

Registration No.

199401025304 (310983-V)

BANK OF AMERICA MALAYSIA BERHAD

(Incorporated in Malaysia)

UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD 30 SEPTEMBER 2020

BANK OF AMERICA MALAYSIA BERHAD
(Incorporated in Malaysia)

**UNAUDITED CONDENSED INTERIM FINANCIAL POSITION
FOR THE FINANCIAL PERIOD 30 SEPTEMBER 2020**

	<u>Note</u>	30 September 2020 RM'000	31 December 2019 RM'000
ASSETS			
Cash and short term funds	7	2,516,288	2,736,001
Financial assets at fair value through profit or loss (FVTPL)	8	2,086,139	900,961
Financial assets at fair value through other comprehensive income (FVOCI)	9	350,642	102,576
Loans, advances and financing	10	206,491	248,512
Other assets	11	142,299	21,445
Derivative assets		142,990	40,456
Tax recoverable		-	9,722
Deferred tax assets		1,630	2,035
Statutory deposits with Bank Negara Malaysia		13,001	10,001
Property and equipment	13	3,628	4,892
TOTAL ASSETS		5,463,108	4,076,601
LIABILITIES AND SHAREHOLDERS' FUNDS			
Deposits from customers	16	3,792,632	3,146,529
Deposits and placements of banks and other financial institutions	17	481,902	76,104
Bills and acceptances payable		11,978	18,482
Other liabilities	18	204,365	58,076
Derivative liabilities		165,287	44,526
Tax payable		857	-
TOTAL LIABILITIES		4,657,021	3,343,717
Share capital		135,800	135,800
Reserves		670,287	597,084
Shareholders' funds		806,087	732,884
TOTAL LIABILITIES AND SHAREHOLDERS' FUNDS		5,463,108	4,076,601
COMMITMENTS AND CONTINGENCIES	32	26,507,920	12,429,913

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STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD 30 SEPTEMBER 2020

	<u>Note</u>	30 September 2020 RM'000	Quarter Ended 30 September 2019 RM'000	30 September 2020 RM'000	Period Ended 30 September 2019 RM'000
Interest income	19	10,651	14,485	36,799	46,499
Interest expense	20	(2,732)	(10,907)	(15,146)	(34,673)
Net interest income		7,919	3,578	21,653	11,826
Net trading income	21	18,972	30,730	118,531	96,711
Other operating income	22	8,594	4,065	19,699	12,230
Net non-interest income		27,566	34,795	138,230	108,941
Net income		35,485	38,373	159,883	120,767
Other operating expenses	23	(22,270)	(22,299)	(61,801)	(58,776)
Profit before allowance		13,215	16,074	98,082	61,991
Impairment for credit losses	24	594	2,748	(1,423)	86
Profit before taxation		13,809	18,822	96,659	62,077
Taxation		(2,623)	(3,473)	(23,452)	(13,950)
Profit for the financial period		11,186	15,349	73,207	48,127
Other comprehensive income:					
<u>Items that may not be subsequently reclassified to profit or loss</u>					
Change in value of financial assets at fair value through other comprehensive income (FVOCI)		(13)	-	(4)	-
Total comprehensive income for the financial period, net of tax		11,173	15,349	73,203	48,127
Earnings per share (sen)					
- Basic / Diluted		8.24	11.30	53.91	35.44

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**STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD 30 SEPTEMBER 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	-	-	-	73,207	73,207
Change in value of financial assets at fair value through other comprehensive income (FVOCI)	-	(4)	-	-	(4)
Transfer to regulatory reserve	-	-	(428)	428	-
At 30 September 2020	<u>135,800</u>	<u>1,048</u>	<u>859</u>	<u>668,380</u>	<u>806,087</u>
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	<u>135,800</u>	<u>1,047</u>	<u>3,544</u>	<u>580,415</u>	<u>720,806</u>

BANK OF AMERICA MALAYSIA BERHAD
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STATEMENT OF CASH FLOWS
FOR THE FINANCIAL PERIOD 30 SEPTEMBER 2020

