

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

**UNAUDITED INTERIM FINANCIAL STATEMENTS**  
**CONDENSED BALANCE SHEETS AS AT 30 JUNE 2009**

	Note	Group 30 June 2009 <u>RM'000</u>	Bank 30 June 2009 <u>RM'000</u>	Bank 31 December 2008 <u>RM'000</u>
<b>ASSETS</b>				
Cash and short-term funds	9	697,319	697,319	383,464
Deposits and placements with banks and other financial institutions	10	101,200	101,200	100,000
Held-to-maturity securities	11	39,766	39,766	39,706
Loans and advances	12	644,545	644,545	741,932
Other assets	13	2,909	2,909	3,368
Deferred tax assets		4,920	4,920	4,920
Statutory deposits with Bank Negara Malaysia		-	-	-
Property and equipment		3,668	3,668	2,079
Intangible assets		688	688	921
Investment in a subsidiary	30	-	-	-
<b>TOTAL ASSETS</b>		<u><b>1,495,015</b></u>	<u><b>1,495,015</b></u>	<u><b>1,276,390</b></u>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>				
Deposits from customers	14	582,912	582,912	363,737
Deposits and placements of banks and other financial institutions	15	533,037	533,037	534,410
Bills and acceptances payable		6,977	6,977	1,959
Other liabilities	16	14,706	14,706	19,066
Provision for taxation		974	974	974
<b>TOTAL LIABILITIES</b>		<u><b>1,138,606</b></u>	<u><b>1,138,606</b></u>	<u><b>920,146</b></u>
<b>Financed by:</b>				
Share capital		304,000	304,000	304,000
Reserves		52,409	52,409	52,244
<b>SHAREHOLDERS' EQUITY</b>		<u><b>356,409</b></u>	<u><b>356,409</b></u>	<u><b>356,244</b></u>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<u><b>1,495,015</b></u>	<u><b>1,495,015</b></u>	<u><b>1,276,390</b></u>
<b>COMMITMENTS AND CONTINGENCIES</b>	24	<u><b>1,345,020</b></u>	<u><b>1,345,020</b></u>	<u><b>1,196,990</b></u>

**BANK OF CHINA (MALAYSIA) BERHAD (511251-V)**  
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**UNAUDITED INTERIM FINANCIAL STATEMENTS**  
**CONDENSED INCOME STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2009**

		Group and Bank 2nd Quarter Ended		Group and Bank Six Months Ended	
		30 June 2009	30 June 2008	30 June 2009	30 June 2008
		RM'000	RM'000	RM'000	RM'000
Interest income	17	<b>8,488</b>	11,784	<b>18,900</b>	23,262
Interest expense	18	<b>(3,046)</b>	(5,660)	<b>(7,270)</b>	(11,277)
Net interest income		<b>5,442</b>	6,124	<b>11,630</b>	11,985
Other operating income	19	<b>3,792</b>	4,079	<b>7,508</b>	7,575
Other operating expenses	20	<b>(4,501)</b>	(4,049)	<b>(9,133)</b>	(8,107)
Allowance for losses on loans and advances	21	-	(3,500)	-	(3,500)
Profit before taxation		<b>4,733</b>	2,654	<b>10,005</b>	7,953
Taxation	22	<b>(1,500)</b>	(1,405)	<b>(3,000)</b>	(2,680)
Net profit for the financial period		<b>3,233</b>	1,249	<b>7,005</b>	5,273

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**UNAUDITED INTERIM FINANCIAL STATEMENTS**  
**CONDENSED CASH FLOW STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2009**

