

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

**INTERIM FINANCIAL STATEMENTS**

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2015**

	Note	Group		Bank	
		30 September 2015 RM'000	31 December 2014 RM'000	30 September 2015 RM'000	31 December 2014 RM'000
<b>ASSETS</b>					
Cash and short-term funds	9	2,025,600	3,609,580	2,021,891	3,605,813
Deposits and placements with banks and other financial institutions	10	1,365,133	456,101	1,365,133	456,101
Derivative assets	11	4,641	1,790	4,641	1,790
Held-to-maturity securities	12	545,835	529,158	545,835	529,158
Loans and advances	13	4,893,157	5,052,027	4,893,157	5,052,027
Other assets	14	14,953	15,244	14,192	14,471
Tax recoverable		6,552	8,296	6,552	8,296
Deferred tax assets		4,133	3,627	4,133	3,627
Statutory deposits with Bank Negara Malaysia		133,000	77,200	133,000	77,200
Investment in a subsidiary		-	-	1,000	1,000
Property and equipment		40,490	23,088	38,058	20,109
Intangible assets		195	265	195	263
<b>TOTAL ASSETS</b>		<b>9,033,689</b>	<b>9,776,376</b>	<b>9,027,787</b>	<b>9,769,855</b>
<b>LIABILITIES AND EQUITY</b>					
Deposits from customers	15	5,641,231	4,718,644	5,646,122	4,727,376
Deposits and placements of banks and other financial institutions	16	2,118,321	3,909,004	2,118,321	3,909,004
Derivative liabilities	11	267	1,806	267	1,806
Other liabilities	17	128,375	67,165	125,653	65,028
Provision for taxation		441	527	-	-
Deferred tax liabilities		34	30	-	-
<b>TOTAL LIABILITIES</b>		<b>7,888,669</b>	<b>8,697,176</b>	<b>7,890,363</b>	<b>8,703,214</b>
Share capital		760,518	760,518	760,518	760,518
Reserves		384,502	318,682	376,906	306,123
<b>TOTAL EQUITY</b>		<b>1,145,020</b>	<b>1,079,200</b>	<b>1,137,424</b>	<b>1,066,641</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>9,033,689</b>	<b>9,776,376</b>	<b>9,027,787</b>	<b>9,769,855</b>
<b>COMMITMENTS AND CONTINGENCIES</b>	24	<b>3,445,996</b>	<b>4,137,054</b>	<b>3,445,996</b>	<b>4,137,054</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 2014*

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

**INTERIM FINANCIAL STATEMENTS**

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2015**

Group	Note	3rd Quarter Ended		Nine Months Ended	
		30 September 2015	30 September 2014	30 September 2015	30 September 2014
		RM'000	RM'000	RM'000	RM'000
Interest income	18	96,089	117,725	282,374	335,200
Interest expense	19	(56,342)	(70,704)	(164,192)	(204,827)
Net interest income		39,747	47,021	118,182	130,373
Other operating income	20	21,793	24,296	47,004	47,701
Other operating expenses	21	(22,634)	(24,978)	(67,125)	(55,620)
Operating profit		38,906	46,339	98,061	122,454
Allowance written back/(made) for impairment on loans and advances	22	940	-	(4,148)	(8,434)
Profit before taxation		39,846	46,339	93,913	114,020
Taxation		(8,520)	(10,380)	(28,093)	(31,322)
Total comprehensive income for the period		31,326	35,959	65,820	82,698

Bank		3rd Quarter Ended		Nine Months Ended	
		30 September 2015	30 September 2014	30 September 2015	30 September 2014
		RM'000	RM'000	RM'000	RM'000
Interest income	18	96,089	117,725	282,374	335,200
Interest expense	19	(56,342)	(70,704)	(164,192)	(204,827)
Net interest income		39,747	47,021	118,182	130,373
Other operating income	20	17,043	29,563	45,164	43,185
Other operating expenses	21	(21,207)	(23,709)	(63,041)	(51,497)
Operating profit		35,583	52,875	100,305	122,061
Allowance written back/(made) for impairment on loans and advances	22	940	-	(4,148)	(8,434)
Profit before taxation		36,523	52,875	96,157	113,627
Taxation		(7,621)	(10,503)	(25,374)	(29,570)
Total comprehensive income for the period		28,902	42,372	70,783	84,057

