

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

INTERIM FINANCIAL STATEMENTS

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2011

	Note	Group		Bank	
		31 March 2011 RM'000	31 December 2010 RM'000	31 March 2011 RM'000	31 December 2010 RM'000
ASSETS					
Cash and short-term funds	9	1,298,187	1,173,318	1,298,185	1,173,316
Deposits and placements with banks and other financial institutions	10	-	-	-	-
Held-to-maturity securities	11	40,629	40,225	40,629	40,225
Loans and advances	12	952,656	943,863	952,656	943,863
Other assets	13	13,154	24,984	12,977	24,484
Deferred tax assets		5,557	5,557	5,557	5,557
Statutory deposits with Bank Negara Malaysia		6,100	2,100	6,100	2,100
Property and equipment		7,649	8,063	6,465	6,715
Intangible assets		31	52	25	43
Investment in a subsidiary		-	-	1,000	1,000
TOTAL ASSETS		<u>2,323,963</u>	<u>2,198,162</u>	<u>2,323,594</u>	<u>2,197,303</u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY					
Deposits from customers	14	936,727	815,682	945,944	823,114
Deposits and placements of banks and other financial institutions	15	957,722	940,417	957,722	940,417
Other liabilities	16	33,965	54,617	32,265	52,859
Provision for taxation		1,946	1,946	1,626	1,626
Deferred tax liabilities		27	27	-	-
TOTAL LIABILITIES		<u>1,930,387</u>	<u>1,812,689</u>	<u>1,937,557</u>	<u>1,818,016</u>
Financed by:					
Share capital		304,000	304,000	304,000	304,000
Reserves		89,576	81,473	82,037	75,287
SHAREHOLDERS' EQUITY		<u>393,576</u>	<u>385,473</u>	<u>386,037</u>	<u>379,287</u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		<u>2,323,963</u>	<u>2,198,162</u>	<u>2,323,594</u>	<u>2,197,303</u>
COMMITMENTS AND CONTINGENCIES					
	24	<u>1,447,258</u>	<u>1,428,641</u>	<u>1,447,258</u>	<u>1,428,641</u>

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INTERIM FINANCIAL STATEMENTS
UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR
THE THREE MONTHS ENDED 31 MARCH 2011

Group		Three Months Ended	
		31 March	31 March
		2011	2010
		RM'000	RM'000
Interest income	17	16,481	8,978
Interest expense	18	(7,799)	(3,548)
Net interest income		<u>8,682</u>	<u>5,430</u>
Other operating income	19	8,587	6,903
Other operating expenses	20	(7,166)	(6,147)
Operating profit		<u>10,103</u>	<u>6,186</u>
Allowance for impairment on loans and advances	21	-	(12)
Profit before taxation		<u>10,103</u>	<u>6,174</u>
Taxation		<u>(2,000)</u>	<u>(1,510)</u>
Other comprehensive income		<u><u>8,103</u></u>	<u><u>4,664</u></u>

Bank		Three Months Ended	
		31 March	31 March
		2011	2010
		RM'000	RM'000
Interest income	17	16,481	8,978
Interest expense	18	(7,799)	(3,548)
Net interest income		<u>8,682</u>	<u>5,430</u>
Other operating income	19	5,948	4,134
Other operating expenses	20	(6,380)	(5,539)
Operating profit		<u>8,250</u>	<u>4,025</u>
Allowance for losses on loans and advances	21	-	(12)
Profit before taxation		<u>8,250</u>	<u>4,013</u>
Taxation		<u>(1,500)</u>	<u>(1,300)</u>
Other comprehensive income		<u><u>6,750</u></u>	<u><u>2,713</u></u>

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INTERIM FINANCIAL STATEMENTS
UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE THREE MONTHS ENDED
31 MARCH 2011