	Note	Group 30 June 2009 RM'000	Bank 30 June 2009 RM'000	Bank 30 June 2008 RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Profit before taxation		10,005	10,005	7,953
<i>Adjustment for:</i>				
Depreciation of property and equipment		262	262	200
Amortisation of intangible assets		240	240	208
Net (gain)/loss on disposal of property and equipment		(3)	(3)	(5)
Amortisation of premium less accretion of discount		(60)	(60)	128
Allowance for losses on loans and advances		-	-	3,500
Write back of allowance for losses on loans and advances		-	-	-
Interest income from held-to-maturity securities		(747)	(747)	(1,011)
Unrealised foreign exchange gain / (loss)		105	105	50
Property and equipment written off		19	19	-
		<u>9,821</u>	<u>9,821</u>	<u>11,023</u>
Operating profit before changes in operating assets and liabilities		9,821	9,821	11,023
<b>(INCREASE)/DECREASE IN OPERATING ASSETS</b>				
Deposits and placements with banks and other financial institutions		(1,200)	(1,200)	71,000
Loans and advances		97,387	97,387	(551,144)
Other assets		350	350	(357)
<b>INCREASE/(DECREASE) IN OPERATING LIABILITIES</b>				
Deposits from customers		219,175	219,175	(153,273)
Deposits and placements of banks and other financial institutions		(1,373)	(1,373)	491,101
Bills and acceptances payable		5,018	5,018	-
Other liabilities		(4,360)	(4,360)	(9,418)
		<u>324,818</u>	<u>324,818</u>	<u>(141,068)</u>
Cash generated from / (used in) operating activities		324,818	324,818	(141,068)
Taxation paid		(3,000)	(3,000)	(2,550)
		<u>321,818</u>	<u>321,818</u>	<u>(143,618)</u>
Net cash generated from / (used in) operating activities		321,818	321,818	(143,618)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Purchase of property and equipment		(1,870)	(1,870)	(141)
Purchase of intangible assets		(7)	(7)	(38)
Proceeds from disposal of property and equipment		3	3	5
Net sale / (net purchases) of held-to-maturity securities		-	-	15,000
Interest received on held-to-maturity securities		751	751	1,353
Investment in subsidiary		-	-	-
		<u>(1,123)</u>	<u>(1,123)</u>	<u>16,179</u>
Net cash generated from investing activities		(1,123)	(1,123)	16,179
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Dividends paid		(6,840)	(6,840)	(6,411)
		<u>(6,840)</u>	<u>(6,840)</u>	<u>(6,411)</u>
Net cash used in financing activities		(6,840)	(6,840)	(6,411)
<b>NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS DURING THE FINANCIAL PERIOD</b>				
		313,855	313,855	(133,850)
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD</b>				
		383,464	383,464	587,326
<b>CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD</b>				
	8	<u>697,319</u>	<u>697,319</u>	<u>453,476</u>

**BANK OF CHINA (MALAYSIA) BERHAD (511251-V)**  
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**UNAUDITED INTERIM FINANCIAL STATEMENTS**  
**CONDENSED STATEMENT OF CHANGES IN EQUITY FOR THE SIX MONTHS ENDED 30 JUNE 2009**

	Issued and fully paid ordinary shares of			Total RM'000
	RM1.00 each Nominal value RM'000	Non- distributable Statutory reserves RM'000	Distributable Retained profits RM'000	
<b>Group and Bank</b>				
At 1 January 2009	<b>304,000</b>	<b>43,436</b>	<b>8,808</b>	<b>356,244</b>
Net profit for the financial period	-	-	<b>7,005</b>	<b>7,005</b>
Total recognised income for the financial period	-	-	<b>7,005</b>	<b>7,005</b>
Transfer to statutory reserve	-	-	-	-
Dividends paid	-	-	<b>(6,840)</b>	<b>(6,840)</b>
At 30 June 2009	<b>304,000</b>	<b>43,436</b>	<b>8,973</b>	<b>356,409</b>
<b>Bank</b>				
At 1 January 2008	304,000	35,805	7,590	347,395
Net profit for the financial period	-	-	5,273	5,273
Total recognised income for the financial period	-	-	5,273	5,273
Transfer to statutory reserve	-	-	-	-
Dividends paid	-	-	(6,411)	(6,411)
At 30 June 2008	304,000	35,805	6,452	346,257

**NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS  
ENDED 30 JUNE 2009**

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

Profit before taxation for the six months ended 30 June 2009 is higher as compared with the corresponding period in 2008. The Bank continues to promote its fee based generating products and grow its customer based. Given the current volatile market condition, the Bank will conduct its business with greater emphasis in risk management.

**2 Group Accounting Policies**

The interim financial statements for the six months ended 30 June 2009 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 2008.

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 2008.

The Bank's allowance for non-performing loans is in conformity with the minimum requirements of Bank Negara Malaysia's "Guidelines on the Classification of Non-performing Loans and Provision for Substandard, Bad and Doubtful Debts, BNM/GP3".

**3 Audit Report**

The audit report for the financial period ended 31 December 2008 was not subject to any qualification.

**4 Seasonal or Cyclical Factors**

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

**5 Exceptional or Extraordinary Items**

There were no exceptional or extraordinary items in the six months ended 30 June 2009.

**6 Changes in Estimates**

There were no material changes in estimates of amounts reported in prior financial years that have a material effect in the six months ended 30 June 2009.

