

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

(Incorporated in Malaysia)

**INTERIM FINANCIAL STATEMENTS****UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2013**

	Note	Group		Bank	
		30 June	31 December	30 June	31 December
		2013	2012	2013	2012
		RM'000	RM'000	RM'000	RM'000
<b>ASSETS</b>					
Cash and short-term funds	9	2,213,064	1,929,445	2,212,907	1,929,298
Deposits and placements with banks and other financial institutions	10	1,198,994	564,549	1,198,994	564,549
Derivative assets	11	422	629	422	629
Held-to-maturity securities	12	136,521	61,157	136,521	61,157
Loans and advances	13	1,854,142	1,945,141	1,854,142	1,945,141
Other assets	14	12,484	18,126	11,679	17,700
Tax recoverable		6,507	5,233	5,996	5,020
Deferred tax assets		3,586	3,042	3,452	2,907
Statutory deposits with Bank Negara Malaysia		45,500	40,200	45,500	40,200
Investment in a subsidiary		-	-	1,000	1,000
Property and equipment		8,444	7,652	7,622	6,763
Intangible assets		161	212	158	212
<b>TOTAL ASSETS</b>		<b>5,479,825</b>	<b>4,575,386</b>	<b>5,478,393</b>	<b>4,574,576</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>					
Deposits from customers	15	2,190,030	2,198,567	2,197,306	2,204,289
Deposits and placements of banks and other financial institutions	16	2,760,353	1,848,736	2,760,353	1,848,736
Derivative liabilities	11	6,332	866	6,332	866
Other liabilities	17	42,158	67,698	40,717	66,395
<b>TOTAL LIABILITIES</b>		<b>4,998,873</b>	<b>4,115,867</b>	<b>5,004,708</b>	<b>4,120,286</b>
<b>Financed by:</b>					
Share capital		304,000	304,000	304,000	304,000
Reserves		176,952	155,519	169,685	150,290
<b>SHAREHOLDERS' EQUITY</b>		<b>480,952</b>	<b>459,519</b>	<b>473,685</b>	<b>454,290</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>5,479,825</b>	<b>4,575,386</b>	<b>5,478,393</b>	<b>4,574,576</b>
<b>COMMITMENTS AND CONTINGENCIES</b>	24	<b>2,491,953</b>	<b>2,162,787</b>	<b>2,491,953</b>	<b>2,162,787</b>

*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 SIX MONTHS ENDED 30 JUNE 2013**

Group	2nd Quarter Ended		Six Months Ended		
	30 June 2013 RM'000	30 June 2012 RM'000	30 June 2013 RM'000	30 June 2012 RM'000	
Interest income	18	53,811	40,376	102,914	71,925
Interest expense	19	(34,099)	(23,994)	(64,394)	(42,021)
Net interest income		19,712	16,382	38,520	29,904
Other operating income	20	10,910	10,686	17,097	20,064
Other operating expenses	21	(12,935)	(10,418)	(25,922)	(18,658)
Operating profit		17,687	16,650	29,695	31,310
Allowance for impairment on loans and advances	22	-	(3,500)	-	(14,023)
Profit before taxation		17,687	13,150	29,695	17,287
Taxation		(3,564)	(4,575)	(8,262)	(6,998)
Total comprehensive income for the period		14,123	8,575	21,433	10,289

Bank	2nd Quarter Ended		Six Months Ended		
	30 June 2013 RM'000	30 June 2012 RM'000	30 June 2013 RM'000	30 June 2012 RM'000	
Interest income	18	53,811	40,376	102,914	71,925
Interest expense	19	(34,099)	(23,994)	(64,394)	(42,021)
Net interest income		19,712	16,382	38,520	29,904
Other operating income	20	8,546	8,022	12,396	14,694
Other operating expenses	21	(12,069)	(9,338)	(23,961)	(16,655)
Operating profit		16,189	15,066	26,955	27,943
Allowance for losses on loans and advances	22	-	(3,500)	-	(14,023)
Profit before taxation		16,189	11,566	26,955	13,920
Taxation		(3,362)	(4,075)	(7,560)	(5,998)
Total comprehensive income for the period		12,827	7,491	19,395	7,922

