

Registration No.

199401025304 (310983-V)

BANK OF AMERICA MALAYSIA BERHAD
(Incorporated in Malaysia)

UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD 30 JUNE 2020

Registration No.

199401025304 (310983-V)

BANK OF AMERICA MALAYSIA BERHAD
(Incorporated in Malaysia)

UNAUDITED CONDENSED INTERIM FINANCIAL POSITION
FOR THE FINANCIAL PERIOD 30 JUNE 2020

	<u>Note</u>	30 June 2020 RM'000	31 December 2019 RM'000
ASSETS			
Cash and short-term funds	7	2,365,471	2,736,001
Financial assets at fair value through profit or loss (FVTPL)	8	1,885,897	900,961
Financial assets at fair value through other comprehensive income (FVOCI)	9	202,328	102,576
Loans, advances and financing	10	242,583	248,512
Other assets	11	101,268	21,445
Derivative assets		117,886	40,456
Tax recoverable		-	9,722
Deferred tax assets		1,247	2,035
Statutory deposits with Bank Negara Malaysia		13,001	10,001
Property and equipment	13	4,057	4,892
TOTAL ASSETS		<u>4,933,738</u>	<u>4,076,601</u>
LIABILITIES AND SHAREHOLDERS' FUNDS			
Deposits from customers	16	2,945,902	3,146,529
Deposits and placements of banks and other financial institutions	17	948,143	76,104
Bills and acceptances payable		10,873	18,482
Other liabilities	18	123,279	58,076
Derivative liabilities		109,698	44,526
Tax payable		973	-
TOTAL LIABILITIES		<u>4,138,868</u>	<u>3,343,717</u>
Share capital		135,800	135,800
Reserves		659,070	597,084
Shareholders' funds		<u>794,870</u>	<u>732,884</u>
TOTAL LIABILITIES AND SHAREHOLDERS' FUNDS		<u>4,933,738</u>	<u>4,076,601</u>
COMMITMENTS AND CONTINGENCIES	32	<u>26,613,207</u>	<u>12,429,913</u>

BANK OF AMERICA MALAYSIA BERHAD
(Incorporated in Malaysia)

STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD 30 JUNE 2020

	<u>Note</u>	Quarter Ended		Period Ended	
		30 June 2020 RM'000	30 June 2019 RM'000	30 June 2020 RM'000	30 June 2019 RM'000
Interest income	19	9,931	16,153	26,148	32,014
Interest expense	20	(4,036)	(12,365)	(12,414)	(23,766)
Net interest income		5,895	3,788	13,734	8,248
Net trading income	21	47,516	29,859	99,559	65,981
Other operating income	22	6,636	4,786	11,105	8,165
Net non-interest income		54,152	34,645	110,664	74,146
Net income		60,047	38,433	124,398	82,394
Other operating expenses	23	(21,182)	(18,446)	(39,531)	(36,477)
Profit before allowance		38,865	19,987	84,867	45,917
Impairment for credit losses	24	2,107	(3,026)	(2,017)	(2,662)
Profit before taxation		40,972	16,961	82,850	43,255
Taxation		(10,714)	(4,112)	(20,829)	(10,477)
Profit for the financial period		30,258	12,849	62,021	32,778
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)		(44)	-	(35)	-
Total comprehensive income for the financial period, net of tax		30,214	12,849	61,986	32,778
Earnings per share (sen)					
- Basic / Diluted		22.28	9.46	45.67	24.14

Registration No.

