

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

UNAUDITED INTERIM FINANCIAL STATEMENTS
CONDENSED BALANCE SHEETS AS AT 30 SEPTEMBER 2007

| | Note | 30 September 2007 RM'000 | 31 December 2006 RM'000 |
|---|------|--------------------------------|-------------------------------|
| ASSETS | | | |
| Cash and short-term funds | 8 | 567,122 | 397,732 |
| Deposits and placements with banks and other financial institutions | 9 | 87,300 | 285,200 |
| Securities portfolio | | | |
| Held-to-maturity investments | 10 | 55,291 | 55,770 |
| Loans and advances | 11 | 386,809 | 335,108 |
| Other assets | 12 | 5,230 | 5,195 |
| Deferred taxation assets | | 3,345 | 3,226 |
| Tax recoverable | | 374 | 374 |
| Statutory deposits with Bank Negara Malaysia | | - | - |
| Property, plant and equipment | | 1,384 | 721 |
| TOTAL ASSETS | | 1,106,855 | 1,083,326 |
| TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY | | | |
| Deposits from customers | 13 | 382,502 | 528,196 |
| Deposits and placements of banks and other financial institutions | 14 | 341,326 | 189,431 |
| Bills and acceptances payable | | - | - |
| Other liabilities | 15 | 37,473 | 22,527 |
| TOTAL LIABILITIES | | 761,301 | 740,154 |
| Financed by: | | | |
| Share Capital | | 304,000 | 304,000 |
| Reserves | | 41,554 | 39,172 |
| SHAREHOLDERS' EQUITY | | 345,554 | 343,172 |
| TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY | | 1,106,855 | 1,083,326 |
| COMMITMENTS AND CONTINGENCIES | | | |
| | 23 | 320,841 | 323,592 |

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

UNAUDITED INTERIM FINANCIAL STATEMENTS
CONDENSED INCOME STATEMENTS FOR THE NINE MONTHS
ENDED 30 SEPTEMBER 2007

| | | Nine Months Ended | |
|--|----|--------------------------|---------------------|
| | | 30 September | 30 September |
| | | 2007 | 2006 |
| | | RM'000 | RM'000 |
| Interest income | 16 | 36,707 | 32,583 |
| Interest expense | 17 | (19,631) | (16,093) |
| Net interest income | | 17,076 | 16,490 |
| Other operating income | 18 | 8,679 | 8,454 |
| Other operating expenses | 19 | (9,619) | (10,176) |
| Allowance for losses on loans and advances | 20 | (962) | - |
| Profit before taxation | | 15,174 | 14,768 |
| Taxation | 21 | (4,071) | (4,217) |
| Net profit for the financial period | | 11,103 | 10,551 |

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

UNAUDITED INTERIM FINANCIAL STATEMENTS

CONDENSED STATEMENT OF CHANGES IN EQUITY FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2007

| | Issued and fully paid ordinary shares of RM1 each | Non- distributable | Distributable | | Total |
|---|---|--------------------------------|------------------------------|--------------------------------|----------------|
| | Nominal value RM'000 | Statutory reserve RM'000 | Retained profit RM'000 | Proposed dividend RM'000 | RM'000 |
| At 1 January 2007 | 304,000 | 29,333 | 1,118 | 8,721 | 343,172 |
| Net profit for the nine months | - | - | 11,103 | - | 11,103 |
| Total recognised income for the nine months | - | - | 11,103 | - | 11,103 |
| Transfer to statutory reserve | - | - | - | - | - |
| Proposed dividend | - | - | - | - | - |
| Dividend paid | - | - | - | (8,721) | (8,721) |
| At 30 September 2007 | 304,000 | 29,333 | 12,221 | - | 345,554 |
| At 1 January 2006 | 304,000 | 19,868 | 375 | 5,034 | 329,277 |
| Net profit for the financial year | - | - | 18,929 | - | 18,929 |
| Total recognised income for the year | - | - | 18,929 | - | 18,929 |
| Transfer to statutory reserve | - | 9,465 | (9,465) | - | - |
| Proposed dividend | - | - | (8,721) | 8,721 | - |
| Dividend paid | - | - | - | (5,034) | (5,034) |
| At 31 December 2006 | 304,000 | 29,333 | 1,118 | 8,721 | 343,172 |

