

Registration No.

199401025304 (310983-V)

BANK OF AMERICA MALAYSIA BERHAD

(Incorporated in Malaysia)

UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD 31 MARCH 2020

BANK OF AMERICA MALAYSIA BERHAD
(Incorporated in Malaysia)

UNAUDITED CONDENSED INTERIM FINANCIAL POSITION FOR THE FINANCIAL PERIOD 31 MARCH 2020

	Note	31 March 2020 RM'000	31 December 2019 RM'000
ASSETS			
Cash and short term funds	7	2,823,632	2,736,001
Financial assets at fair value through profit or loss (FVTPL)	8	525,863	900,961
Financial assets at fair value through other comprehensive income (FVOCI)	9	62,493	102,576
Loans, advances and financing	10	243,592	248,512
Other assets	11	151,096	21,445
Derivative assets		134,772	40,456
Tax recoverable		5,365	9,722
Deferred tax assets		952	2,035
Statutory deposits with Bank Negara Malaysia		20,001	10,001
Property, plant and equipment	13	4,475	4,892
TOTAL ASSETS		3,972,241	4,076,601
LIABILITIES AND SHAREHOLDERS' FUNDS			
Deposits from customers	16	2,782,716	3,146,529
Deposits and placements of banks and other financial institutions	17	59,313	76,104
Bills and acceptances payable		20,001	18,482
Other liabilities	18	226,292	58,076
Derivative liabilities		119,263	44,526
TOTAL LIABILITIES		3,207,585	3,343,717
Share capital		135,800	135,800
Reserves		628,856	597,084
Shareholders' funds		764,656	732,884
TOTAL LIABILITIES AND SHAREHOLDERS' FUNDS		3,972,241	4,076,601
COMMITMENTS AND CONTINGENCIES	32	17,701,596	12,429,913

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**UNAUDITED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD 31 MARCH 2020**

	Note	31 March 2020 RM'000	31 March 2019 RM'000
Interest income	19	16,217	15,861
Interest expense	20	(8,378)	(11,401)
Net interest income		7,839	4,460
Net trading income	21	52,043	36,122
Other operating income	22	4,469	3,379
Net non-interests income		56,512	39,501
Net income		64,351	43,961
Other operating expenses	23	(18,349)	(18,031)
Profit before allowance		46,002	25,930
Impairment for credit losses	24	(4,124)	364
Profit before taxation		41,878	26,294
Taxation		(10,115)	(6,365)
Profit for the financial period		31,763	19,929
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>			
Net change in revaluation of financial investments at fair value through other comprehensive income (FVOCI)		9	-
Other comprehensive income, net of tax		9	-
Total comprehensive income for the financial year		31,772	19,929
Earnings per share (sen)			
- Basic / Diluted		23.39	14.68

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**UNAUDITED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD 31 MARCH 2020**

		<u>Non distributable</u>			<u>Distributable</u>
	<u>Share capital</u>	<u>FVOCI reserve</u>	<u>Regulatory reserve</u>	<u>Retained profits</u>	<u>Total</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
At 1 January 2020	135,800	1,052	1,287	594,745	732,884
Total comprehensive income for the financial period	-	-	-	31,763	31,763
Change in value of financial assets at fair value through other comprehensive income (FVOCI)	-	9	-	-	9
Transfer to regulatory reserve	-	-	32	(32)	-
At 31 March 2020	<u>135,800</u>	<u>1,061</u>	<u>1,319</u>	<u>626,476</u>	<u>764,656</u>
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
Change in value of financial assets at fair value through other comprehensive income (FVOCI)	-	-	-	-	-
Transfer to regulatory reserve	-	-	558	(558)	-
At 31 March 2019	<u>135,800</u>	<u>1,047</u>	<u>3,237</u>	<u>552,524</u>	<u>692,608</u>

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UNAUDITED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL PERIOD 31 MARCH 2020

