

BANK OF CHINA (MALAYSIA) BERHAD (511251-V)

(Incorporated in Malaysia)

INTERIM FINANCIAL STATEMENTS

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2013

	Note	Group		Bank	
		31 March 2013 RM'000	31 December 2012 RM'000	31 March 2013 RM'000	31 December 2012 RM'000
ASSETS					
Cash and short-term funds	9	2,120,567	1,929,445	2,119,829	1,929,298
Deposits and placements with banks and other financial institutions	10	1,330,278	564,549	1,330,278	564,549
Derivative assets	11	-	-	1,292	629
Held-to-maturity securities	12	50,730	61,157	50,730	61,157
Loans and advances	13	1,994,435	1,945,141	1,994,435	1,945,141
Other assets	14	9,705	18,126	8,995	17,700
Tax recoverable		5,233	5,233	5,020	5,020
Deferred tax assets		3,042	3,042	2,907	2,907
Statutory deposits with Bank Negara Malaysia		44,800	40,200	44,800	40,200
Investment in a subsidiary		-	-	1,000	1,000
Property and equipment		8,447	7,652	7,580	6,763
Intangible assets		188	212	185	212
TOTAL ASSETS		5,567,425	4,574,757	5,567,051	4,574,576
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY					
Deposits from customers	15	2,208,095	2,198,567	2,215,000	2,204,289
Deposits and placements of banks and other financial institutions	16	2,845,964	1,848,736	2,845,964	1,848,736
Derivative liabilities	11	-	-	3,305	866
Other liabilities	17	44,524	67,698	41,924	66,395
TOTAL LIABILITIES		5,098,583	4,115,001	5,106,193	4,120,286
Financed by:					
Share capital		304,000	304,000	304,000	304,000
Reserves		162,829	155,519	156,858	150,290
SHAREHOLDERS' EQUITY		466,829	459,519	460,858	454,290
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		5,565,412	4,574,520	5,567,051	4,574,576
COMMITMENTS AND CONTINGENCIES	24	2,570,196	2,162,787	2,570,196	2,162,787

The Unaudited Condensed Financial Statements should be read in conjunction with the audited financial statements of the Group and the Bank for the financial year ended 31 December 2012

BANK OF CHINA (MALAYSIA) BERHAD (511251-V)
(Incorporated in Malaysia)

INTERIM FINANCIAL STATEMENTS

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE THREE MONTHS ENDED 31 MARCH 2013

Group		1st Quarter Ended		Three Months Ended	
		31 March	31 March	31 March	31 March
		<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
		RM'000	RM'000	RM'000	RM'000
Interest income	18	49,103	31,549	49,103	31,549
Interest expense	19	(30,295)	(18,027)	(30,295)	(18,027)
Net interest income		<u>18,808</u>	<u>13,522</u>	<u>18,808</u>	<u>13,522</u>
Other operating income	20	6,187	9,378	6,187	9,378
Other operating expenses	21	(12,987)	(8,240)	(12,987)	(8,240)
Operating profit		<u>12,008</u>	<u>14,660</u>	<u>12,008</u>	<u>14,660</u>
Allowance for impairment on loans and advances	22	-	(10,523)	-	(10,523)
Profit before taxation		<u>12,008</u>	<u>4,137</u>	<u>12,008</u>	<u>4,137</u>
Taxation		<u>(4,698)</u>	<u>(2,423)</u>	<u>(4,698)</u>	<u>(2,423)</u>
Total comprehensive income for the period		<u><u>7,310</u></u>	<u><u>1,714</u></u>	<u><u>7,310</u></u>	<u><u>1,714</u></u>

Bank		1st Quarter Ended		Three Months Ended	
		31 March	31 March	31 March	31 March
		<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
		RM'000	RM'000	RM'000	RM'000
Interest income	18	49,103	31,549	49,103	31,549
Interest expense	19	(30,295)	(18,027)	(30,295)	(18,027)
Net interest income		<u>18,808</u>	<u>13,522</u>	<u>18,808</u>	<u>13,522</u>
Other operating income	20	3,850	6,672	3,850	6,672
Other operating expenses	21	(11,892)	(7,317)	(11,892)	(7,317)
Operating profit		<u>10,766</u>	<u>12,877</u>	<u>10,766</u>	<u>12,877</u>
Allowance for losses on loans and advances	22	-	(10,523)	-	(10,523)
Profit before taxation		<u>10,766</u>	<u>2,354</u>	<u>10,766</u>	<u>2,354</u>
Taxation		<u>(4,198)</u>	<u>(1,923)</u>	<u>(4,198)</u>	<u>(1,923)</u>
Total comprehensive income for the period		<u><u>6,568</u></u>	<u><u>431</u></u>	<u><u>6,568</u></u>	<u><u>431</u></u>

