

Bank No.
310983V

BANK OF AMERICA MALAYSIA BERHAD
(Incorporated in Malaysia)

UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2019

BANK OF AMERICA MALAYSIA BERHAD
(Incorporated in Malaysia)

**UNAUDITED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2019**

	<u>Note</u>	31 March 2019 RM'000	31 December 2018 RM'000
ASSETS			
Cash and short term funds	7	1,620,702	2,117,387
Financial assets at fair value through profit or loss (FVTPL)	8	1,581,526	2,071,907
Financial assets at fair value through other comprehensive income (FVOCI)	9	225,040	52,923
Loans, advances and financing	10	183,922	134,594
Other assets	11	68,793	22,809
Derivative assets		27,294	31,497
Tax recoverable		8,034	8,630
Deferred tax assets		1,113	2,134
Statutory deposits with Bank Negara Malaysia		34,501	16,800
Property, plant and equipment		4,207	2,017
TOTAL ASSETS		3,755,132	4,460,698
LIABILITIES AND SHAREHOLDERS' FUNDS			
Deposits from customers	16	2,922,605	2,988,012
Deposits and placements of banks and other financial institutions	17	33,533	680,972
Bills and acceptances payable		17,669	27,258
Other liabilities	18	67,607	58,600
Derivative liabilities		21,110	33,177
TOTAL LIABILITIES		3,062,524	3,788,019
Share capital		135,800	135,800
Reserves		556,808	536,879
Shareholders' funds		692,608	672,679
TOTAL LIABILITIES AND SHAREHOLDERS' FUNDS		3,755,132	4,460,698
COMMITMENTS AND CONTINGENCIES	32	8,024,044	11,176,415

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**UNAUDITED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2019**

	<u>Note</u>	31 March 2019 RM'000	31 March 2018 RM'000
Interest income	19	15,861	16,183
Interest expense	20	(11,401)	(4,993)
Net interest income		4,460	11,190
Net trading income	21	36,122	27,079
Other operating income	22	3,379	3,627
Net non-interest income		39,501	30,706
Net income		43,961	41,896
Other operating expenses	23	(18,031)	(19,585)
Profit before allowance		25,930	22,311
Write back on impairment for credit losses	24	364	1,431
Profit before taxation		26,294	23,742
Taxation		(6,365)	(4,287)
Profit for the financial year		19,929	19,455
Other comprehensive income:			
<u>Items that may be subsequently reclassified to profit or loss</u>			
Change in value of financial assets at fair value through other comprehensive income (FVOCI):			
- Income tax effects		-	-
<u>Items that may not be subsequently reclassified to profit or loss</u>			
Change in value of equity investments at fair value through other comprehensive income (FVOCI):			
- Income tax effects		-	-
Other comprehensive income, net of tax		-	-
Total comprehensive income for the financial year		19,929	19,455
Earnings per share (sen)			
- Basic/diluted		14.68	14.33

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**UNAUDITED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2019**

	Non distributable			Distributable	
	Share capital	FVOCI reserves	Regulatory reserve	Retained profits	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2019	135,800	1,047	2,679	533,153	672,679
Total comprehensive income for the financial period	-	-	-	19,929	19,929
Transfer to regulatory reserve			558	(558)	-
At 31 March 2019	135,800	1,047	3,237	552,524	692,608
At 1 January 2018	135,800	1,047	-	490,588	627,435
Total comprehensive income for the financial period	-	-	-	19,455	19,455
- effects of adoption of MFRS 9:	-	-	-	3,391	3,391
<i>Loans, advances and financing</i>	-	-	-	3,629	3,629
<i>Financial guarantees and loan commitments</i>	-	-	-	(238)	(238)
Transfer to regulatory reserve	-	-	1,691	(1,691)	-
At 31 March 2018	135,800	1,047	1,691	511,743	650,281

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UNAUDITED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2019