	31 March 2020 RM'000	31 March 2019 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	41,878	26,294
Adjustments for:		
- Depreciation of property and equipment	268	244
- Depreciation of right-of-use assets	179	-
- Impairment/write back for credit losses	4,124	(364)
- Net unrealised loss on fair value changes in derivatives	(19,530)	(7,866)
- Net unrealised gain on revaluation of financial assets at FVTPL	(5,872)	3,572
	<hr/> 21,047	<hr/> 21,880
Changes in working capital:		
<i>(Increase)/Decrease in operating assets:</i>		
Financial assets FVTPL	380,970	486,809
Financial assets FVOCI	40,092	(172,117)
Loans, advances and financing	796	(48,964)
Other assets	(129,651)	(45,984)
Derivative assets	(74,786)	12,069
Statutory deposit with Bank Negara Malaysia	(10,000)	(17,701)
<i>Increase/(Decrease) in operating liabilities:</i>		
Deposits from customers	(363,813)	(65,407)
Deposits and placements of banks and other financial institutions	(16,791)	(647,439)
Bills and acceptances payable	1,519	(9,589)
Other liabilities	168,216	9,007
Derivative liabilities	74,737	(12,067)
CASH FLOWS GENERATED FROM/(USED IN) OPERATING ACTIVITIES	<hr/> 92,336	<hr/> (489,503)
Taxation paid	(4,675)	(4,748)
NET CASH GENERATED FROM /(USED IN) BY OPERATING ACTIVITIES	<hr/> 87,661	<hr/> (494,251)

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UNAUDITED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL PERIOD 31 MARCH 2020 (CONTINUED)

	31 March 2020 RM'000	31 March 2019 RM'000
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(12)	(2,434)
Proceeds from disposal of property and equipment	-	-
NET CASH USED IN INVESTING ACTIVITIES	<u>(12)</u>	<u>(2,434)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Payment of lease rentals	(18)	-
NET CASH USED IN FINANCING ACTIVITIES	<u>(18)</u>	<u>-</u>
CASH AND CASH EQUIVALENTS	87,631	(496,685)
AS AT 1 JANUARY	<u>2,736,001</u>	<u>2,117,387</u>
AS AT 31 MARCH	2 <u><u>2,832,632</u></u>	<u><u>1,620,702</u></u>

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NOTES TO THE FINANCIAL STATEMENTS FOR 31 MARCH 2020

1 BASIS OF PREPARATION

The unaudited condensed interim financial statements of the Bank 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 2019. 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 2019.

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 2019, except as follows:

NEW AND AMENDED STANDARDS ADOPTED BY THE BANK

Effective for annual periods commencing on or after 1 January 2020

- MFRS 3 - Definition of Business (Amendments)
- Interest Rate Benchmark Reform (Amendments to MFRS 9, MFRS 139 and MFRS 7)
- Definition of Material (Amendments to MFRS101 and MFRS 108)

MFRS 3 – Definition of Business (Amendments)

Amendments to MFRS 3 ‘Definition of a Business’ (effective 1 January 2020) revise the definition of a business. To be considered a business, an acquisition would have to include an input and a substantive process that together significantly contribute to the ability to create outputs. The adoption of this standard is not expected to have any material financial impact on the financial statements of the Bank.

Interest Rate Benchmark Reform (Amendments to MFRS 9, MFRS 139 and MFRS 7)

Interest Rate Benchmark Reform (Amendments to MFRS 9 ‘Financial Instruments’, MFRS 139 ‘Financial Instruments: Recognition and Measurement’ and MFRS 7 ‘Financial Instruments: Disclosures’) were issued in October 2019 that modify the specific hedge accounting requirements so that entities apply those hedge accounting requirements assuming that the interest rate benchmark on which the hedged cash flows and cash flows of the hedging instrument are based is not altered as a result of interest rate benchmark reform. The adoption of this standard is not expected to have any material financial impact on the financial statements of the Bank.

Definition of Material (Amendments to MFRS101 and MFRS 108)

Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity. The adoption of this standard is not expected to have any material financial impact on the financial statements of the Bank.

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NOTES TO THE FINANCIAL STATEMENTS FOR 31 MARCH 2020

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 2019 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.

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 financial period ended 31 March 2020.

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 period ended 31 March 2020.

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 period under review.

7 CASH AND SHORT TERM FUNDS

	31 March 2020 RM'000	31 December 2019 RM'000
Cash and balances with banks and other financial institutions	65,048	140,428
Money at call and deposit placements maturing within one month	2,758,584	2,595,573
	<u>2,823,632</u>	<u>2,736,001</u>

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

	31 March 2020 RM'000	31 December 2019 RM'000
Malaysian Government Securities	430,868	570,221
Malaysian Government Investment Issues	33,671	330,740
Malaysian Government Treasury Bills	61,324	-
	<u>525,863</u>	<u>900,961</u>

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

	31 March 2020 RM'000	31 December 2019 RM'000
<u>Quoted securities in Malaysia:</u>		
Bank Negara Bills	59,513	99,596
<u>Unquoted securities in Malaysia:</u>		
Shares	2,980	2,980
	<u>62,493</u>	<u>102,576</u>