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

UNAUDITED INTERIM FINANCIAL STATEMENTS
CONDENSED CASH FLOW STATEMENTS FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2007

| | Note | 30 September 2007 RM'000 | 31 December 2006 RM'000 |
|--|------|--------------------------------|-------------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Profit before taxation | | 15,174 | 26,425 |
| <i>Adjustment for:</i> | | | |
| Depreciation of property, plant and equipment | | 277 | 376 |
| Amortisation of premium less accretion of discount | | 479 | 626 |
| Loan loss allowance | | 1,000 | 600 |
| Write back of loan loss allowance | | (38) | (132) |
| Interest income from held-to-maturity investments | | (2,021) | (2,705) |
| Unrealised foreign exchange gain | | (115) | (1,141) |
| | | <hr/> | <hr/> |
| Cash flow from operating profit before changes in operating assets and liabilities | | 14,756 | 24,049 |
| (INCREASE)/DECREASE IN OPERATING ASSETS | | | |
| Loans and advances | | (52,663) | (49,276) |
| Deposits and placements with banks and other financial institutions | | 197,900 | (156,800) |
| Other assets | | 178 | 390 |
| INCREASE/(DECREASE) IN OPERATING LIABILITIES | | | |
| Deposits from customers | | (145,694) | 207,586 |
| Deposits and placements of banks and other financial institutions | | 151,895 | 10,509 |
| Bills and acceptances payable | | - | (26,746) |
| Other liabilities | | 14,581 | (357) |
| | | <hr/> | <hr/> |
| Cash generated from operating activities | | 180,953 | 9,355 |
| Taxation paid | | (3,825) | (5,778) |
| | | <hr/> | <hr/> |
| Net cash generated from operating activities | | 177,128 | 3,577 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Purchase of property, plant and equipment | | (940) | (212) |
| Net sale of held-to-maturity investments | | - | - |
| Interest received on held-to-maturity investments | | 1,923 | 2,707 |
| | | <hr/> | <hr/> |
| Net cash generated from investing activities | | 983 | 2,495 |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Dividend paid | | (8,721) | (5,034) |
| | | <hr/> | <hr/> |
| Net cash used in financing activities | | (8,721) | (5,034) |
| NET INCREASE IN CASH AND CASH EQUIVALENTS DURING THE FINANCIAL PERIOD | | 169,390 | 1,038 |
| CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD | | 397,732 | 396,694 |
| CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD | 8 | <hr/> <hr/> 567,122 | <hr/> <hr/> 397,732 |

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

NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS
ENDED 30 SEPTEMBER 2007

1 Review of Performance and Commentary of Prospects

The bank recorded a higher profit before tax for the first nine months ended 30 September 2007 as compared with the corresponding period in 2006. In year 2007, the bank will focus on increasing its fee based income by emphasising in securing international settlement and trade finance business. At the same time, the bank will continue to source quality credit lending.

2 Group Accounting Policies

The interim financial statements for the nine months ended 30 September 2007 have been prepared in accordance with FRS134 (formerly known as MASB 26) 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 2006.

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 2006.

The Bank has been given approval by Bank Negara Malaysia to compute impairment losses of loans and advances based on "Guidelines on 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 2006 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 2007.

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 2007.

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.

