

Company No.

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

**CONDENSED INTERIM FINANCIAL STATEMENTS**

**FIRST QUARTER ENDED 31 MARCH 2013**

BANK OF AMERICA MALAYSIA BERHAD  
(310983 V)

CONDENSED INTERIM FINANCIAL STATEMENTS  
UNAUDITED STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2013

	<u>Note</u>	<u>31.03.2013</u> RM'000	<u>31.12.2012</u> RM'000
<b>ASSETS</b>			
Cash and short-term funds		1,123,421	1,327,361
Deposits and placements with banks		-	989
Securities held-for-trading ('HFT')	7	283,189	605,456
Securities available-for-sale ('AFS')	8	224,103	120,902
Loans, advances and financing	9	196,486	176,880
Other assets	10	155	699
Derivative assets		9,044	4,384
Tax recoverable		1,452	2,396
Statutory deposits with Bank Negara Malaysia		2,300	2,300
Property, plant and equipment	12	7,078	7,809
<b>TOTAL ASSETS</b>		<u>1,847,228</u>	<u>2,249,176</u>
<b>LIABILITIES</b>			
Deposits from customers	15	1,213,308	1,134,114
Deposits and placements of banks and other financial institutions	16	89,462	577,653
Bills and acceptances payable		26,601	22,249
Other liabilities	17	3,596	9,798
Derivative liabilities		7,991	5,145
Deferred tax liabilities	18	2,049	1,758
<b>TOTAL LIABILITIES</b>		<u>1,343,007</u>	<u>1,750,717</u>
<b>EQUITY</b>			
Share capital		135,800	135,800
Reserves		368,421	362,659
<b>TOTAL EQUITY ATTRIBUTABLE TO EQUITY HOLDER OF THE BANK</b>		<u>504,221</u>	<u>498,459</u>
<b>TOTAL LIABILITIES AND EQUITY</b>		<u>1,847,228</u>	<u>2,249,176</u>
<b>COMMITMENTS AND CONTINGENCIES</b>	32	<u>3,318,876</u>	<u>2,576,447</u>
<b>CAPITAL ADEQUACY</b>	31		
Core capital ratio		62.19%	59.03%
Risk-weighted capital ratio		62.28%	59.09%

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CONDENSED INTERIM FINANCIAL STATEMENTS  
UNAUDITED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE FINANCIAL FIRST QUARTER ENDED 31 MARCH 2013

	Note	Current financial first quarter ended 31.03.2013 RM'000	(Restated) Preceding financial first quarter ended 31.03.2012 RM'000
Interest income	19	13,054	10,261
Interest expense	20	(3,441)	(2,575)
Net interest income		<u>9,613</u>	<u>7,686</u>
Other operating income	21	9,290	5,709
Net income		<u>18,903</u>	<u>13,395</u>
Other operating expenses	22	(11,007)	(9,620)
Profit before allowance (Losses)/ write back on loans, advances and financing	23	<u>7,896</u> <u>(120)</u>	<u>3,775</u> <u>184</u>
Profit before taxation		7,776	3,959
Taxation		<u>(2,013)</u>	<u>(1,095)</u>
Net profit for the period		5,763	2,864
Other comprehensive (loss)/income:			
<u>Items that will not be reclassified to profit or loss:</u>			
Net loss on revaluation of securities available-for-sale		(2)	(6)
Income tax relating to items not reclassified		1	2
Other comprehensive income, net of tax		<u>(1)</u>	<u>(4)</u>
Total comprehensive income for the period		<u><u>5,762</u></u>	<u><u>2,860</u></u>
Earnings per share (sen)		<u><u>4.24</u></u>	<u><u>2.11</u></u>

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CONDENSED INTERIM FINANCIAL STATEMENTS  
UNAUDITED STATEMENT OF CHANGES IN EQUITY  
FOR THE FINANCIAL FIRST QUARTER ENDED 31 MARCH 2013

