

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

INTERIM FINANCIAL STATEMENTS

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2012

	Note	Group		Bank	
		31 March	31 December	31 March	31 December
		2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
ASSETS					
Cash and short-term funds	9	1,606,173	1,206,298	1,605,901	1,206,248
Deposits and placements with banks and other financial institutions	10	409,725	223,286	409,725	223,286
Held-to-maturity securities	11	60,940	40,413	60,940	40,413
Loans and advances	12	2,157,816	1,440,824	2,157,816	1,440,824
Other assets	13	13,619	13,121	13,069	12,657
Deferred tax assets		6,965	6,965	6,939	6,939
Statutory deposits with Bank Negara Malaysia		23,560	17,700	23,560	17,700
Property and equipment		6,693	7,388	5,673	6,311
Intangible assets		313	9	312	5
Investment in a subsidiary		-	-	1,000	1,000
TOTAL ASSETS		4,285,804	2,956,004	4,284,935	2,955,383
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY					
Deposits from customers	14	1,594,336	1,518,987	1,602,289	1,525,697
Deposits and placements of banks and other financial institutions	15	2,234,340	986,979	2,234,340	986,979
Other liabilities	16	40,860	35,484	39,541	34,373
Provision for taxation		1,532	1,532	1,367	1,367
Deferred tax liabilities		-	-	-	-
TOTAL LIABILITIES		3,871,068	2,542,982	3,877,537	2,548,416
Financed by:					
Share capital		304,000	304,000	304,000	304,000
Reserves		110,736	109,022	103,398	102,967
SHAREHOLDERS' EQUITY		414,736	413,022	407,398	406,967
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		4,285,804	2,956,004	4,284,935	2,955,383
COMMITMENTS AND CONTINGENCIES	24	1,468,899	1,063,345	1,468,899	1,063,345

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

INTERIM FINANCIAL STATEMENTS
UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR
THE THREE MONTHS ENDED 31 MARCH 2012

Group		Three Months Ended	
		31 March	31 March
		2012	2011
		RM'000	RM'000
Interest income	17	31,549	16,481
Interest expense	18	(18,027)	(7,799)
Net interest income		13,522	8,682
Other operating income	19	9,378	8,587
Other operating expenses	20	(8,240)	(7,166)
Operating profit		14,660	10,103
Allowance for impairment on loans and advances	21	(10,523)	-
Profit before taxation		4,137	10,103
Taxation		(2,423)	(2,000)
Total comprehensive income for the period		1,714	8,103

Bank		Three Months Ended	
		31 March	31 March
		2012	2011
		RM'000	RM'000
Interest income	17	31,549	16,481
Interest expense	18	(18,027)	(7,799)
Net interest income		13,522	8,682
Other operating income	19	6,672	5,948
Other operating expenses	20	(7,317)	(6,380)
Operating profit		12,877	8,250
Allowance for losses on loans and advances	21	(10,523)	-
Profit before taxation		2,354	8,250
Taxation		(1,923)	(1,500)
Profit for the financial period		431	6,750
Other comprehensive income		-	-
Total comprehensive income for the period		431	6,750

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

INTERIM FINANCIAL STATEMENTS
UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE THREE MONTHS ENDED
31 MARCH 2012

	Issued and fully paid ordinary shares of RM1.00 each	Non- distributable	Distributable	Total
	Nominal value RM'000	Statutory reserves RM'000	Retained profits RM'000	RM'000
Group				
At 1 January 2012	304,000	72,218	36,804	413,022
Profit for the financial period	-	-	1,714	1,714
Total comprehensive income for the period	-	-	1,714	1,714
Transfer to statutory reserve	-	-	-	-
Dividends paid	-	-	-	-
At 31 March 2012	304,000	72,218	38,518	414,736
At 1 January 2011	304,000	58,378	23,095	385,473
Net profit for the financial period	-	-	8,103	8,103
Total recognised income for the financial period	-	-	8,103	8,103
At 31 March 2011	<u>304,000</u>	<u>58,378</u>	<u>31,198</u>	<u>393,576</u>
Bank				
At 1 January 2012	304,000	72,218	30,749	406,967
Profit for the financial period	-	-	431	431
Total comprehensive income for the period	-	-	431	431
At 31 March 2012	304,000	72,218	31,180	407,398
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
At 31 March 2011	<u>304,000</u>	<u>58,378</u>	<u>23,659</u>	<u>386,037</u>