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

**NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS
ENDED 30 SEPTEMBER 2007**

8 Cash and short-term funds

| | 30 September 2007 | 31 December 2006 |
|---|------------------------------|-----------------------------|
| | RM'000 | RM'000 |
| Cash and balances with banks and other financial institutions | 61,022 | 49,832 |
| Money at call and deposit placements maturing within 1 month | 506,100 | 347,900 |
| | 567,122 | 397,732 |

9 Deposits and placements with banks and other financial institutions

| | 30 September 2007 | 31 December 2006 |
|----------------------|------------------------------|-----------------------------|
| | RM'000 | RM'000 |
| Bank Negara Malaysia | 87,300 | 285,200 |
| | 87,300 | 285,200 |

10 Securities portfolio
Held-to-maturity investments

| | 30 September 2007 | 31 December 2006 |
|---|------------------------------|-----------------------------|
| | RM'000 | RM'000 |
| Malaysian Government Securities | 58,029 | 58,029 |
| Amortisation of premium less accretion of discounts | (2,738) | (2,259) |
| | 55,291 | 55,770 |

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

**NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS
ENDED 30 SEPTEMBER 2007**

11 Loans and advances

(i) By type

| | 30 September 2007 | 31 December 2006 |
|---|------------------------------|-----------------------------|
| | RM'000 | RM'000 |
| Overdrafts | 41,038 | 45,567 |
| Terms loans | | |
| - Housing loans | 6,734 | 6,704 |
| - Syndicated term loan | 137,241 | 92,997 |
| - Other term loans | 95,098 | 95,849 |
| Bills receivable | - | 7 |
| Trust receipts | 9,547 | 6,809 |
| Claims on customers under acceptance credits | 48,519 | 36,362 |
| Staff loans | 2,080 | 1,314 |
| of which: RMnil are to Directors | | |
| Loans to banks and other financial institutions | 58,282 | 60,294 |
| | 398,539 | 345,903 |
| Unearned interest and income | (320) | (226) |
| Total gross loans and advances | 398,219 | 345,677 |
| Less: Allowance for bad and doubtful debts: | | |
| - General | (11,410) | (10,410) |
| - Specific | - | (159) |
| Total net loans and advances | 386,809 | 335,108 |

(ii) By type of customer

| | 30 September 2007 | 31 December 2006 |
|--|------------------------------|-----------------------------|
| | RM'000 | RM'000 |
| Domestic banking institutions | 51,180 | 52,991 |
| Domestic non-bank financial institutions | 7,103 | 7,303 |
| Domestic business enterprises | | |
| - Small medium enterprises ("SME") | 128,200 | 147,585 |
| - Non-SME | 63,001 | 55,543 |
| Government and statutory bodies | 120,183 | 53,724 |
| Individuals | 11,494 | 10,872 |
| Foreign entities | 17,058 | 17,659 |
| | 398,219 | 345,677 |

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

**NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS
ENDED 30 SEPTEMBER 2007**

11 Loans and advances (continued)
(iii) By interest rate sensitivity

| | 30 September 2007 RM'000 | 31 December 2006 RM'000 |
|-------------------------|---|--|
| Fixed rate | | |
| - Housing loans | 237 | 914 |
| - Other fixed rate loan | 2,080 | 1,314 |
| Variable rate | | |
| - BLR plus | 159,282 | 161,318 |
| - Cost plus | 48,199 | 36,143 |
| - Other variable rates | 188,421 | 145,988 |
| | 398,219 | 345,677 |

(iv) By purpose

| | 30 September 2007 RM'000 | 31 December 2006 RM'000 |
|--------------------------------|---|--|
| Purchase of transport vehicles | 81 | 135 |
| Purchase of landed property: | 45,987 | 46,761 |
| - Residential | 8,966 | 8,062 |
| - Non-residential | 37,021 | 38,699 |
| Personal use | 2,095 | 2,164 |
| Construction | 9,998 | 11,259 |
| Working capital | 253,990 | 256,204 |
| Other purpose | 86,068 | 29,154 |
| | 398,219 | 345,677 |