	<u>Non distributable</u>			<u>Distributable</u>	<u>Total</u> RM'000
	<u>Share capital</u> RM'000	<u>Statutory reserves</u> RM'000	<u>Fair value reserve</u> RM'000	<u>Retained profit</u> RM'000	
At 1 January 2013	135,800	128,357	2,197	232,105	498,459
Total comprehensive income for the financial period	-	-	(1)	5,763	5,762
At 31 March 2013	<u>135,800</u>	<u>128,357</u>	<u>2,196</u>	<u>237,868</u>	<u>504,221</u>
At 1 January 2012	135,800	126,373	1,892	226,155	490,220
Total comprehensive income for the financial period	-	-	(4)	2,864	2,860
At 31 March 2012	<u>135,800</u>	<u>126,373</u>	<u>1,888</u>	<u>229,019</u>	<u>493,080</u>

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**CONDENSED INTERIM FINANCIAL STATEMENTS  
UNAUDITED CONDENSED STATEMENT OF CASH FLOWS  
FOR THE FINANCIAL FIRST QUARTER ENDED 31 MARCH 2013**

	Current financial first quarter ended <u>31.03.2013</u> RM'000	Preceding financial first quarter ended <u>31.03.2012</u> RM'000
Profit before taxation	7,776	3,959
Adjustments for non-cash items	(2,190)	(85)
Operating profit before working capital changes	<u>5,586</u>	<u>3,874</u>
Changes in working capital:		
Net changes in operating assets	301,703	28,618
Net changes in operating liabilities	(408,001)	494,506
Income tax paid	(777)	(876)
Net cash (used in) / generated from operating activities	<u>(101,489)</u>	<u>526,122</u>
Net cash used in investing activities	<u>(102,451)</u>	<u>(30,243)</u>
Net change in cash and cash equivalents	(203,940)	495,879
Cash and cash equivalents at beginning of the year	<u>1,327,361</u>	<u>1,279,956</u>
Cash and cash equivalents at the end of the period	<u><u>1,123,421</u></u>	<u><u>1,775,835</u></u>

## EXPLANATORY NOTES

### 1 BASIS OF PREPARATION

The unaudited condensed interim financial statements should be read in conjunction with the Bank's audited financial statements for the financial year ended 31 December 2012. The explanatory notes attached to the unaudited condensed interim financial statements provide an explanation of events and transactions that are significant for an understanding of the changes in the financial position and performance of the Bank since the financial year ended 31 December 2012.

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

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

The auditor's report on the financial statements for the preceding financial year ended 31 December 2012 was not subject to any qualification.

### 3 SEASONAL OR CYCLICALITY FACTORS

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

### 4 UNUSUAL ITEMS DUE TO THEIR NATURE, SIZE OR INCIDENCE

There were no unusual items affecting the assets, liabilities, equity, net income or cash flows of the Bank during the financial first quarter ended 31 March 2013.

### 5 CHANGES IN ESTIMATES

There were no significant changes in estimates arising from prior financial period/year that have a material effect on the financial results and position for the financial first quarter ended 31 March 2013.

### 6 ISSUANCE AND REPAYMENTS OF DEBTS AND EQUITY SECURITIES

There were no cancellations, repurchase, resale or repayments of debt and equity securities during the current financial first quarter under review.

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EXPLANATORY NOTES

7 SECURITIES HELD-FOR-TRADING

	31.03.2013	31.12.2012
	RM'000	RM'000
Malaysian Government Securities	279,712	603,979
Bank Negara Malaysia Bills	3,477	1,477
	283,189	605,456
	283,189	605,456

8 SECURITIES AVAILABLE-FOR-SALE

Money market instruments:  
Unquoted:

Bank Negara Malaysia Bills	219,344	116,143
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Unquoted securities in Malaysia:

Shares	4,744	4,744
Bonds	15	15
	224,103	120,902
	224,103	120,902

9 LOANS, ADVANCES AND FINANCING

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

At amortised cost:

Overdrafts	6,740	581
Term loans – factoring receivables	16,081	20,507
Claims on customers under acceptance credits	61,892	41,269
Staff loans	1,196	1,223
Revolving advances	92,745	95,441
Bills discounted	17,209	16,994
Real estate loans	2,159	2,244
	198,022	178,259

Gross loans, advances and financing

Allowance for losses on loans, advances and financing:

- Individual assessment	(807)	(770)
- Collective assessment	(729)	(609)

