

Company No.

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

CONDENSED INTERIM FINANCIAL STATEMENTS

THIRD QUARTER ENDED 30 SEPTEMBER 2015

BANK OF AMERICA MALAYSIA BERHAD
(310983 V)

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

	<u>Note</u>	<u>30-Sep-2015</u> RM'000	<u>31-Dec- 2014</u> RM'000
ASSETS			
Cash and short-term funds	7	1,468,884	1,642,304
Deposits and placements with banks		2,372	3,934
Securities held-for-trading ('HFT')	8	528,049	622,870
Securities available-for-sale ('AFS')	9	2,995	2,995
Loans, advances and financing	10	305,031	235,291
Other assets	11	88,466	21,315
Derivative assets		925,680	91,423
Tax recoverable		-	2,727
Deferred taxation	12	1,420	626
Statutory deposits with Bank Negara Malaysia		7,590	3,000
Property, plant and equipment	14	4,771	7,140
TOTAL ASSETS		3,335,258	2,633,625
LIABILITIES AND SHAREHOLDERS' FUNDS			
Deposits from customers	17	1,647,255	1,888,735
Deposits and placements of banks and other financial institutions	18	36,136	75,740
Bills and acceptances payable		33,472	31,746
Other liabilities	19	476,662	60,670
Derivative liabilities		600,546	61,275
Current tax liabilities		3,185	-
TOTAL LIABILITIES		2,797,256	2,118,166
Share capital		135,800	135,800
Reserves		402,202	379,659
Shareholders' funds		538,002	515,459
TOTAL LIABILITIES AND SHAREHOLDERS' FUNDS		3,335,258	2,633,625
COMMITMENTS AND CONTINGENCIES	33	32,774,751	16,731,088
CAPITAL ADEQUACY	32		
Core equity I ("CET I") capital ratio		27.908%	37.532%
Tier I capital ratio		27.908%	37.532%
Total capital ratio		27.968%	37.617%

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CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL THIRD QUARTER ENDED 30 SEPTEMBER 2015

		Nine Months Ended		Third Quarter Ended	
		<u>30-Sep-2015</u>	<u>30-Sep-2014</u>	<u>30-Sep-2015</u>	<u>30-Sep-2014</u>
		RM'000	RM'000	RM'000	RM'000
Interest income	20	45,883	58,461	15,922	16,337
Interest expense	21	(8,917)	(13,014)	(2,722)	(3,660)
		<hr/>	<hr/>	<hr/>	<hr/>
Net interest income		36,966	45,447	13,200	12,677
Other operating income	22	41,799	13,879	17,177	6,342
		<hr/>	<hr/>	<hr/>	<hr/>
Net income		78,765	59,326	30,377	19,019
Other operating expenses	23	(46,815)	(49,393)	(15,441)	(19,741)
		<hr/>	<hr/>	<hr/>	<hr/>
Profit/(loss) before allowance		31,950	9,933	14,936	(722)
Write back/(allowances) on impairment losses	24	195	(714)	201	(583)
		<hr/>	<hr/>	<hr/>	<hr/>
Profit/(loss) before taxation		32,145	9,219	15,137	(1,305)
Taxation		(9,602)	(2,821)	(4,878)	320
		<hr/>	<hr/>	<hr/>	<hr/>
Net profit/(loss) for the period		22,543	6,398	10,259	(985)
		<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		-	22	-	4
- Income tax affects		-	(5)	-	(1)
		<hr/>	<hr/>	<hr/>	<hr/>
Other comprehensive income, net of tax		-	17	-	3
		<hr/>	<hr/>	<hr/>	<hr/>
Total comprehensive income/(loss) for the period		22,543	6,415	10,259	(982)
		<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
Earnings/(loss) per share (sen)					
- Basic / Diluted		16.60	4.71	7.55	(0.73)
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CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL THIRD QUARTER ENDED 30 SEPTEMBER 2015

	Non-distributable			Distributable	Total RM'000
	Share capital RM'000	Statutory reserve RM'000	Available- for-sale reserve RM'000	Retained profits RM'000	
At 1 January 2015	135,800	132,898	1,033	245,728	515,459
Total comprehensive income for the financial period	-	-	-	22,543	22,543
At 30 September 2015	<u>135,800</u>	<u>132,898</u>	<u>1,033</u>	<u>268,271</u>	<u>538,002</u>
At 1 January 2014	135,800	130,949	1,017	239,879	507,645
Total comprehensive income for the financial period	-	-	17	6,398	6,415
At 30 September 2014	<u>135,800</u>	<u>130,949</u>	<u>1,034</u>	<u>246,277</u>	<u>514,060</u>