	31 March 2019 RM'000	31 March 2018 RM'000
Cash flows from operating activities		
Profit before taxation	26,294	23,742
Adjustments for:		
- Depreciation of property and equipment	244	220
- Impairment charge for credit losses	(364)	(1,431)
- Net unrealised (loss)/gain on fair value changes in derivatives	(7,866)	29,953
- Net unrealised gain/(loss) on revaluation of financial assets at FVTPL	3,572	(3,399)
	<u>21,880</u>	<u>49,085</u>
Changes in working capital:		
<i>(Increase)/decrease in operating assets:</i>		
- Financial assets FVTPL	486,809	(793,630)
- Financial assets FVOCI	(172,117)	-
- Loans, advances and financing	(48,964)	27,385
- Other assets	(45,984)	(128,640)
- Derivative assets	12,069	(10,884)
- Statutory deposit with Bank Negara Malaysia	(17,701)	-
<i>Increase/(decrease) in operating liabilities:</i>		
- Deposits from customers	(65,407)	59,833
- Deposits and placements of banks and other financial institutions	(647,439)	(72,994)
- Bills and acceptances payable	(9,589)	(22,151)
- Other liabilities	9,007	70,937
- Derivative liabilities	(12,067)	10,882
Cash flows from operating activities	<u>(489,503)</u>	<u>(810,177)</u>
Taxation paid	<u>(4,748)</u>	<u>(3,526)</u>
Net cash provided by operating activities	<u>(494,251)</u>	<u>(813,703)</u>
Cash flows from investing activities		
Purchase of property and equipment	<u>(2,434)</u>	<u>(427)</u>
Net cash used in investing activities	<u>(2,434)</u>	<u>(427)</u>
Cash and cash equivalents	<u>(496,685)</u>	<u>(814,130)</u>
As at 1 January	<u>2,117,387</u>	<u>2,765,001</u>
As at 31 March 2019	<u><u>1,620,702</u></u>	<u><u>1,950,871</u></u>

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NOTES TO THE FINANCIAL STATEMENTS MARCH 2019

1 BASIS OF PREPARATION

The unaudited condensed interim financial statements of the Bank for the first quarter ended 31 March 2019 have been prepared in accordance with the requirements of Malaysian Financial Reporting Standard ("MFRS") 134 "Interim Financial Reporting" issued by the Malaysian Accounting Standards Board ("MASB").

The unaudited condensed interim financial statements should be read in conjunction with the Bank's audited financial statements for the financial year ended 31 December 2018. The explanatory notes attached to the unaudited condensed interim financial statements provide an explanation of events and transactions that are significant for an understanding of the changes in the financial position and performance of the Bank since the financial year ended 31 December 2018.

The unaudited condensed interim financial statements have been prepared under the historical cost convention. The accounting policies and methods of computation applied in the unaudited condensed interim financial statements are consistent with those adopted in the most recent audited financial statements for the year ended 31 December 2018, except as follows:

A NEW AND AMENDED STANDARDS ADOPTED BY THE BANK

The Bank has applied MFRS 16 "Leases" for the first time with a date of initial application of 1 January 2019.

MFRS 16 "Leases" supersedes MFRS 117 "Leases" and the related interpretations.

- Under MFRS 16, a lease is a contract (or part of a contract) that conveys the right to control the use of an identified asset for a year of time in exchange for consideration.
- MFRS 16 eliminates the classification of leases by the lessee as either finance leases (on balance sheet) or operating leases (off balance sheet). MFRS 16 requires a lessee to recognise a 'right-of-use' of the underlying asset and a lease liability reflecting future lease payments for most leases.
- The right-of-use asset is depreciated in accordance with the principle in MFRS 116 Property, Plant and Equipment and the lease liability is accreted over time with interest expense recognised in profit or loss.
- For lessors, MFRS 16 retains most of the requirements in MFRS 117. Lessors continue to classify all leases as either operating leases or finance leases and account for them differently.

The adoption of MFRS 16 "Leases" did not have a significant effect on the unaudited condensed interim financial statements of the Bank.

2 AUDITOR'S REPORT ON PRECEDING ANNUAL FINANCIAL STATEMENTS

The auditor's report on the financial statements for the preceding financial year ended 31 December 2018 was not subject to any qualification.

3 SEASONAL OR CYCLICALITY FACTORS

The business operations of the Bank have not been affected by any material seasonal or cyclical factors.

