

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

INTERIM FINANCIAL STATEMENTS

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2015

	Note	Group		Bank	
		31 March 2015 RM'000	31 December 2014 RM'000	31 March 2015 RM'000	31 December 2014 RM'000
ASSETS					
Cash and short-term funds	9	2,598,524	3,609,580	2,593,740	3,605,813
Deposits and placements with banks and other financial institutions	10	441,506	456,101	441,506	456,101
Derivative assets	11	77	1,790	77	1,790
Held-to-maturity securities	12	423,596	529,158	423,596	529,158
Loans and advances	13	5,137,406	5,052,027	5,137,406	5,052,027
Other assets	14	6,966	15,244	6,278	14,471
Tax recoverable		14,595	8,296	14,595	8,296
Deferred tax assets		3,627	3,627	3,627	3,627
Statutory deposits with Bank Negara Malaysia		116,300	77,200	116,300	77,200
Investment in a subsidiary		-	-	1,000	1,000
Property and equipment		41,250	23,088	38,482	20,109
Intangible assets		241	265	240	263
TOTAL ASSETS		8,784,088	9,776,376	8,776,847	9,769,855
LIABILITIES					
Deposits from customers	15	4,858,992	4,718,644	4,870,094	4,727,376
Deposits and placements of banks and other financial institutions	16	2,704,432	3,909,004	2,704,432	3,909,004
Derivative liabilities	11	5,876	1,806	5,876	1,806
Other liabilities	17	112,159	67,165	109,348	65,028
Provision for taxation		527	527	-	-
Deferred tax liabilities		30	30	-	-
TOTAL LIABILITIES		7,682,016	8,697,176	7,689,750	8,703,214
EQUITY					
Share capital		760,518	760,518	760,518	760,518
Reserves		341,554	318,682	326,579	306,123
TOTAL EQUITY		1,102,072	1,079,200	1,087,097	1,066,641
TOTAL LIABILITIES AND EQUITY		8,784,088	9,776,376	8,776,847	9,769,855
COMMITMENTS AND CONTINGENCIES	24	3,679,753	4,137,054	3,679,753	4,137,054

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 2014

BANK OF CHINA (MALAYSIA) BERHAD (511251-V)
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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR
THE THREE MONTHS ENDED 31 MARCH 2015**

Group	Note	1st Quarter Ended		Three Months Ended	
		31 March 2015 RM'000	31 March 2014 RM'000	31 March 2015 RM'000	31 March 2014 RM'000
Interest income	18	98,860	105,279	98,860	105,279
Interest expense	19	(57,641)	(64,808)	(57,641)	(64,808)
Net interest income		41,219	40,471	41,219	40,471
Other operating income	20	10,750	14,770	10,750	14,770
Other operating expenses	21	(22,962)	(14,634)	(22,962)	(14,634)
Operating profit		29,007	40,607	29,007	40,607
Allowance for impairment on loans and advances	22	(4)	(4,207)	(4)	(4,207)
Profit before taxation		29,003	36,400	29,003	36,400
Taxation		(6,131)	(7,922)	(6,131)	(7,922)
Total comprehensive income for the period		22,872	28,478	22,872	28,478

Bank		1st Quarter Ended		Three Months Ended	
		31 March 2015 RM'000	31 March 2014 RM'000	31 March 2015 RM'000	31 March 2014 RM'000
Interest income	18	98,860	105,279	98,860	105,279
Interest expense	19	(57,641)	(64,808)	(57,641)	(64,808)
Net interest income		41,219	40,471	41,219	40,471
Other operating income	20	6,166	9,227	6,166	9,227
Other operating expenses	21	(21,619)	(12,933)	(21,619)	(12,933)
Operating profit		25,766	36,765	25,766	36,765
Allowance for impairment on loans and advances	22	(4)	(4,207)	(4)	(4,207)
Profit before taxation		25,762	32,558	25,762	32,558
Taxation		(5,306)	(7,547)	(5,306)	(7,547)
Total comprehensive income for the period		20,456	25,011	20,456	25,011

