

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

INTERIM FINANCIAL STATEMENTS

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2012

	Note	Group		Bank	
		30 September 2012 RM'000	31 December 2011 RM'000	30 September 2012 RM'000	31 December 2011 RM'000
ASSETS					
Cash and short-term funds	9	1,698,309	1,206,298	1,697,136	1,206,248
Deposits and placements with banks and other financial institutions	10	492,772	223,286	492,772	223,286
Held-to-maturity securities	11	70,827	40,413	70,827	40,413
Loans and advances	12	2,211,174	1,440,824	2,211,174	1,440,824
Other assets	13	15,972	13,121	15,783	12,657
Deferred tax assets		9,265	6,965	9,239	6,939
Statutory deposits with Bank Negara Malaysia		38,900	17,700	38,900	17,700
Property and equipment		7,496	7,388	6,570	6,311
Intangible assets		240	9	240	5
Investment in a subsidiary		-	-	1,000	1,000
TOTAL ASSETS		<u>4,544,955</u>	<u>2,956,004</u>	<u>4,543,641</u>	<u>2,955,383</u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY					
Deposits from customers	14	2,185,407	1,518,987	2,189,445	1,525,697
Deposits and placements of banks and other financial institutions	15	1,870,946	986,979	1,870,946	986,979
Other liabilities	16	52,272	35,484	50,321	34,373
Provision for taxation		2,532	1,532	2,532	1,367
TOTAL LIABILITIES		<u>4,111,157</u>	<u>2,542,982</u>	<u>4,113,244</u>	<u>2,548,416</u>
Financed by:					
Share capital		304,000	304,000	304,000	304,000
Reserves		129,798	109,022	126,397	102,967
SHAREHOLDERS' EQUITY		<u>433,798</u>	<u>413,022</u>	<u>430,397</u>	<u>406,967</u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		<u>4,544,955</u>	<u>2,956,004</u>	<u>4,543,641</u>	<u>2,955,383</u>
COMMITMENTS AND CONTINGENCIES	23	<u>1,796,234</u>	<u>1,063,345</u>	<u>1,796,234</u>	<u>1,063,345</u>

BANK OF CHINA (MALAYSIA) BERHAD (511251-V)
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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2012

Group		3rd Quarter Ended		Nine Months Ended	
		30 September	30 September	30 September	30 September
		2012	2011	2012	2011
		RM'000	RM'000	RM'000	RM'000
Interest income	17	44,456	24,642	116,381	59,524
Interest expense	18	(28,409)	(14,913)	(70,430)	(32,120)
Net interest income		16,047	9,729	45,951	27,404
Other operating income	19	8,748	8,272	28,812	24,626
Other operating expenses	20	(10,735)	(6,951)	(29,393)	(22,330)
Operating profit		14,060	11,050	45,370	29,700
Allowance for impairment on loans and advances	21	-	989	(14,023)	(322)
Profit before taxation		14,060	12,039	31,347	29,378
Taxation		(3,573)	(2,922)	(10,571)	(8,052)
Total comprehensive income for the period		10,487	9,117	20,776	21,326

Bank		3rd Quarter Ended		Nine Months Ended	
		30 September	30 September	30 September	30 September
		2012	2011	2012	2011
		RM'000	RM'000	RM'000	RM'000
Interest income	17	44,456	24,642	116,381	59,524
Interest expense	18	(28,409)	(14,913)	(70,430)	(32,120)
Net interest income		16,047	9,729	45,951	27,404
Other operating income	19	12,205	11,671	26,899	22,510
Other operating expenses	20	(9,613)	(6,194)	(26,268)	(19,807)
Operating profit		18,639	15,206	46,582	30,107
Allowance for losses on loans and advances	21	-	989	(14,023)	(322)
Profit before taxation		18,639	16,195	32,559	29,785
Taxation		(3,131)	(2,465)	(9,129)	(6,595)
Total comprehensive income for the period		15,508	13,730	23,430	23,190

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INTERIM FINANCIAL STATEMENTS

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE NINE MONTHS ENDED
30 SEPTEMBER 2012**

