposits and placements of banks and other financial institutions	120,952	100,926	120,952	100,926
Deposits from customers	239,424	203,169	239,424	203,169
Other borrowing	6,491	-	6,491	-
Subordinated loan	88,955	82,472	88,955	82,472
Others	2,689	1,626	2,689	1,626
	458,511	388,193	458,511	388,193

27 OTHER OPERATING INCOME

	Group		Bank	
	1 January 2024 to 17 November 2024	1 January 2023 to 31 December 2023	1 January 2024 to 31 December 2024	1 January 2023 to 31 December 2023
	RM'000	RM'000	RM'000	RM'000
Fee income:				
- Fee on loans and advances	8,893	8,547	8,893	8,547
- Service charges and fees	1,371	28,971	1,045	2,808
- Guarantee fees	15,922	17,581	15,922	17,581
- Commission related income	1,930	-	-	-
	28,116	55,099	25,860	28,936
Fee expense:				
- Commission related expenses	-	(10,559)	-	-
Net fee income	28,116	44,540	25,860	28,936
Foreign exchange gain/(loss):				
- Realised	111,004	64,571	111,018	64,571
- Unrealised	2,215	(89)	2,215	(89)
Net (loss)/gain on revaluation of derivatives	(329)	472	(329)	472
Unrealised gain on equity instrument at FVTPL	977	-	977	-
Gain from derivative financial instrument	995	1,337	995	1,337
Revenue from sale of precious metal products	16	51	16	51
Net gain on disposal of property and equipment	1,700	-	69	-
Dividend income:				
- Equity instruments at FVOCI	60	60	60	60
Other income	378	170	202	382
	145,132	111,112	141,083	95,720

28 OTHER OPERATING EXPENSES

	Group		Bank	
	1 January 2024 to 17 November 2024	1 January 2023 to 31 December 2023	1 January 2024 to 31 December 2024	1 January 2023 to 31 December 2023
	RM'000	RM'000	RM'000	RM'000
Personnel expenses				
Salaries and wages (includes CEO/ED)	69,282	70,782	68,936	68,039
Bonuses	36,845	35,583	37,324	35,163
Defined contribution plan ("EPF")	15,138	14,036	15,140	13,764
Staff welfare expenses	3,804	3,863	3,778	3,616
Other personnel costs	15,376	14,656	14,680	14,344
	140,445	138,920	139,858	134,926
Marketing expenses				
Advertising, marketing and communication	732	778	732	778
Others	2,257	1,878	2,256	1,878
	2,989	2,656	2,988	2,656
Establishment costs				
Rental of premises	116	13	116	-
Depreciation of property and equipment (Note 15)	5,444	7,065	5,444	6,401
Depreciation of right-of-use assets (Note 11)	8,078	9,008	7,603	7,760
Amortisation of intangible assets (Note 16)	1,221	1,549	1,221	1,549
Finance cost on lease liabilities	857	1,220	776	956
Repairs and maintenance	1,643	1,478	1,629	1,467
Property and equipment written-off	25	11	-	7
Information technology expenses	4,411	5,764	4,403	5,755
Other establishment costs	2,800	1,421	2,760	1,430
	24,595	27,529	23,952	25,325
Administration and general expenses				
Insurance premium	3,110	2,888	3,110	2,880
Travelling and accommodation	590	556	590	555
Telecommunication and utilities	1,571	1,093	1,545	951
Printing, stationery and postage	1,093	1,401	1,079	1,133
Legal and professional fees	1,073	1,024	1,004	845
Other administration and general expenses	6,986	4,345	6,910	4,032
	14,423	11,307	14,238	10,396
Other expenses				
Cost of sales of precious metal products	7	39	7	39
	182,459	180,451	181,043	173,342

28 OTHER OPERATING EXPENSES (CONTINUED)

The above expenditure includes the following statutory disclosures:

	Group		Bank	
	1 January 2024 to 17 November 2024 RM'000	1 January 2023 to 31 December 2023 RM'000	1 January 2024 to 31 December 2024 RM'000	1 January 2023 to 31 December 2023 RM'000
Auditors' remuneration:				
Statutory audit				
- Ernst & Young PLT	250	-	250	-
- Other auditor	20	281	-	250
Assurance Services				
- Regulatory-related services	190	379	190	379
Directors' remuneration (Note 29)	2,676	3,338	2,676	3,338

29 DIRECTORS' REMUNERATION

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

	Group		Bank	
	1 January 2024 to 17 November 2024 RM'000	1 January 2023 to 31 December 2023 RM'000	1 January 2024 to 31 December 2024 RM'000	1 January 2023 to 31 December 2023 RM'000
Executive Director/Chief Executive Officer				
- salary and other remuneration	2,159	2,857	2,159	2,857
- benefits-in-kind	53	53	53	53
	2,212	2,910	2,212	2,910
Non-Executive Directors				
Fees				
- Eugene Khoo Kong Hooi	207	196	207	196
- Lee Heng Guie	191	182	191	182
- Yu Xiaohui	-	-	-	-
- Dato' Tan Tian Meng	66	-	66	-
- Zhu Yanlai	-	-	-	-
- Tan Sri Dato' Low Kian Chuan	-	50	-	50
	464	428	464	428
	2,676	3,338	2,676	3,338

29 DIRECTORS' REMUNERATION (CONTINUED)

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

	Group Number of Directors	Bank Number of Directors	
	2023	2024	2023
Executive Director			
RM1,500,001 - RM2,500,000	-	1	-
RM2,500,001 - RM3,500,000	1	-	1
Non-Executive Directors			
Below RM100,000	1	1	1
RM100,001 - RM150,000	-	-	-
RM150,001 - RM200,000	2	1	2
RM200,001 – RM250,000	-	1	-

30 ALLOWANCE FOR IMPAIRMENT ON LOANS AND ADVANCES AND OTHER FINANCIAL ASSETS

	Group		Bank	
	1 January 2024 to 17 November 2024 RM'000	1 January 2023 to 31 December 2023 RM'000	1 January 2024 to 31 December 2024 RM'000	1 January 2023 to 31 December 2023 RM'000
Allowance/(write-back) for impairment on:				
Cash and short-term funds (Note 2)				
- Stage 1	(15)	138	(15)	138
Deposits and placements with banks and other financial institutions (Note 3)				
- Stage 1	146	(16)	146	(16)
Debt instruments at FVOCI (Note 5)				
- Stage 1	141	(54)	141	(54)
Other assets (Note 10)				
- Stage 1	2,700	403	2,713	403
Loans and advances (Note 9)	(4,316)	28,557	(4,316)	28,316
Commitments and contingencies (Note 19)	(3,103)	3,063	(3,221)	3,174
Bad debt recovered during the year	(1,151)	(1,294)	(1,151)	(1,294)
	(5,598)	30,797	(5,703)	30,667

31 TAXATION

	Group		Bank	
	1 January 2024 to 17 November 2024	1 January 2023 to 31 December 2023	1 January 2024 to 31 December 2024	1 January 2023 to 31 December 2023
	RM'000	RM'000	RM'000	RM'000
Tax expense for the financial year:				
- Malaysian income tax	73,454	55,043	73,454	53,110
- Utilisation of prior year tax losses	(2,150)	-	-	-
Deferred tax (Note 12)	(397)	881	(534)	(2,893)
Over provision in prior years	(113)	(547)	(331)	(547)
Total tax expense	70,794	55,377	72,589	49,670

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

	Group		Bank	
	1 January 2024 to 17 November 2024	1 January 2023 to 31 December 2023	1 January 2024 to 31 December 2024	1 January 2023 to 31 December 2023
	RM'000	RM'000	RM'000	RM'000
Profit before taxation	301,513	211,394	298,985	203,567
Statutory tax rate in Malaysia, 24% (2023: 24%)	72,363	50,735	71,756	48,856
Tax effects in respect of				
- Non-allowable expenses	1,208	1,174	1,178	1,375
- Non-taxable income	(14)	(14)	(14)	(14)
Deferred tax assets not recognised on unutilised tax losses and unabsorbed capital allowance	-	4,029	-	-
Utilisation of prior year tax losses	(2,650)	-	-	-
Over provision in prior years	(113)	(547)	(331)	(547)
Tax expense	70,794	55,377	72,589	49,670

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

32 EARNINGS PER SHARE

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

	Group	
	1 January 2024 to 17 November 2024	1 January 2023 to 31 December 2023
	RM'000	RM'000
Net profit attributable to equity holder	230,719	156,017
Weighted average number of ordinary shares in issue	760,518	760,518
Basic/fully diluted earnings per share (sen)	30.34	20.51

33 SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES

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

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

The Group and the Bank have related party relationship with following:
- Penultimate holding company, Bank of China Limited;
- Immediate holding company, Bank of China (Hong Kong) Limited;
- Subsidiary of the Bank as disclosed in Note 14 to the financial statements;
- Key management personnel.

