

Bank No.  
310983V

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

**UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS**

**FOR THE FINANCIAL HALF-YEAR ENDED 30 JUNE 2019**

Company No.  
310983 V

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

**UNAUDITED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION  
FOR THE FINANCIAL HALF-YEAR ENDED 30 JUNE 2019**

	<u>Note</u>	<b>30 June 2019 RM'000</b>	<b>31 December 2018 RM'000</b>
<b>ASSETS</b>			
Cash and short term funds	7	1,945,728	2,117,387
Financial assets at fair value through profit or loss (FVTPL)	8	2,045,981	2,071,907
Financial assets at fair value through other comprehensive income (FVOCI)	9	308,324	52,923
Loans, advances and financing	10	169,572	134,594
Other assets	11	5,182	22,809
Derivative assets		43,612	31,497
Tax recoverable		8,270	8,630
Deferred tax assets		1,514	2,134
Statutory deposits with Bank Negara Malaysia		23,001	16,800
Property, plant and equipment		5,308	2,017
<b>TOTAL ASSETS</b>		<u><u>4,556,492</u></u>	<u><u>4,460,698</u></u>
<b>LIABILITIES AND SHAREHOLDERS' FUNDS</b>			
Deposits from customers	16	3,037,862	2,988,012
Deposits and placements of banks and other financial institutions	17	707,198	680,972
Bills and acceptances payable		17,061	27,258
Other liabilities	18	62,653	58,600
Derivative liabilities		26,261	33,177
<b>TOTAL LIABILITIES</b>		<u><u>3,851,035</u></u>	<u><u>3,788,019</u></u>
Share capital		135,800	135,800
Reserves		569,657	536,879
Shareholders' funds		<u><u>705,457</u></u>	<u><u>672,679</u></u>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' FUNDS</b>		<u><u>4,556,492</u></u>	<u><u>4,460,698</u></u>
<b>COMMITMENTS AND CONTINGENCIES</b>	32	<u><u>11,867,154</u></u>	<u><u>11,176,415</u></u>

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**BANK OF AMERICA MALAYSIA BERHAD**  
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**UNAUDITED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE FINANCIAL HALF-YEAR ENDED 30 JUNE 2019**

	Note	Quarter Ended		Half-Year Ended	
		30 June 2019 RM'000	30 June 2018 RM'000	30 June 2019 RM'000	30 June 2018 RM'000
Interest income	19	16,153	17,564	32,014	33,749
Interest expense	20	(12,365)	(5,008)	(23,766)	(10,003)
<b>Net interest income</b>		<b>3,788</b>	<b>12,556</b>	<b>8,248</b>	<b>23,746</b>
Net trading income	21	29,859	10,757	65,981	37,836
Other operating income	22	4,786	4,545	8,165	8,172
<b>Net non-interest income</b>		<b>34,645</b>	<b>15,302</b>	<b>74,146</b>	<b>46,008</b>
<b>Net income</b>		<b>38,433</b>	<b>27,858</b>	<b>82,394</b>	<b>69,754</b>
Other operating expenses	23	(18,446)	(11,130)	(36,477)	(30,715)
<b>Profit before allowance</b>		<b>19,987</b>	<b>16,728</b>	<b>45,917</b>	<b>39,039</b>
Impairment for credit losses	24	(3,026)	459	(2,662)	1,890
<b>Profit before taxation</b>		<b>16,961</b>	<b>17,187</b>	<b>43,255</b>	<b>40,929</b>
Taxation		(4,112)	(2,961)	(10,477)	(7,248)
<b>Profit for the financial year</b>		<b>12,849</b>	<b>14,226</b>	<b>32,778</b>	<b>33,681</b>
Other comprehensive income:					
<u>Items that may be subsequently reclassified to profit or loss</u>					
Change in value of financial assets at fair value through other comprehensive income (FVOCI):		-	-	-	-
- Income tax effects		-	-	-	-
<u>Items that may not be subsequently reclassified to profit or loss</u>					
Change in value of equity investments at fair value through other comprehensive income (FVOCI):		-	-	-	-
- Income tax effects		-	-	-	-
<b>Other comprehensive income, net of tax</b>		<b>12,849</b>	<b>14,226</b>	<b>32,778</b>	<b>33,681</b>
<b>Total comprehensive income for the financial year</b>					
Earnings per share (sen)					
- Basic/diluted		9.46	10.48	24.14	24.80