199401025304 (310983-V)

BANK OF AMERICA MALAYSIA BERHAD
(Incorporated in Malaysia)

STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD 30 JUNE 2020

	<u>Non distributable</u>		<u>Distributable</u>		<u>Total</u> RM'000
	<u>Share capital</u> RM'000	<u>FVOCI reserve</u> RM'000	<u>Regulatory reserve</u> RM'000	<u>Retained profits</u> RM'000	
At 1 January 2020	135,800	1,052	1,287	594,745	732,884
Total comprehensive income for the financial period	-	-	-	62,021	62,021
Change in value of financial assets at fair value through other comprehensive income (FVOCI)	-	(35)	-	-	(35)
Transfer to regulatory reserve	-	-	37	(37)	-
At 30 June 2020	<u>135,800</u>	<u>1,017</u>	<u>1,324</u>	<u>656,729</u>	<u>794,870</u>
At 1 January 2019	135,800	1,047	2,679	533,153	672,679
Total comprehensive income for the financial period	-	-	-	32,778	32,778
Transfer to regulatory reserve	-	-	379	(379)	-
At 30 June 2019	<u>135,800</u>	<u>1,047</u>	<u>3,058</u>	<u>565,552</u>	<u>705,457</u>

Registration No.

199401025304 (310983-V)

BANK OF AMERICA MALAYSIA BERHAD
(Incorporated in Malaysia)

STATEMENT OF CASH FLOWS
FOR THE FINANCIAL PERIOD 30 JUNE 2020

	30 June 2020 RM'000	30 June 2019 RM'000
CASH FLOWS FROM OPERAING ACTIVITIES		
Profit before taxation	82,850	43,255
Adjustments for:		
- Depreciation of property and equipment	531	510
- Depreciation of right-of-use assets	358	350
- Impairment (charge) for credit losses	(2,017)	(2,662)
- Net unrealised (loss)/gain on fair value changes in derivatives	(12,210)	19,033
- Net unrealised gain on revaluation of financial assets at FVTPL	365	677
	<hr/> 69,877	<hr/> 61,163
Changes in working capital:		
<i>(Increase)/Decrease in operating assets:</i>		
Financial assets FVTPL	(985,301)	25,249
Financial assets FVOCI	(99,787)	(255,401)
Loans, advances and financing	7,946	(32,316)
Other assets	(79,823)	17,627
Derivative assets	(65,220)	(31,148)
Statutory deposit with Bank Negara Malaysia	(3,000)	(6,201)
<i>Increase/(Decrease) in operating liabilities:</i>		
Deposits from customers	(200,627)	49,850
Deposits and placements of banks and other financial institutions	872,039	26,226
Bills and acceptances payable	(7,609)	(10,197)
Other liabilities	65,532	4,053
Derivative liabilities	65,172	(6,916)
	<hr/> (360,801)	<hr/> (158,011)
CASH FLOWS USED IN OPERATING ACTIVITIES		
Taxation paid	(9,350)	(9,497)
	<hr/> (370,151)	<hr/> (167,858)
NET CASH USED IN OPERATING ACTIVITIES		

Registration No.

199401025304 (310983-V)

BANK OF AMERICA MALAYSIA BERHAD
(Incorporated in Malaysia)

STATEMENT OF CASH FLOWS
FOR THE FINANCIAL PERIOD 30 JUNE 2020

	<u>Note</u>	30 June 2020 RM'000	30 June 2019 RM'000
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(19)	(3,801)
NET CASH USED IN INVESTING ACTIVITIES		<u>(19)</u>	<u>(3,801)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Payment of lease rentals		(360)	(350)
NET CASH USED IN FINANCING ACTIVITIES		<u>(360)</u>	<u>(350)</u>
CASH AND CASH EQUIVALENTS		(370,530)	(171,659)
AS AT 1 JANUARY		2,736,001	2,117,387
AS AT 30 JUNE	2	<u><u>2,365,471</u></u>	<u><u>1,945,728</u></u>

BANK OF AMERICA MALAYSIA BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS FOR 30 JUNE 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.

Registration No.