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CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED CONDENSED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL THIRD QUARTER ENDED 30 SEPTEMBER 2015

	<u>30-Sep-2015</u> RM'000	<u>30-Sep-2014</u> RM'000
Profit before taxation	32,145	9,219
Adjustments for non-cash items	(295,144)	(3,984)
Operating (loss)/profit before working capital changes	<u>(262,999)</u>	<u>5,235</u>
Changes in working capital:		
Net changes in operating assets	(581,888)	(262,023)
Net changes in operating liabilities	675,905	(1,032,811)
Income tax paid	(4,484)	(3,989)
Net cash used in operating activities	<u>(173,466)</u>	<u>(1,293,588)</u>
Net cash generated from investing activities	46	82,446
Net change in cash and cash equivalents	<u>(173,420)</u>	<u>(1,211,142)</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>1,468,884</u></u>	<u><u>1,302,017</u></u>

EXPLANATORY NOTES

1 BASIS OF PREPARATION

The unaudited condensed interim financial statements for the financial third quarter and nine months ended 30 September 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 third quarter and nine months ended 30 September 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 third quarter and nine months ended 30 September 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 third quarter and nine months under review.

7 CASH AND SHORT-TERM FUNDS

	<u>30-Sep-2015</u>	<u>31-Dec-2014</u>
	RM’000	RM’000
Cash and balances with banks and other financial institutions	45,773	23,931
Money at call and deposit placements maturing within one month	1,423,111	1,618,373
	<u>1,468,884</u>	<u>1,642,304</u>

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EXPLANATORY NOTES

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

	<u>30-Sep-2015</u>	<u>31-Dec-2014</u>
	RM'000	RM'000
Malaysian Government Securities	426,216	369,532
Bank Negara Malaysia Bills	57,248	243,337
Malaysian Government Islamic Bonds	44,585	10,001
	528,049	622,870

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

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

10 LOANS, ADVANCES AND FINANCING

	<u>30-Sep-2015</u>	<u>31-Dec-2014</u>
	RM'000	RM'000
(a) Loans, advances and financing analysed by type:		
At amortised cost:		
Overdrafts	4,540	30,509
Factoring receivables	10,851	51,997
Claims on customers under acceptance credits	37,150	3,100
Staff loans	1,341	1,460
Revolving advances	180,377	148,801
Real estate loans	631	805
Term loans	71,352	-
Gross loans, advances and financing	306,242	236,672
Allowance for losses on loans, advances and financing:		
- Individual assessment	(87)	(205)
- Collective assessment	(1,124)	(1,176)
Total net loans, advances and financing	305,031	235,291

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EXPLANATORY NOTES

10 LOANS, ADVANCES AND FINANCING (CONTINUED)

	<u>30-Sep-2015</u> RM'000	<u>31-Dec-2014</u> RM'000
(b) Gross loans, advances and financing analysed by geographical distribution:		
Malaysia	306,242	236,672
	<u>306,242</u>	<u>236,672</u>
(c) Gross loans, advances and financing analysed by type of customer:		
Domestic business enterprises	301,644	215,286
Domestic non-banking financial institutions	2,246	18,572
Government and statutory bodies	380	549
Individuals	1,972	2,265
	<u>306,242</u>	<u>236,672</u>
(d) Gross loans, advances and financing analysed by interest/profit rate sensitivity:		
Fixed rate		
- Housing loans	1,073	1,145
- Other fixed rate loans	228,646	226,299
Variable rate		
- BLR plus	1,155	1,629
- Cost plus	4,016	7,599
- Other floating rate loans	71,352	-
	<u>306,242</u>	<u>236,672</u>
(e) Gross loans, advances and financing analysed by economic purpose:		
Purchase of transport vehicles	208	254
Purchase of landed property (residential)	1,705	1,951
Personal use	45	38
Purchase of consumer durables	14	22
Working capital	304,270	234,407
	<u>306,242</u>	<u>236,672</u>

