

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 2015

BANK OF AMERICA MALAYSIA BERHAD
(310983 V)

CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2015

	<u>Note</u>	<u>30 June 2015</u> RM'000	<u>31 December 2014</u> RM'000
ASSETS			
Cash and short-term funds	7	1,644,071	1,642,304
Deposits and placements with banks		2,837	3,934
Securities held-for-trading ('HFT')	8	552,319	622,870
Securities available-for-sale ('AFS')	9	2,995	2,995
Loans, advances and financing	10	245,478	235,291
Other assets	11	7,181	21,315
Derivative assets		158,067	91,423
Tax recoverable		1,057	2,727
Deferred taxation	12	589	626
Statutory deposits with Bank Negara Malaysia		7,590	3,000
Property, plant and equipment	14	5,582	7,140
TOTAL ASSETS		<u>2,627,766</u>	<u>2,633,625</u>
LIABILITIES AND SHAREHOLDERS' FUNDS			
Deposits from customers	17	1,832,624	1,888,735
Deposits and placements of banks and other financial institutions	18	45,099	75,740
Bills and acceptances payable		33,895	31,746
Other liabilities	19	87,263	60,670
Derivative liabilities		101,142	61,275
TOTAL LIABILITIES		<u>2,100,023</u>	<u>2,118,166</u>
Share capital		135,800	135,800
Reserves		391,943	379,659
Shareholders' funds		<u>527,743</u>	<u>515,459</u>
TOTAL LIABILITIES AND SHAREHOLDERS' FUNDS		<u>2,627,766</u>	<u>2,633,625</u>
COMMITMENTS AND CONTINGENCIES	33	<u>19,008,480</u>	<u>16,731,088</u>
CAPITAL ADEQUACY	32		
Core equity I ("CET I") capital ratio		32.544%	37.532%
Tier I capital ratio		32.544%	37.532%
Total capital ratio		<u>32.620%</u>	<u>37.617%</u>

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CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL HALF-YEAR ENDED 30 JUNE 2015

		Half-Year Ended		Second-Quarter Ended	
		30 June 2015	30 June 2014	30 June 2015	30 June 2014
		RM'000	RM'000	RM'000	RM'000
Interest income	20	29,961	42,124	14,777	17,877
Interest expense	21	(6,195)	(9,354)	(2,898)	(3,507)
		<hr/>	<hr/>	<hr/>	<hr/>
Net interest income		23,766	32,770	11,879	14,370
Other operating income	22	24,622	7,537	11,709	4,890
		<hr/>	<hr/>	<hr/>	<hr/>
Net income		48,388	40,307	23,588	19,260
Other operating expenses	23	(31,374)	(29,652)	(13,201)	(13,051)
		<hr/>	<hr/>	<hr/>	<hr/>
Profit before allowance		17,014	10,655	10,387	6,209
Allowances on impairment losses	24	(6)	(131)	33	627
		<hr/>	<hr/>	<hr/>	<hr/>
Profit before taxation		17,008	10,524	10,420	6,836
Taxation		(4,724)	(3,141)	(2,749)	(2,206)
		<hr/>	<hr/>	<hr/>	<hr/>
Net profit for the period		12,284	7,383	7,671	4,630
		<hr/>	<hr/>	<hr/>	<hr/>
Other comprehensive income/loss:					
<u>Items that may be subsequently reclassified</u>					
<u>to profit or loss:</u>					
Change in value of available-for-sale financial assets:					
- Net gain from change in fair value		-	18	-	1
- Income tax affects		-	(4)	-	-
		<hr/>	<hr/>	<hr/>	<hr/>
Other comprehensive income, net of tax		-	14	-	1
		<hr/>	<hr/>	<hr/>	<hr/>
Total comprehensive income for the period		12,284	7,397	7,671	4,631
		<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
Earnings per share (sen)					
- Basic / Diluted		9.05	5.44	5.65	3.41
		<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

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CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL HALF-YEAR ENDED 30 JUNE 2015