The Unaudited Condensed Financial Statements should be read in conjunction with the audited financial statements of the Group and the Bank for the financial year ended 31 December 2012

BANK OF CHINA (MALAYSIA) BERHAD (511251-V)
(Incorporated in Malaysia)

INTERIM FINANCIAL STATEMENTS

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE THREE MONTHS ENDED 31 MARCH 2013

	Issued and fully paid ordinary shares of	Non-	Distributable	Total RM'000
	RM1.00 each	distributable		
	Nominal value RM'000	Statutory reserves RM'000	Retained profits RM'000	
Group				
Balance as at 1 January 2013	304,000	93,688	61,831	459,519
Profit for the financial period	-	-	7,310	7,310
Total comprehensive income for the period	-	-	7,310	7,310
At 31 March 2013	304,000	93,688	69,141	466,829
Balance as at 1 January 2012	304,000	72,218	41,188	417,406
Net profit for the financial period	-	-	1,714	1,714
Total comprehensive income for the period	-	-	1,714	1,714
At 31 March 2012	304,000	72,218	42,902	419,120
Bank				
Balance as at 1 January 2013	304,000	93,688	56,602	454,290
Profit for the financial period	-	-	6,568	6,568
Total comprehensive income for the period	-	-	6,568	6,568
At 31 March 2013	304,000	93,688	63,170	460,858
Balance as at 1 January 2012	304,000	72,218	35,133	411,351
Profit for the financial period	-	-	431	431
Total comprehensive income for the period	-	-	431	431
At 31 March 2012	304,000	72,218	35,564	411,782

The Unaudited Condensed Financial Statements should be read in conjunction with the audited financial statements of the Group and the Bank for the financial year ended 31 December 2012

BANK OF CHINA (MALAYSIA) BERHAD (511251-V)
(Incorporated in Malaysia)

INTERIM FINANCIAL STATEMENTS

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE THREE MONTHS ENDED 31 MARCH 2013

	Group		Bank	
	31 March <u>2013</u>	31 March <u>2012</u>	31 March <u>2013</u>	31 March <u>2012</u>
Note	RM'000	RM'000	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before taxation	12,008	4,137	10,766	2,354
<i>Adjustment for:</i>				
Depreciation of property and equipment	511	388	464	330
Amortisation of intangible assets	27	12	27	10
Net gain on disposal of property and equipment	-	-	-	-
Amortisation of premium less accretion of discount	64	30	64	30
Allowance for losses on loans and advances	-	10,523	-	10,523
Interest income from held-to-maturity securities	(549)	(306)	(549)	(306)
Unrealised foreign exchange loss	(2,197)	519	(2,197)	519
Net loss/(gain) on revaluation of derivative	1,776	-	1,776	-
Operating profit before changes in operating assets and liabilities	11,640	15,303	10,351	13,460
(INCREASE)/DECREASE IN OPERATING ASSETS				
Deposits and placements with banks and other financial institutions	(765,729)	(186,439)	(765,729)	(186,439)
Loans and advances	(49,294)	(727,515)	(49,294)	(727,515)
Other assets	10,618	(1,045)	10,902	(959)
Statutory deposits with Bank Negara Malaysia	(4,600)	(5,860)	(4,600)	(5,860)
INCREASE/(DECREASE) IN OPERATING LIABILITIES				
Deposits from customers	9,528	75,349	10,711	76,592
Deposits and placements of banks and other financial institutions	997,228	1,247,361	997,228	1,247,361
Other liabilities	(23,174)	5,376	(24,471)	5,168
Cash generated from operating activities	186,217	422,530	185,098	421,808
Taxation paid	(4,698)	(2,423)	(4,198)	(1,923)
Net cash generated from operating activities	181,519	420,107	180,900	419,885
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of property and equipment	(1,306)	307	(1,281)	307
Purchase of intangible assets	(3)	(316)	-	(316)
Net sale / (purchases) of held-to-maturity securities	10,000	(20,803)	10,000	(20,803)
Interest received on held-to-maturity securities	912	580	912	580
Investment in subsidiary	-	-	-	-
Net cash generated from investing activities	9,603	(20,232)	9,631	(20,232)
CASH FLOWS FROM FINANCING ACTIVITIES				
Dividends paid	-	-	-	-
Net cash used in financing activities	-	-	-	-
NET INCREASE IN CASH AND CASH EQUIVALENTS DURING THE FINANCIAL PERIOD				
	191,122	399,875	190,531	399,653
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD				
	1,929,445	1,206,298	1,929,298	1,206,248
CASH AND CASH EQUIVALENTS AT END OF THE				
9	2,120,567	1,606,173	2,119,829	1,605,901