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**BANK OF AMERICA MALAYSIA BERHAD**  
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**UNAUDITED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE FINANCIAL HALF-YEAR ENDED 30 JUNE 2019**

	Non distributable			Distributable	Total
	Share capital	FVOCI reserves	Regulatory reserve	Retained profits	
	RM'000	RM'000	RM'000	RM'000	
At 1 January 2019	135,800	1,047	2,679	533,153	672,679
Total comprehensive income for the financial period	-	-	-	32,778	32,778
Transfer to regulatory reserve	-	-	379	(379)	-
At 30 June 2019	135,800	1,047	3,058	565,552	705,457
At 1 January 2018	135,800	1,047	-	490,588	627,435
Total comprehensive income for the financial period	-	-	-	33,681	33,681
- effects of adoption of MFRS 9:	-	-	-	3,391	3,391
<i>Loans, advances and financing</i>	-	-	-	3,629	3,629
<i>Financial guarantees and loan commitments</i>	-	-	-	(238)	(238)
Transfer to regulatory reserve	-	-	2,019	(2,019)	-
At 30 June 2018	135,800	1,047	2,019	525,641	664,507

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**UNAUDITED STATEMENT OF CASH FLOWS**  
**FOR THE FINANCIAL HALF-YEAR ENDED 30 JUNE 2019**

	<b>30 June 2019</b>	<b>30 June 2018</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Cash flows from operating activities</b>		
Profit before taxation	43,255	40,929
Adjustments for:		
- Depreciation of property and equipment	510	417
- Impairment charge for credit losses	(2,662)	(1,890)
- Net unrealised (loss)/gain on fair value changes in derivatives	19,033	(1,309)
- Net unrealised gain/(loss) on revaluation of financial assets at FVTPL	677	602
	<u>60,813</u>	<u>38,749</u>
Changes in working capital:		
<i>(Increase)/decrease in operating assets:</i>		
- Financial assets FVTPL	25,249	(1,480,669)
- Financial assets FVOCI	(255,401)	-
- Loans, advances and financing	(32,316)	53,967
- Other assets	17,627	311
- Derivative assets	(31,148)	5,312
- Statutory deposit with Bank Negara Malaysia	(6,201)	(2,209)
<i>Increase/(decrease) in operating liabilities:</i>		
- Deposits from customers	49,850	496,346
- Deposits and placements of banks and other financial institutions	26,226	444,863
- Bills and acceptances payable	(10,197)	(9,571)
- Other liabilities	4,053	(20,798)
- Derivative liabilities	(6,916)	(5,500)
<b>Cash flows from operating activities</b>	<u>(158,361)</u>	<u>(479,199)</u>
Taxation paid	<u>(9,497)</u>	<u>(7,053)</u>
<b>Net cash provided by operating activities</b>	<u>(167,858)</u>	<u>(486,252)</u>
<b>Cash flows from investing activities</b>		
Purchase of property and equipment	<u>(3,801)</u>	<u>(431)</u>
<b>Net cash used in investing activities</b>	<u>(3,801)</u>	<u>(431)</u>
<b>Cash and cash equivalents</b>	(171,659)	(486,683)
<b>As at 1 January</b>	<u>2,117,387</u>	<u>2,765,001</u>
<b>As at 30 June 2019</b>	<u><u>1,945,728</u></u>	<u><u>2,278,318</u></u>

**BANK OF AMERICA MALAYSIA BERHAD**  
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**NOTES TO THE FINANCIAL STATEMENTS JUNE 2019**

**1 BASIS OF PREPARATION**

The unaudited condensed interim financial statements of the Bank for the financial quarter ended 30 June 2019 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 2018. 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 2018.

