

Company No.

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

**CONDENSED INTERIM FINANCIAL STATEMENTS**

**HALF-YEAR ENDED 30 JUNE 2013**

**BANK OF AMERICA MALAYSIA BERHAD**  
(310983 V)

**CONDENSED INTERIM FINANCIAL STATEMENTS**  
**UNAUDITED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2013**

	<u>Note</u>	<u>30.06.2013</u> RM'000	<u>31.12.2012</u> RM'000
<b>ASSETS</b>			
Cash and short-term funds		2,547,947	1,327,361
Deposits and placements with banks		2,571	989
Securities held-for-trading ('HFT')	7	350,256	605,456
Securities available-for-sale ('AFS')	8	151,692	120,902
Loans, advances and financing	9	131,128	176,880
Other assets	10	6,636	699
Derivative assets		14,420	4,384
Tax recoverable		3,527	2,396
Statutory deposits with Bank Negara Malaysia		2,300	2,300
Property, plant and equipment	12	5,907	7,809
<b>TOTAL ASSETS</b>		<u>3,216,384</u>	<u>2,249,176</u>
<b>LIABILITIES</b>			
Deposits from customers	15	2,204,143	1,134,114
Deposits and placements of banks and other financial institutions	16	476,637	577,653
Bills and acceptances payable		15,874	22,249
Other liabilities	17	3,537	9,798
Derivative liabilities		13,796	5,145
Deferred tax liabilities	18	1,831	1,758
<b>TOTAL LIABILITIES</b>		<u>2,715,818</u>	<u>1,750,717</u>
<b>EQUITY</b>			
Share capital		135,800	135,800
Reserves		364,766	362,659
<b>TOTAL EQUITY ATTRIBUTABLE TO EQUITY HOLDER OF THE BANK</b>		<u>500,566</u>	<u>498,459</u>
<b>TOTAL LIABILITIES AND EQUITY</b>		<u>3,216,384</u>	<u>2,249,176</u>
<b>COMMITMENTS AND CONTINGENCIES</b>	32	<u>2,664,254</u>	<u>2,576,447</u>
<b>CAPITAL ADEQUACY</b>	31		
Core equity I capital ratio		79.419%	N/A
Tier I capital ratio		79.419%	59.027%
Total capital ratio		<u>79.477%</u>	<u>59.091%</u>

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CONDENSED INTERIM FINANCIAL STATEMENTS  
UNAUDITED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE FINANCIAL HALF-YEAR ENDED 30 JUNE 2013

	<u>Note</u>	Current financial Half-year ended <u>30.06.2013</u> RM'000	(Restated) Preceding financial half-year ended <u>30.06.2012</u> RM'000
Interest income	19	31,183	21,304
Interest expense	20	(7,647)	(6,498)
Net interest income		<u>23,536</u>	<u>14,806</u>
Other operating income	21	1,059	16,589
Net income		<u>24,595</u>	<u>31,395</u>
Other operating expenses	22	(21,836)	(21,049)
Profit before allowance		<u>2,759</u>	<u>10,346</u>
Write back on loans, advances and financing	23	247	378
Profit before taxation		<u>3,006</u>	<u>10,724</u>
Taxation		(890)	(2,807)
Net profit for the period		<u>2,116</u>	<u>7,917</u>
Other comprehensive (loss)/income:			
<u>Items that will not be reclassified to profit or loss:</u>			
Net loss on revaluation of securities available-for-sale		(12)	(2)
Income tax relating to items not reclassified		3	1
Other comprehensive income, net of tax		<u>(9)</u>	<u>(1)</u>
Total comprehensive income for the period		<u><u>2,107</u></u>	<u><u>7,916</u></u>
Earnings per share (sen)		<u><u>1.56</u></u>	<u><u>5.83</u></u>

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CONDENSED INTERIM FINANCIAL STATEMENTS  
UNAUDITED STATEMENT OF CHANGES IN EQUITY  
FOR THE FINANCIAL HALF-YEAR ENDED 30 JUNE 2013