NOTES TO UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED 31 MARCH 2013

1 Review of Performance and Commentary of Prospects

The Bank's profit before taxation for the three months ended 31 March 2013 was higher as compared with the corresponding period in 2012 mainly due to increase in interest income and no additional allowance for impairment on loans and advances. This was offset by higher other operating expenses. The Bank continued to exercise prudence risk management. At the same time emphasis will be placed on the development of other conventional commercial banking products.

2 Group Accounting Policies

The unaudited condensed consolidated interim financial statements for the three months ended 31 March 2013 have been prepared in accordance with MFRS134 Interim Financial Reporting issued by the Malaysian Accounting Standard Board ("MASB"). The unaudited interim financial statements should be read in conjunction with the audited financial statements of the Group and the Bank for the financial year ended

The accounting policies adopted by the Bank for the interim financial report are consistent with those adopted in the audited financial statements for the financial year ended 31 December 2012.

Since the previous annual audited financial statements as at 31 December 2012 were issued, the Group has adopted the Malaysian Financial Reporting Standards ("MFRS") framework issued by the Malaysian Accounting Standards Board ("MASB") with effect from 1 January 2013. This MFRS framework was introduced by the MASB in order to fully converge Malaysia's existing Financial Reporting Standards ("FRS") framework with the International Financial Reporting Standards ("IFRS") framework issued by the International Accounting Standards Board.

The following MFRS and amendments to MFRSs have been adopted by the Group and the Bank during the current period:

MFRS	10 Consolidated Financial Statements
MFRS	2 Disclosures of Interests in Other Entities
MFRS	13 Fair Values Measurements
MFRS	127 Separate Financial Statements
MFRS	101 Presentation of Items of Other Comprehensive Income
MFRS	119 Employee Benefits
MFRS	7 Financial Instruments: Disclosures

The Group and the Bank will apply the following standards from financial years beginning on or after 1 January 2013 :

MFRS	132 Financial Instruments: Presentation
MFRS	9 Financial Instruments - Classification and Measurement of Financial Assets and Financial Liabilities

The accounting and presentation for financial liabilities and for de-recognising financial instruments has been relocated from MFRS 139, without change, except for financial liabilities that are designated at fair value through profit or loss ('FVTPL'). Entities with financial liabilities designated at FVTPL recognise changes in the fair value due to changes in the liability's credit risk directly in other comprehensive income ('OCI'). There is no subsequent recycling of the amounts in OCI to profit or loss, but accumulated gains or losses may be transferred within equity.

The guidance in MFRS 139 on impairment of financial assets and hedge accounting continues to apply.

MFRS 7 requires disclosures on transition from MFRS 139 to MFRS 9.

The above standards, amendments to published standards and interpretations to existing standards are not anticipated to have any significant impact on the financial statements of the Group and of the Bank in the year of initial application except for MFRS 9. The Group and the Bank has not finalized the impact of the adoption of MFRS 9.

3 Audit Report

The audit report for the financial period ended 31 December 2012 was not subject to any qualification.

4 Seasonal or Cyclical Factors

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

5 Exceptional or Extraordinary Items

There were no exceptional or extraordinary items in the three months ended 31 March 2013.

NOTES TO UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED 31 MARCH 2013

6 Changes in Estimates

There were no material changes in estimates of amounts reported in prior financial years that have a material effect in the three months ended 31 March 2013.

7 Changes in Debt and Equity Securities

There were no issuance and repayment of debt and equity securities, share buy-backs, share cancellations, shares held as treasury shares and resale of treasury shares for the period under review.