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 2014

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE THREE MONTHS ENDED 31 MARCH 2015

	<u>Share Capital</u>	Non- distributable statutory <u>reserves</u>	Distributable retained <u>profits</u>	<u>Total</u>
	RM'000	RM'000	RM'000	RM'000
Group				
Balance as at 1 January 2015	760,518	171,605	147,077	1,079,200
Total comprehensive income for the period	-	-	22,872	22,872
At 31 March 2015	760,518	171,605	169,949	1,102,072
Balance as at 1 January 2014	304,000	119,561	92,818	516,379
Total comprehensive income for the period	-	-	28,478	28,478
At 31 March 2014	304,000	119,561	121,296	544,857
Bank				
Balance as at 1 January 2015	760,518	171,605	134,518	1,066,641
Total comprehensive income for the period	-	-	20,456	20,456
At 31 March 2015	760,518	171,605	154,974	1,087,097
Balance as at 1 January 2014	304,000	119,561	82,475	506,036
Total comprehensive income for the period	-	-	25,011	25,011
At 31 March 2014	304,000	119,561	107,486	531,047

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 2014

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE THREE MONTHS ENDED 31 MARCH 2015

	Group		Bank	
	31 March	31 March	31 March	31 March
	2015	2014	2015	2014
Note	RM'000	RM'000	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before taxation	29,003	36,400	25,762	32,558
<i>Adjustment for:</i>				
Depreciation of property and equipment	719	481	545	431
Amortisation of intangible assets	23	27	24	27
Amortisation of premium less accretion of discount	80	43	80	43
Allowance for losses on loans and advances	4	4,207	4	4,207
Interest income from held-to-maturity securities	(4,110)	(1,902)	(4,110)	(1,902)
Unrealised foreign exchange (gain)/loss	(337)	1,456	(337)	1,456
Net loss on revaluation of derivative	5,783	113	5,783	113
Property and equipment written off	138	-	138	-
Operating profit before changes in operating	31,303	40,825	27,889	36,933
(INCREASE)/DECREASE IN OPERATING ASSETS				
Deposits and placements with banks and other financial institutions	14,595	(947,669)	14,595	(947,669)
Loans and advances	(85,383)	(696,975)	(85,383)	(696,975)
Other assets	8,615	(726)	8,530	(662)
Statutory deposits with Bank Negara Malaysia	(39,100)	(11,800)	(39,100)	(11,800)
INCREASE/(DECREASE) IN OPERATING LIABILITIES				
Deposits from customers	140,348	866,421	142,718	870,635
Deposits and placements of banks and other financial institutions	(1,204,572)	109,222	(1,204,572)	109,222
Other liabilities	44,994	(107,451)	44,320	(107,504)
Cash generated from operating activities	(1,089,200)	(748,153)	(1,091,003)	(747,820)
Taxation paid	(12,430)	(7,922)	(11,605)	(7,547)
Net cash generated from operating activities	(1,101,630)	(756,075)	(1,102,608)	(755,367)

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE THREE MONTHS ENDED 31 MARCH 2015

	Group		Bank	
	31 March 2015	31 March 2014	31 March 2015	31 March 2014
Note	RM'000	RM'000	RM'000	RM'000
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of property and equipment	(19,018)	(1,496)	(19,057)	(1,404)
Purchases of held-to-maturity securities	(144,000)	(90,000)	(144,000)	(90,000)
Proceeds from maturity of held-to-maturity securities	247,020	90,000	247,020	90,000
Interest received on held-to-maturity securities	6,572	2,551	6,572	2,551
Net cash generated from investing activities	90,574	1,055	90,535	1,147
NET DECREASE IN CASH AND CASH EQUIVALENTS DURING THE FINANCIAL PERIOD	(1,011,056)	(755,020)	(1,012,073)	(754,220)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD	3,609,580	4,463,675	3,605,813	4,461,023
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD	2,598,524	3,708,655	2,593,740	3,706,803

