

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

INTERIM FINANCIAL STATEMENTS

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2011

	Note	Group		Bank	
		30 September	31 December	30 September	31 December
		2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
ASSETS					
Cash and short-term funds	9	1,366,063	1,173,318	1,366,061	1,173,316
Deposits and placements with banks and other financial institutions	10	298,786	-	298,786	-
Held-to-maturity securities	11	40,139	40,225	40,139	40,225
Loans and advances	12	1,155,870	943,863	1,155,870	943,863
Other assets	13	11,104	24,984	10,534	24,484
Deferred tax assets		5,427	5,557	5,427	5,557
Statutory deposits with Bank Negara Malaysia		15,200	2,100	15,200	2,100
Property and equipment		7,014	8,063	5,855	6,715
Intangible assets		11	52	7	43
Investment in a subsidiary		-	-	1,000	1,000
TOTAL ASSETS		2,899,614	2,198,162	2,898,879	2,197,303
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY					
Deposits from customers	14	1,524,449	815,682	1,529,221	823,114
Deposits and placements of banks and other financial institutions	15	930,506	940,417	930,506	940,417
Other liabilities	16	35,533	54,617	34,375	52,859
Provision for taxation		2,300	1,946	2,300	1,626
Deferred tax liabilities		27	27	-	-
TOTAL LIABILITIES		2,492,815	1,812,689	2,496,402	1,818,016
Financed by:					
Share capital		304,000	304,000	304,000	304,000
Reserves		102,799	81,473	98,477	75,287
SHAREHOLDERS' EQUITY		406,799	385,473	402,477	379,287
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		2,899,614	2,198,162	2,898,879	2,197,303
COMMITMENTS AND CONTINGENCIES	24	1,100,576	1,428,641	1,100,576	1,428,641

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 2011

Group		3rd Quarter Ended		Nine Months Ended	
		30 September	30 September	30 September	30 September
		2011	2010	2011	2010
		RM'000	RM'000	RM'000	RM'000
Interest income	17	24,642	11,972	59,524	31,799
Interest expense	18	(14,913)	(5,005)	(32,120)	(13,253)
Net interest income		9,729	6,967	27,404	18,546
Other operating income	19	8,272	8,662	24,626	23,893
Other operating expenses	20	(6,951)	(6,348)	(22,330)	(20,241)
Operating profit		11,050	9,281	29,700	22,198
Allowance for impairment on loans and advances	21	989	-	(322)	(22)
Profit before taxation		12,039	9,281	29,378	22,176
Taxation		(2,922)	(2,704)	(8,052)	(6,466)
Profit for the financial period		9,117	6,577	21,326	15,710
Other comprehensive income		-	-	-	-
Total comprehensive income for the period		9,117	6,577	21,326	15,710

Bank		3rd Quarter Ended		Nine Months Ended	
		30 September	30 September	30 September	30 September
		2011	2010	2011	2010
		RM'000	RM'000	RM'000	RM'000
Interest income	17	24,642	11,972	59,524	31,799
Interest expense	18	(14,913)	(5,005)	(32,120)	(13,253)
Net interest income		9,729	6,967	27,404	18,546
Other operating income	19	11,671	5,688	22,510	15,200
Other operating expenses	20	(6,194)	(5,595)	(19,807)	(18,092)
Operating profit		15,206	7,060	30,107	15,654
Allowance for losses on loans and advances	21	989	-	(322)	(22)
Profit before taxation		16,195	7,060	29,785	15,632
Taxation		(2,465)	(2,178)	(6,595)	(4,904)
Profit for the financial period		13,730	4,882	23,190	10,728
Other comprehensive income		-	-	-	-
Total comprehensive income for the period		13,730	4,882	23,190	10,728