Total net loans, advances and financing

	196,486	176,880
	196,486	176,880

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**EXPLANATORY NOTES**

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

	<u>31.03.2013</u> RM'000	<u>31.12.2012</u> RM'000
(b) Gross loans, advances and financing analysed by geographical distribution:		
Malaysia	170,021	138,696
India	28,001	39,563
	<u>198,022</u>	<u>178,259</u>
(c) Gross loans, advances and financing analysed by type of customer:		
Domestic business enterprises	155,003	124,041
Domestic banking financial institutions	701	1,256
Domestic non-banking financial institutions	10,962	9,932
Individuals	3,355	3,467
Foreign entities	28,001	39,563
	<u>198,022</u>	<u>178,259</u>
(d) Gross loans, advances and financing analysed by interest/profit rate sensitivity:		
Fixed rate		
- Housing loans	894	912
- Other fixed rate loans	177,401	164,101
Variable rate		
- BLR plus	8,898	2,825
- Cost plus	10,829	10,421
	<u>198,022</u>	<u>178,259</u>
(e) Gross loans, advances and financing analysed by economic purpose:		
Purchase of transport vehicles	170	181
Purchase of landed property (residential)	3,052	3,148
Personal use	61	56
Purchase of consumer durables	72	82
Working capital	194,667	174,792
	<u>198,022</u>	<u>178,259</u>



EXPLANATORY NOTES

9 LOANS, ADVANCES AND FINANCING (CONTINUED)

	<u>31.03.2013</u>	<u>31.12.2012</u>
	RM'000	RM'000
(f) Gross loans, advances and financing analysed by residual contractual maturity:		
Within one year	182,908	161,139
One year to three years	12,400	14,406
Three to five years	1,009	621
Over five years	1,705	2,093
	<u>198,022</u>	<u>178,259</u>
(g) Movements in impaired loans, advances and financing:		
At 1 January	952	891
Classified as impaired during the financial period/ year	62	157
Interest income recognised during the financial period/year	15	60
Amount recovered during the financial period/ year	(45)	(116)
Reclassified as performing	-	(40)
	<u>984</u>	<u>952</u>
Gross impaired loans as a % of gross loans, advances and financing	<u>0.50%</u>	<u>0.53%</u>
(h) Movements in allowance for impaired loans, advances and financing are as follows:		
<u>Collective assessment allowance</u>		
At 1 January	609	1,129
Allowance/ (write back) made during the period	120	(520)
	<u>729</u>	<u>609</u>
As % of gross loans, advances and financing less individual assessment allowance	<u>0.37%</u>	<u>0.34%</u>

EXPLANATORY NOTES

9 LOANS, ADVANCES AND FINANCING (CONTINUED)

	<u>31.03.2013</u>	<u>31.12.2012</u>
	RM'000	RM'000
(i) Movements in allowance for impaired loans, advances and financing are as follows: (continued)		
<u>Individual assessment allowance</u>		
At 1 January	770	760
Allowance made during the financial period/year	70	68
Write back made during the financial period/year	(33)	(58)
At end of financial period/year	807	770
(j) Impaired loans, advances and financing analysed by geographical distribution:		
Malaysia	984	952
(k) Impaired loans, advances and financing analysed by economic purpose:		
Purchase of landed property (residential)	984	943
Other purpose	-	9
	984	952
10 OTHER ASSETS		
Other receivables	80	404
Deposits	32	32
Prepayments	43	263
	155	699

EXPLANATORY NOTES

11 PRE-ACQUISITION PROFITS

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

12 PROPERTY, PLANT AND EQUIPMENT

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

13 PROFITS ON SALE OF INVESTMENTS/PROPERTIES

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

14 PURCHASE AND DISPOSAL OF QUOTED SECURITIES

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

15 DEPOSITS FROM CUSTOMERS

	<u>31.03.2013</u>	<u>31.12.2012</u>
	RM'000	RM'000
(a) By type of deposit:		
Demand deposits	730,119	751,162
Saving deposits	249	254
Fixed deposits	482,940	382,698
	<u>1,213,308</u>	<u>1,134,114</u>
(b) Maturity structure of fixed deposits is as follows:		
Due within six months	477,277	375,995
Six months to one year	37	205
One year to five years	5,409	6,283
More than five years	217	215
	<u>477,930</u>	<u>382,698</u>
(c) By type of customers:		
Business enterprises	1,203,356	1,123,072
Individuals	8,368	9,922
Others	1,584	1,120
	<u>1,213,308</u>	<u>1,134,114</u>

