

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

INTERIM FINANCIAL STATEMENTS

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2010

	Note	Group		Bank	
		30 September 2010 RM'000	31 December 2009 RM'000	30 September 2010 RM'000	31 December 2009 RM'000
ASSETS					
Cash and short-term funds	9	945,852	808,721	945,850	808,720
Deposits and placements with banks and other financial institutions	10	-	30,000	-	30,000
Held-to-maturity securities	11	39,925	39,829	39,925	39,829
Loans and advances	12	880,701	704,575	880,701	704,575
Other assets	13	9,530	3,832	8,663	3,528
Deferred tax assets		5,017	5,017	5,017	5,017
Statutory deposits with Bank Negara Malaysia		1,000	-	1,000	-
Property and equipment		7,107	6,002	5,999	5,035
Intangible assets		140	462	131	449
Amount due from a subsidiary		-	-	-	681
Investment in a subsidiary		-	-	1,000	1,000
TOTAL ASSETS		1,889,272	1,598,438	1,888,286	1,598,834
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY					
Deposits from customers	14	587,151	600,058	592,746	600,499
Deposits and placements of banks and other financial institutions	15	865,286	611,912	865,286	611,912
Bills and acceptances payable		-	2,096	-	2,096
Other liabilities	16	56,832	20,398	55,360	19,960
Provision for taxation		646	327	126	327
Deferred tax liabilities		46	46	-	-
TOTAL LIABILITIES		1,509,961	1,234,837	1,513,518	1,234,794
Financed by:					
Share capital		304,000	304,000	304,000	304,000
Reserves		75,311	59,601	70,768	60,040
SHAREHOLDERS' EQUITY		379,311	363,601	374,768	364,040
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		1,889,272	1,598,438	1,888,286	1,598,834
COMMITMENTS AND CONTINGENCIES	24	1,514,581	1,656,932	1,514,581	1,656,932

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

INTERIM FINANCIAL STATEMENTS
UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR
THE NINE MONTHS ENDED 30 SEPTEMBER 2010

Group		3rd Quarter Ended		Nine Months Ended	
		30 September	30 September	30 September	30 September
		2010	2009	2010	2009
		RM'000	RM'000	RM'000	RM'000
Interest income	17	11,972	8,755	31,799	27,655
Interest expense	18	(5,005)	(3,728)	(13,253)	(10,998)
Net interest income		6,967	5,027	18,546	16,657
Other operating income	19	8,662	3,992	23,893	11,500
Other operating expenses	20	(6,348)	(4,669)	(20,241)	(13,802)
Operating profit		9,281	4,350	22,198	14,355
Allowance for impairment on loans and advances	21	-	-	(22)	-
Profit before taxation		9,281	4,350	22,176	14,355
Taxation		(2,704)	(1,300)	(6,466)	(4,300)
Profit for the financial period		6,577	3,050	15,710	10,055
Other comprehensive income		-	-	-	-
Total comprehensive income for the period		6,577	3,050	15,710	10,055

Bank		3rd Quarter Ended		Nine Months Ended	
		30 September	30 September	30 September	30 September
		2010	2009	2010	2009
		RM'000	RM'000	RM'000	RM'000
Interest income	17	11,972	8,755	31,799	27,655
Interest expense	18	(5,005)	(3,728)	(13,253)	(10,998)
Net interest income		6,967	5,027	18,546	16,657
Other operating income	19	5,688	3,992	15,200	11,500
Other operating expenses	20	(5,595)	(4,609)	(18,092)	(13,742)
Operating profit		7,060	4,410	15,654	14,415
Allowance for losses on loans and advances	21	-	-	(22)	-
Profit before taxation		7,060	4,410	15,632	14,415
Taxation		(2,178)	(1,300)	(4,904)	(4,300)
Profit for the financial period		4,882	3,110	10,728	10,115
Other comprehensive income		-	-	-	-
Total comprehensive income for the period		4,882	3,110	10,728	10,115

BANK OF CHINA (MALAYSIA) BERHAD (511251-V)
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INTERIM FINANCIAL STATEMENTS
UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE NINE MONTHS ENDED
30 SEPTEMBER 2010

