

BANK OF AMERICA MALAYSIA BERHAD

(Incorporated in Malaysia)

Registration No. 199401025304 (310983-V)

UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2021

BANK OF AMERICA MALAYSIA BERHAD
(Incorporated in Malaysia)

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BANK OF AMERICA MALAYSIA BERHAD
(Incorporated in Malaysia)

UNAUDITED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2021

	Note	31 March 2021 RM'000	31 December 2020 RM'000
ASSETS			
Cash and short term funds	7	2,719,695	2,973,616
Financial assets at fair value through profit or loss (FVTPL)	8	1,997,346	983,029
Financial assets at fair value through other comprehensive income (FVOCI)	9	527,896	409,055
Loans and advances	10	277,351	276,376
Other assets	11	73,190	122,931
Derivative assets		124,602	155,003
Tax recoverable		13,107	8,513
Deferred tax assets		1,370	2,206
Statutory deposits with Bank Negara Malaysia		60,001	13,001
Property and equipment	13	3,785	3,636
TOTAL ASSETS		<u>5,798,343</u>	<u>4,947,366</u>
LIABILITIES AND SHAREHOLDERS' FUNDS			
Deposits from customers	16	3,768,990	3,703,692
Deposits and placements of banks and other financial institutions	17	939,184	16,983
Bills and acceptances payable		10,624	6,578
Other liabilities	18	151,977	133,712
Derivative liabilities		104,481	269,086
TOTAL LIABILITIES		<u>4,975,256</u>	<u>4,130,051</u>
Share capital		135,800	135,800
Reserves		687,287	681,515
Shareholders' funds		823,087	817,315
TOTAL LIABILITIES AND SHAREHOLDERS' FUNDS		<u>5,798,343</u>	<u>4,947,366</u>
COMMITMENTS AND CONTINGENCIES	31	<u>35,384,839</u>	<u>39,253,543</u>

BANK OF AMERICA MALAYSIA BERHAD
(Incorporated in Malaysia)

UNAUDITED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD 31 MARCH 2021

	Note	31 March 2021 RM'000	31 March 2020 RM'000
Interest income	19	11,621	16,217
Interest expense	20	(2,084)	(8,378)
Net interest income		9,537	7,839
Net trading income	21	13,062	52,043
Other operating income	22	7,790	4,469
Net non-interest income		20,852	56,512
Net income		30,389	64,351
Other operating expenses	23	(22,647)	(18,349)
Profit before impairment		7,742	46,002
Impairment charge for credit losses	24	14	(4,124)
Net Profit before tax		7,756	41,878
Taxation		(1,978)	(10,115)
Profit for the financial year		5,778	31,763
Other comprehensive income:			
<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)		(6)	9
Income tax effect		—	—
Other comprehensive income, net of tax		(6)	9
Total comprehensive income for the financial year		5,772	31,772
Earnings per share (sen)			
Basic/diluted		4.25	23.39

BANK OF AMERICA MALAYSIA BERHAD
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STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD 31 MARCH 2021

	Non distributable			Distributable	Total
	Share capital	FVOCI reserves	Regulatory reserves	Retained profits	
	RM'000	RM'000	RM'000	RM'000	RM'000
2021					
Balance at 1 January	135,800	1,059	693	679,763	817,315
Profit for the financial period	—	—	—	5,778	5,778
Other comprehensive income, net of income tax					
Change in value of FVOCI	—	(6)	—	—	(6)
Total other comprehensive income	—	(6)	—	—	(6)
Total comprehensive income for the financial period	135,800	1,053	693	685,541	823,087
Net change in regulatory reserves	—	—	(326)	326	—
Balance at 31 March	135,800	1,053	367	685,867	823,087
2020					
Balance at 1 January	135,800	1,052	1,287	594,743	732,882
Profit for the financial period	—	—	—	31,763	31,763
Other comprehensive income, net of income tax					
Change in value of FVOCI	—	9	—	—	9
Total other comprehensive income	—	9	—	—	9
Total comprehensive income for the financial period	135,800	1,061	1,287	626,506	764,654
Net change in regulatory reserves	—	—	32	(32)	—
Balance at 31 March	135,800	1,061	1,319	626,474	764,654