10 LOANS, ADVANCES AND FINANCING

	31 March 2020 RM'000	31 December 2019 RM'000
(a) Loans, advances and financing analysed by type		
At amortised cost:		
Overdrafts	11,993	4,852
Factoring receivables	18,430	23,442
Staff loans	561	564
Revolving advances	191,813	196,040
Term loans	46,094	44,802
Mortgage loans	135	147
	<u>269,026</u>	<u>269,847</u>
Gross loans, advances and financing	269,026	269,847
Expected Credit Losses ("ECL")		
- Stage 1: 12 Months – On Balance Sheet	(1,372)	(1,430)
- Stage 2: Lifetime ECL not credit impaired	(5)	-
- Stage 3: Lifetime ECL credit-impaired	(24,057)	(19,905)
	<u>243,592</u>	<u>248,512</u>
Total net loans, advances and financing	243,592	248,512

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NOTES TO THE FINANCIAL STATEMENTS FOR 31 MARCH 2020

10 LOANS, ADVANCES AND FINANCING (CONTINUED)

	31 March 2020 RM'000	31 December 2019 RM'000
(b) Gross loans, advances and financing analysed by geographical distribution		
Malaysia	269,026	269,847
(c) By type of customer		
Domestic business enterprises	203,248	203,892
Domestic non-banking financial institutions	65,081	65,243
Individuals	697	712
	269,026	269,847
(d) By interest rate sensitivity		
Fixed rate		
- Housing loans	499	510
- Other fixed rate loans	18,491	23,496
Variable rate		
- Base rate	136	147
- Cost plus	11,993	4,852
- Other floating rate loans	237,907	240,842
	269,026	269,847
(e) By sector		
Mining & quarrying	46,094	44,802
Manufacturing	129,970	128,126
Wholesale & Retail trade, Restaurant & Hotels	13,177	12,936
Transport, storage, communication	1,029	1,012
Finance, insurance and business services	78,059	82,259
Household	697	712
	269,026	269,847

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NOTES TO THE FINANCIAL STATEMENTS FOR 31 MARCH 2020

10 LOANS, ADVANCES AND FINANCING (CONTINUED)

	31 March 2020 RM'000	31 December 2019 RM'000
(f) By economic purpose		
Purchase of transport vehicles	46	48
Purchase of landed property (residential)	635	658
Personal use	16	5
Working capital	268,329	269,136
	<u>269,026</u>	<u>269,847</u>
(g) By residual contractual maturity		
Within one year	256,926	254,200
One year to three years	11,555	15,089
Three to five years	46	48
Over five years	499	510
	<u>269,026</u>	<u>269,847</u>
(h) Gross loans, advances and financing by staging		
Stage 1: 12 Month ECL	221,876	225,018
Stage 2: Lifetime ECL Not Credit Impaired	1,029	-
Stage 3: Credit Impaired	46,121	44,829
	<u>269,026</u>	<u>269,847</u>
(i) Movements in impaired loans, advances and financing		
At 1 January	44,829	50,409
Impaired during the year	-	13
Amount recovered during the year	(1,042)	(3,488)
Reclassified as non-impaired during the year	-	(13)
Exchange difference	2,334	(2,092)
At 30 March/31 December	46,121	44,829
Stage 3: Lifetime ECL credit impaired	(24,057)	(19,905)
Net impaired loans, advances and financing	<u>22,064</u>	<u>24,924</u>
Gross impaired loans as a % of gross loans, advances and financing	<u>17.14%</u>	<u>16.61%</u>

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NOTES TO THE FINANCIAL STATEMENTS FOR 31 MARCH 2020

10 LOANS, ADVANCES AND FINANCING (CONTINUED)

(j) Movements in Expected Credit Losses ("ECL") on loans, advances and financing

	12-Month ECL (Stage 1) RM'000	Not Credit- Impaired (Stage 2) RM'000	Lifetime ECL Credit Impaired (Stage 3) RM'000	Total RM'000
31 March 2020				
At 1 January 2020	1,430	-	19,905	21,335
Changes due to loans, advances and financing recognised				
- Transfer to Stage 1: 12-Month ECL	-	-	-	-
- Transfer to Stage 2: Lifetime ECL not credit-impaired	-	5	-	5
- Transfer to Stage 3: Lifetime ECL credit-impaired	-	-	-	-
Loans, advances and financing derecognised (other than write off)	(8)	-	-	(8)
New loans, advances and financing originated	8	-	-	8
Net remeasurement due to changes in credit risk	(58)	-	4,152	4,094
Modification to contractual cash flows of loans, advances and financing	-	-	-	-
Amount written off	-	-	-	-
At 31 March 2020	1,372	5	24,057	25,434

