

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

UNAUDITED INTERIM FINANCIAL STATEMENTS
CONDENSED BALANCE SHEETS AS AT 31 MARCH 2008

	Note	31 March 2008 RM'000	31 December 2007 RM'000
ASSETS			
Cash and short-term funds	8	530,711	587,326
Deposits and placements with banks and other financial institutions	9	117,000	71,000
Held-to-maturity securities	10	39,994	55,125
Loans and advances	11	366,515	376,712
Other assets	12	5,624	5,008
Deferred tax assets		3,598	3,598
Tax recoverable		-	-
Statutory deposits with Bank Negara Malaysia		-	-
Property and equipment		1,350	1,388
Intangible assets		1,037	1,140
TOTAL ASSETS		1,065,829	1,101,297
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY			
Deposits from customers	13	438,794	428,645
Deposits and placements of banks and other financial institutions	14	202,611	252,849
Other liabilities	15	71,994	71,397
Provision for taxation		1,011	1,011
TOTAL LIABILITIES		714,410	753,902
Financed by:			
Share capital		304,000	304,000
Reserves		47,419	43,395
SHAREHOLDERS' EQUITY		351,419	347,395
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		1,065,829	1,101,297
COMMITMENTS AND CONTINGENCIES			
	23	390,608	289,025

BANK OF CHINA (MALAYSIA) BERHAD
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UNAUDITED INTERIM FINANCIAL STATEMENTS
CONDENSED INCOME STATEMENTS FOR THE THREE MONTHS
ENDED 31 MARCH 2008

		Three Months Ended	
		31 March	31 March
		2008	2007
		RM'000	RM'000
Interest income	16	11,478	12,145
Interest expense	17	(5,617)	(6,499)
Net interest income		5,861	5,646
Other operating income	18	3,496	2,607
Other operating expenses	19	(4,058)	(3,565)
Allowance for losses on loans and advances	20	-	38
Profit before taxation		5,299	4,726
Taxation	21	(1,275)	(1,275)
Net profit for the financial period		4,024	3,451

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UNAUDITED INTERIM FINANCIAL STATEMENTS
CONDENSED CASH FLOW STATEMENTS FOR THE THREE MONTHS ENDED 31 MARCH 2008

	Note	31 March 2008 RM'000	31 December 2007 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		5,299	18,606
<i>Adjustment for:</i>			
Depreciation of property and equipment		88	338
Amortisation of intangible assets		118	91
Amortisation of premium less accretion of discount		131	645
Allowance for losses on loans and advances		-	2,754
Write back of allowance for losses on loans and advances		-	(38)
Interest income from held-to-maturity securities		(2,085)	(2,703)
Unrealised foreign exchange gain		(76)	(91)
Operating profit before changes in operating assets and liabilities		3,475	19,602
(INCREASE)/DECREASE IN OPERATING ASSETS			
Deposits and placements with banks and other financial institutions		(46,000)	214,200
Loans and advances		10,197	(44,320)
Other assets		192	274
INCREASE/(DECREASE) IN OPERATING LIABILITIES			
Deposits from customers		10,149	(99,551)
Deposits and placements of banks and other financial institutions		(50,238)	63,418
Bills and acceptances payable		-	-
Other liabilities		597	48,870
Cash generated from / (used in) operating activities		(71,628)	202,493
Taxation paid		(1,275)	(4,649)
Net cash generated from / (used in) operating activities		(72,903)	197,844
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property and equipment		(65)	(1,033)
Purchase of intangible assets		-	(1,203)
Net sale / (net purchases) of held-to-maturity securities		15,000	-
Interest received on held-to-maturity securities		1,353	2,707
Net cash generated from investing activities		16,288	471
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid		-	(8,721)
Net cash used in financing activities		-	(8,721)
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS DURING THE FINANCIAL PERIOD		(56,615)	189,594
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD		587,326	397,732
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD	8	530,711	587,326

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UNAUDITED INTERIM FINANCIAL STATEMENTS

CONDENSED STATEMENT OF CHANGES IN EQUITY FOR THE THREE MONTHS ENDED 31 MARCH 2008

	Issued and fully paid ordinary shares of RM1 each	Non- distributable	Distributable	Total
	Nominal value RM'000	Statutory reserves RM'000	Retained profits RM'000	RM'000
At 1 January 2008	304,000	35,805	7,590	347,395
Net profit for the three months	-	-	4,024	4,024
Total recognised income for the three months	-	-	4,024	4,024
Transfer to statutory reserve	-	-	-	-
Dividends paid	-	-	-	-
At 31 March 2008	304,000	35,805	11,614	351,419
At 1 January 2007	304,000	29,333	9,839	343,172
Net profit for the financial year	-	-	12,944	12,944
Total recognised income for the year	-	-	12,944	12,944
Transfer to statutory reserve	-	6,472	(6,472)	-
Dividends paid	-	-	(8,721)	(8,721)
At 31 December 2007	304,000	35,805	7,590	347,395

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**NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS
ENDED 31 MARCH 2008**

1 Review of Performance and Commentary of Prospects

The bank recorded a higher profit before tax for the first quarter ended 31 March 2008 compared with the corresponding period in 2007 as a result of higher other operating income. In year 2008, the bank will focus on increasing its fee based income by emphasising in promoting remittance and securing international settlement and trade finance business.