	Issued and fully paid ordinary shares of	Non-	Distributable	Total
	RM1.00 each	distributable	Distributable	
	Nominal value	Statutory	Retained	
	RM'000	reserves	profits	RM'000
		RM'000	RM'000	RM'000
Group				
At 1 January 2012	304,000	72,218	36,804	413,022
Profit for the financial period	-	-	20,776	20,776
Total comprehensive income for the period	-	-	20,776	20,776
At 30 September 2012	304,000	72,218	57,580	433,798
At 1 January 2011	304,000	58,378	23,095	385,473
Net profit for the financial period	-	-	21,326	21,326
Total comprehensive income for the period	-	-	21,326	21,326
At 30 September 2011	304,000	58,378	44,421	406,799
Bank				
At 1 January 2012	304,000	72,218	30,749	406,967
Profit for the financial period	-	-	23,430	23,430
Total comprehensive income for the period	-	-	23,430	23,430
At 30 September 2012	304,000	72,218	54,179	430,397
At 1 January 2011	304,000	58,378	16,909	379,287
Profit for the financial period	-	-	23,190	23,190
Total comprehensive income for the period	-	-	23,190	23,190
At 30 September 2011	304,000	58,378	40,099	402,477

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INTERIM FINANCIAL STATEMENTS

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2012

	Note	Group		Bank	
		30 September 2012 RM'000	30 September 2011 RM'000	30 September 2012 RM'000	30 September 2011 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit before taxation		31,347	29,378	32,559	29,785
<i>Adjustment for:</i>					
Depreciation of property and equipment		1,187	1,141	1,013	988
Amortisation of intangible assets		85	42	82	37
Net gain on disposal of property and equipment		-	(30)	-	(30)
Amortisation of premium less accretion of discount		159	(42)	159	(42)
Allowance for losses on loans and advances		14,023	322	14,023	322
Interest income from held-to-maturity securities		(1,409)	(947)	(1,409)	(947)
Unrealised foreign exchange loss		6,375	407	6,375	407
Property and equipment written off		-	17	-	2
Dividend Income		-	-	(5,800)	(6,100)
Operating profit before changes in operating assets and liabilities		51,767	30,288	47,002	24,422
(INCREASE)/DECREASE IN OPERATING ASSETS					
Deposits and placements with banks and other financial institutions		(269,486)	(298,013)	(269,486)	(298,013)
Loans and advances		(784,373)	(212,329)	(784,373)	(212,329)
Held-to-maturity Securities		(30,802)	-	(30,802)	-
Other assets		(9,226)	11,563	(9,501)	11,633
Statutory deposits with Bank Negara Malaysia		(21,200)	(13,100)	(21,200)	(13,100)
INCREASE/(DECREASE) IN OPERATING LIABILITIES					
Deposits from customers		666,420	708,767	663,748	706,107
Deposits and placements of banks and other financial institutions		883,967	(9,911)	883,967	(9,911)
Other liabilities		16,788	(19,084)	15,948	(18,484)
Cash generated from operating activities		503,855	198,181	495,303	190,325
Taxation paid		(11,871)	(7,568)	(10,264)	(5,791)
Net cash generated from operating activities		491,984	190,613	485,039	184,534
CASH FLOWS FROM INVESTING ACTIVITIES					
Dividend income received from subsidiary		-	-	5,800	6,100
Purchase of property and equipment		(1,295)	(109)	(1,272)	(130)
Purchase of intangible assets		(316)	(1)	(317)	(1)
Proceeds from disposal of property and equipment		-	30	-	30
Interest received on held-to-maturity securities		1,638	1,075	1,638	1,075
Net cash generated from investing activities		27	995	5,849	7,074
CASH FLOWS FROM FINANCING ACTIVITIES					
		-	-	-	-
NET INCREASE IN CASH AND CASH EQUIVALENTS DURING THE FINANCIAL PERIOD					
		492,011	191,608	490,888	191,608
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD					
		1,206,298	1,172,172	1,206,248	1,172,170
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD					
	9	1,698,309	1,363,780	1,697,136	1,363,778

NOTES TO UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2012

1 Review of Performance and Commentary of Prospects

The Bank's profit before taxation for the nine months ended 30 September 2012 was higher as compared with the corresponding period in 2011 mainly due to loan growth of 53% offset by additional collective impairment allowance made. Despite of the high loan growth, 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 nine months ended 30 September 2012 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 2011.