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NOTES TO THE FINANCIAL STATEMENTS FOR 31 MARCH 2020

10 LOANS, ADVANCES AND FINANCING (CONTINUED)

- (j) Movements in Expected Credit Losses ("ECL") on loans, advances and financing (continued)

	12-Month ECL (Stage 1) RM'000	Not Credit- Impaired (Stage 2) RM'000	Lifetime ECL Credit Impaired (Stage 3) RM'000	Total RM'000
31 December 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)	(72)	-	(13)	(85)
New loans, advances and financing originated	192	-	13	205
Net remeasurement due to changes in credit risk	1,083	-	(318)	765
Modification to contractual cash flows of loans, advances and financing	-	-	-	-
Amount written off	-	-	-	-
At 31 December 2019	1,430	-	19,905	21,335

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NOTES TO THE FINANCIAL STATEMENTS FOR 31 MARCH 2020

10 LOANS, ADVANCES AND FINANCING (CONTINUED)

	31 March 2020 RM'000	31 December 2019 RM'000
(k) Impaired loans, advances and financing analysed by geographical distribution		
Malaysia	46,121	44,829
(l) Impaired loans, advances and financing analysed by economic purpose		
Purchase of landed property (residential)	27	27
Working capital	46,094	44,802
	46,121	44,829

11 OTHER ASSETS

	31 March 2020 RM'000	31 December 2019 RM'000
Collateral receivables	61,263	12,272
Intercompany receivables	11,941	1,754
Deposits	36	36
Prepayments	3	3
Other receivables	77,853	7,380
	151,096	21,445

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NOTES TO THE FINANCIAL STATEMENTS FOR 31 MARCH 2020

12 PRE-ACQUISITION PROFITS

There were no pre-acquisition profits reported for the financial period 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.

16 DEPOSITS FROM CUSTOMERS

	31 March 2020 RM'000	31 December 2019 RM'000
Demand deposits	2,396,818	2,500,306
Saving deposits	6	6
Fixed deposits	385,892	646,217
	<u>2,782,716</u>	<u>3,146,529</u>

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

Due within six months	383,733	637,609
Six months to one year	-	6,500
One year to five years	1,100	2,108
More than five years	1,059	-
	<u>385,892</u>	<u>646,217</u>

(b) By type of customers:

Business enterprises	2,782,670	3,146,483
Individuals	46	46
	<u>2,782,716</u>	<u>3,146,529</u>

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17 DEPOSITS AND PLACEMENTS OF BANKS AND OTHER FINANCIAL INSTITUTIONS

	31 March 2020 RM'000	31 December 2019 RM'000
Licensed banks	58,297	75,092
Other financial institutions	1,016	1,012
	<u>59,313</u>	<u>76,104</u>

18 OTHER LIABILITIES

	31 March 2020 RM'000	31 December 2019 RM'000
Collateral payables	69,374	15,193
Intercompany payables	37,529	32,309
Accruals	8,235	6,455
Share-based recharge payables	377	388
Provision made for ECL	783	759
Lease Liabilities	1,609	1,771
Other payables	108,025	1,201
	<u>226,292</u>	<u>58,076</u>

19 INTEREST INCOME

	31 March 2020 RM'000	31 March 2019 RM'000
Loans, advances and financing	2,219	1,501
Money at call and deposit placements with banks and other financial institutions	13,369	13,131
Financial assets at FVOCI	629	1,229
	<u>16,217</u>	<u>15,861</u>

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20 INTEREST EXPENSE

	31 March 2020 RM'000	31 March 2019 RM'000
Deposits and placement of bank and other financial institutions	1,268	1,616
Deposits from customers	7,110	9,785
	<u>8,378</u>	<u>11,401</u>

21 NET TRADING INCOME

	31 March 2020 RM'000	31 March 2019 RM'000
Fair value gain/(loss) on instruments held for trading		
<u>Debt instruments at FVTPL</u>		
- Net gain from sale of financial assets at FVTPL	10,725	7,852
- Unrealised revaluation gain on financial assets at FVTPL	5,872	3,572
<u>Derivatives financial instruments</u>		
- Realised gain/(loss) on derivatives	3,087	(240)
- Unrealised gain/(loss) on foreign exchange forwards and swaps	22,474	7,828
- Unrealised (loss)/gain on interest rate and cross currency swaps	(2,944)	38
Interest income from financial assets at FVTPL	13,282	17,808
Realised foreign exchange loss	(420)	(736)
Others	(33)	-
	<u>52,043</u>	<u>36,122</u>