199401025304 (310983-V)

BANK OF AMERICA MALAYSIA BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS FOR 30 JUNE 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 June 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 June 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 June 2020 RM'000	31 December 2019 RM'000
Cash and balances with banks and other financial institutions	118,604	140,428
Money at call and deposit placements maturing within one month	2,246,867	2,595,573
	<u>2,365,471</u>	<u>2,736,001</u>

BANK OF AMERICA MALAYSIA BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS FOR 30 JUNE 2020

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

	30 June 2020 RM'000	31 December 2019 RM'000
Malaysian Government Securities	1,276,458	570,221
Malaysian Government Investment Issues	30,030	330,740
Malaysian Government Treasury Bills	579,409	-
	<u>1,885,897</u>	<u>900,961</u>

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

	30 June 2020 RM'000	31 December 2019 RM'000
<u>Quoted securities in Malaysia:</u>		
Bank Negara Bills	199,348	99,596
<u>Unquoted securities in Malaysia:</u>		
Shares	2,980	2,980
	<u>202,328</u>	<u>102,576</u>

10 LOANS, ADVANCES AND FINANCING

	30 June 2020 RM'000	31 December 2019 RM'000
(a) Loans, advances and financing analysed by type:		
At amortised cost:		
Overdrafts	11,417	4,852
Factoring receivables	18,687	23,442
Staff loans	551	564
Revolving advances	195,564	196,040
Term loans	39,630	44,802
Mortgage loans	124	147
	<u>265,973</u>	<u>269,847</u>
Gross loans, advances and financing	265,973	269,847
Expected Credit Losses ("ECL")		
- Stage 1: 12 Months – On Balance Sheet	(1,418)	(1,430)
- Stage 2: Lifetime ECL not credit impaired	-	-
- Stage 3: Lifetime ECL credit-impaired	(21,972)	(19,905)
	<u>242,583</u>	<u>248,512</u>
Total net loans, advances and financing	242,583	248,512

BANK OF AMERICA MALAYSIA BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS FOR 30 JUNE 2020

10 LOANS, ADVANCES AND FINANCING (CONTINUED)

	30 June 2020 RM'000	31 December 2019 RM'000
(b) Gross loans, advances and financing analysed by geographical distribution:		
Malaysia	265,973	269,847
(c) By type of customer		
Domestic business enterprises	197,040	203,892
Domestic non-banking financial institutions	68,258	65,243
Individuals	675	712
	<u>265,973</u>	<u>269,847</u>
(d) By interest rate sensitivity		
Fixed rate		
- Housing loans	489	510
- Other fixed rate loans	18,749	23,496
Variable rate		
- Base rate	124	147
- Cost plus	11,417	4,852
- Other floating rate loans	235,194	240,842
	<u>265,973</u>	<u>269,847</u>
(e) By sector		
Mining & quarrying	39,630	44,802
Manufacturing	128,601	128,126
Wholesale & Retail trade, Restaurant & Hotels	17,399	12,936
Transport, storage, communication	1,001	1,012
Finance, insurance and business services	78,667	82,259
Household	675	712
	<u>265,973</u>	<u>269,847</u>

BANK OF AMERICA MALAYSIA BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS FOR 30 JUNE 2020

10 LOANS, ADVANCES AND FINANCING (CONTINUED)

	30 June 2020 RM'000	31 December 2019 RM'000
(f) By economic purpose		
Purchase of transport vehicles	43	48
Purchase of landed property (residential)	612	658
Personal use	20	5
Working capital	265,298	269,136
	<u>265,973</u>	<u>269,847</u>
(g) By residual contractual maturity		
Within one year	254,035	254,200
One year to three years	11,406	15,089
Three to five years	43	48
Over five years	489	510
	<u>265,973</u>	<u>269,847</u>
(h) Gross loans, advances and financing by staging		
Stage 1: 12 Month ECL	225,315	225,018
Stage 2: Lifetime ECL Not Credit Impaired	-	-
Stage 3: Credit Impaired	40,658	44,829
	<u>265,973</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	(5,831)	(3,488)
Reclassified as non-impaired during the year	-	(13)
Exchange difference	659	(2,092)
At 30 June/31 December	40,658	44,829
Stage 3: Lifetime ECL credit impaired	(21,972)	(19,905)
Net impaired loans, advances and financing	<u>18,686</u>	<u>24,924</u>
Gross impaired loans as a % of gross loans, advances and financing	<u>15.29%</u>	<u>16.61%</u>