2 Group Accounting Policies

The interim financial statements for the three months ended 31 March 2008 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 2007.

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 2007.

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

3 Audit Report

The audit report for the financial period ended 31 December 2007 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 2008.

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 2008.

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.

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**NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS
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8 Cash and short-term funds

	31 March 2008 RM'000	31 December 2007 RM'000
Cash and balances with banks and other financial institutions	44,711	58,526
Money at call and deposit placements maturing within 1 month	486,000	528,800
	530,711	587,326

9 Deposits and placements with banks and other financial institutions

	31 March 2008 RM'000	31 December 2007 RM'000
Bank Negara Malaysia	117,000	71,000
	117,000	71,000

10 Held-to-maturity securities

	31 March 2008 RM'000	31 December 2007 RM'000
At amortised cost		
Money market instrument:		
Malaysian Government Securities	39,940	58,029
Amortisation of premium less accretion of discounts	54	(2,904)
	39,994	55,125

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**NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS
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11 Loans and advances

(i) By type

	31 March 2008	31 December 2007
	RM'000	RM'000
Overdrafts	41,938	47,578
Terms loans		
- Housing loans	6,078	6,453
- Syndicated term loan	112,308	118,124
- Other term loans	97,070	98,735
Bills receivable	4	-
Trust receipts	8,945	8,424
Claims on customers under acceptance credits	55,881	51,444
Staff loans	2,911	2,884
of which: RMnil (2007: RMnil were to Directors)		
Loans to banks and other financial institutions	55,017	56,685
	380,152	390,327
Less: Unearned interest and income	(352)	(330)
Total gross loans and advances	379,800	389,997
Less: Allowance for bad and doubtful debts:		
- General	(12,710)	(12,710)
- Specific	(575)	(575)
Total net loans and advances	366,515	376,712

(ii) By type of customer

	31 March 2008	31 December 2007
	RM'000	RM'000
Domestic banking institutions	47,914	49,582
Domestic non-bank financial institutions	7,103	7,103
Domestic business enterprises		
- Small medium enterprises ("SME")	130,767	131,910
- Non-SME	68,774	70,508
Government and statutory bodies	47,914	50,263
Individuals	12,934	12,770
Foreign entities	64,394	67,861
	379,800	389,997

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**NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS
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11 Loans and advances (continued)

(iii) By interest rate sensitivity

	31 March 2008 RM'000	31 December 2007 RM'000
Fixed rate		
- Housing loans	-	-
- Other fixed rate loan	2,911	2,884
Variable rate		
- BLR plus	161,134	168,293
- Cost plus	55,533	51,114
- Other variable rates	160,222	167,706
	379,800	389,997

(iv) By purpose

	31 March 2008 RM'000	31 December 2007 RM'000
Purchase of transport vehicles	95	104
Purchase of landed property:	49,432	50,189
- Residential	10,186	10,447
- Non-residential	39,246	39,742
Personal use	3,440	3,002
Construction	6,565	7,200
Working capital	255,874	261,640
Other purpose	64,394	67,862
	379,800	389,997

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**NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS
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11 Loans and advances (continued)
(v) Non-performing Loans (NPL)
(a) Movement in non-performing loans and advances

	31 March 2008	31 December 2007
	RM'000	RM'000
At beginning of financial year	7,103	7,616
Classified as non-performing during the period	-	-
Amount recovered	-	(392)
Amount written off	-	(121)
At end of financial period	7,103	7,103
Specific allowance	(575)	(575)
Net non-performing loans and advances	6,528	6,528
Ratio of net non-performing loans and advances to gross loans and advances less specific allowance	1.72%	1.68%

(b) Movement in allowance for bad and doubtful debts

	31 March 2008	31 December 2007
	RM'000	RM'000
General allowance		
At beginning of the financial year	12,710	10,410
Allowance made during the financial year	-	2,300
At end of the financial year	12,710	12,710
As % of gross loans and advances less specific allowance	3.35%	3.26%
Specific allowance		
At beginning of the financial year	575	159
Allowance made during the financial period	-	575
Amount recovered	-	(38)
Amount written off	-	(121)
At end of the financial year	575	575

(c) NPL by purpose

	31 March 2008	31 December 2007
	RM'000	RM'000
Working capital	7,103	7,103
	7,103	7,103

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**NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS
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12 Other Assets