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EXPLANATORY NOTES

10 LOANS, ADVANCES AND FINANCING (CONTINUED)

	<u>30-Sep-2015</u> RM'000	<u>31-Dec-2014</u> RM'000
(f) Gross loans, advances and financing analysed by residual contractual maturity:		
Within one year	297,676	226,865
One year to three years	7,346	7,905
Three to five years	316	304
Over five years	904	1,598
	<u>306,242</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	7	56
Amount recovered during the financial period/ year	(137)	(166)
Amount written off	-	(709)
	<u>148</u>	<u>278</u>
Gross impaired loans as a % of gross loans, advances and financing	<u>0.05%</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	-	847
Write back made during the financial period/ year	(52)	-
	<u>1,124</u>	<u>1,176</u>
As % of gross loans, advances and financing less individual assessment allowance	<u>0.37%</u>	<u>0.50%</u>

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EXPLANATORY NOTES

10 LOANS, ADVANCES AND FINANCING (CONTINUED)

	<u>30-Sep-2015</u> RM'000	<u>31-Dec-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	(118)	(678)
	<hr/>	<hr/>
At end of financial period/ year	87	205
	<hr/> <hr/>	<hr/> <hr/>
(i) Impaired loans, advances and financing analysed by geographical distribution:		
Malaysia	148	278
	<hr/> <hr/>	<hr/> <hr/>
(j) Impaired loans, advances and financing analysed by economic purpose:		
Purchase of landed property (residential)	148	278
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11 OTHER ASSETS

	<u>30-Sep-2015</u> RM'000	<u>31-Dec-2014</u> RM'000
Other receivables	87,591	20,928
Deposits	36	36
Prepayments	839	351
	<hr/>	<hr/>
	88,466	21,315
	<hr/> <hr/>	<hr/> <hr/>

12 DEFERRED TAXATION

	<u>30-Sep-2015</u> RM'000	<u>31-Dec-2014</u> RM'000
Deferred tax asset	1,983	1,455
Deferred tax liabilities	(563)	(829)
	<hr/>	<hr/>
	1,420	626
	<hr/> <hr/>	<hr/> <hr/>

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EXPLANATORY NOTES

13 PRE-ACQUISITION PROFITS

There were no pre-acquisition profits reported for the financial third quarter and nine months 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 third quarter and nine months under review.

16 PURCHASE AND DISPOSAL OF QUOTED SECURITIES

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

17 DEPOSITS FROM CUSTOMERS

	<u>30-Sep-2015</u>	<u>31-Dec-2014</u>
	RM'000	RM'000
(a) By type of deposit:		
Demand deposits	1,420,048	1,577,104
Saving deposits	9	86
Fixed deposits	227,198	311,545
	<u>1,647,255</u>	<u>1,888,735</u>
(b) Maturity structure of fixed deposits is as follows:		
Due within six months	201,202	288,707
Six months to one year	25,502	21,708
One year to five years	494	884
More than five years	-	246
	<u>227,198</u>	<u>311,545</u>
(c) By type of customers:		
Business enterprises	1,644,493	1,880,970
Individuals	106	5,381
Others	2,656	2,384
	<u>1,647,255</u>	<u>1,888,735</u>

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EXPLANATORY NOTES

18 DEPOSITS AND PLACEMENTS OF BANKS AND OTHER FINANCIAL INSTITUTIONS

	<u>30-Sep-2015</u> RM'000	<u>31-Dec-2014</u> RM'000
Licensed banks	20,010	59,860
Other financial institutions	16,126	15,880
	<u>36,136</u>	<u>75,740</u>

19 OTHER LIABILITIES

	<u>30-Sep-2015</u> RM'000	<u>31-Dec-2014</u> RM'000
Unearned discount/fee on loans, advances and financing	923	13
Other payables	464,137	53,214
Accruals	11,602	7,443
	<u>476,662</u>	<u>60,670</u>

20 INTEREST INCOME

	Nine Months Ended		Third Quarter Ended	
	<u>30-Sep-2015</u> RM'000	<u>30-Sep-2014</u> RM'000	<u>30-Sep-2015</u> RM'000	<u>30-Sep-2014</u> RM'000
Loans, advances and financing	6,943	4,564	2,262	1,741
Money at call and deposit placements with banks and other financial institutions	21,929	32,200	8,726	10,467
Securities available-for-sale	-	825	-	88
Securities held-for-trading	17,011	20,872	4,934	4,041
	<u>45,883</u>	<u>58,461</u>	<u>15,922</u>	<u>16,337</u>