*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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**INTERIM FINANCIAL STATEMENTS**

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2015**

	Share capital RM'000	← Non-distributable →		Distributable retained profits RM'000	Total RM'000
		Statutory reserves RM'000	Regulatory reserves RM'000		
<b>Group</b>					
Balance as at 1 January 2015	760,518	171,605	-	147,077	1,079,200
Total comprehensive income for the period	-	-	-	65,820	65,820
Transfer to regulatory reserve	-	-	22,412	(22,412)	-
<b>At 30 September 2015</b>	<b>760,518</b>	<b>171,605</b>	<b>22,412</b>	<b>190,485</b>	<b>1,145,020</b>
Balance as at 1 January 2014	304,000	119,561	-	92,818	516,379
Total comprehensive income for the period	-	-	-	82,698	82,698
Issue of share capital	456,518	-	-	-	456,518
At 30 September 2014	760,518	119,561	-	175,516	1,055,595
<b>Bank</b>					
Balance as at 1 January 2015	760,518	171,605	-	134,518	1,066,641
Total comprehensive income for the period	-	-	-	70,783	70,783
Transfer to regulatory reserve	-	-	22,412	(22,412)	-
<b>At 30 September 2015</b>	<b>760,518</b>	<b>171,605</b>	<b>22,412</b>	<b>182,889</b>	<b>1,137,424</b>
Balance as at 1 January 2014	304,000	119,561	-	82,475	506,036
Total comprehensive income for the period	-	-	-	84,057	84,057
Issue of share capital	456,518	-	-	-	456,518
At 30 September 2014	760,518	119,561	-	166,532	1,046,611

*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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**INTERIM FINANCIAL STATEMENTS**

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2015**

	Group		Bank	
	30 September 2015	30 September 2014	30 September 2015	30 September 2014
Note	RM'000	RM'000	RM'000	RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Profit before taxation	93,913	114,020	96,157	113,627
<i>Adjustment for:</i>				
Depreciation of property and equipment	2,636	1,471	2,118	1,302
Amortisation of intangible assets	70	83	68	82
Amortisation of premium less accretion of discount	252	139	252	139
Allowance for losses on loans and advances	4,148	8,434	4,148	8,434
Interest income from held-to-maturity securities	(14,469)	(5,966)	(14,469)	(5,966)
Unrealised foreign exchange gain	(3,027)	(813)	(3,027)	(813)
Net gain on revaluation of derivative	(4,390)	(12)	(4,390)	(12)
Property and equipment written off	139	1	139	1
Dividend Income	-	-	(12,500)	(10,000)
Operating profit before changes in operating activities	<b>79,272</b>	117,357	<b>68,496</b>	106,794
<b>(INCREASE)/DECREASE IN OPERATING ASSETS</b>				
Deposits and placements with banks and other financial institutions	(909,032)	582,420	(909,032)	582,420
Loans and advances	154,722	(1,872,377)	154,722	(1,872,377)
Other assets	3,318	(6,894)	3,306	(6,807)
Statutory deposits with Bank Negara Malaysia	(55,800)	(37,000)	(55,800)	(37,000)
<b>INCREASE/(DECREASE) IN OPERATING LIABILITIES</b>				
Deposits from customers	922,587	1,923,068	918,746	1,923,203
Deposits and placements of banks and other financial institutions	(1,790,683)	(885,850)	(1,790,683)	(885,850)
Other liabilities	61,210	(104,556)	60,625	(105,814)
Net cash used in operating activities	<b>(1,534,406)</b>	(283,832)	<b>(1,549,620)</b>	(295,431)
Taxation paid	(26,937)	(33,361)	(24,136)	(31,287)
Net cash used in operating activities	<b>(1,561,343)</b>	(317,193)	<b>(1,573,756)</b>	(326,718)

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**INTERIM FINANCIAL STATEMENTS**