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 2011

	Issued and fully paid ordinary shares of <u>RM1.00 each</u>	Non- distributable Statutory reserves RM'000	Distributable Retained profits RM'000	Total RM'000
	Nominal value RM'000			
Group				
At 1 January 2011	304,000	58,378	23,095	385,473
Profit for the financial period	-	-	21,326	21,326
Total comprehensive income for the period	-	-	21,326	21,326
Transfer to statutory reserve	-	-	-	-
Dividends paid	-	-	-	-
At 30 September 2011	304,000	58,378	44,421	406,799
At 1 January 2010	304,000	50,754	8,847	363,601
Net profit for the financial period	-	-	9,133	9,133
Total recognised income for the financial period	-	-	9,133	9,133
Transfer to statutory reserve	-	-	-	-
Dividends paid	-	-	-	-
At 30 September 2010	<u>304,000</u>	<u>50,754</u>	<u>17,980</u>	<u>372,734</u>
Bank				
At 1 January 2011	304,000	58,378	16,909	379,287
Profit for the financial period	-	-	23,190	23,190
Total comprehensive income for the period	-	-	23,190	23,190
Transfer to statutory reserve	-	-	-	-
Dividends paid	-	-	-	-
At 30 September 2011	304,000	58,378	40,099	402,477
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	<u>304,000</u>	<u>50,754</u>	<u>20,014</u>	<u>374,768</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 2011

	Group		Bank	
	30 September 2011	30 September 2010	30 September 2011	30 September 2010
Note	RM'000	RM'000	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before taxation	29,378	22,176	29,785	15,632
<i>Adjustment for:</i>				
Depreciation of property and equipment	1,141	909	988	763
Amortisation of intangible assets	42	368	37	364
Net gain on disposal of property and equipment	(30)	-	(30)	-
Amortisation of premium less accretion of discount	(42)	(96)	(42)	(96)
Allowance for/(write-back of) losses on loans and advances	322	22	322	22
Interest income from held-to-maturity securities	(947)	(1,126)	(947)	(1,126)
Unrealised foreign exchange loss / (gain)	407	(1,712)	407	(1,712)
Property and equipment written off	17	-	2	-
Dividend Income	-	-	(6,100)	-
	30,288	20,541	24,422	13,847
(INCREASE)/DECREASE IN OPERATING ASSETS				
Deposits and placements with banks and other financial institutions	(298,013)	30,000	(298,013)	30,000
Loans and advances	(212,329)	(176,148)	(212,329)	(176,148)
Other assets	11,563	(3,611)	11,633	(3,048)
Amount due from subsidiary company	-	-	-	681
Statutory deposits with Bank Negara Malaysia	(13,100)	(1,000)	(13,100)	(1,000)
INCREASE IN OPERATING LIABILITIES				
Deposits from customers	708,767	(12,907)	706,107	(7,753)
Deposits and placements of banks and other financial institutions	(9,911)	253,374	(9,911)	253,374
Bills and acceptances payable	-	(2,096)	-	(2,096)
Other liabilities	(19,084)	36,434	(18,484)	35,400
	198,181	144,587	190,325	143,257
Cash generated from operating activities	(7,568)	(6,147)	(5,791)	(5,105)
	190,613	138,440	184,534	138,152
CASH FLOWS FROM INVESTING ACTIVITIES				
Dividend income received from subsidiary	-	-	6,100	-
Purchase of property and equipment	(109)	(2,014)	(130)	(1,727)
Purchase of intangible assets	(1)	(46)	(1)	(46)
Proceeds from disposal of property and equipment	30	-	30	-
Interest received on held-to-maturity securities	1,075	751	1,075	751
	995	(1,309)	7,074	(1,022)
CASH FLOWS FROM FINANCING ACTIVITIES				
Dividends paid	-	-	-	-
	-	-	-	-
NET INCREASE IN CASH AND CASH EQUIVALENTS DURING THE FINANCIAL PERIOD				
	191,608	137,131	191,608	137,130
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	1,363,780	945,852	1,363,778	945,850

NOTES TO UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2011

1 Review of Performance and Commentary of Prospects

The Bank's profit before taxation for the nine months ended 30 September 2011 was higher as compared with the corresponding period in 2010 mainly due to increase in net interest income. However this was offset partly by increase 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.