BANK OF AMERICA MALAYSIA BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS FOR 30 JUNE 2020

10 LOANS, ADVANCES AND FINANCING (CONTINUED)

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

	12-Month ECL (Stage 1) RM'000	Not Credit- Impaired (Stage 2) RM'000	Lifetime ECL Credit Impaired (Stage 3) RM'000	Total RM'000
30 June 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)	(43)	-	-	(43)
New loans, advances and financing originated	96	-	-	96
Net remeasurement due to changes in credit risk	(57)	(5)	2,067	2,005
Modification to contractual cash flows of loans, advances and financing	-	-	-	-
Amount written off	-	-	-	-
At 30 June 2020	1,418	-	21,972	23,390

BANK OF AMERICA MALAYSIA BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS FOR 30 JUNE 2020

10 LOANS, ADVANCES AND FINANCING (CONTINUED)

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

	12-Month ECL (Stage 1) RM'000	Not Credit- Impaired (Stage 2) RM'000	Lifetime ECL Credit Impaired (Stage 3) RM'000	Total RM'000
31 December 2019				
At 1 January 2019	227	-	20,223	20,450
Changes due to loans, advances and financing recognised				
- Transfer to Stage 1: 12-Month ECL	-	-	-	-
- Transfer to Stage 2: Lifetime ECL not credit-impaired	-	-	-	-
- Transfer to Stage 3: Lifetime ECL credit-impaired	-	-	-	-
Loans, advances and financing derecognised (other than write off)	(72)	-	(13)	(85)
New loans, advances and financing originated	192	-	13	205
Net remeasurement due to changes in credit risk	1,083	-	(318)	765
Modification to contractual cash flows of loans, advances and financing	-	-	-	-
Amount written off	-	-	-	-
At 31 December 2019	1,430	-	19,905	21,335

BANK OF AMERICA MALAYSIA BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS FOR 30 JUNE 2020

10 LOANS, ADVANCES AND FINANCING (CONTINUED)

	30 June 2020 RM'000	31 December 2019 RM'000
(k) Impaired loans, advances and financing analysed by geographical distribution:		
Malaysia	40,658	44,829
(l) Impaired loans, advances and financing analysed by economic purpose:		
Purchase of landed property (residential)	27	27
Working capital	40,631	44,802
	<u>40,658</u>	<u>44,829</u>
11 OTHER ASSETS		
	30 June 2020 RM'000	31 December 2019 RM'000
Collateral receivables	68,848	12,272
Intercompany receivables	9,947	1,754
Deposits	36	36
Prepayments	3	3
Other receivables	22,434	7,380
	<u>101,268</u>	<u>21,445</u>

BANK OF AMERICA MALAYSIA BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS FOR 30 JUNE 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 June 2020 RM'000	31 December 2019 RM'000
Demand deposits	2,520,027	2,500,306
Saving deposits	7	6
Fixed deposits	425,868	646,217
	<u>2,945,902</u>	<u>3,146,529</u>

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

Due within six months	420,742	637,609
Six months to one year	2,966	6,500
One year to five years	1,101	2,108
More than five years	1,059	-
	<u>425,868</u>	<u>646,217</u>

(b) By type of customers:

Business enterprises	2,945,856	3,146,483
Individuals	46	46
	<u>2,945,902</u>	<u>3,146,529</u>

BANK OF AMERICA MALAYSIA BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS FOR 30 JUNE 2020

17 DEPOSITS AND PLACEMENTS OF BANKS AND OTHER FINANCIAL INSTITUTIONS

	30 June 2020 RM'000	31 December 2019 RM'000
Licensed banks	947,123	75,092
Other financial institutions	1,020	1,012
	<u>948,143</u>	<u>76,104</u>