33 SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

(a) Related party transactions

The following significant transactions between the Group and the Bank and related parties took place at terms agreed between parties during the financial year.

	Penultimate holding company* RM'000	Immediate holding company RM'000	Key management personnel RM'000
Group			
2024			
Income			
Interest income:			
- Cash and short-term funds	915	3,185	-
- Deposits and placements with banks and other financial institutions	301	6,482	-
- Other	-	1,542	-
Fee income	5,212	2	-
	6,428	11,211	-
Expenses			
Interest expenses:			
- Deposits from customers	-	-	886
- Deposits and placements of banks and other financial institutions	11,132	90,787	-
- Subordinated loan	-	88,929	-
Establishment expenses	-	20	-
Administrative expenses	2,827	633	-
	13,959	180,369	886

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

33 SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

(a) Related party transactions (continued)

	Penultimate holding company* RM'000	Immediate holding company RM'000	Key management personnel RM'000
Group			
2023			
Income			
Interest income:			
- Cash and short-term funds	585	2,539	-
- Deposits and placements with banks and other financial institutions	66	7,090	-
- Other	-	1,522	-
Fee income	7,610	248	-
	8,261	11,399	-
Expenses			
Interest expenses:			
- Deposits from customers	-	-	740
- Deposits and placements of banks and other financial institutions	10,758	80,215	-
- Subordinated loan	-	82,472	-
Establishment expenses	-	98	-
Administrative expenses	890	541	-
	11,648	163,326	740

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

33 SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

(a) Related party transactions (continued)

	Penultimate holding company*	Immediate holding company	Subsidiary	Key management personnel
	RM'000	RM'000	RM'000	RM'000
Bank				
2024				
Income				
Interest income:				
- Loans and advances	-	-	-	-
- Cash and short-term funds	915	3,185	-	-
- Deposits and placements with banks and other financial institutions	301	6,482	-	-
- Others	-	1,542	-	-
Fee income	5,212	2	-	-
Other operating income:				
- Others	-	-	141	-
	6,428	11,211	141	-
Expenses				
Interest expenses:				
- Deposits from customers	-	-	-	834
- Deposits and placements of banks and other financial institutions	11,132	90,787	-	-
- Subordinated loan	-	88,929	-	-
Establishment expenses	-	20	-	-
Administrative expenses	2,827	633	-	-
	13,959	180,369	-	834

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

33 SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

(a) Related party transactions (continued)

	Penultimate holding company* RM'000	Immediate holding company RM'000	Subsidiary RM'000	Key management personnel RM'000
Bank				
2023				
Income				
Interest income:				
- Loans and advances	-	-	326	-
- Cash and short-term funds	585	2,540	-	-
- Deposits and placements with banks and other financial institutions	66	7,090	-	-
- Others	-	1,522	-	-
Fee income	7,610	248	-	-
Other operating income:				
- Others	-	-	211	-
	8,261	11,400	537	-
Expenses				
Interest expenses:				
- Deposits from customers	-	-	-	702
- Deposits and placements of banks and other financial institutions	10,758	80,215	-	-
- Subordinated loan	-	82,472	-	-
Establishment expenses	-	98	-	-
Administrative expenses	890	541	-	-
	11,648	163,326	-	702

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

33 SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

(b) Related party balances

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

Group	Penultimate holding company* RM'000	Immediate holding company RM'000	Key management personnel RM'000
2023			
Amount due from			
Cash and short-term funds	117,236	709,616	-
	117,236	709,616	-
Amount due to			
Deposits from customers	-	-	18,233
Deposits and placements of banks and other financial institutions	232,435	2,197,251	-
Subordinated loan	-	1,441,742	-
Other liabilities	1,164	65	-
	233,599	3,639,058	18,233

Included in the table above are deposits from the Directors of the Group RM15,513,000. Interest on deposit paid to Directors of the Group RM609,000.

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

33 SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

(b) Related party balances (continued)

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

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

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

33 SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

(b) Related party balances (continued)

	Penultimate holding company* RM'000	Immediate holding company RM'000	Subsidiary RM'000	Key management personnel RM'000
Bank				
2023				
Amount due from				
Cash and short-term funds	117,236	709,616	-	-
Other assets	-	-	70	-
	117,236	709,616	70	-
Amount due to				
Deposits from customers	-	-	1,188	17,279
Deposits and placements of banks and other financial institutions	232,435	2,197,251	-	-
Subordinated loan	-	1,441,742	-	-
Other liabilities	1,164	65	-	-
	233,599	3,639,058	1,188	17,279

Included in the table above are deposits from the Directors of the Bank RM9,085,000. Interest on deposit paid to Directors of the Bank RM387,000.

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

33 SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

(c) Intercompany charges breakdown by geographical distribution:

(i) By geographical distribution:

	Information technology RM'000	Insurance RM'000	Others RM'000	Total RM'000
Group and Bank				
2024				
China	2,827	-	462	3,289
Hong Kong	-	89	102	191
	2,827	89	564	3,480
2023				
China	890	-	-	890
Hong Kong	-	116	523	639
	890	116	523	1,529

(d) Key management personnel compensation

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

	Group		Bank	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Fees	464	428	464	428
Salaries and other short-term benefits	8,308	10,016	8,251	9,536
Defined contribution plan ("EPF")	273	261	273	261
Benefits-in-kind	53	53	53	53
	9,098	10,758	9,041	10,278

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

34 CREDIT EXPOSURE ARISING FROM CREDIT TRANSACTIONS WITH CONNECTED PARTIES

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

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

	Group and Bank	
	2024	2023
	RM'000	RM'000
Outstanding credit exposures with connected parties	600,026	696,396
Outstanding credit exposures with connected parties as a percentage of total credit exposures	4%	5%
Percentage of outstanding credit exposures with connected parties which are non-performing or in default	Nil	Nil

35 COMMITMENTS AND CONTINGENCIES

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

The commitments and contingencies constitute the following:

Group

	31 December 2023		
	Principal	Credit* equivalent	Risk weighted
	RM'000	RM'000	RM'000
Direct credit substitutes	3,187	3,187	3,187
Transaction-related contingent items	2,553,642	1,276,821	647,176
Short-term self-liquidation trade related contingencies	70,903	14,181	12,646
Irrevocable commitments to extend credit:			
- Maturity not exceeding one year	3,200,332	640,067	567,959
- Maturity exceeding one year	419,070	209,535	189,620
Foreign exchange related contracts:			
- Less than one year	1,731,010	27,578	12,010
Interest rate related contracts:			
- Less than one year	517,526	3,360	2,686
- More than one year to five year	64,197	4,536	2,750
Total	8,559,867	2,179,265	1,438,034

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

35 COMMITMENTS AND CONTINGENCIES (CONTINUED)

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

The commitments and contingencies constitute the following:

Bank

	31 December 2024			31 December 2023		
	Principal	Credit* equivalent	Risk weighted	Principal	Credit* equivalent	Risk weighted
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Direct credit substitutes	1,898	1,898	1,882	3,187	3,187	3,187
Transaction-related contingent items	2,782,112	1,391,057	705,362	2,553,642	1,276,821	647,176
Short-term self-liquidation trade related contingencies	60,656	12,131	9,412	70,903	14,181	12,646
Irrevocable commitments to extend credit:						
- Maturity not exceeding one year	3,231,454	646,291	606,315	3,212,332	642,467	570,359
- Maturity exceeding one year	319,152	159,576	146,569	419,070	209,535	189,620
Foreign exchange related contracts:						
- Less than one year	7,375,786	175,141	54,818	1,731,010	27,578	12,010
Interest rate related contracts:						
- Less than one year	633,449	5,147	2,839	517,526	3,360	2,686
- More than one year to five year	328,239	14,660	11,275	64,197	4,536	2,750
Total	14,732,746	2,405,901	1,538,472	8,571,867	2,181,665	1,440,434

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

36 CAPITAL COMMITMENTS

	Group	Bank	
	2023	2024	2023
	RM'000	RM'000	RM'000
Capital expenditure for property and equipment approved by the Board and contracted for	535	-	535

37 CAPITAL ADEQUACY

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

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

The Group and the Bank have adopted the Standardised Approach for credit risk and market risk, and the Basic Indicator Approach for operational risk.