	30 September 2020 RM'000	30 September 2019 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	96,659	62,077
Adjustments for:		
- Depreciation of property and equipment	893	293
- Depreciation of right-of-use assets	547	527
- Impairment write back for credit losses	1,423	86
- Net unrealised gain/(loss) on fair value changes in derivatives	18,276	(383)
- Net unrealised loss on revaluation of financial assets at FVTPL	(3,865)	(33)
	<u>113,933</u>	<u>62,567</u>
Changes in working capital:		
<i>(Increase)/Decrease in operating assets:</i>		
Financial assets FVTPL	(1,181,313)	808,358
Financial assets FVOCI	(248,070)	(49,633)
Loans, advances and financing	40,598	(67,353)
Other assets	(120,856)	(11,781)
Derivative assets	(120,810)	233
Statutory deposit with Bank Negara Malaysia	(3,000)	(22,201)
<i>Increase/(Decrease) in operating liabilities:</i>		
Deposits from customers	646,103	474,238
Deposits and placements of banks and other financial institutions	405,798	(610,734)
Bills and acceptances payable	(6,504)	(10,902)
Other liabilities	146,779	11,793
Derivative liabilities	120,761	537
CASH FLOWS (USED IN)/FROM OPERATING ACTIVITIES	<u>(206,581)</u>	<u>585,122</u>
Taxation paid	(12,466)	(14,248)
NET CASH (USED IN)/FROM OPERATING ACTIVITIES	<u>(219,047)</u>	<u>570,874</u>

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STATEMENT OF CASH FLOWS
FOR THE FINANCIAL PERIOD 30 SEPTEMBER 2020

	30 September 2020 RM'000	30 September 2019 RM'000
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, and equipment	(127)	(2,114)
NET CASH USED IN INVESTING ACTIVITIES	(127)	(2,114)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payment of lease rentals	(539)	(526)
NET CASH USED IN FINANCING ACTIVITIES	(539)	(526)
CASH AND CASH EQUIVALENTS	(219,713)	568,234
AS AT 1 JANUARY	2,736,001	2,117,387
AS AT 30 SEPTEMBER	2,516,288	2,685,621

BANK OF AMERICA MALAYSIA BERHAD
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NOTES TO THE FINANCIAL STATEMENTS FOR 30 SEPTEMBER 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 30 SEPTEMBER 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 30 September 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 30 September 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

	30 September 2020 RM'000	31 December 2019 RM'000
Cash and balances with banks and other financial institutions	107,665	140,428
Money at call and deposit placements maturing within one month	2,408,623	2,595,573
	<u>2,516,288</u>	<u>2,736,001</u>

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NOTES TO THE FINANCIAL STATEMENTS FOR 30 SEPTEMBER 2020

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

	30 September 2020 RM'000	31 December 2019 RM'000
Malaysian Government Securities	1,874,025	570,221
Malaysian Government Investment Issues	212,114	330,740
	<u>2,086,139</u>	<u>900,961</u>

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

	30 September 2020 RM'000	31 December 2019 RM'000
<u>Quoted securities in Malaysia:</u>		
Bank Negara Bills	347,662	99,596
<u>Unquoted securities in Malaysia:</u>		
Shares	2,980	2,980
	<u>350,642</u>	<u>102,576</u>

10 LOANS, ADVANCES AND FINANCING

	30 September 2020 RM'000	31 December 2019 RM'000
(a) Loans, advances and financing analysed by type:		
At amortised cost:		
Overdrafts	9,421	4,852
Factoring receivables	20,804	23,442
Staff loans	524	564
Revolving advances	160,549	196,040
Term loans	37,831	44,802
Mortgage loans	120	147
	<u>229,249</u>	<u>269,847</u>
Gross loans, advances and financing	229,249	269,847
Expected Credit Losses ("ECL")		
- Stage 1: 12 Months – On Balance Sheet	(1,466)	(1,430)
- Stage 2: Lifetime ECL not credit impaired	-	-
- Stage 3: Lifetime ECL credit-impaired	(21,292)	(19,905)
	<u>206,491</u>	<u>248,512</u>
Total net loans, advances and financing	206,491	248,512