*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 SIX MONTHS ENDED 30 JUNE 2013**

	Issued and fully paid ordinary shares of RM1.00 each	Non- distributable	Distributable	
	Nominal value RM'000	Statutory reserves RM'000	Retained profits RM'000	Total RM'000
<b>Group</b>				
Balance as at 1 January 2013	<b>304,000</b>	<b>93,688</b>	<b>61,831</b>	<b>459,519</b>
Profit for the financial period	-	-	<b>21,433</b>	<b>21,433</b>
Total comprehensive income for the period	-	-	<b>21,433</b>	<b>21,433</b>
<b>At 30 June 2013</b>	<b>304,000</b>	<b>93,688</b>	<b>83,264</b>	<b>480,952</b>
Balance as at 1 January 2012	304,000	72,218	36,804	413,022
Net profit for the financial period	-	-	10,289	10,289
Total comprehensive income for the period	-	-	10,289	10,289
At 30 June 2012	304,000	72,218	47,093	423,311
<b>Bank</b>				
Balance as at 1 January 2013	<b>304,000</b>	<b>93,688</b>	<b>56,602</b>	<b>454,290</b>
Profit for the financial period	-	-	<b>19,395</b>	<b>19,395</b>
Total comprehensive income for the period	-	-	<b>19,395</b>	<b>19,395</b>
<b>At 30 June 2013</b>	<b>304,000</b>	<b>93,688</b>	<b>75,997</b>	<b>473,685</b>
Balance as at 1 January 2012	304,000	72,218	30,749	406,967
Profit for the financial period	-	-	7,922	7,922
Total comprehensive income for the period	-	-	7,922	7,922
At 30 June 2012	304,000	72,218	38,671	414,889

*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)**  
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**INTERIM FINANCIAL STATEMENTS**

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE SIX MONTHS ENDED 30 JUNE 2013**

	<b>Group</b>		<b>Bank</b>	
	<b>30 June</b>	30 June	<b>30 June</b>	30 June
	<b>2013</b>	2012	<b>2013</b>	2012
Note	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Profit before taxation	<b>29,695</b>	17,287	<b>26,955</b>	13,920
<i>Adjustment for:</i>				
Depreciation of property and equipment	<b>1,023</b>	779	<b>927</b>	663
Amortisation of intangible assets	<b>54</b>	57	<b>54</b>	55
Net gain on disposal of property and equipment	-	-	-	-
Amortisation of premium less accretion of discount	<b>148</b>	95	<b>148</b>	95
Allowance for losses on loans and advances	-	14,023	-	14,023
Interest income from held-to-maturity securities	<b>(1,284)</b>	(824)	<b>(1,284)</b>	(824)
Unrealised foreign exchange (gain)/loss	<b>(8,253)</b>	6,124	<b>(8,253)</b>	6,124
Net loss on revaluation of derivative	<b>5,673</b>	-	<b>5,673</b>	-
Operating profit before changes in operating assets and liabilities	<b>27,056</b>	37,541	<b>24,220</b>	34,056
<b>(INCREASE)/DECREASE IN OPERATING ASSETS</b>				
Deposits and placements with banks and other financial institutions	<b>(634,445)</b>	(581,780)	<b>(634,445)</b>	(581,780)
Loans and advances	<b>90,999</b>	(941,065)	<b>90,999</b>	(941,065)
Other assets	<b>13,895</b>	(15,187)	<b>14,274</b>	(15,271)
Statutory deposits with Bank Negara Malaysia	<b>(5,300)</b>	(19,700)	<b>(5,300)</b>	(19,700)
<b>INCREASE/(DECREASE) IN OPERATING LIABILITIES</b>				
Deposits from customers	<b>(8,537)</b>	549,102	<b>(6,983)</b>	550,784
Deposits and placements of banks and other financial institutions	<b>911,617</b>	1,327,024	<b>911,617</b>	1,327,024
Other liabilities	<b>(25,540)</b>	18,316	<b>(25,678)</b>	18,513
Cash generated from operating activities	<b>369,745</b>	374,251	<b>368,704</b>	372,561
Taxation paid	<b>(10,080)</b>	(5,483)	<b>(9,081)</b>	(4,483)
Net cash generated from operating activities	<b>359,665</b>	368,768	<b>359,623</b>	368,078
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Purchase of property and equipment	<b>(1,815)</b>	(119)	<b>(1,786)</b>	(118)
Purchase of intangible assets	<b>(3)</b>	(315)	-	(317)
Net purchases of held-to-maturity securities	<b>(75,224)</b>	(30,802)	<b>(75,224)</b>	(30,802)
Interest received on held-to-maturity securities	<b>996</b>	684	<b>996</b>	684
Investment in subsidiary	-	-	-	-
Net cash generated from investing activities	<b>(76,046)</b>	(30,552)	<b>(76,014)</b>	(30,553)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Dividends paid	-	-	-	-
Net cash used in financing activities	-	-	-	-
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS DURING THE FINANCIAL PERIOD</b>	<b>283,619</b>	338,216	<b>283,609</b>	337,525
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD</b>	<b>1,929,445</b>	1,206,298	<b>1,929,298</b>	1,206,248
<b>CASH AND CASH EQUIVALENTS AT END OF THE</b>	<b>2,213,064</b>	1,544,514	<b>2,212,907</b>	1,543,773