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NOTES TO THE FINANCIAL STATEMENTS MARCH 2019

4 UNUSUAL ITEMS DUE TO THEIR NATURE, SIZE OR INCIDENCE

There were no unusual items affecting the assets, liabilities, equity, net income or cash flows of the Bank during the first quarter ended 31 March 2019.

5 CHANGES IN ESTIMATES

There were no significant changes in estimates arising from prior financial period/year that have a material effect on the financial results and position for the financial quarter ended 31 March 2019.

6 ISSUANCE AND REPAYMENTS OF DEBTS AND EQUITY SECURITIES

There were no cancellations, repurchase, resale or repayments of debt and equity securities during the current financial quarter under review.

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NOTES TO THE FINANCIAL STATEMENTS MARCH 2019

7 CASH AND SHORT TERM FUNDS

	31 March 2019 RM'000	31 December 2018 RM'000
Cash and balances with banks and other financial institutions	69,785	102,921
Money at call and deposit placements maturing within one month	1,550,917	2,014,466
	<u>1,620,702</u>	<u>2,117,387</u>

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

	31 March 2019 RM'000	31 December 2018 RM'000
Malaysian Government Securities	751,853	1,041,185
Malaysian Government Investment Issues	160,286	131,546
Malaysian Government Treasury Bills	669,387	899,176
	<u>1,581,526</u>	<u>2,071,907</u>

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

	31 March 2019 RM'000	31 December 2018 RM'000
<u>Quoted securities in Malaysia:</u>		
Bank Negara Bills	222,045	49,928
<u>Unquoted securities in Malaysia:</u>		
Shares	2,980	2,980
Bonds	15	15
	<u>225,040</u>	<u>52,923</u>

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NOTES TO THE FINANCIAL STATEMENTS MARCH 2019

10 LOANS, ADVANCES AND FINANCING

	31 March 2019 RM'000	31 December 2018 RM'000
(a) By type		
At amortised cost:		
Overdrafts	10,759	28,537
Factoring receivables	24,763	22,806
Staff loans	819	843
Revolving advances	118,167	52,236
Term loans	49,576	50,379
Mortgage loans	219	243
Gross loans, advances and financing	204,303	155,044
Stage 1: 12 Months - On Balance Sheet	(276)	(227)
Stage 2: Lifetime ECL not credit impaired	-	-
Stage3: Lifetime ECL credit-impaired	(20,105)	(20,223)
Total net loans, advances and financing	<u>183,922</u>	<u>134,594</u>
(b) Gross loans, advances and financing analysed by geographical distribution:		
Malaysia	<u>204,303</u>	<u>155,044</u>
(c) By type of customer		
Domestic business enterprises	203,086	153,743
Domestic non-banking financial institutions	180	214
Individuals	1,037	1,087
	<u>204,303</u>	<u>155,044</u>
(d) By interest rate sensitivity		
Fixed rate:		
Housing loans	747	767
Other fixed rate loans	146,265	79,926
Variable rate:		
Base rate	3,377	4,775
Cost plus	4,337	19,198
Other floating rate loans	49,577	50,378
	<u>204,303</u>	<u>155,044</u>

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NOTES TO THE FINANCIAL STATEMENTS MARCH 2019

10 LOANS, ADVANCES AND FINANCING (CONTINUED)

	31 March 2019 RM'000	31 December 2018 RM'000
(e) By sector		
Mining & quarrying	49,576	51,598
Manufacturing	123,900	58,910
Construction	-	13,310
Wholesale & Retail trade, Restaurant & Hotels	3,263	4,807
Telecommunication	1,776	2,517
Finance, insurance and business services	23,463	21,225
Education, health and others	1,287	1,591
Household	1,038	1,086
	<u>204,303</u>	<u>155,044</u>
(f) By economic purpose		
Purchase of transport vehicles	62	65
Purchase of landed property (residential)	966	1,010
Personal use	10	11
Working capital	203,265	153,958
	<u>204,303</u>	<u>155,044</u>
(g) By residual contractual maturity		
Within one year	185,686	137,918
One year to three years	18,207	16,296
Three years to five years	57	65
Over five years	353	765
	<u>204,303</u>	<u>155,044</u>
(h) Gross loans, advances and financing by staging		
Stage 1: 12 Month ECL	154,687	104,635
Stage 2: Lifetime ECL Not Credit Impaired	-	-
Stage 3: Credit Impaired	49,616	50,409
	<u>204,303</u>	<u>155,044</u>
(i) Movements in impaired loans, advances and financing are as follows:		
At 1 January	50,409	36
Impaired during the year	13	50,379
Amount recovered during the period	(4)	(6)
Other adjustments	(802)	-
At 31 March/31 December	<u>49,616</u>	<u>50,409</u>
Stage 3: Lifetime ECL credit impaired	<u>(20,105)</u>	<u>(20,223)</u>
Net impaired loans, advances and financing	<u>29,511</u>	<u>30,186</u>
Gross impaired loans as a % of gross loans, advances and financing	<u>24.29%</u>	<u>32.51%</u>