The capital buffers shall comprise of the following:

(a) Capital Conservation Buffer ("CCB") of 2.5%; and

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

The minimum regulatory capital adequacy ratios for year 2024 are as follows:

CET 1 Capital Ratio (including CCB and CCyB)	7.000% (7.000% in the year 2023)
Tier 1 Capital Ratio (including CCB and CCyB)	8.500% (8.500% in the year 2023)
Total Capital Ratio (including CCB and CCyB)	10.500% (10.500% in the year 2023)

37 CAPITAL ADEQUACY (CONTINUED)

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

	Group		Bank
	2023	2024	2023
	RM'000	RM'000	RM'000
Common Equity Tier 1 ("CET 1") Capital			
Paid-up ordinary share capital	760,518	760,518	760,518
Retained profits	1,175,102	1,403,206	1,176,810
Regulatory reserve	55,000	55,000	55,000
Fair value through other comprehensive reserve	8,160	10,164	8,160
Foreign exchange reserve	11	-	11
	1,998,791	2,228,888	2,000,499
Regulatory adjustment applied in the Calculation of CET 1 Capital			
- Deferred tax assets	(31,339)	(31,148)	(31,202)
- Intangible assets	(1,724)	(1,903)	(1,724)
- 55% of cumulative gains of debt instruments at FVOCI	4,488	5,590	4,488
- Regulatory reserve attributable to financial assets	(55,000)	(55,000)	(55,000)
	(83,575)	(82,461)	(83,438)
Total CET 1 Capital/Total Tier 1 Capital	1,915,216	2,146,427	1,917,061
Tier-2 Capital			
General provision *	132,466	141,205	132,416
Subordinated loan ^	1,419,800	1,384,150	1,419,800
Less: Investment in a subsidiary company	-	(1,000)	(1,000)
Total Tier-2 Capital	1,552,266	1,524,355	1,551,216
Total Capital Base	3,467,482	3,670,782	3,468,277

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

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

37 CAPITAL ADEQUACY (CONTINUED)

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

	Group	Bank	
	2023	2024	2023
	RM'000	RM'000	RM'000
Capital Ratio			
CET 1 Capital Ratio	17.003%	16.707%	17.040%
Tier 1 Capital Ratio	17.003%	16.707%	17.040%
Total Capital Ratio	30.784%	28.572%	30.828%

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

	Group	Bank	
	2023	2024	2023
	RM'000	RM'000	RM'000
Credit risk	10,597,266	12,075,843	10,593,264
Market risk	3,077	3,744	3,077
Operational risk	663,303	767,893	653,791
	11,263,646	12,847,480	11,250,132

38 FINANCIAL RISK MANAGEMENT

(a) Financial risk management

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

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

(b) Credit risk

(i) ECL models application

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

38 FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Credit risk (continued)

(i) ECL models application (continued)

The details of these three components are as below:

- PD is an estimation of the likelihood of default over a given time horizon, either over the next 12 months, or over the remaining lifetime of the obligation.

- LGD is an estimation of loss the Group and the Bank will incur given the default of borrower. It is the difference between the exposure at the point of default and the cashflow that Group and the Bank are expected to receive, including from the realisation of any collateral, and discounted back to the point of default.

- EAD which includes on-balance sheet and off-balance sheet exposures, is an estimation of exposures at the point of a future default date, taking into account the expected changes in the exposures up to the point of future default including repayments, additional drawdown on committed facility, and additional headroom before default. EAD will be computed when commitment is recognised. For off-balance sheet exposure, the regulatory prescribed credit conversion factor ("CCF") is used.

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

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

- Stage 1: 12-month ECL is provided for performing financial assets on a collective basis.

- Stage 2: Lifetime ECL is provided for financial assets with significant increase in credit risk ("SICR") since its initial recognition on a collective basis. The Bank has estimated behavioural lifetime for revolving facilities such as Overdraft and Revolving Credit.

- Stage 3: Lifetime ECL is estimated on an individual basis using Discounted Cash Flow ("DCF") approach with post-haircut collateral value being applied as prudent measures.

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

38 FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Credit risk (continued)

(i) ECL models application (continued)

Forward-looking information

The Group and the Bank incorporated forward-looking factors in the ECL for Stage 1 and 2 by including the use of macroeconomic variables ("MEV") information. For year 2024, the Bank continuous to adopt a conservative outlook in the MEV projection to ensure sufficient loan loss provisioning for unexpected credit events. Overall, the impact of conservative MEV adjustment amounts to RM33.0 million (2023: RM22.1 million) as at 31 December 2024.

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

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

Stage Determination

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

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

38 FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Credit risk (continued)

(i) ECL models application (continued)

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

- where the principal or interest or both of the loan is past due for more than 90 days or 3 months. In the case of revolving facilities, (e.g. overdraft facilities), the facility shall be classified as impaired when the outstanding amount exceeds the approved limit for a period of more than 90 days or 3 months; or

- where the amount is past due or the outstanding amount has been in excess of the approved limit for 90 days or 3 months or less and the loan exhibits weaknesses; or

- where repayments are scheduled on intervals of 3 months or longer, the loans and advances is classified as impaired as soon as a default occurs; or

- when the loan is classified as rescheduled and restructured.

<u>SICR</u>

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

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

- exposures with days-past-due ("DPD") more than 30 days; or
- loan is classified as Special Mention (Weak Credit); or
- significant downgrade in credit risk rating since its recognition (applicable to corporate customers which are risk graded); or
- loans rescheduled and restructured by Agensi Kaunseling and Pengurusan Kredit ("AKPK"); or
- where a modification (restructured and rescheduled) is made to the original terms and conditions of an SME loan/financing to assist viable SMEs.

38 FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Credit risk (continued)

(ii) Credit quality of financial assets

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

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

38 FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Credit risk (continued)

(ii) Credit quality of financial assets (continued)

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

				Bank
	Stage 1	Stage 2	Stage 3	Total
	RM'000	RM'000	RM'000	RM'000
2024				
Loans and Advances (On Balance Sheet Exposure)				
Pass	11,210,073	12,073	-	11,222,146
Special Mention	-	198,658	-	198,658
Sub-standard	-	-	5,563	5,563
Doubtful	-	-	84,292	84,292
Loss	-	-	260,855	260,855
	11,210,073	210,731	350,710	11,771,514

38 FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Credit risk (continued)

(ii) Credit quality of financial assets (continued)

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

				Group
	Stage 1	Stage 2	Stage 3	Total
	RM'000	RM'000	RM'000	RM'000
2023				
Loans and Advances (On Balance Sheet Exposure)				
Pass	10,070,036	24,267	-	10,094,303
Special Mention	-	207,510	-	207,510
Sub-standard	-	-	87,617	87,617
Doubtful	-	-	41,098	41,098
Loss	-	-	246,761	246,761
	10,070,036	231,777	375,476	10,677,289

				Bank
	Stage 1	Stage 2	Stage 3	Total
	RM'000	RM'000	RM'000	RM'000
2023				
Loans and Advances (On Balance Sheet Exposure)				
Pass	10,070,036	24,267	-	10,094,303
Special Mention	-	207,510	-	207,510
Sub-standard	-	-	87,617	87,617
Doubtful	-	-	41,098	41,098
Loss	-	-	246,761	246,761
	10,070,036	231,777	375,476	10,677,289

38 FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Credit risk (continued)

(ii) Credit quality of financial assets (continued)

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

				Bank
	Stage 1	Stage 2	Stage 3	Total
	RM'000	RM'000	RM'000	RM'000
2024				
Commitments and Contingencies				
Pass	6,347,320	1,471	-	6,348,791
Special Mention	225	46,256	-	46,481
Doubtful	-	-	-	-
	6,347,545	47,727	-	6,395,272

				Group
	Stage 1	Stage 2	Stage 3	Total
	RM'000	RM'000	RM'000	RM'000
2023				
Commitments and Contingencies				
Pass	6,136,787	15,353	-	6,152,140
Special Mention	-	94,994	-	94,994
Doubtful	-	-	-	-
	6,136,787	110,347	-	6,247,134

38 FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Credit risk (continued)

(ii) Credit quality of financial assets (continued)