	<u>Share capital</u> RM'000	<u>Statutory reserve</u> RM'000	<u>Non distributable Available- for-sale reserve</u> RM'000	<u>Distributable Retained profits</u> RM'000	<u>Total</u> RM'000
At 1 January 2015	135,800	132,898	1,033	245,728	515,459
Total comprehensive income for the financial period	-	-	-	12,284	12,284
At 30 June 2015	<u>135,800</u>	<u>132,898</u>	<u>1,033</u>	<u>258,012</u>	<u>527,743</u>
At 1 January 2014	135,800	130,949	1,017	239,879	507,645
Total comprehensive income for the financial period	-	-	14	7,383	7,397
At 30 June 2014	<u>135,800</u>	<u>130,949</u>	<u>1,031</u>	<u>247,262</u>	<u>515,042</u>

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CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED CONDENSED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL HALF-YEAR ENDED 30 JUNE 2015

	Half-Year Ended <u>30 June 2015</u> RM'000	Half-Year Ended <u>30 June 2014</u> RM'000
Profit before taxation	17,008	10,524
Adjustments for non-cash items	(26,461)	18,986
Operating (loss)/profit before working capital changes	<u>(9,453)</u>	<u>29,510</u>
Changes in working capital:		
Net changes in operating assets	32,388	39,630
Net changes in operating liabilities	(18,143)	(1,139,365)
Income tax paid	(3,017)	(2,265)
Net cash generated from/(used in) operating activities	<u>1,775</u>	<u>(1,072,490)</u>
Net cash (used in)/generated from investing activities	(8)	32,489
Net change in cash and cash equivalents	<u>1,767</u>	<u>(1,040,001)</u>
Cash and cash equivalents at beginning of the year	1,642,304	2,513,159
Cash and cash equivalents at the end of the period	<u><u>1,644,071</u></u>	<u><u>1,473,158</u></u>

EXPLANATORY NOTES

1 BASIS OF PREPARATION

The unaudited condensed interim financial statements for the second-quarter and financial half-year 30 June 2015 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 2014. 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 2014.

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 2014 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 2015.

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 2015.

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.

7 CASH AND SHORT-TERM FUNDS

	<u>30 June 2015</u> RM'000	<u>31 December 2014</u> RM'000
Cash and balances with banks and other financial institutions	44,827	23,931
Money at call and deposit placements maturing within one month	1,599,244	1,618,373
	<u>1,644,071</u>	<u>1,642,304</u>

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EXPLANATORY NOTES

8 SECURITIES HELD-FOR-TRADING ('HFT')

	<u>30 June 2015</u>	<u>31 December 2014</u>
	RM'000	RM'000
Malaysian Government Securities	463,778	369,532
Malaysian Government Islamic Bonds	51,378	243,337
Bank Negara Malaysia Bills	37,163	10,001
	<u>552,319</u>	<u>622,870</u>

9 SECURITIES AVAILABLE-FOR-SALE ('AFS')

	<u>30 June 2015</u>	<u>31 December 2014</u>
	RM'000	RM'000
<u>Unquoted securities in Malaysia:</u>		
Shares	2,980	2,980
Bonds	15	15
	<u>2,995</u>	<u>2,995</u>

10 LOANS, ADVANCES AND FINANCING

	<u>30 June 2015</u>	<u>31 December 2014</u>
	RM'000	RM'000
(a) Loans, advances and financing analysed by type:		
At amortised cost:		
Overdrafts	11,281	30,509
Factoring receivables	41,141	51,997
Claims on customers under acceptance credits	56,440	3,100
Staff loans	1,396	1,460
Revolving advances	135,923	148,801
Real estate loans	693	805
Gross loans, advances and financing	<u>246,874</u>	<u>236,672</u>
Allowance for losses on loans, advances and financing:		
- Individual assessment	(177)	(205)
- Collective assessment	(1,219)	(1,176)
Total net loans, advances and financing	<u>245,478</u>	<u>235,291</u>