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2015**

	<b>Group</b>		<b>Bank</b>	
	<b>30 September</b>	<b>30 September</b>	<b>30 September</b>	<b>30 September</b>
	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>
Note	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Purchase of property and equipment	(20,177)	(11,273)	(20,206)	(10,812)
Purchase of intangible assets	-	(17)	-	(16)
Purchases of held-to-maturity securities	(563,735)	(315,000)	(563,735)	(315,000)
Proceeds from maturity of held-to-maturity securities	545,056	315,000	545,056	315,000
Interest received on held-to-maturity securities	16,219	6,525	16,219	6,525
Dividend income received from subsidiary	-	-	12,500	10,000
Net cash (used in)/generated from investing activities	(22,637)	(4,765)	(10,166)	5,697
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Proceeds from issue of share capital	-	456,518	-	456,518
Net cash generated from financing activities	-	456,518	-	456,518
<b>NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS DURING THE FINANCIAL PERIOD</b>	<b>(1,583,980)</b>	<b>134,560</b>	<b>(1,583,922)</b>	<b>135,497</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD</b>	<b>3,609,580</b>	<b>4,463,675</b>	<b>3,605,813</b>	<b>4,461,023</b>
<b>CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD</b>	<b>2,025,600</b>	<b>4,598,235</b>	<b>2,021,891</b>	<b>4,596,520</b>

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**BANK OF CHINA (MALAYSIA) BERHAD (511251-V)**  
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**NOTES TO UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2015**

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

The Bank recorded profit before taxation of RM96.1 million for the nine months ended 30 September 2015 as compared to profit before taxation of RM113.6 million of the same period in 2014. The lower profit was mainly due to decrease in net interest income, increased overhead expenses offset by lower allowance on impairment on loans and advances.

The Bank will continue to strengthen risk management system infrastructure and to ensure conformity with regulatory requirements. Emphasis will be placed on the development of commercial banking products and focus will be on Renminbi earning related business.

**2 Group Accounting Policies**

The unaudited condensed consolidated interim financial statements for the nine months ended 30 September 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 and the Bank 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 Discounted Operations
- MFRS 7 Financial Instruments: Disclosures
- MFRS 9 Financial Instruments
- MFRS 15 Revenue from Contracts with Customers
- MFRS 119 Employee Benefits
- MFRS 134 Interim Financial Reporting

## **2 Group Accounting Policies (Continued)**

### MFRS 9 Financial Instrument

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 December 2014 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 nine months ended 30 September 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 nine months ended 30 September 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 nine months ended 30 September 2015.

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**NOTES TO UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2015**

**9 Cash and short-term funds**

	<b>Group</b>		<b>Bank</b>	
	<b>30 September 2015</b>	<b>31 December 2014</b>	<b>30 September 2015</b>	<b>31 December 2014</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>772,703</b>	531,409	<b>768,994</b>	527,642
Money at call and deposit placements maturing within 1 month	<b>1,252,897</b>	3,078,171	<b>1,252,897</b>	3,078,171
	<b><u>2,025,600</u></b>	<u>3,609,580</u>	<b><u>2,021,891</u></b>	<u>3,605,813</u>

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

	<b>Group and Bank</b>	
	<b>30 September 2015</b>	<b>31 December 2014</b>
	<b>RM'000</b>	<b>RM'000</b>
Licensed banks	<b><u>1,365,133</u></b>	<u>456,101</u>

**11 Derivative Assets/(Liabilities)**

	<b>Group and Bank</b>	
	<b>30 September 2015</b>	<b>31 December 2014</b>
	<b>RM'000</b>	<b>RM'000</b>
Derivative assets	<b>4,641</b>	1,790
Derivative liabilities	<b>(267)</b>	(1,806)
	<b><u>4,374</u></b>	<u>(16)</u>

**12 Held-to-maturity securities**

	<b>Group and Bank</b>	
	<b>30 September 2015</b>	<b>31 December 2014</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>At amortised cost</b>		
Money market instrument:		
Malaysian Government Securities	<b>502,814</b>	448,861
Negotiable instruments of deposits	<b>43,021</b>	80,297
	<b><u>545,835</u></b>	<u>529,158</u>



**BANK OF CHINA (MALAYSIA) BERHAD (511251-V)**  
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**NOTES TO UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED  
30 SEPTEMBER 2015**