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10 LOANS, ADVANCES AND FINANCING (CONTINUED)

- (i) Movements in Expected Credit Losses ("ECL") on loans, advances and financing are as follows:

	12-Month ECL (Stage 1) RM'000	Lifetime ECL Not Credit- Impaired (Stage 2) RM'000	Credit Impaired (Stage 3) RM'000	Total RM'000
31 March 2019				
At 1 January 2019	227	-	20,223	20,450
Changes due to loans, advances and financing recognised				
- Transfer to Stage 1: 12-Month ECL	-	-	-	-
- Transfer to Stage 2: Lifetime ECL not credit-impaired	-	-	-	-
- Transfer to Stage 3: Lifetime ECL credit-impaired	-	-	-	-
Loans, advances and financing derecognised (other than write off)	(21)	-	-	(21)
New loans, advances and financing originated	19	-	-	19
Net remeasurement due to changes in credit risk	51	-	(118)	(67)
Modification to contractual cash flows of loans, advances and financing	-	-	-	-
Amount written off	-	-	-	-
At 31 March 2019	276	-	20,105	20,381
31 December 2018				
At 1 January 2018	1,046	6,662	36	7,744
- effects of adopting MFRS 9	(436)	(3,193)	-	(3,629)
Restated	610	3,469	36	4,115
Changes due to loans, advances and financing recognised				
- Transfer to Stage 1: 12-Month ECL	-	-	-	-
- Transfer to Stage 2: Lifetime ECL not credit-impaired	-	-	-	-
- Transfer to Stage 3: Lifetime ECL credit-impaired	-	(3,469)	3,469	-
Loans, advances and financing derecognised (other than write off)	(383)	-	-	(383)
New loans, advances and financing originated	-	-	-	-
Net remeasurement due to changes in credit risk	-	-	16,718	16,718
Modification to contractual cash flows of loans, advances and financing	-	-	-	-
Amount written off	-	-	-	-
At 31 December 2018	227	-	20,223	20,450

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10 LOANS, ADVANCES AND FINANCING (CONTINUED)

	31 March 2019 RM'000	31 December 2018 RM'000
(j) Impaired loans, advances and financing analysed by geographical distribution		
Malaysia	<u>49,616</u>	<u>50,409</u>
(k) Impaired loans, advances and financing analysed by economic purpose:		
Working capital	49,576	50,379
Purchase of landed property (residential)	40	30
	<u>49,616</u>	<u>50,409</u>

11 OTHER ASSETS

	31 March 2019 RM'000	31 December 2018 RM'000
Collateral receivables	7,991	11,134
Intercompany receivables	1,818	2,383
Other receivables	58,569	9,140
Deposits	36	36
Prepayments	379	116
	<u>68,793</u>	<u>22,809</u>

12 PRE-ACQUISITION PROFITS

There were no pre-acquisition profits reported for the financial first quarter under review.

13 PROPERTY, PLANT AND EQUIPMENT

The valuations of property, plant and equipment have been brought forward, without amendment from the previous annual financial statements.

14 PROFITS ON SALE OF INVESTMENTS/PROPERTIES

There were no material gains or loss on disposal of investments (other than in the ordinary course of business) and/or properties for the financial period under review.

15 PURCHASE AND DISPOSAL OF QUOTED SECURITIES

There were no purchases or disposal of quoted securities for the financial period under review other than those purchased or disposed in the ordinary course of business.

