

Company No.
310983V

BANK OF AMERICA MALAYSIA BERHAD
(Incorporated in Malaysia)

UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD 30 SEPTEMBER 2019

BANK OF AMERICA MALAYSIA BERHAD
(Incorporated in Malaysia)

**UNAUDITED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
FOR THE FINANCIAL PERIOD 30 SEPTEMBER 2019**

		30 September 2019	31 December 2018
	<u>Note</u>	RM'000	RM'000
ASSETS			
Cash and short term funds	7	2,685,621	2,117,387
Financial assets at fair value through profit or loss (FVTPL)	8	1,263,582	2,071,907
Financial assets at fair value through other comprehensive income (FVOCI)	9	102,556	52,923
Loans, advances and financing	10	201,861	134,594
Other assets	11	33,191	22,809
Derivative assets		31,648	31,497
Tax recoverable		7,079	8,630
Deferred tax assets		3,982	2,134
Statutory deposits with Bank Negara Malaysia		39,001	16,800
Property and equipment		5,236	2,017
TOTAL ASSETS		<u>4,373,757</u>	<u>4,460,698</u>
LIABILITIES AND SHAREHOLDERS' FUNDS			
Deposits from customers	16	3,462,250	2,988,012
Deposits and placements of banks and other financial institutions	17	70,238	680,972
Bills and acceptances payable		16,356	27,258
Other liabilities	18	70,393	58,600
Derivative liabilities		33,714	33,177
TOTAL LIABILITIES		<u>3,652,951</u>	<u>3,788,019</u>
Share capital		135,800	135,800
Reserves		585,006	536,879
Shareholders' funds		<u>720,806</u>	<u>672,679</u>
TOTAL LIABILITIES AND SHAREHOLDERS' FUNDS		<u>4,373,757</u>	<u>4,460,698</u>
COMMITMENTS AND CONTINGENCIES	32	<u>11,211,082</u>	<u>11,176,415</u>

BANK OF AMERICA MALAYSIA BERHAD
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UNAUDITED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD 30 SEPTEMBER 2019

		Quarter Ended		Nine Months Ended	
	Note	30 September 2019	30 September 2018	30 September 2019	30 September 2018
		RM'000	RM'000	RM'000	RM'000
Interest income	19	14,485	19,157	46,499	52,906
Interest expense	20	(10,907)	(7,280)	(34,673)	(17,283)
Net interest income		3,578	11,877	11,826	35,623
Net trading income	21	30,730	25,435	96,711	63,231
Other operating income	22	4,065	4,948	12,230	13,160
Net non-interest income		34,795	30,383	108,941	76,391
Net income		38,373	42,260	120,767	112,014
Other operating expenses	23	(22,299)	(22,217)	(58,776)	(52,932)
Profit before allowance		16,074	20,043	61,991	59,082
Impairment for credit losses	24	2,748	(5,985)	86	(4,095)
Profit before taxation		18,822	14,058	62,077	54,987
Taxation		(3,473)	(4,132)	(13,950)	(11,380)
Profit for the financial year		15,349	9,926	48,127	43,607
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		15,349	9,926	48,127	43,607
Earnings per share (sen)					
- Basic/diluted		11.30	7.31	35.44	32.11

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**UNAUDITED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD 30 SEPTEMBER 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	-	-	-	48,127	48,127
Transfer to regulatory reserve	-	-	865	(865)	-
At 30 September 2019	135,800	1,047	3,544	580,415	720,806
At 1 January 2018	135,800	1,047	-	490,588	627,435
Total comprehensive income for the financial period	-	-	-	43,607	43,607
- 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)
At 30 September 2018	135,800	1,047	-	537,586	674,433

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UNAUDITED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL PERIOD 30 SEPTEMBER 2019