**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**

A final dividend of 3.00 sen less income tax of 25% for the financial year ended 31 December 2008 which was approved by the shareholders in the Annual General Meeting held on 23 April 2009, amounting to RM6,840,000 was paid on 28 April 2009.

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**NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2009**

**9 Cash and short-term funds**

	<b>Group and Bank 30 June 2009 RM'000</b>	<b>Bank 31 December 2008 RM'000</b>
Cash and balances with banks and other financial institutions	47,419	46,664
Money at call and deposit placements maturing within 1 month	649,900	336,800
	<b>697,319</b>	<b>383,464</b>

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

	<b>Group and Bank 30 June 2009 RM'000</b>	<b>Bank 31 December 2008 RM'000</b>
Bank Negara Malaysia	101,200	100,000
	<b>101,200</b>	<b>100,000</b>

**11 Held-to-maturity securities**

	<b>Group and Bank 30 June 2009 RM'000</b>	<b>Bank 31 December 2008 RM'000</b>
<b>At amortised cost</b>		
Money market instrument:		
Malaysian Government Securities	39,672	39,672
Amortisation of premium less accretion of discounts	94	34
	<b>39,766</b>	<b>39,706</b>

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**NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2009**

**12 Loans and advances**

**(i) By type**

	<b>Group and Bank 30 June 2009 RM'000</b>	<b>Bank 31 December 2008 RM'000</b>
Overdrafts	40,736	46,785
Terms loans		
- Housing loans	7,055	7,313
- Syndicated term loan	341,339	363,345
- Other term loans	125,744	171,283
Bills receivable	29,005	67,458
Trust receipts	10,167	5,546
Claims on customers under acceptance credits	47,084	38,169
Staff loans	2,695	2,837
of which: RMnil (2008: RMnil were to Directors)		
Loans to banks and other financial institutions	59,376	58,196
	<b>663,201</b>	<b>760,932</b>
Less: Unearned interest and income	(247)	(591)
Total gross loans and advances	<b>662,954</b>	<b>760,341</b>
Less: Allowance for bad and doubtful debts:		
- General	(17,466)	(17,466)
- Specific	(943)	(943)
Total net loans and advances	<b>644,545</b>	<b>741,932</b>

**(ii) By type of customer**

	<b>Group and Bank 30 June 2009 RM'000</b>	<b>Bank 31 December 2008 RM'000</b>
Domestic banking institutions	53,091	51,977
Domestic non-bank financial institutions	6,219	6,219
Domestic business enterprises		
- Small medium enterprises ("SME")	140,602	183,719
- Non-SME	134,516	139,838
Government and statutory bodies	-	52,563
Individuals	15,276	15,075
Foreign entities	313,250	310,950
	<b>662,954</b>	<b>760,341</b>

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**NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2009**

**12 Loans and advances (continued)**

**(iii) By interest rate sensitivity**

	<b>Group and Bank 30 June 2009 RM'000</b>	<b>Bank 31 December 2008 RM'000</b>
Fixed rate		
- Housing loans	-	27
- Other fixed rate loan	2,695	2,837
Variable rate		
- BLR plus	172,076	189,909
- Cost plus	64,837	57,028
- Other variable rates	423,346	510,540
	<b>662,954</b>	<b>760,341</b>

**(iv) By purpose**

	<b>Group and Bank 30 June 2009 RM'000</b>	<b>Bank 31 December 2008 RM'000</b>
Purchase of transport vehicles	50,965	51,702
Purchase of landed property:	84,568	93,007
- Residential	11,838	12,057
- Non-residential	72,730	80,950
Personal use	4,419	3,926
Construction	2,394	4,890
Working capital	420,630	536,162
Other purpose	99,978	70,654
	<b>662,954</b>	<b>760,341</b>

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**NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2009**

**12 Loans and advances (continued)**

**(v) Non-performing Loans (NPL)**

**(a) Movement in non-performing loans and advances**

	<b>Group and Bank 30 June 2009 RM'000</b>	<b>Bank 31 December 2008 RM'000</b>
At beginning of financial period	6,219	7,103
Classified as non-performing during the period	66	-
Amount recovered	-	(884)
Amount written off	-	-
At end of financial period	<u>6,285</u>	<u>6,219</u>
Specific allowance	<u>(943)</u>	<u>(943)</u>
Net non-performing loans and advances	<u><u>5,342</u></u>	<u><u>5,276</u></u>
Ratio of net non-performing loans and advances to gross loans and advances less specific allowance	<b>0.81%</b>	0.69%