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EXPLANATORY NOTES

16 DEPOSITS AND PLACEMENTS OF BANKS AND OTHER FINANCIAL INSTITUTIONS

	<u>31.03.2013</u>	<u>31.12.2012</u>
	RM'000	RM'000
Licensed banks	74,506	532,157
Other financial institutions	14,956	45,496
	89,462	577,653
	89,462	577,653

17 OTHER LIABILITIES

Unearned discount on loans, advances and financing	176	40
Other payables	2,699	7,280
Accruals	721	2,478
	3,596	9,798
	3,596	9,798

18 DEFERRED TAXATION

Deferred tax asset	-	497
Deferred tax liabilities	(2,049)	(2,255)
	(2,049)	(1,758)
	(2,049)	(1,758)

19 INTEREST INCOME

	Current financial first quarter ended <u>31.03.2013</u>	Preceding financial first quarter ended <u>31.03.2012</u>
	RM'000	RM'000
Loans, advances and financing	1,613	1,647
Money at call and deposit placements with banks and other financial institutions	8,482	8,080
Securities available-for-sale	1,235	534
Securities held-for-trading	1,724	-
	13,054	10,261
Total interest income	13,054	10,261

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EXPLANATORY NOTES

20 INTEREST EXPENSE

	Current financial first quarter ended <u>31.03.2013</u> RM'000	Preceding financial first quarter ended <u>31.03.2012</u> RM'000
Deposits and placement of bank and other financial institutions	301	94
Deposits from customers	3,140	2,479
Others	-	2
	<u>3,441</u>	<u>2,575</u>

21 OTHER OPERATING INCOME

<u>Fee income</u>		
Commission	240	118
Service charges/fees	906	967
Guarantee fees	155	277
Other fee income	263	166
	<u>1,564</u>	<u>1,528</u>
<u>Gains from securities held-for-trading</u>		
Net gain from sale of securities held-for-trading	779	-
Unrealised revaluation gain on securities held for trading	605	-
<u>Unrealised gain/(loss) on revaluation of derivatives</u>		
Foreign exchange forwards and swaps	1,721	(587)
<u>Other income</u>		
Realised foreign exchange gain	4,619	4,768
Others	2	-
	<u>9,290</u>	<u>5,709</u>

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**EXPLANATORY NOTES**

**22 OTHER OPERATING EXPENSES**

	Current financial first quarter ended <u>31.03.2013</u> RM'000	Preceding financial first quarter ended <u>31.03.2012</u> RM'000
Personnel costs	4,272	3,818
Establishment costs	2,152	2,413
Marketing expenses	65	30
Administration and general expenses	4,518	3,359
	<u>11,007</u>	<u>9,620</u>

Included in the above expenditure are the following items:

Depreciation of property, plant and equipment	1,214	1,212
Pension – cost – defined contribution plan – EPF	855	724
Communication expenses	511	203
Shared administrative support expenses	3,161	2,742
	<u>          </u>	<u>          </u>

**23 (LOSSES) / WRITE BACK ON LOANS, ADVANCES AND FINANCING**

Allowance for loans, advances and financing:

Individual assessment allowance		
- made during the financial period	(70)	(11)
- written back during the financial period	33	15

Collective assessment allowance		
- written back during the financial period	-	154
- made during the financial period	(120)	-

Bad debts on loans, advances and financing:

- recovered	46	26
- written off	(9)	-
	<u>(120)</u>	<u>184</u>

EXPLANATORY NOTES

24 SIGNIFICANT EVENTS DURING THE FINANCIAL PERIOD

There were no significant events during the financial first quarter that have not been disclosed in these condensed interim financial statements.

25 SIGNIFICANT EVENTS SUBSEQUENT TO THE BALANCE SHEET DATE

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

26 CHANGES IN COMPOSITION OF THE BANK

There were no significant changes in the composition of the Bank for the financial first quarter ended 31 March 2013 which has not been disclosed in the audited financial statements for the financial year ended 31 December 2012.