	30 September 2019 RM'000	30 September 2018 RM'000
Cash flows from operating activities		
Profit before taxation	62,077	54,987
Adjustments for:		
- Depreciation of property and equipment	820	678
- Impairment charge for credit losses	86	4,095
- Net unrealised (loss)/gain on fair value changes in derivatives	(383)	2,569
- Net unrealised (loss)/gain on revaluation of financial assets at FVTPL	(33)	910
	<u>62,567</u>	<u>63,239</u>
Changes in working capital:		
<i>(Increase)/decrease in operating assets:</i>		
- Financial assets FVTPL	808,358	(1,584,514)
- Financial assets FVOCI	(49,633)	-
- Loans, advances and financing	(67,353)	79,054
- Other assets	(11,781)	(38,106)
- Derivative assets	233	3,089
- Statutory deposit with Bank Negara Malaysia	(22,201)	(2,209)
<i>Increase/(decrease) in operating liabilities:</i>		
- Deposits from customers	474,238	(167,735)
- Deposits and placements of banks and other financial institutions	(610,734)	789,197
- Bills and acceptances payable	(10,902)	9,401
- Other liabilities	11,793	(17,954)
- Derivative liabilities	537	(3,278)
Cash flows from operating activities	<u>585,122</u>	<u>(869,816)</u>
Taxation paid	<u>(14,248)</u>	<u>(9,404)</u>
Net cash provided by operating activities	<u>570,874</u>	<u>(879,220)</u>
Cash flows from investing activities		
Purchase of property and equipment	<u>(2,114)</u>	<u>(950)</u>
Net cash used in investing activities	<u>(2,114)</u>	<u>(950)</u>
Cash flows from financing activities		
Repayment of lease liabilities	<u>(526)</u>	<u>-</u>
Net cash used in financing activities	<u>(526)</u>	<u>-</u>
Cash and cash equivalents	568,760	(880,170)
As at 1 January	<u>2,117,387</u>	<u>2,765,001</u>
At 30 September 2019	<u><u>2,685,621</u></u>	<u><u>1,884,831</u></u>

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NOTES TO THE FINANCIAL STATEMENTS 30 SEPTEMBER 2019

1 BASIS OF PREPARATION

The unaudited condensed interim financial statements of the Bank for the financial quarter ended 30 September 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 30 SEPTEMBER 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 quarter ended 30 September 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 30 September 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 30 SEPTEMBER 2019

7 CASH AND SHORT TERM FUNDS

	30 September 2019 RM'000	31 December 2018 RM'000
Cash and balances with banks and other financial institutions	102,375	102,921
Money at call and deposit placements maturing within one month	2,583,246	2,014,466
	<u>2,685,621</u>	<u>2,117,387</u>

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

	30 September 2019 RM'000	31 December 2018 RM'000
Malaysian Government Securities	1,185,436	1,041,185
Malaysian Government Investment Issues	78,146	131,546
Malaysian Government Treasury Bills	-	899,176
	<u>1,263,582</u>	<u>2,071,907</u>

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

	30 September 2019 RM'000	31 December 2018 RM'000
<u>Quoted securities in Malaysia:</u>		
Bank Negara Bills	99,561	49,928
<u>Unquoted securities in Malaysia:</u>		
Shares	2,980	2,980
Bonds	15	15
	<u>102,556</u>	<u>52,923</u>

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NOTES TO THE FINANCIAL STATEMENTS 30 SEPTEMBER 2019

10 LOANS, ADVANCES AND FINANCING

	30 September 2019	31 December 2018
	RM'000	RM'000
(a) By type		
At amortised cost:		
Overdrafts	3,506	28,537
Factoring receivables	21,862	22,806
Staff loans	585	843
Revolving advances	149,180	52,236
Term loans	47,248	50,379
Mortgage loans	170	243
Gross loans, advances and financing	222,551	155,044
Expected Credit Losses ("ECL")	(20,690)	(20,450)
Stage 1: 12 Months - On Balance Sheet	(651)	(227)
Stage 2: Lifetime ECL not credit impaired	-	-
Stage 3: Lifetime ECL credit-impaired	(20,039)	(20,223)
Total net loans, advances and financing	201,861	134,594
(b) Gross loans, advances and financing analysed by geographical distribution:		
Malaysia	222,551	155,044
(c) By type of customer		
Domestic business enterprises	201,586	153,743
Domestic non-banking financial institutions	20,211	214
Individuals	754	1,087
	222,551	155,044
(d) By interest rate sensitivity		
Fixed rate:		
Housing loans	521	767
Other fixed rate loans	171,106	79,926
Variable rate:		
Base rate	3,168	4,775
Cost plus	508	19,198
Other floating rate loans	47,248	50,378
	222,551	155,044