The unaudited condensed interim financial statements have been prepared under the historical cost convention. The accounting policies and methods of computation applied in the unaudited condensed interim financial statements are consistent with those adopted in the most recent audited financial statements for the year ended 31 December 2018, except as follows:

**A NEW AND AMENDED STANDARDS ADOPTED BY THE BANK**

The Bank has applied MFRS 16 "Leases" for the first time with a date of initial application of 1 January 2019.

MFRS 16 "Leases" supersedes MFRS 117 "Leases" and the related interpretations.

- Under MFRS 16, a lease is a contract (or part of a contract) that conveys the right to control the use of an identified asset for a year of time in exchange for consideration.
- MFRS 16 eliminates the classification of leases by the lessee as either finance leases (on balance sheet) or operating leases (off balance sheet). MFRS 16 requires a lessee to recognise a 'right-of-use' of the underlying asset and a lease liability reflecting future lease payments for most leases.
- The right-of-use asset is depreciated in accordance with the principle in MFRS 116 Property, Plant and Equipment and the lease liability is accreted over time with interest expense recognised in profit or loss.
- For lessors, MFRS 16 retains most of the requirements in MFRS 117. Lessors continue to classify all leases as either operating leases or finance leases and account for them differently.

The adoption of MFRS 16 "Leases" did not have a significant effect on the unaudited condensed interim financial statements of the Bank.

**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 2018 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.

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**NOTES TO THE FINANCIAL STATEMENTS JUNE 2019**

**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 quarter ended 30 June 2019.

**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 quarter ended 30 June 2019.

**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 quarter under review.

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**NOTES TO THE FINANCIAL STATEMENTS JUNE 2019**

**7 CASH AND SHORT TERM FUNDS**

	<b>30 June 2019 RM'000</b>	<b>31 December 2018 RM'000</b>
Cash and balances with banks and other financial institutions	121,498	102,921
Money at call and deposit placements maturing within one month	1,824,230	2,014,466
	<u>1,945,728</u>	<u>2,117,387</u>

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

	<b>30 June 2019 RM'000</b>	<b>31 December 2018 RM'000</b>
Malaysian Government Securities	672,741	1,041,185
Malaysian Government Investment Issues	75,338	131,546
Malaysian Government Treasury Bills	1,297,902	899,176
	<u>2,045,981</u>	<u>2,071,907</u>

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

	<b>30 June 2019 RM'000</b>	<b>31 December 2018 RM'000</b>
<u>Quoted securities in Malaysia:</u>		
Bank Negara Bills	305,329	49,928
<u>Unquoted securities in Malaysia:</u>		
Shares	2,980	2,980
Bonds	15	15
	<u>308,324</u>	<u>52,923</u>



**BANK OF AMERICA MALAYSIA BERHAD**  
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**NOTES TO THE FINANCIAL STATEMENTS JUNE 2019**

**10 LOANS, ADVANCES AND FINANCING**

	<b>30 June 2019 RM'000</b>	<b>31 December 2018 RM'000</b>
(a) By type		
At amortised cost:		
Overdrafts	2,369	28,537
Factoring receivables	26,701	22,806
Staff loans	642	843
Revolving advances	114,640	52,236
Term loans	48,326	50,379
Mortgage loans	197	243
Gross loans, advances and financing	<u>192,875</u>	<u>155,044</u>
Expected Credit Losses ("ECL")	(23,303)	(20,450)
Stage 1: 12 Months - On Balance Sheet	(343)	(227)
Stage 2: Lifetime ECL not credit impaired	-	-
Stage 3: Lifetime ECL credit-impaired	(22,960)	(20,223)
Total net loans, advances and financing	<u><u>169,572</u></u>	<u><u>134,594</u></u>
(b) Gross loans, advances and financing analysed by geographical distribution:		
Malaysia	<u><u>192,875</u></u>	<u><u>155,044</u></u>
(c) By type of customer		
Domestic business enterprises	191,892	153,743
Domestic non-banking financial institutions	145	214
Individuals	838	1,087
	<u><u>192,875</u></u>	<u><u>155,044</u></u>
(d) By interest rate sensitivity		
Fixed rate:		
Housing loans	571	767
Other fixed rate loans	141,411	79,926
Variable rate:		
Base rate	1,180	4,775
Cost plus	1,386	19,198
Other floating rate loans	48,327	50,378
	<u><u>192,875</u></u>	<u><u>155,044</u></u>