	Issued and fully paid ordinary shares of RM1.00 each	Non- distributable Statutory reserves	Distributable Retained profits	Total
	Nominal value RM'000	RM'000	RM'000	RM'000
Group				
At 1 January 2011	304,000	58,378	23,095	385,473
Profit for the financial period	-	-	8,103	8,103
Total comprehensive income for the period	-	-	8,103	8,103
Transfer to statutory reserve	-	-	-	-
Dividends paid	-	-	-	-
At 31 March 2011	304,000	58,378	31,198	393,576
At 1 January 2010	304,000	50,754	8,847	363,601
Net profit for the financial period	-	-	4,664	4,664
Total recognised income for the financial period	-	-	4,664	4,664
Transfer to statutory reserve	-	-	-	-
Dividends paid	-	-	-	-
At 31 March 2010	<u>304,000</u>	<u>50,754</u>	<u>13,511</u>	<u>368,265</u>
Bank				
At 1 January 2011	304,000	58,378	16,909	379,287
Profit for the financial period	-	-	6,750	6,750
Total comprehensive income for the period	-	-	6,750	6,750
Transfer to statutory reserve	-	-	-	-
Dividends paid	-	-	-	-
At 31 March 2011	304,000	58,378	23,659	386,037
At 1 January 2010	304,000	50,754	9,286	364,040
Profit for the financial period	-	-	2,713	2,713
Total comprehensive income for the period	-	-	2,713	2,713
Transfer to statutory reserve	-	-	-	-
Dividends paid	-	-	-	-
At 31 March 2010	<u>304,000</u>	<u>50,754</u>	<u>11,999</u>	<u>366,753</u>

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INTERIM FINANCIAL STATEMENTS

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE THREE MONTHS ENDED 31 MARCH 2011

	Note	Group		Bank	
		31 March 2011 RM'000	31 March 2010 RM'000	31 March 2011 RM'000	31 March 2010 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit before taxation		10,103	6,174	8,250	4,013
<i>Adjustment for:</i>					
Depreciation of property and equipment		363	275	331	229
Amortisation of intangible assets		21	122	18	120
Net gain on disposal of property and equipment		(30)	-	(30)	-
Amortisation of premium less accretion of discount		(32)	(31)	(32)	(31)
Allowance for impairment on loans and advances		-	12	-	12
Interest income from held-to-maturity securities		(370)	(371)	(370)	(371)
Unrealised foreign exchange loss / (gain)		127	(1,223)	127	(1,223)
Operating profit before changes in operating assets and liabilities		10,182	4,958	8,294	2,749
(INCREASE)/DECREASE IN OPERATING ASSETS					
Deposits and placements with banks and other financial institutions		-	10,000	-	10,000
Loans and advances		(8,793)	(16,250)	(8,793)	(16,250)
Other assets		11,111	(2,303)	10,788	(1,642)
Amount due from subsidiary company		-	-	-	681
Statutory deposits with Bank Negara Malaysia		(4,000)	-	(4,000)	-
INCREASE IN OPERATING LIABILITIES					
Deposits from customers		121,045	(38,905)	122,830	(37,733)
Deposits and placements of banks and other financial institutions		17,305	67,807	17,305	67,807
Bills and acceptances payable		-	(2,096)	-	(2,096)
Other liabilities		(20,652)	26	(20,594)	(744)
Cash generated from operating activities		126,198	23,237	125,830	22,772
Taxation paid		(2,000)	(1,510)	(1,500)	(1,300)
Net cash generated from operating activities		124,198	21,727	124,330	21,472
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of property and equipment		(114)	(788)	(81)	(533)
Purchase of intangible assets		-	-	-	-
Proceeds from disposal of property and equipment		195	-	30	-
Interest received on held-to-maturity securities		370	-	370	-
Net cash generated from/(used in) investing activities		451	(788)	319	(533)
CASH FLOWS FROM FINANCING ACTIVITIES					
Dividends paid		-	-	-	-
Net cash used in financing activities		-	-	-	-
NET INCREASE IN CASH AND CASH EQUIVALENTS DURING THE FINANCIAL PERIOD					
		124,649	20,939	124,649	20,939
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR					
		1,172,172	808,721	1,172,170	808,720
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD					
	9	1,296,821	829,660	1,296,819	829,659

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NOTES TO UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED 31 MARCH 2011

1 Review of Performance and Commentary of Prospects

The Bank's profit before taxation for the three months ended 31 March 2011 was higher as compared with the corresponding period in 2010 due to increased in revenue. However this was offset partly by increased in overheads as a result of network expansion. The Bank is focusing on growing the total assets base. At the same time emphasis will be placed on the development of the Renminbi business and liability management.