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 2011.

Since the previous annual audited financial statements as at 31 December 2011 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 2012. 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. Whilst all FRSs issued under the previous FRS framework were equivalent to the MFRSs issued under the MFRS framework, there are some differences in relation to the transitional provisions and effective dates contained in certain of the FRSs.

3 Audit Report

The audit report for the financial period ended 31 December 2011 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 30 September 2012.

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 nine months ended 30 September 2012.

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 30 September 2012.

9 Cash and short-term funds

	Group		Bank	
	30 September	31 December	30 September	31 December
	2012	2011	2012	2011
	RM'000	RM'000	RM'000	RM'000
Cash and balances with banks and other financial institutions	270,783	64,166	269,610	64,116
Money at call and deposit placements maturing within 1 month	1,427,526	1,142,132	1,427,526	1,142,132
	1,698,309	1,206,298	1,697,136	1,206,248

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NOTES TO UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2012

10 Deposits and placements with banks and other financial institutions

	Group and Bank	
	30 September 2012	31 December 2011
	RM'000	RM'000
Bank Negara Malaysia	60,037	-
Other financial institutions	432,735	223,286
	<u>492,772</u>	<u>223,286</u>

11 Held-to-maturity securities

	Group and Bank	
	30 September 2012	31 December 2011
	RM'000	RM'000
At amortised cost		
Money market instrument:		
Malaysian Government Securities	40,786	40,413
Negotiable instruments of deposits	30,041	-
	<u>70,827</u>	<u>40,413</u>

12 Loans and advances

	Group and Bank	
	30 September 2012	31 December 2011
	RM'000	RM'000
At amortised cost		
(i) By type		
Overdrafts	201,010	193,072
Terms loans		
- Housing loans	19,754	10,162
- Syndicated term loan	280,300	210,870
- Other term loans	638,488	545,611
Revolving Credit	126,305	24,045
Bills receivable	793,622	295,209
Trust receipts	12,046	8,467
Claims on customers under acceptance credits	112,606	110,358
Staff loans	1,937	1,540
Loans to banks and other financial institutions	61,477	63,838
	<u>2,247,545</u>	<u>1,463,172</u>
Less: Unearned interest and income	-	-
Total gross loans and advances	2,247,545	1,463,172
Less: Allowance for impaired loans and advances		
- Collective assessment allowance	(36,360)	(22,337)
- Individual assessment allowance	(11)	(11)
Total net loans and advances	<u>2,211,174</u>	<u>1,440,824</u>

(ii) By geographical distribution

	Group and Bank	
	30 September 2012	31 December 2011
	RM'000	RM'000
Malaysia	1,334,031	951,549
Other countries	913,514	511,623
	<u>2,247,545</u>	<u>1,463,172</u>

(iii) By interest rate sensitivity

	Group and Bank	
	30 September 2012	31 December 2011
	RM'000	RM'000
Fixed rate		
- Other fixed rate loan	720,795	296,530
Variable rate		
- BLR plus	853,048	664,312
- Cost plus	300,542	147,425
- Other variable rates	373,160	354,905
	<u>2,247,545</u>	<u>1,463,172</u>

NOTES TO UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2012

12 Loans and advances (continued)

(iv) By purpose

	Group and Bank	
	30 September 2012	31 December 2011
	RM'000	RM'000
Purchase of securities	29,163	29,169
Purchase of transport vehicles	55	25
Purchase of landed property:	411,627	261,071
- Residential	31,601	15,142
- Non-residential	380,026	245,929
Purchase of fixed assets other than land and building	8,033	652
Personal use	60,552	61,172
Construction	15,422	18,759
Working capital	1,548,663	959,478
Other purpose	174,030	132,846
	2,247,545	1,463,172

(v) By residual contractual maturity

	Group and Bank	
	30 September 2012	31 December 2011
	RM'000	RM'000
Up to one month	622,857	452,638
More than one month to three months	747,712	152,314
More than three months to six months	119,960	217,429
More than six months to twelve months	126,304	127,527
More than twelve months	630,712	513,264
	2,247,545	1,463,172