2 Group Accounting Policies

The unaudited condensed consolidated interim financial statements for the nine months ended 30 September 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 nine months ended 30 September 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 nine months ended 30 September 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 nine months ended 30 September 2011.

9 Cash and short-term funds

	Group		Bank	
	30 September 2011	31 December 2010	30 September 2011	31 December 2010
	RM'000	RM'000	RM'000	RM'000
Cash and balances with banks and other financial institutions	81,518	174,518	81,516	174,516
Money at call and deposit placements maturing within 1 month	1,282,262	997,654	1,282,262	997,654
Interest receivable	2,283	1,146	2,283	1,146
	1,366,063	1,173,318	1,366,061	1,173,316

10 Deposits and placements with banks and other financial institutions

	Group and Bank	
	30 September 2011	31 December 2010
	RM'000	RM'000
Other financial institutions	298,013	-
Interest receivable	773	-
	298,786	-

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NOTES TO UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2011

11 Held-to-maturity securities

	Group and Bank	
	30 September	31 December
	2011	2010
	RM'000	RM'000
At amortised cost		
Money market instrument:		
Malaysian Government Securities	40,000	39,672
Accretion of discounts less amortisation of premium	-	286
Interest receivable	139	267
	<u>40,139</u>	<u>40,225</u>

12 Loans and advances

At amortised cost

(i) By type

	Group and Bank	
	30 September	31 December
	2011	2010
	RM'000	RM'000
Overdrafts	160,964	119,139
Terms loans		
- Housing loans	9,593	9,546
- Syndicated term loan	211,984	248,139
- Other term loans	507,220	373,653
Revolving Credit	5,026	-
Bills receivable	112,555	-
Trust receipts	7,605	9,568
Claims on customers under acceptance credits	94,617	93,872
Staff loans	1,670	2,210
Loans to banks and other financial institutions	63,989	108,457
	<u>1,175,223</u>	<u>964,584</u>
Less: Unearned interest and income	(565)	(381)
Total gross loans and advances	<u>1,174,658</u>	<u>964,203</u>
Less: Allowance for impaired loans and advances		
- Collective assessment allowance	(18,777)	(17,466)
- Individual assessment allowance	(11)	(2,874)
Total net loans and advances	<u>1,155,870</u>	<u>943,863</u>

(ii) By geographical distribution

	Group and Bank	
	30 September	31 December
	2011	2010
	RM'000	RM'000
Malaysia	852,818	733,900
Other countries	321,840	230,303
Total gross loans and advances	<u>1,174,658</u>	<u>964,203</u>

(iii) By interest rate sensitivity

	Group and Bank	
	30 September	31 December
	2011	2010
	RM'000	RM'000
Fixed rate		
- Housing loans	-	-
- Other fixed rate loan	114,924	3,047
Variable rate		
- BLR plus	613,306	479,016
- Cost plus	111,503	110,851
- Other variable rates	334,925	371,289
	<u>1,174,658</u>	<u>964,203</u>

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NOTES TO UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2011

(iv) By purpose

	Group and Bank	
	30 September 2011 RM'000	31 December 2010 RM'000
Purchase of securities	30,168	30,167
Purchase of transport vehicles	26	31
Purchase of landed property:	243,017	196,875
- Residential	14,690	15,308
- Non-residential	228,327	181,567
Purchase of fixed assets other than land and building	699	836
Personal use	45,863	17,333
Construction	14,945	11,358
Working capital	711,161	579,930
Other purpose	128,779	127,673
	<u>1,174,658</u>	<u>964,203</u>