BANK OF AMERICA MALAYSIA BERHAD
(Incorporated in Malaysia)**STATEMENT OF CASH FLOWS**
FOR THE FINANCIAL PERIOD 31 MARCH 2021

	31 March 2021 RM'000	31 March 2020 RM'000
Cash flows from operating activities		
Profit before taxation	7,756	41,878
Adjustments for:		
- Depreciation of property and equipment	310	268
- Amortisation of right-of use assets	166	179
- Impairment charge for credit losses	(14)	4,124
- Net unrealised loss on fair value changes in derivatives	(244,218)	(19,530)
- Net unrealised loss/(gain) on revaluation of financial assets at FVTPL	2,410	(5,872)
	<u>(233,590)</u>	<u>21,047</u>
Changes in working capital:		
(Increase)/decrease in operating assets:		
Financial assets FVTPL	(1,016,727)	380,970
Financial assets FVOCI	(118,847)	40,092
Loans and advances	(961)	796
Other assets	49,741	(129,651)
Derivative assets	274,619	(74,786)
Statutory deposit with Bank Negara Malaysia	(47,000)	(10,000)
Increase/(decrease) in operating liabilities:		
Deposits from customers	65,298	(363,813)
Deposits and placements of banks and other financial institutions	922,201	(16,791)
Bills and acceptances payable	4,046	1,519
Other liabilities	18,445	168,216
Derivative liabilities	(164,605)	74,737
Cash flows generated from operating activities	<u>(247,380)</u>	<u>92,336</u>
Taxation paid	(5,736)	(4,675)
Net cash generated from by operating activities	<u>(253,116)</u>	<u>87,661</u>
Cash flows from investing activities		
Purchase of property and equipment	(625)	(12)
Net cash used in investing activities	<u>(625)</u>	<u>(12)</u>
Cash flows from financing activities		
Repayment of lease rentals	(180)	(18)
Net cash used in financing activities	<u>(180)</u>	<u>(18)</u>
Net increase in cash and cash equivalents	(253,921)	87,631
Cash and cash equivalents as at 1 January	2,973,616	2,736,001
Cash and cash equivalents as at 31 March	<u><u>2,719,695</u></u>	<u><u>2,823,632</u></u>

**BANK OF AMERICA MALAYSIA BERHAD
(Incorporated in Malaysia)**

NOTES TO THE FINANCIAL STATEMENTS FOR 31 MARCH 2021

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 2020. 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 2020.

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 2020, except as follows:

NEW AND AMENDED STANDARDS ADOPTED BY THE BANK

Amendments to MFRS 16 ‘COVID-19-Related Rent Concessions’ (effective 1 January 2021)

This amendment grant an optional exemption for lessees to account for a rent concession related to COVID-19 in the same way as they would if they were not lease modifications. In many cases, this will result in accounting for the concession as a variable lease payment in the period(s) in which the event or condition that triggers the reduced payment occurs. The amendment, however, do not make any changes to lessor accounting.

The exemption only applies to rent concessions occurring as a direct consequence of the COVID-19 pandemic and only if all of the following conditions are met:

- (a) The change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- (b) Any reduction in lease payments affects only payments due on or before 30 June 2021; and
- (c) There is no substantive change to other terms and conditions of the lease.

The amendments shall be applied retrospectively.

The adoption of this standard is not expected to have any significant impact to the Bank.

STANDARDS AND AMENDMENTS TO EXISTING STANDARDS BUT NOT YET EFFECTIVE

Annual Improvements to MFRS 9 ‘Fees in the 10% test for derecognition of financial liabilities’ (effective 1 January 2022)

This standard clarifies that only fees paid or received between the borrower and the lender, including the fees paid or received on each other’s behalf, are included in the cash flow of the new loan when performing the 10% test.

An entity shall apply the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

The adoption of this standard is not expected to have any significant impact to the Bank.

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NOTES TO THE FINANCIAL STATEMENTS FOR 31 MARCH 2021

Amendments to MFRS 3 'Reference to Conceptual Framework' (effective 1 January 2022)

This standard replaces the reference to Framework for Preparation and Presentation of Financial Statements with 2018 Conceptual Framework. The amendments did not change the current accounting for business combinations on acquisition date.