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

				Bank
	Stage 1	Stage 2	Stage 3	Total
	RM'000	RM'000	RM'000	RM'000
2023				
Commitments and Contingencies				
Pass	6,136,787	27,353	-	6,164,140
Special Mention	-	94,994	-	94,994
Doubtful	-	-	-	-
	6,136,787	122,347	-	6,259,134

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

				Group
	Stage 1	Stage 2	Stage 3	Total
	RM'000	RM'000	RM'000	RM'000
2023				
Other Debt Instruments				
Investment Grade	2,938,381	-	-	2,938,381
Non-investment Grade	-	-	-	-
Unrated	2,766,418	-	-	2,766,418
Total	5,704,799	-	-	5,704,799

38 FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Credit risk (continued)

(ii) Credit quality of financial assets (continued)

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

				Bank
	Stage 1	Stage 2	Stage 3	Total
	RM'000	RM'000	RM'000	RM'000
2024				
Other Debt Instruments				
Investment Grade	4,133,149	-	-	4,133,149
Non-investment Grade	-	-	-	-
Unrated	2,641,153	-	-	2,641,153
Total	6,774,302	-	-	6,774,302
2023				
Other Debt Instruments				
Investment Grade	2,938,330	-	-	2,938,330
Non-investment Grade	-	-	-	-
Unrated	2,766,418	-	-	2,766,418
Total	5,704,748	-	-	5,704,748

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

	Group		Bank
	2023	2024	2023
	RM'000	RM'000	RM'000
Other Assets			
Aged more than 365 days	3,137	3,031	2,708
Aged between 181 - 365 days	4,132	2,013	4,132
Aged between 91 - 180 days	(16)	3,893	42
Aged 90 days or less	13,387	6,874	13,387
Total	20,640	15,811	20,269

38 FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Credit risk (continued)

(iii) Maximum exposure to credit risk

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

	Group		Bank
	2023	2024	2023
	RM'000	RM'000	RM'000
Items recognised in the statements of financial position			
Cash and short-term funds (exclude cash in hand)	3,552,292	3,306,788	3,552,241
Deposits and placements with banks and other financial institutions	89,770	1,093,468	89,770
Debt instruments at FVOCI	1,992,554	2,303,458	1,992,554
Debt instruments at amortised cost	70,183	70,183	70,183
Loans and advances	10,422,439	11,540,538	10,422,439
Other assets	20,640	15,811	20,269
Derivative financial assets	16,074	89,968	16,074
	16,163,952	18,420,214	16,163,530
Items not recognised in the statements of financial position			
Contingent liabilities	2,627,732	2,844,666	2,627,732
Credit commitments	3,619,402	3,550,606	3,631,402
Total maximum credit risk exposure	22,411,086	24,815,486	22,422,664

The financial effect of collateral (quantification to the extent to which collateral and other credit enhancements mitigate credit risk) held for gross loans and advances for the Group and Bank is 33% (2023: 32%). The financial effect of collateral held for the other financial assets are insignificant.

38 FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Credit risk (continued)

(iv) Collateral

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

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

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

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

Valuation report of property by panel valuer is required by the Group and the Bank to ensure the value is fair unless is exempted by the Group and the Bank. Generally, the value of the property charged is updated during the periodic credit review to reflect the current market value. The estimated market value of the collateral as at 31 December 2024 being RM9.9 billion (2023: RM9.8 billion); of which RM0.53 billion (2023: RM0.58 billion) being collateral of financial assets that are impaired.

38 FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Credit risk (continued)

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

Group 2023	Short-term funds and placements with financial institutions RM'000	Debt instruments at FVOCI RM'000	Debt instruments at amortised cost RM'000	Loans and advances RM'000	Other assets RM'000	On-balance sheet total RM'000	Commitments and contingents RM'000
Agriculture, forestry and fishing	-	-	-	200,179	-	200,179	168,364
Mining and quarrying	-	-	-	131,705	-	131,705	4,106
Manufacturing	-	-	-	2,095,678	-	2,095,678	1,886,933
Electricity, gas, steam and air conditioning supply	-	-	-	921,961	-	921,961	660,043
Water supply; sewerage, waste management and remediation activities	-	-	-	3,483	-	3,483	20,258
Construction	-	-	-	864,150	-	864,150	995,934
Wholesale and retail trade; repair of motor vehicles and motorcycles	-	-	-	318,092	-	318,092	338,237
Transport and storage	-	-	-	1,111,327	-	1,111,327	62,265
Accommodation and food service activities	-	-	-	54,224	-	54,224	12,807
Information and communication	-	-	-	260,570	-	260,570	220,631
Financial and insurance/ takaful activities	2,794,912	73,227	-	1,348,215	16,074	4,232,428	1,418,426
Real estate activities	-	-	-	1,460,050	-	1,460,050	176,142
Professional, scientific and technical activities	-	-	-	96,320	-	96,320	29,352
Administrative and support service activities	-	-	-	152,816	-	152,816	105,074
Public administrative and defence; compulsory social security	-	-	-	14,425	-	14,425	-
Education	-	-	-	206,653	-	206,653	26,112

38 FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Credit risk (continued)

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

Group 2023	Short-term funds and placements with financial institutions RM'000	Debt instruments at FVOCI RM'000	Debt instruments at amortised cost RM'000	Loans and advances RM'000	Other assets RM'000	On-balance sheet total RM'000	Commitments and contingents RM'000
Arts, entertainment and recreation	-	-	-	71,686	-	71,686	-
Household	-	-	-	1,110,905	-	1,110,905	122,450
Others*	847,150	1,919,327	70,183	-	20,640	2,857,300	-
	3,642,062	1,992,554	70,183	10,422,439	36,714#	16,163,952	6,247,134

* Others include of RM2,836,661,000 under government and government agencies.
# Other assets include derivative financial assets and other receivable.

38 FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Credit risk (continued)

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

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

38 FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Credit risk (continued)

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

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

* Others include of RM2,711,776,000 under government and government agencies.
[#] Other assets include derivative financial assets and other receivable.

38 FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Credit risk (continued)

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

Bank 2023	Short-term funds and placements with financial institutions RM'000	Debt instruments at FVOCI RM'000	Debt instruments at amortised cost RM'000	Loans and advances RM'000	Other assets RM'000	On-balance sheet total RM'000	Commitments and contingents RM'000
Agriculture, forestry and fishing	-	-	-	200,179	-	200,179	168,364
Mining and quarrying	-	-	-	131,705	-	131,705	4,106
Manufacturing	-	-	-	2,095,678	-	2,095,678	1,886,933
Electricity, gas, steam and air conditioning supply	-	-	-	921,961	-	921,961	660,043
Water supply; sewerage, waste management and remediation activities	-	-	-	3,483	-	3,483	20,258
Construction	-	-	-	864,150	-	864,150	995,934
Wholesale and retail trade; repair of motor vehicles and motorcycles	-	-	-	318,092	-	318,092	338,237
Transport and storage	-	-	-	1,111,327	-	1,111,327	62,265
Accommodation and food service activities	-	-	-	54,224	-	54,224	12,807
Information and communication	-	-	-	260,570	-	260,570	220,631
Financial and insurance/ takaful activities	2,794,861	73,227	-	1,348,215	16,074	4,232,377	1,418,426
Real estate activities	-	-	-	1,460,050	-	1,460,050	176,142
Professional, scientific and technical activities	-	-	-	96,320	-	96,320	29,352
Administrative and support service activities	-	-	-	152,816	-	152,816	117,074
Public administrative and defence; compulsory social security	-	-	-	14,425	-	14,425	-
Education	-	-	-	206,653	-	206,653	26,112

38 FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Credit risk (continued)

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

Bank 2023	Short-term funds and placements with financial institutions RM'000	Debt instruments at FVOCI RM'000	Debt instruments at amortised cost RM'000	Loans and advances RM'000	Other assets RM'000	On-balance sheet total RM'000	Commitments and contingents RM'000
Arts, entertainment and recreation	-	-	-	71,686	-	71,686	-
Household	-	-	-	1,110,905	-	1,110,905	122,450
Others*	847,150	1,919,327	70,183	-	20,269	2,856,929	-
	3,642,011	1,992,554	70,183	10,422,439	36,343#	16,163,530	6,259,134

* Others include of RM2,836,661,000 under government and government agencies.
# Other assets include derivative financial assets and other receivable.