18 OTHER LIABILITIES

	30 June 2020 RM'000	31 December 2019 RM'000
Collateral payables	73,710	15,193
Intercompany payables	44,036	32,309
Accruals	3,606	6,455
Share-based recharge payables	157	388
Lease Liabilities	1,446	1,771
Other payables	324	1,960
	<u>123,279</u>	<u>58,076</u>

19 INTEREST INCOME

	Quarter Ended		Period Ended	
	30 June 2020 RM'000	30 June 2019 RM'000	30 June 2020 RM'000	30 June 2019 RM'000
Loans, advances and financing	1,698	1,654	3,917	3,155
Money at call and deposit placements with banks and other financial institutions	7,636	12,625	21,005	25,756
Financial assets at FVOCI	597	1,874	1,226	3,103
	<u>9,931</u>	<u>16,153</u>	<u>26,148</u>	<u>32,014</u>

BANK OF AMERICA MALAYSIA BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS FOR 30 JUNE 2020

20 INTEREST EXPENSE

	Quarter Ended		Period Ended	
	30 Jun 2020 RM'000	30 Jun 2019 RM'000	30 June 2020 RM'000	30 June 2019 RM'000
Deposits and placement of bank and other financial institutions	371	2,765	1,639	4,381
Deposits from customers	3,665	9,600	10,775	19,385
	<u>4,036</u>	<u>12,365</u>	<u>12,414</u>	<u>23,766</u>

21 NET TRADING INCOME

	Quarter Ended		Period Ended	
	30 Jun 2020 RM'000	30 Jun 2019 RM'000	30 June 2020 RM'000	30 June 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	23,000	4,309	33,725	12,161
- Unrealised revaluation (loss)/gain on financial assets at FVTPL	(5,507)	(2,895)	365	677
<u>Derivatives financial instruments</u>				
- Realised (loss)/gain on derivatives	(57)	569	3,030	329
- Unrealised (loss)/gain on foreign exchange forwards and swaps	(9,518)	12,054	12,956	19,882
- Unrealised gain/(loss) on interest rate and cross currency swaps	2,198	(887)	(746)	(849)
Interest income from financial assets at FVTPL	12,537	20,403	25,819	38,211
Realised foreign exchange gain/(loss)	24,864	(3,627)	24,444	(4,363)
Others	(1)	(67)	(34)	(67)
	<u>47,516</u>	<u>29,859</u>	<u>99,559</u>	<u>65,981</u>

22 OTHER OPERATING INCOME

	Quarter Ended		Period Ended	
	30 Jun 2020 RM'000	30 Jun 2019 RM'000	30 June 2020 RM'000	30 June 2019 RM'000
<u>Fee income</u>				
Commission	101	86	184	172
Service charges and fees	1,421	1,535	3,146	2,848
Guarantee fees	176	311	599	786
Management fee income	780	506	1,768	1,000
Other fee income	4,158	2,348	5,408	3,359
	<u>6,636</u>	<u>4,786</u>	<u>11,105</u>	<u>8,165</u>

BANK OF AMERICA MALAYSIA BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS FOR 30 JUNE 2020