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NOTES TO UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED 31 MARCH 2015

1 Review of Performance and Commentary of Prospects

The Bank's profit before taxation for the three months ended 31 March 2015 was lower as compared with the corresponding period in 2014 mainly due to decrease in interest income and other operating income, offset by lower allowance for impairment on loans and advances. Higher other operating expenses has further compressed the profitability of the Bank. 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 and focus will be on Renminbi earning related business. The Bank will continue with its strategy to pursue sustainable growth in deposit-taking business. Meanwhile, the Bank will ensure strict compliance with internal operating standards and procedures and strategy reporting.

2 Group Accounting Policies

The unaudited condensed consolidated interim financial statements for the three months ended 31 March 2015 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 31 December 2014.

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 2014.

Since the previous annual audited financial statements as at 31 December 2014 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 2016. 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 Group and the Bank will apply the following standards from financial years beginning on or after 1 January 2016:

- Amendments to MFRS 116 and MFRS 138: Clarification of Acceptable Methods of Depreciation and Amortisation
- Amendments to MFRS 127: Equity Method in Separate Financial Statements
- Amendments to MFRS 101: Disclosure Initiatives
- Amendments to MFRS 10, MFRS 12 and MFRS 128: Investment Entities: Applying the Consolidation Exception
- MFRS 5 Non-current Assets Held for Sale and Discontinued Operations
- MFRS 7 Financial Instruments: Disclosures
- MFRS 134 Interim Financial Reporting
- MFRS 119 Employee Benefits

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NOTES TO UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED 31 MARCH 2015

2 Group Accounting Policies (Continued)

In November 2014, MASB issued the final version of MFRS 9 Financial Instruments which reflects all phases of the financial instruments project and replaces MFRS 139 Financial Instruments: Recognition and Measurement and all previous versions of MFRS 9. The standard introduces new requirements for classification and measurement, impairment and hedge accounting. MFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Retrospective application is required, but comparative information is not compulsory. The adoption of MFRS 9 will have an effect on the classification and measurement of the Group's financial assets, but should have no impact on the classification and measurement of the Group's financial liabilities. Impairment allowances of the Group and the Bank will be affected with the adoption of expected loss model under 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.

3 Audit Report

The audit report for the financial period ended 31 March 2015 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 2015.

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 2015.

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 2015.

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NOTES TO UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED 31 MARCH 2015

9 Cash and short-term funds

	Group		Bank	
	31 March 2015	31 December 2014	31 March 2015	31 December 2014
	RM'000	RM'000	RM'000	RM'000
Cash and balances with banks and other financial institutions	397,133	531,409	392,349	527,642
Money at call and deposit placements maturing within 1 month	2,201,391	3,078,171	2,201,391	3,078,171
	2,598,524	3,609,580	2,593,740	3,605,813

10 Deposits and placements with banks and other financial institutions

	Group and Bank	
	31 March 2015	31 December 2014
	RM'000	RM'000
Licensed banks	441,506	456,101

11 Derivative Assets/(Liabilities)

	Group and Bank	
	31 March 2015	31 December 2014
	RM'000	RM'000
Derivative assets	77	1,790
Derivative liabilities	(5,876)	(1,806)
	(5,799)	(16)

12 Held-to-maturity securities

	Group and Bank	
	31 March 2015	31 December 2014
	RM'000	RM'000
At amortised cost		
Money market instrument:		
Malaysian Government Securities	406,551	448,861
Negotiable instruments of deposits	17,045	80,297
	423,596	529,158

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NOTES TO UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED 31 MARCH 2015