38 FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Liquidity risk

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

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

38 FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Liquidity risk (continued)

The table below which analyses financial assets and financial liabilities as at 31 December 2023 based on the remaining contractual maturity, is disclosed in accordance with the requirements of BNM's Guidelines on Financial Reporting:

Group	Within 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	Non-specific maturity RM'000	Total RM'000
2023								
Cash and short-term funds	2,608,546	943,746	-	-	-	-	-	3,552,292
Deposits and placements with banks and other financial institutions	-	-	89,770	-	-	-	-	89,770
Derivative financial assets	1,511	4,413	5,030	2,123	387	2,610	-	16,074
Financial investments	-	6,121	7,355	255,458	535,298	1,258,505	19,008	2,081,745
Loans and advances	527,206	1,202,099	928,191	387,625	919,184	6,458,134	-	10,422,439
Other assets	15,853	2,319	506	202	94	3,470	-	22,444
Total assets	3,153,116	2,158,698	1,030,852	645,408	1,454,963	7,722,719	19,008	16,184,764
Deposits from customers	4,176,542	880,976	1,308,533	1,354,003	1,814,454	63,114	-	9,597,622
Deposits and placements of banks and other financial institutions	787,925	1,241,109	817,017	-	183,543	-	-	3,029,594
Derivative financial liabilities	471	4,302	4,725	2,026	368	2,612	-	14,504
Other liabilities	205,774	31,491	1,802	44,930	10,417	48,743	-	343,157
Subordinated loan	21,942	-	-	-	-	1,419,800	-	1,441,742
Total liabilities	5,192,654	2,157,878	2,132,077	1,400,959	2,008,782	1,534,269	-	14,426,619
Net liquidity gap - Total assets less total liabilities	(2,039,538)	820	(1,101,225)	(755,551)	(553,819)	6,188,450	19,008	1,758,145

38 FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Liquidity risk (continued)

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

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

38 FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Liquidity risk (continued)

The table below which analyses financial assets and financial liabilities as at 31 December 2023 based on the remaining contractual maturity, is disclosed in accordance with the requirements of BNM's Guidelines on Financial Reporting:

Bank	Within 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	Non-specific maturity RM'000	Total RM'000
2023								
Cash and short-term funds	2,608,496	943,745	-	-	-	-	-	3,552,241
Deposits and placements with banks and other financial institutions	-	-	89,770	-	-	-	-	89,770
Derivative financial assets	1,511	4,413	5,030	2,123	387	2,610	-	16,074
Financial investments	-	6,121	7,355	255,458	535,298	1,258,505	19,008	2,081,745
Loans and advances	527,206	1,202,099	928,191	387,625	919,184	6,458,134	-	10,422,439
Other assets	15,854	2,302	506	202	86	3,123	-	22,073
Total assets	3,153,067	2,158,680	1,030,852	645,408	1,454,955	7,722,372	19,008	16,184,342
Deposits from customers	4,177,730	880,976	1,308,533	1,354,003	1,814,454	63,114	-	9,598,810
Deposits and placements of banks and other financial institutions	787,925	1,241,109	817,017	-	183,543	-	-	3,029,594
Derivatives financial liabilities	471	4,302	4,725	2,026	368	2,612	-	14,504
Other liabilities	205,774	28,801	1,418	44,654	9,853	44,153	-	334,653
Subordinated loan	21,942	-	-	-	-	1,419,800	-	1,441,742
Total liabilities	5,193,842	2,155,188	2,131,693	1,400,683	2,008,218	1,529,679	-	14,419,303
Net liquidity gap - Total assets less total liabilities	(2,040,775)	3,492	(1,100,841)	(755,275)	(553,263)	6,192,693	19,008	1,765,039

38 FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Liquidity risk (continued)

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

Group	Within 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	Total RM'000
2023							
Financial liabilities							
Deposits from customers	3,732,162	1,360,099	1,294,321	1,377,515	1,861,378	46,371	9,671,846
Deposits and placements of banks and other financial institutions	787,936	1,242,957	823,130	-	217,060	-	3,071,083
Derivatives financial liabilities	388	3,759	5,802	870	2,721	1,300	14,840
Other liabilities	197,381	21,357	2,902	4,682	10,544	21,446	258,312
Subordinated loan	-	22,938	-	22,688	45,626	1,675,106	1,766,358
	4,717,867	2,651,110	2,126,155	1,405,755	2,137,329	1,744,223	14,782,439

38 FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Liquidity risk (continued)

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

Bank	Within 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	Total RM'000
2024							
Financial liabilities							
Deposits from customers	5,252,203	957,690	1,484,773	1,357,140	1,755,126	9,409	10,816,341
Deposits and placements of banks and other financial institutions	545,626	1,420,223	1,429,286	405,327	-	-	3,800,462
Derivatives financial liabilities	683	35,935	38,815	5,572	1,944	8,056	91,005
Other liabilities	218,616	4,904	1,352	5,051	8,687	13,703	252,313
Subordinated loan	21,844	-	-	21,844	44,416	1,632,929	1,721,033
	6,038,972	2,418,752	2,954,226	1,794,934	1,810,173	1,664,097	16,681,154
2023							
Financial liabilities							
Deposits from customers	3,733,350	1,360,099	1,294,321	1,377,515	1,861,378	46,371	9,673,034
Deposits and placements of banks and other financial institutions	787,936	1,242,957	823,130	-	217,060	-	3,071,083
Derivatives financial liabilities	388	3,759	5,802	870	2,721	1,300	14,840
Other liabilities	197,381	19,231	2,673	4,339	9,559	16,365	249,548
Subordinated loan	-	22,938	-	22,688	45,626	1,675,106	1,766,358
	4,719,055	2,648,984	2,125,926	1,405,412	2,136,344	1,739,142	14,774,863

38 FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Liquidity risk (continued)

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

Bank

	2024			2023		
	Less than 1 year	Over 1 year	Total	Less than 1 year	Over 1 year	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Direct credit substitutes	1,898	-	1,898	3,187	-	3,187
Transaction-related contingent items	1,465,913	1,316,199	2,782,112	1,543,709	1,009,933	2,553,642
Short-term self-liquidating trade-related contingencies	49,394	11,262	60,656	70,903	-	70,903
Irrevocable commitments to extend credit	3,280,722	269,884	3,550,606	3,241,689	389,713	3,631,402
Foreign exchange related contracts	7,375,786	-	7,375,786	1,731,010	-	1,731,010
Interest/Profit rate related contracts	633,449	328,239	961,688	517,526	64,197	581,723
	12,807,162	1,925,584	14,732,746	7,108,024	1,463,843	8,571,867

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

38 FINANCIAL RISK MANAGEMENT (CONTINUED)

(d) Market risk

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

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

The Bank's interest rate risk are monitored through earnings and economic value of equity indicators. The impact on net interest income of the banking book is simulated under various interest rate assumptions. Sensitivity is measured using the Earnings-at-Risk ("EaR") methodology. An increase or decrease by 25 basis points, the impact of increase/decrease on the Bank's earnings for the financial year end is estimated at RM9.14 million (2023: RM8.9 million).

The Group and the Bank are exposed to precious metal risk and such exposures are managed together with foreign exchange risk. An increase or decrease of 1% in market price would impact the fair value by RM600 (2023: RM600).

The Group's and the Bank's foreign exchange risk are managed by matching the quantum and timing of cash flow of the foreign exchange assets with foreign exchange liabilities. The mismatch between foreign currencies mainly arises from the Group's and the Bank's short- term foreign currencies borrowing and medium-to-long term foreign currencies loans.

The following table demonstrates the sensitivity of the Group's and the Bank's profit after taxation and equity to a reasonable possible change in foreign exchange rates with all other variables remaining constant.

Impact on profit after taxation:

	Group and Bank			
	2024		2023	
	Foreign exchange rate +1% RM'000	Foreign exchange rate -1% RM'000	Foreign exchange rate +1% RM'000	Foreign exchange rate -1% RM'000
Currency				
USD	1,676	(1,676)	3,148	(3,148)
SGD	4	(4)	(3)	3
CNY	401	(401)	485	(485)
Others	(2)	2	(17)	17

38 FINANCIAL RISK MANAGEMENT (CONTINUED)

(d) Market risk (continued)

Interest rate risk (Interbank Offer Rate ("IBOR") Reform)

The discontinuation of London Interbank Offer Rate ("LIBOR") and the transition to alternative Risk Free Rates ("RFR") could pose challenges to the Group and the Bank as the transition from LIBOR is expected to bring about significant legal, valuation, accounting, risk management and system implication.