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	
	30 September 2012	31 December 2011
	RM'000	RM'000
At beginning of financial period/year	93	2,921
Classified as impaired during the period/year	33,559	37
Amount recovered	-	(991)
Amount written off	-	(1,874)
At end of financial period/year	33,652	93
Individual assesment allowance	(11)	(11)
Net impaired loans and advances	33,641	82

Ratio of net impaired loans and advances to gross loans and advances less allowance for impairment

1.50% **0.01%**

(b) By geographical

	Group and Bank	
	30 September 2012	31 December 2011
	RM'000	RM'000
Malaysia	33,652	93

(c) By purposes

	Group and Bank	
	30 September 2012	31 December 2011
	RM'000	RM'000
Purchase of residential property	178	93
Working capital	33,474	-
	33,652	93

NOTES TO UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2012

12 Loans and advances (continued)

(vii) Allowance for impairment on loans and advances

Movements in allowance for impairment for loans and advances

	Group and Bank	
	30 September 2012 RM'000	31 December 2011 RM'000
Collective assessment allowance		
At beginning of the financial period/year	22,337	17,466
Allowance made during the financial period/year	14,023	4,871
At end of the financial period/year	<u>36,360</u>	<u>22,337</u>
Individual assessment allowance		
At beginning of the financial period/year	11	2,874
Amount recovered	-	(989)
Amount written off	-	(1,874)
At end of the financial period/year	<u>11</u>	<u>11</u>

13 Other Assets

	Group		Bank	
	30 September 2012 RM'000	31 December 2011 RM'000	30 September 2012 RM'000	31 December 2011 RM'000
Other receivables	14,599	11,773	14,588	11,487
Sundry deposits	1,313	954	1,135	776
Prepayment	60	394	60	394
	<u>15,972</u>	<u>13,121</u>	<u>15,783</u>	<u>12,657</u>

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NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2012

14 Deposits from Customers

(i) By type of deposits

	Group		Bank	
	30 September 2012	31 December 2011	30 September 2012	31 December 2011
	RM'000	RM'000	RM'000	RM'000
Demand deposits	206,957	151,051	210,995	157,761
Savings deposits	39,786	39,575	39,786	39,575
Fixed deposits	1,937,058	1,326,761	1,937,058	1,326,761
Others	1,606	1,600	1,606	1,600
	2,185,407	1,518,987	2,189,445	1,525,697

(ii) By type of customer

	Group		Bank	
	30 September 2012	31 December 2011	30 September 2012	31 December 2011
	RM'000	RM'000	RM'000	RM'000
Government and statutory bodies	10,687	16,867	10,687	16,867
Business enterprises	1,337,224	843,708	1,341,262	850,418
Individuals	764,484	619,136	764,484	619,136
Others	73,012	39,276	73,012	39,276
	2,185,407	1,518,987	2,189,445	1,525,697

(iii) Maturity structure of fixed deposits and negotiable instrument of deposits are as follows:

	Group and Bank	
	30 September 2012	31 December 2011
	RM'000	RM'000
Due within six months	1,268,217	907,425
Six months to one year	629,869	417,169
More than one year	38,972	2,167
	1,937,058	1,326,761

15 Deposits and placements of banks and other financial institutions

	Group and Bank	
	30 September 2012	31 December 2011
	RM'000	RM'000
Bank Negara Malaysia	433,385	-
Licensed banks	1,436,584	985,658
Licensed investment banks	55	1,314
Other financial institutions	360	5
Licensed islamic banks	562	2
	1,870,946	986,979

16 Other Liabilities

	Group		Bank	
	30 September 2012	31 December 2011	30 September 2012	31 December 2011
	RM'000	RM'000	RM'000	RM'000
Accrued expenses	10,252	7,679	9,658	7,169
Margin deposits	5,867	11,425	5,867	11,425
Other liabilities	36,153	16,380	34,796	15,779
	52,272	35,484	50,321	34,373

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NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2012