**NOTES TO UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2013**

**1 Review of Performance and Commentary of Prospects**

The Bank's profit before taxation for the three months ended 30 June 2013 was higher as compared with the corresponding period in 2012 mainly due to increase in net 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 six months ended 30 June 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 31

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 six months ended 30 June 2013.

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**NOTES TO UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 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 six months ended 30 June 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 six months ended 30 June 2013.

**9 Cash and short-term funds**

	<b>Group</b>		<b>Bank</b>	
	<b>30 June</b>	<b>31 December</b>	<b>30 June</b>	<b>31 December</b>
	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Cash and balances with banks and other financial institutions	<b>176,350</b>	143,278	<b>176,193</b>	143,131
Money at call and deposit placements maturing within 1 month	<b>2,036,714</b>	1,786,167	<b>2,036,714</b>	1,786,167
	<b><u>2,213,064</u></b>	<u>1,929,445</u>	<b><u>2,212,907</u></b>	<u>1,929,298</u>

**10 Deposits and placements with banks and other financial institutions**

	<b>Group and Bank</b>	
	<b>30 June</b>	<b>31 December</b>
	<b>2013</b>	<b>2012</b>
	<b>RM'000</b>	<b>RM'000</b>
Bank Negara Malaysia	<b>20,005</b>	65,005
Other financial institutions	<b>1,178,989</b>	499,544
	<b><u>1,198,994</u></b>	<u>564,549</u>

**11 Derivative Assets/(Liabilities)**

	<b>Group</b>		<b>Bank</b>	
	<b>30 June</b>	<b>31 December</b>	<b>30 June</b>	<b>31 December</b>
	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Derivative assets	<b>422</b>	629	<b>422</b>	629
Derivative liabilities	<b>(6,332)</b>	(866)	<b>(6,332)</b>	(866)
	<b><u>(5,910)</u></b>	<u>(237)</u>	<b><u>(5,910)</u></b>	<u>(237)</u>

**12 Held-to-maturity securities**

	<b>Group and Bank</b>	
	<b>30 June</b>	<b>31 December</b>
	<b>2013</b>	<b>2012</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>At amortised cost</b>		
Money market instrument:		
Malaysian Government Securities	<b>106,475</b>	41,101
Negotiable instruments of deposits	<b>30,046</b>	20,056
	<b><u>136,521</u></b>	<u>61,157</u>

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**NOTES TO UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2013**