2 Group Accounting Policies

The unaudited condensed consolidated interim financial statements for the three months ended 31 March 2011 have been prepared in accordance with FRS134 Interim Financial Reporting issued by the Malaysian Accounting Standard Board ("MASB"). The interim financial statements should be read in conjunction with the audited financial statements of the Bank for the financial year ended 31 December 2010.

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 2010.

The Bank's allowance for impaired loans is in conformity with the requirements of BNM's Guidelines on Classification and Impairment Provisions for Loans/Financing.

3 Audit Report

The audit report for the financial period ended 31 December 2010 was not subject to any qualification.

4 Seasonal or Cyclical Factors

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

5 Exceptional or Extraordinary Items

There were no exceptional or extraordinary items in the three months ended 31 March 2011.

6 Changes in Estimates

There were no material changes in estimates of amounts reported in prior financial years that have a material effect in the three months ended 31 March 2011.

7 Changes in Debt and Equity Securities

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

8 Dividend paid

No dividend was paid during the three months ended 31 March 2011.

9 Cash and short-term funds

	Group		Bank	
	31 March 2011	31 December 2010	31 March 2011	31 December 2010
	RM'000	RM'000	RM'000	RM'000
Cash and balances with banks and other financial institutions	175,925	174,518	175,923	174,516
Money at call and deposit placements maturing within 1 month	1,120,896	997,654	1,120,896	997,654
	1,296,821	1,172,172	1,296,819	1,172,170
Interest receivable	1,366	1,146	1,366	1,146
	1,298,187	1,173,318	1,298,185	1,173,316

10 Deposits and placements with banks and other financial institutions

	Group and Bank	
	31 March 2011	31 December 2010
	RM'000	RM'000
Bank Negara Malaysia	-	-
	-	-

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NOTES TO UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED 31 MARCH 2011

11 Held-to-maturity securities

	Group and Bank	
	31 March	31 December
	2011	2010
	RM'000	RM'000
At amortised cost		
Money market instrument:		
Malaysian Government Securities	39,672	39,672
Accretion of discounts less amortisation of premium	319	286
Interest receivable	638	267
	<u>40,629</u>	<u>40,225</u>

12 Loans and advances

At amortised cost

	Group and Bank	
	31 March	31 December
	2011	2010
	RM'000	RM'000
(i) By type		
Overdrafts	126,366	119,139
Terms loans		
- Housing loans	9,568	9,546
- Syndicated term loan	232,191	248,139
- Other term loans	417,922	373,653
Bills receivable	24,542	-
Trust receipts	8,392	9,568
Claims on customers under acceptance credits	91,608	93,872
Staff loans	2,159	2,210
Loans to banks and other financial institutions	60,699	108,457
	<u>973,447</u>	<u>964,584</u>
Less: Unearned interest and income	(451)	(381)
Total gross loans and advances	<u>972,996</u>	<u>964,203</u>
Less: Allowance for impaired loans and advances		
- Collective assessment allowance	(17,466)	(17,466)
- Individual assessment allowance	(2,874)	(2,874)
Total net loans and advances	<u>952,656</u>	<u>943,863</u>

(ii) By geographical distribution

	Group and Bank	
	31 March	31 December
	2011	2010
	RM'000	RM'000
Malaysia	744,256	733,900
Other countries	228,740	230,303
Total gross loans and advances	<u>972,996</u>	<u>964,203</u>

(iii) By interest rate sensitivity

	Group and Bank	
	31 March	31 December
	2011	2010
	RM'000	RM'000
Fixed rate		
- Housing loans	-	-
- Other fixed rate loan	2,948	3,047
Variable rate		
- BLR plus	512,862	479,016
- Cost plus	104,968	110,851
- Other variable rates	352,218	371,289
	<u>972,996</u>	<u>964,203</u>

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NOTES TO UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED 31 MARCH 2011