Bank Negara Malaysia ("BNM") has established key signposts to ensure that banks adequately prepare for and manage a smooth transition away from LIBOR. These include key timelines to be adhered to for engagement with customers to renegotiate contracts and incorporate fallback provisions in loan and derivative contracts, completion of the assessment on operational readiness and capability to support products references to RFRs and resolution of all residual risks and impediments to issue products referenced to RFRs.

BNM introduced the Malaysia Overnight Rate ("MYOR") as the new alternative reference rate, which will run in parallel with the existing KLIBOR, providing the market with the flexibility to choose either MYOR or KLIBOR as the reference rate for pricing of financial instruments.The Financial Markets Committee ("FMC") will engage the International Swaps and Derivatives Association ("ISDA") to ensure continuity of KLIBOR derivatives contracts in the event of a temporary or permanent discontinuation of KLIBOR publication.

The main risk to which the Bank has been exposed as a result of IBOR reform are operational. The transition from IBOR to RFR or other types of base rates will have implications to the Bank arising from legal implications for existing derivatives and loan contracts referenced to IBOR, adjustments to accounting and valuation approaches, and system recalibration and reconfiguration.

The Group and the Bank have established an IBOR Transition Programme that is overseen by the Bank's Chief Executive Officer, and regularly updates a number of committees including the Board Risk Committee and Asset Liability Management Committee. The programme comprises a series of business and function workstreams, with oversight and coordination of the specific areas and risks provided by a central project team. The key objectives of these workstreams include the following:

- quantification and monitoring of affected exposures regularly;
- identification of evaluation of key risks arising from the reform under different scenarios;
- formulating an action plan to prudently manage the risk identified;
- monitoring closely the developments of the benchmark reform both in own country and internationally, update the scenarios and action plan as appropriate;
- identifying contracts in scope of benchmark reform;
- considering changes to internal systems, processes, risk management and valuation models;
- identifying and communicating to counterparties with whom repricing and/or re-papering IBOR-referenced contracts is required and executing the necessary change in contracts; and
- managing any related tax and accounting implications.

38 FINANCIAL RISK MANAGEMENT (CONTINUED)

(d) Market risk (continued)

Interest rate risk

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

	Non-trading book						
	Up to 1 month	>1-3 months	>3-12 months	>1-5 years	Over 5 years	Non-interest sensitive	Total
Group	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
2023							
Assets							
Cash and short-term funds	2,872,076	-	-	-	-	705,438	3,577,514
Deposits and placements with banks and other financial institutions	-	89,456	-	-	-	314	89,770
Derivative financial assets	5,923	5,030	2,510	2,611	-	-	16,074
Debt instruments at FVOCI	-	-	785,264	1,188,505	-	18,785	1,992,554
Equity instruments at FVOCI	-	-	-	-	-	19,008	19,008
Debt instruments at amortised cost	-	-	-	70,000	-	183	70,183
Loans and advances							
- non-impaired	1,662,793	928,191	1,299,389	4,270,914	2,064,370	-	10,225,657
- impaired	66,513	-	7,420	68,289	54,560	-	196,782

38 FINANCIAL RISK MANAGEMENT (CONTINUED)

(d) Market risk (continued)

Interest rate risk (continued)

	Non-trading book						
Group	Up to 1 month RM'000	>1-3 months RM'000	>3-12 months RM'000	>1-5 years RM'000	Over 5 years RM'000	Non-interest sensitive RM'000	Total RM'000
2023							
Other assets	-	-	-	-	-	22,444	22,444
Tax recoverable	-	-	-	-	-	17,617	17,617
Deferred tax assets	-	-	-	-	-	31,339	31,339
Right-of-use assets	-	-	-	-	-	26,894	26,894
Property and equipment	-	-	-	-	-	45,850	45,850
Intangible assets	-	-	-	-	-	1,724	1,724
Statutory deposits with Bank Negara Malaysia	-	-	-	-	-	92,000	92,000
Total assets	4,607,305	1,022,677	2,094,583	5,600,319	2,118,930	981,596	16,425,410

38 FINANCIAL RISK MANAGEMENT (CONTINUED)

(d) Market risk (continued)

Interest rate risk (continued)

	Non-trading book						
Group	Up to 1 month RM'000	>1-3 months RM'000	>3-12 months RM'000	>1-5 years RM'000	Over 5 years RM'000	Non-interest sensitive RM'000	Total RM'000
2023							
Liabilities							
Deposits from customers	1,880,305	1,272,411	3,137,725	44,160	-	3,263,021	9,597,622
Deposits and placements of banks and other financial institutions	1,374,631	814,561	183,200	-	-	657,202	3,029,594
Derivatives financial liabilities	4,774	4,725	2,394	2,611	-	-	14,504
Other liabilities	902	1,226	1,644	17,531	3,522	318,332	343,157
Subordinated loan	-	-	-	1,419,800	-	21,942	1,441,742
Total liabilities	3,260,612	2,092,923	3,324,963	1,484,102	3,522	4,260,497	14,426,619
Total equity	-	-	-	-	-	1,998,791	1,998,791
Total liabilities and equity	3,260,612	2,092,923	3,324,963	1,484,102	3,522	6,259,288	16,425,410
On balance sheet - interest sensitivity gap	1,346,693	(1,070,246)	(1,230,380)	4,116,217	2,115,408	(3,278,901)	
Off balance sheet - interest sensitivity gap	-	-	-	-	-	8,559,867	
Total interest sensitivity gap	1,346,693	(1,070,246)	(1,230,380)	4,116,217	2,115,408	5,280,966	

38 FINANCIAL RISK MANAGEMENT (CONTINUED)

(d) Market risk (continued)

Interest rate risk (continued)

	Non-trading book						
	Up to 1 month	>1-3 months	>3-12 months	>1-5 years	Over 5 years	Non-interest sensitive	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
2024							
Assets							
Cash and short-term funds	3,006,069	-	-	-	-	325,189	3,331,258
Deposits and placements with banks and other financial institutions	-	1,090,425	-	-	-	3,043	1,093,468
Derivative financial assets	36,816	38,996	6,061	8,095	-	-	89,968
Debt instruments at FVOCI	19,994	80,104	170,911	920,173	1,089,970	22,306	2,303,458
Equity instruments at FVOCI	-	-	-	-	-	15,155	15,155
Debt instruments at amortised cost	-	-	-	70,000	-	183	70,183
Equity instrument at FVTPL	-	-	-	-	-	950	950
Loans and advances							
- non-impaired	1,672,984	1,348,750	1,209,550	4,565,824	2,552,769	-	11,349,877
- impaired	75,589	-	2,241	80,544	32,287	-	190,661
Other assets	-	-	-	-	-	18,356	18,356
Deferred tax assets	-	-	-	-	-	31,148	31,148
Tax recoverable	-	-	-	-	-	14,264	14,264
Right-of-use assets	-	-	-	-	-	18,626	18,626
Property and equipment	-	-	-	-	-	40,455	40,455
Intangible assets	-	-	-	-	-	1,903	1,903
Investment in a subsidiary	-	-	-	-	-	1,000	1,000
Statutory deposits with Bank Negara Malaysia	-	-	-	-	-	116,000	116,000
Total assets	4,811,452	2,558,275	1,388,763	5,644,636	3,675,026	608,578	18,686,730

38 FINANCIAL RISK MANAGEMENT (CONTINUED)

(d) Market risk (continued)

Interest rate risk (continued)

	Non-trading book						
	Up to 1 month RM'000	>1-3 months RM'000	>3-12 months RM'000	>1-5 years RM'000	Over 5 years RM'000	Non-interest sensitive RM'000	Total RM'000
2024							
Liabilities							
Deposits from customers	1,942,713	1,453,042	3,011,629	8,904	-	4,065,067	10,481,355
Deposits and placements of banks and other financial institutions	1,957,219	1,418,270	401,650	-	-	11,323	3,788,462
Other borrowing	313,378	-	-	-	-	1,056	314,434
Derivatives financial liabilities	-	-	-	-	-	88,726	88,726
Other liabilities	47,799	1,473	6,051	13,479	1,040	312,042	381,884
Subordinated loan	-	-	-	-	1,384,150	18,831	1,402,981
Total liabilities	4,261,109	2,872,785	3,419,330	22,383	1,385,190	4,497,045	16,457,842
Total equity	-	-	-	-	-	2,228,888	2,228,888
Total liabilities and equity	4,261,109	2,872,785	3,419,330	22,383	1,385,190	6,725,933	18,686,730
On balance sheet – interest sensitivity gap	550,343	(314,510)	(2,030,567)	5,622,253	2,289,836	(3,888,467)	
Off balance sheet - interest sensitivity gap	-	-	-	-	-	14,732,746	
Total interest sensitivity gap	550,343	(314,510)	(2,030,567)	5,622,253	2,289,836	10,844,279	