**13 Loans and advances**

**At amortised cost**

	<b>Group and Bank</b>	
	<b>30 June</b>	<b>31 December</b>
	<b>2013</b>	<b>2012</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>(i) By type</b>		
Overdrafts	306,038	226,199
Terms loans		
- Housing loans	40,055	23,751
- Syndicated term loans	141,267	268,477
- Other term loans	874,078	726,897
Revolving credits	211,129	122,202
Bills receivables	160,685	423,934
Trust receipts	9,363	7,535
Claims on customers under acceptance credits	129,985	103,127
Staff loans	2,362	2,192
Loans to banks and other financial institutions	-	61,647
Total gross loans and advances	<u>1,874,962</u>	<u>1,965,961</u>
Less: Allowance for impaired loans and advances		
- Collective assessment allowance	(20,809)	(20,809)
- Individual assessment allowance	(11)	(11)
Total net loans and advances	<u>1,854,142</u>	<u>1,945,141</u>

**(ii) By geographical distribution**

	<b>Group and Bank</b>	
	<b>30 June</b>	<b>31 December</b>
	<b>2013</b>	<b>2012</b>
	<b>RM'000</b>	<b>RM'000</b>
Malaysia	1,713,020	1,402,636
Other countries	161,942	563,325
	<u>1,874,962</u>	<u>1,965,961</u>

**(iii) By interest rate sensitivity**

	<b>Group and Bank</b>	
	<b>30 June</b>	<b>31 December</b>
	<b>2013</b>	<b>2012</b>
	<b>RM'000</b>	<b>RM'000</b>
Fixed rate		
- Other fixed rate loan	86,258	383,560
Variable rate		
- BLR plus	1,240,797	951,303
- Cost plus	306,347	277,198
- Other variable rates	241,560	353,900
	<u>1,874,962</u>	<u>1,965,961</u>

**(iv) By purpose**

	<b>Group and Bank</b>	
	<b>30 June</b>	<b>31 December</b>
	<b>2013</b>	<b>2012</b>
	<b>RM'000</b>	<b>RM'000</b>
Purchase of securities	28,157	29,168
Purchase of transport vehicles	35	48
Purchase of landed property :		
- Residential	54,136	36,996
- Non-residential	510,471	437,724
Purchase of fixed assets other than land and building	7,130	7,824
Personal use	79,555	66,290
Construction	34,339	16,274
Working capital	1,024,335	1,197,645
Other purpose	136,804	173,992
	<u>1,874,962</u>	<u>1,965,961</u>

**NOTES TO UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2013**

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

	<b>Group and Bank</b>	
	<b>30 June</b>	31 December
	<b>2013</b>	2012
	<b>RM'000</b>	RM'000
Up to one month	423,316	542,400
More than one month to three months	58,216	187,219
More than three months to six months	273,486	396,713
More than six months to twelve months	249,340	127,236
More than twelve months	870,604	712,393
	<b>1,874,962</b>	<b>1,965,961</b>

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**

	<b>Group and Bank</b>	
	<b>30 June</b>	31 December
	<b>2013</b>	2012
	<b>RM'000</b>	RM'000
At beginning of financial period/year	14,072	93
Classified as impaired during the period/year	508	34,262
Amount recovered	(1,472)	(20,283)
At end of financial period/year	13,108	14,072
Individual assesment allowance	(11)	(11)
Net impaired loans and advances	<b>13,097</b>	<b>14,061</b>
Ratio of net impaired loans and advances to gross loans and advances less allowance for impairment	<b>0.70%</b>	<b>0.72%</b>

**(b) By geographical**

	<b>Group and Bank</b>	
	<b>30 June</b>	31 December
	<b>2013</b>	2012
	<b>RM'000</b>	RM'000
Malaysia	13,108	14,072

**(c) By purposes**

	<b>Group and Bank</b>	
	<b>30 June</b>	31 December
	<b>2013</b>	2012
	<b>RM'000</b>	RM'000
Purchase of residential property	76	87
Working capital	13,032	13,985
	<b>13,108</b>	<b>14,072</b>

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

	<b>Group and Bank</b>	
	<b>30 June</b>	31 December
	<b>2013</b>	2012
	<b>RM'000</b>	RM'000
<b>Collective assessment allowance</b>		
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	<b>20,809</b>	<b>20,809</b>
<b>Individual assessment allowance</b>		
At beginning of the financial period/year	11	11
At end of the financial period/year	<b>11</b>	<b>11</b>



**NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2013**

**14 Other Assets**

	<b>Group</b>		<b>Bank</b>	
	<b>30 June</b>	31 December	<b>30 June</b>	31 December
	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
Other receivables	10,783	16,452	10,517	16,204
Sundry deposits	1,701	1,306	1,162	1,128
Prepayment	-	368	-	368
	<b>12,484</b>	<b>18,126</b>	<b>11,679</b>	<b>17,700</b>

**15 Deposits from Customers**

**(i) By type of deposits**

	<b>Group</b>		<b>Bank</b>	
	<b>30 June</b>	31 December	<b>30 June</b>	31 December
	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
Demand deposits	<b>192,476</b>	195,003	<b>199,752</b>	200,725
Savings deposits	<b>49,524</b>	40,325	<b>49,524</b>	40,325
Fixed deposits	<b>1,948,030</b>	1,961,639	<b>1,948,030</b>	1,961,639
Others	-	1,600	-	1,600
	<b>2,190,030</b>	<b>2,198,567</b>	<b>2,197,306</b>	<b>2,204,289</b>

**(ii) By type of customer**

	<b>Group</b>		<b>Bank</b>	
	<b>30 June</b>	31 December	<b>30 June</b>	31 December
	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
Government and statutory bodies	<b>2,056</b>	10,765	<b>2,056</b>	10,765
Business enterprises	<b>1,253,550</b>	1,283,008	<b>1,260,827</b>	1,288,730
Individuals	<b>867,985</b>	831,686	<b>867,984</b>	831,686
Others	<b>66,439</b>	73,108	<b>66,439</b>	73,108
	<b>2,190,030</b>	<b>2,198,567</b>	<b>2,197,306</b>	<b>2,204,289</b>

**(iii) Maturity structure of fixed deposits**

	<b>Group and Bank</b>	
	<b>30 June</b>	31 December
	<b>2013</b>	<b>2012</b>
	<b>RM'000</b>	RM'000
Due within six months	<b>1,621,489</b>	1,403,760
Six months to one year	<b>325,538</b>	519,575
More than one year	<b>1,003</b>	38,304
	<b>1,948,030</b>	<b>1,961,639</b>

**16 Deposits and placements of banks and other financial institutions**

	<b>Group and Bank</b>	
	<b>30 June</b>	31 December
	<b>2013</b>	<b>2012</b>
	<b>RM'000</b>	RM'000
Bank Negara Malaysia	<b>697,667</b>	520,015
Licensed banks	<b>2,030,286</b>	1,327,582
Licensed investment banks	<b>31,742</b>	37
Other financial institutions	<b>287</b>	535
Licensed islamic banks	<b>371</b>	567
	<b>2,760,353</b>	<b>1,848,736</b>



**NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2013**

**21 Other operating expenses**

Group	2nd Quarter Ended		Six Months Ended	
	30 June	30 June	30 June	30 June
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
<u>Personnel expenses</u>				
Salaries & wages	4,698	3,921	9,507	6,893
Bonuses	2,052	1,892	3,978	3,343
Defined contribution plan ("EPF")	901	808	1,776	1,415
Staff welfare expenses	155	134	624	435
Other personnel costs	788	248	1,527	413
	<b>8,594</b>	<b>7,003</b>	<b>17,412</b>	<b>12,499</b>
<u>Marketing expenses</u>				
Entertainment	176	149	456	235
Other marketing	123	20	197	59
	<b>299</b>	<b>169</b>	<b>653</b>	<b>294</b>
<u>Establishment costs</u>				
Rental of premises	1,100	818	2,216	1,673
Depreciation	512	391	1,023	779
Amortisation	27	46	54	57
Repairs and maintenance	153	97	427	232
Other establishment costs	713	586	1,474	947
	<b>2,505</b>	<b>1,938</b>	<b>5,194</b>	<b>3,688</b>
<u>Administration and general expenses</u>				
Insurance premium	213	135	271	183
Auditors' remuneration - statutory audit fees	80	-	80	-
- other fees	30	-	30	-
Travelling and accommodation	201	346	496	516
Telecommunication and utilities	178	150	362	257
Printing, stationery and postage	101	136	290	320
Legal and professional fees	115	46	155	85
Other administration and general expenses	619	495	979	816
	<b>1,537</b>	<b>1,308</b>	<b>2,663</b>	<b>2,177</b>
	<b>12,935</b>	<b>10,418</b>	<b>25,922</b>	<b>18,658</b>
<b>Bank</b>				
	2nd Quarter Ended		Six Months Ended	
	30 June	30 June	30 June	30 June
	2013	2012	2013	2012
	RM'000	-	RM'000	RM'000
<u>Personnel expenses</u>				
Salaries & wages	4,314	3,541	8,627	6,127
Bonuses	2,008	1,588	3,831	2,901
Defined contribution plan ("EPF")	863	776	1,686	1,343
Staff welfare expenses	124	114	555	377
Other personnel costs	741	229	1,434	387
	<b>8,050</b>	<b>6,248</b>	<b>16,133</b>	<b>11,135</b>
<u>Marketing expenses</u>				
Entertainment	174	143	426	218
Other marketing	123	20	190	49
	<b>297</b>	<b>163</b>	<b>616</b>	<b>267</b>
<u>Establishment costs</u>				
Rental of premises	911	644	1,842	1,325
Depreciation	463	333	927	663
Amortisation	27	45	54	55
Repairs and maintenance	152	97	423	229
Other establishment costs	690	560	1,430	905
	<b>2,243</b>	<b>1,679</b>	<b>4,676</b>	<b>3,177</b>
<u>Administration and general expenses</u>				
Insurance premium	213	135	268	180
Auditors' remuneration - statutory audit fees	62	-	62	-
- other fees	30	-	30	-
Travelling and accommodation	190	336	469	506
Telecommunication and utilities	169	138	338	234
Printing, stationery and postage	96	118	269	291
Legal and professional fees	111	46	150	85
Other administration and general expenses	608	475	950	780
	<b>1,479</b>	<b>1,248</b>	<b>2,536</b>	<b>2,076</b>
	<b>12,069</b>	<b>9,338</b>	<b>23,961</b>	<b>16,655</b>

**NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2013**

22 Allowance for impairment on loans and advances	2nd Quarter Ended Group and Bank		Six Months Ended Group and Bank	
	30 June	30 June	30 June	30 June
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
	RM'000	RM'000	RM'000	RM'000
Collective assessment allowance				
- Made during the financial period	-	3,500	-	14,023

**23 Capital adequacy**

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

	Bank	
	30 June <u>2013</u> RM'000	31 December <u>2012</u> RM'000
<b><u>Common Equity Tier 1 (CET1) Capital</u></b>		
Paid-up ordinary share capital	304,000	304,000
Retained profits	56,602	56,602
Other reserves	93,688	93,688
	<u>454,290</u>	<u>454,290</u>
Less: Deferred tax assets	(3,452)	(2,907)
Total CET1 capital	<u>450,838</u>	<u>451,383</u>
Total Tier 1 capital	<u>450,838</u>	<u>451,383</u>
<b><u>Tier-2 capital</u></b>		
Collective assessment allowance	20,809	20,809
Total Tier-2 capital	<u>20,809</u>	<u>20,809</u>
Less: Investment in subsidiary	(1,000)	(1,000)
Total capital base	<u>470,647</u>	<u>471,192</u>
<b><u>Capital ratios</u></b>		
CET 1 capital ratio	15.1%	17.4%
Tier 1 capital ratio	15.1%	17.4%
Total capital ratio	15.8%	18.2%

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

Credit risk	2,827,232	2,457,036
Market risk	10,555	9,936
Operational risk	141,936	123,294
Total risk-weighted assets	<u>2,979,723</u>	<u>2,590,266</u>

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.

NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2013

23 Capital Adequacy (Continued)

(c) The breakdown of risk-weighted assets ('RWA') by exposures in each major risk category as follows:

Bank 30 June 2013 Exposure Class	<u>Gross exposure</u> RM'000	<u>Net exposure</u> RM'000	<u>Risk- weighted assets</u> RM'000	<u>Capital requirements</u> RM'000
<b>(i) Credit Risk</b>				
<b>On-balance sheet exposure:</b>				
Sovereigns & central banks	914,659	914,659	-	-
Banks, development financial institutions & MDBs*	2,666,471	2,666,471	533,294	42,664
Corporate	1,840,796	1,840,796	1,733,846	138,708
Residential mortgages	34,919	34,919	13,253	1,060
Other assets	38,669	38,669	16,268	1,301
<b>Total on-balance sheet exposure</b>	<b>5,495,514</b>	<b>5,495,514</b>	<b>2,296,661</b>	<b>183,733</b>
<b>Off-balance sheet exposures:</b>				
Credit-related off-balance sheet exposure	782,718	782,718	530,571	42,446
<b>Total credit risk</b>	<b>6,278,232</b>	<b>6,278,232</b>	<b>2,827,232</b>	<b>226,179</b>
		<b>Net long position RM'000</b>		
<b>(ii) Market Risk</b>				
Foreign currency risk	<u>10,555</u>		10,555	844
<b>(iii) Operational Risk</b>			141,936	11,355
Total risk weighted assets and capital requirement			<u>2,979,723</u>	<u>238,378</u>

\* Multi-lateral Development Banks ('MDBs')

Bank 31 December 2012 Exposure Class	<u>Gross exposure</u> RM'000	<u>Net exposure</u> RM'000	<u>Risk- weighted assets</u> RM'000	<u>Capital requirements</u> RM'000
<b>(i) Credit Risk</b>				
<b>On-balance sheet exposure:</b>				
Sovereigns & central banks	1,166,358	1,166,358	-	-
Banks, development financial institutions & MDBs*	1,414,153	1,414,153	282,831	22,626
Corporate	1,941,303	1,941,303	1,724,359	137,948
Residential mortgages	24,657	24,657	10,002	800
Other assets	45,017	45,017	16,343	1,308
<b>Total on-balance sheet exposure</b>	<b>4,591,488</b>	<b>4,591,488</b>	<b>2,033,535</b>	<b>162,682</b>
<b>Off-balance sheet exposures:</b>				
Credit-related off-balance sheet exposure	-	623,256	423,501	33,880
<b>Total credit risk</b>	<b>5,214,744</b>	<b>5,214,744</b>	<b>2,457,036</b>	<b>196,562</b>
		<b>Net long position RM'000</b>		
<b>(ii) Market Risk</b>				
Foreign currency risk	<u>9,936</u>		9,936	795
<b>(iii) Operational Risk</b>			123,294	9,864
Total risk weighted assets and capital requirement			<u>2,590,266</u>	<u>207,221</u>

\* Multi-lateral Development Banks ('MDBs')

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

**NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2013**

**23 Capital Adequacy (Continued)**

(d) The breakdown of credit risk exposures by risk weights as follows:

<u>Bank</u> <u>30 June 2013</u>	← Exposures after Netting and Credit Risk Mitigation →					<u>Total exposure</u> <u>after netting</u> <u>and credit risk</u> <u>mitigation</u> <u>RM'000</u>	<u>Total risk</u> <u>weighted</u> <u>assets</u> <u>RM'000</u>
<u>Supervisory</u> <u>Risk weights</u>	<u>Sovereigns</u> <u>and central</u> <u>banks</u> <u>RM'000</u>	<u>Banks,</u> <u>MDBs</u> <u>and FDIs</u> <u>RM'000</u>	<u>Corporate</u> <u>RM'000</u>	<u>Residential</u> <u>mortgages</u> <u>RM'000</u>	<u>Other</u> <u>assets</u> <u>RM'000</u>		
0%	914,659	-	57,804	773	20,034	993,270	-
20%	-	2,670,280	-	-	2,959	2,673,239	534,648
35%	-	-	-	47,249	-	47,249	16,537
50%	-	454,528	118,448	16,894	-	589,870	294,935
75%	-	-	-	30	-	30	23
100%	-	-	1,945,790	76	15,676	1,961,542	1,961,542
150%	-	-	13,032	-	-	13,032	19,548
<b>Total</b>	<b>914,659</b>	<b>3,124,808</b>	<b>2,135,074</b>	<b>65,022</b>	<b>38,669</b>	<b>6,278,232</b>	<b>2,827,232</b>
Risk weighted asset By exposure	-	761,320	2,024,562	25,082	16,268	2,827,232	
Average risk weight	0.0%	24.4%	94.8%	38.6%	42.1%	45.0%	