22 OTHER OPERATING INCOME

	31 March 2020 RM'000	31 March 2019 RM'000
<u>Fee income</u>		
Commission	83	86
Service charges and fees	1,725	1,313
Guarantee fees	423	475
Management fee income	988	494
Other fee income	1,250	1,011
	<u>4,469</u>	<u>3,379</u>
Total fee income	<u>4,469</u>	<u>3,379</u>

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23 OTHER OPERATING EXPENSES

	31 March 2020 RM'000	31 December 2019 RM'000
<u>Personnel costs</u>		
Salaries, allowances and bonuses	7,283	6,637
Share-based payments	(1,038)	1,398
Defined contribution plans	2,741	1,648
Other personnel costs	320	511
	<u>9,306</u>	<u>10,194</u>
 <u>Establishment costs</u>		
Depreciation of property and equipment	268	244
Depreciation of right-of-use assets	179	-
Rental of premises	118	228
Rental of equipment	49	94
Repair and maintenance	317	291
Others	421	248
	<u>1,352</u>	<u>1,105</u>
 <u>Marketing expenses</u>		
Others	131	98
	<u>131</u>	<u>98</u>
 <u>Administration and general expenses</u>		
Communication expenses	186	503
Legal and professional fees	122	138
Stationery and postages	112	109
Shared administrative support expenses	5,745	4,826
Others	1,395	1,058
	<u>7,560</u>	<u>6,634</u>
	<u>18,349</u>	<u>18,031</u>

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NOTES TO THE FINANCIAL STATEMENTS FOR 31 MARCH 2020

24 IMPAIRMENT FOR CREDIT LOSSES

	31 March 2020 RM'000	31 March 2019 RM'000
Allowance for impairment on loans, advances and financing:		
- Expected credit losses	(4,124)	364
	<u>(4,124)</u>	<u>364</u>

25 SIGNIFICANT EVENTS DURING THE FINANCIAL PERIOD

The Bank continues to take actions to mitigate the impact due to the coronavirus outbreak on the Bank. In arriving at the ECL for the current financial period, the Bank has appropriately considered reasonable and supportable information that was relevant and available without undue cost or effort. Refer to Note 10 and Note 24 for the results of the ECL.

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 period ended 31 March 2020.

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 period reported as compared with the preceding financial period, which have not been disclosed in these condensed interim financial statement.

30 DIVIDENDS

There were no dividends paid or declared for the financial period ended 31 March 2020.

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NOTES TO THE FINANCIAL STATEMENTS FOR 31 MARCH 2020

31 CAPITAL ADEQUACY

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

	31 March 2020 RM'000	31 December 2019 RM'000
<u>Common Equity ("CET I") Capital and Tier I Capital</u>		
Share capital	135,800	135,800
Retained profits	596,064	596,032
Unrealised gains and losses on FVOCI financial instruments	1,061	1,052
	<u>732,925</u>	<u>732,884</u>
Less: regulatory adjustments		
- Deferred tax assets	(952)	(2,035)
- 55% of cumulative gains of FVOCI financial instruments	(585)	(579)
- Regulatory reserve	(1,319)	(1,287)
Total CET I and Tier I Capital	<u>730,069</u>	<u>728,983</u>
<u>Tier II Capital</u>		
Loss allowance for non-credit impaired exposures*	2,161	2,189
Regulatory reserve	1,319	1,287
Total Tier II capital	<u>3,480</u>	<u>3,476</u>
Total Capital	<u><u>733,549</u></u>	<u><u>732,459</u></u>

* Excludes Lifetime ECL Credit Impaired (Stage 3) loans on impaired loans restricted from Tier-II Capital of RM24,056,950 (2019: RM19,904,701).