	<u>Non distributable</u>			<u>Distributable</u>	<u>Total</u> RM'000
	<u>Share capital</u> RM'000	<u>Statutory reserves</u> RM'000	<u>Fair value reserve</u> RM'000	<u>Retained profit</u> RM'000	
At 1 January 2013	135,800	128,357	2,197	232,105	498,459
Total comprehensive income for the financial period	-	-	(9)	2,116	2,107
At 30 June 2013	<u>135,800</u>	<u>128,357</u>	<u>2,188</u>	<u>234,221</u>	<u>500,566</u>
At 1 January 2012	135,800	126,373	1,892	226,155	490,220
Total comprehensive income for the financial period	-	-	(1)	7,917	7,916
At 30 June 2012	<u>135,800</u>	<u>126,373</u>	<u>1,891</u>	<u>234,072</u>	<u>498,136</u>

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CONDENSED INTERIM FINANCIAL STATEMENTS  
UNAUDITED CONDENSED STATEMENT OF CASH FLOWS  
FOR THE FINANCIAL HALF-YEAR ENDED 30 JUNE 2013

	Current financial half-year ended <u>30.06.2013</u> RM'000	(Restated) Preceding financial half-year ended <u>30.06.2012</u> RM'000
Profit before taxation	3,006	10,724
Adjustments for non-cash items	53	1,576
	<hr/>	<hr/>
Operating profit before working capital changes	3,059	12,300
Changes in working capital:		
Net changes in operating assets	283,505	72,913
Net changes in operating liabilities	965,028	526,549
Income tax paid	(1,945)	(2,249)
	<hr/>	<hr/>
Net cash generated from operating activities	1,249,647	609,513
Net cash used in investing activities	(29,061)	(32,177)
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Net change in cash and cash equivalents	1,220,586	577,336
Cash and cash equivalents at beginning of the year	1,327,361	1,279,956
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Cash and cash equivalents at the end of the period	<u>2,547,947</u>	<u>1,857,292</u>

## EXPLANATORY NOTES

### 1 BASIS OF PREPARATION

The unaudited condensed interim financial statements should be read in conjunction with the Bank's audited financial statements for the financial year ended 31 December 2012. 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 2012.

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

### 2 AUDITOR'S REPORT ON PRECEDING ANNUAL FINANCIAL STATEMENTS

The auditor's report on the financial statements for the preceding financial year ended 31 December 2012 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 half-year ended 30 June 2013.

### 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 half-year ended 30 June 2013.

### 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 half-year under review.

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EXPLANATORY NOTES

7 SECURITIES HELD-FOR-TRADING

	<u>30.06.2013</u>	<u>31.12.2012</u>
	RM'000	RM'000
Malaysian Government Securities	350,256	603,979
Bank Negara Malaysia Bills	-	1,477
	350,256	605,456

8 SECURITIES AVAILABLE-FOR-SALE

Money market instruments:

Unquoted:

Bank Negara Malaysia Bills	146,933	116,143
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Unquoted securities in Malaysia:

Shares	4,744	4,744
Bonds	15	15
	151,692	120,902

9 LOANS, ADVANCES AND FINANCING

(a) Loans, advances and financing analysed by type:

At amortised cost:

Overdrafts	14,455	581
Term loans – factoring receivables	11,238	20,507
Claims on customers under acceptance credits	47,600	41,269
Staff loans	1,110	1,223
Revolving advances	55,876	95,441
Bills discounted	-	16,994
Real estate loans	2,070	2,244

Gross loans, advances and financing	132,349	178,259
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Allowance for losses on loans, advances and financing:

- Individual assessment	(811)	(770)
- Collective assessment	(410)	(609)

Total net loans, advances and financing	131,128	176,880
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**BANK OF AMERICA MALAYSIA BERHAD**  
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**EXPLANATORY NOTES**

**9 LOANS, ADVANCES AND FINANCING (CONTINUED)**

	<u>30.06.2013</u> RM'000	<u>31.12.2012</u> RM'000
(b) Gross loans, advances and financing analysed by geographical distribution:		
Malaysia	132,349	138,696
India	-	39,563
	<u>132,349</u>	<u>178,259</u>
(c) Gross loans, advances and financing analysed by type of customer:		
Domestic business enterprises	120,116	124,041
Domestic banking financial institutions	245	1,256
Domestic non-banking financial institutions	8,808	9,932
Individuals	3,180	3,467
Foreign entities	-	39,563
	<u>132,349</u>	<u>178,259</u>
(d) Gross loans, advances and financing analysed by interest/profit rate sensitivity:		
Fixed rate		
- Housing loans	874	912
- Other fixed rate loans	110,241	164,101
Variable rate		
- BLR plus	16,525	2,825
- Cost plus	4,709	10,421
	<u>132,349</u>	<u>178,259</u>
(e) Gross loans, advances and financing analysed by economic purpose:		
Purchase of transport vehicles	160	181
Purchase of landed property (residential)	2,944	3,148
Personal use	26	56
Purchase of consumer durables	50	82
Working capital	129,169	174,792
	<u>132,349</u>	<u>178,259</u>