8 Dividend paid

No dividend was paid during the three months ended 31 March 2013.

9 Cash and short-term funds

	Group		Bank	
	31 March 2013	31 December 2012	31 March 2013	31 December 2012
	RM'000	RM'000	RM'000	RM'000
Cash and balances with banks and other financial institutions	331,465	143,278	330,727	143,131
Money at call and deposit placements maturing within 1 month	1,789,102	1,786,167	1,789,102	1,786,167
	<u>2,120,567</u>	<u>1,929,445</u>	<u>2,119,829</u>	<u>1,929,298</u>

10 Deposits and placements with banks and other financial institutions

	Group and Bank	
	31 March 2013	31 December 2012
	RM'000	RM'000
Bank Negara Malaysia	-	65,005
Other financial institutions	1,330,278	499,544
	<u>1,330,278</u>	<u>564,549</u>

11 Derivative Assets/(Liabilities)

	Group and Bank	
	31 March 2013	31 December 2012
	RM'000	RM'000
Derivative assets	1,292	629
Derivative liabilities	(3,305)	(866)
	<u>(2,013)</u>	<u>(237)</u>

12 Held-to-maturity securities

	Group and Bank	
	31 March 2013	31 December 2012
	RM'000	RM'000
At amortised cost		
Money market instrument:		
Malaysian Government Securities	40,652	41,101
Negotiable instruments of deposits	10,078	20,056
	<u>50,730</u>	<u>61,157</u>

NOTES TO UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED 31 MARCH 2013

13 Loans and advances

At amortised cost

		Group and Bank	
		31 March	31 December
		2013	2012
		RM'000	RM'000
(i) By type			
	Overdrafts	293,489	226,199
	Terms loans		
	- Housing loans	31,355	23,751
	- Syndicated term loans	222,080	268,477
	- Other term loans	790,166	726,897
	Revolving credits	130,686	122,202
	Bills receivables	430,281	423,934
	Trust receipts	5,759	7,535
	Claims on customers under acceptance credits	109,302	103,127
	Staff loans	2,137	2,192
	Loans to banks and other financial institutions	-	61,647
	Total gross loans and advances	2,015,255	1,965,961
	Less: Allowance for impaired loans and advances		
	- Collective assessment allowance	(20,809)	(20,809)
	- Individual assessment allowance	(11)	(11)
	Total net loans and advances	1,994,435	1,945,141

(ii) By geographical distribution

		Group and Bank	
		31 March	31 December
		2013	2012
		RM'000	RM'000
	Malaysia	1,479,271	1,402,636
	Other countries	535,984	563,325
		2,015,255	1,965,961

(iii) By interest rate sensitivity

		Group and Bank	
		31 March	31 December
		2013	2012
		RM'000	RM'000
	Fixed rate		
	- Other fixed rate loan	408,645	383,560
	Variable rate		
	- BLR plus	1,109,407	951,303
	- Cost plus	252,139	277,198
	- Other variable rates	245,064	353,900
		2,015,255	1,965,961

(iv) By purpose

		Group and Bank	
		31 March	31 December
		2013	2012
		RM'000	RM'000
	Purchase of securities	28,666	29,168
	Purchase of transport vehicles	42	48
	Purchase of landed property :		
	- Residential	44,470	36,996
	- Non-residential	487,124	437,724
	Purchase of fixed assets other than land and building	7,479	7,824
	Personal use	76,569	66,290
	Construction	24,645	16,274
	Working capital	1,208,776	1,197,645
	Other purpose	137,484	173,992
		2,015,255	1,965,961

NOTES TO UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED 31 MARCH 2013

13 Loans and advances (continued)
(v) By residual contractual maturity

	Group and Bank	
	31 March	31 December
	2013	2012
	RM'000	RM'000
Up to one month	337,979	542,400
More than one month to three months	263,356	187,219
More than three months to six months	374,444	396,713
More than six months to twelve months	220,852	127,236
More than twelve months	818,624	712,393
	<u>2,015,255</u>	<u>1,965,961</u>

The loans and advances were based on the remaining length of time that will be carried and from the report date to the expiry date of the contract created.