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NOTES TO THE FINANCIAL STATEMENTS MARCH 2019

16 DEPOSITS FROM CUSTOMERS

	31 March 2019 RM'000	31 December 2018 RM'000
Demand deposits	2,242,333	2,239,244
Savings deposits	6	5
Fixed deposits	680,266	748,763
	<u>2,922,605</u>	<u>2,988,012</u>

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

Due within six months	675,708	742,501
Six months to one year	50	4,156
One year to five years	3,451	1,050
More than five years	1,057	1,056
	<u>680,266</u>	<u>748,763</u>

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

Business enterprises	2,922,560	2,987,044
Individuals	45	46
Others	-	922
	<u>2,922,605</u>	<u>2,988,012</u>

17 DEPOSITS AND PLACEMENTS OF BANKS AND OTHER FINANCIAL INSTITUTIONS

	31 March 2019 RM'000	31 December 2018 RM'000
Licensed banks	32,532	680,972
Other financial institutions	1,001	-
	<u>33,533</u>	<u>680,972</u>

18 OTHER LIABILITIES

	31 March 2019 RM'000	31 December 2018 RM'000
Collateral payables	39,742	21,751
Intercompany payables	22,376	17,961
Deferred income on loans, advances and financing	4	4
Accruals	2,030	6,300
Share-based recharge payables	698	228
Provisions made for ECL	434	729
Other payables	2,323	11,627
	<u>67,607</u>	<u>58,600</u>

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19 INTEREST INCOME

	31 March 2019 RM'000	31 March 2018 RM'000
Loans, advances and financing	1,501	2,435
Money at call and deposit placements with banks and other financial institutions	13,131	13,748
Financial assets at FVOCI	1,229	-
	<u>15,861</u>	<u>16,183</u>

20 INTEREST EXPENSE

	31 March 2019 RM'000	31 March 2018 RM'000
Deposits and placements of banks and other financial institutions	1,616	95
Deposits from customers	9,785	4,898
Others	-	-
	<u>11,401</u>	<u>4,993</u>

21 NET TRADING INCOME

	31 March 2019 RM'000	31 March 2018 RM'000
Fair value gain/(loss) on instruments		
- Debt instruments FVTPL		
Net gain from sale of financial assets at FVTPL	7,852	3,399
Unrealised revaluation gain/(loss) on financial assets at FVTPL	3,572	(240)
- Derivatives financial instruments		
Realised loss on derivatives	(240)	(847)
Unrealised gain/(loss) on foreign exchange forwards and swaps	7,828	(30,905)
Unrealised gain on interest rate and cross currency swaps	38	1,192
Interest income from financial assets at FVTPL	17,808	8,376
Realised (loss)/gain from foreign exchange	(736)	46,104
	<u>36,122</u>	<u>27,079</u>

22 OTHER OPERATING INCOME

	31 March 2019 RM'000	31 March 2018 RM'000
<i>Fee income</i>		
Commission	86	88
Service charges and fees	1,313	1,270
Guarantee fees	475	470
Management fee income	494	1,094
Other fee income	1,011	705
Total fee income	<u>3,379</u>	<u>3,627</u>

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23 OTHER OPERATING EXPENSES

	31 March 2019 RM'000	31 March 2018 RM'000
<i><u>Personnel costs</u></i>		
Salaries, allowances and bonuses	6,637	5,581
Share-based payment	1,398	1,389
Defined contribution plans	1,648	2,134
Other personnel costs	511	1,094
	<u>10,194</u>	<u>10,198</u>
<i><u>Establishment costs</u></i>		
Depreciation of property and equipment	244	220
Rental of premises	228	445
Rental of equipment	94	98
Repair and maintenance	291	449
Others	248	487
	<u>1,105</u>	<u>1,699</u>
<i><u>Marketing expenses</u></i>		
Others	98	84
	<u>98</u>	<u>84</u>
<i><u>Administration and general expenses</u></i>		
Communication expenses	503	443
Legal and professional fees	138	335
Stationery and postages	109	172
Shared administrative support expenses	4,826	4,683
Others	1,058	1,971
	<u>6,634</u>	<u>7,604</u>
	<u>18,031</u>	<u>19,585</u>

24 WRITEBACK ON IMPAIRMENT FOR CREDIT LOSSES

	31 March 2019 RM'000	31 March 2018 RM'000
<u>Allowance for losses on loans, advances and financing:</u>		
Expected credit losses	364	1,431
	<u>364</u>	<u>1,431</u>

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NOTES TO THE FINANCIAL STATEMENTS MARCH 2019

25 SIGNIFICANT EVENTS DURING THE FINANCIAL PERIOD

There were no significant events during the financial first quarter that have not been disclosed in these condensed interim financial statements.