12 Loans and advances (continued)

(v) By residual contractual maturity

	Group and Bank	
	30 September 2011 RM'000	31 December 2010 RM'000
Up to one month	284,025	396,571
More than one month to three months	295,387	170,177
More than three months to six months	115,740	12,099
More than six months to twelve months	3	-
More than twelve months	479,503	385,356
	<u>1,174,658</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	
	30 September 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	(990)	(36)
Amount written off	(1,874)	(43)
Other adjustments	-	-
At end of financial period/year	57	2,921
Individual Allowance for impairment	(11)	(2,874)
Net impaired loans and advances	<u>46</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	
	30 September 2011 RM'000	31 December 2010 RM'000
Malaysia	57	2,921
Other countries	-	-
	<u>57</u>	<u>2,921</u>

(c) By purposes

	Group and Bank	
	30 September 2011 RM'000	31 December 2010 RM'000
Purchase of residential property	57	58
Working capital	-	2,863
	<u>57</u>	<u>2,921</u>

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**NOTES TO UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS
ENDED 30 SEPTEMBER 2011**

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

	Group and Bank	
	30 September 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	(989)	(37)
Amount written off	(1,874)	(8)
At end of the financial period/year	<u>11</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	1,311	-
At end of the financial period/year	<u>18,777</u>	<u>17,466</u>

13 Other Assets

	Group		Bank	
	30 September 2011 RM'000	31 December 2010 RM'000	30 September 2011 RM'000	31 December 2010 RM'000
Other debtors, deposits and prepayments	<u>11,104</u>	<u>24,984</u>	<u>10,534</u>	<u>24,484</u>
	<u>11,104</u>	<u>24,984</u>	<u>10,534</u>	<u>24,484</u>

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**NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS
ENDED 30 SEPTEMBER 2011**

14 Deposits from Customers

(i) By type of deposits

	Group		Bank	
	30 September 2011	31 December 2010	30 September 2011	31 December 2010
	RM'000	RM'000	RM'000	RM'000
Demand deposits	133,519	129,803	138,291	137,235
Savings deposits	34,413	28,035	34,413	28,035
Fixed deposits	1,254,596	576,088	1,254,596	576,088
Negotiable instruments of deposits	100,315	80,156	100,315	80,156
Others	1,606	1,600	1,606	1,600
	1,524,449	815,682	1,529,221	823,114

(ii) By type of customer

	Group		Bank	
	30 September 2011	31 December 2010	30 September 2011	31 December 2010
	RM'000	RM'000	RM'000	RM'000
Government and statutory bodies	15,769	1,600	15,769	1,600
Business enterprises	892,217	535,374	896,989	542,806
Individuals	586,808	268,543	586,808	268,543
Others	29,655	10,165	29,655	10,165
	1,524,449	815,682	1,529,221	823,114

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

	Group and Bank	
	30 September 2011	31 December 2010
	RM'000	RM'000
Due within six months	876,251	565,491
Six months to one year	455,235	90,753
More than one year	23,425	-
	1,354,911	656,244

15 Deposits and placements of banks and other financial institutions

	Group and Bank	
	30 September 2011	31 December 2010
	RM'000	RM'000
Licensed banks	930,506	940,417
	930,506	940,417

16 Other Liabilities

	Group		Bank	
	30 September 2011	31 December 2010	30 September 2011	31 December 2010
	RM'000	RM'000	RM'000	RM'000
Accrued expenses	6,134	5,810	5,729	5,153
Margin deposits	13,376	7,958	13,376	7,958
Other liabilities	16,023	40,849	15,270	39,748
	35,533	54,617	34,375	52,859

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NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2011

17 Interest income

	3rd Quarter Ended		Nine Months Ended	
	Group and Bank		Group and Bank	
	30 September 2011 RM'000	30 September 2010 RM'000	30 September 2011 RM'000	30 September 2010 RM'000
Loans and advances				
- Interest income other than recoveries from impaired loans	13,139	7,465	34,689	17,698
Money at call and deposit placement with financial institutions	11,230	4,095	23,846	12,879
Securities	-			
- Held-to-maturity investments	273	379	947	1,126
	<u>24,642</u>	<u>11,939</u>	<u>59,482</u>	<u>31,703</u>
Amortisation of premium less accretion of discount	-	33	42	96
Total interest income	<u>24,642</u>	<u>11,972</u>	<u>59,524</u>	<u>31,799</u>