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EXPLANATORY NOTES

10 LOANS, ADVANCES AND FINANCING (CONTINUED)

	<u>30 June 2015</u> RM'000	<u>31 December 2014</u> RM'000
(b) Gross loans, advances and financing analysed by geographical distribution:		
Malaysia	<u>246,874</u>	<u>236,672</u>
(c) Gross loans, advances and financing analysed by type of customer:		
Domestic business enterprises	241,183	215,286
Domestic non-banking financial institutions	3,229	18,572
Government and statutory bodies	373	549
Individuals	<u>2,089</u>	<u>2,265</u>
	<u>246,874</u>	<u>236,672</u>
(d) Gross loans, advances and financing analysed by interest/profit rate sensitivity:		
Fixed rate		
- Housing loans	1,097	1,145
- Other fixed rate loans	233,803	226,299
Variable rate		
- BLR plus	1,609	1,629
- Cost plus	<u>10,365</u>	<u>7,599</u>
	<u>246,874</u>	<u>236,672</u>
(e) Gross loans, advances and financing analysed by economic purpose:		
Purchase of transport vehicles	223	254
Purchase of landed property (residential)	1,791	1,951
Personal use	58	38
Purchase of consumer durables	17	22
Working capital	<u>244,785</u>	<u>243,407</u>
	<u>246,874</u>	<u>236,672</u>

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EXPLANATORY NOTES

10 LOANS, ADVANCES AND FINANCING (CONTINUED)

	<u>30 June 2015</u> RM'000	<u>31 December 2014</u> RM'000
(f) Gross loans, advances and financing analysed by residual contractual maturity:		
Within one year	237,291	226,865
One year to three years	8,320	7,905
Three to five years	324	304
Over five years	939	1,598
	<u>246,874</u>	<u>236,672</u>
(g) Movements in impaired loans, advances and financing:		
At 1 January	278	1,003
Classified as impaired during the financial period/ year	-	94
Interest income recognised during the financial period/ year	10 (45)	56 (166)
Amount recovered during the financial period/ year	-	(709)
At end of financial period/ year	<u>243</u>	<u>278</u>
Gross impaired loans as a % of gross loans, advances and financing	<u>0.10%</u>	<u>0.12%</u>
(h) Movements in allowance for impaired loans, advances and financing are as follows:		
<u>Collective assessment allowance</u>		
At 1 January	1,176	329
Allowance made during the financial period/ year	43	-
Write back made during the financial period/ year	-	847
At end of financial period/ year	<u>1,219</u>	<u>1,176</u>
As % of gross loans, advances and financing less individual assessment allowance	<u>0.49%</u>	<u>0.50%</u>

EXPLANATORY NOTES

10 LOANS, ADVANCES AND FINANCING (CONTINUED)

		<u>30 June 2015</u> RM'000	<u>31 December 2014</u> RM'000
(h)	Movements in allowance for impaired loans, advances and financing are as follows: (continued)		
	<u>Individual assessment allowance</u>		
	At 1 January	205	831
	Allowance made during the financial period/ year	-	52
	Write back made during the financial period/ year	(28)	(678)
	At end of financial period/ year	177	205
(i)	Impaired loans, advances and financing analysed by geographical distribution:		
	Malaysia	243	278
(j)	Impaired loans, advances and financing analysed by economic purpose:		
	Purchase of landed property (residential)	243	278

11 OTHER ASSETS

		<u>30 June 2015</u> RM'000	<u>31 December 2014</u> RM'000
	Other receivables	6,143	20,928
	Deposits	36	36
	Prepayments	1,002	351
		7,181	21,315

12 DEFERRED TAXATION

		<u>30 June 2015</u> RM'000	<u>31 December 2014</u> RM'000
	Deferred tax asset	1,197	1,455
	Deferred tax liabilities	(608)	(829)
		589	626

EXPLANATORY NOTES

13 PRE-ACQUISITION PROFITS

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

14 PROPERTY, PLANT AND EQUIPMENT

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

15 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.

16 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.

