

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

INTERIM FINANCIAL STATEMENTS

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2010

	Note	Group		Bank	
		31 March 2010 RM'000	31 December 2009 RM'000	31 March 2010 RM'000	31 December 2009 RM'000
ASSETS					
Cash and short-term funds	9	829,660	808,721	829,659	808,720
Deposits and placements with banks and other financial institutions	10	20,000	30,000	20,000	30,000
Held-to-maturity securities	11	39,861	39,829	39,861	39,829
Loans and advances	12	720,813	704,575	720,813	704,575
Other assets	13	7,728	3,832	6,763	3,528
Deferred tax assets		5,017	5,017	5,017	5,017
Statutory deposits with Bank Negara Malaysia		-	-	-	-
Property and equipment		6,515	6,002	5,339	5,035
Intangible assets		340	462	329	449
Amount due from a subsidiary		-	-	-	681
Investment in a subsidiary		-	-	1,000	1,000
TOTAL ASSETS		1,629,934	1,598,438	1,628,781	1,598,834
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY					
Deposits from customers	14	561,153	600,058	562,766	600,499
Deposits and placements of banks and other financial institutions	15	679,719	611,912	679,719	611,912
Bills and acceptances payable		-	2,096	-	2,096
Other liabilities	16	20,424	20,398	19,216	19,960
Provision for taxation		327	327	327	327
Deferred tax liabilities		46	46	-	-
TOTAL LIABILITIES		1,261,669	1,234,837	1,262,028	1,234,794
Financed by:					
Share capital		304,000	304,000	304,000	304,000
Reserves		64,265	59,601	62,753	60,040
SHAREHOLDERS' EQUITY		368,265	363,601	366,753	364,040
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		1,629,934	1,598,438	1,628,781	1,598,834
COMMITMENTS AND CONTINGENCIES	23	1,579,258	1,656,932	1,579,258	1,656,932

BANK OF CHINA (MALAYSIA) BERHAD
(Incorporated in Malaysia)

INTERIM FINANCIAL STATEMENTS
UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE
THREE MONTHS ENDED 31 MARCH 2010

		Three Months Ended		
		Group	Bank	
		31 March	31 March	31 March
		2010	2010	2009
		RM'000	RM'000	RM'000
Interest income	17	8,978	8,978	10,412
Interest expense	18	(3,548)	(3,548)	(4,224)
Net interest income		5,430	5,430	6,188
Other operating income	19	6,903	4,134	3,716
Other operating expenses	20	(6,147)	(5,539)	(4,632)
Operating profit		6,186	4,025	5,272
Allowance for impairment on loans and advances	21	(12)	(12)	-
Profit before taxation		6,174	4,013	5,272
Taxation		(1,510)	(1,300)	(1,500)
Profit for the financial period		4,664	2,713	3,772
Other comprehensive income		-	-	-
Total comprehensive income for the period		4,664	2,713	3,772

BANK OF CHINA (MALAYSIA) BERHAD (511251-V)
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INTERIM FINANCIAL STATEMENTS
UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE THREE MONTHS
ENDED 31 MARCH 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	-	-	4,664	4,664
Total comprehensive income for the period	-	-	4,664	4,664
Transfer to statutory reserve	-	-	-	-
Dividends paid	-	-	-	-
At 31 March 2010	304,000	50,754	13,511	368,265
Bank				
At 1 January 2010	304,000	50,754	9,286	364,040
Profit for the financial period	-	-	2,713	2,713
Total comprehensive income for the period	-	-	2,713	2,713
Transfer to statutory reserve	-	-	-	-
Dividends paid	-	-	-	-
At 31 March 2010	304,000	50,754	11,999	366,753
Bank				
At 1 January 2009	304,000	43,436	8,808	356,244
Profit for the financial period	-	-	3,772	3,772
Total comprehensive income for the period	-	-	3,772	3,772
Transfer to statutory reserve	-	-	-	-
Dividends paid	-	-	-	-
At 31 March 2009	304,000	43,436	12,580	360,016