	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 2010	304,000	50,754	8,847	363,601
Profit for the financial period	-	-	15,710	15,710
Total comprehensive income for the period	-	-	15,710	15,710
Transfer to statutory reserve	-	-	-	-
Dividends paid	-	-	-	-
At 30 September 2010	304,000	50,754	24,557	379,311
Group				
At 1 January 2009	304,000	43,436	8,808	356,244
Net profit for the financial period	-	-	10,055	10,055
Total recognised income for the financial period	-	-	10,055	10,055
Transfer to statutory reserve	-	-	-	-
Dividends paid	-	-	(6,840)	(6,840)
At 30 September 2009	<u>304,000</u>	<u>43,436</u>	<u>12,023</u>	<u>359,459</u>
Bank				
At 1 January 2010	304,000	50,754	9,286	364,040
Profit for the financial period	-	-	10,728	10,728
Total comprehensive income for the period	-	-	10,728	10,728
Transfer to statutory reserve	-	-	-	-
Dividends paid	-	-	-	-
At 30 September 2010	304,000	50,754	20,014	374,768
Bank				
At 1 January 2009	304,000	43,436	8,808	356,244
Profit for the financial period	-	-	10,115	10,115
Total comprehensive income for the period	-	-	10,115	10,115
Transfer to statutory reserve	-	-	-	-
Dividends paid	-	-	(6,840)	(6,840)
At 30 September 2009	<u>304,000</u>	<u>43,436</u>	<u>12,083</u>	<u>359,519</u>

BANK OF CHINA (MALAYSIA) BERHAD (511251-V)
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INTERIM FINANCIAL STATEMENTS

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2010

Note	Group		Bank	
	30 September 2010 RM'000	30 September 2009 RM'000	30 September 2010 RM'000	30 September 2009 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES				
	22,176	14,355	15,632	14,415
<i>Adjustment for:</i>				
Depreciation of property and equipment	909	427	763	427
Amortisation of intangible assets	368	361	364	360
Net gain on disposal of property and equipment	-	(16)	-	(16)
Amortisation of premium less accretion of discount	(96)	(92)	(96)	(92)
Allowance for impairment on loans and advances	22	-	22	-
Interest income from held-to-maturity securities	(1,126)	(1,126)	(1,126)	(1,126)
Unrealised foreign exchange (gain) / loss	(1,712)	(172)	(1,712)	(172)
Property and equipment written off	-	19	-	19
Operating profit before changes in operating assets and liabilities	20,541	13,756	13,847	13,815
(INCREASE)/DECREASE IN OPERATING ASSETS				
Deposits and placements with banks and other financial institutions	30,000	(60,000)	30,000	(60,000)
Loans and advances	(176,148)	122,695	(176,148)	122,695
Other assets	(3,611)	(1,087)	(3,048)	(1,036)
Amount due from subsidiary company	-	-	681	-
Statutory deposits with Bank Negara Malaysia	(1,000)	-	(1,000)	-
INCREASE IN OPERATING LIABILITIES				
Deposits from customers	(12,907)	166,464	(7,753)	166,743
Deposits and placements of banks and other financial institutions	253,374	(24,750)	253,374	(24,750)
Bills and acceptances payable	(2,096)	44,360	(2,096)	44,360
Other liabilities	36,434	(3,973)	35,400	(3,978)
Cash generated from operating activities	144,587	257,465	143,257	257,849
Taxation paid	(6,147)	(5,274)	(5,105)	(5,274)
Net cash generated from operating activities	138,440	252,191	138,152	252,575
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of property and equipment	(2,014)	(2,985)	(1,727)	(2,883)
Purchase of intangible assets	(46)	(23)	(46)	(9)
Proceeds from disposal of property and equipment	-	16	-	16
Interest received on held-to-maturity securities	751	751	751	751
Investment in subsidiary	-	-	-	(500)
Net cash generated used in investing activities	(1,309)	(2,241)	(1,022)	(2,625)
CASH FLOWS FROM FINANCING ACTIVITIES				
Dividends paid	-	(6,840)	-	(6,840)
Net cash used in financing activities	-	(6,840)	-	(6,840)
NET INCREASE IN CASH AND CASH EQUIVALENTS DURING THE FINANCIAL PERIOD	137,131	243,110	137,130	243,110
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR	808,721	383,464	808,720	383,464
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD	945,852	626,574	945,850	626,574