17 DEPOSITS FROM CUSTOMERS

	<u>30 June 2015</u>	<u>31 December 2014</u>
	RM'000	RM'000
(a) By type of deposit:		
Demand deposits	1,580,708	1,577,104
Saving deposits	19	86
Fixed deposits	251,897	311,545
	<u>1,832,624</u>	<u>1,888,735</u>
(b) Maturity structure of fixed deposits is as follows:		
Due within six months	235,477	288,707
Six months to one year	15,729	21,708
One year to five years	691	884
More than five years	-	246
	<u>251,897</u>	<u>311,545</u>
(c) By type of customers:		
Business enterprises	1,830,894	1,880,970
Individuals	164	5,381
Others	1,566	2,384
	<u>1,832,624</u>	<u>1,888,735</u>

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EXPLANATORY NOTES

18 DEPOSITS AND PLACEMENTS OF BANKS AND OTHER FINANCIAL INSTITUTIONS

	<u>30 June 2015</u> RM'000	<u>31 December 2014</u> RM'000
Licensed banks	29,034	59,860
Other financial institutions	16,065	15,880
	<u>45,099</u>	<u>75,740</u>

19 OTHER LIABILITIES

	<u>30 June 2015</u> RM'000	<u>31 December 2014</u> RM'000
Unearned discount on loans, advances and financing	418	13
Other payables	79,313	53,214
Accruals	7,532	7,443
	<u>87,263</u>	<u>60,670</u>

20 INTEREST INCOME

	Half-Year Ended		Second-Quarter Ended	
	<u>30 June 2015</u> RM'000	<u>30 June 2014</u> RM'000	<u>30 June 2015</u> RM'000	<u>30 June 2014</u> RM'000
Loans, advances and financing	4,681	2,823	2,414	1,642
Money at call and deposit placements with banks and other financial institutions	13,203	21,733	6,578	9,340
Securities available-for-sale	-	737	-	344
Securities held-for-trading	12,077	16,831	5,785	6,551
	<u>29,961</u>	<u>42,124</u>	<u>14,777</u>	<u>17,877</u>

21 INTEREST EXPENSE

	Half-Year Ended		Second-Quarter Ended	
	<u>30 June 2015</u> RM'000	<u>30 June 2014</u> RM'000	<u>30 June 2015</u> RM'000	<u>30 June 2014</u> RM'000
Deposits and placement of bank and other financial institutions	213	477	84	180
Deposits from customers	5,961	8,874	2,803	3,327
Others	21	3	11	-
	<u>6,195</u>	<u>9,354</u>	<u>2,898</u>	<u>3,507</u>

EXPLANATORY NOTES

22 OTHER OPERATING INCOME

	Half-Year Ended		Second-Quarter Ended	
	<u>30 June 2015</u>	<u>30 June 2014</u>	<u>30 June 2015</u>	<u>30 June 2014</u>
	RM'000	RM'000	RM'000	RM'000
<u>Fee income</u>				
Commission	274	260	101	179
Service charges/fees	2,317	1,939	1,179	1,012
Guarantee fees	833	403	549	134
Management fee income	1,336	161	674	79
Other fee income	1,740	1,276	1,284	1,100
	<u>6,500</u>	<u>4,039</u>	<u>3,787</u>	<u>2,504</u>
<u>Gains/(losses) from securities held-for-trading ('HFT')</u>				
Net gain/(loss) from sale	6,028	(4,068)	2,651	(1,628)
Unrealised revaluation gain/(loss)	1,260	3,162	(1,467)	1,845
<u>Unrealised gains/(losses) on revaluation of derivatives</u>				
Foreign exchange forwards and swaps	16,968	(23,564)	40,388	(10,894)
Interest rate and cross currency swaps	9,814	2,516	4,046	2,391
<u>Realised losses on derivatives</u>				
Interest rate and cross currency swaps	(13,391)	(118)	(3,216)	(216)
<u>Other (losses)/income</u>				
Realised foreign exchange (loss)/gain	(2,567)	25,568	(34,490)	10,886
Others	10	2	10	2
	<u>24,622</u>	<u>7,537</u>	<u>11,709</u>	<u>4,890</u>

23 OTHER OPERATING EXPENSES

	Half-Year Ended		Second-Quarter Ended	
	<u>30 June 2015</u>	<u>30 June 2014</u>	<u>30 June 2015</u>	<u>30 June 2014</u>
	RM'000	RM'000	RM'000	RM'000
Personnel costs	15,457	13,626	6,839	5,500
Establishment costs	4,089	3,515	1,804	1,864
Marketing expenses	130	137	60	74
Administration and general expenses	11,698	12,374	4,498	5,613
	<u>31,374</u>	<u>29,652</u>	<u>13,201</u>	<u>13,051</u>