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

INTERIM FINANCIAL STATEMENTS

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE THREE MONTHS ENDED 31 MARCH 2012

	Group		Bank	
	31 March 2012	31 March 2011	31 March 2012	31 March 2011
Note	RM'000	RM'000	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before taxation	4,137	10,103	2,354	8,250
<i>Adjustment for:</i>				
Depreciation of property and equipment	388	363	330	331
Amortisation of intangible assets	12	21	10	18
Net gain on disposal of property and equipment	-	(30)	-	(30)
Amortisation of premium less accretion of discount	30	(32)	30	(32)
Allowance for/(write-back of) losses on loans and advances	10,523	-	10,523	-
Interest income from held-to-maturity securities	(306)	(370)	(306)	(370)
Unrealised foreign exchange loss / (gain)	519	127	519	127
	15,303	10,182	13,460	8,294
(INCREASE)/DECREASE IN OPERATING ASSETS				
Deposits and placements with banks and other financial institutions	(186,439)	-	(186,439)	-
Loans and advances	(727,515)	(8,793)	(727,515)	(8,793)
Held-to-maturity Securities	(20,803)	-	(20,803)	-
Other assets	(1,045)	11,331	(959)	11,008
Statutory deposits with Bank Negara Malaysia	(5,860)	(4,000)	(5,860)	(4,000)
INCREASE IN OPERATING LIABILITIES				
Deposits from customers	75,349	121,045	76,592	122,830
Deposits and placements of banks and other financial institutions	1,247,361	17,305	1,247,361	17,305
Other liabilities	5,376	(20,652)	5,168	(20,594)
	401,727	126,418	401,005	126,050
Cash generated from operating activities	401,727	126,418	401,005	126,050
Taxation paid	(2,423)	(2,000)	(1,923)	(1,500)
	399,304	124,418	399,082	124,550
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of property and equipment	307	(114)	307	(81)
Purchase of intangible assets	(316)	-	(316)	-
Proceeds from disposal of property and equipment	-	195	-	30
Interest received on held-to-maturity securities	580	370	580	370
	571	451	571	319
Net cash generated from/(used in) investing activities	571	451	571	319
CASH FLOWS FROM FINANCING ACTIVITIES				
	-	-	-	-
NET INCREASE IN CASH AND CASH EQUIVALENTS DURING THE FINANCIAL PERIOD				
	399,875	124,869	399,653	124,869
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR				
	1,206,298	1,173,318	1,206,248	1,173,316
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD				
9	1,606,173	1,298,187	1,605,901	1,298,185

NOTES TO UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED 31 MARCH 2012

1 Review of Performance and Commentary of Prospects

The Bank's profit before taxation for the three months ended 31 March 2012 was lower as compared with the corresponding period in 2011 mainly due to additional collective impairment provision made as a result of loan growth of 50% especially loans in Renminbi. Despite of the aggressive loan growth, the Bank continued to exercise prudence risk management. At the same time emphasis will be placed on the development of other Renminbi business and other conventional commercial banking products.

2 Group Accounting Policies

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

The Group and the Bank have adopted the transitional provisions under the Amendments to FRS 139 "Financial Instruments: recognition and measurement" and the collective assessment impairment allowance of the Group and the Bank have been determined based on the transitional arrangement issued by BNM.

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 31 March 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 three months ended 31 March 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 31 March 2012.

9 Cash and short-term funds

	Group		Bank	
	31 March 2012	31 December 2011	31 March 2012	31 December 2011
	RM'000	RM'000	RM'000	RM'000
Cash and balances with banks and other financial institutions	117,225	64,166	116,953	64,116
Money at call and deposit placements maturing within 1 month	1,488,948	1,142,132	1,488,948	1,142,132
	1,606,173	1,206,298	1,605,901	1,206,248

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

NOTES TO UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED 31 MARCH 2012

10 Deposits and placements with banks and other financial institutions

	Group and Bank	
	31 March	31 December
	2012	2011
	RM'000	RM'000
Bank Negara Malaysia	20,042	-
Other financial institutions	389,683	223,286
	<u>409,725</u>	<u>223,286</u>