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NOTES TO THE FINANCIAL STATEMENTS 30 SEPTEMBER 2019

10 LOANS, ADVANCES AND FINANCING (continued)

	30 September 2019 RM'000	31 December 2018 RM'000
(e) By sector		
Mining & quarrying	47,248	51,598
Manufacturing	125,772	58,910
Construction	-	13,310
Wholesale & Retail trade, Restaurant & Hotels	6,306	4,807
Telecommunication	2,397	2,517
Finance, insurance and business services	39,581	21,225
Education, health and others	493	1,591
Household	754	1,086
	<u>222,551</u>	<u>155,044</u>
(f) By economic purpose		
Purchase of transport vehicles	55	65
Purchase of landed property (residential)	691	1,010
Personal use	8	11
Working capital	221,797	153,958
	<u>222,551</u>	<u>155,044</u>
(g) By residual contractual maturity		
Within one year	204,134	137,918
One year to three years	18,225	16,296
Three years to five years	51	65
Over five years	141	765
	<u>222,551</u>	<u>155,044</u>
(h) Gross loans, advances and financing by staging		
Stage 1: 12 Month ECL	175,276	104,635
Stage 2: Lifetime ECL Not Credit Impaired	-	-
Stage 3: Credit Impaired	47,275	50,409
	<u>222,551</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 period/year	13	50,379
Reclassified as non-impaired	(11)	-
Amount recovered	(3,691)	(6)
Other adjustments	555	-
At 30 Sep/31 December	<u>47,275</u>	<u>50,409</u>
Stage 3: Lifetime ECL credit impaired	<u>(20,039)</u>	<u>(20,223)</u>
Net impaired loans, advances and financing	<u>27,236</u>	<u>30,186</u>
Gross impaired loans as a % of gross loans, advances and financing	<u>21.24%</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
30 September 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)	(71)	-	-	(71)
New loans, advances and financing originated	125	-	-	125
Net remeasurement due to changes in credit risk	370	-	(184)	186
Modification to contractual cash flows of loans, advances and financing	-	-	-	-
Amount written off	-	-	-	-
At 30 September 2019	651	-	20,039	20,690
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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NOTES TO THE FINANCIAL STATEMENTS 30 SEPTEMBER 2019

10 LOANS, ADVANCES AND FINANCING (continued)

	30 September 2019 RM'000	31 December 2018 RM'000
(j) Impaired loans, advances and financing analysed by geographical distribution		
Malaysia	47,275	50,409
(k) Impaired loans, advances and financing analysed by economic purpose:		
Working capital	47,248	50,379
Purchase of landed property (residential)	27	30
	47,275	50,409

11 OTHER ASSETS

	30 September 2019 RM'000	31 December 2018 RM'000
Collateral receivables	15,401	11,134
Intercompany receivables	782	2,383
Other receivables	16,855	9,140
Deposits	36	36
Prepayments	117	116
	33,191	22,809

12 PRE-ACQUISITION PROFITS

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

13 PROPERTY 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 30 SEPTEMBER 2019

16 DEPOSITS FROM CUSTOMERS

	30 September 2019 RM'000	31 December 2018 RM'000
Demand deposits	2,909,558	2,239,244
Savings deposits	6	5
Fixed deposits	552,686	748,763
	<u>3,462,250</u>	<u>2,988,012</u>

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

Due within six months	546,350	742,501
Six months to one year	1,792	4,156
One year to five years	3,487	1,050
More than five years	1,057	1,056
	<u>552,686</u>	<u>748,763</u>

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

Business enterprises	3,462,204	2,987,044
Individuals	46	46
Others	-	922
	<u>3,462,250</u>	<u>2,988,012</u>

17 DEPOSITS AND PLACEMENTS OF BANKS AND OTHER FINANCIAL INSTITUTIONS

	30 September 2019 RM'000	31 December 2018 RM'000
Licensed banks	69,229	680,972
Other financial institutions	1,009	-
	<u>70,238</u>	<u>680,972</u>

18 OTHER LIABILITIES

	30 September 2019 RM'000	31 December 2018 RM'000
Collateral payables	22,420	21,751
Intercompany payables	31,726	17,961
Deferred income on loans, advances and financing	5	4
Accruals	5,116	6,300
Share-based recharge payables	1,452	228
Provisions made for ECL	425	729
Other payables	9,249	11,627
	<u>70,393</u>	<u>58,600</u>

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NOTES TO THE FINANCIAL STATEMENTS 30 SEPTEMBER 2019

19 INTEREST INCOME

	Quarter Ended		Nine Months Ended	
	30 September 2019 RM'000	30 September 2018 RM'000	30 September 2019 RM'000	30 September 2018 RM'000
Loans, advances and financing	1,642	2,113	4,797	6,920
Money at call and deposit placements with banks and other financial institutions	11,693	16,676	37,449	45,484
Financial assets at FVOCI	1,150	368	4,253	368
Others	-	-	-	134
	<u>14,485</u>	<u>19,157</u>	<u>46,499</u>	<u>52,906</u>