17 Interest income	3rd Quarter Ended		Nine Months Ended	
	Group and Bank		Group and Bank	
	30 September 2012 RM'000	30 September 2011 RM'000	30 September 2012 RM'000	30 September 2011 RM'000
Loans and advances				
- Interest income other than recoveries from impaired loans	25,614	13,139	69,929	34,689
Money at call and deposit placement with financial institutions	18,322	11,230	45,202	23,846
Securities				
- Held-to-maturity investments	520	273	1,250	989
Total interest income	<u>44,456</u>	<u>24,642</u>	<u>116,381</u>	<u>59,524</u>

18 Interest Expense	3rd Quarter Ended		Nine Months Ended	
	Group and Bank		Group and Bank	
	30 September 2012 RM'000	30 September 2011 RM'000	30 September 2012 RM'000	30 September 2011 RM'000
Deposits and placements of banks and other financial institutions	12,825	4,345	30,308	9,966
Deposits from customers	15,558	10,542	40,046	22,095
Others	26	26	76	59
	<u>28,409</u>	<u>14,913</u>	<u>70,430</u>	<u>32,120</u>

19 Other operating income	3rd Quarter Ended		Nine Months Ended	
	Group		Group	
	30 September 2012 RM'000	30 September 2011 RM'000	30 September 2012 RM'000	30 September 2011 RM'000
Fees income:				
- Fee on loans and advances	1,764	739	6,117	2,083
- Service charges and fees	3,898	4,315	12,496	12,792
- Guarantee fees	866	704	2,595	2,116
	<u>6,528</u>	<u>5,758</u>	<u>21,208</u>	<u>16,991</u>
Foreign exchange income:				
- Realised	2,471	2,949	13,857	8,008
- Unrealised	(251)	(434)	(6,375)	(407)
Gain from disposal of property and equipment	-	-	-	30
Other income	-	(1)	122	4
	<u>8,748</u>	<u>8,272</u>	<u>28,812</u>	<u>24,626</u>

Bank	3rd Quarter Ended		Nine Months Ended	
	Group and Bank		Group and Bank	
	30 September 2012 RM'000	30 September 2011 RM'000	30 September 2012 RM'000	30 September 2011 RM'000
Fees income:				
- Fee on loans and advances	1,764	739	6,117	2,083
- Service charges and fees	1,525	1,584	4,693	4,491
- Guarantee fees	866	704	2,595	2,116
	<u>4,155</u>	<u>3,027</u>	<u>13,405</u>	<u>8,690</u>
Foreign exchange income:				
- Realised	2,471	2,949	13,857	8,008
- Unrealised	(251)	(434)	(6,375)	(407)
Gain from disposal of property and equipment	-	-	-	30
Other income	5,830	6,129	6,012	6,189
	<u>12,205</u>	<u>11,671</u>	<u>26,899</u>	<u>22,510</u>

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NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2012

20 Other operating expenses
Group

	3rd Quarter Ended		Nine Months Ended	
	30 September	30 September	30 September	30 September
	2012	2011	2012	2011
	RM'000	RM'000	RM'000	RM'000
Personnel expenses	7,410	4,609	19,909	14,016
Salaries & wages	3,672	2,614	10,565	7,877
Bonuses	2,363	1,138	5,706	3,248
Defined contribution plan ("EPF")	859	465	2,274	1,458
Staff welfare expenses	193	164	628	640
Other personnel costs	323	228	736	793
Marketing expenses	289	257	583	591
Entertainment	194	224	429	494
Other marketing	95	33	154	97
Establishment costs	2,387	1,463	6,075	5,000
Rental of premises	961	829	2,634	2,467
Depreciation	408	388	1,187	1,141
Amortisation	28	3	85	42
Repairs and maintenance	(17)	55	215	312
Property and equipment written off	-	-	-	17
Other establishment costs	1,007	188	1,954	1,021
Administration and general expenses	649	622	2,826	2,723
Insurance premium	(5)	9	178	218
Auditors' remuneration - statutory audit fees	-	-	-	95
Travelling and accommodation	(18)	127	498	326
Telecommunication and utilities	171	146	428	413
Printing, stationery and postage	185	131	505	414
Legal and professional fees	114	31	199	170
Other administration and general expenses	202	178	1,018	1,087
	10,735	6,951	29,393	22,330