The amendments provide an exception for the recognition of liabilities and contingent liabilities should be in accordance with the principles of MFRS 137 'Provisions, contingent liabilities and contingent assets' and IC Interpretation 21 'Levies' when falls within their scope. It also clarifies that contingent assets should not be recognised at the acquisition date.

The amendments shall be applied prospectively.

The adoption of this standard is not expected to have any significant impact to the Bank.

Amendments to MFRS 116 'Proceeds before intended use' (effective 1 January 2022)

This standard prohibit an entity from deducting from the cost of a property, plant and equipment the proceeds received from selling items produced by the property, plant and equipment before it is ready for its intended use. The sales proceeds should instead be recognised in profit or loss.

The amendments also clarify that testing whether an asset is functioning properly refers to assessing the technical and physical performance of the property, plant and equipment.

The amendments shall be applied retrospectively.

The adoption of this standard is not expected to have any significant impact to the Bank.

Amendments to MFRS 137 'onerous contracts—cost of fulfilling a contract' (effective 1 January 2022)

This standard clarify that direct costs of fulfilling a contract include both the incremental cost of fulfilling the contract as well as an allocation of other costs directly related to fulfilling contracts. The amendments also clarify that before recognising a separate provision for an onerous contract, impairment loss that has occurred on assets used in fulfilling the contract should be recognised.

The amendments shall be applied retrospectively.

The adoption of this standard is not expected to have any significant impact to the Bank.

Amendments to MFRS 101 'Classification of liabilities as current or noncurrent' (effective 1 January 2023)

This standard clarify that a liability is classified as noncurrent if an entity has a substantive right at the end of the reporting period to defer settlement for at least 12 months after the reporting period. A liability is classified as current if a condition is breached at or before the reporting date and a waiver is obtained after the reporting date. A loan is classified as non-current if a covenant is breached after the reporting date.

In addition, the amendments clarify that when a liability could be settled by the transfer of an entity's own equity instruments (e.g. a conversion option in a convertible bond), conversion option that is not an equity instrument as defined in MFRS 132 ('Financial Instruments'): Presentation' is considered in the current or non-current classification of the convertible instrument.

The amendments shall be applied retrospectively.

The adoption of this standard is not expected to have any significant impact to the Bank.

**BANK OF AMERICA MALAYSIA BERHAD
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NOTES TO THE FINANCIAL STATEMENTS FOR 31 MARCH 2021

Interbank Offered Rate ("IBOR") reform

The Bank established an IBOR transition program led by senior management, which is intended to address the Bank's industry and regulatory engagement, client and financial contract changes, internal and external communications, technology and operations modifications, introduction of new products, migration of existing clients, and program strategy and governance. In addition, the program is designed to monitor a variety of scenarios, including operational risks associated with insufficient preparation by individual market participants or the overall market ecosystem, volatility along the Secured Overnight Financing Rate ("SOFR") curve, development and adoption of credit-sensitive and other rates, regulatory and legal uncertainty with respect to various matters including contract continuity, access by market participants to liquidity in certain products, and IBOR continuity beyond December 2021.

The Bank is executing product and client roadmaps that it believes align with industry recommended and regulatory milestones, and the entity has developed employee training programs as well as other internal and external sources of information on the various challenges and opportunities that the replacement of IBORs presents. As the transition of ARR's evolves, the entity continues to monitor and participate in the development and usage of certain ARR's, including KLIBOR.

The adoption of this standard is not expected to have any significant impact to the Bank. Treasury is using Inter Unit Funding ("IUF") and the rate for IUF has already transition to SOFR.

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 2020 was not subject to any qualification.

3 SEASONAL OR CYCLICALITY FACTORS

The business operations of the Bank have not been affected by any material seasonal or cyclical factors.

4 UNUSUAL ITEMS DUE TO THEIR NATURE, SIZE OR INCIDENCE

There were no unusual items affecting the assets, liabilities, equity, net income or cash flows of the Bank during the financial period ended 31 March 2021.