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

**NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS
ENDED 30 SEPTEMBER 2007**

(v) Non-performing Loans (NPL)
(i) Movement in non-performing loans and advances

| | 30 September 2007 RM'000 | 31 December 2006 RM'000 |
|--|---|--|
| At beginning of year | 7,616 | 403 |
| Classified as non-performing during the period | - | 7,303 |
| Amount recovered | (392) | (132) |
| Amount written off | (121) | - |
| Other adjustments (referring to payment made for legal fees, insurance premium, deposit to Land Office, quit rent & assessment and valuation fees) | - | 42 |
| At end of period | 7,103 | 7,616 |
| Specific allowance | - | (159) |
| Net non-performing loans and advances | 7,103 | 7,457 |
| Ratio of net non-performing loans and advances to net loans and advances | 1.78% | 2.16% |

(ii) Movement in allowance for bad and doubtful debts

| | 30 September 2007 RM'000 | 31 December 2006 RM'000 |
|--|---|--|
| General allowance | | |
| At beginning of year | 10,410 | 9,810 |
| Allowance made during the year | 1,000 | 600 |
| At end of period | 11,410 | 10,410 |
| As % of gross loans and advances less specific allowance | 2.9% | 3.0% |
| Specific allowance | | |
| At beginning of year | 159 | 291 |
| Amount recovered | (38) | (132) |
| Amount written off | (121) | - |
| At end of period | - | 159 |

(iii) NPL by purpose

| | 30 September 2007 RM'000 | 31 December 2006 RM'000 |
|-----------------|---|--|
| Working capital | 7,103 | 7,616 |
| | 7,103 | 7,616 |

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

**NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS
ENDED 30 SEPTEMBER 2007**

12 Other Assets

| | 30 September 2007 | 31 December 2006 |
|---|------------------------------|-----------------------------|
| | RM'000 | RM'000 |
| Interest receivable | 2,202 | 2,741 |
| Other debtors, deposits and prepayments | 3,028 | 2,454 |
| | 5,230 | 5,195 |

13 Deposits from Customers

(i) By type of deposits

| | 30 September 2007 | 31 December 2006 |
|------------------------------------|------------------------------|-----------------------------|
| | RM'000 | RM'000 |
| Demand deposits | 85,317 | 86,103 |
| Savings deposits | 19,918 | 16,894 |
| Fixed deposits | 177,262 | 189,186 |
| Negotiable instruments of deposits | 100,000 | 236,000 |
| Others | 5 | 13 |
| | 382,502 | 528,196 |

(ii) By type of customer

| | 30 September 2007 | 31 December 2006 |
|---------------------------------|------------------------------|-----------------------------|
| | RM'000 | RM'000 |
| Government and statutory bodies | 5 | 40,606 |
| Business enterprises | 291,333 | 408,419 |
| Individuals | 90,920 | 79,000 |
| Others | 244 | 171 |
| | 382,502 | 528,196 |

14 Deposits and placements of banks and other financial institutions

| | 30 September 2007 | 31 December 2006 |
|----------------|------------------------------|-----------------------------|
| | RM'000 | RM'000 |
| Licensed banks | 341,326 | 189,431 |
| | 341,326 | 189,431 |

15 Other Liabilities

| | 30 September 2007 | 31 December 2006 |
|-------------------|------------------------------|-----------------------------|
| | RM'000 | RM'000 |
| Interest payable | 1,948 | 2,981 |
| Accrued expenses | 1,676 | 2,463 |
| Margin deposits | 23,519 | 7,961 |
| Other liabilities | 10,330 | 9,122 |
| | 37,473 | 22,527 |

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

**NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS
ENDED 30 SEPTEMBER 2007**

16 Interest income

| | Nine Months Ended | |
|---|------------------------------|------------------------------|
| | 30 September 2007 | 30 September 2006 |
| | RM'000 | RM'000 |
| Loans and advances | | |
| - Interest income other than recoveries from NPL | 17,390 | 14,352 |
| - Recoveries from NPLs | 7 | 219 |
| Money at call and deposit placement with financial institutions | 17,768 | 16,631 |
| Securities | | |
| - Held-to-maturity investments | 2,021 | 2,019 |
| | 37,186 | 33,221 |
| Amortisation of premium less accretion of discount | (479) | (465) |
| Interest suspended | - | (173) |
| Total interest income | 36,707 | 32,583 |