(iv) By purpose

	Group and Bank	
	31 March 2011 RM'000	31 December 2010 RM'000
Purchase of securities	30,167	30,167
Purchase of transport vehicles	30	31
Purchase of landed property:	206,470	196,875
- Residential	14,760	15,308
- Non-residential	191,710	181,567
Purchase of fixed assets other than land and building	789	836
Personal use	13,372	17,333
Construction	12,258	11,358
Working capital	583,352	579,930
Other purpose	126,558	127,673
	<u>972,996</u>	<u>964,203</u>

12 Loans and advances (continued)

(v) By residual contractual maturity

	Group and Bank	
	31 March 2011 RM'000	31 December 2010 RM'000
Up to one month	316,490	396,571
More than one month to three months	142,000	170,177
More than three months to six months	99,586	12,099
More than six months to twelve months	20,109	-
More than twelve months	394,811	385,356
	<u>972,996</u>	<u>964,203</u>

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

(vi) Impaired loans and advances

(a) Movements in impaired loans and advances

	Group and Bank	
	31 March 2011 RM'000	31 December 2010 RM'000
At beginning of financial period/year	2,921	2,934
Classified as impaired during the period/year	-	66
Amount recovered	-	(36)
Amount written off	-	(43)
At end of financial period/year	2,921	2,921
Individual Allowance for impairment	(2,874)	(2,874)
Net impaired loans and advances	<u>47</u>	<u>47</u>
Ratio of net impaired loans and advances to gross loans and advances less allowance for impairment	0.00%	0.00%

(b) By geographical

	Group and Bank	
	31 March 2011 RM'000	31 December 2010 RM'000
Malaysia	2,921	2,921
Other countries	-	-
	<u>2,921</u>	<u>2,921</u>

c) By purposes

	Group and Bank	
	31 March 2011 RM'000	31 December 2010 RM'000
Purchase of residential property	58	58
Working capital	2,863	2,863
	<u>2,921</u>	<u>2,921</u>

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NOTES TO UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED 31 MARCH 2011

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

	Group and Bank	
	31 March 2011 RM'000	31 December 2010 RM'000
Individual assessment allowance		
At beginning of the financial period/year	2,874	2,887
Allowance made during the financial period/year	-	32
Amount recovered	-	(37)
Amount written off	-	(8)
At end of the financial period/year	<u>2,874</u>	<u>2,874</u>
Collective assessment allowance		
At beginning of the financial period/year	17,466	17,466
Allowance made during the financial period/year	-	-
At end of the financial period/year	<u>17,466</u>	<u>17,466</u>

13 Other Assets

	Group		Bank	
	31 March 2011 RM'000	31 December 2010 RM'000	31 March 2011 RM'000	31 December 2010 RM'000
Interest receivable	-	-	-	-
Other debtors, deposits and prepayments	13,154	24,984	12,977	24,484
	<u>13,154</u>	<u>24,984</u>	<u>12,977</u>	<u>24,484</u>

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NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED 31 MARCH 2011

14 Deposits from Customers

(i) By type of deposits

	Group		Bank	
	31 March 2011	31 December 2010	31 March 2011	31 December 2010
	RM'000	RM'000	RM'000	RM'000
Demand deposits	166,065	129,803	175,282	137,235
Savings deposits	29,207	28,035	29,207	28,035
Fixed deposits	659,527	576,088	659,527	576,088
Negotiable instruments of deposits	80,322	80,156	80,322	80,156
Others	1,606	1,600	1,606	1,600
	936,727	815,682	945,944	823,114

(ii) By type of customer

	Group		Bank	
	31 March 2011	31 December 2010	31 March 2011	31 December 2010
	RM'000	RM'000	RM'000	RM'000
Government and statutory bodies	1,606	1,600	1,606	1,600
Business enterprises	607,634	535,374	616,851	542,806
Individuals	314,837	268,543	314,837	268,543
Others	12,650	10,165	12,650	10,165
	936,727	815,682	945,944	823,114

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

	Group and Bank	
	31 March 2011	31 December 2010
	RM'000	RM'000
Due within six months	608,877	565,491
Six months to one year	108,800	90,753
More than one year	22,172	-
	739,849	656,244