5 CHANGES IN ESTIMATES

There were no significant changes in estimates arising from prior financial period/year that have a material effect on the financial results and position for the financial period ended 31 March 2021.

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.

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NOTES TO THE FINANCIAL STATEMENTS FOR 31 MARCH 2021

7 CASH AND SHORT TERM FUNDS

	31 March 2021 RM'000	31 December 2020 RM'000
Cash and balances with banks and other financial institutions	86,995	96,985
Money at call and deposit placements maturing within one month	<u>2,632,700</u>	<u>2,876,631</u>
	<u><u>2,719,695</u></u>	<u><u>2,973,616</u></u>

Money at call and interbank placements are within Stage 1 allocation (12-months ECL) with RM Nil impairment allowance as at 31 March 2021 (31 December 2020: RM Nil).

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

	31 March 2021 RM'000	31 December 2020 RM'000
Malaysian Government Securities	1,340,538	446,159
Malaysian Government Investment Issues	357,921	27,409
Malaysian Government Treasury Bills	<u>298,887</u>	<u>509,461</u>
	<u><u>1,997,346</u></u>	<u><u>983,029</u></u>

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

	31 March 2021 RM'000	31 December 2020 RM'000
Quoted securities in Malaysia:		
Bank Negara Bills	524,916	406,075
Unquoted securities in Malaysia:		
Shares	<u>2,980</u>	<u>2,980</u>
	<u><u>527,896</u></u>	<u><u>409,055</u></u>

FVOCI is within Stage 1 allocation (12-months ECL) with RM Nil impairment allowances as at 31 March 2021 (31 December 2020: RM Nil).

BANK OF AMERICA MALAYSIA BERHAD
(Incorporated in Malaysia)**NOTES TO THE FINANCIAL STATEMENTS FOR 31 MARCH 2021****10 LOANS AND ADVANCES**

	31 March 2021 RM'000	31 December 2020 RM'000
(a) Loans and advances analysed by type:		
At amortised cost:		
Overdrafts	4,230	4,179
Factoring receivables	12,537	15,815
Staff loans	495	503
Revolving advances	248,946	243,624
Term loans	34,161	35,489
Mortgage loans	98	109
Gross loans and advances	<u>300,467</u>	<u>299,719</u>
Expected Credit Losses ("ECL")		
Stage 1: 12 Months - On Balance Sheet	(2,607)	(2,291)
Stage 2: Lifetime ECL not credit impaired	—	—
Stage 3: Lifetime ECL credit-impaired	(20,509)	(21,052)
Total net loans and advances	<u><u>277,351</u></u>	<u><u>276,376</u></u>
(b) By geographical distribution:		
Malaysia	<u><u>300,467</u></u>	<u><u>299,719</u></u>
(c) By type of customer		
Domestic business enterprises	147,989	219,737
Domestic non-banking financial institutions	151,885	79,370
Individuals	593	612
	<u><u>300,467</u></u>	<u><u>299,719</u></u>
(d) By interest rate sensitivity		
Fixed rate:		
Housing loans	455	467
Other fixed rate loans	12,577	15,851
Variable rate:		
Base rate	98	109
Cost plus	95,153	87,761
Other floating rate loans	192,184	195,531
	<u><u>300,467</u></u>	<u><u>299,719</u></u>

BANK OF AMERICA MALAYSIA BERHAD
(Incorporated in Malaysia)
NOTES TO THE FINANCIAL STATEMENTS FOR 31 MARCH 2021
10 LOANS AND ADVANCES (CONTINUED)