11 Held-to-maturity securities

	Group and Bank	
	31 March	31 December
	2012	2011
	RM'000	RM'000
At amortised cost		
Money market instrument:		
Malaysian Government Securities	40,911	40,413
Negotiable instruments of deposits	20,029	-
	<u>60,940</u>	<u>40,413</u>

12 Loans and advances

At amortised cost

	Group and Bank	
	31 March	31 December
	2012	2011
	RM'000	RM'000
(i) By type		
Overdrafts	191,846	193,072
Terms loans		
- Housing loans	10,831	10,162
- Syndicated term loan	256,604	210,870
- Other term loans	579,450	545,611
Revolving Credit	30,048	24,045
Bills receivable	958,459	295,209
Trust receipts	9,549	8,467
Claims on customers under acceptance credits	90,784	110,358
Staff loans	1,574	1,540
Loans to banks and other financial institutions	61,542	63,838
Total gross loans and advances	<u>2,190,687</u>	<u>1,463,172</u>
Less: Allowance for impaired loans and advances		
- Collective assessment allowance	(32,860)	(22,337)
- Individual assessment allowance	(11)	(11)
Total net loans and advances	<u>2,157,816</u>	<u>1,440,824</u>

(ii) By geographical distribution

	Group and Bank	
	31 March	31 December
	2012	2011
	RM'000	RM'000
Malaysia	1,027,395	951,549
Other countries	1,163,292	511,623
Total gross loans and advances	<u>2,190,687</u>	<u>1,463,172</u>

(iii) By interest rate sensitivity

	Group and Bank	
	31 March	31 December
	2012	2011
	RM'000	RM'000
Fixed rate		
- Other fixed rate loan	954,977	296,530
Variable rate		
- BLR plus	755,942	664,312
- Cost plus	135,373	147,425
- Other variable rates	344,395	354,905
	<u>2,190,687</u>	<u>1,463,172</u>

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

NOTES TO UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED 31 MARCH 2012

(iv) **By purpose**

	Group and Bank	
	31 March 2012 RM'000	31 December 2011 RM'000
Purchase of securities	29,169	29,169
Purchase of transport vehicles	23	25
Purchase of landed property:	325,295	261,071
- Residential	16,108	15,142
- Non-residential	309,187	245,929
Purchase of fixed assets other than land and building	603	652
Personal use	63,191	61,172
Construction	18,445	18,759
Working capital	1,612,701	959,478
Other purpose	141,260	132,846
	2,190,687	1,463,172

12 Loans and advances (continued)

(v) **By residual contractual maturity**

	Group and Bank	
	31 March 2012 RM'000	31 December 2011 RM'000
Up to one month	652,175	452,638
More than one month to three months	666,586	152,314
More than three months to six months	192,498	217,429
More than six months to twelve months	131,639	127,527
More than twelve months	547,789	513,264
	2,190,687	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	
	31 March 2012 RM'000	31 December 2011 RM'000
At beginning of financial period/year	56	2,921
Classified as impaired during the period/year	82	-
Amount recovered	-	(991)
Amount written off	-	(1,874)
At end of financial period/year	138	56
Individual Allowance for impairment	(11)	(11)
Net impaired loans and advances	127	45
Ratio of net impaired loans and advances to gross loans and advances less allowance for impairment	0.01%	0.00%

(b) **By geographical**

	Group and Bank	
	31 March 2012 RM'000	31 December 2011 RM'000
Malaysia	138	56

(c) **By purposes**

	Group and Bank	
	31 March 2012 RM'000	31 December 2011 RM'000
Purchase of residential property	138	56

BANK OF CHINA (MALAYSIA) BERHAD (511251-V)
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NOTES TO UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED 31 MARCH 2012

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

	Group and Bank	
	31 March 2012 RM'000	31 December 2011 RM'000
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>
Collective assessment allowance		
At beginning of the financial period/year	22,337	17,466
Allowance made during the financial period/year	10,532	4,871
At end of the financial period/year	<u>32,869</u>	<u>22,337</u>