**13 Loans and advances**

**At amortised cost**

**(i) By type**

	<b>Group and Bank</b>	
	<b>30 September</b>	<b>31 December</b>
	<b>2015</b>	<b>2014</b>
	<b>RM'000</b>	<b>RM'000</b>
Overdrafts	733,979	674,923
Terms loans		
- Housing loans	259,411	217,470
- Syndicated term loans	342,922	205,812
- Other term loans	1,554,745	1,333,955
Bills receivables	522,269	1,343,630
Trust receipts	30,522	35,671
Claims on customers under acceptance credits	331,135	332,037
Revolving credits	1,149,752	934,224
Credit card receivables	13	-
Staff loans	2,133	2,166
Gross loans and advances	<u>4,926,881</u>	<u>5,079,888</u>
Less: Allowance for impaired loans and advances		
- Individual assessment allowance	(1,963)	(899)
- Collective assessment allowance	(31,761)	(26,962)
Total net loans and advances	<u>4,893,157</u>	<u>5,052,027</u>

**(ii) By geographical distribution**

	<b>Group and Bank</b>	
	<b>30 September</b>	<b>31 December</b>
	<b>2015</b>	<b>2014</b>
	<b>RM'000</b>	<b>RM'000</b>
Malaysia	4,129,190	3,632,623
Other countries	797,691	1,447,265
Gross loans and advances	<u>4,926,881</u>	<u>5,079,888</u>

**(iii) By interest rate sensitivity**

	<b>Group and Bank</b>	
	<b>30 September</b>	<b>31 December</b>
	<b>2015</b>	<b>2014</b>
	<b>RM'000</b>	<b>RM'000</b>
Fixed rate		
- Other fixed rate loan	856,213	1,624,992
Variable rate		
- Base Rate/Base Lending Rate plus	2,514,899	2,295,211
- Cost plus	1,470,880	1,089,403
- Other variable rates	84,889	70,282
Gross loans and advances	<u>4,926,881</u>	<u>5,079,888</u>

**BANK OF CHINA (MALAYSIA) BERHAD (511251-V)**  
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**NOTES TO UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2015**

**13 Loans and advances (continued)**

**(iv) By purpose**

	<b>Group and Bank</b>	
	<b>30 September</b>	31 December
	<u>2015</u>	<u>2014</u>
	RM'000	RM'000
Purchase of securities	51,515	17
Purchase of transport vehicles	6,033	27
Purchase of landed property :	1,183,114	1,055,884
- Residential	271,134	231,007
- Non-residential	911,980	824,877
Purchase of fixed assets other than land and building	6,886	4,912
Personal use	295,256	246,744
Credit card	13	-
Construction	166,350	128,636
Working capital	3,120,899	3,621,737
Other purpose	96,815	21,931
<b>Gross loans and advances</b>	<b>4,926,881</b>	<b>5,079,888</b>

**(v) By residual contractual maturity**

	<b>Group and Bank</b>	
	<b>30 September</b>	31 December
	<u>2015</u>	<u>2014</u>
	RM'000	RM'000
Up to one month	1,838,171	1,502,597
More than one month to three months	601,475	941,948
More than three months to six months	296,569	705,637
More than six months to twelve months	56,162	208,295
More than twelve months	2,134,504	1,721,411
<b>Gross loans and advances</b>	<b>4,926,881</b>	<b>5,079,888</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 September</b>	31 December
	<u>2015</u>	<u>2014</u>
	RM'000	RM'000
At beginning of financial period/year	16,965	12,341
Classified as impaired during the period/year	9,542	8,058
Reclassified as performing during the period/year	-	(1,691)
Amount recovered	(6,714)	(1,743)
At end of financial period/year	19,793	16,965
Individual assesment allowance	(1,963)	(899)
<b>Net impaired loans and advances</b>	<b>17,830</b>	<b>16,066</b>

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

**0.362%**                      **0.316%**

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**NOTES TO UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED  
30 SEPTEMBER 2015**

**13 Loans and advances (continued)**

**(vi) Impaired loans and advances (continued)**

**(b) By geographical**

	<b>Group and Bank</b>	
	<b>30 September</b>	<b>31 December</b>
	<b><u>2015</u></b>	<b><u>2014</u></b>
	<b>RM'000</b>	<b>RM'000</b>
Malaysia	<b>19,793</b>	<b>16,965</b>