	31 March 2021 RM'000	31 December 2020 RM'000
(e) By sector		
Mining & quarrying	34,161	35,489
Manufacturing	89,171	162,178
Wholesale & Retail trade, Restaurant & Hotels	10,070	7,170
Transport, storage, communication	1,001	1,001
Finance, insurance and business services	165,471	93,269
Household	593	612
	<u>300,467</u>	<u>299,719</u>
(f) By economic purpose		
Purchase of transport vehicles	34	37
Purchase of landed property (residential)	553	575
Personal use	6	—
Working capital	299,874	299,107
	<u>300,467</u>	<u>299,719</u>
(g) By residual contractual maturity		
Within one year	298,001	285,318
One year to three years	2,011	13,897
Three years to five years	—	37
Over five years	455	467
	<u>300,467</u>	<u>299,719</u>
(h) Gross loans and advances by staging		
Stage 1: 12 Month ECL	265,279	263,203
Stage 2: Lifetime ECL Not Credit Impaired	—	—
Stage 3: Credit Impaired	35,188	36,516
	<u>300,467</u>	<u>299,719</u>
(i) Movements in impaired loans and advances are as follows:		
At 1 January	36,516	44,829
Impaired during the year	—	1,001
Reclassified as non-impaired	—	—
Amount recovered	(2,117)	(7,708)
Exchange Rate difference	789	(1,606)
At 31 March/31 December	<u>35,188</u>	<u>36,516</u>
Stage 3: Lifetime ECL credit impaired	<u>(20,509)</u>	<u>(21,052)</u>
Net impaired loans and advances	<u>14,679</u>	<u>15,464</u>
Gross impaired loans as a % of gross loans and advances	<u>11.71 %</u>	<u>12.18 %</u>

BANK OF AMERICA MALAYSIA BERHAD
(Incorporated in Malaysia)
NOTES TO THE FINANCIAL STATEMENTS FOR 31 MARCH 2021
10 LOANS AND ADVANCES (CONTINUED)

(j) **Movements in Expected Credit Losses ("ECL") on loans and advances are as follows:**

	12-Month ECL (Stage 1)	Lifetime ECL Not Credit- Impaired (Stage 2)	Credit Impaired (Stage 3)	Total
	RM'000	RM'000	RM'000	RM'000
At 1 January 2021	2,291	—	21,052	23,343
Changes due to loans and advances 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 and advances derecognised (other than write off)	(95)	—	—	(95)
New loans and advances originated	—	—	—	—
Net remeasurement due to changes in credit risk	411	—	(543)	(132)
At 31 March 2021	<u>2,607</u>	<u>—</u>	<u>20,509</u>	<u>23,116</u>

	12-Month ECL (Stage 1)	Lifetime ECL Not Credit- Impaired (Stage 2)	Credit Impaired (Stage 3)	Total
	RM'000	RM'000	RM'000	RM'000
At 1 January 2020	1,430	—	19,905	21,335
Changes due to loans and advances recognised				
- Transfer to Stage 1: 12-Month ECL	—	—	—	—
- Transfer to Stage 2: Lifetime ECL not credit-impaired	(8)	8	—	—
- Transfer to Stage 3: Lifetime ECL credit-impaired	—	(5)	5	—
Loans and advances derecognised (other than write off)	(40)	—	—	(40)
New loans and advances originated	1,368	—	—	1,368
Net remeasurement due to changes in credit risk	(459)	(3)	1,142	680
At 31 December 2020	<u>2,291</u>	<u>—</u>	<u>21,052</u>	<u>23,343</u>

BANK OF AMERICA MALAYSIA BERHAD
(Incorporated in Malaysia)**NOTES TO THE FINANCIAL STATEMENTS FOR 31 MARCH 2021****10 LOANS AND ADVANCES (CONTINUED)**

	31 March 2021 RM'000	31 December 2020 RM'000
(k) Impaired loans and advances analysed by geographical distribution:		
Malaysia	<u>35,188</u>	<u>36,516</u>
(l) Impaired loans and advances analysed by economic purpose:		
Purchase of landed property (residential)	26	26
Working capital	<u>35,162</u>	<u>36,490</u>
	<u>35,188</u>	<u>36,516</u>
(m) Exposures to COVID-19 impacted sectors (Net of impairment)		
Baseline:		
Aviation	<u>4,637</u>	<u>4,564</u>

11 OTHER ASSETS

	31 March 2021 RM'000	31 December 2020 RM'000
Collateral receivables	40,533	103,157
Intercompany receivables	1,001	1,985
Deposits	36	36
Prepayments	6,669	7,503
Other receivables	<u>24,951</u>	<u>10,250</u>
	<u>73,190</u>	<u>122,931</u>

Other assets is within Stage 1 allocation (12-months ECL) with RM Nil impairment allowance as at 31 March 2021 (31 December 2020: RM Nil).