27 SEGMENTAL REPORTING ON REVENUE; PROFIT AND ASSETS

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

28 There are no material changes in the profit before taxation for the first quarter reported as compared with the preceding first quarter.

29 There were no dividends paid or declared for the financial first quarter ended 31 March 2013.

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EXPLANATORY NOTES

30 USE OF FINANCIAL INSTRUMENTS (CONTINUED)

A Interest rate risk

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

31.03.2013	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	1,100,185	-	-	-	-	23,236	-	1,123,421
Deposits and placements with banks	-	-	-	-	-	-	-	-
Securities held-for-trading	-	-	-	-	-	-	283,189	283,189
Securities available-for-sale	109,951	109,393	-	-	-	4,759	-	224,103
Loans, advances and financing	68,728	83,589	30,582	13,394	1,729	(1,536) <sup>^</sup>	-	196,486
Statutory deposit with Bank Negara Malaysia	-	-	-	-	-	2,300	-	2,300
Other assets	-	-	-	-	-	155	-	155
Derivative assets	-	-	-	-	-	-	9,044	9,044
Property, plant and equipment	-	-	-	-	-	7,078	-	7,078
Tax recoverable	-	-	-	-	-	1,452	-	1,452
<b>Total assets</b>	<b>1,278,864</b>	<b>192,982</b>	<b>30,582</b>	<b>13,394</b>	<b>1,729</b>	<b>37,444</b>	<b>292,233</b>	<b>1,847,228</b>

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



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**EXPLANATORY NOTES**

**30 USE OF FINANCIAL INSTRUMENTS (CONTINUED)**

<b>A</b>	<b>Interest rate risk (continued)</b>	<b>Up to 1 month RM'000</b>	<b>&gt;1 - 3 months RM'000</b>	<b>&gt;3 - 12 months RM'000</b>	<b>&gt;1 - 5 years RM'000</b>	<b>Over 5 years RM'000</b>	<b>Non- interest bearing RM'000</b>	<b>Trading book RM'000</b>	<b>Total RM'000</b>
	<b>31.03.2013</b>								
	<b>Liabilities</b>								
	Deposits from customers	614,271	76,548	3,460	534	-	518,495	-	1,213,308
	Deposits and placements of banks and other financial institutions	43,359	17,654	18,529	-	-	9,920	-	89,462
	Bills and acceptances payable	-	-	-	-	-	26,601	-	26,601
	Other liabilities	-	-	-	-	-	3,349	247	3,596
	Derivative liabilities	-	-	-	-	-	-	7,991	7,991
	Deferred tax liabilities	-	-	-	-	-	2,049	-	2,049
	<b>Total liabilities</b>	<b>657,630</b>	<b>94,202</b>	<b>21,989</b>	<b>534</b>	<b>-</b>	<b>560,414</b>	<b>8,238</b>	<b>1,343,007</b>
	<b>On-balance sheet - interest rate gap</b>	<b>621,234</b>	<b>98,780</b>	<b>8,593</b>	<b>12,860</b>	<b>1,729</b>			

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**EXPLANATORY NOTES**

30 USE OF FINANCIAL INSTRUMENTS (CONTINUED)

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

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

EXPLANATORY NOTES

30 USE OF FINANCIAL INSTRUMENTS (CONTINUED)

A	Interest rate risk (continued)	31.12.2012	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>Liabilities</u>									
	Deposits from customers	540,681	58,975	3,274	1,281	-	529,903	-	-	1,134,114
	Deposits and placements of banks and other financial institutions	500,925	64,364	-	-	-	12,364	-	-	577,653
	Bills and acceptances payable	-	-	-	-	-	22,249	-	-	22,249
	Other liabilities	-	-	-	-	-	7,961	1,837	1,837	9,798
	Derivative liabilities	-	-	-	-	-	-	5,145	5,145	5,145
	Deferred tax liabilities	-	-	-	-	-	1,758	-	-	1,758
	Total liabilities	1,041,606	123,339	3,274	1,281	-	574,235	6,982	6,982	1,750,717
	On-balance sheet - interest rate gap	336,636	11,265	75,673	13,746	2,094	-	-	-	-