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 2010

	Group		Bank
	31 March	31 March	31 March
	2010	2010	2009
Note	RM'000	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation	6,174	4,013	5,272
<i>Adjustment for:</i>			
Depreciation of property and equipment	275	229	107
Amortisation of intangible assets	122	120	120
Net gain on disposal of property and equipment	-	-	(2)
Amortisation of premium less accretion of discount	(31)	(31)	(30)
Allowance for impairment on loans and advances	12	12	-
Interest income from held-to-maturity securities	(371)	(371)	(370)
Unrealised foreign exchange (gain) / loss	(1,223)	(1,223)	219
Operating profit before changes in operating assets and liabilities	4,958	2,749	5,316
(INCREASE)/DECREASE IN OPERATING ASSETS			
Deposits and placements with banks and other financial institutions	10,000	10,000	100,000
Loans and advances	(16,250)	(16,250)	88,105
Other assets	(2,303)	(1,642)	(2,794)
Amount due from subsidiary company	-	681	-
INCREASE IN OPERATING LIABILITIES			
Deposits from customers	(38,905)	(37,733)	(5,881)
Deposits and placements of banks and other financial institutions	67,807	67,807	(89,347)
Bills and acceptances payable	(2,096)	(2,096)	(1,959)
Other liabilities	26	(744)	(4,269)
Cash generated from operating activities	23,237	22,772	89,171
Taxation paid	(1,510)	(1,300)	(1,500)
Net cash generated from operating activities	21,727	21,472	87,671
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property and equipment	(788)	(533)	(1,375)
Purchase of intangible assets	-	-	(8)
Proceeds from disposal of property and equipment	-	-	2
Net cash generated used in investing activities	(788)	(533)	(1,381)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid	-	-	-
Net cash used in financing activities	-	-	-
NET INCREASE IN CASH AND CASH EQUIVALENTS DURING THE FINANCIAL PERIOD			
	20,939	20,939	86,290
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR			
	808,721	808,720	383,464
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD			
9	829,660	829,659	469,754

**NOTES TO UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS
ENDED 31 MARCH 2010**

1 Review of Performance and Commentary of Prospects

Profit before taxation for the three months ended 31 March 2010 is lower as compared with the corresponding period in 2009 due to reduced revenue and increased overheads as a result of network expansion. 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 unaudited condensed consolidated interim financial statements for the three months ended 31 March 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 assesses 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 assessed 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.

NOTES TO UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED 31 MARCH 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 three months ended 31 March 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 three months ended 31 March 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 three months ended 31 March 2010.

9 Cash and short-term funds

	Group		Bank	
	31 March 2010 RM'000	31 December 2009 RM'000	31 March 2010 RM'000	31 December 2009 RM'000
Cash and balances with banks and other financial institutions	275,560	48,821	275,559	48,820
Money at call and deposit placements maturing within 1 month	554,100	759,900	554,100	759,900
	829,660	808,721	829,659	808,720

10 Deposits and placements with banks and other financial institutions

	Group and Bank	
	31 March 2010 RM'000	31 December 2009 RM'000
Bank Negara Malaysia	20,000	30,000
	20,000	30,000

11 Held-to-maturity securities

	Group and Bank	
	31 March 2010 RM'000	31 December 2009 RM'000
At amortised cost		
Money market instrument:		
Malaysian Government Securities	39,672	39,672
Amortisation of premium less accretion of discounts	189	157
	39,861	39,829

NOTES TO UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED 31 MARCH 2010

12 Loans and advances
At amortised cost

	Group and Bank	
	31 March	31 December
	2010	2009
	RM'000	RM'000
Overdrafts	46,754	48,650
Terms loans		
- Housing loans	7,259	7,073
- Syndicated term loan	363,460	361,799
- Other term loans	182,832	129,680
Bills receivable	20,052	67,348
Trust receipts	10,174	6,392
Claims on customers under acceptance credits	56,272	47,325
Staff loans	2,561	2,613
of which: RMnil (2009: RMnil were to Directors)		
Loans to banks and other financial institutions	49,161	51,487
	738,525	722,367
Less: Unearned interest and income	(210)	(302)
Total gross loans and advances	738,315	722,065
Less: Allowance for impairment		
- Collective assessment	(17,466)	-
- Individual assessment	(36)	-
- General	-	(17,466)
- Specific	-	(24)
Total net loans and advances	720,813	704,575

(ii) By geographical distribution

	Group and Bank	
	31 March	31 December
	2010	2009
	RM'000	RM'000
Malaysia	473,008	439,258
Other countries	265,307	282,807
Total gross loans and advances	738,315	722,065

(iii) By interest rate sensitivity

	Group and Bank	
	31 March	31 December
	2010	2009
	RM'000	RM'000
Fixed rate		
- Housing loans	-	-
- Other fixed rate loan	3,530	3,438
Variable rate		
- BLR plus	229,547	174,268
- Cost plus	72,582	63,861
- Other variable rates	432,656	480,498
	738,315	722,065