Included in the above expenditure are the following items:

Depreciation of property, plant and equipment	1,566	1,686	765	842
Pension cost – defined contribution plan – EPF	2,373	2,304	666	657
Communication expenses	956	1,534	438	725
Shared administrative support expenses	8,455	8,770	2,744	3,855
	<u>13,350</u>	<u>14,294</u>	<u>4,613</u>	<u>6,089</u>

EXPLANATORY NOTES

24 ALLOWANCES ON IMPAIRMENT LOSSES

	Half-Year Ended		Second-Quarter Ended	
	<u>30 June 2015</u>	<u>30 June 2014</u>	<u>30 June 2015</u>	<u>30 June 2014</u>
	RM'000	RM'000	RM'000	RM'000
Allowance for loans, advances and financing:				
Individual assessment allowance				
- made during the financial period	-	15	-	-
- written back during the financial period	(28)	(60)	(12)	(57)
Collective assessment allowance				
- made during the financial period	43	188	-	-
- written back during the financial period	-	-	(16)	(561)
Bad debts on loans, advances and financing:				
- recovered	(9)	(12)	(5)	(9)
	<u>6</u>	<u>131</u>	<u>(33)</u>	<u>(627)</u>

25 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.

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 half-year ended 30 June 2015 which has not been disclosed in the audited financial statements for the financial year ended 31 December 2014.

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

30 There were no dividends paid or declared for the financial half-year ended 30 June 2015.

EXPLANATORY NOTES

31 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 June 2015</u>	<u>Up to</u> <u>1 month</u> RM'000	<u>>1 - 3</u> <u>months</u> RM'000	<u>>3 - 12</u> <u>months</u> RM'000	<u>>1 - 5</u> <u>years</u> RM'000	<u>Over</u> <u>5 years</u> RM'000	<u>Non-</u> <u>interest</u> <u>bearing</u> RM'000	<u>Trading</u> <u>book</u> RM'000	<u>Total</u> RM'000
<u>Assets</u>								
Cash and short-term funds	1,599,244	-	-	-	-	44,827	-	1,644,071
Deposits and placements with banks	-	-	2,837	-	-	-	-	2,837
Securities held-for-trading ('HFT')	-	-	-	-	-	-	552,319	552,319
Securities available-for-sale ('AFS')	-	-	-	-	-	2,995	-	2,995
Loans, advances and financing	142,426	86,219	8,646	8,644	939	(1,396) [^]	-	245,478
Other assets	-	-	-	-	-	6,766	415	7,181
Derivative assets	-	-	-	-	-	-	158,067	158,067
Tax recoverable	-	-	-	-	-	1,057	-	1,057
Deferred tax asset	-	-	-	-	-	589	-	589
Statutory deposit with Bank Negara Malaysia	-	-	-	-	-	7,590	-	7,590
Property, plant and equipment	-	-	-	-	-	5,582	-	5,582
Total assets	1,741,670	86,219	11,483	8,644	939	68,010	710,801	2,627,766

[^] 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.

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31 USE OF FINANCIAL INSTRUMENTS (CONTINUED)

A Interest rate risk (continued)

<u>30 June 2015</u>	<u>Up to 1 month RM'000</u>	<u>>1 - 3 months RM'000</u>	<u>>3 - 12 months RM'000</u>	<u>>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>Liabilities</u>								
Deposits from customers	834,714	21,615	21,305	-	-	954,990	-	1,832,624
Deposits and placements of banks and other financial institutions	16,065	1,024	-	-	-	28,010	-	45,099
Bills and acceptances payable	-	-	-	-	-	33,895	-	33,895
Other liabilities	-	-	-	-	-	11,378	75,885	87,263
Derivative liabilities	-	-	-	-	-	-	101,142	101,142
Total liabilities	850,779	22,639	21,305	-	-	1,028,273	177,027	2,100,023
 On-balance sheet - interest rate gap	 890,891	 63,580	 (9,822)	 8,644	 939			