**BANK OF AMERICA MALAYSIA BERHAD**  
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**NOTES TO THE FINANCIAL STATEMENTS JUNE 2019**

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

	<b>30 June 2019 RM'000</b>	<b>31 December 2018 RM'000</b>
(e) By sector		
Mining & quarrying	48,326	51,598
Manufacturing	115,795	58,910
Construction	-	13,310
Wholesale & Retail trade, Restaurant & Hotels	-	4,807
Telecommunication	3,124	2,517
Finance, insurance and business services	23,980	21,225
Education, health and others	812	1,591
Household	838	1,086
	<u>192,875</u>	<u>155,044</u>
(f) By economic purpose		
Purchase of transport vehicles	59	65
Purchase of landed property (residential)	769	1,010
Personal use	11	11
Working capital	192,036	153,958
	<u>192,875</u>	<u>155,044</u>
(g) By residual contractual maturity		
Within one year	171,355	137,918
One year to three years	21,281	16,296
Three years to five years	54	65
Over five years	185	765
	<u>192,875</u>	<u>155,044</u>
(h) Gross loans, advances and financing by staging		
Stage 1: 12 Month ECL	144,522	104,635
Stage 2: Lifetime ECL Not Credit Impaired	-	-
Stage 3: Credit Impaired	48,353	50,409
	<u>192,875</u>	<u>155,044</u>
(i) Movements in impaired loans, advances and financing are as follows:		
At 1 January	50,409	36
Impaired during the period/year	13	50,379
Reclassified as non-impaired	(11)	-
Amount recovered	(2,007)	(6)
Other adjustments	(51)	-
At 30 June/31 December	<u>48,353</u>	<u>50,409</u>
Stage 3: Lifetime ECL credit impaired	<u>(22,960)</u>	<u>(20,223)</u>
Net impaired loans, advances and financing	<u>25,393</u>	<u>30,186</u>
Gross impaired loans as a % of gross loans, advances and financing	<u>25.07%</u>	<u>32.51%</u>

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**NOTES TO THE FINANCIAL STATEMENTS JUNE 2019**

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

- (i) Movements in Expected Credit Losses ("ECL") on loans, advances and financing are as follows:

	12-Month ECL (Stage 1) RM'000	Lifetime ECL Not Credit- Impaired (Stage 2) RM'000	Credit Impaired (Stage 3) RM'000	Total RM'000
<b>30 June 2019</b>				
At 1 January 2019	227	-	20,223	20,450
Changes due to loans, advances and financing recognised				
- Transfer to Stage 1: 12-Month ECL	-	-	-	-
- Transfer to Stage 2: Lifetime ECL not credit-impaired	-	-	-	-
- Transfer to Stage 3: Lifetime ECL credit-impaired	-	-	-	-
Loans, advances and financing derecognised (other than write off)	(36)	-	-	(36)
New loans, advances and financing originated	24	-	-	24
Net remeasurement due to changes in credit risk	128	-	2,737	2,865
Modification to contractual cash flows of loans, advances and financing	-	-	-	-
Amount written off	-	-	-	-
<b>At 30 June 2019</b>	<b>343</b>	<b>-</b>	<b>22,960</b>	<b>23,303</b>
<b>31 December 2018</b>				
At 1 January 2018	1,046	6,662	36	7,744
- effects of adopting MFRS 9	(436)	(3,193)	-	(3,629)
Restated	610	3,469	36	4,115
Changes due to loans, advances and financing recognised				
- Transfer to Stage 1: 12-Month ECL	-	-	-	-
- Transfer to Stage 2: Lifetime ECL not credit-impaired	-	-	-	-
- Transfer to Stage 3: Lifetime ECL credit-impaired	-	(3,469)	3,469	-
Loans, advances and financing derecognised (other than write off)	(383)	-	-	(383)
New loans, advances and financing originated	-	-	-	-
Net remeasurement due to changes in credit risk	-	-	16,718	16,718
Modification to contractual cash flows of loans, advances and financing	-	-	-	-
Amount written off	-	-	-	-
<b>At 31 December 2018</b>	<b>227</b>	<b>-</b>	<b>20,223</b>	<b>20,450</b>