**(b) Movement in allowance for bad and doubtful debts**

	<b>Group and Bank 30 June 2009 RM'000</b>	<b>Bank 31 December 2008 RM'000</b>
<b>General allowance</b>		
At beginning of the financial period	17,466	12,710
Allowance made during the financial period	-	4,756
At end of the financial period	<u>17,466</u>	<u>17,466</u>
As % of gross loans and advances less specific allowance	<b>2.64%</b>	2.30%
<b>Specific allowance</b>		
At beginning of the financial period	943	575
Allowance made during the financial period	-	368
Amount recovered	-	-
Amount written off	-	-
At end of the financial period	<u>943</u>	<u>943</u>

**(c) NPL by purpose**

	<b>Group and Bank 30 June 2009 RM'000</b>	<b>Bank 31 December 2008 RM'000</b>
Working capital	6,219	6,219
Purchase of residential property	66	-
	<u>6,285</u>	<u>6,219</u>

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**NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2009**

**13 Other Assets**

	<b>Group and Bank 30 June 2009 RM'000</b>	<b>Bank 31 December 2008 RM'000</b>
Interest receivable	1,054	1,039
Other debtors, deposits and prepayments	1,855	2,329
	<b>2,909</b>	<b>3,368</b>

**14 Deposits from Customers**

**(i) By type of deposits**

	<b>Group and Bank 30 June 2009 RM'000</b>	<b>Bank 31 December 2008 RM'000</b>
Demand deposits	119,840	94,099
Savings deposits	20,730	18,579
Fixed deposits	440,742	249,456
Negotiable instruments of deposits	-	-
Others	1,600	1,603
	<b>582,912</b>	<b>363,737</b>

**(ii) By type of customer**

	<b>Group and Bank 30 June 2009 RM'000</b>	<b>Bank 31 December 2008 RM'000</b>
Government and statutory bodies	1,600	1,603
Business enterprises	453,508	235,973
Individuals	127,694	126,125
Others	110	36
	<b>582,912</b>	<b>363,737</b>

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

	<b>Group and Bank 30 June 2009 RM'000</b>	<b>Bank 31 December 2008 RM'000</b>
Licensed banks	533,037	534,410
	<b>533,037</b>	<b>534,410</b>

**16 Other Liabilities**

	<b>Group and Bank 30 June 2009 RM'000</b>	<b>Bank 31 December 2008 RM'000</b>
Interest payable	1,903	3,718
Accrued expenses	2,868	4,470
Margin deposits	4,170	3,475
Other liabilities	5,765	7,403
	<b>14,706</b>	<b>19,066</b>

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**NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2009**

17 Interest income	Group and Bank		Group and Bank	
	2nd Quarter Ended 30 June 2009 RM'000	Bank 30 June 2008 RM'000	Six Months Ended 30 June 2009 RM'000	Bank 30 June 2008 RM'000
Loans and advances				
- Interest income other than recoveries from NPL	4,838	5,997	11,587	11,169
- Recoveries from NPLs	-	-	-	-
Money at call and deposit placement with financial institutions	3,243	5,394	6,506	11,210
Securities				
- Held-to-maturity investments	377	390	747	1,011
	<b>8,458</b>	<b>11,781</b>	<b>18,840</b>	<b>23,390</b>
Amortisation of premium less accretion of discount	31	3	61	(128)
Interest suspended	(1)	-	(1)	-
Total interest income	<b>8,488</b>	<b>11,784</b>	<b>18,900</b>	<b>23,262</b>
18 Interest Expense	Group and Bank		Group and Bank	
	2nd Quarter Ended 30 June 2009 RM'000	Bank 30 June 2008 RM'000	Six Months Ended 30 June 2009 RM'000	Bank 30 June 2008 RM'000
Deposits and placements of banks and other financial institutions	1,206	3,435	3,692	5,623
Deposits from customers	1,755	1,844	3,490	4,787
Others	85	381	88	867
	<b>3,046</b>	<b>5,660</b>	<b>7,270</b>	<b>11,277</b>
19 Other operating income	Group and Bank		Group and Bank	
	2nd Quarter Ended 30 June 2009 RM'000	Bank 30 June 2008 RM'000	Six Months Ended 30 June 2009 RM'000	Bank 30 June 2008 RM'000
Fees income:				
- Fee on loans and advances	389	363	744	729
- Service charges and fees	1,351	1,287	2,593	2,510
- Guarantee fees	613	394	1,110	674
- Other fee income	2	5	15	5
	<b>2,355</b>	<b>2,049</b>	<b>4,462</b>	<b>3,918</b>
Foreign exchange income:				
- Realised	1,761	2,153	3,151	3,707
- Unrealised	(324)	(123)	(105)	(50)
	<b>3,792</b>	<b>4,079</b>	<b>7,508</b>	<b>7,575</b>

**NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2009**

**20 Other operating expenses**

	<b>Group and Bank 2nd Quarter Ended 30 June 2009 RM'000</b>	<b>Bank 30 June 2008 RM'000</b>	<b>Group and Bank Six Months Ended 30 June 2009 RM'000</b>	<b>Bank 30 June 2008 RM'000</b>
<u>Personnel expenses</u>	<b>2,953</b>	2,673	<b>5,865</b>	5,292
Salaries & wages (includes CEO / EDs)	<b>1,560</b>	1,434	<b>3,106</b>	2,939
Bonuses	<b>826</b>	821	<b>1,542</b>	1,422
Defined contribution plan ("EPF")	<b>340</b>	271	<b>663</b>	581
Staff welfare expenses	<b>187</b>	54	<b>222</b>	146
Other personnel costs	<b>40</b>	93	<b>332</b>	204
<u>Marketing expenses</u>	<b>87</b>	85	<b>196</b>	208
Entertainment	<b>52</b>	75	<b>148</b>	183
Other marketing	<b>35</b>	10	<b>48</b>	25
<u>Establishment costs</u>	<b>902</b>	851	<b>2,011</b>	1,624
Rental of premises	<b>367</b>	250	<b>719</b>	599
Depreciation	<b>155</b>	98	<b>262</b>	200
Amortisation	<b>120</b>	104	<b>240</b>	208
Repairs and maintenance	<b>103</b>	250	<b>274</b>	342
Other establishment costs	<b>157</b>	149	<b>516</b>	275
<u>Administration and general expenses</u>	<b>559</b>	440	<b>1,061</b>	983
Insurance premium	<b>260</b>	262	<b>277</b>	278
Other administration and general expenses	<b>299</b>	178	<b>784</b>	705
	<b>4,501</b>	4,049	<b>9,133</b>	8,107

**21 Allowance for losses on loans and advances**

	<b>Group and Bank 2nd Quarter Ended 30 June 2009 RM'000</b>	<b>Bank 30 June 2008 RM'000</b>	<b>Group and Bank Six Months Ended 30 June 2009 RM'000</b>	<b>Bank 30 June 2008 RM'000</b>
Allowance for bad and doubtful debts on loans and advances				
(a) Specific allowance				
- Made in the financial period	-	-	-	-
- Written back in the financial period	-	-	-	-
(b) General allowance				
- Made in the financial period	-	3,500	-	3,500
	-	3,500	-	3,500

**22 Taxation**

	<b>Group and Bank 2nd Quarter Ended 30 June 2009 RM'000</b>	<b>Bank 30 June 2008 RM'000</b>	<b>Group and Bank Six Months Ended 30 June 2009 RM'000</b>	<b>Bank 30 June 2008 RM'000</b>
Current tax - Malaysian income tax	<b>1,500</b>	1,405	<b>3,000</b>	2,680
	<b>1,500</b>	1,405	<b>3,000</b>	2,680

**NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2009**

**23 Capital adequacy**

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

	<b>Bank 30 June 2009 RM'000</b>	<b>Bank 31 December 2008 RM'000</b>
<b><u>Tier-1 capital</u></b>		
Paid-up ordinary share capital	304,000	304,000
Retained profits	8,808	8,808
Other reserves	43,436	43,436
	<u>356,244</u>	<u>356,244</u>
Less: Deferred tax assets	(4,920)	(4,920)
Total Tier-1 Capital	<u>351,324</u>	<u>351,324</u>
<b><u>Tier-2 capital</u></b>		
General allowance for bad and doubtful debts	17,466	17,466
Total Tier-2 Capital	<u>17,466</u>	<u>17,466</u>
Total capital base	<u>368,790</u>	<u>368,790</u>
<b><u>Capital ratios</u></b>		
Core capital ratio	37.1%	37.3%
Risk-weighted capital ratio	38.9%	39.1%

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

Credit risk	873,566	869,092
Market risk	1,716	1,131
Operational risk	72,406	70,953
Total risk-weighted assets	<u>947,688</u>	<u>941,176</u>

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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**23 Capital Adequacy (Continued)**