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NOTES TO THE FINANCIAL STATEMENTS FOR 30 SEPTEMBER 2020

10 LOANS, ADVANCES AND FINANCING (CONTINUED)

	30 September 2020 RM'000	31 December 2019 RM'000
(b) Gross loans, advances and financing analysed by geographical distribution:		
Malaysia	229,249	269,847
(c) By type of customer		
Domestic business enterprises	226,682	203,892
Domestic non-banking financial institutions	1,924	65,243
Individuals	643	712
	229,249	269,847
(d) By interest rate sensitivity		
Fixed rate		
- Housing loans	478	510
- Other fixed rate loans	20,850	23,496
Variable rate		
- Base rate	120	147
- Cost plus	9,421	4,852
- Other floating rate loans	198,380	240,842
	229,249	269,847
(e) By sector		
Mining & quarrying	37,832	44,802
Manufacturing	154,738	128,126
Wholesale & Retail trade, Restaurant & Hotels	14,071	12,936
Transport, storage, communication	1,001	1,012
Finance, insurance and business services	20,964	82,259
Household	643	712
	229,249	269,847

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NOTES TO THE FINANCIAL STATEMENTS FOR 30 SEPTEMBER 2020

10 LOANS, ADVANCES AND FINANCING (CONTINUED)

	30 September 2020 RM'000	31 December 2019 RM'000
(f) By economic purpose		
Purchase of transport vehicles	40	48
Purchase of landed property (residential)	597	658
Personal use	6	5
Working capital	228,606	269,136
	<u>229,249</u>	<u>269,847</u>
(g) By residual contractual maturity		
Within one year	222,753	254,200
One year to three years	5,978	15,089
Three to five years	40	48
Over five years	478	510
	<u>229,249</u>	<u>269,847</u>
(h) Gross loans, advances and financing by staging		
Stage 1: 12 Month ECL	190,390	225,018
Stage 2: Lifetime ECL Not Credit Impaired	-	-
Stage 3: Credit Impaired	38,859	44,829
	<u>229,249</u>	<u>269,847</u>
(i) Movements in impaired loans, advances and financing:		
At 1 January	44,829	50,409
Impaired during the year	1,001	13
Amount recovered during the year	(5,879)	(3,488)
Reclassified as non-impaired during the year	-	(13)
Exchange difference	(1,092)	(2,092)
	<u>38,859</u>	<u>44,829</u>
At 30 September/31 December	38,859	44,829
Stage 3: Lifetime ECL credit impaired	(21,292)	(19,905)
	<u>17,567</u>	<u>24,924</u>
Net impaired loans, advances and financing		
	<u>17,567</u>	<u>24,924</u>
Gross impaired loans as a % of gross loans, advances and financing	<u>16.95%</u>	<u>16.61%</u>

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NOTES TO THE FINANCIAL STATEMENTS FOR 30 SEPTEMBER 2020

10 LOANS, ADVANCES AND FINANCING (CONTINUED)

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

	<u>12-Month ECL (Stage 1)</u>	<u>Not Credit- Impaired (Stage 2)</u>	<u>Lifetime ECL Credit Impaired (Stage 3)</u>	<u>Total</u>
	RM'000	RM'000	RM'000	RM'000
30 September 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	(8)	5	-	(3)
- Transfer to Stage 3: Lifetime ECL credit-impaired	-	-	-	-
Loans, advances and financing derecognised (other than write off)	(418)	-	-	(418)
New loans, advances and financing originated	816	-	64	880
Net remeasurement due to changes in credit risk	(354)	(5)	1,323	964
Modification to contractual cash flows of loans, advances and financing	-	-	-	-
Amount written off	-	-	-	-
At 30 September 2020	<u>1,466</u>	<u>-</u>	<u>21,292</u>	<u>22,758</u>

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NOTES TO THE FINANCIAL STATEMENTS FOR 30 SEPTEMBER 2020

10 LOANS, ADVANCES AND FINANCING (CONTINUED)

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

	<u>12-Month ECL</u> <u>(Stage 1)</u>	<u>Not Credit-</u> <u>Impaired</u> <u>(Stage 2)</u>	<u>Lifetime ECL</u> <u>Credit</u> <u>Impaired</u> <u>(Stage 3)</u>	<u>Total</u>
	RM'000	RM'000	RM'000	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	<u>1,430</u>	<u>-</u>	<u>19,905</u>	<u>21,335</u>