12 PRE-ACQUISITION PROFITS

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

13 PROPERTY, PLANT AND EQUIPMENT

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

14 PROFITS ON SALE OF INVESTMENTS/PROPERTIES

There were no material gains or loss on disposal of investments (other than in the ordinary course of business) and/or properties for the financial period under review.

15 PURCHASE AND DISPOSAL OF QUOTED SECURITIES

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

BANK OF AMERICA MALAYSIA BERHAD
(Incorporated in Malaysia)**NOTES TO THE FINANCIAL STATEMENTS FOR 31 MARCH 2021****16 DEPOSITS FROM CUSTOMERS**

	31 March 2021 RM'000	31 December 2020 RM'000
Demand deposits	3,636,542	3,376,776
Savings deposits	7	7
Fixed deposits	132,441	326,909
	<u>3,768,990</u>	<u>3,703,692</u>

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

Due within six months	130,280	324,799
Six months to one year	1,111	1,060
One year to five years	1,050	1,050
	<u>132,441</u>	<u>326,909</u>

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

Business enterprise	3,768,944	3,703,646
Individuals	46	46
	<u>3,768,990</u>	<u>3,703,692</u>

17 DEPOSITS AND PLACEMENTS OF BANKS AND OTHER FINANCIAL INSTITUTIONS

	31 March 2021 RM'000	31 December 2020 RM'000
Licensed banks	938,160	15,960
Other financial institutions	1,024	1,023
	<u>939,184</u>	<u>16,983</u>

18 OTHER LIABILITIES

	31 March 2021 RM'000	31 December 2020 RM'000
Collateral payables	56,393	52,034
Intercompany payables	61,298	55,288
Accruals	8,407	6,742
Share-based recharge payables	645	135
ECL for guarantees and commitments	1,374	1,160
Lease Liabilities	944	1,113
Other payables	22,916	17,240
	<u>151,977</u>	<u>133,712</u>

BANK OF AMERICA MALAYSIA BERHAD
(Incorporated in Malaysia)**NOTES TO THE FINANCIAL STATEMENTS FOR 31 MARCH 2021****19 INTEREST INCOME**

	31 March 2021 RM'000	31 March 2020 RM'000
Loans and advances	1,664	2,219
Money at call and deposit placements with banks and other financial institutions	7,927	13,369
Financial assets at FVOCI	2,030	629
	<u>11,621</u>	<u>16,217</u>

20 INTEREST EXPENSE

	31 March 2021 RM'000	31 March 2020 RM'000
Deposits and placements of banks and other financial institutions	160	1,268
Deposits from customers	1,924	7,110
	<u>2,084</u>	<u>8,378</u>

21 NET TRADING INCOME

	31 March 2021 RM'000	31 March 2020 RM'000
Fair value gain/(loss) on instruments held for trading		
Debt instruments at FVTPL		
Net (loss)/gain from sale of financial assets at FVTPL	(24,333)	10,725
Unrealised revaluation (loss)/gain on financial assets at FVTPL	(2,410)	5,872
Derivatives financial instruments		
Realised gain on derivatives	7,092	3,087
Unrealised gain on foreign exchange forwards	238,762	22,474
Unrealised gain/(loss) on interest rate and cross currency swaps	5,456	(2,944)
Interest income from financial assets at FVTPL	13,468	13,282
Realised foreign exchange loss	(224,973)	(420)
Others	—	(33)
	<u>13,062</u>	<u>52,043</u>

BANK OF AMERICA MALAYSIA BERHAD
(Incorporated in Malaysia)**NOTES TO THE FINANCIAL STATEMENTS FOR 31 MARCH 2021****22 OTHER OPERATING INCOME**

	31 March 2021 RM'000	31 March 2020 RM'000
Fee income		
Commission	99	83
Service charges and fees	1,906	1,725
Guarantee fees	493	423
Management fee income	1,002	988
Other fee income	4,290	1,250
Total fee income	<u>7,790</u>	<u>4,469</u>