13 Other Assets

	Group		Bank	
	31 March 2012 RM'000	31 December 2011 RM'000	31 March 2012 RM'000	31 December 2011 RM'000
Other receivables	12,455	11,773	12,084	11,486
Sundry deposits	1,140	954	961	777
Prepayment	24	394	24	394
	<u>13,619</u>	<u>13,121</u>	<u>13,069</u>	<u>12,657</u>

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

NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED 31 MARCH 2012

14 Deposits from Customers

(i) By type of deposits

	Group		Bank	
	31 March 2012	31 December 2011	31 March 2012	31 December 2011
	RM'000	RM'000	RM'000	RM'000
Demand deposits	181,251	151,051	189,204	157,761
Savings deposits	37,286	39,575	37,286	39,575
Fixed deposits	1,374,193	1,326,761	1,374,193	1,326,761
Others	1,606	1,600	1,606	1,600
	1,594,336	1,518,987	1,602,289	1,525,697

(ii) By type of customer

	Group		Bank	
	31 March 2012	31 December 2011	31 March 2012	31 December 2011
	RM'000	RM'000	RM'000	RM'000
Government and statutory bodies	13,945	16,867	13,945	16,867
Business enterprises	870,040	843,708	877,993	850,418
Individuals	660,150	619,136	660,150	619,136
Others	50,201	39,276	50,201	39,276
	1,594,336	1,518,987	1,602,289	1,525,697

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

	Group and Bank	
	31 March 2012	31 December 2011
	RM'000	RM'000
Due within six months	1,102,138	907,425
Six months to one year	270,177	417,169
More than one year	1,878	2,167
	1,374,193	1,326,761

15 Deposits and placements of banks and other financial institutions

	Group and Bank	
	31 March 2012	31 December 2011
	RM'000	RM'000
Bank Negara Malaysia	331,506	-
Licensed banks	1,886,889	986,025
Licensed investment banks	15,381	952
Other financial institutions	326	-
Licensed islamic banks	238	2
	2,234,340	986,979

16 Other Liabilities

	Group		Bank	
	31 March 2012	31 December 2011	31 March 2012	31 December 2011
	RM'000	RM'000	RM'000	RM'000
Accrued expenses	8,227	7,679	7,744	7,169
Margin deposits	7,705	11,425	7,705	11,425
Other liabilities	24,928	16,380	24,092	15,779
	40,860	35,484	39,541	34,373

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

NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED 31 MARCH 2012

17 Interest income	Three Months Ended	
	Group and Bank	
	31 March 2012 RM'000	31 March 2011 RM'000
Loans and advances		
- Interest income other than recoveries from impaired loans	20,529	10,163
Money at call and deposit placement with financial institutions	10,714	5,916
Securities		
- Held-to-maturity investments	306	402
	<u>31,549</u>	<u>16,481</u>
18 Interest Expense	Three Months Ended	
	Group and Bank	
	31 March 2012 RM'000	31 March 2011 RM'000
Deposits and placements of banks and other financial institutions	6,762	2,831
Deposits from customers	11,240	4,955
Others	25	13
	<u>18,027</u>	<u>7,799</u>
19 Other operating income	Three Months Ended	
	Group	
	31 March 2012 RM'000	31 March 2011 RM'000
Fees income:		
- Fee on loans and advances	1,919	677
- Service charges and fees	4,325	3,993
- Guarantee fees	862	923
	<u>7,106</u>	<u>5,593</u>
Foreign exchange income:		
- Realised	2,791	3,091
- Unrealised	(519)	(127)
Gain from disposal of property and equipment	-	30
	<u>9,378</u>	<u>8,587</u>
Bank	Three Months Ended	
	Bank	
	31 March 2012 RM'000	31 March 2011 RM'000
Fees income:		
- Fee on loans and advances	1,919	676
- Service charges and fees	1,589	1,325
- Guarantee fees	862	923
	<u>4,370</u>	<u>2,924</u>
Foreign exchange income:		
- Realised	2,791	3,091
- Unrealised	(519)	(127)
Gain from disposal of property and equipment	-	30
Other income	30	30
	<u>6,672</u>	<u>5,948</u>

BANK OF CHINA (MALAYSIA) BERHAD (511251-V)
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NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED 31 MARCH 2012