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

**NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2013**

**23 Capital Adequacy (Continued)**

**(d) The breakdown of credit risk exposures by risk weights as follows:**

Bank 31 December 2012	← Exposures after Netting and Credit Risk Mitigation →					<u>Total exposure after netting and credit risk mitigation</u> RM'000	<u>Total risk weighted assets</u> RM'000
<u>Supervisory Risk weights</u>	<u>Sovereigns and central banks</u> RM'000	<u>Banks, MDBs and FDIs</u> RM'000	<u>Corporate</u> RM'000	<u>Residential mortgages</u> RM'000	<u>Other assets</u> RM'000		
0%	1,166,358	-	26,095	152	22,140	1,214,745	-
20%	-	1,421,844	-	-	8,167	1,430,011	286,002
35%	-	-	-	20,273	-	20,273	7,096
50%	-	367,107	402,827	15,605	-	785,539	392,770
100%	-	-	1,735,395	86	14,710	1,750,191	1,750,191
150%	-	-	13,985	-	-	13,985	20,977
Total	<u>1,166,358</u>	<u>1,788,951</u>	<u>2,178,302</u>	<u>36,116</u>	<u>45,017</u>	<u>5,214,744</u>	<u>2,457,036</u>
Risk weighted asset By exposure	-	467,922	1,957,786	14,984	16,343	2,457,036	
Average risk weight	0.0%	26.2%	89.9%	41.5%	36.3%	47.1%	

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

**NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2013**

**24 Commitments and contingencies**

	<b>Group and Bank</b>					
	<b>30 June 2013</b>			<b>31 December 2012</b>		
	<b>Principal</b>	<b>Credit</b>	<b>Risk</b>	<b>Principal</b>	<b>Credit</b>	<b>Risk</b>
	<b>RM'000</b>	<b>equivalent</b>	<b>weighted</b>	<b>RM'000</b>	<b>equivalent</b>	<b>weighted</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Direct credit substitutes	-	-	-	-	-	-
Transaction-related contingent items	<b>925,704</b>	<b>462,852</b>	<b>232,284</b>	749,679	374,840	187,821
Short-term self-liquidation trade related contingencies	<b>22,618</b>	<b>4,524</b>	<b>4,524</b>	12,511	2,502	2,502
Irrevocable commitments to extend credit:						
- Maturity not exceeding one year	<b>576,034</b>	<b>115,207</b>	<b>114,794</b>	446,220	89,244	89,050
- Maturity exceeding one year	<b>392,651</b>	<b>196,325</b>	<b>178,206</b>	297,957	148,979	142,590
Foreign exchange related contracts:						
- Less than one year	<b>574,764</b>	<b>3,810</b>	<b>763</b>	651,493	7,691	1,538
Others	<b>182</b>	-	-	4,927	-	-
<b>Total</b>	<b><u>2,491,953</u></b>	<b><u>782,718</u></b>	<b><u>530,571</u></b>	<u>2,162,787</u>	<u>623,256</u>	<u>423,501</u>



**NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2013**

**25 Credit Exposures Arising From Credit Transactions With Connected Parties**

	<b>Group and Bank</b>	
	<b>30 June</b>	31 December
	<b>2013</b>	<b>2012</b>
Outstanding credit exposures with connected parties (RM'000)	<u>436,067</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 30 June 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 2nd quarter ended 30 June 2013.