	31 March 2008	31 December 2007
	RM'000	RM'000
Interest receivable	1,401	1,716
Other debtors, deposits and prepayments	4,223	3,292
	5,624	5,008

13 Deposits from Customers

(i) By type of deposits

	31 March 2008	31 December 2007
	RM'000	RM'000
Demand deposits	81,119	85,922
Savings deposits	18,113	20,735
Fixed deposits	239,557	221,977
Negotiable instruments of deposits	100,000	100,000
Others	5	11
	438,794	428,645

(ii) By type of customer

	31 March 2008	31 December 2007
	RM'000	RM'000
Government and statutory bodies	62,880	45,011
Business enterprises	268,184	275,878
Individuals	107,381	107,485
Others	349	271
	438,794	428,645

14 Deposits and placements of banks and other financial institutions

	31 March 2008	31 December 2007
	RM'000	RM'000
Licensed banks	202,611	252,849
	202,611	252,849

15 Other Liabilities

	31 March 2008	31 December 2007
	RM'000	RM'000
Interest payable	2,486	4,193
Accrued expenses	3,125	2,739
Margin deposits	62,503	54,653
Other liabilities	3,880	9,812
	71,994	71,397

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**NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS
ENDED 31 MARCH 2008**

16 Interest income

	Three Months Ended	
	31 March	31 March
	<u>2008</u>	<u>2007</u>
	RM'000	RM'000
Loans and advances		
- Interest income other than recoveries from NPL	5,172	5,432
- Recoveries from NPLs	-	7
Money at call and deposit placement with financial institutions	5,816	6,194
Securities		
- Held-to-maturity investments	621	670
	11,609	12,303
Amortisation of premium less accretion of discount	(131)	(158)
Interest suspended	-	-
Total interest income	11,478	12,145

17 Interest Expense

	Three Months Ended	
	31 March	31 March
	<u>2008</u>	<u>2007</u>
	RM'000	RM'000
Deposits and placements of banks and other financial institutions	2,188	2,718
Deposits from customers	2,943	3,781
Others	486	-
	5,617	6,499

18 Other operating income

	Three Months Ended	
	31 March	31 March
	<u>2008</u>	<u>2007</u>
	RM'000	RM'000
Fees income:		
- Fee on loans and advances	366	311
- Service charges and fees	1,223	1,076
- Guarantee fees	280	296
- Other fee income	-	-
	1,869	1,683
Foreign exchange income:		
- Realised	1,554	914
- Unrealised	73	10
	3,496	2,607

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**NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS
ENDED 31 MARCH 2008**

19 Other operating expenses

	Three Months Ended	
	31 March	31 March
	<u>2008</u>	<u>2007</u>
	RM'000	RM'000
<u>Personnel expenses</u>	2,619	2,033
Salaries & wages (includes CEO / EDs)	1,505	1,044
Bonuses	601	525
Defined contribution plan ("EPF")	310	212
Staff welfare expenses	92	162
Other personnel costs	111	90
<u>Marketing expenses</u>	123	139
Entertainment	108	97
Other marketing	15	42
<u>Establishment costs</u>	773	953
Rental of premises	349	357
Depreciation	102	71
Amortisation	104	14
Repairs and maintenance	92	347
Other establishment costs	126	164
<u>Administration and general expenses</u>	543	440
Insurance premium	16	24
Other administration and general expenses	527	416
	<u>4,058</u>	<u>3,565</u>

20 Allowance for losses on loans and advances

	Three Months Ended	
	31 March	31 March
	<u>2008</u>	<u>2007</u>
	RM'000	RM'000
Allowance for bad and doubtful debts on loans and advances		
(a) Specific allowance		
- Made in the financial period	-	-
- Written back in the financial period	-	(38)
(b) General allowance		
- Made in the financial period	-	-
	<u>-</u>	<u>(38)</u>

21 Taxation

	Three Months Ended	
	31 March	31 March
	<u>2008</u>	<u>2007</u>
	RM'000	RM'000
Current tax - Malaysian income tax	1,275	1,275
	<u>1,275</u>	<u>1,275</u>

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**NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS
ENDED 31 MARCH 2008**

22 Capital adequacy

	31 March 2008 RM'000	31 December 2007 RM'000
<u>Tier-1 capital</u>		
Paid-up ordinary share capital	304,000	304,000
Retained profits	7,590	7,590
Other reserves	35,805	35,805
	347,395	347,395
Less: Deferred tax assets	(3,598)	(3,598)
Total Tier-1 Capital	343,797	343,797
<u>Tier-2 capital</u>		
General allowance for bad and doubtful debts	12,710	12,710
Total Tier-2 Capital	12,710	12,710
Total capital base	356,507	356,507
<u>Capital ratios</u>		
Core capital ratio	84%	133%
Risk-weighted capital ratio	87%	138%
Core capital ratio (net of proposed dividends)	82%	131%
Risk-weighted capital ratio (net of proposed dividends)	85%	136%
Risk-weighted assets for credit, market and operational risks (RM'000)	410,410	258,122