(iv) By purpose

	Group and Bank	
	31 March	31 December
	2010	2009
	RM'000	RM'000
Purchase of transport vehicles	20	47,743
Purchase of landed property:	121,443	84,791
- Residential	11,777	11,562
- Non-residential	109,666	73,229
Purchase of fixed assets other than land and building	969	824
Personal use	3,624	3,403
Construction	8,376	8,379
Working capital	480,557	446,445
Other purpose	123,326	130,480
	738,315	722,065

NOTES TO UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED 31 MARCH 2010

12 Loans and advances (continued)

(v) By residual contractual maturity

	Group and Bank	
	31 March 2010	31 December 2009
	RM'000	RM'000
Up to one month	293,467	281,298
More than one month to three months	112,698	237,937
More than three months to six months	139,556	63,602
More than six months to twelve months	606	-
More than twelve months	191,988	139,228
	738,315	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	
	31 March 2010	31 December 2009
	RM'000	RM'000
At beginning of financial period/year	67	6,219
Classified as impaired during the period/year	-	67
Amount recovered	-	(6,219)
Amount written off	-	-
At end of financial period/year	67	67
Individual Allowance for impairment	(36)	(24)
Net impaired loans and advances	31	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	
	31 March 2010	31 December 2009
	RM'000	RM'000
Malaysia	67	67
Other countries	-	-
	67	67

c) By purposes

	Group and Bank	
	31 March 2010	31 December 2009
	RM'000	RM'000
Purchase of residential property	67	67
	67	67

(vii) Allowance for impairment on loans and advances

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

	Group and Bank	
	31 March 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	12	-
Amount recovered	-	-
Amount written off	-	-
At end of the financial period/year	36	-
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	-

NOTES TO UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED 31 MARCH 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	
	31 March 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 THREE MONTHS ENDED 31 MARCH 2010

13 Other Assets

	Group		Bank	
	31 March	31 December	31 March	31 December
	2010	2009	2010	2009
	RM'000	RM'000	RM'000	RM'000
Interest receivable	1,413	1,401	1,413	1,401
Other debtors, deposits and prepayments	6,315	2,431	5,350	2,127
	7,728	3,832	6,763	3,528

14 Deposits from Customers

(i) By type of deposits

	Group		Bank	
	31 March	31 December	31 March	31 December
	2010	2009	2010	2009
	RM'000	RM'000	RM'000	RM'000
Demand deposits	80,729	87,728	82,342	88,169
Savings deposits	20,418	20,461	20,418	20,461
Fixed deposits	458,406	490,269	458,406	490,269
Others	1,600	1,600	1,600	1,600
	561,153	600,058	562,766	600,499

(ii) By type of customer

	Group		Bank	
	31 March	31 December	31 March	31 December
	2010	2009	2010	2009
	RM'000	RM'000	RM'000	RM'000
Government and statutory bodies	1,600	1,600	1,600	1,600
Business enterprises	393,394	424,444	395,007	424,885
Individuals	160,191	170,529	160,191	170,529
Others	5,968	3,485	5,968	3,485
	561,153	600,058	562,766	600,499

(iii) Maturity structure of fixed deposits as follows

	Group		Bank	
	31 March	31 December	31 March	31 December
	2010	2009	2010	2009
	RM'000	RM'000	RM'000	RM'000
Due within six months	433,031	469,241	433,031	469,241
Six months to one year	25,175	20,712	25,175	20,712
More than one year	200	316	200	316
	458,406	490,269	458,406	490,269

15 Deposits and placements of banks and other financial institutions

	Group and Bank	
	31 March	31 December
	2010	2009
	RM'000	RM'000
Licensed banks	679,719	611,912
	679,719	611,912

16 Other Liabilities

	Group		Bank	
	31 March	31 December	31 March	31 December
	2010	2009	2010	2009
	RM'000	RM'000	RM'000	RM'000
Interest payable	1,119	1,544	1,119	1,544
Accrued expenses	4,327	3,908	4,243	3,792
Margin deposits	6,169	5,314	6,169	5,314
Other liabilities	8,809	9,632	7,685	9,310
	20,424	20,398	19,216	19,960

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NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED 31 MARCH 2010

17 Interest income

	Three Months Ended	
	Group and Bank	Bank
	31 March 2010	31 March 2009
	RM'000	RM'000
Loans and advances		
- Interest income other than recoveries from impaired loans	4,620	6,749
- Recoveries from impaired loans	-	-
Money at call and deposit placement with financial institutions	3,956	3,263
Securities		
- Held-to-maturity investments	371	370
	<u>8,947</u>	<u>10,382</u>
Amortisation of premium less accretion of discount	31	30
Total interest income	<u>8,978</u>	<u>10,412</u>