17 Interest Expense

| | Nine Months Ended | |
|---|------------------------------|------------------------------|
| | 30 September 2007 | 30 September 2006 |
| | RM'000 | RM'000 |
| Deposits and placements of banks and other financial institutions | 9,496 | 6,875 |
| Deposits from customers | 10,002 | 9,218 |
| Others | 133 | - |
| | 19,631 | 16,093 |

18 Other operating income

| | Nine Months Ended | |
|---|------------------------------|------------------------------|
| | 30 September 2007 | 30 September 2006 |
| | RM'000 | RM'000 |
| Fees and commission income: | | |
| - Processing fees | 11 | 10 |
| - Syndication fees | 80 | 66 |
| - Commitment fees | 214 | 229 |
| - Other fees relating to loan & finance | 364 | 317 |
| - Guarantee fees | 759 | 734 |
| - Acceptance commission | 420 | 342 |
| - Other fee income | 3,445 | 3,355 |
| | 5,293 | 5,053 |
| Held-to-maturity investments income: | | |
| Gains from sale of held-to-maturity investments | - | - |
| Foreign exchange gain/(loss): | | |
| - Realised gain/(loss) | 3,271 | 3,239 |
| - Unrealised gain/(loss) | 115 | 162 |
| | 8,679 | 8,454 |

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

**NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS
ENDED 30 SEPTEMBER 2007**

19 Other operating expenses

| | Nine Months Ended | |
|---|------------------------------|------------------------------|
| | 30 September 2007 | 30 September 2006 |
| | RM'000 | RM'000 |
| <u>Personnel expenses</u> | 5,582 | 5,968 |
| Salaries & wages (includes CEO / EDs) | 3,344 | 2,900 |
| Bonuses | 1,067 | 1,620 |
| Employee provident fund | 577 | 553 |
| Staff welfare expenses | 208 | 420 |
| Other personnel costs | 386 | 475 |
| <u>Marketing expenses</u> | 355 | 683 |
| Entertainment expenses | 260 | 582 |
| Other marketing expenses | 95 | 101 |
| <u>Establishment costs</u> | 2,381 | 2,184 |
| Lease rental of premises | 1,062 | 1,075 |
| Depreciation of property, plant and equipment | 277 | 292 |
| Repairs and maintenance | 695 | 412 |
| Other establishment costs | 347 | 405 |
| <u>Administration and general expenses</u> | 1,301 | 1,341 |
| Insurance premium | 289 | 277 |
| Other administration and general expenses | 1,012 | 1,064 |
| | 9,619 | 10,176 |

20 Allowance for losses on loans and advances

| | Nine Months Ended | |
|--|------------------------------|------------------------------|
| | 30 September 2007 | 30 September 2006 |
| | RM'000 | RM'000 |
| Allowance for bad and doubtful debts on loans and advances | | |
| (a) Specific allowance | | |
| - Written back in the financial period | (38) | - |
| (b) General allowance | | |
| - Made in the financial period | 1,000 | - |
| | 962 | - |

21 Taxation

| | Nine Months Ended | |
|------------------------------------|------------------------------|------------------------------|
| | 30 September 2007 | 30 September 2006 |
| | RM'000 | RM'000 |
| Current tax - Malaysian income tax | 4,071 | 4,217 |
| | 4,071 | 4,217 |