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31 CAPITAL ADEQUACY (CONTINUED)

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

	31 March 2020 RM'000	31 December 2019 RM'000
<u>Total risk-weighted assets</u>		
Credit risk	689,404	599,136
Market risk	725,115	492,372
Operational risk	298,862	273,018
Total RWA	<u>1,713,381</u>	<u>1,364,526</u>
<u>Capital ratios</u>		
CET I capital ratio	42.610%	53.424%
Tier I capital ratio	42.610%	53.424%
Total capital ratio	<u>42.813%</u>	<u>53.679%</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 5 February 2020. 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 commitment and contingencies are as follows:

<u>Description</u>	31 March 2020			31 December 2019		
	<u>Principal amount</u> RM'000	<u>Credit equivalent amount</u> RM'000	<u>Risk weighted amount</u> RM'000	<u>Principal amount</u> RM'000	<u>Credit equivalent amount</u> RM'000	<u>Risk weighted amount</u> RM'000
Direct credit substitutes	113,986	113,274	108,708	112,378	111,700	104,501
Transaction related contingent items	19,381	9,636	8,836	23,736	11,800	9,769
Short term self-liquidating trade related contingencies	14,537	2,890	2,890	11,167	2,220	2,220
Foreign exchange related contracts:						
- One year or less	6,759,428	164,726	89,856	3,243,074	64,185	42,303
- Over one year to five years	107,947	5,190	5,122	77,063	2,266	2,266
Interest/Profit rate related contracts:						
- One year or less	2,302,000	9,331	2,497	2,981,000	9,321	2,763
- Over one year to five years	7,316,500	103,681	48,188	4,990,600	58,900	35,905
- Over five years	257,500	10,496	4,859	157,500	6,786	2,828
Other commitments, such as formal standby facilities and credit lines, with an original maturity of up to one year	-	-	-	-	-	-
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	-	-	-	-	-	-
Any commitments that are unconditionally cancelled at any time by the Bank without prior notice or that effectively provide for automatic cancellation due to deterioration in a borrower's creditworthiness	810,317	-	-	833,395	-	-
Total	17,701,596	419,224	270,956	12,429,913	267,178	202,555

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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.

31 March 2020	<u>Level 1</u> RM'000	<u>Level 2</u> RM'000	<u>Level 3</u> RM'000	<u>Total</u> RM'000
<u>Financial assets at fair value through profit or loss</u>				
Financial assets at fair value through profit or loss (FVTPL)				
- Malaysian Government Securities	430,868	-	-	430,868
- Malaysian Government Investment Issues	33,671	-	-	33,671
- Malaysian Government Treasury Bills	61,324	-	-	61,324
Derivative assets				
- Foreign exchange forwards and swaps	-	73,674	-	73,674
- Interest rate and cross currency swaps	-	61,098	-	61,098
<u>Financial assets at fair value through other comprehensive income</u>				
Unquoted shares	-	-	2,980	2,980
Bank Negara Bills	59,513	-	-	59,513
Total assets	585,376	134,772	2,980	723,128

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33 FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

31 March 2020	<u>Level 1</u> RM'000	<u>Level 2</u> RM'000	<u>Level 3</u> RM'000	<u>Total</u> RM'000
<u>Financial liabilities at fair value through profit or loss</u>				
Derivative liabilities				
- Foreign exchange forwards and swaps	-	54,511	-	54,511
- Interest rate and cross currency swaps	-	64,752	-	64,752
Total liabilities	-	119,263	-	119,263

31 December 2019	<u>Level 1</u> RM'000	<u>Level 2</u> RM'000	<u>Level 3</u> RM'000	<u>Total</u> RM'000
<u>Financial assets at fair value through profit or loss</u>				
Financial assets at fair value through profit or loss (FVTPL)				
- Malaysian Government Securities	570,221	-	-	570,221
- Malaysian Government Investment Issues	330,740	-	-	330,740
- Malaysian Government Treasury Bills	-	-	-	-
Derivative assets				
- Foreign exchange forwards and swaps	-	23,563	-	23,563
- Interest rate and cross currency swaps	-	16,893	-	16,893

Financial assets at fair value through other comprehensive income

Unquoted shares	-	-	2,980	2,980
Bank Negara Bills	99,596	-	-	99,596
Total assets	1,000,557	40,456	2,980	1,043,993

Financial liabilities at fair value through profit or loss

Derivative liabilities				
- Foreign exchange forwards and swaps	-	26,923	-	26,923
- Interest rate and cross currency swaps	-	17,603	-	17,603
Total liabilities	-	44,526	-	44,526

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

Registration No.

199401025304 (310983-V)

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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 2020, and the related Statement of Comprehensive Income, Statement of Changes in Equity, Statement of Cash Flows and explanatory notes for the period 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 Guidelines.

For and on behalf of,
Bank of America Malaysia Berhad

Chief Financial Officer
Yvonne Lew Ee-Wern
28 April 2020