15 Deposits and placements of banks and other financial institutions

	Group and Bank	
	31 March 2011	31 December 2010
	RM'000	RM'000
Licensed banks	957,722	940,417
	957,722	940,417

16 Other Liabilities

	Group		Bank	
	31 March 2011	31 December 2010	31 March 2011	31 December 2010
	RM'000	RM'000	RM'000	RM'000
Accrued expenses	6,149	5,810	5,748	5,153
Margin deposits	7,730	7,958	7,730	7,958
Other liabilities	20,086	40,849	18,787	39,748
	33,965	54,617	32,265	52,859

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NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED 31 MARCH 2011

17 Interest income	Three Months Ended	
	Group and Bank	
	31 March 2011 RM'000	31 March 2010 RM'000
Loans and advances		
- Interest income other than recoveries from impaired loans	10,163	4,620
- Recoveries from impaired loans and advances	-	-
Money at call and deposit placement with financial institutions	5,916	3,956
Securities		
- Held-to-maturity investments	370	371
	<u>16,449</u>	<u>8,947</u>
Amortisation of premium less accretion of discount	32	31
Interest suspended	-	-
Total interest income	<u>16,481</u>	<u>8,978</u>

18 Interest Expense	Three Months Ended	
	Group and Bank	
	31 March 2011 RM'000	31 March 2010 RM'000
Deposits and placements of banks and other financial institutions	2,831	1,194
Deposits from customers	4,955	2,346
Others	13	8
	<u>7,799</u>	<u>3,548</u>

19 Other operating income	Three Months Ended	
	Group	
	31 March 2011 RM'000	31 March 2010 RM'000
Fees income:		
- Fee on loans and advances	677	477
- Service charges and fees	3,993	4,219
- Guarantee fees	923	482
	<u>5,593</u>	<u>5,178</u>
Foreign exchange income:		
- Realised	3,091	499
- Unrealised	(127)	1,223
Gain from disposal of property and equipment	30	-
Other income	-	3
	<u>8,587</u>	<u>6,903</u>

Bank	Three Months Ended	
	Bank	
	31 March 2011 RM'000	31 March 2010 RM'000
Fees income:		
- Fee on loans and advances	676	477
- Service charges and fees	1,325	1,420
- Guarantee fees	923	482
	<u>2,924</u>	<u>2,379</u>
Foreign exchange income:		
- Realised	3,091	499
- Unrealised	(127)	1,223
Gain from disposal of property and equipment	30	-
Other income	30	33
	<u>5,948</u>	<u>4,134</u>

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NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED 31 MARCH 2011

20 Other operating expenses
Group

	Three Months Ended	
	31 March	31 March
	2011	2010
	RM'000	RM'000
<u>Personnel expenses</u>	4,502	3,792
Salaries & wages (includes CEO / EDs)	2,632	2,302
Bonuses	1,000	765
Defined contribution plan ("EPF")	491	403
Staff welfare expenses	136	174
Other personnel costs	243	148
<u>Marketing expenses</u>	157	132
Entertainment	133	94
Other marketing	24	38
<u>Establishment costs</u>	1,643	1,385
Rental of premises	808	604
Depreciation	363	275
Amortisation	21	122
Repairs and maintenance	163	180
Other establishment costs	288	204
<u>Administration and general expenses</u>	864	838
Insurance premium	66	67
Travelling and accommodation	81	42
Telecommunication and utilities	137	96
Printing, stationery and postage	162	260
Legal and professional fees	83	171
Other administration and general expenses	335	202
	7,166	6,147

Bank

	Three Months Ended	
	31 March	31 March
	2011	2010
	RM'000	RM'000
<u>Personnel expenses</u>	3,980	3,438
Salaries & wages (includes CEO / EDs)	2,291	2,066
Bonuses	893	700
Defined contribution plan ("EPF")	455	379
Staff welfare expenses	109	161
Other personnel costs	232	132
<u>Marketing expenses</u>	156	132
Entertainment	133	93
Other marketing	23	39
<u>Establishment costs</u>	1,418	1,157
Rental of premises	646	451
Depreciation	331	229
Amortisation	18	120
Repairs and maintenance	160	167
Other establishment costs	263	190
<u>Administration and general expenses</u>	826	812
Insurance premium	63	67
Travelling and accommodation	81	52
Telecommunication and utilities	127	82
Printing, stationery and postage	147	252
Legal and professional fees	83	166
Other administration and general expenses	325	193
	6,380	5,539