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**NOTES TO UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS
ENDED 30 SEPTEMBER 2010**

1 Review of Performance and Commentary of Prospects

The Bank's profit before taxation for the nine months ended 30 September 2010 was higher as compared with the corresponding period in 2009 due to increased revenue. However this was offset by increased overheads as a result of network expansion. The Bank has focused in marketing for more SME loans, at the same time continues to promote its fee based generating products and grow its customer based and deposit based.

2 Group Accounting Policies

The unaudited condensed consolidated interim financial statements for the nine months ended 30 September 2010 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 2009.

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 31 December 2009, except for the adoption of the following new Financial Reporting Standards (FRSs). Amendments to FRSs and Interpretations with effect from 1 January 2010.

FRS 101	Presentation of Financial Statements
FRS 139	Financial Instruments: Recognition and Measurement
FRS 7	Financial Instruments: Disclosures
IC Interpretation 9	Reassessment of Embedded Derivatives
IC Interpretation 10	Interim Financial Reporting and Impairment
Amendment to FRS 132	Financial Instruments: Presentation

FRS 101 - Presentation of Financial Statements

FRS 101 requires "non owner changes in equity" to be presented separately from owner changes in equity. The Group has elected to present one performance statement (the statement of comprehensive income). This standard does not have any impact on the financial position and results of the Group.

FRS 139 - Financial Instruments: Recognition and Measurement

FRS 139 establishes the principles for recognising and measuring financial assets, financial liabilities and some contracts to buy and sell non-financial items. Hedge accounting is permitted only under strict circumstances. Nevertheless, prior to the adoption of FRS139, the accounting policies of the Group and the Bank incorporate revised BNM/GP8 - Guidelines on Financial Reporting for Licensed Institutions on 1 January 2005 which includes selected principles of FRS 139.

The Bank's provision for impaired loans is in conformity with the minimum requirements of BNM's Guidelines on the Classification and Impairment Provision for Loans/Financing with the adoption of FRS 139 - Financial Instruments: Recognition and Measurement issued by MASB. The Bank will assess at the end of each reporting period whether there is any objective evidence that a loan is impaired. A loan or a group of loan is impaired and impairment losses are incurred if, and only if, there is objective evidence of impairment as a results of one or more events that occurred after the initial recognition of the loan (a 'loss event') and the loss event has an impact on the estimated future cash flows of the loan or group of loan tht can be reliably estimated.

The Bank assesses individually whether objective evidence of impairment exists individually for all loans as the Bank do not have sufficient historical data to collectively assess for impairment. However, the Bank will maintain collective assessment impairment allowances of at least 1.5% of total outstanding loans, net of individual impairment allowances. This transitional arrangement is prescribed in BNM's guidelines on Classification and Impairment Provisions for Loans/Financing issued on 8 January 2010.

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NOTES TO UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2010

2 Group Accounting Policies (Continued)

The following revised FRSs, new IC Interpretations and Amendments to FRSs have been issued by the MASB and are effective for annual periods commencing on or after 1 July 2010, and have yet to be adopted by the Group and the Bank :

FRS 1	First-time Adoption of Financial Reporting Standards
FRS 3	Business Combination
FRS 127	Consolidated and separate financial statements

The application of these amendments are not expected to have a material effect on the Group's operating results or financial position.

3 Audit Report

The audit report for the financial period ended 31 December 2009 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 2010.

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 2010.

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 2010.