38 FINANCIAL RISK MANAGEMENT (CONTINUED)

(d) Market risk (continued)

Interest rate risk (continued)

	Non-trading book						
	Up to 1 month	>1-3 months	>3-12 months	>1-5 years	Over 5 years	Non-interest sensitive	Total
Bank	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
2023							
Assets							
Cash and short-term funds	2,872,023	-	-	-	-	705,438	3,577,461
Deposits and placements with banks and other financial institutions	-	89,456	-	-	-	314	89,770
Derivative financial assets	5,923	5,030	2,510	2,611	-	-	16,074
Debt instruments at FVOCI	-	-	785,264	1,188,505	-	18,785	1,992,554
Equity instruments at FVOCI	-	-	-	-	-	19,008	19,008
Debt instruments at amortised cost	-	-	-	70,000	-	183	70,183
Loans and advances							
- non-impaired	1,662,793	928,191	1,299,389	4,270,914	2,064,370	-	10,225,657
- impaired	66,513	-	7,420	68,289	54,560	-	196,782
Other assets	-	-	-	-	-	22,073	22,073
Deferred tax assets	-	-	-	-	-	31,202	31,202
Tax recoverable	-	-	-	-	-	17,607	17,607
Right-of-use assets	-	-	-	-	-	21,242	21,242
Property and equipment	-	-	-	-	-	45,465	45,465
Intangible assets	-	-	-	-	-	1,724	1,724
Investment in a subsidiary	-	-	-	-	-	1,000	1,000
Statutory deposits with Bank Negara Malaysia	-	-	-	-	-	92,000	92,000
Total assets	4,607,252	1,022,677	2,094,583	5,600,319	2,118,930	976,041	16,419,802

38 FINANCIAL RISK MANAGEMENT (CONTINUED)

(d) Market risk (continued)

Interest rate risk (continued)

	Non-trading book						
Bank	Up to 1 month RM'000	>1-3 months RM'000	>3-12 months RM'000	>1-5 years RM'000	Over 5 years RM'000	Non-interest sensitive RM'000	Total RM'000
2023							
Liabilities							
Deposits from customers	1,880,305	1,272,411	3,137,725	44,160	-	3,264,209	9,598,810
Deposits and placements of banks and other financial institutions	1,374,631	814,561	183,200	-	-	657,202	3,029,594
Derivatives financial liabilities	4,774	4,725	2,394	2,611	-	-	14,504
Other liabilities	903	1,226	1,644	17,532	3,522	309,826	334,653
Subordinated loan	-	-	-	1,419,800	-	21,942	1,441,742
Total liabilities	3,260,613	2,092,923	3,324,963	1,484,103	3,522	4,253,179	14,419,303
Total equity	-	-	-	-	-	2,000,499	2,000,499
Total liabilities and equity	3,260,613	2,092,923	3,324,963	1,484,103	3,522	6,253,678	16,419,802
On balance sheet – interest sensitivity gap	1,346,639	(1,070,246)	(1,230,380)	4,116,216	2,115,408	(3,277,138)	
Off balance sheet - interest sensitivity gap	-	-	-	-	-	8,571,867	
Total interest sensitivity gap	1,346,639	(1,070,246)	(1,230,380)	4,116,216	2,115,408	5,294,729	

38 FINANCIAL RISK MANAGEMENT (CONTINUED)

(e) Operational risk

Operational risk refers to the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. Operational risk is inherent in all activities, products and services of financial institutions and can transverse multiple activities and business lines within the Bank. It includes a wide spectrum of heterogeneous risk such as fraud, physical damage, business disruption, transaction failures, legal and regulatory breaches as well as employee health and safety hazards. Operational risk may result in direct financial losses as well as indirect financial losses (e.g. loss of business and market share) due to reputational damage.

To manage operational risk, the Bank has established “Three lines of defence” to manage operational risk events, where:

First line of defence – Business and functional lines are primarily responsible in managing operational risk of their respective businesses and functions.

Second line of defence – perform reviewing and identification and management of major operational risk by business and functional lines as well as integrating operational risks at the enterprise level.

Third line of defence – provide regular reviews and assessments of the operational risk management framework, processes and systems.

Risk Management and Internal Control Committee (“RMICC”), Compliance Risk Management Committee (“CRMC”), and Board Risk Committees (“BRC”) are the Bank’s risk governance committees accountable in overseeing the enterprise wide operational risk function. The committee is responsible to monitor and deliberate on operational risk issues specific to the business or functional lines, and promote risk ownership and management by the business and functional lines.

39 FAIR VALUE OF FINANCIAL INSTRUMENTS

MFRS 7 *Financial Instruments: Disclosures* requires the classification of financial instruments held at fair value according to a hierarchy that reflects the significance of inputs used in making the measurements, in particular, whether the inputs used are observable or unobservable. MFRS 13 *Fair Value Measurement* also requires the hierarchical disclosure for financial instruments of which their fair values are disclosed. The following levels of hierarchy are used for determining the disclosing the fair value of financial instruments:

Level 1 – Quoted prices (unadjusted) in active markets for identical financial instruments.

Level 2 – Valuation technique using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 – Valuation technique using inputs for the asset or liability that is not based on observable market data (unobservable inputs).

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

Where available, quoted and observable market prices are used as the measures of fair values. Where such quoted and observable market prices are not available, fair values are estimated based on a range of methodologies and assumptions regarding risk characteristics of various financial instruments, discount rates, estimates of future cash flows and other factors. Changes in the uncertainties and assumptions could materially affect these estimates and the resulting fair value estimates.

39 FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

(a) Financial instruments carried at fair value

As at 31 December 2024, the Group and the Bank only have fair valued financial instruments that fall under Level 1, Level 2 and Level 3 as listed below:

	Bank Valuation Technique 2024				Group and Bank Valuation Technique 2023			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Financial assets								
Debt instruments at FVOCI	-	2,303,458	-	2,303,458	-	1,992,554	-	1,992,554
Equity instruments at FVOCI	-	-	15,155	15,155	-	-	19,008	19,008
Derivative financial assets	-	89,968	-	89,968	-	16,074	-	16,074
Equity instruments at FVTPL	950	-	-	950	-	-	-	-
	950	2,393,426	15,155	2,409,531	-	2,008,628	19,008	2,027,636
Financial liabilities								
Derivative financial liabilities	-	88,726	-	88,726	-	14,504	-	14,504

39 FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

(a) Financial instruments carried at fair value (continued)

The following represents the changes in Level 3 of financial assets:

	Equity instruments at fair value through other comprehensive income
	RM'000
Bank	
At 1 January 2024	19,008
Total loss recognised in other comprehensive income	(3,853)
At 31 December 2024	15,155

(i) Debt instruments at FVOCI

The estimated fair value of Malaysian Government Securities and Malaysian Government Investment Issues is generally based on directly or indirectly market observable inputs and classified under Level 2 of the fair value hierarchy.

(ii) Equity instruments at FVOCI

The Bank derived the fair value of the unquoted equity investments based on the "revised net assets" method. The revised net assets were obtained based on the fair value net assets as derived in the investee's latest publicly available audited financial statement of these investments. Investments in equity instruments that do not have a quoted market price in an active market and whose fair value can be reliably measured are measured at cost.

Cagamas Holdings Berhad's shares is revalued based on fair value of net tangible asset approach.

(iii) Derivative financial assets and liabilities

The fair values of derivative assets and liabilities are from foreign exchange related contracts/interest/profit related contracts. These are the estimated amounts the Group and the Bank would receive or pay to terminate the contracts at the reporting date.