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

**NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS
ENDED 30 SEPTEMBER 2007**

22 Capital adequacy

| | 30 September 2007 RM'000 | 31 December 2006 RM'000 |
|--|---|--|
| <u>Tier I capital</u> | | |
| Paid-up ordinary share capital | 304,000 | 304,000 |
| Retained profit | 1,118 | 1,118 |
| Proposed dividend | - | 8,721 |
| Other reserves | 29,333 | 29,333 |
| | 334,451 | 343,172 |
| Less: Deferred tax assets | (3,345) | (3,226) |
| Total Tier I Capital | 331,106 | 339,946 |
| <u>Tier II capital</u> | | |
| General allowance for bad and doubtful debts | 11,410 | 10,410 |
| Total Tier II Capital | 11,410 | 10,410 |
| Total capital base | 342,516 | 350,356 |
| <u>Capital ratios</u> | | |
| Core capital ratio (inclusive of market risk) | 113% | 97% |
| Risk-weighted capital ratio (inclusive of market risk) | 117% | 100% |
| Core capital ratio (inclusive of market risk and net of proposed dividends) | 113% | 95% |
| Risk-weighted capital ratio (inclusive of market risk and net of proposed dividends) | 117% | 97% |
| Risk-weighted assets for credit and market risks (RM'000) | 293,493 | 350,461 |

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

NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2007

23 Commitments and contingencies

| | 30 September 2007 | | | 31 December 2006 | | |
|---|--------------------------|-------------------|-----------------|-------------------------|-------------------|-----------------|
| | Principal | Credit | Risk | Principal | Credit | Risk |
| | RM'000 | equivalent | weighted | RM'000 | equivalent | weighted |
| | | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| Transaction-related contingent items | 139,290 | 69,645 | 14,990 | 132,621 | 66,311 | 13,009 |
| Short-term self-liquidation trade related contingencies | 39,351 | 7,870 | 237 | 22,983 | 4,597 | 265 |
| Irrevocable commitments to extend credit: | | | | | | |
| - Maturity not exceeding one year | 111,828 | - | - | 98,183 | - | - |
| - Maturity exceeding one year | 19,102 | 9,551 | 9,501 | 25,878 | 12,939 | 12,652 |
| Foreign exchange related contracts: | | | | | | |
| - Less than one year | 10,230 | - | - | 17,012 | - | - |
| Others | 1,040 | - | - | 26,915 | - | - |
| Total | 320,841 | 87,066 | 24,728 | 323,592 | 83,847 | 25,926 |

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

NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2007

24 Interest rate risk

30 September 2007

| | Non Trading Book | | | | | | | |
|--|----------------------|-----------------------|------------------------|------------------|---------------------|-------------------------------|------------------|--------------------------------|
| | <u>Up to 1 month</u> | <u>> 1-3 month</u> | <u>> 3-12 month</u> | <u>1-5 years</u> | <u>Over 5 years</u> | <u>Non-interest sensitive</u> | <u>Total</u> | <u>Effective interest rate</u> |
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | % |
| Assets | | | | | | | | |
| Cash and short term funds | 563,890 | - | - | - | - | 3,232 | 567,122 | 3.55% |
| Deposits & placement with banks & other financial institutions | - | 87,300 | - | - | - | - | 87,300 | 3.55% |
| Securities | - | - | 15,304 | 39,987 | - | - | 55,291 | 4.92% |
| Loans and advances | | | | | | | | |
| - performing | 223,376 | 32,434 | 133,226 | 95 | 1,985 | (11,410) | 379,706 | 5.97% |
| - non-performing | - | - | - | - | - | 7,103 | 7,103 | |
| Other assets | - | - | - | - | - | 5,230 | 5,230 | |
| Deferred taxation | - | - | - | - | - | 3,345 | 3,345 | |
| Tax recoverable | - | - | - | - | - | 374 | 374 | |
| Property, plant and equipment | - | - | - | - | - | 1,384 | 1,384 | |
| Total assets | 787,266 | 119,734 | 148,530 | 40,082 | 1,985 | 9,258 | 1,106,855 | |
| Liabilities | | | | | | | | |
| Deposits from customers | 160,071 | 116,982 | 27,742 | - | - | 77,707 | 382,502 | 3.20% |
| Deposits & placements of banks & other financial institutions | 221,976 | - | 119,350 | - | - | - | 341,326 | 4.60% |
| Bills and acceptances payable | - | - | - | - | - | - | - | - |
| Other liabilities | - | - | - | - | - | 37,473 | 37,473 | |
| Total liabilities | 382,047 | 116,982 | 147,092 | - | - | 115,180 | 761,301 | |
| Shareholders' equity | - | - | - | - | - | 345,554 | 345,554 | |
| Total liabilities and shareholders' equity | 382,047 | 116,982 | 147,092 | - | - | 460,734 | 1,106,855 | |
| On balance sheet - interest rate gap | 405,219 | 2,752 | 1,438 | 40,082 | 1,985 | (451,476) | - | |
| Off balance sheet - interest rate gap | - | - | - | - | - | - | - | |
| Total interest rate gap | 405,219 | 2,752 | 1,438 | 40,082 | 1,985 | (451,476) | - | |

