

Company No.

310983	V
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BANK OF AMERICA MALAYSIA BERHAD
(Incorporated in Malaysia)

CONDENSED INTERIM FINANCIAL STATEMENTS

FIRST QUARTER ENDED 31 MARCH 2015

BANK OF AMERICA MALAYSIA BERHAD
(310983 V)

CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2015

	<u>Note</u>	<u>31.03.2015</u> RM'000	<u>31.12.2014</u> RM'000
ASSETS			
Cash and short-term funds	7	1,602,145	1,642,304
Deposits and placements with banks		3,684	3,934
Securities held-for-trading ('HFT')	8	902,535	622,870
Securities available-for-sale ('AFS')	9	2,995	2,995
Loans, advances and financing	10	238,353	235,291
Other assets	11	46,929	21,315
Derivative assets		154,745	91,423
Tax recoverable		2,863	2,727
Deferred taxation	12	67	626
Statutory deposits with Bank Negara Malaysia		7,411	3,000
Property, plant and equipment	13	6,338	7,140
TOTAL ASSETS		<u>2,968,065</u>	<u>2,633,625</u>
LIABILITIES AND SHAREHOLDERS' FUNDS			
Deposits from customers	17	2,141,996	1,888,735
Deposits and placements of banks and other financial institutions	18	74,532	75,740
Bills and acceptances payable		23,093	31,746
Other liabilities	19	66,118	60,670
Derivative liabilities		142,254	61,275
TOTAL LIABILITIES		<u>2,447,993</u>	<u>2,188,166</u>
Share capital		135,800	135,800
Reserves		384,272	379,659
Shareholders' funds		<u>520,072</u>	<u>515,459</u>
TOTAL LIABILITIES AND SHAREHOLDERS' FUNDS		<u>2,968,065</u>	<u>2,633,625</u>
COMMITMENTS AND CONTINGENCIES	33	<u>21,440,418</u>	<u>16,731,088</u>
CAPITAL ADEQUACY	32		
Core equity I ("CET I") capital ratio		30.040%	37.532%
Tier I capital ratio		30.040%	37.532%
Total capital ratio		<u>30.112%</u>	<u>37.617%</u>

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CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL FIRST QUARTER ENDED 31 MARCH 2015

	Note	Current financial first quarter ended 31.03.2015 RM'000	Preceding financial first quarter ended 31.03.2014 RM'000
Interest income	20	15,184	24,247
Interest expense	21	(3,297)	(5,847)
Net interest income		11,887	18,400
Other operating income	22	12,913	2,647
Net income		24,800	21,047
Other operating expenses	23	(18,173)	(16,601)
Profit before allowance		6,627	4,446
Allowances on impairment losses	24	(39)	(758)
Profit before taxation		6,588	3,688
Taxation		(1,975)	(935)
Profit for the financial period		4,613	2,753
Other comprehensive income/loss:			
<u>Items that may be subsequently reclassified to profit or loss:</u>			
Change in value of available-for-sale financial assets:			
- Net gain from change in fair value		-	17
- Income tax affects		-	(4)
Other comprehensive income, net of tax		4,613	13
Total comprehensive income for the financial period		4,613	2,766
Earnings per share (sen)			
- Basic / Diluted		3.40	2.03

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CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL FIRST QUARTER ENDED 31 MARCH 2015

	Share capital RM'000	Statutory reserves RM'000	Non distributable Available- for-sale reserve RM'000	Distributable Retained profits RM'000	Total RM'000
At 1 January 2015	135,800	132,898	1,033	245,728	515,459
Total comprehensive income for the financial period	-	-	-	4,613	4,613
At 31 March 2015	<u>135,800</u>	<u>132,898</u>	<u>1,033</u>	<u>250,341</u>	<u>520,072</u>
At 1 January 2014	135,800	130,949	1,017	239,879	507,645
Total comprehensive income for the financial period	-	-	13	2,753	2,766
At 31 March 2014	<u>135,800</u>	<u>130,949</u>	<u>1,030</u>	<u>242,632</u>	<u>510,411</u>

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CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED CONDENSED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL FIRST QUARTER ENDED 31 MARCH 2015