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NOTES TO THE FINANCIAL STATEMENTS FOR 30 SEPTEMBER 2020

10 LOANS, ADVANCES AND FINANCING (CONTINUED)

	30 September 2020 RM'000	31 December 2019 RM'000
(k) Impaired loans, advances and financing analysed by geographical distribution:		
Malaysia	38,859	44,829
(l) Impaired loans, advances and financing analysed by economic purpose:		
Purchase of landed property (residential)	26	27
Working capital	38,833	44,802
	38,859	44,829

11 OTHER ASSETS

	30 September 2020 RM'000	31 December 2019 RM'000
Collateral receivables	71,183	12,272
Intercompany receivables	1,017	1,754
Deposits	36	36
Prepayments	8,337	3
Other receivables	61,726	7,380
	142,299	21,445

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NOTES TO THE FINANCIAL STATEMENTS FOR 30 SEPTEMBER 2020

12 PRE-ACQUISITION PROFITS

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

13 PROPERTY AND EQUIPMENT

The valuations of property 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

	30 September 2020 RM'000	31 December 2019 RM'000
Demand deposits	3,519,597	2,500,306
Saving deposits	7	6
Fixed deposits	273,028	646,217
	<u>3,792,632</u>	<u>3,146,529</u>

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

Due within six months	266,106	637,609
Six months to one year	4,761	6,500
One year to five years	1,101	2,108
More than five years	1,060	-
	<u>273,028</u>	<u>646,217</u>

(b) By type of customers:

Business enterprises	3,792,586	3,146,483
Individuals	46	46
	<u>3,792,632</u>	<u>3,146,529</u>

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NOTES TO THE FINANCIAL STATEMENTS FOR 30 SEPTEMBER 2020

17 DEPOSITS AND PLACEMENTS OF BANKS AND OTHER FINANCIAL INSTITUTIONS

	30 September 2020 RM'000	31 December 2019 RM'000
Licensed banks	480,880	75,092
Other financial institutions	1,022	1,012
	<u>481,902</u>	<u>76,104</u>

18 OTHER LIABILITIES

	30 September 2020 RM'000	31 December 2019 RM'000
Collateral payables	90,632	15,193
Intercompany payables	49,118	32,309
Accruals	4,917	6,455
Share-based recharge payables	150	388
Lease Liabilities	1,280	1,771
Other payables	58,268	1,960
	<u>204,365</u>	<u>58,076</u>

19 INTEREST INCOME

	30 September 2020 RM'000	Quarter Ended 30 September 2019 RM'000	30 September 2020 RM'000	Period Ended 30 September 2019 RM'000
Loans, advances and financing	1,526	1,642	5,443	4,797
Money at call and deposit placements with banks and other financial institutions	7,738	11,693	28,743	37,449
Financial assets at FVOCI	1,387	1,150	2,613	4,253
	<u>10,651</u>	<u>14,485</u>	<u>36,799</u>	<u>46,499</u>

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NOTES TO THE FINANCIAL STATEMENTS FOR 30 SEPTEMBER 2020
20 INTEREST EXPENSE

	30 September 2020 RM'000	Quarter Ended 30 September 2019 RM'000	30 September 2020 RM'000	Period Ended 30 September 2019 RM'000
Deposits and placement of bank and other financial institutions	315	1,589	1,954	5,970
Deposits from customers	2,417	9,318	13,192	28,703
	<u>2,732</u>	<u>10,907</u>	<u>15,146</u>	<u>34,673</u>