18 Interest Expense

	3rd Quarter Ended		Nine Months Ended	
	Group and Bank		Group and Bank	
	30 September 2011 RM'000	30 September 2010 RM'000	30 September 2011 RM'000	30 September 2010 RM'000
Deposits and placements of banks and other financial institutions	4,345	2,580	9,966	6,453
Deposits from customers	10,542	2,265	22,095	6,568
Others	26	160	59	232
	<u>14,913</u>	<u>5,005</u>	<u>32,120</u>	<u>13,253</u>

19 Other operating income

Group	3rd Quarter Ended		Nine Months Ended	
	30 September 2011 RM'000	30 September 2010 RM'000	30 September 2011 RM'000	30 September 2010 RM'000
	Fees income:			
- Fee on loans and advances	739	650	2,083	1,837
- Service charges and fees	4,315	4,496	12,792	13,121
- Guarantee fees	704	554	2,116	1,589
	<u>5,758</u>	<u>5,700</u>	<u>16,991</u>	<u>16,547</u>
Foreign exchange income:				
- Realised	2,949	1,450	8,008	5,567
- Unrealised	(434)	1,448	(407)	1,712
Gain from disposal of property and equipment	-	-	30	-
Other income	(1)	64	4	67
	<u>8,272</u>	<u>8,662</u>	<u>24,626</u>	<u>23,893</u>

Bank	3rd Quarter Ended		Nine Months Ended	
	30 September 2011 RM'000	30 September 2010 RM'000	30 September 2011 RM'000	30 September 2010 RM'000
	Fees income:			
- Fee on loans and advances	739	650	2,083	1,837
- Service charges and fees	1,584	1,492	4,491	4,338
- Guarantee fees	704	554	2,116	1,589
	<u>3,027</u>	<u>2,696</u>	<u>8,690</u>	<u>7,764</u>
Foreign exchange income:				
- Realised	2,949	1,450	8,008	5,567
- Unrealised	(434)	1,448	(407)	1,712
Gain from disposal of property and equipment	-	-	30	-
Other income	6,129	94	6,189	157
	<u>11,671</u>	<u>5,688</u>	<u>22,510</u>	<u>15,200</u>

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NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2011