	Current financial first quarter ended 31.03.2015 <u>RM'000</u>	Preceding financial first quarter ended 31.03.2014 <u>RM'000</u>
Profit before taxation	6,588	3,688
Adjustments for non-cash items	15,770	12,450
Operating profit before working capital changes	<u>22,358</u>	<u>16,138</u>
Changes in working capital:		
Net changes in operating assets	(390,792)	(809,849)
Net changes in operating liabilities	329,827	(459,187)
Income tax paid	(1,552)	(540)
Net cash used in operating activities	<u>(40,159)</u>	<u>(1,253,438)</u>
Net cash generated from investing activities	-	33,653
Net change in cash and cash equivalents	<u>(40,159)</u>	<u>(1,219,785)</u>
Cash and cash equivalents at beginning of the year	1,642,304	2,513,159
Cash and cash equivalents at the end of the period	<u><u>1,602,145</u></u>	<u><u>1,293,374</u></u>

EXPLANATORY NOTES

1 BASIS OF PREPARATION

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 2014. 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 2014.

The accounting policies and methods of computation applied in the unaudited condensed interim financial statements are consistent with those adopted in the last audited financial statements.

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 2014 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 first quarter ended 31 March 2015.

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 first quarter ended 31 March 2015.

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 first quarter under review.

7 CASH AND SHORT-TERM FUNDS

	<u>31.03.2015</u> RM'000	<u>31.12.2014</u> RM'000
Cash and balances with banks and other financial institutions	26,918	23,931
Money at call and deposit placements maturing within one month	<u>1,575,227</u>	<u>1,618,373</u>
	<u>1,602,145</u>	<u>1,642,304</u>

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EXPLANATORY NOTES

8 SECURITIES HELD-FOR-TRADING ('HFT')

	<u>31.03.2015</u> RM'000	<u>31.12.2014</u> RM'000
Malaysian Government Securities	708,964	369,532
Bank Negara Malaysia Bills	59,906	243,337
Malaysian Government Investment Issues	133,665	10,001
	<u>902,535</u>	<u>622,870</u>

9 SECURITIES AVAILABLE-FOR-SALE ('AFS')

	<u>31.03.2015</u> RM'000	<u>31.12.2014</u> RM'000
<u>Unquoted securities in Malaysia:</u>		
Shares	2,980	2,980
Bonds	15	15
	<u>2,995</u>	<u>2,995</u>

10 LOANS, ADVANCES AND FINANCING

	<u>31.03.2015</u> RM'000	<u>31.12.2014</u> RM'000
(a) Loans, advances and financing analysed by type:		
At amortised cost:		
Overdrafts	35,485	30,509
Term loans – factoring receivables	53,948	51,997
Claims on customers under acceptance credits	19,500	3,100
Staff loans	1,433	1,460
Revolving advances	128,666	148,801
Real estate loans	745	805
Gross loans, advances and financing	<u>239,777</u>	<u>236,672</u>
Allowance for losses on loans, advances and financing:		
- Individual assessment	(189)	(205)
- Collective assessment	(1,235)	(1,176)
Total net loans, advances and financing	<u>238,353</u>	<u>235,291</u>

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EXPLANATORY NOTES

10 LOANS, ADVANCES AND FINANCING (CONTINUED)

	31.03.2015 RM'000	31.12.2014 RM'000
(b) Gross loans, advances and financing analysed by geographical distribution:		
Malaysia	239,777	236,672
(c) Gross loans, advances and financing analysed by type of customer:		
Domestic business enterprises	217,384	215,286
Domestic non-banking financial institutions	19,657	18,572
Government and statutory bodies	558	549
Individuals	2,178	2,265
	239,777	236,672
(d) Gross loans, advances and financing analysed by interest/profit rate sensitivity:		
Fixed rate		
- Housing loans	1,121	1,145
- Other fixed rate loans	202,426	226,299
Variable rate		
- BLR plus	1,605	1,629
- Cost plus	34,625	7,599
	239,777	236,672
(e) Gross loans, advances and financing analysed by economic purpose:		
Purchase of transport vehicles	239	254
Purchase of landed property (residential)	1,866	1,951
Personal use	54	38
Purchase of consumer durables	19	22
Working capital	237,599	234,407
	239,777	236,672
(f) Gross loans, advances and financing analysed by residual contractual maturity:		
Within one year	228,509	226,865
One year to three years	9,446	7,905
Three to five years	255	304
Over five years	1,567	1,598
	239,777	236,672

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10 LOANS, ADVANCES AND FINANCING (CONTINUED)