20 INTEREST EXPENSE

	Quarter Ended		Nine Months Ended	
	30 September 2019 RM'000	30 September 2018 RM'000	30 September 2019 RM'000	30 September 2018 RM'000
Deposits and placements of banks and other financial institutions	1,589	1,403	5,970	2,010
Deposits from customers	9,318	5,884	28,703	15,273
Others	-	(7)	-	-
	<u>10,907</u>	<u>7,280</u>	<u>34,673</u>	<u>17,283</u>

21 NET TRADING INCOME

	Quarter Ended		Nine Months Ended	
	30 September 2019 RM'000	30 September 2018 RM'000	30 September 2019 RM'000	30 September 2018 RM'000
Fair value gain/(loss) on instruments				
<u>Debt instruments FVTPL</u>				
- Net gain from sale of financial assets at FVTPL	10,333	2,911	22,494	80
- Unrealised revaluation gain/(loss) on financial assets at FVTPL	(710)	(308)	(33)	(910)
<u>Derivatives financial instruments</u>				
- Realised loss on derivatives	(2,660)	(163)	(2,331)	(1,384)
- Unrealised gain/(loss) on foreign exchange forwards and swaps	(19,945)	(3,901)	(63)	(3,899)
- Unrealised gain on interest rate and cross currency swaps	528	23	(321)	1,330
Interest income from financial assets at FVTPL	18,727	15,200	56,938	34,427
Realised gain from foreign exchange	24,482	11,673	20,119	33,587
Others	(25)	-	(92)	-
	<u>30,730</u>	<u>25,435</u>	<u>96,711</u>	<u>63,231</u>

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22 OTHER OPERATING INCOME

	Quarter Ended		Nine Months Ended	
	30 September 2019	30 September 2018	30 September 2019	30 September 2018
	RM'000	RM'000	RM'000	RM'000
<i>Fee income</i>				
Commission	69	61	241	225
Service charges and fees	1,387	1,540	4,235	4,130
Guarantee fees	200	239	986	779
Management fee income	971	1,610	1,971	4,379
Other fee income	1,438	1,498	4,797	3,647
	<u>4,065</u>	<u>4,948</u>	<u>12,230</u>	<u>13,160</u>

23 OTHER OPERATING EXPENSES

	Quarter Ended		Nine Months Ended	
	30 September 2019	30 September 2018	30 September 2019	30 September 2018
	RM'000	RM'000	RM'000	RM'000
<i>Personnel costs</i>				
Salaries, allowances and bonuses	6,437	5,880	19,579	17,375
Share-based payment	222	1,183	1,613	3,496
Defined contribution plans	1,175	1,119	3,823	4,172
Other personnel costs	940	1,217	2,728	2,779
	<u>8,774</u>	<u>9,399</u>	<u>27,743</u>	<u>27,822</u>
<i>Establishment costs</i>				
Depreciation of property and equipment	310	261	820	678
Rental of premises	302	342	903	1,063
Rental of equipment	248	74	401	215
Repair and maintenance	1,278	918	1,857	1,461
Others	138	315	1,076	1,194
	<u>2,276</u>	<u>1,910</u>	<u>5,057</u>	<u>4,611</u>
<i>Marketing expenses</i>				
Others	104	51	316	198
	<u>104</u>	<u>51</u>	<u>316</u>	<u>198</u>
<i>Administration and general expenses</i>				
Communication expenses	298	380	1,168	1,340
Legal and professional fees	329	292	745	694
Stationery and postages	114	86	319	333
Shared administrative support expenses	9,583	8,909	19,840	13,781
Others	821	1,190	3,588	4,153
	<u>11,145</u>	<u>10,857</u>	<u>25,660</u>	<u>20,301</u>
	<u>22,299</u>	<u>22,217</u>	<u>58,776</u>	<u>52,932</u>

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NOTES TO THE FINANCIAL STATEMENTS 30 SEPTEMBER 2019

24 IMPAIRMENT FOR CREDIT LOSSES

	Quarter Ended		Nine Months Ended	
	30 September 2019	30 September 2018	30 September 2019	30 September 2018
	RM'000	RM'000	RM'000	RM'000
Allowance for impairment on loans, advances and financing:				
- Expected credit losses	2,745	(5,985)	63	(4,101)
- Written back during the financial period	-	-	-	6
Bad debts recovered	3	-	23	-
	<u>2,748</u>	<u>(5,985)</u>	<u>86</u>	<u>(4,095)</u>

25 SIGNIFICANT EVENTS DURING THE FINANCIAL PERIOD

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

26 SIGNIFICANT EVENTS SUBSEQUENT TO THE BALANCE SHEET DATE

Subsequent to the balance sheet date, the immediate holding company of the Bank has changed from BankAmerica International Financial Corporation ("BIFC") to Bank of America, National Association ("BANA").