21 NET TRADING INCOME

	30 September 2020 RM'000	Quarter Ended 30 September 2019 RM'000	30 September 2020 RM'000	Period Ended 30 September 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	733	10,333	34,458	22,494
- Unrealised revaluation (loss) on financial assets at FVTPL	(4,230)	(710)	(3,865)	(33)
<u>Derivatives financial instruments</u>				
- Realised (loss)/gain on derivatives	(1,627)	(2,660)	1,403	(2,331)
- Unrealised (loss)/gain on foreign exchange forwards and swaps	(30,987)	(19,945)	(18,031)	(63)
- Unrealised gain/(loss) on interest rate and cross currency swaps	501	528	(245)	(321)
Interest income from financial assets at FVTPL	13,119	18,727	38,938	56,938
Realised foreign exchange gain	41,466	24,482	65,910	20,119
Others	(3)	(25)	(37)	(92)
	<u>18,972</u>	<u>30,730</u>	<u>118,531</u>	<u>96,711</u>

22 OTHER OPERATING INCOME

	30 September 2020 RM'000	Quarter Ended 30 September 2019 RM'000	30 September 2020 RM'000	Period Ended 30 September 2019 RM'000
<u>Fee income</u>				
Commission	108	69	292	241
Service charges and fees	1,878	1,387	5,024	4,235
Guarantee fees	180	200	779	986
Management fee income	1,013	971	2,781	1,971
Other fee income	5,415	1,438	10,823	4,797
	<u>8,594</u>	<u>4,065</u>	<u>19,699</u>	<u>12,230</u>

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NOTES TO THE FINANCIAL STATEMENTS FOR 30 SEPTEMBER 2020

23 OTHER OPERATING EXPENSES

	30 September 2020 RM'000	Quarter Ended 30 September 2019 RM'000	30 September 2020 RM'000	Period Ended 30 September 2019 RM'000
<u>Personnel costs</u>				
Salaries, allowances and bonuses	6,622	6,437	20,896	19,579
Share-based payments	160	222	(24)	1,613
Defined contribution plans	1,130	1,175	5,049	3,823
Other personnel costs	248	940	797	2,728
	<u>8,160</u>	<u>8,774</u>	<u>26,718</u>	<u>27,743</u>
<u>Establishment costs</u>				
Depreciation of property and equipment	362	310	893	820
Depreciation of right-of-use assets	189	177	547	527
Rental of premises	132	125	381	376
Rental of equipment	64	248	199	401
Repair and maintenance	1,587	1,278	2,335	1,857
Others	810	138	1,741	1,076
	<u>3,144</u>	<u>2,276</u>	<u>6,096</u>	<u>5,057</u>
<u>Marketing expenses</u>				
Others	32	104	185	316
	<u>32</u>	<u>104</u>	<u>185</u>	<u>316</u>
<u>Administration and general expenses</u>				
Communication expenses	575	298	1,206	1,168
Legal and professional fees	(66)	329	260	745
Stationery and postages	118	114	374	319
Shared administrative support expenses	8,333	9,583	22,386	19,840
Others	1,974	821	4,576	3,588
	<u>10,934</u>	<u>11,145</u>	<u>28,802</u>	<u>25,660</u>
	<u>22,270</u>	<u>22,299</u>	<u>61,801</u>	<u>58,776</u>

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NOTES TO THE FINANCIAL STATEMENTS FOR 30 SEPTEMBER 2020

24 IMPAIRMENT FOR CREDIT LOSSES

	Quarter Ended 30 September 2020 RM'000	Quarter Ended 30 September 2019 RM'000	Quarter Ended 30 September 2020 RM'000	Period Ended 30 September 2019 RM'000
Allowance for impairment:				
- Expected credit losses	(793)	(921)	(5,634)	(4,430)
- Written back	1,387	3,666	4,211	4,493
Bad debts recovered	-	3	-	23
	<u>594</u>	<u>2,748</u>	<u>(1,423)</u>	<u>86</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 30 September 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 30 September 2020.