	31.03.2015 RM'000	31.12.2014 RM'000
(g) Movements in impaired loans, advances and financing:		
At 1 January	278	1003
Classified as impaired during the financial period/ year	-	94
Interest income recognised during the financial period/ year	5	56
Amount recovered during the financial period/ year	(26)	(166)
Amount written off	-	(709)
	<hr/>	<hr/>
At end of financial period/ year	257	278
Individual assessment allowance	(189)	(205)
	<hr/>	<hr/>
Net impaired loans, advances and financing	<u>68</u>	<u>73</u>
	<hr/>	<hr/>
Gross impaired loans as a % of gross loans, advances and financing	<u>0.11%</u>	<u>0.12%</u>
	<hr/>	<hr/>
(h) Movements in allowance for impaired loans, advances and financing are as follows:		
<u>Collective assessment allowance</u>		
At 1 January	1,176	329
Allowance made during the financial period/ year	59	847
	<hr/>	<hr/>
At end of financial period/ year	<u>1,235</u>	<u>1,176</u>
	<hr/>	<hr/>
As % of gross loans, advances and financing less individual assessment allowance	<u>0.52%</u>	<u>0.50%</u>
	<hr/>	<hr/>
(i) Movements in allowance for impaired loans, advances and financing are as follows: (continued)		
<u>Individual assessment allowance</u>		
At 1 January	205	831
Allowance made during the financial period/ year	-	52
Write back made during the financial period/ year	(16)	(67)
	<hr/>	<hr/>
At end of financial period/ year	<u>189</u>	<u>205</u>
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EXPLANATORY NOTES

10 LOANS, ADVANCES AND FINANCING (CONTINUED)

	<u>31.03.2015</u> RM'000	<u>31.12.2014</u> RM'000
(j) Impaired loans, advances and financing analysed by geographical distribution:		
Malaysia	<u>257</u>	<u>278</u>
(k) Impaired loans, advances and financing analysed by economic purpose:		
Purchase of landed property (residential)	<u>257</u>	<u>278</u>

11 OTHER ASSETS

	<u>31.03.2015</u> RM'000	<u>31.12.2014</u> RM'000
Other receivables	46,564	20,928
Deposits	36	36
Prepayments	<u>329</u>	<u>351</u>
	<u>46,929</u>	<u>21,315</u>

12 DEFERRED TAXATION

	<u>31.03.2015</u> RM'000	<u>31.12.2014</u> RM'000
Deferred tax asset	751	1,455
Deferred tax liabilities	<u>(684)</u>	<u>(829)</u>
	<u>67</u>	<u>626</u>

13 PRE-ACQUISITION PROFITS

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

14 PROPERTY, PLANT AND EQUIPMENT

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

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15 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 first quarter under review.

16 PURCHASE AND DISPOSAL OF QUOTED SECURITIES

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

17 DEPOSITS FROM CUSTOMERS

	<u>31.03.2015</u> RM'000	<u>31.12.2014</u> RM'000
(a) By type of deposit:		
Demand deposits	1,841,603	1,577,104
Saving deposits	120	86
Fixed deposits	300,273	311,545
	<u>2,141,996</u>	<u>1,888,735</u>
(b) Maturity structure of fixed deposits is as follows:		
Due within six months	288,349	288,707
Six months to one year	10,752	21,708
One year to five years	911	884
More than five years	261	246
	<u>300,273</u>	<u>311,545</u>
(c) By type of customers:		
Business enterprises	2,134,736	1,880,970
Individuals	5,339	5,381
Others	1,921	2,384
	<u>2,141,996</u>	<u>1,888,735</u>

18 DEPOSITS AND PLACEMENTS OF BANKS AND OTHER FINANCIAL INSTITUTIONS

	<u>31.03.2015</u> RM'000	<u>31.12.2014</u> RM'000
Licensed banks	58,543	59,860
Other financial institutions	15,989	15,880
	<u>74,532</u>	<u>75,740</u>

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19 OTHER LIABILITIES

	<u>31.03.2015</u> RM'000	<u>31.12.2014</u> RM'000
Unearned discount on loans, advances and financing	352	13
Other payables	60,327	53,214
Accruals	5,439	7,443
	<u>66,118</u>	<u>60,670</u>

20 INTEREST INCOME

	Current financial first quarter ended <u>31.03.2015</u> RM'000	Preceding financial first quarter ended <u>31.03.2014</u> RM'000
Loans, advances and financing	2,267	1,181
Money at call and deposit placements with banks and other financial institutions	6,625	12,393
Securities available-for-sale	-	393
Securities held-for-trading	6,292	10,280
	<u>15,184</u>	<u>24,247</u>