21 INTEREST EXPENSE

	Nine Months Ended		Third Quarter Ended	
	<u>30-Sep-2015</u> RM'000	<u>30-Sep-2014</u> RM'000	<u>30-Sep-2015</u> RM'000	<u>30-Sep-2014</u> RM'000
Deposits and placement of bank and other financial institutions	301	607	88	130
Deposits from customers	8,558	12,402	2,597	3,528
Others	58	5	37	2
	<u>8,917</u>	<u>13,014</u>	<u>2,722</u>	<u>3,660</u>

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EXPLANATORY NOTES

22 OTHER OPERATING INCOME

	Nine Months Ended		Third Quarter Ended	
	<u>30-Sep-2015</u>	<u>30-Sep-2014</u>	<u>30-Sep-2015</u>	<u>30-Sep-2014</u>
	RM'000	RM'000	RM'000	RM'000
<u>Fee income</u>				
Commission	390	580	116	320
Service charges/fees	3,585	2,955	1,268	1,016
Guarantee fees	1,002	515	169	112
Management fee income	2,067	246	731	85
Other fee income	1,946	1,433	206	157
	<u>8,990</u>	<u>5,729</u>	<u>2,490</u>	<u>1,690</u>
<u>Gains/(losses) from securities held-for-trading ('HFT')</u>				
Net gain/(loss) from sale	3,647	(2,735)	(2,381)	1,333
Unrealised revaluation gain/(loss)	2,307	2,735	1,047	(427)
<u>Unrealised gains/(losses) on revaluation of derivatives</u>				
Foreign exchange forwards and swaps	265,698	6,390	248,730	29,954
Interest rate and cross currency swaps	29,292	(2,937)	19,478	(5,453)
<u>Realised (losses)/gains on derivatives</u>				
Interest rate and cross currency swaps	(27,249)	3,199	(13,858)	3,317
<u>Other (losses)/income</u>				
Realised foreign exchange (loss)/gain	(240,959)	1,497	(238,392)	(24,071)
Gain on sale of property, plant and equipment	63	-	63	-
Others	10	1	-	(1)
	<u>41,799</u>	<u>13,879</u>	<u>17,177</u>	<u>6,342</u>

23 OTHER OPERATING EXPENSES

	Nine Months Ended		Third Quarter Ended	
	<u>30-Sep-2015</u>	<u>30-Sep-2014</u>	<u>30-Sep-2015</u>	<u>30-Sep-2014</u>
	RM'000	RM'000	RM'000	RM'000
Personnel costs	24,128	19,246	8,671	5,620
Establishment costs	5,562	5,234	1,472	1,719
Marketing expenses	208	224	78	87
Administration and general expenses	16,917	24,689	5,220	12,315
	<u>46,815</u>	<u>49,393</u>	<u>15,441</u>	<u>19,741</u>

Included in the above expenditure are the following items:

Depreciation of property, plant and equipment	2,386	2,293	819	607
Pension cost – defined contribution plan – EPF	3,127	3,003	754	699
Communication expenses	1,359	2,202	403	668
Shared administrative support expenses	11,320	19,086	2,865	10,316

EXPLANATORY NOTES

24 WRITE BACK/(ALLOWANCES) ON IMPAIRMENT LOSSES

	Nine Months Ended		Third Quarter Ended	
	<u>30-Sep-2015</u>	<u>30-Sep-2014</u>	<u>30-Sep-2015</u>	<u>30-Sep-2014</u>
	RM'000	RM'000	RM'000	RM'000
Allowance for loans, advances and financing:				
Individual assessment allowance				
- made during the financial period	-	(36)	-	(21)
- written back during the financial period	118	67	90	7
Collective assessment allowance				
- made during the financial period	-	(760)	-	(572)
- written back during the financial period	52	-	95	-
Bad debts on loans, advances and financing:				
- recovered	25	15	16	3
	<u>195</u>	<u>(714)</u>	<u>201</u>	<u>(583)</u>

25 SIGNIFICANT EVENTS DURING THE FINANCIAL PERIOD

There were no significant events during the financial third quarter and nine months 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 third quarter and nine months ended 30 September 2015 which have 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 third quarter and nine months reported as compared with the preceding financial third quarter, which have not been disclosed in these condensed interim financial statement.