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

<b>Bank</b> <b>30 June 2009</b> <b>Exposure Class</b>	<b>Gross</b> <b>exposure</b> <b>RM'000</b>	<b>Net</b> <b>exposure</b> <b>RM'000</b>	<b>Risk-</b> <b>weighted</b> <b>assets</b> <b>RM'000</b>	<b>Capital</b> <b>requirements</b> <b>RM'000</b>
<b>(i) Credit Risk</b>				
<b>On-balance sheet exposure:</b>				
Sovereigns & central banks	792,248	792,248	-	-
Banks, development financial institutions & MDBs*	98,206	98,206	35,569	2,846
Corporate	598,268	598,268	530,505	42,440
Residential mortgages	11,595	11,595	4,502	360
Other assets	8,187	8,187	4,923	394
<b>Total on-balance sheet exposure</b>	<b>1,508,504</b>	<b>1,508,504</b>	<b>575,499</b>	<b>46,040</b>
<b>Off-balance sheet exposures:</b>				
Credit-related off-balance sheet exposure	521,915	521,915	298,067	23,845
<b>Total credit risk</b>	<b>2,030,419</b>	<b>2,030,419</b>	<b>873,566</b>	<b>69,885</b>
	<b>Net long</b> <b>position</b> <b>RM'000</b>			
<b>(ii) Market Risk</b>				
Foreign currency risk	<b>1,716</b>		1,716	137
<b>(iii) Operational Risk</b>			72,406	5,792
Total risk weighted assets and capital requirement			<b>947,688</b>	<b>75,815</b>

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

<b>Bank</b> <b>31 December 2008</b> <b>Exposure Class</b>	<b>Gross</b> <b>exposure</b> <b>RM'000</b>	<b>Net</b> <b>exposure</b> <b>RM'000</b>	<b>Risk-</b> <b>weighted</b> <b>assets</b> <b>RM'000</b>	<b>Capital</b> <b>requirements</b> <b>RM'000</b>
<b>(i) Credit Risk</b>				
<b>On-balance sheet exposure:</b>				
Sovereigns & central banks	480,723	480,723	-	-
Banks, development financial institutions & MDBs*	93,666	93,666	34,327	2,746
Corporate	697,252	697,252	575,418	46,033
Residential mortgages	11,110	11,110	4,323	346
Other assets	7,127	7,127	3,615	289
<b>Total on-balance sheet exposure</b>	<b>1,289,878</b>	<b>1,289,878</b>	<b>617,683</b>	<b>49,415</b>
<b>Off-balance sheet exposures:</b>				
Credit-related off-balance sheet exposure	471,888	471,888	251,409	20,113
<b>Total credit risk</b>	<b>1,761,766</b>	<b>1,761,766</b>	<b>869,092</b>	<b>69,527</b>
	<b>Net long</b> <b>position</b> <b>RM'000</b>			
<b>(ii) Market Risk</b>				
Foreign currency risk	<b>1,131</b>		1,131	90
<b>(iii) Operational Risk</b>			70,953	5,676
Total risk weighted assets and capital requirement			<b>941,176</b>	<b>75,294</b>

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

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**23 Capital Adequacy (Continued)**

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

<u>Bank</u> <u>30 June 2009</u>	← Exposures after Netting and Credit Risk Mitigation →					<u>Total exposure</u> <u>after netting</u> <u>and credit risk</u> <u>mitigation</u> <u>RM'000</u>	<u>Total risk</u> <u>weighted</u> <u>assets</u> <u>RM'000</u>
<u>Supervisory</u> <u>Risk weights</u>	<u>Sovereigns</u> <u>and central</u> <u>banks</u> <u>RM'000</u>	<u>Banks,</u> <u>MDBs</u> <u>and FDIs</u> <u>RM'000</u>	<u>Corporate</u> <u>RM'000</u>	<u>Residential</u> <u>mortgages</u> <u>RM'000</u>	<u>Other</u> <u>assets</u> <u>RM'000</u>		
0%	792,248	-	17,000	28	3,264	812,540	-
20%	-	45,115	71,247	-	-	116,362	23,272
35%	-	-	-	8,868	-	8,868	3,104
50%	-	476,797	23,785	2,807	-	503,389	251,695
100%	-	-	571,802	66	4,923	576,791	576,791
150%	-	-	12,469	-	-	12,469	18,704
Total	<u>792,248</u>	<u>521,912</u>	<u>696,303</u>	<u>11,769</u>	<u>8,187</u>	<u>2,030,419</u>	<u>873,566</u>
Risk weighted asset By exposure	-	247,422	616,648	4,573	4,923	873,566	
Average risk weight	0.0%	47.4%	88.6%	38.9%	60.1%	43.0%	