**(c) By purposes**

	<b>Group and Bank</b>	
	<b>30 September</b>	<b>31 December</b>
	<b><u>2015</u></b>	<b><u>2014</u></b>
	<b>RM'000</b>	<b>RM'000</b>
Purchase of landed property - residential	<b>6,537</b>	<b>3,016</b>
Purchase of landed property - non-residential	<b>7,878</b>	<b>13,949</b>
Personal use	<b>1,881</b>	<b>-</b>
Working capital	<b>3,497</b>	<b>-</b>
	<b>19,793</b>	<b>16,965</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 September</b>	<b>31 December</b>
	<b><u>2015</u></b>	<b><u>2014</u></b>
	<b>RM'000</b>	<b>RM'000</b>
<b><u>Individual assessment allowance</u></b>		
At beginning of the financial period/year	<b>899</b>	<b>899</b>
Allowance made during the financial period/year	<b>1,301</b>	<b>-</b>
Allowance written back during the financial period/year	<b>(237)</b>	<b>-</b>
At end of the financial period/year	<b>1,963</b>	<b>899</b>
<b><u>Collective assessment allowance</u></b>		
At beginning of the financial period/year	<b>26,962</b>	<b>25,066</b>
Allowance made during the financial period/year	<b>32,049</b>	<b>1,156</b>
Allowance written back during the financial period/year	<b>(28,965)</b>	<b>-</b>
Exchange differences	<b>1,715</b>	<b>740</b>
At end of the financial period/year	<b>31,761</b>	<b>26,962</b>

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**14 Other Assets**

	<b>Group</b>		<b>Bank</b>	
	<b>30 September 2015</b>	<b>31 December 2014</b>	<b>30 September 2015</b>	<b>31 December 2014</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Other receivables	9,757	12,699	9,460	12,305
Sundry deposits	2,162	2,025	1,768	1,646
Prepayment	3,034	520	2,964	520
	<b>14,953</b>	<b>15,244</b>	<b>14,192</b>	<b>14,471</b>

**15 Deposits from Customers**

**(i) By type of deposits**

	<b>Group</b>		<b>Bank</b>	
	<b>30 September 2015</b>	<b>31 December 2014</b>	<b>30 September 2015</b>	<b>31 December 2014</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Demand deposits	489,758	452,809	494,649	461,541
Savings deposits	110,924	101,377	110,924	101,377
Fixed deposits	4,838,638	3,964,159	4,838,638	3,964,159
Negotiable instruments of deposits	201,911	200,299	201,911	200,299
	<b>5,641,231</b>	<b>4,718,644</b>	<b>5,646,122</b>	<b>4,727,376</b>

**(ii) Maturity structure of fixed deposits and negotiable instruments of deposits are as follows:**

	<b>Group and Bank</b>	
	<b>30 September 2015</b>	<b>31 December 2014</b>
	<b>RM'000</b>	<b>RM'000</b>
Due within six months	3,974,681	3,325,941
Six months to one year	1,060,098	788,278
More than one year	5,770	50,239
	<b>5,040,549</b>	<b>4,164,458</b>

**(iii) By type of customer**

	<b>Group</b>		<b>Bank</b>	
	<b>30 September 2015</b>	<b>31 December 2014</b>	<b>30 September 2015</b>	<b>31 December 2014</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Government and statutory bodies	5,077	10,299	5,077	10,299
Business enterprises	1,649,287	1,169,050	1,654,178	1,177,782
Individuals	1,794,099	1,607,864	1,794,099	1,607,864
Others	2,192,768	1,931,431	2,192,768	1,931,431
	<b>5,641,231</b>	<b>4,718,644</b>	<b>5,646,122</b>	<b>4,727,376</b>

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

	<u>Group and Bank</u>	
	<u>30 September</u> <u>2015</u> RM'000	<u>31 December</u> <u>2014</u> RM'000
Bank Negara Malaysia	57,961	66,895
Licensed banks	2,059,967	3,840,611
Licensed investment banks	285	1,329
Licensed islamic banks	104	169
Other financial institutions	4	-
	<u>2,118,321</u>	<u>3,909,004</u>