EXPLANATORY NOTES

30 USE OF FINANCIAL INSTRUMENTS (CONTINUED)

C Credit risk

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

D Liquidity risk

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

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**EXPLANATORY NOTES**

**30 USE OF FINANCIAL INSTRUMENTS (CONTINUED)**

**E Currency risk**

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

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

<u>31.03.2013</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	1,088,350	17,411	640	4,598	6,031	6,391	1,123,421
Deposits and placements with banks	-	-	-	-	-	-	-
Securities held-for-trading	283,189	-	-	-	-	-	283,189
Securities available-for-sale	224,103	-	-	-	-	-	224,103
Loans, advances and financing <sup>^</sup>	131,654	64,832	-	-	-	-	196,486
Other assets*	3	77	-	-	-	-	80
Derivative assets	9,044	-	-	-	-	-	9,044
Statutory deposit with Bank Negara Malaysia	2,300	-	-	-	-	-	2,300
	<u>1,738,643</u>	<u>82,320</u>	<u>640</u>	<u>4,598</u>	<u>6,031</u>	<u>6,391</u>	<u>1,838,623</u>

<sup>^</sup> 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

30 USE OF FINANCIAL INSTRUMENTS (CONTINUED)

E	<u>Currency risk</u> (continued)	31.03.2013						<u>Total</u> RM'000
		<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>Liabilities</u>							
	Deposits from customers	887,846	314,300	340	2,976	5,651	2,195	1,213,308
	Deposits and placements of banks and other financial institutions	24,876	64,586	-	-	-	-	89,462
	Bills and acceptances payable	21,539	5,062	-	-	-	-	26,601
	Other liabilities <sup>@</sup>	2,416	247	1	35	-	-	2,699
	Derivative liabilities	7,991	-	-	-	-	-	7,991
		<u>944,668</u>	<u>384,195</u>	<u>341</u>	<u>3,011</u>	<u>5,651</u>	<u>2,195</u>	<u>1,340,061</u>
	Currency gap	<u>793,975</u>	<u>(301,875)</u>	<u>299</u>	<u>1,587</u>	<u>380</u>	<u>4,196</u>	

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

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EXPLANATORY NOTES

30 USE OF FINANCIAL INSTRUMENTS (CONTINUED)

E	Currency risk (continued)	31.12.2012						
		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	1,021,915	287,787	1,936	3,991	4,647	7,085	1,327,361
	Deposits and placements with banks	-	-	-	989	-	-	989
	Securities held-for-trading	605,456	-	-	-	-	-	605,456
	Securities available-for-sale	120,902	-	-	-	-	-	120,902
	Loans, advances and financing <sup>^</sup>	97,095	79,785	-	-	-	-	176,880
	Other assets*	31	373	-	-	-	-	404
	Derivative assets	4,384	-	-	-	-	-	4,384
	Statutory deposit with Bank Negara Malaysia	2,300	-	-	-	-	-	2,300
		<u>1,852,083</u>	<u>367,945</u>	<u>1,936</u>	<u>4,980</u>	<u>4,647</u>	<u>7,085</u>	<u>2,238,676</u>

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

\* This represents other receivables.



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EXPLANATORY NOTES

30 USE OF FINANCIAL INSTRUMENTS (CONTINUED)

E Currency risk (continued)

<u>31.12.2012</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	826,134	295,780	809	3,778	4,613	3,000	1,134,114
Deposits and placements of banks and other financial institutions	56,732	520,880	-	-	-	41	577,653
Bills and acceptances payable	21,140	1,109	-	-	-	-	22,249
Other liabilities <sup>@</sup>	4,547	1,837	821	60	-	15	7,280
Derivative liabilities	5,145	-	-	-	-	-	5,145
	<u>913,698</u>	<u>819,606</u>	<u>1,630</u>	<u>3,838</u>	<u>4,613</u>	<u>3,056</u>	<u>1,746,441</u>
Currency gap	<u>938,385</u>	<u>(451,661)</u>	<u>306</u>	<u>1,142</u>	<u>34</u>	<u>4,029</u>	