21 INTEREST EXPENSE

	Current financial first quarter ended <u>31.03.2015</u> RM'000	Preceding financial first quarter ended <u>31.03.2014</u> RM'000
Deposits and placement of bank and other financial institutions	129	297
Deposits from customers	3,158	5,547
Others	10	3
	<u>3,297</u>	<u>5,847</u>

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22 OTHER OPERATING INCOME

	Current financial first quarter ended <u>31.03.2015</u> RM'000	Preceding financial first quarter ended <u>31.03.2014</u> RM'000
<u>Fee income</u>		
Commission	173	81
Service charges/fees	1,138	927
Guarantee fees	284	269
Management fee income	662	82
Other fee income	456	176
	<hr/> 2,713	<hr/> 1,535
<u>Gain / (loss) from securities held-for-trading</u>		
Net gain / (loss) from sale of securities held-for-trading	3,377	(2,440)
Unrealised revaluation gain on securities held for trading	2,727	1,317
<u>Unrealised (loss) / gain on revaluation of derivatives</u>		
Foreign exchange forwards and swaps	(23,420)	(12,670)
Interest rate and cross currency swaps	5,768	125
<u>Realised (loss) / gain on derivatives</u>		
Interest rate and cross currency swaps	(10,175)	98
<u>Other income</u>		
Realised foreign exchange gain	31,923	14,682
	<hr/> 12,913	<hr/> 2,647
	<hr/> <hr/>	<hr/> <hr/>

23 OTHER OPERATING EXPENSES

	Current financial first quarter ended <u>31.03.2015</u> RM'000	Preceding financial first quarter ended <u>31.03.2014</u> RM'000
Personnel costs	8,618	8,126
Establishment costs	2,285	1,651
Marketing expenses	70	63
Administration and general expenses	7,200	6,761
	<hr/> 18,173	<hr/> 16,601
	<hr/> <hr/>	<hr/> <hr/>

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23 OTHER OPERATING EXPENSES (CONTINUED)

	Current financial first quarter ended <u>31.03.2015</u> RM'000	Preceding financial first quarter ended <u>31.03.2014</u> RM'000
Included in the above expenditure are the following items:		
Depreciation of property, plant and equipment	802	844
Pension – cost – defined contribution plan – EPF	150	78
Communication expenses	518	809
Shared administrative support expenses	<u>5,711</u>	<u>4,915</u>

24 ALLOWANCES ON IMPAIRMENT LOSSES

	Current financial first quarter ended <u>31.03.2015</u> RM'000	Preceding financial first quarter ended <u>31.03.2014</u> RM'000
Allowance for loans, advances and financing:		
Individual assessment allowance		
- made during the financial period	-	23
- written back during the financial period	(16)	(11)
Collective assessment allowance		
- made during the financial period	59	749
Bad debts on loans, advances and financing:		
- recovered	(4)	(3)
	<u>39</u>	<u>758</u>

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.

EXPLANATORY NOTES

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 2015 which has not been disclosed in the audited financial statements for the financial year ended 31 December 2014.

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 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 There were no dividends paid or declared for the financial first quarter ended 31 March 2015.

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EXPLANATORY NOTES

31 USE OF FINANCIAL INSTRUMENTS (CONTINUED)

A Interest rate risk

The tables below summarise the Bank's exposure to interest rate risks. Included in the tables are the Bank's assets and liabilities at 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 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.

<u>31.03.2015</u>	Up to <u>1 month</u> RM'000	>1 - 3 <u>months</u> RM'000	>3 - 12 <u>months</u> RM'000	>1 - 5 <u>years</u> RM'000	Over <u>5 years</u> RM'000	Non- interest <u>bearing</u> RM'000	Trading <u>book</u> RM'000	Total RM'000
<u>Assets</u>								
Cash and short-term funds	1,575,227	-	-	-	-	26,918	-	1,602,145
Deposits and placements with banks	-	3,684	-	-	-	-	-	3,684
Securities held-for-trading ('HFT')	-	-	-	-	-	-	902,535	902,535
Securities available-for-sale ('AFS')	-	-	-	-	-	2,995	-	2,995
Loans, advances and financing	179,834	13	48,662	9,701	1,567	(1424)^	-	238,353
Other assets	-	-	-	-	-	15,922	31,007	46,929
Derivative assets	-	-	-	-	-	-	154,745	154,745
Tax recoverable	-	-	-	-	-	2,863	-	2,863
Deferred taxation	-	-	-	-	-	67	-	67
Statutory deposit with Bank Negara Malaysia	-	-	-	-	-	7,411	-	7,411
Property, plant and equipment	-	-	-	-	-	6,338	-	6,338
Total assets	<u>1,755,061</u>	<u>3,697</u>	<u>48,662</u>	<u>9,701</u>	<u>1,567</u>	<u>61,090</u>	<u>1,088,287</u>	<u>2,968,065</u>

^ The negative balance represents individual assessment allowance and collective assessment allowance for loans, advances and financing in accordance with the Bank's accounting policy on allowance for losses on loans, advances and financing.