26 SIGNIFICANT EVENTS SUBSEQUENT TO THE BALANCE SHEET DATE

There were no significant events subsequent to the balance sheet date which have not been disclosed in these condensed interim financial statements.

27 CHANGES IN COMPOSITION OF THE BANK

There were no significant changes in the composition of the Bank for the financial first quarter ended 31 March 2019 which have not been disclosed in the audited financial statements for the financial year ended 31 December 2018.

28 SEGMENTAL REPORTING ON REVENUE, PROFIT AND ASSETS

Segmental reporting has not been prepared as there are no other segments other than the commercial banking segment.

29 Taxation

There are no material changes in the profit before taxation for the financial first quarter reported as compared with the preceding financial first quarter, which have not been disclosed in these condensed interim financial statement

30 Dividends

There were no dividends paid or declared for the financial first quarter ended 31 March 2019.

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NOTES TO THE FINANCIAL STATEMENTS MARCH 2019

31 CAPITAL ADEQUACY

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

	31 March 2019 RM'000	31 December 2018 RM'000
<u>Common Equity ("CET1") Capital and Tier 1 Capital</u>		
Share capital	135,800	135,800
Retained profits	535,832	532,441
- effects of adoption of MFRS 9	-	3,391
Unrealised gains and losses on available-for-sale financial instruments	1,047	1,047
	<u>672,679</u>	<u>672,679</u>
Less: regulatory adjustments		
- Deferred tax assets	(1,113)	(2,134)
- 55% of cumulative gains of available-for-sale financial instruments	(576)	(576)
- Regulatory reserve	(3,237)	(2,679)
Total CET 1 and Tier 1 Capital	<u>667,753</u>	<u>667,290</u>
<u>Tier-II Capital</u>		
Loss allowance for non-credit impaired exposures/ Collective assessment allowance *	709	956
Regulatory reserve	3,237	2,679
Total Tier II capital	<u>3,946</u>	<u>3,635</u>
Total Capital	<u>671,699</u>	<u>670,925</u>

* Excludes Lifetime ECL Credit Impaired (Stage 3) loans on impaired loans restricted from Tier-II Capital of BAMB of RM20,105,228 (2018: RM20,222,870).

Breakdown of risk-weighted assets ("RWA") in the various categories of risk-weights:

<u>Total risk-weighted assets:-</u>		
Credit risk	536,028	472,160
Market risk	442,426	373,887
Operational risk	251,797	242,037
Total RWA	<u>1,230,251</u>	<u>1,088,084</u>

	31 March 2019	31 December 2018
<u>Capital ratios</u>		
CET I capital ratio	54.278%	61.327%
Tier I capital ratio	54.278%	61.327%
Total capital ratio	<u>54.599%</u>	<u>61.661%</u>

Total capital and capital adequacy ratios of the Bank are computed in accordance with BNM's Capital Adequacy Framework (Capital Components) guidelines issued on 2 February 2018. The Bank has adopted the Standardised Approach ("SA") for Credit Risk and Market Risk and Basic Indicator Approach ("BIA") for Operational Risk.