13 Loans and advances

At amortised cost

(i) By type

	Group and Bank	
	31 March	31 December
	2015	2014
	RM'000	RM'000
Overdrafts	728,417	674,923
Terms loans		
- Housing loans	228,580	217,470
- Syndicated term loans	225,595	205,812
- Other term loans	1,549,299	1,333,955
Credit card receivables	3	
Bills receivables	979,945	1,343,630
Trust receipts	30,110	35,671
Claims on customers under acceptance credits	311,236	332,037
Revolving credits	1,110,388	934,224
Staff loans	2,208	2,166
Total gross loans and advances	<u>5,165,781</u>	<u>5,079,888</u>
Less: Allowance for impaired loans and advances		
- Individual assessment allowance	(662)	(899)
- Collective assessment allowance	(27,713)	(26,962)
Total net loans and advances	<u>5,137,406</u>	<u>5,052,027</u>

(ii) By geographical distribution

	Group and Bank	
	31 March	31 December
	2015	2014
	RM'000	RM'000
Malaysia	3,945,524	3,632,623
Other countries	1,220,257	1,447,265
Total gross loans and advances	<u>5,165,781</u>	<u>5,079,888</u>

(iii) By interest rate sensitivity

	Group and Bank	
	31 March	31 December
	2015	2014
	RM'000	RM'000
Fixed rate		
- Other fixed rate loan	1,077,231	1,624,992
Variable rate		
- BLR plus	2,444,449	2,295,211
- Cost plus	1,504,399	1,089,403
- Other variable rates	139,702	70,282
Total gross loans and advances	<u>5,165,781</u>	<u>5,079,888</u>

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NOTES TO UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED 31 MARCH 2015

13 Loans and advances (continued)

(iv) By purpose

	Group and Bank	
	31 March 2015 RM'000	31 December 2014 RM'000
Purchase of securities	-	17
Purchase of transport vehicles	24	27
Purchase of landed property :	1,142,027	1,055,884
- Residential	243,391	231,007
- Non-residential	898,636	824,877
Purchase of fixed assets other than land and building	7,821	4,912
Personal use	270,183	246,744
Credit card	3	-
Construction	147,937	128,636
Working capital	3,552,234	3,621,737
Other purpose	45,552	21,931
Total gross loans and advances	5,165,781	5,079,888

(v) By residual contractual maturity

	Group and Bank	
	31 March 2015 RM'000	31 December 2014 RM'000
Up to one month	1,637,941	1,502,597
More than one month to three months	1,106,276	941,948
More than three months to six months	416,420	705,637
More than six months to twelve months	128,425	208,295
More than twelve months	1,876,719	1,721,411
Total gross loans and advances	5,165,781	5,079,888

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 2015 RM'000	31 December 2014 RM'000
At beginning of financial period/year	16,965	12,341
Classified as impaired during the period/year	861	8,058
Reclassified as performing during the period/year	-	(1,691)
Amount recovered	(791)	(1,743)
At end of financial period/year	17,035	16,965
Individual assesment allowance	(662)	(899)
Net impaired loans and advances	16,373	16,066

Ratio of net impaired loans and advances to gross loans and advances less allowance for impairment	0.317%	0.316%
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NOTES TO UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED 31 MARCH 2015

13 Loans and advances (continued)

(vi) Impaired loans and advances (continued)

(b) By geographical

	Group and Bank	
	31 March	31 December
	2015	2014
	RM'000	RM'000
Malaysia	17,035	16,965

(c) By purposes

	Group and Bank	
	31 March	31 December
	2015	2014
	RM'000	RM'000
Purchase of landed property - residential	3,027	3,016
Purchase of landed property - non-residential	14,008	13,949
	17,035	16,965

(vii) Allowance for impairment on loans and advances
Movements in allowance for impairment for loans and advances

	Group and Bank	
	31 March	31 December
	2015	2014
	RM'000	RM'000
<u>Individual assessment allowance</u>		
At beginning of the financial period/year	899	899
Allowance written back during the financial period/year	(237)	-
At end of the financial period/year	662	899
<u>Collective assessment allowance</u>		
At beginning of the financial period/year	26,962	25,066
Allowance made during the financial period/year	10,777	1,156
Allowance written back during the financial period/year	(10,536)	-
Exchange differences	510	740
At end of the financial period/year	27,713	26,962