EXPLANATORY NOTES

9 LOANS, ADVANCES AND FINANCING (CONTINUED)

	<u>30.06.2013</u> RM'000	<u>31.12.2012</u> RM'000
(f) Gross loans, advances and financing analysed by residual contractual maturity:		
Within one year	119,520	161,139
One year to three years	10,202	14,406
Three to five years	1,053	621
Over five years	1,574	2,093
	<u>132,349</u>	<u>178,259</u>
(g) Movements in impaired loans, advances and financing:		
At 1 January	952	891
Classified as impaired during the financial period/ year	94	157
Interest income recognised during the financial period/ year	31	60
Amount recovered during the financial period/ year	(93)	(116)
Reclassified as performing	-	(40)
At end of financial period/ year	<u>984</u>	<u>952</u>
Gross impaired loans as a % of gross loans, advances and financing	<u>0.74%</u>	<u>0.53%</u>
(h) Movements in allowance for impaired loans, advances and financing are as follows:		
<u>Collective assessment allowance</u>		
At 1 January	609	1,129
Write back made during the financial period/ year	(199)	(520)
At end of financial period/ year	<u>410</u>	<u>609</u>
As % of gross loans, advances and financing less individual assessment allowance	<u>0.31%</u>	<u>0.34%</u>

EXPLANATORY NOTES

9 LOANS, ADVANCES AND FINANCING (CONTINUED)

	<u>30.06.2013</u> RM'000	<u>31.12.2012</u> RM'000
(i) Movements in allowance for impaired loans, advances and financing are as follows: (continued)		
<u>Individual assessment allowance</u>		
At 1 January	770	760
Allowance made during the financial period/ year	107	68
Write back made during the financial period/ year	(66)	(58)
At end of financial period/ year	811	770
(j) Impaired loans, advances and financing analysed by geographical distribution:		
Malaysia	984	952
(k) Impaired loans, advances and financing analysed by economic purpose:		
Purchase of landed property (residential)	984	943
Other purpose	-	9
	984	952
10 OTHER ASSETS		
Other receivables	6,251	404
Deposits	32	32
Prepayments	353	263
	6,636	699

EXPLANATORY NOTES

11 PRE-ACQUISITION PROFITS

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

12 PROPERTY, PLANT AND EQUIPMENT

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

13 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 half-year under review.

14 PURCHASE AND DISPOSAL OF QUOTED SECURITIES

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

15 DEPOSITS FROM CUSTOMERS

	<u>30.06.2013</u>	<u>31.12.2012</u>
	RM'000	RM'000
(a) By type of deposit:		
Demand deposits	995,536	751,162
Saving deposits	273	254
Fixed deposits	1,208,334	382,698
	<u>2,204,143</u>	<u>1,134,114</u>
(b) Maturity structure of fixed deposits is as follows:		
Due within six months	1,202,650	375,995
Six months to one year	64	205
One year to five years	5,397	6,283
More than five years	223	215
	<u>1,208,334</u>	<u>382,698</u>
(c) By type of customers:		
Business enterprises	2,192,440	1,123,072
Individuals	9,675	9,922
Others	2,028	1,120
	<u>2,204,143</u>	<u>1,134,114</u>

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EXPLANATORY NOTES

16 DEPOSITS AND PLACEMENTS OF BANKS AND OTHER FINANCIAL INSTITUTIONS

	<u>30.06.2013</u> RM'000	<u>31.12.2012</u> RM'000
Licensed banks	462,582	532,157
Other financial institutions	14,055	45,496
	<u>476,637</u>	<u>577,653</u>

17 OTHER LIABILITIES

Unearned discount on loans, advances and financing	81	40
Other payables	2,371	7,280
Accruals	1,085	2,478
	<u>3,537</u>	<u>9,798</u>

18 DEFERRED TAXATION

Deferred tax asset	-	497
Deferred tax liabilities	(1,831)	(2,255)
	<u>(1,831)</u>	<u>(1,758)</u>