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31 USE OF FINANCIAL INSTRUMENTS (CONTINUED)

A Interest rate risk (continued)

<u>31.03.2015</u>	<u>Up to 1 month RM'000</u>	<u>>1 - 3 months RM'000</u>	<u>>3 - 12 months RM'000</u>	<u>>1 - 5 years RM'000</u>	<u>Over 5 years RM'000</u>	<u>Non- interest bearing RM'000</u>	<u>Trading book RM'000</u>	<u>Total RM'000</u>
<u>Liabilities</u>								
Deposits from customers	1,334,790	5,027	25,911	-	-	776,268	-	2,141,996
Deposits and placements of banks and other financial institutions	45,699	-	1,006	-	-	27,827	-	74,532
Bills and acceptances payable	-	-	-	-	-	23,093	-	23,093
Other liabilities	-	-	-	-	-	7,076	59,042	66,118
Derivative liabilities	-	-	-	-	-	-	142,254	142,254
Total liabilities	<u>1,380,489</u>	<u>5,027</u>	<u>26,917</u>	<u>-</u>	<u>-</u>	<u>834,264</u>	<u>201,296</u>	<u>2,447,993</u>
On-balance sheet - interest rate gap	<u>374,572</u>	<u>(1,330)</u>	<u>21,745</u>	<u>9,701</u>	<u>1,567</u>			

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31 USE OF FINANCIAL INSTRUMENTS (CONTINUED)

A Interest rate risk (continued)

<u>31.12.2014</u>	<u>Up to 1 month RM'000</u>	<u>>1 - 3 months RM'000</u>	<u>>3 - 12 months RM'000</u>	<u>>1 - 5 years RM'000</u>	<u>Over 5 years RM'000</u>	<u>Non- interest bearing RM'000</u>	<u>Trading book RM'000</u>	<u>Total RM'000</u>
<u>Assets</u>								
Cash and short-term funds	1,618,373	-	-	-	-	23,931	-	1,642,304
Deposits and placements with banks	-	3,934	-	-	-	-	-	3,934
Securities held-for-trading ('HFT')	-	-	-	-	-	-	622,870	622,870
Securities available-for-sale ('AFS')	-	-	-	-	-	2,995	-	2,995
Loans, advances and financing	136,470	18,162	72,233	8,209	1,598	(1,381)^	-	235,291
Other assets	-	-	-	-	-	14,785	6,530	21,315
Derivative assets	-	-	-	-	-	-	91,423	91,423
Tax recoverable	-	-	-	-	-	2,727	-	2,727
Deferred tax assets	-	-	-	-	-	626	-	626
Statutory deposit with Bank Negara Malaysia	-	-	-	-	-	3,000	-	3,000
Property, plant and equipment	-	-	-	-	-	7,140	-	7,140
Total assets	1,754,843	22,096	72,233	8,209	1,598	53,823	720,823	2,633,625

^ The negative balance represents individual assessment allowance and collective assessment allowance for loans, advances and financing in accordance with the Bank's accounting policy on allowance for losses on loans, advances and financing.

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31 USE OF FINANCIAL INSTRUMENTS (CONTINUED)

A Interest rate risk (continued)

<u>31.12.2014</u>	<u>Up to 1 month RM'000</u>	<u>>1 - 3 months RM'000</u>	<u>>3 - 12 months RM'000</u>	<u>>1 - 5 years RM'000</u>	<u>Over 5 years RM'000</u>	<u>Non- interest bearing RM'000</u>	<u>Trading book RM'000</u>	<u>Total RM'000</u>
<u>Liabilities</u>								
Deposits from customers	1,233,802	26,028	1,981	-	-	626,924	-	1,888,735
Deposits and placements of banks and other financial institutions	10,736	29,597	-	-	-	35,407	-	75,740
Bills and acceptances payable	-	-	-	-	-	31,746	-	31,746
Other liabilities	-	-	-	-	-	9,233	51,437	60,670
Derivative liabilities	-	-	-	-	-	-	61,275	61,275
Total liabilities	<u>1,244,538</u>	<u>55,625</u>	<u>1,981</u>	<u>-</u>	<u>-</u>	<u>703,310</u>	<u>112,712</u>	<u>2,118,166</u>
On-balance sheet - interest rate gap	<u>510,305</u>	<u>(33,529)</u>	<u>70,252</u>	<u>8,209</u>	<u>1,598</u>			