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NOTES TO UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED 31 MARCH 2015

14 Other Assets

	Group		Bank	
	31 March	31 December	31 March	31 December
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Other receivables	3,747	12,699	3,484	12,305
Sundry deposits	2,078	2,025	1,693	1,646
Prepayment	1,141	520	1,101	520
	6,966	15,244	6,278	14,471

15 Deposits from Customers

(i) By type of deposits

	Group		Bank	
	31 March	31 December	31 March	31 December
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Demand deposits	471,289	452,809	482,391	461,541
Savings deposits	106,492	101,377	106,492	101,377
Fixed deposits	4,079,824	3,964,159	4,079,824	3,964,159
Negotiable instruments of deposits	201,387	200,299	201,387	200,299
	4,858,992	4,718,644	4,870,094	4,727,376

(ii) The maturity structure of fixed deposits and negotiable instruments of deposits are as follows:

	Group and Bank	
	31 March	31 December
	2015	2014
	RM'000	RM'000
Due within six months	3,487,108	3,325,941
Six months to one year	741,158	788,278
More than one year	52,945	50,239
	4,281,211	4,164,458

(iii) By type of customer

	Group		Bank	
	31 March	31 December	31 March	31 December
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Government and statutory bodies	6,216	10,299	6,216	10,299
Business enterprises	1,585,106	1,169,050	1,596,208	1,177,782
Individuals	1,558,642	1,607,864	1,558,642	1,607,864
Others	1,709,028	1,931,431	1,709,028	1,931,431
	4,858,992	4,718,644	4,870,094	4,727,376

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NOTES TO UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED 31 MARCH 2015

16 Deposits and placements of banks and other financial institutions

	Group and Bank	
	31 March 2015	31 December 2014
	RM'000	RM'000
Bank Negara Malaysia	12,878	66,895
Licensed banks	2,690,707	3,840,611
Licensed investment banks	332	1,329
Licensed islamic banks	515	169
	<u>2,704,432</u>	<u>3,909,004</u>

17 Other liabilities

	Group		Bank	
	31 March 2015	31 December 2014	31 March 2015	31 December 2014
	RM'000	RM'000	RM'000	RM'000
Accrued expenses	24,009	20,318	23,629	19,655
Margin deposits	7,875	8,258	7,875	8,258
Other liabilities	80,275	38,589	77,844	37,115
	<u>112,159</u>	<u>67,165</u>	<u>109,348</u>	<u>65,028</u>

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NOTES TO UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED 31 MARCH 2015

18 Interest income	1st Quarter Ended		Three Months Ended	
	Group and Bank		Group and Bank	
	31 March	31 March	31 March	31 March
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Loans and advances				
- Interest income on non-impaired loans	60,386	40,803	60,386	40,803
- Interest income on impaired loans	369	213	369	213
Money at call and deposit placement with financial institutions	34,075	62,404	34,075	62,404
Securities				
- Held-to-maturity investments	4,110	1,902	4,110	1,902
	98,940	105,322	98,940	105,322
Amortisation of premium less accretion of discount	(80)	(43)	(80)	(43)
Total interest income	98,860	105,279	98,860	105,279

19 Interest Expense	1st Quarter Ended		Three Months Ended	
	Group and Bank		Group and Bank	
	31 March	31 March	31 March	31 March
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Deposits and placements of banks and other financial institutions	22,246	37,203	22,246	37,203
Deposits from customers	35,385	27,594	35,385	27,594
Others	10	11	10	11
	57,641	64,808	57,641	64,808

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NOTES TO UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED 31 MARCH 2015