Bank

	3rd Quarter Ended		Nine Months Ended	
	30 September	30 September	30 September	30 September
	2012	2011	2012	2011
	RM'000	RM'000	RM'000	RM'000
Personnel expenses	6,631	4,167	17,766	12,465
Salaries & wages	3,246	2,309	9,373	6,901
Bonuses	2,157	1,033	5,058	2,888
Defined contribution plan ("EPF")	820	475	2,163	1,395
Staff welfare expenses	167	130	544	521
Other personnel costs	241	220	628	760
Marketing expenses	273	254	540	576
Entertainment	178	221	396	480
Other marketing	95	33	144	96
Establishment costs	2,132	1,202	5,309	4,190
Rental of premises	789	656	2,114	1,947
Depreciation	350	326	1,013	988
Amortisation	27	2	82	37
Repairs and maintenance	(19)	54	210	302
Property and equipment written off	-	-	-	2
Other establishment costs	985	164	1,890	914
Administration and general expenses	577	571	2,653	2,576
Insurance premium	(5)	9	175	216
Auditors' remuneration - statutory audit fees	-	-	-	75
Travelling and accommodation	(48)	124	458	323
Telecommunication and utilities	159	134	393	382
Printing, stationery and postage	172	110	463	366
Legal and professional fees	114	31	199	165
Other administration and general expenses	185	163	965	1,049
	9,613	6,194	26,268	19,807

BANK OF CHINA (MALAYSIA) BERHAD (511251-V)
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NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2012

21 Allowance for impairment on loans and advances

Nine Months Ended
Group and Bank

30 September	30 September
2012	2011
RM'000	RM'000

Collective assessment allowance		
- Made during the financial period	14,023	1,311

22 Capital adequacy

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

	Bank	
	30 September	31 December
	2012	2011
	RM'000	RM'000
Tier-1 capital		
Paid-up ordinary share capital	304,000	304,000
Retained profits	30,749	30,749
Other reserves	72,218	72,218
	406,967	406,967
Less: Deferred tax assets	(9,239)	(6,939)
Total Tier-1 Capital	397,728	400,028
Tier-2 capital		
Collective assessment allowance	36,360	22,337
Total Tier-2 Capital	36,360	22,337
Less: Investment in a subsidiary	(1,000)	(1,000)
Total capital base	433,088	421,365
Capital ratios		
Core capital ratio	15.1%	22.7%
Risk-weighted capital ratio	16.4%	23.9%

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

Credit risk	2,506,338	1,669,138
Market risk	11,304	4,591
Operational risk	115,238	91,096
Total risk-weighted assets	2,632,880	1,764,825

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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NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2012

23 Commitments and contingencies

	30 September 2012			Group and Bank 31 December 2011		
	Principal RM'000	Credit equivalent RM'000	Risk weighted RM'000	Principal RM'000	Credit equivalent RM'000	Risk weighted RM'000
Direct credit substitutes	-	-	-	-	-	-
Transaction-related contingent items	700,023	350,012	175,652	593,217	296,608	147,257
Short-term self-liquidation trade related contingencies	5,283	1,057	1,050	2,676	535	524
Irrevocable commitments to extend credit:						
- Maturity not exceeding one year	377,650	75,530	75,014	318,085	63,617	63,211
- Maturity exceeding one year	265,908	132,954	129,266	135,816	67,908	67,138
Foreign exchange related contracts:						
- Less than one year	415,136	7,162	1,436	5,710	-	-
Others	32,234	-	-	7,841	-	-
Total	1,796,234	566,715	382,418	1,063,345	428,668	278,130

NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2012

24 Credit Exposures Arising From Credit Transactions With Connected Parties

	Group and Bank	
	30 September 2012	31 December 2011
Outstanding credit exposures with connected parties (RM'000)	<u>282,930</u>	<u>240,580</u>
Percentage of outstanding credit exposures to connected parties as proportion of total credit exposures	<u>13%</u>	<u>14%</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.

25 Operations of Islamic Banking

No Islamic banking activities was involved for the financial period ended 30 September 2012.

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 3rd quarter ended 30 September 2012.