**BANK OF AMERICA MALAYSIA BERHAD**  
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**NOTES TO THE FINANCIAL STATEMENTS JUNE 2019**

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

	<b>30 June 2019 RM'000</b>	<b>31 December 2018 RM'000</b>
(j) Impaired loans, advances and financing analysed by geographical distribution		
Malaysia	<u>48,353</u>	<u>50,409</u>
(k) Impaired loans, advances and financing analysed by economic purpose:		
Working capital	48,326	50,379
Purchase of landed property (residential)	27	30
	<u>48,353</u>	<u>50,409</u>

**11 OTHER ASSETS**

	<b>30 June 2019 RM'000</b>	<b>31 December 2018 RM'000</b>
Collateral receivables	3,648	11,134
Intercompany receivables	1,278	2,383
Other receivables	149	9,140
Deposits	36	36
Prepayments	71	116
	<u>5,182</u>	<u>22,809</u>

**12 PRE-ACQUISITION PROFITS**

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

**13 PROPERTY, PLANT AND EQUIPMENT**

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

**14 PROFITS ON SALE OF INVESTMENTS/PROPERTIES**

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

**15 PURCHASE AND DISPOSAL OF QUOTED SECURITIES**

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

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**NOTES TO THE FINANCIAL STATEMENTS JUNE 2019**

**16 DEPOSITS FROM CUSTOMERS**

	<b>30 June 2019 RM'000</b>	<b>31 December 2018 RM'000</b>
Demand deposits	2,350,681	2,239,244
Savings deposits	6	5
Fixed deposits	687,175	748,763
	<u>3,037,862</u>	<u>2,988,012</u>

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

Due within six months	682,598	742,501
Six months to one year	51	4,156
One year to five years	3,469	1,050
More than five years	1,057	1,056
	<u>687,175</u>	<u>748,763</u>

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

Business enterprises	3,037,816	2,987,044
Individuals	46	46
Others	-	922
	<u>3,037,862</u>	<u>2,988,012</u>

**17 DEPOSITS AND PLACEMENTS OF BANKS AND OTHER FINANCIAL INSTITUTIONS**

	<b>30 June 2019 RM'000</b>	<b>31 December 2018 RM'000</b>
Licensed banks	706,193	680,972
Other financial institutions	1,005	-
	<u>707,198</u>	<u>680,972</u>

**18 OTHER LIABILITIES**

	<b>30 June 2019 RM'000</b>	<b>31 December 2018 RM'000</b>
Collateral payables	27,726	21,751
Intercompany payables	27,028	17,961
Deferred income on loans, advances and financing	4	4
Accruals	3,722	6,300
Share-based recharge payables	1,344	228
Provisions made for ECL	558	729
Other payables	2,271	11,627
	<u>62,653</u>	<u>58,600</u>

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**NOTES TO THE FINANCIAL STATEMENTS JUNE 2019**

**19 INTEREST INCOME**

	Quarter Ended		Half Year Ended	
	30 June 2019 RM'000	30 June 2018 RM'000	30 June 2019 RM'000	30 June 2018 RM'000
Loans, advances and financing	1,654	2,372	3,155	4,807
Money at call and deposit placements with banks and other financial institutions	12,625	15,156	25,756	28,808
Financial assets at FVOCI	1,874	-	3,103	-
Others	-	36	-	134
	<u>16,153</u>	<u>17,564</u>	<u>32,014</u>	<u>33,749</u>

**20 INTEREST EXPENSE**

	Quarter Ended		Half Year Ended	
	30 June 2019 RM'000	30 June 2018 RM'000	30 June 2019 RM'000	30 June 2018 RM'000
Deposits and placements of banks and other financial institutions	2,765	512	4,381	607
Deposits from customers	9,600	4,489	19,385	9,389
Others	-	7	-	7
	<u>12,365</u>	<u>5,008</u>	<u>23,766</u>	<u>10,003</u>