(vi) Impaired loans and advances

(a) Movements in impaired loans and advances

	Group and Bank	
	31 March	31 December
	2013	2012
	RM'000	RM'000
At beginning of financial period/year	14,072	93
Classified as impaired during the period/year	242	34,262
Amount recovered	(628)	(20,283)
At end of financial period/year	13,686	14,072
Individual assesment allowance	(11)	(11)
Net impaired loans and advances	<u>13,675</u>	<u>14,061</u>
Ratio of net impaired loans and advances to gross loans and advances less allowance for impairment	0.68%	0.72%

(b) By geographical

	Group and Bank	
	31 March	31 December
	2013	2012
	RM'000	RM'000
Malaysia	<u>13,686</u>	<u>14,072</u>

(c) By purposes

	Group and Bank	
	31 March	31 December
	2013	2012
	RM'000	RM'000
Purchase of residential property	88	87
Working capital	13,598	13,985
	<u>13,686</u>	<u>14,072</u>

(vii) Allowance for impairment on loans and advances

Movements in allowance for impairment for loans and advances

	Group and Bank	
	31 March	31 December
	2013	2012
	RM'000	RM'000
Collective assessment allowance		
At beginning of the financial period/year	20,809	16,492
Allowance made during the financial period/year	-	6,320
Write back during the financial period/year	-	(2,003)
At end of the financial period/year	<u>20,809</u>	<u>20,809</u>
Individual assessment allowance		
At beginning of the financial period/year	11	11
At end of the financial period/year	<u>11</u>	<u>11</u>

NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED 31 MARCH 2013

14 Other Assets

	Group		Bank	
	31 March 2013	31 December 2012	31 March 2013	31 December 2012
	RM'000	RM'000	RM'000	RM'000
Other receivables	8,005	16,452	7,835	16,204
Sundry deposits	1,700	1,306	1,160	1,128
Prepayment	-	368	-	368
	9,705	18,126	8,995	17,700

15 Deposits from Customers

(i) By type of deposits

	Group		Bank	
	31 March 2013	31 December 2012	31 March 2013	31 December 2012
	RM'000	RM'000	RM'000	RM'000
Demand deposits	206,523	195,003	213,428	200,725
Savings deposits	48,321	40,325	48,321	40,325
Fixed deposits	1,951,647	1,961,639	1,951,647	1,961,639
Others	1,604	1,600	1,604	1,600
	2,208,095	2,198,567	2,215,000	2,204,289

(ii) By type of customer

	Group		Bank	
	31 March 2013	31 December 2012	31 March 2013	31 December 2012
	RM'000	RM'000	RM'000	RM'000
Government and statutory bodies	10,851	10,765	10,851	10,765
Business enterprises	1,263,392	1,283,008	1,270,297	1,288,730
Individuals	869,654	831,686	869,654	831,686
Others	64,198	73,108	64,198	73,108
	2,208,095	2,198,567	2,215,000	2,204,289

(iii) Maturity structure of fixed deposits

	Group and Bank	
	31 March 2013	31 December 2012
	RM'000	RM'000
Due within six months	1,618,990	1,403,760
Six months to one year	294,015	519,575
More than one year	38,642	38,304
	1,951,647	1,961,639

16 Deposits and placements of banks and other financial institutions

	Group and Bank	
	31 March 2013	31 December 2012
	RM'000	RM'000
Bank Negara Malaysia	701,598	520,015
Licensed banks	2,032,409	1,327,582
Licensed investment banks	80,045	37
Other financial institutions	31,527	535
Licensed islamic banks	385	567
	2,845,964	1,848,736

NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED 31 MARCH 2013

17 Other liabilities

	Group		Bank	
	31 March 2013	31 December 2012	31 March 2013	31 December 2012
	RM'000	RM'000	RM'000	RM'000
Accrued expenses	11,599	10,791	10,893	10,029
Margin deposits	6,546	21,215	6,546	21,215
Other liabilities	26,379	35,692	24,485	35,151
	44,524	67,698	41,924	66,395

18 Interest income

	1st Quarter Ended		Three Months Ended	
	Group and Bank		Group and Bank	
	31 March 2013	31 March 2012	31 March 2013	31 March 2012
	RM'000	RM'000	RM'000	RM'000
Loans and advances				
- Interest income other than recoveries from impaired loans	25,118	20,529	25,118	20,529
Money at call and deposit placement with financial institutions	23,501	10,714	23,501	10,714
Securities				
- Held-to-maturity investments	548	306	548	306
	49,167	31,549	49,167	31,549
Amortisation of premium less accretion of discount	(64)	-	(64)	-
Total interest income	49,103	31,549	49,103	31,549