9 Cash and short-term funds

	Group		Bank	
	30 September 2010	31 December 2009	30 September 2010	31 December 2009
	RM'000	RM'000	RM'000	RM'000
Cash and balances with banks and other financial institutions	201,533	48,821	201,531	48,820
Money at call and deposit placements maturing within 1 month	744,319	759,900	744,319	759,900
	945,852	808,721	945,850	808,720

10 Deposits and placements with banks and other financial institutions

	Group and Bank	
	30 September 2010	31 December 2009
	RM'000	RM'000
Bank Negara Malaysia	-	30,000
	-	30,000

11 Held-to-maturity securities

	Group and Bank	
	30 September 2010	31 December 2009
	RM'000	RM'000
At amortised cost		
Money market instrument:		
Malaysian Government Securities	39,672	39,672
Amortisation of premium less accretion of discounts	253	157
	39,925	39,829

NOTES TO UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2010

12 Loans and advances
At amortised cost

	Group and Bank	
	30 September	31 December
	2010	2009
	RM'000	RM'000
(i) By type		
Overdrafts	104,389	48,650
Terms loans		
- Housing loans	8,677	7,073
- Syndicated term loan	341,177	361,799
- Other term loans	268,126	129,680
Bills receivable	1,056	67,348
Trust receipts	31,681	6,392
Claims on customers under acceptance credits	94,781	47,325
Staff loans	2,451	2,613
of which: RMnil (2009: RMnil were to Directors)		
Loans to banks and other financial institutions	46,321	51,487
	<u>898,659</u>	<u>722,367</u>
Less: Unearned interest and income	(446)	(302)
Total gross loans and advances	<u>898,213</u>	<u>722,065</u>
Less: Allowance for impairment		
- Collective assessment	(17,466)	-
- Individual assessment	(46)	-
- General	-	(17,466)
- Specific	-	(24)
Total net loans and advances	<u>880,701</u>	<u>704,575</u>

(ii) By geographical distribution

	Group and Bank	
	30 September	31 December
	2010	2009
	RM'000	RM'000
Malaysia	634,435	439,258
Other countries	263,778	282,807
Total gross loans and advances	<u>898,213</u>	<u>722,065</u>

(iii) By interest rate sensitivity

	Group and Bank	
	30 September	31 December
	2010	2009
	RM'000	RM'000
Fixed rate		
- Housing loans	-	-
- Other fixed rate loan	3,331	3,438
Variable rate		
- BLR plus	374,563	174,268
- Cost plus	132,822	63,861
- Other variable rates	387,497	480,498
	<u>898,213</u>	<u>722,065</u>

(iv) By purpose

	Group and Bank	
	30 September	31 December
	2010	2009
	RM'000	RM'000
Purchase of transport vehicles	44	47,743
Purchase of landed property:	182,448	84,791
- Residential	14,608	11,562
- Non-residential	167,840	73,229
Purchase of fixed assets other than land and building	879	824
Personal use	11,140	3,403
Construction	10,345	8,379
Working capital	589,601	446,445
Other purpose	103,756	130,480
	<u>898,213</u>	<u>722,065</u>

NOTES TO UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2010

12 Loans and advances (continued)

(v) By residual contractual maturity

	Group and Bank	
	30 September 2010	31 December 2009
	RM'000	RM'000
Up to one month	303,554	281,298
More than one month to three months	218,067	237,937
More than three months to six months	97,340	63,602
More than six months to twelve months	-	-
More than twelve months	279,252	139,228
	898,213	722,065

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

(vi) Impaired loans and advances

(a) Movements in impaired loans and advances

	Group and Bank	
	30 September 2010	31 December 2009
	RM'000	RM'000
At beginning of financial period/year	67	6,219
Classified as impaired during the period/year	2	67
Amount recovered	(31)	(6,219)
Amount written off	-	-
At end of financial period/year	38	67
Individual Allowance for impairment	(46)	(24)
Net impaired loans and advances	(8)	43

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

0.00% 0.01%

(b) By geographical

	Group and Bank	
	30 September 2010	31 December 2009
	RM'000	RM'000
Malaysia	38	67
Other countries	-	-
	38	67

c) By purposes

	Group and Bank	
	30 September 2010	31 December 2009
	RM'000	RM'000
Purchase of residential property	38	67
	38	67

(vii) Allowance for impairment on loans and advances

(a) Movements in allowance for impairment for loans and advances

	Group and Bank	
	30 September 2010	31 December 2009
	RM'000	RM'000
Individual assessment allowance		
At beginning of the financial period/year	-	-
Effect of reclassification on FRS 139	24	-
Allowance made during the financial period/year	22	-
Amount recovered	-	-
Amount written off	-	-
At end of the financial period/year	46	-
Collective assessment allowance		
At beginning of the financial period/year	-	-
Effect of reclassification on FRS 139	17,466	-
Allowance made during the financial period/year	-	-
At end of the financial period/year	17,466	-