20 Other operating expenses
Group

	Three Months Ended	
	31 March	31 March
	2012	2011
	RM'000	RM'000
Personnel expenses	5,496	4,502
Salaries & wages	2,972	2,632
Bonuses	1,451	1,000
Defined contribution plan ("EPF")	607	491
Staff welfare expenses	301	136
Other personnel costs	165	243
Marketing expenses	125	157
Entertainment	86	133
Other marketing	39	24
Establishment costs	1,750	1,643
Rental of premises	855	808
Depreciation	388	363
Amortisation	12	21
Repairs and maintenance	134	163
Other establishment costs	361	288
Administration and general expenses	869	864
Insurance premium	48	66
Travelling and accommodation	170	81
Telecommunication and utilities	107	137
Printing, stationery and postage	184	162
Legal and professional fees	39	83
Other administration and general expenses	321	335
	8,240	7,166

Bank

	Three Months Ended	
	31 March	31 March
	2012	2011
	RM'000	RM'000
Personnel expenses	4,887	3,980
Salaries & wages	2,586	2,291
Bonuses	1,313	893
Defined contribution plan ("EPF")	567	455
Staff welfare expenses	263	109
Other personnel costs	158	232
Marketing expenses	104	156
Entertainment	75	133
Other marketing	29	23
Establishment costs	1,498	1,418
Rental of premises	681	646
Depreciation	330	331
Amortisation	10	18
Repairs and maintenance	132	160
Property and equipment written off	-	-
Other establishment costs	345	263
Administration and general expenses	828	826
Insurance premium	45	63
Travelling and accommodation	170	81
Telecommunication and utilities	96	127
Printing, stationery and postage	173	147
Legal and professional fees	39	83
Other administration and general expenses	305	325
	7,317	6,380

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

NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED 31 MARCH 2012

21 Allowance for impairment on loans and advances

		Three Months Ended	
		Group and Bank	
		31 March	31 March
		2012	2011
		RM'000	RM'000
Collective assessment allowance			
- Made in the financial period		10,523	-

22 Capital adequacy

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

		Bank	
		31 March	31 December
		2012	2011
		RM'000	RM'000
<u>Tier-1 capital</u>			
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		(6,939)	(6,939)
Total Tier-1 Capital		400,028	400,028
<u>Tier-2 capital</u>			
Collective allowance for impairment		32,869	22,337
Total Tier-2 Capital		32,869	22,337
Less: investment in a subsidiary		(1,000)	(1,000)
Total capital base		431,897	421,365
<u>Capital ratios</u>			
Core capital ratio		16.9%	22.7%
Risk-weighted capital ratio		18.2%	23.9%

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

Credit risk	2,262,767	1,669,138
Market risk	11,019	4,591
Operational risk	97,645	91,096
Total risk-weighted assets	2,371,431	1,764,825

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 Standardied Approach for credit risk and market risk, and the basic indicator approach for operational risk.

BANK OF CHINA (MALAYSIA) BERHAD (511251-V)
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NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED 31 MARCH 2012

23 Commitments and contingencies

	31 March 2012			Group and Bank 31 December 2011		
	Principal	Credit	Risk	Principal	Credit	Risk
	RM'000	equivalent RM'000	weighted RM'000	RM'000	equivalent RM'000	weighted RM'000
Direct credit substitutes	-	-	-	-	-	-
Transaction-related contingent items	591,450	295,725	147,342	593,217	296,608	147,257
Short-term self-liquidation trade related contingencies	2,727	545	538	2,676	535	524
Irrevocable commitments to extend credit:						
- Maturity not exceeding one year	420,311	84,062	81,118	318,085	63,617	63,211
- Maturity exceeding one year	185,846	92,923	90,004	135,816	67,908	67,138
Foreign exchange related contracts:						
- Less than one year	261,392	-	-	5,710	-	-
Others	7,173	-	-	7,841	-	-
Total	1,468,899	473,255	319,002	1,063,345	428,668	278,130

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

**NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS
ENDED 31 MARCH 2012**

24 Credit Exposures Arising From Credit Transactions With Connected Parties

	Group and Bank	
	31 March 2012	31 December 2011
Outstanding credit exposures with connected parties (RM'000)	<u>239,003</u>	<u>240,580</u>
Percentage of outstanding credit exposures to connected parties as proportion of total credit exposures	<u>11%</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 31 March 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 1st quarter ended 31 March 2012.