**17 Other liabilities**

	<u>Group</u>		<u>Bank</u>	
	<u>30 September</u> <u>2015</u> RM'000	<u>31 December</u> <u>2014</u> RM'000	<u>30 September</u> <u>2015</u> RM'000	<u>31 December</u> <u>2014</u> RM'000
Accrued expenses	20,423	20,318	19,706	19,655
Margin deposits	63,804	8,258	63,804	8,258
Other liabilities	44,148	38,589	42,143	37,115
	<u>128,375</u>	<u>67,165</u>	<u>125,653</u>	<u>65,028</u>

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18 Interest income	3rd Quarter Ended		Nine Months Ended	
	Group and Bank		Group and Bank	
	30 September 2015 RM'000	30 September 2014 RM'000	30 September 2015 RM'000	30 September 2014 RM'000
Loans and advances				
- Interest income on non-impaired loans	64,099	56,315	186,409	144,147
- Interest income on impaired loans	492	226	1,196	648
Money at call and deposit placement with financial institutions	26,437	59,237	80,552	184,578
Securities				
- Held-to-maturity investments	5,113	1,994	14,469	5,966
	<u>96,141</u>	<u>117,772</u>	<u>282,626</u>	<u>335,339</u>
Amortisation of premium less accretion of discount	(52)	(47)	(252)	(139)
Total interest income	<u>96,089</u>	<u>117,725</u>	<u>282,374</u>	<u>335,200</u>

19 Interest Expense	3rd Quarter Ended		Nine Months Ended	
	Group and Bank		Group and Bank	
	30 September 2015 RM'000	30 September 2014 RM'000	30 September 2015 RM'000	30 September 2014 RM'000
Deposits and placements of banks and other financial institutions	15,214	33,842	50,558	109,739
Deposits from customers	41,113	36,816	113,594	95,025
Others	15	46	40	63
	<u>56,342</u>	<u>70,704</u>	<u>164,192</u>	<u>204,827</u>



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**21 Other operating expenses  
Group**

	3rd Quarter Ended		Nine Months Ended	
	30 September 2015 RM'000	30 September 2014 RM'000	30 September 2015 RM'000	30 September 2014 RM'000
<u>Personnel expenses</u>				
Salaries & wages	8,937	6,179	24,702	17,362
Bonuses	3,267	4,384	10,520	9,852
Defined contribution plan ("EPF")	1,676	1,395	4,440	3,557
Staff welfare expenses	540	298	1,375	1,017
Other personnel costs	1,146	1,011	3,108	2,320
	<b>15,566</b>	<b>13,267</b>	<b>44,145</b>	<b>34,108</b>
<u>Marketing expenses</u>				
Entertainment	252	311	1,100	776
Other marketing	416	401	1,301	618
	<b>668</b>	<b>712</b>	<b>2,401</b>	<b>1,394</b>
<u>Establishment costs</u>				
Rental of premises	1,646	1,703	4,927	4,997
Depreciation	976	492	2,636	1,471
Amortisation	24	28	70	83
Repairs and maintenance	208	59	413	205
Property and equipment written off	1	1	139	1
Information technology expenses	1,090	603	1,989	1,410
Other establishment costs	88	57	200	325
	<b>4,033</b>	<b>2,943</b>	<b>10,374</b>	<b>8,492</b>
<u>Administration and general expenses</u>				
Insurance premium	6	3	582	393
Auditors' remuneration				
- statutory audit fees	66	36	166	133
- regulatory related service	9	16	53	57
Travelling and accommodation	629	436	1,578	1,124
Telecommunication and utilities	285	312	737	775
Printing, stationery and postage	257	185	533	496
Legal and professional fees	232	168	1,342	315
Other administration and general expenses	463	337	2,411	1,142
	<b>1,947</b>	<b>1,493</b>	<b>7,402</b>	<b>4,435</b>
<u>Other expenses</u>				
Cost of precious metal	420	6,563	2,803	7,191
	<b>420</b>	<b>6,563</b>	<b>2,803</b>	<b>7,191</b>
	<b>22,634</b>	<b>24,978</b>	<b>67,125</b>	<b>55,620</b>



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**21 Other operating expenses (continued)**  
**Bank**