19 INTEREST INCOME

	Current financial half-year ended <u>30.06.2013</u> RM'000	Preceding financial half-year ended <u>30.06.2012</u> RM'000
Loans, advances and financing	3,124	3,143
Money at call and deposit placements with banks and other financial institutions	18,604	16,977
Securities available-for-sale	2,287	1,184
Securities held-for-trading	7,168	-
Total interest income	<u>31,183</u>	<u>21,304</u>

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EXPLANATORY NOTES

20 INTEREST EXPENSE

	Current financial half-year ended <u>30.06.2013</u> RM'000	Preceding financial half-year ended <u>30.06.2012</u> RM'000
Deposits and placement of bank and other financial institutions	633	413
Deposits from customers	7,014	6,068
Others	-	17
	<u>7,647</u>	<u>6,498</u>

21 OTHER OPERATING INCOME

<u>Fee income</u>		
Commission	353	396
Service charges/fees	1,831	1,877
Guarantee fees	296	476
Other fee income	543	330
	<u>3,023</u>	<u>3,079</u>
<u>Gross dividend income</u>		
Securities available-for-sale	-	13
<u>Losses from securities held-for-trading</u>		
Net loss from sale of securities held-for-trading	(981)	-
Unrealised revaluation loss on securities held for trading	(1,381)	-
<u>Unrealised gain/(loss) on revaluation of derivatives</u>		
Foreign exchange forwards and swaps	1,340	(665)
<u>Other income</u>		
Realised foreign exchange (loss)/gain	(943)	14,162
Others	1	-
	<u>1,059</u>	<u>16,589</u>

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EXPLANATORY NOTES

22 OTHER OPERATING EXPENSES

	Current financial half-year ended <u>30.06.2013</u> RM'000	Preceding financial half-year ended <u>30.06.2012</u> RM'000
Personnel costs	7,583	7,524
Establishment costs	4,822	6,396
Marketing expenses	139	82
Administration and general expenses	9,292	7,047
	<u>21,836</u>	<u>21,049</u>

Included in the above expenditure are the following items:

Depreciation of property, plant and equipment	2,447	2,375
Pension – cost – defined contribution plan – EPF	1,355	1,203
Communication expenses	1,694	279
Shared administrative support expenses	<u>5,661</u>	<u>5,563</u>

23 WRITE BACK ON LOANS, ADVANCES AND FINANCING

	Current financial half-year ended <u>30.06.2013</u> RM'000	(Restated) Preceding financial half-year ended <u>30.06.2012</u> RM'000
Allowance for loans, advances and financing:		
Individual assessment allowance		
- made during the financial period	(107)	(31)
- written back during the financial period	66	41
Collective assessment allowance		
- written back during the financial period	199	321
Bad debts on loans, advances and financing:		
- recovered	98	47
- written off	(9)	-
	<u>247</u>	<u>378</u>

EXPLANATORY NOTES

24 SIGNIFICANT EVENTS DURING THE FINANCIAL PERIOD

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

25 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.

26 CHANGES IN COMPOSITION OF THE BANK

There were no significant changes in the composition of the Bank for the financial half-year ended 30 June 2013 which has not been disclosed in the audited financial statements for the financial year ended 31 December 2012.

27 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.

28 There are no material changes in the profit before taxation for the half-year reported as compared with the preceding half-year.

29 There were no dividends paid or declared for the financial half-year ended 30 June 2013.

EXPLANATORY NOTES

30 USE OF FINANCIAL INSTRUMENTS (CONTINUED)

A Interest rate risk

The tables below summarise the Bank's exposure to interest rate risks. Included in the tables are the Bank's assets and liabilities at carrying amounts, categorised by the earlier of contractual repricing or maturity dates. The off-balance sheet gap represents the net notional amounts of all interest rate sensitive derivative financial instruments. As interest rates and yield curves change over time the Bank may be exposed to a loss in earnings due to the effects of interest rates on the structure of the balance sheet. Sensitivity to interest rates arises from mismatches in the repricing dates, cash flows and other characteristics of the assets and their corresponding liability funding.