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32 COMMITMENTS AND CONTINGENCIES

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

The commitments and contingencies constitute the followings:

<u>Description</u>	31 March 2019			31 December 2018		
	Principal amount RM'000	Credit equivalent amount RM'000	Risk weighted amount RM'000	Principal amount RM'000	Credit equivalent amount RM'000	Risk weighted amount RM'000
Direct credit substitutes	107,431	107,235	103,493	104,392	104,094	102,113
Transaction related contingent items	27,063	13,507	11,854	35,227	17,564	15,727
Short-term self liquidating trade related contingencies	12,019	2,399	2,399	10,076	2,009	2,009
Foreign exchange related contracts:						
- One year or less	2,058,910	21,823	17,238	4,302,440	54,376	26,722
- Over one year to five years	15,924	1,115	1,115	9,676	677	677
Interest/profit rate related contracts:						
- One year or less	2,110,030	5,332	2,489	2,143,000	3,352	1,347
- Over one year to five years	2,952,400	35,588	13,409	3,708,600	48,595	19,315
- Over five years	157,500	6,330	2,704	187,500	7,997	3,591
Other commitments, such as formal standby facilities and credit lines, with an original maturity of up to one year	582,767	116,344	116,344	674,267	134,478	134,478
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	-	-	-	13	7	2
Any commitments that are unconditionally cancelled at any time by the Bank without prior notice or that effectively provide for automatic cancellation due to deterioration in a borrower's creditworthiness	-	-	-	1,224	-	-
Total	8,024,044	309,673	271,045	11,176,415	373,149	305,981

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33 FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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

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

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

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

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

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

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

	Level 1	Level 2	Level 3	Total
	RM'000	RM'000	RM'000	RM'000
31 March 2019				
<u>Financial assets at fair value through profit or loss</u>				
Financial assets at fair value through profit or loss (FVTPL)				
- Malaysian Government Securities	751,853	-	-	751,853
- Malaysian Government Investment Issues	160,286	-	-	160,286
- Malaysian Government Treasury Bills	669,387	-	-	669,387
Derivative assets				
- Foreign exchange forwards and swaps	-	10,521	-	10,521
- Interest rate and cross currency swaps	-	16,773	-	16,773
<u>Financial assets at fair value through other comprehensive income</u>				
Bank Negara Bills	222,045	-	-	222,045
Unquoted shares	-	-	2,980	2,980
Unquoted bonds	-	-	15	15
Total assets	<u>1,803,571</u>	<u>27,294</u>	<u>2,995</u>	<u>1,833,860</u>

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NOTES TO THE FINANCIAL STATEMENTS MARCH 2019

33 FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
31 March 2019				
<u>Financial liabilities at fair value through profit or loss</u>				
Derivative liabilities				
- Foreign exchange forwards and swaps	-	4,826	-	4,826
- Interest rate and cross currency swaps	-	16,284	-	16,284
Total liabilities	-	21,110	-	21,110
31 December 2018				
<u>Financial assets at fair value through profit or loss</u>				
Financial assets at fair value through profit or loss (FVTPL)				
- Malaysian Government Securities	1,041,185	-	-	1,041,185
- Malaysian Government Investment Issues	131,546	-	-	131,546
- Malaysian Government Treasury Bills	899,176	-	-	899,176
Derivative assets				
- Foreign exchange forwards and swaps	-	12,878	-	12,878
- Interest rate and cross currency swaps	-	18,619	-	18,619
<u>Financial assets at fair value through other comprehensive income</u>				
Unquoted shares	-	-	2,980	2,980
Unquoted bonds	-	-	15	15
Bank Negara Bills	49,928	-	-	49,928
Total assets	2,121,835	31,497	2,995	2,156,327
<u>Financial liabilities at fair value through profit or loss</u>				
Derivative liabilities				
- Foreign exchange forwards and swaps	-	18,167	-	18,167
- Interest rate and cross currency swaps	-	15,010	-	15,010
Total liabilities	-	33,177	-	33,177

There were no transfers between levels 1 and 2 during the year.

Company No.
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STATEMENT OF DECLARATION

To the best of our knowledge, the accompanying Statement of Financial Position of Bank of America Malaysia Berhad as at 31 March 2019, and the related Statement of Comprehensive Income, Statement of Changes in Equity, Statement of Cash Flows and notes for the first quarter ended on that date had been prepared from the Bank's accounting and other records and nothing has come to our attention that causes us to believe that the condensed interim financial statements are not presented fairly in all material aspects in accordance with the Malaysian Accounting Standards Board ("MASB") approved accounting standards in Malaysia for entities other than private entities and Bank Negara Malaysia Policy Documents and Guidelines.

For and on behalf of,
Bank of America Malaysia Berhad

Chief Financial Officer
Yvonne Lew Ee-Wern
26 April 2019