19 Interest Expense

	1st Quarter Ended		Three Months Ended	
	Group and Bank		Group and Bank	
	31 March 2013	31 March 2012	31 March 2013	31 March 2012
	RM'000	RM'000	RM'000	RM'000
Deposits and placements of banks and other financial institutions	14,611	6,762	14,611	6,762
Deposits from customers	15,671	11,240	15,671	11,240
Others	13	25	13	25
	30,295	18,027	30,295	18,027

20 Other operating income

	1st Quarter Ended		Three Months Ended	
	Group		Bank	
	31 March 2013	31 March 2012	31 March 2013	31 March 2012
	RM'000	RM'000	RM'000	RM'000
Fees income:				
- Fee on loans and advances	943	1,919	943	1,919
- Service charges and fees	3,569	4,325	3,569	4,325
- Guarantee fees	607	862	607	862
	5,119	7,106	5,119	7,106
Foreign exchange income:				
- Realised	645	2,791	645	2,791
- Unrealised	2,197	(519)	2,197	(519)
Loss on revaluation of derivatives	(1,776)	0	(1,776)	-
Other income	2	-	2	-
	6,187	9,378	6,187	9,378

	1st Quarter Ended		Three Months Ended	
	Bank		Bank	
	31 March 2013	31 March 2012	31 March 2013	31 March 2012
	RM'000	RM'000	RM'000	RM'000
Fees income:				
- Fee on loans and advances	943	1,919	943	1,919
- Service charges and fees	1,202	1,589	1,202	1,589
- Guarantee fees	607	862	607	862
	2,752	4,370	2,752	4,370
- Realised	645	2,791	645	2,791
- Unrealised	2,197	(519)	2,197	(519)
Loss on revaluation of derivatives	(1,776)	-	(1,776)	-
Other income	32	30	32	30
	3,850	6,672	3,850	6,672

NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED 31 MARCH 2013

21 Other operating expenses
Group

	1st Quarter Ended		Three Months Ended	
	31 March	31 March	31 March	31 March
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
<u>Personnel expenses</u>				
Salaries & wages	4,809	2,972	4,809	2,972
Bonuses	1,926	1,451	1,926	1,451
Defined contribution plan ("EPF")	875	607	875	607
Staff welfare expenses	469	301	469	301
Other personnel costs	739	165	739	165
	8,818	5,496	8,818	5,496
<u>Marketing expenses</u>				
Entertainment	280	86	280	86
Other marketing	74	39	74	39
	354	125	354	125
<u>Establishment costs</u>				
Rental of premises	1,116	855	1,116	855
Depreciation	511	388	511	388
Amortisation	27	12	27	12
Repairs and maintenance	274	134	274	134
Other establishment costs	761	361	761	361
	2,689	1,750	2,689	1,750
<u>Administration and general expenses</u>				
Insurance premium	58	48	58	48
Travelling and accommodation	295	170	295	170
Telecommunication and utilities	184	107	184	107
Printing, stationery and postage	189	184	189	184
Legal and professional fees	40	39	40	39
Other administration and general expenses	360	321	360	321
	1,126	869	1,126	869
	12,987	8,240	12,987	8,240
Bank				
	1st Quarter Ended		Three Months Ended	
	31 March	31 March	31 March	31 March
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
<u>Personnel expenses</u>				
Salaries & wages	4,313	2,586	4,313	2,586
Bonuses	1,823	1,313	1,823	1,313
Defined contribution plan ("EPF")	823	567	823	567
Staff welfare expenses	431	263	431	263
Other personnel costs	693	158	693	158
	8,083	4,887	8,083	4,887
<u>Marketing expenses</u>				
Entertainment	252	75	252	75
Other marketing	67	29	67	29
	319	104	319	104
<u>Establishment costs</u>				
Rental of premises	931	681	931	681
Depreciation	464	330	464	330
Amortisation	27	10	27	10
Repairs and maintenance	271	132	271	132
Other establishment costs	740	345	740	345
	2,433	1,498	2,433	1,498
<u>Administration and general expenses</u>				
Insurance premium	55	45	55	45
Travelling and accommodation	279	170	279	170
Telecommunication and utilities	169	96	169	96
Printing, stationery and postage	173	173	173	173
Legal and professional fees	39	39	39	39
Other administration and general expenses	342	305	342	305
	1,057	828	1,057	828
	11,892	7,317	11,892	7,317