<u>30.06.2013</u>	<u>Up to</u> <u>1 month</u> <u>RM'000</u>	<u>&gt;1 - 3</u> <u>months</u> <u>RM'000</u>	<u>&gt;3 - 12</u> <u>months</u> <u>RM'000</u>	<u>&gt;1 - 5</u> <u>years</u> <u>RM'000</u>	<u>Over</u> <u>5 years</u> <u>RM'000</u>	<u>Non-</u> <u>interest</u> <u>bearing</u> <u>RM'000</u>	<u>Trading</u> <u>book</u> <u>RM'000</u>	<u>Total</u> <u>RM'000</u>
<u>Assets</u>								
Cash and short-term funds	2,537,957	-	-	-	-	9,990	-	2,547,947
Deposits and placements with banks	-	2,571	-	-	-	-	-	2,571
Securities held-for-trading	-	-	-	-	-	-	350,256	350,256
Securities available-for-sale	146,933	-	-	-	-	4,759	-	151,692
Loans, advances and financing	103,074	15,510	936	11,255	1,574	(1,221) <sup>^</sup>	-	131,128
Statutory deposit with Bank Negara Malaysia	-	-	-	-	-	2,300	-	2,300
Other assets	-	-	-	-	-	6,636	-	6,636
Derivative assets	-	-	-	-	-	-	14,420	14,420
Property, plant and equipment	-	-	-	-	-	5,907	-	5,907
Tax recoverable	-	-	-	-	-	3,527	-	3,527
<b>Total assets</b>	<b>2,787,964</b>	<b>18,081</b>	<b>936</b>	<b>11,255</b>	<b>1,574</b>	<b>31,898</b>	<b>364,676</b>	<b>3,216,384</b>

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



EXPLANATORY NOTES

30 USE OF FINANCIAL INSTRUMENTS (CONTINUED)

A Interest rate risk (continued)

30.06.2013

Liabilities

	Up to 1 month RM'000	>1 - 3 months RM'000	>3 - 12 months RM'000	>1 - 5 years RM'000	Over 5 years RM'000	Non- interest bearing RM'000	Trading book RM'000	Total RM'000
Deposits from customers	1,397,388	71,631	6,509	446	-	728,169	-	2,204,143
Deposits and placements of banks and other financial institutions	469,081	50	-	-	-	7,506	-	476,637
Bills and acceptances payable	-	-	-	-	-	15,874	-	15,874
Other liabilities	-	-	-	-	-	3,537	-	3,537
Derivative liabilities	-	-	-	-	-	-	13,796	13,796
Deferred tax liabilities	-	-	-	-	-	1,831	-	1,831
<b>Total liabilities</b>	<b>1,866,469</b>	<b>71,681</b>	<b>6,509</b>	<b>446</b>	<b>-</b>	<b>756,917</b>	<b>13,796</b>	<b>2,715,818</b>

On-balance sheet - interest rate gap

	921,495	(53,600)	(5,573)	10,809	1,574
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EXPLANATORY NOTES

30 USE OF FINANCIAL INSTRUMENTS (CONTINUED)

A Interest rate risk (continued)

<u>31.12.2012</u>	<u>Up to 1 month RM'000</u>	<u>&gt;1 - 3 months RM'000</u>	<u>&gt;3 - 12 months RM'000</u>	<u>&gt;1 - 5 years RM'000</u>	<u>Over 5 years RM'000</u>	<u>Non- interest bearing RM'000</u>	<u>Trading book RM'000</u>	<u>Total RM'000</u>
<u>Assets</u>								
Cash and short-term funds	1,313,523	-	-	-	-	13,838	-	1,327,361
Deposits and placements with banks	-	989	-	-	-	-	-	989
Securities held-for-trading	-	-	-	-	-	-	605,456	605,456
Securities available-for-sale	49,881	36,509	29,753	-	-	4,759	-	120,902
Loans, advances and financing	14,838	97,106	49,194	15,027	2,094	(1,379) <sup>^</sup>	-	176,880
Statutory deposit with Bank Negara Malaysia	-	-	-	-	-	2,300	-	2,300
Other assets	-	-	-	-	-	699	-	699
Derivative assets	-	-	-	-	-	-	4,384	4,384
Property, plant and equipment	-	-	-	-	-	7,809	-	7,809
Tax recoverable	-	-	-	-	-	2,396	-	2,396
<b>Total assets</b>	<b>1,378,242</b>	<b>134,604</b>	<b>78,947</b>	<b>15,027</b>	<b>2,094</b>	<b>30,422</b>	<b>609,840</b>	<b>2,249,176</b>