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EXPLANATORY NOTES

31 USE OF FINANCIAL INSTRUMENTS (CONTINUED)

A Interest rate risk (continued)

<u>31 December 2014</u>	<u>Up to 1 month RM'000</u>	<u>>1 - 3 months RM'000</u>	<u>>3 - 12 months RM'000</u>	<u>>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	1,618,373	-	-	-	-	23,391	-	1,642,304
Deposits and placements with banks	-	3,934	-	-	-	-	-	3,934
Securities held-for-trading ('HFT')	-	-	-	-	-	-	622,870	622,870
Securities available-for-sale ('AFS')	-	-	-	-	-	2,995	-	2,995
Loans, advances and financing	136,470	18,162	72,233	8,209	1,598	(1,381) [^]	-	235,291
Other assets	-	-	-	-	-	14,785	6,530	21,315
Derivative assets	-	-	-	-	-	-	91,423	91,423
Tax recoverable	-	-	-	-	-	2,727	-	2,727
Deferred tax assets	-	-	-	-	-	626	-	626
Statutory deposit with Bank Negara Malaysia	-	-	-	-	-	3,000	-	3,000
Property, plant and equipment	-	-	-	-	-	7,140	-	7,140
Total assets	<u>1,754,843</u>	<u>22,096</u>	<u>72,233</u>	<u>8,209</u>	<u>1,598</u>	<u>53,823</u>	<u>720,823</u>	<u>2,633,625</u>

[^] 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.

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EXPLANATORY NOTES

31 USE OF FINANCIAL INSTRUMENTS (CONTINUED)

A Interest rate risk (continued)

<u>31 December 2014</u>	<u>Up to 1 month RM'000</u>	<u>>1 - 3 months RM'000</u>	<u>>3 - 12 months RM'000</u>	<u>>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>Liabilities</u>								
Deposits from customers	1,233,802	26,028	1,981	-	-	626,924	-	1,888,735
Deposits and placements of banks and other financial institutions	10,736	29,597	-	-	-	35,407	-	75,740
Bills and acceptances payable	-	-	-	-	-	31,746	-	31,746
Other liabilities	-	-	-	-	-	9,233	51,437	60,670
Derivative liabilities	-	-	-	-	-	-	61,275	61,275
Total liabilities	1,244,538	55,625	1,981	-	-	703,310	112,712	2,118,166
 On-balance sheet - interest rate gap	 510,305	 (33,529)	 70,252	 8,209	 1,598			

EXPLANATORY NOTES

31 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 June 2015		
	MYR	USD	AUD
	%	%	%
<u>Financial assets</u>			
Cash and short-term funds	3.25	0.23	-
Deposits and placements with banks	-	-	2.04
Securities held-for-trading ('HFT')	3.76	-	-
Loans, advances and financing	4.33	0.76	-
	4.33	0.76	-

Financial liabilities

Deposits from customers	2.67	0.16	1.63
Deposits and placements of banks and other financial institutions	1.50	0.32	-
	1.50	0.32	-

	31 December 2014		
	MYR	USD	AUD
	%	%	%
<u>Financial assets</u>			
Cash and short-term funds	3.25	0.05	2.23
Deposits and placements with banks	-	-	2.63
Securities held-for-trading ('HFT')	3.66	-	-
Loans, advances and financing	4.53	0.80	-
	4.53	0.80	-

Financial liabilities

Deposits from customers	2.64	0.15	1.92
Deposits and placements of banks and other financial institutions	2.78	0.23	-
	2.78	0.23	-

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 32 on Capital Adequacy.

EXPLANATORY NOTES

31 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 32 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

31 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 June 2015</u>	<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
<u>Assets</u>							
Cash and short-term funds	780,469	844,093	1,258	313	1,050	16,888	1,644,071
Deposits and placements with banks	-	-	-	-	2,837	-	2,837
Securities held-for-trading ('HFT')	552,319	-	-	-	-	-	552,319
Securities available-for-sale ('AFS')	2,995	-	-	-	-	-	2,995
Loans, advances and financing [^]	208,281	37,197	-	-	-	-	245,478
Other assets*	1,867	4,276	-	-	-	-	6,143
Derivative assets	158,067	-	-	-	-	-	158,067
Statutory deposits with Bank Negara Malaysia	7,590	-	-	-	-	-	7,590
	<u>1,711,588</u>	<u>885,566</u>	<u>1,258</u>	<u>313</u>	<u>3,887</u>	<u>16,888</u>	<u>2,619,500</u>

[^] This represents outstanding loans, advances and financing after deducting individual assessment allowance and collective assessment allowance.