39 FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

(b) Quantitative information about fair value measurements using significant unobservable inputs (Level 3)

Sensitivity analysis for level 3

	Bank 2024 Favorable changes +10% RM'000	Bank 2024 Unfavorable changes -10% RM'000
Equity instruments at FVOCI		
- Cagamas Holdings Berhad	1,180	(1,180)
- CGC	336	(336)
	1,516	(1,516)

(c) Financial instruments not carried at fair value

A range of methodologies and assumptions had been used in deriving the fair values of the Group's and the Bank's financial instruments at the reporting date. The total fair value by each class of financial instruments is not materially different from the total carrying amount, except for the following financial assets:

	2023 Carrying amount RM'000	2023 Fair value RM'000
Group		
Financial assets		
Debt instrument at amortised cost		
- Level 2	70,183	69,979
Other assets		
Precious metal inventories		
- Level 2	37	64
	70,220	70,043

39 FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

(c) Financial instruments not carried at fair value (continued)

	2024		2023	
	Carrying amount RM'000	Fair value RM'000	Carrying amount RM'000	Fair value RM'000
Bank				
Financial assets				
Debt instrument at amortised cost				
- Level 2	70,183	70,266	70,183	69,979
Other assets				
Precious metal inventories				
- Level 2	28	60	37	64
	70,211	70,326	70,220	70,043

	2023	
	Carrying amount RM'000	Fair value RM'000
Group		
Financial assets		
Loans and advances		
- Level 3	10,422,439	10,408,379

	2024		2023	
	Carrying amount RM'000	Fair value RM'000	Carrying amount RM'000	Fair value RM'000
Bank				
Financial assets				
Loans and advances				
- Level 3	11,540,538	11,526,799	10,422,439	10,408,379

39 FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

(c) Financial instruments not carried at fair value (continued)

	2023	
	Carrying amount	Fair value
	RM'000	RM'000
Group		
Financial liabilities		
Deposits and placements of bank and other financial institutions		
- Level 2	3,029,594	3,029,594
Other borrowing		
- Level 3	-	-
Subordinated loan		
- Level 3	1,441,742	1,419,800

	2024		2023	
	Carrying amount	Fair value	Carrying amount	Fair value
	RM'000	RM'000	RM'000	RM'000
Bank				
Financial liabilities				
Deposits and placements of bank and other financial institutions				
- Level 2	3,788,462	3,788,462	3,029,594	3,029,594
Other borrowing				
- Level 3	314,434	291,799	-	-
Subordinated loan				
- Level 3	1,402,981	1,396,240	1,441,742	1,419,800

39 FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

(c) Financial instruments not carried at fair value (continued)

	2023 Carrying amount	2023 Fair value
	RM'000	RM'000
Group		
Financial liabilities		
Deposits from customers		
- Level 2	9,597,622	9,595,328

	2024 Carrying amount	2024 Fair value	2023 Carrying amount	2023 Fair value
	RM'000	RM'000	RM'000	RM'000
Bank				
Financial liabilities				
Deposits from customers				
- Level 2	10,481,355	10,480,947	9,598,810	9,595,516

(i) Debt instruments at amortised cost

The estimated fair value of negotiable instruments of deposits is based on market yield of similar assets and classified under Level 2 of the fair value hierarchy.

(ii) Precious metal inventories

The fair values of financial assets are determined by quoted market prevailing prices of the respective precious metals as quoted by the London Bullion Market Association.

(iii) Loans and advances

For variable rate financing, the carrying value is generally a reasonable estimate of fair value.

For fixed rate financing with maturities of 6 months or more, the fair value is estimated by discounting the estimated future cash flows using the prevailing market rates of financing with similar credit risks and maturities.

The fair value of impaired variable and fixed rate financing are represented by their carrying value, net of individual impairment allowance, being the expected recoverable amount.

39 FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

(c) Financial instruments not carried at fair value (continued)

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

The estimated fair values of deposits and placements of banks and other financial institutions with maturities of less than one year approximate the carrying amounts.

(v) Deposits from customers

For deposits from customers with maturities of less than one year, the carrying amounts are a reasonable estimate of their fair value.

(vi) Fair values of other financial instruments carried at cost or amortised cost

Cash and short-term funds and deposits and placements with banks and other financial institutions, as well as interest and other short-term receivables and payables included in other assets and other liabilities respectively, fair values are expected to approximate the carrying amounts in the statements of financial position due to their short-term maturity.

The fair value of fixed rate loans and advances are estimated based on discounted cash flows using prevailing market rates of loans and advances of similar credit risks and maturity. The fair value of the fixed rate loans are approximate their carrying amounts due to their short-term maturity.

For fair values of variable rate loans and advances, the fair values are estimated to approximate their carrying amounts.

The fair value of other financial assets approximates their carrying amounts due to their short-term in nature.

(vii) Subordinated loan

The fair value of other borrowing and subordinated loan is estimated by discounting the expected future cash flows using the applicable prevailing interest rates for similar instruments as at reporting date.

(d) Sensitivity of fair value measurement to changes in unobservable inputs assumptions

Equity instruments at FVOCI was revalued using net tangible asset value approach, where higher net tangible assets result in higher fair value.

40 ACCOUNTING ESTIMATES AND ASSUMPTIONS

The preparation of financial statements in conformity with MFRS requires the use of certain accounting estimates and assumptions that underlie the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities. These estimates require the Group's and the Bank's management to exercise their judgement in the process of applying the Group's and the Bank's accounting policies. Although these estimates and judgement are based on the management's best knowledge of current events and actions actual results may differ. The Group and the Bank make estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgements are continuously evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable and relevant under the circumstances.

ECL for impairment on loans and advances

The Group and the Bank adopt a forward-looking approach in making ECL on loans and advances. The management is guided by the relevant Bank Negara Malaysia guidelines and accounting standards in making judgement on the future and key factors in estimation of the amount and timing of the cash flows arising from impairment on loans and advances. Amongst the factors considered are the Group's and the Bank's aggregate loan exposures, the realisable values of the underlying collaterals, the customers' credit risk rating, the capacity to generate sufficient cash flows to service debt obligations.

Future cash flows in a group of financial assets that are collectively evaluated for impairment are estimated on the basis of historical loss experience for assets with credit risk characteristics similar to those in the group. In the case where the Group and the Bank have no entity-specific loss experience or insufficient experience, the Group and the Bank may use peer group experience for comparable groups of financial assets. Historical loss experience is adjusted on the basis of current observable data that have an impact on the current conditions and irrelevant data are removed.

Estimates of changes in future cash flows reflect and are directionally consistent with changes in related observable data from period to period (such as change in economic variables such as Gross Domestic Product, unemployment rates, property prices, or other relevant factors and their magnitude). The methodology and assumptions used for estimating future cash flows are reviewed regularly to enhance accuracy of the estimates by minimizing the variance between estimated and actual outcomes.

The amounts of ECL on loans and advances recognised by the Group and the Bank are as disclosed in Note 9. The Group's and the Bank's ECL on loans and advances as at 31 December 2024 was estimated based on a range of forecast economic conditions as at the reporting date and the assumptions used for management ECL overlays are as disclosed in Note 38 (b). There is no significant adjusting post balance sheet event that will impact the Group's and the Bank's financial results for the current financial year ended 31 December 2024.

40 ACCOUNTING ESTIMATES AND ASSUMPTIONS (CONTINUED)

Fair value of financial instruments

The majority of the Group's and the Bank's financial instruments reported at fair value are based on quoted and observable market prices. Where the fair values of financial assets and financial liabilities recorded on the statements of financial position cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of mathematical models. The inputs to these models are derived from observable market data where possible, but where observable market data are not available, judgement is required to establish fair values. The judgements include considerations of liquidity and model inputs such as volatility for longer dated derivatives and discount rates, prepayment rates and default rate assumptions for asset-backed securities. The valuation of financial instruments is described in more details in Note 39.

Deferred tax assets and income taxes

In determining the Group's and the Bank's tax charge for the year it involves estimation and judgement, which includes an interpretation of local tax law and an assessment of whether the tax authority will accept the position taken. The Bank provides for current tax liabilities at the best estimate based on all available evidence and the amount that is expected to be paid to the tax authority where and outflow is probable.

The recoverability of the Group's and the Bank's deferred tax assets is based on management's judgement of the availability of future taxable profits against which the deferred tax assets will be utilised.

41 SUBSEQUENT EVENT

During the Extraordinary General Meeting held on 28 February 2025, the shareholder has approved the allotment and issuance of 54,216,310 new ordinary shares in the share capital of the Bank. The allotment and issuance of 54,216,310 new ordinary shares is ranking pari passu with the existing ordinary shares of the Bank at an issue price of RM1 each to the immediate holding company, Bank of China (Hong Kong) Limited, for a total cash consideration RM54,216,310.

42 APPROVAL OF FINANCIAL STATEMENTS

The financial statements have been authorised for issue in accordance with a resolution of the Board of Directors 24 April 2025.