23 OTHER OPERATING EXPENSES

	Quarter Ended		Period Ended	
	30 Jun 2020 RM'000	30 Jun 2019 RM'000	30 June 2020 RM'000	30 June 2019 RM'000
<u>Personnel costs</u>				
Salaries, allowances and bonuses	6,991	6,505	14,274	13,142
Share-based payments	854	(7)	(184)	1,391
Defined contribution plans	1,178	1,000	3,919	2,648
Other personnel costs	229	1,277	549	1,788
	<u>9,252</u>	<u>8,775</u>	<u>18,558</u>	<u>18,969</u>
<u>Establishment costs</u>				
Depreciation of property and equipment	263	266	531	510
Depreciation of right-of-use assets	179	198	358	350
Rental of premises	131	175	249	251
Rental of equipment	86	59	135	153
Repair and maintenance	431	288	748	579
Others	510	690	931	938
	<u>1,600</u>	<u>1,676</u>	<u>2,952</u>	<u>2,781</u>
<u>Marketing expenses</u>				
Others	22	114	153	212
	<u>22</u>	<u>114</u>	<u>153</u>	<u>212</u>
<u>Administration and general expenses</u>				
Communication expenses	445	367	631	870
Legal and professional fees	204	278	326	416
Stationery and postages	144	96	256	205
Shared administrative support expenses	8,308	5,431	14,053	10,257
Others	1,207	1,709	2,602	2,767
	<u>10,308</u>	<u>7,881</u>	<u>17,868</u>	<u>14,515</u>
	<u>21,182</u>	<u>18,446</u>	<u>39,531</u>	<u>36,477</u>

BANK OF AMERICA MALAYSIA BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS FOR 30 JUNE 2020

24 IMPAIRMENT FOR CREDIT LOSSES

	Quarter Ended		Period Ended	
	30 June 2020 RM'000	30 June 2019 RM'000	30 June 2020 RM'000	30 June 2019 RM'000
Allowance for impairment on loans, advances and financing:				
- Expected credit losses	(462)	(3,046)	(4,841)	(2,682)
- Written back during the financial period	2,569	-	2,824	-
Bad debts recovered	-	20	-	20
	<u>2,107</u>	<u>(3,026)</u>	<u>(2,017)</u>	<u>(2,662)</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 June 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 June 2020.

Registration No.

199401025304 (310983-V)

BANK OF AMERICA MALAYSIA BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS FOR 30 JUNE 2020

31 CAPITAL ADEQUACY

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

	30 June 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	596,030	596,032
Unrealised gains and losses on FVOCI financial instruments	1,017	1,052
	<u>732,847</u>	<u>732,884</u>
Less: regulatory adjustments		
- Deferred tax assets	(1,247)	(2,035)
- 55% of cumulative gains of FVOCI financial instruments	(560)	(579)
- Regulatory reserve	(1,324)	(1,287)
	<u>729,716</u>	<u>728,983</u>
<u>Tier II Capital</u>		
Loss allowance for non-credit impaired exposures*	2,139	2,189
Regulatory reserve	1,324	1,287
	<u>3,463</u>	<u>3,476</u>
Total Capital	<u><u>733,179</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 RM21,972,046 (2019: RM19,904,701).

Registration No.

199401025304 (310983-V)

BANK OF AMERICA MALAYSIA BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS FOR 30 JUNE 2020

31 CAPITAL ADEQUACY (CONTINUED)

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

	30 June 2020 RM'000	31 December 2019 RM'000
<u>Total risk-weighted assets</u>		
Credit risk	612,312	599,136
Market risk	488,975	492,372
Operational risk	320,596	273,018
Total RWA	<u>1,421,883</u>	<u>1,364,526</u>
<u>Capital ratios</u>		
CET I capital ratio	51.320%	53.424%
Tier I capital ratio	51.320%	53.424%
Total capital ratio	<u>51.564%</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.

Detailed disclosures pursuant to the requirements of BNM Risk-Weighted Capital Adequacy Framework (Basel II) – Disclosure Requirements (Pillar 3), in addition to those set out in Notes 31 to the financial statements, have been made in a separate Pillar 3 Disclosures Report.

Registration No.