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

EXPLANATORY NOTES

31 CAPITAL ADEQUACY

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

	<u>31.03.2013</u>	<u>31.12.2012</u>
	RM'000	RM'000
<u>Tier-I Capital</u>		
Share capital	135,800	135,800
Audited and approved retained profits	232,105	232,105
Other disclosed reserves		
- Statutory reserve fund	128,357	128,357
- Unrealised gains and losses on available-for-sale financial instruments#:	2,196	-
	<u>498,458</u>	<u>496,262</u>
Less: regulatory adjustments		
- Deferred tax assets	-	-
- Cumulative gains of financial instruments classified as available-for-sale#	(1,208)	-
Total Tier-I capital	<u>497,250</u>	<u>496,262</u>
<u>Tier-II Capital</u>		
Collective assessment allowance*	690	539
Total capital base	<u>497,940</u>	<u>496,801</u>

# Included from 1 January 2013 onwards, in accordance with Bank Negara Malaysia's Capital Adequacy Framework (Capital Components) guidelines issued on 28 November 2012.

\* Excludes collective assessment allowance on impaired loans restricted from Tier-II Capital of the Bank of RM 39,484 (31.12.2012: RM 70,350).

EXPLANATORY NOTES

31 CAPITAL ADEQUACY (CONTINUED)

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

		<u>31.03.2013</u>		<u>31.12.2012</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%	1,311,522	-	1,142,835	-
	20%	79,407	15,881	349,029	69,806
	35%	597	209	624	218
	50%	36,218	18,110	28,558	14,279
	75%	519	389	610	458
	100%	308,214	308,214	264,125	264,125
		<u>1,736,477</u>	<u>342,803</u>	<u>1,785,781</u>	<u>348,886</u>
(ii)	Market Risk	-	355,890	-	396,945
(iii)	Operational Risk	-	100,844	-	94,904
		<u>1,736,477</u>	<u>799,537</u>	<u>1,785,781</u>	<u>840,735</u>
<u>Capital ratios</u>					
	Core capital ratio		62.19%		59.03%
	Risk-weighted capital ratio		<u>62.28%</u>		<u>59.09%</u>

The capital adequacy ratios of the Bank are computed in accordance with Bank Negara Malaysia's revised Risk-Weighted Capital Adequacy Framework ('RWCAF'): Standardised Approach for Credit and Market Risk, and Basic Indicator Approach for Operational Risk, and disclosed in line with RWCAF –Disclosure Requirements (Pillar 3).

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**EXPLANATORY NOTES**

**32 COMMITMENTS AND CONTINGENCIES**

In the normal course of business, the Bank makes various commitments and incurs certain contingent liabilities with legal recourse to its customers. No material losses are anticipated as a result of these transactions.

The commitment and contingencies are as follows:

31.03.2013 <u>Description</u>	<u>Principal amount</u> RM'000	<u>Positive fair value of derivative contracts</u> RM'000	<u>Credit equivalent amount*</u> RM'000	<u>Risk weighted assets</u> RM'000
Direct credit substitutes	55,984	-	55,984	50,983
Transaction related contingent items	24,885	-	12,443	10,540
Short term self liquidating trade related contingencies	13,209	-	2,642	2,642
Foreign exchange related contracts				
One year or less	2,866,090	5,959	39,012	20,692
Other commitments, such as formal standby facilities and credit lines, with an original maturity of up to one year	358,708	-	71,742	71,742
<b>Total</b>	<b>3,318,876</b>	<b>5,958</b>	<b>181,823</b>	<b>156,599</b>

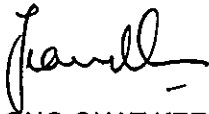
31.12.2012 <u>Description</u>	<u>Principal amount</u> RM'000	<u>Positive fair value of derivative contracts</u> RM'000	<u>Credit equivalent amount*</u> RM'000	<u>Risk weighted assets</u> RM'000
Direct credit substitutes	52,208	-	52,208	47,021
Transaction related contingent items	22,976	-	11,488	9,629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

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

STATEMENT OF DECLARATION

To the best of our knowledge, the accompanying Statement of Financial Position of Bank of America Malaysia Berhad as at 31 March 2013, and the related Statement of Comprehensive Income, Statement of Changes in Equity, Statement of Cash Flows and explanatory notes for the first 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



ONG GUAT KEE  
Chief Executive Officer

29 April 2013