EXPLANATORY NOTES

31 USE OF FINANCIAL INSTRUMENTS (CONTINUED)

A Interest rate risk (continued)

The tables below summarises the effective average interest rates by major currencies for each class of financial asset and financial liability:

	31.03.2015			
	<u>MYR</u>	<u>USD</u>	<u>GBP</u>	<u>AUD</u>
	%	%	%	%
<u>Financial assets</u>				
Cash and short-term funds	3.25	0.01	-	-
Deposits and placements with banks	-	-	-	2.15
Securities held-for-trading ('HFT')	3.73	-	-	-
Loans, advances and financing	4.61	0.82	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

Financial liabilities

Deposits from customers	2.72	0.13	-	1.60
Deposits and placements of banks and other financial institutions	2.78	0.22	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

	31.12.2014			
	<u>MYR</u>	<u>USD</u>	<u>GBP</u>	<u>AUD</u>
	%	%	%	%
<u>Financial assets</u>				
Cash and short-term funds	3.25	0.05	-	2.23
Deposits and placements with banks	-	-	-	2.63
Securities held-for-trading ('HFT')	3.66	-	-	-
Loans, advances and financing	4.53	0.80	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

Financial liabilities

Deposits from customers	2.64	0.15	-	1.92
Deposits and placements of banks and other financial institutions	2.78	0.23	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

B Market risk

Market risk is the potential change in value caused by movement in market rates or prices. The contractual amounts stated above provide only a measure of involvement in these types of transactions and do not represent the amount subject to market risk. Exposure to market risk may be reduced through offsetting on and off-balance sheet positions. The market risk numbers as at 31 March 2015 are reflected in Note 32 on Capital Adequacy.

EXPLANATORY NOTES

31 USE OF FINANCIAL INSTRUMENTS (CONTINUED)

C Credit risk

Credit risk arises from the possibility that a counter-party may be unable to meet the terms of a contract in which the Bank has a gain position. The credit risk numbers as at 31 March 2015 are reflected in Note 32 on Capital Adequacy. The credit risk amount will increase or decrease over the life of the contracts, mainly as a function of maturity dates and market rate or prices.

D Liquidity risk

Liquidity risk is the risk that the Bank is unable to meet its cash flow obligations as they fall due, such as upon the maturity of deposits and loan draw downs. Exposure to liquidity risk is reduced through constant monitoring of liquidity risk profile with maturity mismatch reports.

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31 USE OF FINANCIAL INSTRUMENTS (CONTINUED)

E Currency risk

Currency risk is the risk to earnings and value of financial instruments caused by the fluctuations in foreign exchange rates. It is managed in conjunction with market risk.

The table below sets out the Bank's exposure to currency risk. Included in the table are the Bank's financial assets and liabilities at carrying amounts, categorised by currency.

<u>31.03.2015</u>	<u>MYR</u>	<u>USD</u>	<u>SGD</u>	<u>GBP</u>	<u>AUD</u>	<u>Others</u>	<u>Total</u>
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<u>Assets</u>							
Cash and short-term funds	799,744	794,242	600	670	573	6,316	1,602,145
Deposits and placements with banks	-	-	-	-	3,684	-	3,684
Securities held-for-trading ('HFT')	902,535	-	-	-	-	-	902,535
Securities available-for-sale ('AFS')	2,995	-	-	-	-	-	2,995
Loans, advances and financing [^]	207,923	30,430	-	-	-	-	238,353
Other assets [*]	3,635	42,929	-	-	-	-	46,564
Derivative assets	154,745	-	-	-	-	-	154,745
Statutory deposits with Bank Negara Malaysia	7,411	-	-	-	-	-	7,411
	<u>2,078,988</u>	<u>867,601</u>	<u>600</u>	<u>670</u>	<u>4,257</u>	<u>6,316</u>	<u>2,958,432</u>

[^] This represents outstanding loans, advances and financing after deducting individual assessment allowance and collective assessment allowance.