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22 Allowance for impairment on loans and advances	1st Quarter Ended Group and Bank		Three Months Ended Group and Bank	
	31 March 2013 RM'000	31 March 2012 RM'000	31 March 2013 RM'000	31 March 2012 RM'000
Collective assessment allowance				
- Made during the financial period	-	10,523	-	10,523

23 Capital adequacy

(a) The capital adequacy ratios of the Bank are as follows:

	Bank	
	31 March 2013 RM'000	31 December 2012 RM'000
<u>Tier-1 capital</u>		
Paid-up ordinary share capital	304,000	304,000
Retained profits	56,602	56,602
Other reserves	93,688	93,688
	454,290	454,290
Less: Deferred tax assets	(2,907)	(2,907)
Total Tier-1 Capital	451,383	451,383
<u>Tier-2 capital</u>		
Collective assessment allowance	20,809	20,809
Total Tier-2 Capital	20,809	20,809
Less: Investment in a subsidiary	(1,000)	(1,000)
Total capital base	471,192	471,192
<u>Capital ratios</u>		
Core capital ratio	15.6%	17.4%
Risk-weighted capital ratio	16.2%	18.2%

(b) Breakdown of risk-weighted assets in the various categories of risk-weights are as follows :

Credit risk	2,759,506	2,457,036
Market risk	9,332	9,936
Operational risk	131,479	123,294
Total risk-weighted assets	2,900,317	2,590,266

The capital adequacy ratio of the Bank are disclosed pursuant to the requirements of Bank Negara Malaysia's Risk Weighted Capital Adequacy Framework (Basel II)-Disclosure Requirements (Pillar 3).

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24 Commitments and contingencies

	Group and Bank					
	Principal RM'000	Credit equivalent RM'000	31 March 2013 Risk weighted RM'000	Principal RM'000	31 December 2012 Credit equivalent RM'000	Risk weighted RM'000
Direct credit substitutes	-	-	-	-	-	-
Transaction-related contingent items	880,461	440,230	220,749	749,679	374,840	187,821
Short-term self-liquidation trade related contingencies	18,824	3,765	3,765	12,511	2,502	2,502
Irrevocable commitments to extend credit:						
- Maturity not exceeding one year	485,636	97,127	96,851	446,220	89,244	89,050
- Maturity exceeding one year	324,521	162,261	152,893	297,957	148,979	142,590
Foreign exchange related contracts:						
- Less than one year	761,118	7,171	1,383	651,493	7,691	1,538
Others	99,636	-	-	4,927	-	-
Total	<u>2,570,196</u>	<u>710,554</u>	<u>475,641</u>	<u>2,162,787</u>	<u>623,256</u>	<u>423,501</u>

NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED 31 MARCH 2013

25 Credit Exposures Arising From Credit Transactions With Connected Parties

	Group and Bank	
	31 March 2013	31 December 2012
Outstanding credit exposures with connected parties (RM'000)	<u>417,327</u>	<u>352,460</u>
Percentage of outstanding credit exposures to connected parties as proportion of total credit exposures	<u>17%</u>	<u>15%</u>
Percentage of outstanding credit exposures with connected parties which is non-performing or in default	<u>0%</u>	<u>0%</u>

The credit exposures above are derived based on Bank Negara Malaysia's revised Guidelines on Credit Transactions and Exposures with Connected Parties, which are effective on 1 January 2008. However, the Bank has obtained exemption from Bank Negara Malaysia's for the above credit transaction exposures with connected parties.

26 Operations of Islamic Banking

No Islamic banking activities was involved for the financial period ended 31 March 2013.

27 Valuation of Property, Plant and Equipment

The Bank's property and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Cost includes expenditure that is directly attributable to the acquisition of the items. There was no change in the valuation of property and equipment that were brought forward from the previous audited annual financial statements.

28 Events subsequent to Balance Sheet Date

There were no material events subsequent to the balance sheet date that require disclosure or adjustments to the interim statements.

29 Changes in the composition of the Group

There were no significant changes in the composition of the Group for the 1st quarter ended 31 March 2013.