* This represents other receivables.

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31 USE OF FINANCIAL INSTRUMENTS (CONTINUED)

E Currency risk (continued)

<u>30 June 2015</u>	<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
<u>Liabilities</u>							
Deposits from customers	900,492	912,566	624	99	3,369	15,474	1,832,624
Deposits and placements of banks and other financial institutions	44,075	1,024	-	-	-	-	45,099
Bills and acceptances payable	27,040	6,855	-	-	-	-	33,895
Other liabilities [@]	619	78,279	412	-	-	3	79,313
Derivative liabilities	101,142	-	-	-	-	-	101,142
	<u>1,073,368</u>	<u>998,724</u>	<u>1,036</u>	<u>99</u>	<u>3,369</u>	<u>15,477</u>	<u>2,092,073</u>
 Currency gap	 <u>638,220</u>	 <u>(113,158)</u>	 <u>222</u>	 <u>214</u>	 <u>518</u>	 <u>1,411</u>	

@ This represents other payables.

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EXPLANATORY NOTES

31 USE OF FINANCIAL INSTRUMENTS (CONTINUED)

E Currency risk (continued)

<u>31 December 2014</u>	<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
<u>Assets</u>							
Cash and short-term funds	873,182	762,853	443	351	820	4,655	1,642,304
Deposits and placements with banks	-	-	-	-	3,934	-	3,934
Securities held-for-trading ('HFT')	622,870	-	-	-	-	-	622,870
Securities available-for-sale ('AFS')	2,995	-	-	-	-	-	2,995
Loans, advances and financing [^]	179,665	55,626	-	-	-	-	235,291
Other assets*	2,100	18,828	-	-	-	-	20,928
Derivative assets	91,423	-	-	-	-	-	91,423
Statutory deposits with Bank Negara Malaysia	3,000	-	-	-	-	-	3,000
	<u>1,775,235</u>	<u>837,307</u>	<u>443</u>	<u>351</u>	<u>4,754</u>	<u>4,655</u>	<u>2,622,745</u>

[^] This represents outstanding loans, advances and financing after deducting individual assessment allowance and collective assessment allowance.

* This represents other receivables.

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EXPLANATORY NOTES

31 USE OF FINANCIAL INSTRUMENTS (CONTINUED)

E Currency risk (continued)

<u>31 December 2014</u>	<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
<u>Liabilities</u>							
Deposits from customers	853,678	1,027,352	278	111	4,467	2,849	1,888,735
Deposits and placements of banks and other financial institutions	51,287	24,453	-	-	-	-	75,740
Bills and acceptances payable	23,900	7,846	-	-	-	-	31,746
Other liabilities [@]	1,263	51,932	19	-	-	-	53,214
Derivative liabilities	61,275	-	-	-	-	-	61,275
	<u>991,403</u>	<u>1,111,583</u>	<u>297</u>	<u>111</u>	<u>4,467</u>	<u>2,849</u>	<u>2,110,710</u>
 Currency gap	 <u>783,832</u>	 <u>(274,276)</u>	 <u>146</u>	 <u>240</u>	 <u>287</u>	 <u>1,806</u>	

[@] This represents other payables.

EXPLANATORY NOTES

32 CAPITAL ADEQUACY

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

	<u>30 June 2015</u>	<u>31 December 2014</u>
	RM'000	RM'000
<u>Core Equity I ("CET I") Capital and Tier I Capital</u>		
Share capital	135,800	135,800
Retained profits	245,728	245,728
Other disclosed reserves		
- Statutory reserve	132,898	132,898
- Unrealised gains and losses on available-for-sale financial instruments	1,033	1,033
	<u>515,459</u>	<u>515,459</u>
Less: regulatory adjustments		
- Deferred tax assets	(589)	(626)
- 55% of cumulative gains of available-for-sale financial instruments	(569)	(569)
Total CET I and Tier I capital	<u>514,301</u>	<u>514,264</u>
<u>Tier II Capital</u>		
Collective assessment allowance*	1,199	1,157
Total capital	<u><u>515,500</u></u>	<u><u>515,421</u></u>

* Excludes collective assessment allowance on impaired loans, advances and financing restricted from Tier II Capital of the Bank of RM 20,215 (31.12.2014: RM18,909).