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NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED 31 MARCH 2008

23 Commitments and contingencies

	31 March 2008			31 December 2007		
	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	158,647	79,324	13,476	95,719	47,860	10,690
Short-term self-liquidation trade related contingencies	28,911	5,782	700	63,490	12,698	532
Irrevocable commitments to extend credit:						
- Maturity not exceeding one year	114,743	22,949	22,949	105,899	-	-
- Maturity exceeding one year	62,470	31,235	31,187	13,489	6,745	6,700
Foreign exchange related contracts:						
- Less than one year	25,552	-	-	9,915	-	-
Others	285	-	-	513	-	-
Total	390,608	139,290	68,312	289,025	67,303	17,922

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NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED 31 MARCH 2008

24 Interest rate risk

31 March 2008

Assets

	Non Trading Book							
	Up to 1 month	> 1-3 month	> 3-12 month	1-5 years	Over 5 years	Non-interest sensitive	Total	Effective interest rate
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	%
Cash and short term funds	529,545	-	-	-	-	1,166	530,711	3.56%
Deposits & placement with banks & other financial institutions	-	117,000	-	-	-	-	117,000	3.56%
Held-to-maturity securities	-	-	39,994	-	-	-	39,994	3.92%
Loans and advances								
- performing	213,252	29,577	126,957	95	2,816	(12,710)	359,987	5.10%
- non-performing	-	-	-	-	-	6,528	6,528	
Other assets	-	-	-	-	-	5,624	5,624	
Deferred tax assets	-	-	-	-	-	3,598	3,598	
Property and equipment	-	-	-	-	-	1,350	1,350	
Intangible assets	-	-	-	-	-	1,037	1,037	
Total assets	742,797	146,577	166,951	95	2,816	6,593	1,065,829	

Liabilities

Deposits from customers	321,538	20,271	27,376	131	-	69,478	438,794	3.28%
Deposits & placements of banks & other financial institutions	90,821	-	111,790	-	-	-	202,611	2.77%
Other liabilities	-	-	-	-	-	71,994	71,994	-
Provision of taxation	-	-	-	-	-	1,011	1,011	
Total liabilities	412,359	20,271	139,166	131	-	142,483	714,410	
Shareholders' equity	-	-	-	-	-	351,419	351,419	
Total liabilities and shareholders' equity	412,359	20,271	139,166	131	-	493,902	1,065,829	
On balance sheet - interest rate gap	330,438	126,306	27,785	(36)	2,816	(487,309)	-	
Off balance sheet - interest rate gap	-	-	-	-	-	-	-	
Total interest rate gap	330,438	126,306	27,785	(36)	2,816	(487,309)	-	

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NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED 31 MARCH 2008

24 Interest rate risk (Continued)

31 December 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	582,700	-	-	-	-	4,626	587,326	3.55%
Deposits & placement with banks & other financial institutions	-	71,000	-	-	-	-	71,000	3.56%
Held-to-maturity securities	-	15,135	39,990	-	-	-	55,125	4.92%
Loans and advances								
- performing	292,931	73,308	13,771	104	2,780	(12,710)	370,184	5.95%
- non-performing	-	-	-	-	-	6,528	6,528	
Other assets	-	-	-	-	-	5,008	5,008	
Deferred tax assets	-	-	-	-	-	3,598	3,598	
Property and equipment	-	-	-	-	-	1,388	1,388	
Intangible assets	-	-	-	-	-	1,140	1,140	
Total assets	875,631	159,443	53,761	104	2,780	9,578	1,101,297	
Liabilities								
Deposits from customers	302,911	17,910	28,487	116	-	79,221	428,645	3.29%
Deposits & placements of banks & other financial institutions	203,274	49,575	-	-	-	-	252,849	4.56%
Other liabilities	-	-	-	-	-	71,397	71,397	-
Provision of taxation	-	-	-	-	-	1,011	1,011	
Total liabilities	506,185	67,485	28,487	116	-	151,629	753,902	
Shareholders' equity	-	-	-	-	-	347,395	347,395	
Total liabilities and shareholders' equity	506,185	67,485	28,487	116	-	499,024	1,101,297	
On balance sheet - interest rate gap	369,446	91,958	25,274	(12)	2,780	(489,446)	-	
Off balance sheet - interest rate gap	-	-	-	-	-	-	-	
Total interest rate gap	369,446	91,958	25,274	(12)	2,780	(489,446)	-	

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**NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS
ENDED 31 MARCH 2008**

25 Operations of Islamic Banking

No Islamic banking activities was involved for the financial period ended 31 March 2008.

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.