23 OTHER OPERATING EXPENSES

	31 March 2021 RM'000	31 March 2020 RM'000
Personnel costs		
Salaries, allowances and bonuses	7,375	7,283
Share-based payment	1,174	(1,038)
Defined contribution plans	3,151	2,741
Other personnel costs	(77)	320
	<u>11,623</u>	<u>9,306</u>
Establishment costs		
Depreciation of property and equipment	310	268
Amortisation of right-of-use-assets	166	179
Rental of premises	117	118
Rental of equipment	56	49
Repair and maintenance	377	317
Others	333	421
	<u>1,359</u>	<u>1,352</u>
Marketing expenses		
Business promotion and advertisement	—	—
Others	—	131
	<u>—</u>	<u>131</u>
Communication expenses	386	186
Legal and professional fees	137	122
Stationery and postages	110	112
Shared administrative support expenses	7,576	5,745
Others	1,456	1,395
	<u>9,665</u>	<u>7,560</u>
	<u>22,647</u>	<u>18,349</u>

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NOTES TO THE FINANCIAL STATEMENTS FOR 31 MARCH 2021

24 IMPAIRMENT CHARGE FOR CREDIT LOSSES

	31 March 2021 RM'000	31 March 2020 RM'000
Allowance for impairment		
- Loans and advances	227	(4,100)
- Guarantees and commitments	(214)	(24)
Impaired loans and advances recovered	1	—
	<u>14</u>	<u>(4,124)</u>

25 SIGNIFICANT EVENTS DURING THE FINANCIAL PERIOD

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

26 SIGNIFICANT EVENTS SUBSEQUENT TO THE BALANCE SHEET DATE

There were no significant events subsequent to the balance sheet date which have not been disclosed in these condensed interim financial statements.

27 CHANGES IN COMPOSITION OF THE BANK

There were no significant changes in the composition of the Bank for the financial period ended 31 March 2021.

28 SEGMENTAL REPORTING ON REVENUE, PROFIT AND ASSETS

Segmental reporting has not been prepared as there are no other segments other than the commercial banking segment.

29 TAXATION

There are no material changes in the profit before taxation for the financial period reported as compared with the preceding financial period, which have not been disclosed in these condensed interim financial statement.

30 DIVIDENDS

There were no dividends paid or declared for the financial period ended 31 March 2021 .

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NOTES TO THE FINANCIAL STATEMENTS FOR 31 MARCH 2021

31 COMMITMENTS AND CONTINGENCIES

The commitments and contingencies constitute the followings:

Description	31 March 2021			31 December 2020		
	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	131,225	130,192	125,671	139,911	138,870	131,867
Transaction related contingent items	75,826	37,612	36,872	21,972	10,905	10,144
Short term self liquidating trade related contingencies	24,114	4,783	4,783	23,307	4,625	4,625
Foreign exchange related contracts:						
- One year or less	9,333,181	148,370	98,813	16,476,855	165,687	108,568
- Over one year to five years	51,067	1,572	1,572	84,663	4,312	4,237
Interest/Profit rate related contracts:						
- One year or less	16,201,300	56,393	22,999	10,612,000	28,242	12,972
- Over one year to five years	8,991,500	238,234	95,367	11,296,100	145,711	77,333
- Over five years	—	—	—	—	—	—
Other commitments, such as formal standby facilities and credit lines, with an original maturity of up to one year	—	—	—	—	—	—
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	—	—	—	—	—	—
Any commitments that are unconditionally cancelled at any time by the Bank without prior notice or that effectively provide for automatic cancellation due to deterioration in a borrower's creditworthiness	576,626	—	—	598,735	—	—
Total	35,384,839	617,156	386,077	39,253,543	498,352	349,746

BANK OF AMERICA MALAYSIA BERHAD
(Incorporated in Malaysia)**NOTES TO THE FINANCIAL STATEMENTS FOR 31 MARCH 2021****32 CAPITAL ADEQUACY**