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NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED 31 MARCH 2011

21 Allowance for impairment on loans and advances

	Three Months Ended	
	Group and Bank	
	31 March	31 March
	<u>2011</u>	<u>2010</u>
	RM'000	RM'000
Allowance for impairment on loans and advances		
(a) Individual assessment allowance		
- Made in the financial period	-	12
- Written back in the financial period	-	-
(b) Collective assessment allowance	-	-
- Made in the financial period	-	12

BANK OF CHINA (MALAYSIA) BERHAD (511251-V)
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NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED 31 MARCH 2011

23 Capital adequacy

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

	Bank	
	31 March 2011 RM'000	31 December 2010 RM'000
<u>Tier-1 capital</u>		
Paid-up ordinary share capital	304,000	304,000
Retained profits	16,909	16,909
Other reserves	58,378	58,378
	379,287	379,287
Less: Deferred tax assets	(5,557)	(5,557)
Total Tier-1 Capital	373,730	373,730
<u>Tier-2 capital</u>		
Collective allowance for impairment	17,466	17,466
Total Tier-2 Capital	17,466	17,466
Less: investment in a subsidiary	(1,000)	(1,000)
Total capital base	390,196	390,196
<u>Capital ratios</u>		
Core capital ratio	24.1%	25.5%
Risk-weighted capital ratio	25.2%	26.7%

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

Credit risk	1,452,166	1,377,555
Market risk	11,071	4,300
Operational risk	84,911	81,759
Total risk-weighted assets	1,548,148	1,463,614

The Bank implemented Basel II - Risk Weighted Assets Computation under the BNM's Risk-weighted Capital Adequacy Framework ('RWCAF') with effect from 1 January 2008. The Bank has adopted the Standardised Approach for credit risk and market risk, and the basic indicator approach for operational risk.

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(Incorporated in Malaysia)

NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED 31 MARCH 2011

24 Commitments and contingencies

	31 March 2011			Group and Bank		
				31 December 2010		
	<u>Principal</u>	<u>Credit</u>	<u>Risk</u>	<u>Principal</u>	<u>Credit</u>	<u>Risk</u>
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Direct credit substitutes	795	795	795	540	540	540
Transaction-related contingent items	559,054	279,527	138,286	534,458	267,229	132,439
Short-term self-liquidation trade related contingencies	1,937	387	209	1,126	225	203
Irrevocable commitments to extend credit:						
- Maturity not exceeding one year	432,247	86,449	84,480	434,649	86,930	117,311
- Maturity exceeding one year	432,047	216,024	139,821	428,576	214,288	59,551
Foreign exchange related contracts:						
- Less than one year	17,220	-	-	12,744	-	-
Others	3,958	-	-	16,548	-	-
Total	<u>1,447,258</u>	<u>583,182</u>	<u>363,591</u>	<u>1,428,641</u>	<u>569,212</u>	<u>310,044</u>

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NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED 31 MARCH 2011

25 Credit Exposures Arising From Credit Transactions With Connected Parties

	Group and Bank	
	31 March 2011	31 December 2010
Outstanding credit exposures with connected parties (RM'000)	<u>216,170</u>	<u>190,262</u>
Percentage of outstanding credit exposures to connected parties as proportion of total credit exposures	<u>14%</u>	<u>13%</u>
Percentage of outstanding credit exposures with connected parties which is non-performing or in default	<u>0%</u>	<u>0%</u>

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

26 Operations of Islamic Banking

No Islamic banking activities was involved for the financial period ended 31 March 2011.

27 Valuation of Property, Plant and Equipment

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

28 Events subsequent to Balance Sheet Date

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

29 Changes in the composition of the Group

There were no significant changes in the composition of the Group for the 1st quarter ended 31 March 2011.