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**NOTES TO UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS
ENDED 30 SEPTEMBER 2010**

12 Loans and advances (continued)

(vii) Allowance for impairment on loans and advances (continued)

(a) Movements in allowance for impairment for loans and advances (continued)

	Group and Bank	
	30 September 2010 RM'000	31 December 2009 RM'000
General allowance		
At beginning of the financial period/year	17,466	17,466
Effect of reclassification on FRS 139	(17,466)	-
At end of the financial period/year	<u>-</u>	<u>17,466</u>
As % of gross loans and advances less specific allowance	-	2.42%
Specific allowance		
At beginning of the financial period/year	24	943
Effect of reclassification on FRS 139	(24)	-
Allowance made during the financial period/year	-	24
Amount recovered	-	(943)
Amount written off	-	-
At end of the financial period/year	<u>-</u>	<u>24</u>

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NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2010

13 Other Assets

	Group		Bank	
	30 September 2010	31 December 2009	30 September 2010	31 December 2009
	RM'000	RM'000	RM'000	RM'000
Interest receivable	1,436	1,401	1,436	1,401
Other debtors, deposits and prepayments	8,094	2,431	7,227	2,127
	9,530	3,832	8,663	3,528

14 Deposits from Customers

(i) By type of deposits

	Group		Bank	
	30 September 2010	31 December 2009	30 September 2010	31 December 2009
	RM'000	RM'000	RM'000	RM'000
Demand deposits	89,263	87,728	94,858	88,169
Savings deposits	26,487	20,461	26,487	20,461
Fixed deposits	359,801	490,269	359,801	490,269
Negotiable instruments of deposits	110,000	-	110,000	-
Others	1,600	1,600	1,600	1,600
	587,151	600,058	592,746	600,499

(ii) By type of customer

	Group		Bank	
	30 September 2010	31 December 2009	30 September 2010	31 December 2009
	RM'000	RM'000	RM'000	RM'000
Government and statutory bodies	1,600	1,600	1,600	1,600
Business enterprises	366,655	424,444	372,250	424,885
Individuals	212,193	170,529	212,193	170,529
Others	6,703	3,485	6,703	3,485
	587,151	600,058	592,746	600,499

(iii) Maturity structure of fixed deposits as follows

	Group		Bank	
	30 September 2010	31 December 2009	30 September 2010	31 December 2009
	RM'000	RM'000	RM'000	RM'000
Due within six months	276,544	469,241	276,544	469,241
Six months to one year	82,404	20,712	82,404	20,712
More than one year	853	316	853	316
	359,801	490,269	359,801	490,269

15 Deposits and placements of banks and other financial institutions

	Group and Bank	
	30 September 2010	31 December 2009
	RM'000	RM'000
Licensed banks	865,286	611,912
	865,286	611,912

16 Other Liabilities

	Group		Bank	
	30 September 2010	31 December 2009	30 September 2010	31 December 2009
	RM'000	RM'000	RM'000	RM'000
Interest payable	2,134	1,544	2,134	1,544
Accrued expenses	5,527	3,908	5,253	3,792
Margin deposits	32,821	5,314	32,821	5,314
Other liabilities	16,350	9,632	15,152	9,310
	56,832	20,398	55,360	19,960

NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2010

17 Interest income	3rd Quarter Ended		Nine Months Ended	
	Group and Bank 30 September 2010 RM'000	Group and Bank 30 September 2009 RM'000	Group and Bank 30 September 2010 RM'000	Group and Bank 30 September 2009 RM'000
Loans and advances				
- Interest income other than recoveries from impaired loans	7,465	4,124	17,698	15,711
- Recoveries from impaired loans	-	-	-	-
Money at call and deposit placement with financial institutions	4,095	4,221	12,879	10,727
Securities	-	-	-	-
- Held-to-maturity investments	379	379	1,126	1,126
	<u>11,939</u>	<u>8,724</u>	<u>31,703</u>	<u>27,564</u>
Amortisation of premium less accretion of discount	33	31	96	92
Interest suspended	-	-	-	(1)
Total interest income	<u>11,972</u>	<u>8,755</u>	<u>31,799</u>	<u>27,655</u>