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

EXPLANATORY NOTES

30 USE OF FINANCIAL INSTRUMENTS (CONTINUED)

A Interest rate risk (continued)

<u>31.12.2012</u>	<u>Up to 1 month</u> RM'000	<u>&gt;1 - 3 months</u> RM'000	<u>&gt;3 - 12 months</u> RM'000	<u>&gt;1 - 5 years</u> RM'000	<u>Over 5 years</u> RM'000	<u>Non- interest bearing</u> RM'000	<u>Trading book</u> RM'000	<u>Total</u> RM'000
<u>Liabilities</u>								
Deposits from customers	540,681	58,975	3,274	1,281	-	529,903	-	1,134,114
Deposits and placements of banks and other financial institutions	500,925	64,364	-	-	-	12,364	-	577,653
Bills and acceptances payable	-	-	-	-	-	22,249	-	22,249
Other liabilities	-	-	-	-	-	7,961	1,837	9,798
Derivative liabilities	-	-	-	-	-	-	5,145	5,145
Deferred tax liabilities	-	-	-	-	-	1,758	-	1,758
<b>Total liabilities</b>	<b>1,041,606</b>	<b>123,339</b>	<b>3,274</b>	<b>1,281</b>	<b>-</b>	<b>574,235</b>	<b>6,982</b>	<b>1,750,717</b>
<b>On-balance sheet - interest rate gap</b>	<b>336,636</b>	<b>11,265</b>	<b>75,673</b>	<b>13,746</b>	<b>2,094</b>			

EXPLANATORY NOTES

30 USE OF FINANCIAL INSTRUMENTS (CONTINUED)

A Interest rate risk (continued)

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

	30.06.2013				
	<u>MYR</u>	<u>USD</u>	<u>GBP</u>	<u>EUR</u>	<u>AUD</u>
	%	%	%	%	%
<u>Financial assets</u>					
Cash and short-term funds	3.01	0.30	-	-	2.44
Deposits and placements with banks	-	-	0.42	-	-
Securities held-for-trading	4.08	-	-	-	-
Securities available-for-sale	3.01	-	-	-	-
Loans, advances and financing	4.29	0.82	-	-	-
	=====	=====	=====	=====	=====
<u>Financial liabilities</u>					
Deposits from customers	2.63	0.16	0.30	-	1.99
Deposits and placements of banks and other financial institutions	2.61	0.16	-	-	-
	=====	=====	=====	=====	=====
	31.12.2012				
	<u>MYR</u>	<u>USD</u>	<u>GBP</u>	<u>EUR</u>	<u>AUD</u>
	%	%	%	%	%
<u>Financial assets</u>					
Cash and short-term funds	3.00	0.05	0.40	-	2.90
Deposits and placements with banks	-	-	0.40	-	-
Securities held-for-trading	3.76	-	-	-	-
Securities available-for-sale	3.04	-	-	-	-
Loans, advances and financing	4.94	1.17	-	-	-
	=====	=====	=====	=====	=====
<u>Financial liabilities</u>					
Deposits from customers	2.64	0.15	0.33	-	2.38
Deposits and placements of banks and other financial institutions	2.55	0.17	-	-	-
	=====	=====	=====	=====	=====

B Market risk

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

EXPLANATORY NOTES

30 USE OF FINANCIAL INSTRUMENTS (CONTINUED)

C Credit risk

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

D Liquidity risk

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

EXPLANATORY NOTES

30 USE OF FINANCIAL INSTRUMENTS (CONTINUED)

E Currency risk

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

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

<u>30.06.2013</u>	MYR RM'000	USD RM'000	SGD RM'000	GBP RM'000	AUD RM'000	Others RM'000	Total RM'000
<u>Assets</u>							
Cash and short-term funds	2,282,329	254,414	1,112	149	5,146	4,797	2,547,947
Deposits and placements with banks	-	-	-	2,571	-	-	2,571
Securities held-for-trading	350,256	-	-	-	-	-	350,256
Securities available-for-sale	151,692	-	-	-	-	-	151,692
Loans, advances and financing <sup>^</sup>	106,127	25,001	-	-	-	-	131,128
Other assets <sup>*</sup>	2,938	3,313	-	-	-	-	6,251
Derivative assets	14,420	-	-	-	-	-	14,420
Statutory deposit with Bank Negara Malaysia	2,300	-	-	-	-	-	2,300
	<u>2,910,062</u>	<u>282,728</u>	<u>1,112</u>	<u>2,720</u>	<u>5,146</u>	<u>4,797</u>	<u>3,206,565</u>

<sup>^</sup> This represents outstanding loans, advances and financing after deducting individual assessment allowance and collective assessment allowance.