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NOTES TO THE FINANCIAL STATEMENTS FOR 30 SEPTEMBER 2020

31 CAPITAL ADEQUACY

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

	30 September 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	596,032	596,032
Unrealised gains and losses on FVOCI financial instruments	1,048	1,052
	<u>732,880</u>	<u>732,884</u>
Less: regulatory adjustments		
- Deferred tax assets	(1,630)	(2,035)
- 55% of cumulative gains of FVOCI financial instruments	(576)	(579)
- Regulatory reserve	(859)	(1,287)
Total CET I and Tier I Capital	<u>729,815</u>	<u>728,983</u>
<u>Tier II Capital</u>		
Loss allowance for non-credit impaired exposures*	2,225	2,189
Regulatory reserve	859	1,287
Total Tier II capital	<u>3,084</u>	<u>3,476</u>
Total Capital	<u><u>732,899</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 RM21,292k (2019: RM19,905k).

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31 CAPITAL ADEQUACY (CONTINUED)

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

	30 September 2020 RM'000	31 December 2019 RM'000
<u>Total risk-weighted assets</u>		
Credit risk	620,183	599,136
Market risk	707,280	492,372
Operational risk	297,993	273,018
Total RWA	<u>1,625,456</u>	<u>1,364,526</u>
<u>Capital ratios</u>		
CET I capital ratio	44.899%	53.424%
Tier I capital ratio	44.899%	53.424%
Total capital ratio	<u>45.089%</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.

NOTES TO THE FINANCIAL STATEMENTS FOR 30 SEPTEMBER 2020**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>	<u>30 September 2020</u>			<u>31 December 2019</u>		
	<u>Principal</u>	<u>Credit</u>	<u>Risk</u>	<u>Principal</u>	<u>Credit</u>	<u>Risk</u>
	<u>amount</u>	<u>equivalent</u>	<u>weighted</u>	<u>amount</u>	<u>equivalent</u>	<u>weighted</u>
	<u>RM'000</u>	<u>amount</u>	<u>amount</u>	<u>RM'000</u>	<u>amount</u>	<u>amount</u>
		<u>RM'000</u>	<u>RM'000</u>		<u>RM'000</u>	<u>RM'000</u>
Direct credit substitutes	111,493	110,795	103,923	112,378	111,700	104,501
Transaction related contingent items	17,833	8,867	8,083	23,736	11,800	9,769
Short term self-liquidating trade related contingencies	9,338	1,856	1,856	11,167	2,220	2,220
Foreign exchange related contracts:						
- One year or less	8,005,405	129,478	80,283	3,243,074	64,185	42,303
- Over one year to five years	70,317	3,612	3,560	77,063	2,266	2,266
Interest/Profit rate related contracts:						
- One year or less	5,907,000	27,902	9,840	2,981,000	9,321	2,763
- Over one year to five years	11,541,100	163,698	85,248	4,990,600	58,900	35,905
- Over five years	25,000	4,127	2,063	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	80	16	16	-	-	-
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	662	331	331	-	-	-
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	819,692	-	-	833,395	-	-
Total	<u>26,507,920</u>	<u>450,682</u>	<u>295,203</u>	<u>12,429,913</u>	<u>267,178</u>	<u>202,555</u>

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NOTES TO THE FINANCIAL STATEMENTS FOR 30 SEPTEMBER 2020

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.

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
30 September 2020	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	1,874,025	-	-	1,874,025
- Malaysian Government Investment Issues	212,114	-	-	212,114
- Malaysian Government Treasury Bills	-	-	-	-
Derivative assets				
- Foreign exchange forwards and swaps	-	59,387	-	59,387
- Interest rate and cross currency swaps	-	83,603	-	83,603
<u>Financial assets at fair value through other comprehensive income</u>				
Bank Negara Bills	347,662	-	-	347,662
Unquoted shares	-	-	2,980	2,980
Total assets	2,433,801	142,990	2,980	2,579,771

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NOTES TO THE FINANCIAL STATEMENTS FOR 30 SEPTEMBER 2020

33 FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
30 September 2020	RM'000	RM'000	RM'000	RM'000
<u>Financial liabilities at fair value through profit or loss</u>				
Derivative liabilities				
- Foreign exchange forwards and swaps	-	80,729	-	80,729
- Interest rate and cross currency swaps	-	84,558	-	84,558
Total liabilities	-	165,287	-	165,287

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
31 December 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	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

Bank Negara Bills	99,596	-	-	99,596
Unquoted shares	-	-	2,980	2,980
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 30 September 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
27 October 2020