18 Interest Expense	3rd Quarter Ended		Nine Months Ended	
	Group and Bank 30 September 2010 RM'000	Group and Bank 30 September 2009 RM'000	Group and Bank 30 September 2010 RM'000	Group and Bank 30 September 2009 RM'000
Deposits and placements of banks and other financial institutions	2,580	1,219	6,453	4,911
Deposits from customers	2,265	2,394	6,568	5,884
Others	160	115	232	203
	<u>5,005</u>	<u>3,728</u>	<u>13,253</u>	<u>10,998</u>

19 Other operating income	3rd Quarter Ended		Nine Months Ended	
	Group 30 September 2010 RM'000	Group 30 September 2009 RM'000	Group 30 September 2010 RM'000	Group 30 September 2009 RM'000
Fees income:				
- Fee on loans and advances	650	517	1,837	1,261
- Service charges and fees	4,496	1,383	13,121	3,976
- Guarantee fees	554	572	1,589	1,682
	<u>5,700</u>	<u>2,472</u>	<u>16,547</u>	<u>6,919</u>
Foreign exchange income:				
- Realised	1,450	1,230	5,567	4,381
- Unrealised	1,448	277	1,712	172
Gain from disposal of property and equipment	-	-	-	-
Other income	64	13	67	28
	<u>8,662</u>	<u>3,992</u>	<u>23,893</u>	<u>11,500</u>

Other operating income	3rd Quarter Ended		Nine Months Ended	
	Bank 30 September 2010 RM'000	Bank 30 September 2009 RM'000	Bank 30 September 2010 RM'000	Bank 30 September 2009 RM'000
Fees income:				
- Fee on loans and advances	650	517	1,837	1,261
- Service charges and fees	1,492	1,383	4,338	3,976
- Guarantee fees	554	572	1,589	1,682
	<u>2,696</u>	<u>2,472</u>	<u>7,764</u>	<u>6,919</u>
Foreign exchange income:				
- Realised	1,450	1,230	5,567	4,381
- Unrealised	1,448	277	1,712	172
Gain from disposal of property and equipment	-	-	-	-
Other income	94	13	157	28
	<u>5,688</u>	<u>3,992</u>	<u>15,200</u>	<u>11,500</u>

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NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2010

**20 Other operating expenses
Group**

	3rd Quarter Ended		Nine Months Ended	
	30 September	30 September	30 September	30 September
	2010	2009	2010	2009
	RM'000	RM'000	RM'000	RM'000
Personnel expenses	4,066	2,872	11,592	8,737
Salaries & wages (includes CEO / EDs)	2,390	1,759	7,003	4,865
Bonuses	944	676	2,507	2,218
Defined contribution plan ("EPF")	438	188	1,242	851
Staff welfare expenses	134	89	400	311
Other personnel costs	160	160	440	492
Marketing expenses	128	151	436	347
Entertainment	88	93	289	241
Other marketing	40	58	147	106
Establishment costs	1,719	1,110	4,524	3,141
Rental of premises	754	410	1,963	1,129
Depreciation	335	165	909	427
Amortisation	125	121	368	361
Repairs and maintenance	151	122	453	396
Property and equipment written off	-	-	-	20
Other establishment costs	354	292	831	808
Administration and general expenses	435	536	3,689	1,577
Insurance premium	20	1	340	278
Auditors' remuneration - statutory audit fees	-	0	55	-
- other fees	-	0	50	-
Travelling and accommodation	70	95	146	187
Telecommunication and utilities	103	87	301	196
Printing, stationery and postage	146	166	533	501
Legal and professional fees	10	58	1,738	105
Other administration and general expenses	86	129	526	310
	6,348	4,669	20,241	13,802