**21 NET TRADING INCOME**

	Quarter Ended		Half Year Ended	
	30 June 2019 RM'000	30 June 2018 RM'000	30 June 2019 RM'000	30 June 2018 RM'000
Fair value gain/(loss) on instruments				
- Debt instruments FVTPL				
Net gain from sale of financial assets at FVTPL	4,309	(6,230)	12,161	(2,831)
Unrealised revaluation gain/(loss) on financial assets at FVTPL	(2,895)	(362)	677	(602)
- Derivatives financial instruments				
Realised loss on derivatives	569	(374)	329	(1,221)
Unrealised gain/(loss) on foreign exchange forwards and swaps	12,054	30,907	19,882	2
Unrealised gain on interest rate and cross currency swaps	(887)	115	(849)	1,307
Interest income from financial assets at FVTPL	20,403	10,851	38,211	19,227
Realised (loss)/gain from foreign exchange	(3,627)	(24,190)	(4,363)	21,914
Others	(67)	40	(67)	40
	<u>29,859</u>	<u>10,757</u>	<u>65,981</u>	<u>37,836</u>

**BANK OF AMERICA MALAYSIA BERHAD**  
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**NOTES TO THE FINANCIAL STATEMENTS JUNE 2019**

**22 OTHER OPERATING INCOME**

	<u>Quarter Ended</u>		<u>Half Year Ended</u>	
	<u>30 June</u> <u>2019</u> <u>RM'000</u>	<u>30 June</u> <u>2018</u> <u>RM'000</u>	<u>30 June</u> <u>2019</u> <u>RM'000</u>	<u>30 June</u> <u>2018</u> <u>RM'000</u>
<i>Fee income</i>				
Commission	86	76	172	164
Service charges and fees	1,535	1,320	2,848	2,590
Guarantee fees	311	70	786	540
Management fee income	506	1,675	1,000	2,769
Other fee income	2,348	1,404	3,359	2,109
	<u>4,786</u>	<u>4,545</u>	<u>8,165</u>	<u>8,172</u>

**23 OTHER OPERATING EXPENSES**

	<u>Quarter Ended</u>		<u>Half Year Ended</u>	
	<u>30 June</u> <u>2019</u> <u>RM'000</u>	<u>30 June</u> <u>2018</u> <u>RM'000</u>	<u>30 June</u> <u>2019</u> <u>RM'000</u>	<u>30 June</u> <u>2018</u> <u>RM'000</u>
<i>Personnel costs</i>				
Salaries, allowances and bonuses	6,505	5,914	13,142	11,495
Share-based payment	(7)	924	1,391	2,313
Defined contribution plans	1,000	919	2,648	3,053
Other personnel costs	1,277	468	1,788	1,562
	<u>8,775</u>	<u>8,225</u>	<u>18,969</u>	<u>18,423</u>
<i>Establishment costs</i>				
Depreciation of property and equipment	266	197	510	417
Rental of premises	373	276	601	721
Rental of equipment	59	43	153	141
Repair and maintenance	288	94	579	543
Others	690	392	938	879
	<u>1,676</u>	<u>1,002</u>	<u>2,781</u>	<u>2,701</u>
<i>Marketing expenses</i>				
Others	114	63	212	147
	<u>114</u>	<u>63</u>	<u>212</u>	<u>147</u>
<i>Administration and general expenses</i>				
Communication expenses	367	517	870	960
Legal and professional fees	278	67	416	402
Stationery and postages	96	75	205	247
Shared administrative support expenses	5,431	189	10,257	4,872
Others	1,709	992	2,767	2,963
	<u>7,881</u>	<u>1,840</u>	<u>14,515</u>	<u>9,444</u>
	<u>18,446</u>	<u>11,130</u>	<u>36,477</u>	<u>30,715</u>

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**24 IMPAIRMENT FOR CREDIT LOSSES**