	3rd Quarter Ended		Nine Months Ended	
	30 September 2015 RM'000	30 September 2014 RM'000	30 September 2015 RM'000	30 September 2014 RM'000
<u>Personnel expenses</u>				
Salaries & wages	8,508	5,729	23,385	16,057
Bonuses	3,123	4,242	10,105	9,438
Defined contribution plan ("EPF")	1,604	1,330	4,233	3,367
Staff welfare expenses	483	239	1,226	859
Other personnel costs	1,112	994	3,030	2,258
	<b>14,830</b>	<b>12,534</b>	<b>41,979</b>	<b>31,979</b>
<u>Marketing expenses</u>				
Entertainment	252	312	1,100	772
Other marketing	416	402	1,301	616
	<b>668</b>	<b>714</b>	<b>2,401</b>	<b>1,388</b>
<u>Establishment costs</u>				
Rental of premises	1,309	1,354	3,906	3,705
Depreciation	805	433	2,118	1,302
Amortisation	22	27	68	82
Repairs and maintenance	206	87	411	191
Property and equipment written off	1	1	139	1
Information technology expenses	1,088	591	1,986	1,397
Other establishment costs	73	53	181	294
	<b>3,504</b>	<b>2,546</b>	<b>8,809</b>	<b>6,972</b>
<u>Administration and general expenses</u>				
Insurance premium	6	3	577	388
Auditors' remuneration				
- statutory audit fees	46	35	137	102
- regulatory related service	5	15	47	51
Travelling and accommodation	620	427	1,566	1,075
Telecommunication and utilities	258	289	674	706
Printing, stationery and postage	225	149	451	392
Legal and professional fees	233	168	1,341	295
Other administration and general expenses	392	266	2,256	958
	<b>1,785</b>	<b>1,352</b>	<b>7,049</b>	<b>3,967</b>
<u>Other expenses</u>				
Cost of precious metal	420	6,563	2,803	7,191
	<b>420</b>	<b>6,563</b>	<b>2,803</b>	<b>7,191</b>
	<b>21,207</b>	<b>23,709</b>	<b>63,041</b>	<b>51,497</b>

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**22 Allowance (written back)/made for impairment on loans and advances**

	<b>3rd Quarter Ended</b>		<b>Nine Months Ended</b>	
	<b>Group and Bank</b>		<b>Group and Bank</b>	
	<b>30 September</b>	30 September	<b>30 September</b>	30 September
	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>
	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
Allowance for impaired loans and advances				
<u>Individual impairment allowance</u>				
- Made during the financial period	<b>789</b>	-	<b>1,301</b>	-
- Written back during the financial period	<b>-</b>	-	<b>(237)</b>	-
	<b>789</b>	-	<b>1,064</b>	-
<u>Collective impairment allowance</u>				
- Made during the financial period	<b>6,448</b>	-	<b>32,049</b>	8,434
- Written back during the financial period	<b>(8,177)</b>	-	<b>(28,965)</b>	-
	<b>(1,729)</b>	-	<b>3,084</b>	8,434
	<b>(940)</b>	-	<b>4,148</b>	8,434

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**23 Capital adequacy**

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

	<u>Group</u>		<u>Bank</u>	
	<u>30 September 2015 RM'000</u>	<u>31 December 2014 RM'000</u>	<u>30 September 2015 RM'000</u>	<u>31 December 2014 RM'000</u>
<b><u>Common Equity Tier 1 (CET1) Capital</u></b>				
Paid-up ordinary share capital	760,518	760,518	760,518	760,518
Retained profits	124,665	147,077	112,106	134,518
Other reserves	171,605	171,605	171,605	171,605
Regulatory reserves	22,412	-	22,412	-
	<u>1,079,200</u>	<u>1,079,200</u>	<u>1,066,641</u>	<u>1,066,641</u>
Regulatory adjustment applied in the calculation of CET 1 Capital				
- Deferred tax assets	(4,133)	(3,627)	(4,133)	(3,627)
- Regulatory reserve attributable to loans and advances	(22,412)	-	(22,412)	-
	<u>(26,545)</u>	<u>(3,627)</u>	<u>(26,545)</u>	<u>(3,627)</u>
Total CET1 capital / Total Tier 1 capital	<u>1,052,655</u>	<u>1,075,573</u>	<u>1,040,096</u>	<u>1,063,014</u>
<b><u>Tier-2 capital</u></b>				
Collective assessment allowance	31,761	26,962	31,761	26,962
Regulatory reserves	22,412	-	22,412	-
Total Tier-2 capital	<u>54,173</u>	<u>26,962</u>	<u>54,173</u>	<u>26,962</u>
Less: Investment in subsidiary	-	-	(1,000)	(1,000)
Total capital base	<u>1,106,828</u>	<u>1,102,535</u>	<u>1,093,269</u>	<u>1,088,976</u>
<b><u>Capital ratios</u></b>				
CET 1 capital ratio	19.488%	21.684%	19.355%	21.570%
Tier 1 capital ratio	19.488%	21.684%	19.355%	21.570%
Total capital ratio	20.491%	22.228%	20.344%	22.097%