18 Interest Expense

	Three Months Ended	
	Group and Bank	Bank
	31 March 2010	31 March 2009
	RM'000	RM'000
Deposits and placements of banks and other financial institutions	1,194	2,486
Deposits from customers	2,346	1,735
Others	8	3
	<u>3,548</u>	<u>4,224</u>

19 Other operating income

	Three Months Ended		
	Group	Bank	
	31 March 2010	31 March 2010	31 March 2009
	RM'000	RM'000	RM'000
Fees income:			
- Fee on loans and advances	477	477	355
- Service charges and fees	1,420	1,420	1,242
- Guarantee fees	482	482	497
	<u>2,379</u>	<u>2,379</u>	<u>2,094</u>
Foreign exchange income:			
- Realised	499	499	1,390
- Unrealised	1,223	1,223	219
Gain from disposal of property and equipment	-	-	2
Other income	2,802	33	11
	<u>6,903</u>	<u>4,134</u>	<u>3,716</u>

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NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED 31 MARCH 2010

20 Other operating expenses

	Three Months Ended		
	Group	Bank	
	31 March 2010 RM'000	31 March 2010 RM'000	31 March 2009 RM'000
<u>Personnel expenses</u>	<u>3,792</u>	<u>3,438</u>	<u>2,912</u>
Salaries & wages (includes CEO / EDs)	2,302	2,066	1,546
Bonuses	765	700	716
Defined contribution plan ("EPF")	403	379	323
Staff welfare expenses	174	161	35
Other personnel costs	148	132	292
<u>Marketing expenses</u>	<u>132</u>	<u>132</u>	<u>109</u>
Entertainment	94	93	96
Other marketing	38	39	13
<u>Establishment costs</u>	<u>1,385</u>	<u>1,157</u>	<u>1,109</u>
Rental of premises	604	451	352
Depreciation	275	229	107
Amortisation	122	120	120
Repairs and maintenance	180	167	171
Other establishment costs	204	190	359
<u>Administration and general expenses</u>	<u>838</u>	<u>812</u>	<u>502</u>
Insurance premium	67	67	17
Travelling and accommodation	42	52	38
Telecommunication and utilities	96	82	58
Printing, stationery and postage	260	252	248
Legal and professional fees	171	166	68
Other administration and general expenses	202	193	73
	<u>6,147</u>	<u>5,539</u>	<u>4,632</u>

21 Allowance for impairment on loans and advances

	Three Months Ended		
	Group	Bank	
	31 March 2010 RM'000	31 March 2010 RM'000	31 March 2009 RM'000
Allowance for impairment on loans and advances			
(a) Individual assessment allowance			
- Made in the financial period	12	12	-
- Written back in the financial period	-	-	-
(b) Collective assessment allowance			
- Made in the financial period	-	-	-
	<u>12</u>	<u>12</u>	<u>-</u>

NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED 31 MARCH 2010

22 Capital adequacy

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

	Bank	
	31 March 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	30.3%	31.9%
Risk-weighted capital ratio	31.7%	33.4%

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

Credit risk	1,107,732	1,048,082
Market risk	2,614	2,548
Operational risk	73,812	73,113
Total risk-weighted assets	<u>1,184,158</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 THREE MONTHS ENDED 31 MARCH 2010

23 Commitments and contingencies

	31 March 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	572	572	572	2,826	2,826	600
Transaction-related contingent items	412,307	206,154	202,814	569,841	284,921	142,846
Short-term self-liquidation trade related contingencies	1,162	232	216	5,835	1,167	470
Irrevocable commitments to extend credit:						
- Maturity not exceeding one year	630,013	126,003	106,686	566,547	113,309	93,979
- Maturity exceeding one year	502,990	251,495	169,611	487,608	243,804	157,875
Foreign exchange related contracts:						
- Less than one year	-	-	-	3,544	-	-
Others	32,214	-	-	20,731	-	-
Total	1,579,258	584,456	479,899	1,656,932	646,027	395,770

NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED 31 MARCH 2010

24 Credit Exposures Arising From Credit Transactions With Connected Parties

	Group and Bank	
	31 March 2010	31 December 2009
Outstanding credit exposures with connected parties (RM'000)	<u>180,720</u>	<u>179,179</u>
Percentage of outstanding credit exposures to connected parties as proportion of total credit exposures	<u>14%</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.

25 Operations of Islamic Banking

No Islamic banking activities was involved for the financial period ended 31 March 2010.

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 2010.