Capital ratios

	<u>30 June 2015</u>	<u>31 December 2014</u>
CET I capital ratio	32.544%	37.532%
Tier I capital ratio	32.544%	37.532%
Total capital ratio	<u><u>32.620%</u></u>	<u><u>37.617%</u></u>

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 and 27 June 2013. The Bank has adopted the Standardised Approach ("SA") for Credit Risk and Market Risk and Basic Indicator Approach ("BIA") for Operational Risk.

EXPLANATORY NOTES

32 CAPITAL ADEQUACY (CONTINUED)

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

		<u>30 June 2015</u>		<u>31 December 2014</u>	
		<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%	789,686	-	879,774	-
	20%	1,017,927	203,585	912,010	182,402
	35%	250	88	317	111
	50%	350,088	175,044	239,120	119,560
	75%	209	157	220	165
	100%	506,895	506,895	450,430	450,430
		<u>2,665,055</u>	<u>885,769</u>	<u>2,481,871</u>	<u>752,668</u>
(ii)	Market Risk	-	553,520	-	487,299
(iii)	Operational Risk	-	141,018	-	130,218
		<u>2,665,055</u>	<u>1,580,307</u>	<u>2,481,871</u>	<u>1,370,185</u>

Disclosures pursuant to the requirements of BNM's Risk-Weighted Capital Adequacy Framework (Basel II) – Disclosure Requirements (Pillar 3) in addition to the above, have been made in the Basel II Pillar 3 Disclosures Report.

EXPLANATORY NOTES

33 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 June 2015 <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	60,442	-	60,442	51,242
Transaction related contingent items	118,263	-	59,132	54,898
Short term self liquidating trade related contingencies	3,744	-	749	749
Foreign exchange related contracts				
One year or less	7,464,499	111,619	226,241	109,225
Over one year to five years	601,291	10,479	36,962	23,937
Interest/profit related contracts				
One year or less	2,421,175	20,360	29,577	14,338
Over one year to five years	7,678,671	11,202	217,984	89,890
Over five years	162,500	2,376	16,701	7,743
Other commitments, such as formal standby facilities and credit lines, with an original maturity of up to one year	496,848	-	99,369	99,345
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	30	-	15	7
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	1,017	-	-	-
Total	<u><u>19,008,480</u></u>	<u><u>156,036</u></u>	<u><u>747,172</u></u>	<u><u>451,374</u></u>

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

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EXPLANATORY NOTES

33 COMMITMENTS AND CONTINGENCIES (CONTINUED)

31 December 2014 <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	100,350	-	100,350	86,982
Transaction related contingent items	46,977	-	23,489	18,222
Short term self liquidating trade related contingencies	590	-	118	118
Foreign exchange related contracts				
One year or less	3,129,902	70,570	120,492	53,649
Over one year to five years	80,852	2,716	7,053	4,990
Interest/profit related contracts				
One year or less	5,007,840	5,363	16,115	6,549
Over one year to five years	7,882,760	11,718	203,644	78,744
Over five years	54,000	825	5,685	2,134
Other commitments, such as formal standby facilities and credit lines, with an original maturity of up to one year	426,774	-	85,355	84,845
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	30	-	15	9
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	1,013	-	-	-
Total	16,731,088	91,192	562,316	336,242

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

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STATEMENT OF DECLARATION

To the best of our knowledge, the accompanying Statement of Financial Position of Bank of America Malaysia Berhad as at 30 June 2015, and the related Statement of Comprehensive Income, Statement of Changes in Equity, Statement of Cash Flows and explanatory notes for the financial 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



Chief Finance Officer
Yvonne Lew Ee-Wern

28 July 2015