Bank

	3rd Quarter Ended		Nine Months Ended	
	30 September	30 September	30 September	30 September
	2010	2009	2010	2009
	RM'000	RM'000	RM'000	RM'000
Personnel expenses	3,579	2,843	10,297	8,708
Salaries & wages (includes CEO / EDs)	2,075	1,743	6,177	4,849
Bonuses	857	676	2,238	2,218
Defined contribution plan ("EPF")	408	186	1,162	849
Staff welfare expenses	94	88	327	310
Other personnel costs	145	150	393	482
Marketing expenses	127	150	426	346
Entertainment	87	92	282	240
Other marketing	40	58	144	106
Establishment costs	1,495	1,103	3,846	3,134
Rental of premises	600	410	1,502	1,129
Depreciation	284	165	763	427
Amortisation	124	120	364	360
Repairs and maintenance	150	116	439	390
Property and equipment written off	-	-	-	20
Other establishment costs	337	292	778	808
Administration and general expenses	394	513	3,523	1,554
Insurance premium	20	1	338	278
Auditors' remuneration - statutory audit fees	-	-	55	-
- other fees	-	-	50	-
Travelling and accommodation	70	95	156	187
Telecommunication and utilities	92	88	269	197
Printing, stationery and postage	123	163	490	498
Legal and professional fees	10	46	1,671	93
Other administration and general expenses	79	120	494	301
	5,595	4,609	18,092	13,742

NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2010

21 Allowance for impairment on loans and advances

	<u>3rd Quarter Ended</u>		<u>Nine Months Ended</u>	
	Group and Bank	Bank	Group and Bank	Bank
	30 September	30 September	30 September	30 September
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
	RM'000	RM'000	RM'000	RM'000
Allowance for impairment on loans and advances				
(a) Individual assessment allowance				
- Made in the financial period	-	-	22	-
- Written back in the financial period	-	-	-	-
(b) Collective assessment allowance	-	-	-	-
- Made in the financial period	-	-	22	-

NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2010

23 Capital adequacy

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

	Bank	
	30 September 2010 RM'000	31 December 2009 RM'000
<u>Tier-1 capital</u>		
Paid-up ordinary share capital	304,000	304,000
Retained profits	9,286	9,286
Other reserves	50,754	50,754
	<u>364,040</u>	<u>364,040</u>
Less: Deferred tax assets	(5,017)	(5,017)
Total Tier-1 Capital	<u>359,023</u>	<u>359,023</u>
<u>Tier-2 capital</u>		
Collective allowance for impairment	17,466	17,466
Total Tier-2 Capital	<u>17,466</u>	<u>17,466</u>
Less: investment in a subsidiary	(1,000)	(1,000)
Total capital base	<u>375,489</u>	<u>375,489</u>
<u>Capital ratios</u>		
Core capital ratio	25.1%	31.9%
Risk-weighted capital ratio	26.3%	33.4%

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

Credit risk	1,348,109	1,048,082
Market risk	3,375	2,548
Operational risk	77,703	73,113
Total risk-weighted assets	<u>1,429,187</u>	<u>1,123,743</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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NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2010

24 Commitments and contingencies

	30 September 2010			Group and Bank 31 December 2009		
	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	540	540	540	2,826	2,826	600
Transaction-related contingent items	538,700	269,350	132,872	569,841	284,921	142,846
Short-term self-liquidation trade related contingencies	24,754	4,951	151	5,835	1,167	470
Irrevocable commitments to extend credit:						
- Maturity not exceeding one year	395,074	79,015	79,558	566,547	113,309	93,979
- Maturity exceeding one year	525,451	262,726	184,942	487,608	243,804	157,875
Foreign exchange related contracts:						
- Less than one year	16,046	-	-	3,544	-	-
Others	14,016	-	-	20,731	-	-
Total	1,514,581	616,582	398,063	1,656,932	646,027	395,770

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NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS
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25 Credit Exposures Arising From Credit Transactions With Connected Parties

	Group and Bank	
	30 September	31 December
	2010	2009
Outstanding credit exposures with connected parties (RM'000)	<u>96,375</u>	<u>179,179</u>
Percentage of outstanding credit exposures to connected parties as proportion of total credit exposures	<u>7%</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.

26 Operations of Islamic Banking

No Islamic banking activities was involved for the financial period ended 30 September 2010.

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 3rd quarter ended 30 September 2010.