<sup>\*</sup> This represents other receivables.

EXPLANATORY NOTES

30 USE OF FINANCIAL INSTRUMENTS (CONTINUED)

E	Currency risk (continued)	30.06.2013						
		MYR RM'000	USD RM'000	SGD RM'000	GBP RM'000	AUD RM'000	Others RM'000	Total RM'000
	<u>Liabilities</u>							
	Deposits from customers	1,789,033	403,493	343	2,762	5,042	3,470	2,204,143
	Deposits and placements of banks and other financial institutions	21,306	455,331	-	-	-	-	476,637
	Bills and acceptances payable	14,746	1,128	-	-	-	-	15,874
	Other liabilities <sup>@</sup>	1,618	6	654	63	30	-	2,371
	Derivative liabilities	13,796	-	-	-	-	-	13,796
		<u>1,840,499</u>	<u>859,958</u>	<u>997</u>	<u>2,825</u>	<u>5,072</u>	<u>3,470</u>	<u>2,712,821</u>
	Currency gap	<u>1,069,563</u>	<u>(577,230)</u>	<u>115</u>	<u>(105)</u>	<u>74</u>	<u>1,327</u>	

<sup>@</sup> This represents other payables.

EXPLANATORY NOTES

30 USE OF FINANCIAL INSTRUMENTS (CONTINUED)

E Currency risk (continued)

31.12.2012

Assets

	MYR RM'000	USD RM'000	SGD RM'000	GBP RM'000	AUD RM'000	Others RM'000	Total RM'000
Cash and short-term funds	1,021,915	287,787	1,936	3,991	4,647	7,085	1,327,361
Deposits and placements with banks	-	-	-	989	-	-	989
Securities held-for-trading	605,456	-	-	-	-	-	605,456
Securities available-for-sale	120,902	-	-	-	-	-	120,902
Loans, advances and financing <sup>^</sup>	97,095	79,785	-	-	-	-	176,880
Other assets <sup>*</sup>	31	373	-	-	-	-	404
Derivative assets	4,384	-	-	-	-	-	4,384
Statutory deposit with Bank Negara Malaysia	2,300	-	-	-	-	-	2,300
	<u>1,852,083</u>	<u>367,945</u>	<u>1,936</u>	<u>4,980</u>	<u>4,647</u>	<u>7,085</u>	<u>2,238,676</u>

<sup>^</sup> This represents outstanding loans, advances and financing after deducting individual assessment allowance and collective assessment allowance.

<sup>\*</sup> This represents other receivables.



EXPLANATORY NOTES

30 USE OF FINANCIAL INSTRUMENTS (CONTINUED)

E Currency risk (continued)

31.12.2012

Liabilities

	<u>MYR</u> RM'000	<u>USD</u> RM'000	<u>SGD</u> RM'000	<u>GBP</u> RM'000	<u>AUD</u> RM'000	<u>Others</u> RM'000	<u>Total</u> RM'000
Deposits from customers	826,134	295,780	809	3,778	4,613	3,000	1,134,114
Deposits and placements of banks and other financial institutions	56,732	520,880	-	-	-	41	577,653
Bills and acceptances payable	21,140	1,109	-	-	-	-	22,249
Other liabilities <sup>@</sup>	4,547	1,837	821	60	-	15	7,280
Derivative liabilities	5,145	-	-	-	-	-	5,145
	<u>913,698</u>	<u>819,606</u>	<u>1,630</u>	<u>3,838</u>	<u>4,613</u>	<u>3,056</u>	<u>1,746,441</u>

Currency gap

	<u>938,385</u>	<u>(451,661)</u>	<u>306</u>	<u>1,142</u>	<u>34</u>	<u>4,029</u>	
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<sup>@</sup> This represents other payables.