^{*} This represents other receivables.

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31 USE OF FINANCIAL INSTRUMENTS (CONTINUED)

E Currency risk (continued)

<u>31.03.2015</u>	<u>MYR</u> RM'000	<u>USD</u> RM'000	<u>SGD</u> RM'000	<u>GBP</u> RM'000	<u>AUD</u> RM'000	<u>Others</u> RM'000	<u>Total</u> RM'000
<u>Liabilities</u>							
Deposits from customers	869,762	1,264,219	425	92	3,964	3,534	2,141,996
Deposits and placements of banks and other financial institutions	43,816	30,716	-	-	-	-	74,532
Bills and acceptances payable	18,290	4,803	-	-	-	-	23,093
Other liabilities [@]	1,110	59,136	-	52	29	-	60,327
Derivative liabilities	142,254	-	-	-	-	-	142,254
	<u>1,075,232</u>	<u>1,358,874</u>	<u>425</u>	<u>144</u>	<u>3,993</u>	<u>3,534</u>	<u>2,442,202</u>
 Currency gap	 <u>1,003,756</u>	 <u>(491,273)</u>	 <u>175</u>	 <u>526</u>	 <u>264</u>	 <u>2,782</u>	

[@] This represents other payables.

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31 USE OF FINANCIAL INSTRUMENTS (CONTINUED)

E Currency risk (continued)

<u>31.12.2014</u>	<u>MYR</u>	<u>USD</u>	<u>SGD</u>	<u>GBP</u>	<u>AUD</u>	<u>Others</u>	<u>Total</u>
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<u>Assets</u>							
Cash and short-term funds	873,182	762,853	443	351	820	4,655	1,642,304
Deposits and placements with banks	-	-	-	-	3,934	-	3,934
Securities held-for-trading ('HFT')	622,870	-	-	-	-	-	622,870
Securities available-for-sale ('AFS')	2,995	-	-	-	-	-	2,995
Loans, advances and financing [^]	179,665	55,626	-	-	-	-	235,291
Other assets [*]	2,100	18,828	-	-	-	-	20,928
Derivative assets	91,423	-	-	-	-	-	91,423
Statutory deposits with Bank Negara Malaysia	3,000	-	-	-	-	-	3,000
	<u>1,775,235</u>	<u>837,307</u>	<u>443</u>	<u>351</u>	<u>4,754</u>	<u>4,655</u>	<u>2,622,745</u>

[^] This represents outstanding loans, advances and financing after deducting individual assessment allowance and collective assessment allowance.

^{*} This represents other receivables.

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EXPLANATORY NOTES

31 USE OF FINANCIAL INSTRUMENTS (CONTINUED)

E Currency risk (continued)

<u>31.12.2014</u>	<u>MYR</u> RM'000	<u>USD</u> RM'000	<u>SGD</u> RM'000	<u>GBP</u> RM'000	<u>AUD</u> RM'000	<u>Others</u> RM'000	<u>Total</u> RM'000
<u>Liabilities</u>							
Deposits from customers	853,678	1,027,352	278	111	4,467	2,849	1,888,735
Deposits and placements of banks and other financial institutions	51,287	24,453	-	-	-	-	75,740
Bills and acceptances payable	23,900	7,846	-	-	-	-	31,746
Other liabilities [@]	1,263	51,932	19	-	-	-	53,214
Derivative liabilities	61,275	-	-	-	-	-	61,275
	<u>991,403</u>	<u>1,111,583</u>	<u>297</u>	<u>111</u>	<u>4,467</u>	<u>2,849</u>	<u>2,110,710</u>
 Currency gap	 <u>783,832</u>	 <u>(274,276)</u>	 <u>146</u>	 <u>240</u>	 <u>287</u>	 <u>1,806</u>	

[@] This represents other payables.

EXPLANATORY NOTES

32 CAPITAL ADEQUACY

The component of Tier I and Tier II capital are as follows:

	<u>31.03.2015</u> RM'000	<u>31.12.2014</u> RM'000
<u>Core Equity I ("CET I") Capital and Tier I Capital</u>		
Share capital	135,800	135,800
Audited and approved retained profits	245,728	245,728
Other disclosed reserves		
- Statutory reserve fund	132,898	132,898
- Unrealised gains and losses on available-for-sale financial instruments	1,033	1,033
	<u>515,459</u>	<u>515,459</u>
Less: regulatory adjustments		
- Deferred tax assets	(67)	(626)
- 55% of cumulative gains of available-for-sale financial instruments	(569)	(569)
Total CET I and Tier I capital	<u>514,823</u>	<u>514,264</u>
<u>Tier II Capital</u>		
Collective assessment allowance*	1,219	1,157
Total capital	<u><u>516,042</u></u>	<u><u>515,421</u></u>

* Excludes collective assessment allowance on impaired loans, advances and financing restricted from Tier II Capital of the Bank of RM15,622 (31.12.2014: RM18,909).