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**23 Capital adequacy (continued)**

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

	<b>Group</b>		<b>Bank</b>	
	<b>30 September 2015</b>	<b>31 December 2014</b>	<b>30 September 2015</b>	<b>31 December 2014</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Credit risk	<b>5,029,793</b>	4,662,667	<b>5,025,858</b>	4,658,214
Market risk	<b>28,725</b>	9,599	<b>28,725</b>	9,599
Operational risk	<b>343,061</b>	287,921	<b>319,234</b>	260,424
<b>Total risk-weighted assets</b>	<b><u>5,401,579</u></b>	<u>4,960,187</u>	<b><u>5,373,817</u></b>	<u>4,928,237</u>

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.

On 6 April 2015, Bank Negara Malaysia issued Policy Document on Classification and Impairment Provisions for Loans/Financing. Pursuant to paragraph 15.2 of the Policy Document, effective 31 December 2015 banking institution is required to maintain in aggregate, collective impairment allowances and regulatory reserves of no less than 1.2% of total outstanding loans/financing, net of individual impairment.

The regulatory reserve is maintained in addition to the collective impairment allowances that have been assessed in accordance with MFRS139. It will be transferred from the retained profits to a separate reserve namely regulatory reserve within the equity.

During the financial period, the Bank has transferred RM22,412 million from its retained profits to regulatory reserve maintaining aggregate of collective impairment allowances and regulatory reserves of 1.1% of total outstanding loans and advances. The Bank will gradually increase the ratio to 1.2% by 31 December 2015. The regulatory reserve does not qualify as Common Equity Tier 1 (CET1) Capital and Tier 1 Capital under Bank Negara Malaysia's Capital Adequacy Framework (Capital Components). The adoption of this requirement of 1.1% has resulted in a decrease of 0.417% respectively in CET1 and Tier 1 capital ratio of the Bank and the Group.

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**24 Commitments and contingencies**

	<b>Group and Bank</b>					
	<b>30 September 2015</b>			<b>31 December 2014</b>		
	<b>Principal RM'000</b>	<b>Credit equivalent RM'000</b>	<b>Risk weighted RM'000</b>	<b>Principal RM'000</b>	<b>Credit equivalent RM'000</b>	<b>Risk weighted RM'000</b>
Direct credit substitutes	90,887	90,887	39,090	73,805	73,805	57,461
Transaction-related contingent items	1,605,771	802,886	444,976	1,234,096	617,048	271,515
Short-term self-liquidation trade related contingencies	82,814	16,563	6,595	22,360	4,472	4,461
Irrevocable commitments to extend credit:						
- Maturity not exceeding one year	1,094,087	218,817	199,778	1,187,031	237,406	221,426
- Maturity exceeding one year	246,578	123,289	77,627	350,416	175,208	123,227
Foreign exchange related contracts:						
- Less than one year	325,859	7,837	1,638	1,269,346	12,059	2,412
<b>Total</b>	<b>3,445,996</b>	<b>1,260,279</b>	<b>769,704</b>	<b>4,137,054</b>	<b>1,119,998</b>	<b>680,502</b>

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**25 Operations of Islamic Banking**

No Islamic banking activities was involved for the financial period ended 30 September 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 Reporting Date**

There were no material events subsequent to the reporting 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 2015.