	<u>Quarter Ended</u>		<u>Half Year Ended</u>	
	<u>30 June</u> <u>2019</u> <u>RM'000</u>	<u>30 June</u> <u>2018</u> <u>RM'000</u>	<u>30 June</u> <u>2019</u> <u>RM'000</u>	<u>30 June</u> <u>2018</u> <u>RM'000</u>
Allowance for impairment on loans, advances and financing:				
- Expected credit losses	(3,046)	453	(2,682)	1,884
- Written back during the financial period	-	6	-	6
Bad debts recovered	20	-	20	-
	<u>(3,026)</u>	<u>459</u>	<u>(2,662)</u>	<u>1,890</u>

**25 SIGNIFICANT EVENTS DURING THE FINANCIAL PERIOD**

There were no significant events during the financial period 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 period ended 30 June 2019.

**28 SEGMENTAL REPORTING ON REVENUE, PROFIT AND ASSETS**

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

**29 TAXATION**

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

**30 DIVIDENDS**

There were no dividends paid or declared for the financial quarter ended 30 June 2019.



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**31 CAPITAL ADEQUACY**

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

	<b>30 June 2019 RM'000</b>	<b>31 December 2018 RM'000</b>
<u>Common Equity ("CET1") Capital and Tier 1 Capital</u>		
Share capital	135,800	135,800
Retained profits	535,831	532,441
- effects of adoption of MFRS 9	-	3,391
Unrealised gains and losses on available-for-sale financial instruments	1,047	1,047
	<u>672,678</u>	<u>672,679</u>
Less: regulatory adjustments		
- Deferred tax assets	(1,514)	(2,134)
- 55% of cumulative gains of available-for-sale financial instruments	(576)	(576)
- Regulatory reserve	(3,059)	(2,679)
Total CET 1 and Tier 1 Capital	<u>667,529</u>	<u>667,290</u>
<u>Tier-II Capital</u>		
Loss allowance for non-credit impaired exposures/ Collective assessment allowance *	900	956
Regulatory reserve	3,059	2,679
Total Tier II capital	<u>3,959</u>	<u>3,635</u>
Total Capital	<u>671,488</u>	<u>670,925</u>

\* Excludes Lifetime ECL Credit Impaired (Stage 3) loans on impaired loans restricted from Tier-II Capital of RM22,959,943 (2018: RM20,222,870).

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

<u>Total risk-weighted assets:-</u>		
Credit risk	509,297	472,160
Market risk	462,856	373,887
Operational risk	258,489	242,037
Total RWA	<u>1,230,642</u>	<u>1,088,084</u>

	<b>30 June 2019</b>	<b>31 December 2018</b>
<u>Capital ratios</u>		
CET I capital ratio	54.242%	61.327%
Tier I capital ratio	54.242%	61.327%
Total capital ratio	<u>54.564%</u>	<u>61.661%</u>

Total capital and capital adequacy ratios of the Bank are computed in accordance with BNM's Capital Adequacy Framework (Capital Components) guidelines issued on 2 February 2018. 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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**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 commitments and contingencies constitute the followings:

<u>Description</u>	30 June 2019			31 December 2018		
	Principal amount RM'000	Credit equivalent amount RM'000	Risk weighted amount RM'000	Principal amount RM'000	Credit equivalent amount RM'000	Risk weighted amount RM'000
Direct credit substitutes	101,978	101,751	100,035	104,392	104,094	102,113
Transaction related contingent items	27,970	13,954	12,401	35,227	17,564	15,727
Short-term self liquidating trade related contingencies	11,225	2,240	2,240	10,076	2,009	2,009
Foreign exchange related contracts:						
- One year or less	5,318,537	57,301	36,189	4,302,440	54,376	26,722
- Over one year to five years	124,312	5,540	5,155	9,676	677	677
Interest/profit rate related contracts:						
- One year or less	2,572,000	7,325	2,606	2,143,000	3,352	1,347
- Over one year to five years	2,887,800	40,316	15,301	3,708,600	48,595	19,315
- Over five years	157,500	6,840	2,894	187,500	7,997	3,591
Other commitments, such as formal standby facilities and credit lines, with an original maturity of up to one year	665,832	132,872	132,872	674,267	134,478	134,478
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	-	-	-	13	7	2
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	-	-	-	1,224	-	-
<b>Total</b>	<b>11,867,154</b>	<b>368,139</b>	<b>309,693</b>	<b>11,176,415</b>	<b>373,149</b>	<b>305,981</b>