30 There were no dividends paid or declared for the financial third quarter ended 30 September 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-Sep-2015</u>	<u>Up to</u> <u>1 month</u> <u>RM'000</u>	<u>>1 - 3</u> <u>months</u> <u>RM'000</u>	<u>>3 - 12</u> <u>months</u> <u>RM'000</u>	<u>>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	1,423,111	-	-	-	-	45,773	-	1,468,884
Deposits and placements with banks	-	2,372	-	-	-	-	-	2,372
Securities held-for-trading ('HFT')	-	-	-	-	-	-	528,049	528,049
Securities available-for-sale ('AFS')	-	-	-	-	-	2,995	-	2,995
Loans, advances and financing	111,840	182,072	3,764	7,662	904	(1,211) ^	-	305,031
Other assets	-	-	-	-	-	9,407	79,059	88,466
Derivative assets	-	-	-	-	-	-	925,680	925,680
Deferred tax asset	-	-	-	-	-	1,420	-	1,420
Statutory deposit with Bank Negara Malaysia	-	-	-	-	-	7,590	-	7,590
Property, plant and equipment	-	-	-	-	-	4,771	-	4,771
Total assets	1,534,951	184,444	3,764	7,662	904	70,745	1,532,788	3,335,258

^ 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

31 USE OF FINANCIAL INSTRUMENTS (CONTINUED)

A Interest rate risk (continued)

<u>30-Sep-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	796,247	7,931	21,154	-	-	821,923	-	1,647,255
Deposits and placements of banks and other financial institutions	10,902	5,224	-	-	-	20,010	-	36,136
Bills and acceptances payable	-	-	-	-	-	33,472	-	33,472
Other liabilities	-	-	-	-	-	14,322	462,340	476,662
Derivative liabilities	-	-	-	-	-	-	600,546	600,546
Current tax liabilities	-	-	-	-	-	3,185	-	3,185
Total liabilities	807,149	13,155	21,154	-	-	892,912	1,062,886	2,797,256
On-balance sheet - interest rate gap	727,802	171,289	(17,390)	7,662	904			

EXPLANATORY NOTES

31 USE OF FINANCIAL INSTRUMENTS (CONTINUED)

A Interest rate risk (continued)

31-Dec-2014	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
<u>Assets</u>								
Cash and short-term funds	1,618,373	-	-	-	-	23,931	-	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	1,754,843	22,096	72,233	8,209	1,598	53,823	720,823	2,633,625

[^] 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

31 USE OF FINANCIAL INSTRUMENTS (CONTINUED)

A Interest rate risk (continued)

31-Dec-2014

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	1,233,802	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	<u>1,244,538</u>	<u>55,625</u>	<u>1,981</u>	<u>-</u>	<u>-</u>	<u>703,310</u>	<u>112,712</u>	<u>2,118,166</u>

On-balance sheet - interest rate gap

	<u>510,305</u>	<u>(33,529)</u>	<u>70,252</u>	<u>8,209</u>	<u>1,598</u>
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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-Sep-2015		
	MYR	USD	AUD
	%	%	%
<u>Financial assets</u>			
Cash and short-term funds	3.00	0.11	-
Deposits and placements with banks	-	-	2.07
Securities held-for-trading ('HFT')	3.66	-	-
Loans, advances and financing	4.28	1.19	-
	-	-	-
<u>Financial liabilities</u>			
Deposits from customers	2.59	0.16	1.75
Deposits and placements of banks and other financial institutions	1.50	-	-
	-	-	-

	31-Dec-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	-
	-	-	-
<u>Financial liabilities</u>			
Deposits from customers	2.64	0.15	1.92
Deposits and placements of banks and other financial institutions	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 third quarter 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 third quarter 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.

30-Sep-2015	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	1,086,528	361,648	2,979	181	1,726	15,822	1,468,884
Deposits and placements with banks	-	-	-	-	2,372	-	2,372
Securities held-for-trading ('HFT')	528,049	-	-	-	-	-	528,049
Securities available-for-sale ('AFS')	2,995	-	-	-	-	-	2,995
Loans, advances and financing [^]	150,323	154,708	-	-	-	-	305,031
Other assets [*]	6,975	80,616	-	-	-	-	87,591
Derivative assets	925,680	-	-	-	-	-	925,680
Statutory deposits with Bank Negara Malaysia	7,590	-	-	-	-	-	7,590
	<u>2,708,140</u>	<u>596,972</u>	<u>2,979</u>	<u>181</u>	<u>4,098</u>	<u>15,822</u>	<u>3,328,192</u>

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

^{*} This represents other receivables.