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**23 Capital Adequacy (Continued)**

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

Bank 31 December 2008	← Exposures after Netting and Credit Risk Mitigation →					<u>Total exposure after netting and credit risk mitigation</u> RM'000	<u>Total risk weighted assets</u> RM'000
<u>Supervisory Risk weights</u>	<u>Sovereigns and central banks</u> RM'000	<u>Banks, MDBs and FDIs</u> RM'000	<u>Corporate</u> RM'000	<u>Residential mortgages</u> RM'000	<u>Other assets</u> RM'000		
0%	480,723	-	15,748	28	3,512	500,011	-
20%	-	113,500	123,046	-	-	236,546	47,309
35%	-	-	-	8,368	-	8,368	2,929
50%	-	368,491	37,155	3,171	-	408,817	204,409
100%	-	-	591,567	-	3,615	595,182	595,182
150%	-	-	12,842	-	-	12,842	19,263
Total	<u>480,723</u>	<u>481,991</u>	<u>780,358</u>	<u>11,567</u>	<u>7,127</u>	<u>1,761,766</u>	<u>869,092</u>
Risk weighted asset By exposure	-	206,946	654,016	4,515	3,615	869,092	
Average risk weight	0.0%	42.9%	83.8%	39.0%	50.7%	49.3%	

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**NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2009**

**24 Commitments and contingencies**

	<b>30 June 2009</b>			<b>31 December 2008</b>		
	<b>Principal</b>	<b>Credit</b>	<b>Bank</b>	<b>Principal</b>	<b>Credit</b>	<b>Bank</b>
	<b>RM'000</b>	<b>equivalent</b>	<b>Risk</b>	<b>RM'000</b>	<b>equivalent</b>	<b>Risk</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>weighted</b>	<b>RM'000</b>	<b>RM'000</b>	<b>weighted</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Direct credit substitutes	2,226	2,226	2,226	2,226	2,226	2,226
Transaction-related contingent items	501,344	250,672	127,119	437,379	218,690	89,609
Short-term self-liquidation trade related contingencies	12,620	2,524	2,524	4,242	848	848
Irrevocable commitments to extend credit:						
- Maturity not exceeding one year	429,103	85,820	73,850	375,670	75,134	70,460
- Maturity exceeding one year	361,345	180,673	92,348	349,980	174,990	88,266
Foreign exchange related contracts:						
- Less than one year	7,413	-	-	7,173	-	-
Others	30,969	-	-	20,320	-	-
<b>Total</b>	<b>1,345,020</b>	<b>521,915</b>	<b>298,067</b>	<b>1,196,990</b>	<b>471,888</b>	<b>251,409</b>

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**NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2009**

**25 Interest rate risk**

**Group and Bank**

**30 June 2009**

	Non Trading Book					Non-interest sensitive RM'000	Total RM'000	Effective interest rate %
	Up to 1 month RM'000	> 1-3 month RM'000	> 3-12 month RM'000	1-5 years RM'000	Over 5 years RM'000			
<b>Assets</b>								
Cash and short term funds	694,955	-	-	-	-	2,364	697,319	2.05%
Deposits & placement with banks & other financial institutions	-	101,200	-	-	-	-	101,200	2.06%
Held-to-maturity securities	-	-	-	39,766	-	-	39,766	4.09%
Loans and advances								
- performing	477,142	168,206	8,626	34	2,661	(17,466)	639,203	2.69%
- non-performing	-	-	-	-	-	5,342	5,342	
Other assets	-	-	-	-	-	2,909	2,909	
Deferred tax assets	-	-	-	-	-	4,920	4,920	
Property and equipment	-	-	-	-	-	3,668	3,668	
Intangible assets	-	-	-	-	-	688	688	
<b>Total assets</b>	<b>1,172,097</b>	<b>269,406</b>	<b>8,626</b>	<b>39,800</b>	<b>2,661</b>	<b>2,425</b>	<b>1,495,015</b>	
<b>Liabilities</b>								
Deposits from customers	403,456	20,445	42,259	-	-	116,752	582,912	2.07%
Deposits & placements of banks & other financial institutions	385,934	147,103	-	-	-	-	533,037	0.87%
Bills and acceptances payable	4,721	2,256	-	-	-	-	6,977	2.05%
Other liabilities	-	-	-	-	-	14,706	14,706	
Provision of taxation	-	-	-	-	-	974	974	
<b>Total liabilities</b>	<b>794,111</b>	<b>169,804</b>	<b>42,259</b>	<b>-</b>	<b>-</b>	<b>132,432</b>	<b>1,138,606</b>	
Shareholders' equity	-	-	-	-	-	356,409	356,409	
<b>Total liabilities and shareholders' equity</b>	<b>794,111</b>	<b>169,804</b>	<b>42,259</b>	<b>-</b>	<b>-</b>	<b>488,841</b>	<b>1,495,015</b>	
On balance sheet - interest rate gap	377,986	99,602	(33,633)	39,800	2,661	(486,416)	-	
Off balance sheet - interest rate gap	-	-	-	-	-	-	-	
<b>Total interest rate gap</b>	<b>377,986</b>	<b>99,602</b>	<b>(33,633)</b>	<b>39,800</b>	<b>2,661</b>	<b>(486,416)</b>	<b>-</b>	