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**NOTES TO THE FINANCIAL STATEMENTS JUNE 2019**

**33 FAIR VALUE OF FINANCIAL INSTRUMENTS**

Financial instruments comprise financial assets, financial liabilities and off-balance sheet financial instruments. Fair value is the amount at which a financial asset could be exchanged or a financial liability settled, between knowledgeable and willing parties in an arm's length transaction. The information presented herein represents the estimates of fair values as at the balance sheet date.

Where available, quoted and observable market prices are used as the measure of fair values. Where such quoted and observable market prices are not available, fair values are estimated based on a range of methodologies and assumptions regarding risk characteristics of various financial instruments, discount rates, estimates of future cash flows and other factors. Changes in the uncertainties and assumptions could materially affect these estimates and the resulting fair value estimates.

A range of methodologies and assumptions had been used in deriving the fair values of the Bank's financial instruments at balance sheet date.

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, as derived from prices).

Level 3: Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

The following table presents the Bank's financial assets and liabilities that are measured at fair value.

	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>30 June 2019</b>				
<u>Financial assets at fair value through profit or loss</u>				
Financial assets at fair value through profit or loss (FVTPL)				
- Malaysian Government Securities	672,741	-	-	672,741
- Malaysian Government Investment Issues	75,338	-	-	75,338
- Malaysian Government Treasury Bills	1,297,902	-	-	1,297,902
Derivative assets				
- Foreign exchange forwards and swaps	-	27,001	-	27,001
- Interest rate and cross currency swaps	-	16,611	-	16,611
<u>Financial assets at fair value through other comprehensive income</u>				
Bank Negara Bills	305,329	-	-	305,329
Unquoted shares	-	-	2,980	2,980
Unquoted bonds	-	-	15	15
Total assets	<u>2,351,310</u>	<u>43,612</u>	<u>2,995</u>	<u>2,397,917</u>

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**33 FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)**

<b>30 June 2019</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<u>Financial liabilities at fair value through profit or loss</u>				
Derivative liabilities				
- Foreign exchange forwards and swaps	-	9,252	-	9,252
- Interest rate and cross currency swaps	-	17,009	-	17,009
Total liabilities	-	26,261	-	26,261
<b>31 December 2018</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<u>Financial assets at fair value through profit or loss</u>				
Financial assets at fair value through profit or loss (FVTPL)				
- Malaysian Government Securities	1,041,185	-	-	1,041,185
- Malaysian Government Investment Issues	131,546	-	-	131,546
- Malaysian Government Treasury Bills	899,176	-	-	899,176
Derivative assets				
- Foreign exchange forwards and swaps	-	12,878	-	12,878
- Interest rate and cross currency swaps	-	18,619	-	18,619
<u>Financial assets at fair value through other comprehensive income</u>				
Unquoted shares	-	-	2,980	2,980
Unquoted bonds	-	-	15	15
Bank Negara Bills	49,928	-	-	49,928
Total assets	2,121,835	31,497	2,995	2,156,327
<u>Financial liabilities at fair value through profit or loss</u>				
Derivative liabilities				
- Foreign exchange forwards and swaps	-	18,167	-	18,167
- Interest rate and cross currency swaps	-	15,010	-	15,010
Total liabilities	-	33,177	-	33,177

There were no transfers between levels 1 and 2 during the year.

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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 2019, and the related Statement of Comprehensive Income, Statement of Changes in Equity, Statement of Cash Flows and notes for the 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 Policy Documents and Guidelines.

For and on behalf of,  
Bank of America Malaysia Berhad

Chief Financial Officer  
Yvonne Lew Ee-Wern  
26 July 2019