EXPLANATORY NOTES

31 USE OF FINANCIAL INSTRUMENTS (CONTINUED)

E Currency risk (continued)

30-Sep-2015

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	866,075	761,681	2,493	54	3,740	13,212	1,647,255
Deposits and placements of banks and other financial institutions	36,136	-	-	-	-	-	36,136
Bills and acceptances payable	23,261	10,211	-	-	-	-	33,472
Other liabilities [@]	375	463,043	317	64	63	275	464,137
Derivative liabilities	600,546	-	-	-	-	-	600,546
	<u>1,526,393</u>	<u>1,234,935</u>	<u>2,810</u>	<u>118</u>	<u>3,803</u>	<u>13,487</u>	<u>2,781,546</u>
Currency gap	<u>1,181,747</u>	<u>(637,963)</u>	<u>169</u>	<u>63</u>	<u>295</u>	<u>2,335</u>	

[@] This represents other payables.

EXPLANATORY NOTES

31 USE OF FINANCIAL INSTRUMENTS (CONTINUED)

E Currency risk (continued)

<u>31-Dec-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.

EXPLANATORY NOTES

31 USE OF FINANCIAL INSTRUMENTS (CONTINUED)

E Currency risk (continued)

31-Dec-2014

Liabilities

	MYR RM'000	USD RM'000	SGD RM'000	GBP RM'000	AUD RM'000	Others RM'000	Total RM'000
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.

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32 CAPITAL ADEQUACY

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

	<u>30-Sep-2015</u> RM'000	<u>31-Dec-2014</u> 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	(1,420)	(626)
- 55% of cumulative gains of available-for-sale financial instruments	(569)	(569)
Total CET I and Tier I capital	<u>513,470</u>	<u>514,264</u>
<u>Tier II Capital</u>		
Collective assessment allowance*	1,106	1,157
Total capital	<u><u>514,576</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 18,406 (31-Dec-2014: RM18,909).

Capital ratios

	<u>30-Sep-2015</u>	<u>31-Dec-2014</u>
CET I capital ratio	27.908%	37.532%
Tier I capital ratio	27.908%	37.532%
Total capital ratio	<u><u>27.968%</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.

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EXPLANATORY NOTES

32 CAPITAL ADEQUACY (CONTINUED)

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

		<u>30-Sep-2015</u>		<u>31-Dec-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%	1,094,727	-	879,774	-
	20%	741,194	148,239	912,010	182,402
	35%	213	75	317	111
	50%	639,630	319,815	239,120	119,560
	75%	261	196	220	165
	100%	603,375	603,375	450,430	450,430
		<u>3,079,400</u>	<u>1,071,700</u>	<u>2,481,871</u>	<u>752,668</u>
(ii)	Market Risk	-	613,268	-	487,299
(iii)	Operational Risk	-	154,911	-	130,218
		<u>3,079,400</u>	<u>1,839,879</u>	<u>2,481,871</u>	<u>1,370,185</u>

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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-Sep-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	59,480	-	59,480	51,050
Transaction related contingent items	126,770	-	63,385	57,118
Short term self liquidating trade related contingencies	11,897	-	2,379	2,379
Foreign exchange related contracts				
One year or less	16,960,529	548,363	675,291	295,913
Over one year to five years	141,211	24,255	33,072	33,072
Interest/profit related contracts				
One year or less	6,071,950	48,050	61,453	30,404
Over one year to five years	8,759,146	3,463	197,106	87,508
Over five years	162,500	4,067	14,882	7,198
Other commitments, such as formal standby facilities and credit lines, with an original maturity of up to one year	480,207	-	96,042	96,042
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	22	-	11	6
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	1,039	-	-	-
Total	32,774,751	628,198	1,203,101	660,690

* 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-Dec-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 September 2015, and the related Statement of Comprehensive Income, Statement of Changes in Equity, Statement of Cash Flows and explanatory notes for the financial third quarter 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

27 October 2015