20 Other operating expenses Group

	3rd Quarter Ended		Nine Months Ended	
	30 September	30 September	30 September	30 September
	2011	2010	2011	2010
	RM'000	RM'000	RM'000	RM'000
Personnel expenses	4,609	4,066	14,016	11,592
Salaries & wages (includes CEO / EDs)	2,614	2,390	7,877	7,003
Bonuses	1,138	944	3,248	2,507
Defined contribution plan ("EPF")	465	438	1,458	1,242
Staff welfare expenses	164	134	640	400
Other personnel costs	228	160	793	440
Marketing expenses	257	128	591	436
Entertainment	224	88	494	289
Other marketing	33	40	97	147
Establishment costs	1,463	1,719	5,000	4,524
Rental of premises	829	754	2,467	1,963
Depreciation	388	335	1,141	909
Amortisation	3	125	42	368
Repairs and maintenance	55	151	312	453
Property and equipment written off	-	-	17	-
Other establishment costs	188	354	1,021	831
Administration and general expenses	622	435	2,723	3,689
Insurance premium	9	20	218	340
Auditors' remuneration - statutory audit fees	-	-	95	55
- other fees	-	-	-	50
Travelling and accommodation	127	70	326	146
Telecommunication and utilities	146	103	413	301
Printing, stationery and postage	131	146	414	533
Legal and professional fees	31	10	170	1,738
Other administration and general expenses	178	86	1,087	526
	6,951	6,348	22,330	20,241
Bank				
	3rd Quarter Ended		Nine Months Ended	
	30 September	30 September	30 September	30 September
	2011	2010	2011	2010
	RM'000	RM'000	RM'000	RM'000
Personnel expenses	4,167	3,579	12,465	10,297
Salaries & wages (includes CEO / EDs)	2,309	2,075	6,901	6,177
Bonuses	1,033	857	2,888	2,238
Defined contribution plan ("EPF")	475	408	1,395	1,162
Staff welfare expenses	130	94	521	327
Other personnel costs	220	145	760	393
Marketing expenses	254	127	576	426
Entertainment	221	87	480	282
Other marketing	33	40	96	144
Establishment costs	1,202	1,495	4,190	3,846
Rental of premises	656	600	1,947	1,502
Depreciation	326	284	988	763
Amortisation	2	124	37	364
Repairs and maintenance	54	150	302	439
Property and equipment written off	-	-	2	-
Other establishment costs	164	337	914	778
Administration and general expenses	571	394	2,576	3,523
Insurance premium	9	20	216	338
Auditors' remuneration - statutory audit fees	-	-	75	55
- other fees	-	-	-	50
Travelling and accommodation	124	70	323	156
Telecommunication and utilities	134	92	382	269
Printing, stationery and postage	110	123	366	490
Legal and professional fees	31	10	165	1,671
Other administration and general expenses	163	79	1,049	494
	6,194	5,595	19,807	18,092

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NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2011

21 Allowance for impairment on loans and advances

	3rd Quarter Ended		Nine Months Ended	
	Group and Bank		Group and Bank	
	<u>30 September</u> <u>2011</u>	<u>30 September</u> <u>2010</u>	<u>30 September</u> <u>2011</u> RM'000	<u>30 September</u> <u>2010</u> 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	(989)	-	(989)	-
(b) Collective assessment allowance	-	-	1,311	-
- Made in the financial period	(989)	-	322	22

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NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2011

23 Capital adequacy

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

	Bank	
	30 September 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	18,777	17,466
Total Tier-2 Capital	18,777	17,466
Less: investment in a subsidiary	(1,000)	(1,000)
Total capital base	391,507	390,196
<u>Capital ratios</u>		
Core capital ratio	23.4%	25.5%
Risk-weighted capital ratio	24.5%	26.7%

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

Credit risk	1,503,434	1,377,555
Market risk	7,329	4,300
Operational risk	87,874	81,759
Total risk-weighted assets	1,598,637	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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NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2011

24 Commitments and contingencies

	30 September 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	equivalent RM'000	weighted RM'000	RM'000	equivalent RM'000	weighted RM'000	
Direct credit substitutes	-	-	-	540	540	540
Transaction-related contingent items	586,013	293,006	144,657	534,458	267,229	132,439
Short-term self-liquidation trade related contingencies	3,026	605	594	1,126	225	203
Irrevocable commitments to extend credit:						
- Maturity not exceeding one year	352,360	70,472	70,017	434,649	86,930	86,461
- Maturity exceeding one year	133,772	66,886	66,175	428,576	214,288	136,676
Foreign exchange related contracts:						
- Less than one year	16,695	-	-	12,744	-	-
Others	8,710	-	-	16,548	-	-
Total	1,100,576	430,969	281,443	1,428,641	569,212	356,319

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NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS
ENDED 30 SEPTEMBER 2011

25 Credit Exposures Arising From Credit Transactions With Connected Parties

	Group and Bank	
	30 September	31 December
	2011	2010
Outstanding credit exposures with connected parties (RM'000)	<u>343,236</u>	<u>190,262</u>
Percentage of outstanding credit exposures to connected parties as proportion of total credit exposures	<u>22%</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 30 September 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 3rd quarter ended 30 September 2011.