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

NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2007

24 Interest rate risk (Continued)

31 December 2006

| | Non Trading Book | | | | | Non-interest | Total | Effective |
|--|------------------|----------------|-----------------|---------------|--------------|------------------|------------------|---------------|
| | Up to 1 month | > 1-3 month | > 3-12 month | 1-5 years | Over 5 years | sensitive | RM'000 | interest rate |
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | | % |
| Assets | | | | | | | | |
| Cash and short term funds | 395,894 | - | - | - | - | 1,838 | 397,732 | 3.58% |
| Deposits & placement with banks & other financial institutions | - | 285,200 | - | - | - | - | 285,200 | 3.67% |
| Securities | - | - | - | 55,770 | - | - | 55,770 | 4.92% |
| Loans and advances | | | | | | | | |
| - performing | 209,231 | 119,297 | 8,218 | 208 | 1,107 | (10,410) | 327,651 | 6.19% |
| - non-performing | - | - | - | - | - | 7,457 | 7,457 | |
| Other assets | - | - | - | - | - | 5,195 | 5,195 | |
| Deferred taxation | - | - | - | - | - | 3,226 | 3,226 | |
| Tax recoverable | - | - | - | - | - | 374 | 374 | |
| Property, plant and equipment | - | - | - | - | - | 721 | 721 | |
| Total assets | 605,125 | 404,497 | 8,218 | 55,978 | 1,107 | 8,401 | 1,083,326 | |
| Liabilities | | | | | | | | |
| Deposits from customers | 285,759 | 136,875 | 21,092 | - | - | 84,470 | 528,196 | 3.24% |
| Deposits & placements of banks & other financial institutions | 83,531 | 105,900 | - | - | - | - | 189,431 | 5.08% |
| Bills and acceptances payable | - | - | - | - | - | - | - | - |
| Other liabilities | - | - | - | - | - | 22,527 | 22,527 | |
| Total liabilities | 369,290 | 242,775 | 21,092 | - | - | 106,997 | 740,154 | |
| Shareholders' equity | - | - | - | - | - | 343,172 | 343,172 | |
| Total liabilities and shareholders' equity | 369,290 | 242,775 | 21,092 | - | - | 450,169 | 1,083,326 | |
| On balance sheet - interest rate gap | 235,835 | 161,722 | (12,874) | 55,978 | 1,107 | (441,768) | - | |
| Off balance sheet - interest rate gap | - | - | - | - | - | - | - | |
| Total interest rate gap | 235,835 | 161,722 | (12,874) | 55,978 | 1,107 | (441,768) | - | |

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

NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS
ENDED 30 SEPTEMBER 2007

25 Operations of Islamic Banking

No Islamic banking activities was involved for the financial period ended 30 September 2007.

26 Valuation of Property, Plant and Equipment

The Bank's property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. There was no change in the valuation of property, plant 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.