199401025304 (310983-V)

NOTES TO THE FINANCIAL STATEMENTS FOR 30 JUNE 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:

Description	30 June 2020			31 December 2019		
	Principal amount	Credit equivalent amount	Risk weighted amount	Principal amount	Credit equivalent amount	Risk weighted amount
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Direct credit substitutes	114,822	114,157	106,678	112,378	111,700	104,501
Transaction related contingent items	19,615	9,756	8,946	23,736	11,800	9,769
Short term self-liquidating trade related contingencies	3,923	780	780	11,167	2,220	2,220
Foreign exchange related contracts:						
- One year or less	8,580,519	143,515	85,733	3,243,074	64,185	42,303
- Over one year to five years	83,335	2,958	2,884	77,063	2,266	2,266
Interest/Profit rate related contracts:						
- One year or less	5,195,000	17,363	5,602	2,981,000	9,321	2,763
- Over one year to five years	11,838,500	171,007	85,357	4,990,600	58,900	35,905
- Over five years	25,000	3,850	1,925	157,500	6,786	2,828
Other commitments, such as formal standby facilities and credit lines, with an original maturity of up to one year	-	-	-	-	-	-
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	386	193	193	-	-	-
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	752,107	-	-	833,395	-	-
Total	26,613,207	463,579	298,098	12,429,913	267,178	202,555

BANK OF AMERICA MALAYSIA BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS FOR 30 JUNE 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.

30 June 2020	<u>Level 1</u> RM'000	<u>Level 2</u> RM'000	<u>Level 3</u> RM'000	<u>Total</u> RM'000
<u>Financial assets at fair value through profit or loss</u>				
Financial assets at fair value through profit or loss (FVTPL)				
- Malaysian Government Securities	1,276,458	-	-	1,276,458
- Malaysian Government Investment Issues	30,030	-	-	30,030
- Malaysian Government Treasury Bills	579,409	-	-	579,409
Derivative assets				
- Foreign exchange forwards and swaps	-	40,379	-	40,379
- Interest rate and cross currency swaps	-	77,507	-	77,507
<u>Financial assets at fair value through other comprehensive income</u>				
Bank Negara Bills	199,348	-	-	199,348
Unquoted shares	-	-	2,980	2,980
Total assets	<u>2,085,245</u>	<u>117,886</u>	<u>2,980</u>	<u>2,206,111</u>

BANK OF AMERICA MALAYSIA BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS FOR 30 JUNE 2020

33 FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

30 June 2020	<u>Level 1</u> RM'000	<u>Level 2</u> RM'000	<u>Level 3</u> RM'000	<u>Total</u> RM'000
<u>Financial liabilities at fair value through profit or loss</u>				
Derivative liabilities				
- Foreign exchange forwards and swaps	-	30,734	-	30,734
- Interest rate and cross currency swaps	-	78,964	-	78,964
Total liabilities	-	109,698	-	109,698
31 December 2019	<u>Level 1</u> RM'000	<u>Level 2</u> RM'000	<u>Level 3</u> RM'000	<u>Total</u> RM'000
<u>Financial assets at fair value through profit or loss</u>				
Financial assets at fair value through profit or loss (FVTPL)				
- Malaysian Government Securities	570,221	-	-	570,221
- Malaysian Government Investment Issues	330,740	-	-	330,740
- Malaysian Government Treasury Bills	-	-	-	-
Derivative assets				
- Foreign exchange forwards and swaps	-	23,563	-	23,563
- Interest rate and cross currency swaps	-	16,893	-	16,893
<u>Financial assets at fair value through other comprehensive income</u>				
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
<u>Financial liabilities at fair value through profit or loss</u>				
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)

BANK OF AMERICA MALAYSIA BERHAD
(Incorporated in Malaysia)

STATEMENT OF DECLARATION

To the best of our knowledge, the accompanying Statement of Financial Position of Bank of America Malaysia Berhad as at 30 June 2020, and the related Statement of Comprehensive Income, Statement of Changes in Equity, Statement of Cash Flows and explanatory notes for the period ended on that date had been prepared from the Bank's accounting and other records and nothing has come to our attention that causes us to believe that the condensed interim financial statements are not presented fairly in all material aspects in accordance with the Malaysian Accounting Standards Board ("MASB") approved accounting standards in Malaysia for entities other than private entities and Bank Negara Malaysia Guidelines.

For and on behalf of,
Bank of America Malaysia Berhad

Chief Financial Officer
Yvonne Lew Ee-Wern
28 July 2020