Capital ratios

CET I capital ratio	30.040%	37.532%
Tier I capital ratio	30.040%	37.532%
Total capital ratio	<u><u>30.112%</u></u>	<u><u>37.617%</u></u>

Effective from 1 January 2013, the total capital and capital adequacy ratios of the Bank are computed in accordance with BNM's Capital Adequacy Framework (Capital Components and Basel-II Risk-Weighted Assets) guidelines issued on 28 November 2012 and 27 June 2013. The Bank has adopted the Standardised Approach ("SA") for Credit Risk and Market Risk and Basic Indicator Approach ("BIA") for Operational Risk.

EXPLANATORY NOTES

32 CAPITAL ADEQUACY (CONTINUED)

The breakdown of risk-weighted assets in the various categories of risk-weights:

		31.03.2015		31.12.2014	
		<u>Principal</u>	<u>Risk-weighted</u>	<u>Principal</u>	<u>Risk-weighted</u>
		<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
(i)	Credit Risk				
	0%	536,678	-	879,774	-
	20%	1,260,710	252,142	912,010	182,402
	35%	283	99	317	111
	50%	343,851	171,925	239,120	119,560
	75%	214	161	220	165
	100%	459,575	459,575	450,430	450,430
		<u>2,601,311</u>	<u>883,902</u>	<u>2,481,871</u>	<u>752,668</u>
(ii)	Market Risk	-	692,522	-	487,299
(iii)	Operational Risk	-	137,346	-	130,218
		<u>2,601,311</u>	<u>1,713,770</u>	<u>2,481,871</u>	<u>1,370,185</u>

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33 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:

31.03.2015 Description	Principal amount RM'000	Positive fair value of derivative contracts RM'000	Credit equivalent amount* RM'000	Risk weighted assets RM'000
Direct credit substitutes	64,070	-	64,070	54,617
Transaction related contingent items	48,147	-	24,074	18,230
Short term self liquidating trade related contingencies	34,212	-	6,842	6,842
Foreign exchange related contracts				
One year or less	9,591,900	107,219	225,143	115,531
Over one year to five years	143,974	8,477	17,405	13,647
Interest/profit related contracts				
One year or less	2,590,650	18,193	29,039	14,343
Over one year to five years	8,304,500	17,086	218,511	82,916
Over five years	262,751	1,414	24,762	11,773
Other commitments, such as formal standby facilities and credit lines, with an original maturity of up to one year	399,187	-	79,837	79,746
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	32	-	16	10
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	995	-	-	-
Total	21,440,418	152,389	689,699	397,655

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

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EXPLANATORY NOTES

33 COMMITMENTS AND CONTINGENCIES (CONTINUED)

31.12.2014 <u>Description</u>	Principal amount <u>RM'000</u>	Positive fair value of derivative contracts <u>RM'000</u>	Credit equivalent amount* <u>RM'000</u>	Risk weighted assets <u>RM'000</u>
Direct credit substitutes	100,350	-	100,350	86,982
Transaction related contingent items	46,977	-	23,489	18,222
Short term self liquidating trade related contingencies	590	-	118	118
Foreign exchange related contracts				
One year or less	3,129,902	70,570	120,492	53,649
Over one year to five years	80,852	2,716	7,053	4,990
Interest/profit related contracts				
One year or less	5,007,840	5,363	16,115	6,549
Over one year to five years	7,882,760	11,718	203,644	78,744
Over five years	54,000	825	5,685	2,134
Other commitments, such as formal standby facilities and credit lines, with an original maturity of up to one year	426,774	-	85,355	84,845
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	30	-	15	9
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	1,013	-	-	-
Total	16,731,088	91,192	562,316	336,242

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

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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 2015, and the related Statement of Comprehensive Income, Statement of Changes in Equity, Statement of Cash Flows and explanatory 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 Guidelines.

For and on behalf of,
Bank of America Malaysia Berhad



Chief Finance Officer
Yvonne Lew Ee-Wern