27 CHANGES IN COMPOSITION OF THE BANK

There were no significant changes in the composition of the Bank for the financial period ended 30 September 2019.

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

30 DIVIDENDS

There were no dividends paid or declared for the financial period 30 September 2019.

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NOTES TO THE FINANCIAL STATEMENTS 30 SEPTEMBER 2019

31 CAPITAL ADEQUACY

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

	30 September 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	535,830	532,441
- effects of adoption of MFRS 9	-	3,391
Unrealised gains and losses on available-for-sale financial instruments	1,048	1,047
	<u>672,678</u>	<u>672,679</u>
Less: regulatory adjustments		
- Deferred tax assets	(3,982)	(2,134)
- 55% of cumulative gains of available-for-sale financial instruments	(576)	(576)
- Regulatory reserve	(1,814)	(2,679)
Total CET 1 and Tier 1 Capital	<u>666,306</u>	<u>667,290</u>
<u>Tier-II Capital</u>		
Loss allowance for non-credit impaired exposures/ Collective assessment allowance *	1,076	956
Regulatory reserve	1,814	2,679
Total Tier II capital	<u>2,890</u>	<u>3,635</u>
Total Capital	<u>669,196</u>	<u>670,925</u>

* Excludes Lifetime ECL Credit Impaired (Stage 3) loans on impaired loans restricted from Tier-II Capital of RM20,038,603 (2018: RM20,222,870).

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

Total risk-weighted assets:-

Credit risk	416,129	472,160
Market risk	892,972	373,887
Operational risk	268,029	242,037
Total RWA	<u>1,577,129</u>	<u>1,088,084</u>

	30 September 2019	31 December 2018
<u>Capital ratios</u>		
CET I capital ratio	42.248%	61.327%
Tier I capital ratio	42.248%	61.327%
Total capital ratio	<u>42.431%</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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NOTES TO THE FINANCIAL STATEMENTS 30 SEPTEMBER 2019

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>	30 September 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	96,364	96,002	93,669	104,392	104,094	102,113
Transaction related contingent items	32,809	16,345	14,780	35,227	17,564	15,727
Short-term self liquidating trade related contingencies	5,197	1,036	1,036	10,076	2,009	2,009
Foreign exchange related contracts:						
- One year or less	3,785,611	52,159	38,871	4,302,440	54,376	26,722
- Over one year to five years	57,685	3,545	3,545	9,676	677	677
Interest/profit rate related contracts:						
- One year or less	3,141,000	8,917	3,082	2,143,000	3,352	1,347
- Over one year to five years	3,073,800	36,653	14,155	3,708,600	48,595	19,315
- Over five years	157,500	7,224	3,031	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	-	-	-	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	861,116	-	-	1,224	-	-
Total	11,211,082	221,881	172,169	11,176,415	373,149	305,981

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NOTES TO THE FINANCIAL STATEMENTS 30 SEPTEMBER 2019

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
30 September 2019	RM'000	RM'000	RM'000	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	1,185,436	-	-	1,185,436
- Malaysian Government Investment Issues	78,146	-	-	78,146
- Malaysian Government Treasury Bills	-	-	-	-
Derivative assets				
- Foreign exchange forwards and swaps	-	12,392	-	12,392
- Interest rate and cross currency swaps	-	19,256	-	19,256
<u>Financial assets at fair value through other comprehensive income</u>				
Bank Negara Bills	99,561	-	-	99,561
Unquoted shares	-	-	2,980	2,980
Unquoted bonds	-	-	15	15
Total assets	1,363,143	31,648	2,995	1,397,786

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NOTES TO THE FINANCIAL STATEMENTS 30 SEPTEMBER 2019

33 FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

30 September 2019	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
<u>Financial liabilities at fair value through profit or loss</u>				
Derivative liabilities				
- Foreign exchange forwards and swaps	-	14,589	-	14,589
- Interest rate and cross currency swaps	-	19,125	-	19,125
Total liabilities	-	33,714	-	33,714
31 December 2018	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total 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	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.
310983 V

BANK OF AMERICA MALAYSIA BERHAD
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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 30 September 2019, and the related Statement of Comprehensive Income, Statement of Changes in Equity, Statement of Cash Flows and notes for the 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
25 October 2019