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**25 Interest rate risk (Continued)**

Bank

31 December 2008

	Non Trading Book					Non-interest sensitive RM'000	Total RM'000	Effective interest rate %
	Up to 1 month RM'000	> 1-3 month RM'000	> 3-12 month RM'000	1-5 years RM'000	Over 5 years RM'000			
<b>Assets</b>								
Cash and short term funds	378,482	-	-	-	-	4,982	383,464	3.30%
Deposits & placement with banks & other financial institutions	-	100,000	-	-	-	-	100,000	3.31%
Held-to-maturity securities	-	-	-	39,706	-	-	39,706	4.09%
Loans and advances								
- performing	551,630	192,109	7,519	97	2,767	(17,466)	736,656	4.38%
- non-performing	-	-	-	-	-	5,276	5,276	
Other assets	-	-	-	-	-	3,368	3,368	
Deferred tax assets	-	-	-	-	-	4,920	4,920	
Property and equipment	-	-	-	-	-	2,079	2,079	
Intangible assets	-	-	-	-	-	921	921	
<b>Total assets</b>	<b>930,112</b>	<b>292,109</b>	<b>7,519</b>	<b>39,803</b>	<b>2,767</b>	<b>4,080</b>	<b>1,276,390</b>	
<b>Liabilities</b>								
Deposits from customers	209,698	24,666	38,451	-	-	90,922	363,737	2.97%
Deposits & placements of banks & other financial institutions	357,688	176,722	-	-	-	-	534,410	2.47%
Bills and acceptance payable	1,959	-	-	-	-	-	1,959	3.65%
Other liabilities	-	-	-	-	-	19,066	19,066	-
Provision of taxation	-	-	-	-	-	974	974	
<b>Total liabilities</b>	<b>569,345</b>	<b>201,388</b>	<b>38,451</b>	<b>-</b>	<b>-</b>	<b>110,962</b>	<b>920,146</b>	
Shareholders' equity	-	-	-	-	-	356,244	356,244	
<b>Total liabilities and shareholders' equity</b>	<b>569,345</b>	<b>201,388</b>	<b>38,451</b>	<b>-</b>	<b>-</b>	<b>467,206</b>	<b>1,276,390</b>	
On balance sheet - interest rate gap	360,767	90,721	(30,932)	39,803	2,767	(463,126)	-	
Off balance sheet - interest rate gap	-	-	-	-	-	-	-	
<b>Total interest rate gap</b>	<b>360,767</b>	<b>90,721</b>	<b>(30,932)</b>	<b>39,803</b>	<b>2,767</b>	<b>(463,126)</b>	<b>-</b>	

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**ENDED 30 JUNE 2009**

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

	<b>Bank 30 June 2009</b>	<b>Bank 31 December 2008</b>
Outstanding credit exposures with connected parties (RM'000)	<u>175,923</u>	<u>179,179</u>
Percentage of outstanding credit exposures to connected parties as proportion of total credit exposures	<u>15%</u>	<u>17%</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.

**27 Operations of Islamic Banking**

No Islamic banking activities was involved for the financial period ended 30 June 2009.

**28 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.

**29 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.

**30 Changes in the composition of the Group**

The Bank has set up a wholly-owned subsidiary company, China Visa Services (Malaysia) Sdn Bhd to operate as the China visa application service centre with an authorised share capital of RM100,000 divided into 100,000 ordinary share of RM1.00 each and an issued and paid-up share capital of RM2.00 comprising of 2 ordinary share of RM1.00 each.

The investment in subsidiary company will not have any material effect on the Bank performance for the financial period ended 30 June 2009 as it is still at the initial set up stage.