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

	31 March 2021 RM'000	31 December 2020 RM'000
Common Equity ("CET1") Capital and Tier 1 Capital		
Share capital	135,800	135,800
Retained profits	680,457	680,457
Other disclosed reserves		
Unrealised gains and losses on FVOCI financial instruments	1,053	1,059
	<u>817,310</u>	<u>817,316</u>
Less: regulatory adjustments		
- Deferred tax assets	(1,370)	(2,206)
- 55% of cumulative gains of FVOCI financial instruments	(580)	(582)
- Regulatory reserve	(367)	(693)
Total CET I and Tier I capital	<u>814,993</u>	<u>813,835</u>
Tier-II Capital		
Loss allowance for non-credit impaired exposures/ collective assessment allowance*	3,981	3,451
Regulatory reserve	367	693
Total Tier II capital	<u>4,348</u>	<u>4,144</u>
Total capital	<u>819,341</u>	<u>817,979</u>
*Excludes Lifetime ECL Credit Impaired (Stage 3) loans/collective assessment allowance on impaired loans restricted from Tier-II Capital of BAMB of RM20,508,975 (31 December 2020: RM21,052,093).		
Total risk-weighted assets:-		
Credit risk	724,975	694,816
Market risk	1,286,371	1,378,006
Operational risk	310,569	317,760
Total RWA	<u>2,321,915</u>	<u>2,390,582</u>
Capital ratios		
CET I capital ratio	35.100%	34.043%
Tier I capital ratio	35.100%	34.043%
Total capital ratio	<u>35.287%</u>	<u>34.217%</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 9 December 2020. The Bank has adopted the Standardised Approach ("SA") for Credit Risk and Market Risk and Basic Indicator Approach ("BIA") for Operational Risk.

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NOTES TO THE FINANCIAL STATEMENTS FOR 31 MARCH 2021

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.

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33 FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
31 March 2021				
Financial assets at fair value through profit or loss				
Financial assets at fair value through profit or loss (FVTPL)				
- Malaysian Government Securities	1,340,538	—	—	1,340,538
- Malaysian Government Investment Issues	357,921	—	—	357,921
- Malaysian Government Treasury Bills	298,887	—	—	298,887
Derivative assets				
- Foreign exchange forwards and swaps	—	51,941	—	51,941
- Interest rate and cross currency swaps	—	72,661	—	72,661
Financial assets at fair value through other comprehensive income				
Unquoted shares	—	—	2,980	2,980
Bank Negara Bills	524,916	—	—	524,916
Total assets	<u>2,522,262</u>	<u>124,602</u>	<u>2,980</u>	<u>2,649,844</u>
Financial liabilities at fair value through profit or loss				
Derivative liabilities				
- Foreign exchange forwards and swaps	—	44,178	—	44,178
- Interest rate and cross currency swaps	—	60,303	—	60,303
Total liabilities	<u>—</u>	<u>104,481</u>	<u>—</u>	<u>104,481</u>
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
31 December 2020				
Financial assets at fair value through profit or loss				
Financial assets at fair value through profit or loss (FVTPL)				
- Malaysian Government Securities	446,159	—	—	446,159
- Malaysian Government Investment Issues	27,409	—	—	27,409
- Malaysian Government Treasury Bills	509,461	—	—	509,461
Derivative assets				
- Foreign exchange forwards and swaps	—	83,017	—	83,017
- Interest rate and cross currency swaps	—	71,986	—	71,986
Financial assets at fair value through other comprehensive income				
Unquoted shares	—	—	2,980	2,980
Bank Negara Bills	406,075	—	—	406,075
Total assets	<u>1,389,104</u>	<u>155,003</u>	<u>2,980</u>	<u>1,547,087</u>
Financial liabilities at fair value through profit or loss				
Derivative liabilities				
- Foreign exchange forwards and swaps	—	200,196	—	200,196
- Interest rate and cross currency swaps	—	68,890	—	68,890
Total liabilities	<u>—</u>	<u>269,086</u>	<u>—</u>	<u>269,086</u>

There were no transfers between levels 1 and 2 during the period (31 December 2020: There were no transfers between Levels 1 and 2)

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STATEMENT OF DECLARATION

To the best of our knowledge, the accompanying Statement of Financial Position of Bank of America Malaysia Berhad as at 31 March 2021, 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
Wong Poh Leng
27 April 2021