EXPLANATORY NOTES

31 CAPITAL ADEQUACY

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

	<u>30.06.2013</u> RM'000	<u>31.12.2012</u> RM'000
<u>Core Equity I ("CET I") Capital and Tier I Capital</u>		
Share capital	135,800	135,800
Audited and approved retained profits	232,105	232,105
Other disclosed reserves		
- Statutory reserve fund	128,357	128,357
- Unrealised gains and losses on available-for-sale financial instruments	2,188	-
	<u>497,246</u>	<u>496,262</u>
Less: regulatory adjustments		
- Deferred tax assets	-	-
- 55% of cumulative gains of available-for-sale financial instruments	(1,204)	-
Total CET I and Tier I capital	<u>497,613</u>	<u>496,262</u>
<u>Tier II Capital</u>		
Collective assessment allowance*	367	539
Total capital	<u>497,613</u>	<u>496,801</u>

\* Excludes collective assessment allowance on impaired loans, advances and financing restricted from Tier II Capital of the Bank of RM43,015 (31.12.2012: RM70,350).

Capital ratios

CET I capital ratio	79.419%	N/A
Tier I capital ratio	79.419%	59.027%
Total capital ratio	<u>79.477%</u>	<u>59.091%</u>

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

The comparative capital adequacy ratios and total capital are computed in accordance with BNM's revised Risk Weighted Capital Adequacy Framework ("RWCAF") (Basel II).

EXPLANATORY NOTES

31 CAPITAL ADEQUACY (CONTINUED)

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

		30.06.2013		31.12.2012	
		<u>Principal</u>	<u>Risk-weighted</u>	<u>Principal</u>	<u>Risk-weighted</u>
		RM'000	RM'000	RM'000	RM'000
(i)	Credit Risk				
	0%	2,309,065	-	1,142,835	-
	20%	415,372	83,074	349,029	69,806
	35%	595	208	624	218
	50%	28,329	14,165	28,558	14,279
	75%	437	328	610	458
	100%	284,365	284,365	264,125	264,125
		<u>3,038,163</u>	<u>382,140</u>	<u>1,785,781</u>	<u>348,886</u>
(ii)	Market Risk	-	147,059	-	396,945
(iii)	Operational Risk	-	96,907	-	94,904
		<u>3,038,163</u>	<u>626,106</u>	<u>1,785,781</u>	<u>840,735</u>

Disclosures pursuant to the requirements of BNM's RWCAF (Basel II) – Disclosure Requirements (Pillar 3) in addition to the above, have been made in the Basel II Pillar 3 Report.

EXPLANATORY NOTES

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:

30.06.2013 <u>Description</u>	<u>Principal amount</u> RM'000	<u>Positive fair value of derivative contracts</u> RM'000	<u>Credit equivalent amount*</u> RM'000	<u>Risk weighted assets</u> RM'000
Direct credit substitutes	57,137	-	57,137	52,520
Transaction related contingent items	27,970	-	13,985	11,742
Short term self liquidating trade related contingencies	1,963	-	393	353
Foreign exchange related contracts				
- One year or less	2,191,200	12,143	38,613	17,622
Other commitments, such as formal standby facilities and credit lines with an original maturity of				
- more than one year	19	-	9	4
- up to one year	384,901	-	76,980	76,515
Miscellaneous commitments and contingencies	1,064	-	-	-
<b>Total</b>	<b>2,664,254</b>	<b>12,143</b>	<b>187,117</b>	<b>158,756</b>

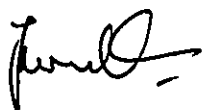
31.12.2012 <u>Description</u>	<u>Principal amount</u> RM'000	<u>Positive fair value of derivative contracts</u> RM'000	<u>Credit equivalent amount*</u> RM'000	<u>Risk weighted assets</u> RM'000
Direct credit substitutes	52,208	-	52,208	47,021
Transaction related contingent items	22,976	-	11,488	9,629
Short term self liquidating trade related contingencies	1,438	-	287	171
Foreign exchange related contracts				
- One year or less	2,175,436	3,966	18,039	14,523
Other commitments, such as formal standby facilities and credit lines, with an original maturity of up to one year	324,389	-	64,878	64,878
<b>Total</b>	<b>2,576,447</b>	<b>3,966</b>	<b>146,900</b>	<b>136,222</b>

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

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 2013, and the related Statement of Comprehensive Income, Statement of Changes in Equity, Statement of Cash Flows and explanatory notes for the half-year 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



ONG GUAT KEE  
Chief Executive Officer

24 July 2013