21 Other operating expenses

Group	1st Quarter Ended		Three Months Ended	
	31 March	31 March	31 March	31 March
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
	RM'000	RM'000	RM'000	RM'000
<u>Personnel expenses</u>				
Salaries & wages	7,928	5,563	7,928	5,563
Bonuses	4,297	2,532	4,297	2,532
Defined contribution plan ("EPF")	1,410	1,068	1,410	1,068
Staff welfare expenses	375	258	375	258
Other personnel costs	492	549	492	549
	<u>14,502</u>	<u>9,970</u>	<u>14,502</u>	<u>9,970</u>
<u>Marketing expenses</u>				
Entertainment	536	280	536	280
Other marketing	315	139	315	139
	<u>851</u>	<u>419</u>	<u>851</u>	<u>419</u>
<u>Establishment costs</u>				
Rental of premises	1,685	1,609	1,685	1,609
Depreciation	719	481	719	481
Amortisation	23	27	23	27
Repairs and maintenance	134	44	134	44
Property and equipment written off	138	-	138	-
Information technology expenses	556	591	556	591
Other establishment costs	54	82	54	82
	<u>3,309</u>	<u>2,834</u>	<u>3,309</u>	<u>2,834</u>
<u>Administration and general expenses</u>				
Insurance premium	36	34	36	34
Auditors' remuneration				
- statutory audit fees	55	40	55	40
- regulatory related service	20	20	20	20
Travelling and accommodation	366	272	366	272
Telecommunication and utilities	235	236	235	236
Printing, stationery and postage	148	127	148	127
Legal and professional fees	991	61	991	61
Other administration and general expenses	796	621	796	621
	<u>2,647</u>	<u>1,411</u>	<u>2,647</u>	<u>1,411</u>
<u>Other expenses</u>				
Cost of precious metal	1,653	-	1,653	-
	<u>1,653</u>	<u>-</u>	<u>1,653</u>	<u>-</u>
	<u>22,962</u>	<u>14,634</u>	<u>22,962</u>	<u>14,634</u>

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21 Other operating expenses (continued)

	1st Quarter Ended		Three Months Ended	
	31 March 2015 RM'000	31 March 2014 RM'000	31 March 2015 RM'000	31 March 2014 RM'000
Bank				
<u>Personnel expenses</u>				
Salaries & wages	7,495	4,938	7,495	4,938
Bonuses	4,164	2,384	4,164	2,384
Defined contribution plan ("EPF")	1,346	977	1,346	977
Staff welfare expenses	317	218	317	218
Other personnel costs	472	527	472	527
	13,794	9,044	13,794	9,044
<u>Marketing expenses</u>				
Entertainment	536	278	536	278
Other marketing	315	137	315	137
	851	415	851	415
<u>Establishment costs</u>				
Rental of premises	1,340	1,115	1,340	1,115
Depreciation	545	431	545	431
Amortisation	24	27	24	27
Repairs and maintenance	133	42	133	42
Property and equipment written off	138	-	138	-
Information technology expenses	554	591	554	591
Other establishment costs	51	59	51	59
	2,785	2,265	2,785	2,265
<u>Administration and general expenses</u>				
Insurance premium	31	28	31	28
Auditors' remuneration				
- statutory audit fees	46	31	46	31
- regulatory related service	18	18	18	18
Travelling and accommodation	364	242	364	242
Telecommunication and utilities	216	208	216	208
Printing, stationery and postage	126	93	126	93
Legal and professional fees	990	36	990	36
Other administration and general expenses	745	553	745	553
	2,536	1,209	2,536	1,209
<u>Other expenses</u>				
Cost of precious metal	1,653	-	1,653	-
	1,653	-	1,653	-
	21,619	12,933	21,619	12,933

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NOTES TO UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED 31 MARCH 2015

22 Allowance for impairment on loans and advances

	1st Quarter Ended		Three Months Ended	
	Group and Bank		Group and Bank	
	31 March	31 March	31 March	31 March
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Allowance for impaired loans and advances				
<u>Individual impairment allowance</u>				
- Written back during the financial period	(237)	-	(237)	-
	(237)	-	(237)	-
<u>Collective impairment allowance</u>				
- Made during the financial period	10,777	4,207	10,777	4,207
- Written back during the financial period	(10,536)	-	(10,536)	-
	241	4,207	241	4,207
	4	4,207	4	4,207

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NOTES TO UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED 31 MARCH 2015

23 Capital adequacy

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

	Group		Bank	
	31 March 2015 RM'000	31 December 2014 RM'000	31 March 2015 RM'000	31 December 2014 RM'000
<u>Common Equity Tier 1 (CET1) Capital</u>				
Paid-up ordinary share capital	760,518	760,518	760,518	760,518
Retained profits	147,077	147,077	134,518	134,518
Other reserves	171,605	171,605	171,605	171,605
	1,079,200	1,079,200	1,066,641	1,066,641
Less: Deferred tax assets	(3,627)	(3,627)	(3,627)	(3,627)
Total CET1 capital / Total Tier 1 capital	1,075,573	1,075,573	1,063,014	1,063,014
<u>Tier-2 capital</u>				
Collective assessment allowance	27,713	26,962	27,713	26,962
Total Tier-2 capital	27,713	26,962	27,713	26,962
Less: Investment in subsidiary	-	-	(1,000)	(1,000)
Total capital base	1,103,286	1,102,535	1,089,727	1,088,976
<u>Capital ratios</u>				
CET 1 capital ratio	19.984%	21.684%	19.873%	21.570%
Tier 1 capital ratio	19.984%	21.684%	19.873%	21.570%
Total capital ratio	20.499%	22.228%	20.372%	22.097%

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

	Group		Bank	
	31 March 2015 RM'000	31 December 2014 RM'000	31 March 2015 RM'000	31 December 2014 RM'000
Credit risk	5,066,917	4,662,667	5,062,418	4,658,214
Market risk	10,120	9,599	10,120	9,599
Operational risk	305,188	287,921	276,516	260,424
Total risk-weighted assets	5,382,225	4,960,187	5,349,054	4,928,237

With effect from 1 January 2013, the total capital and capital adequacy ratios of the Bank is computed in accordance with Bank Negara Malaysia's Capital Adequacy Framework (Capital Components and Basel II - Risk-weighted Assets) dated 28 November 2012. The Bank has adopted the Standardised Approach for Credit Risk and Market Risk, and Basic Indicator Approach for Operational Risk. In line with the transitional arrangements under Bank Negara Malaysia's Capital Adequacy Framework (Capital Components), the minimum capital adequacy requirement for common equity Tier I capital ratio and Tier 1 capital ratio are 3.5% and 4.5% respectively for year 2013. The minimum regulatory capital adequacy requirement remain at 8.0% (2012 - 8.0%) for total capital ratio.

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24 Commitments and contingencies

	Group and Bank					
	31 March 2015			31 December 2014		
	Principal	Credit	Risk	Principal	Credit	Risk
	RM'000	equivalent	weighted	RM'000	equivalent	weighted
		RM'000	RM'000		RM'000	RM'000
Direct credit substitutes	78,335	78,335	78,335	73,805	73,805	57,461
Transaction-related contingent items	1,278,803	639,402	334,407	1,234,096	-	271,515
Short-term self-liquidation trade related contingencies	26,530	5,306	5,306	22,360	4,472	4,461
Irrevocable commitments to extend credit:						
- Maturity not exceeding one year	987,646	197,529	181,120	1,187,031	237,406	221,426
- Maturity exceeding one year	344,313	172,156	117,841	350,416	175,208	123,227
Foreign exchange related contracts:						
- Less than one year	964,126	3,410	682	1,269,346	12,059	2,412
Total	3,679,753	1,096,138	717,691	4,137,054	502,950	680,502

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25 Operations of Islamic Banking

No Islamic banking activities was involved for the financial period ended 31 March 2015.

26 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.

27 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.

28 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 2015.