

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

**UNAUDITED INTERIM FINANCIAL STATEMENTS**  
**CONDENSED BALANCE SHEETS AS AT 30 JUNE 2008**

	Note	30 June 2008 RM'000	31 December 2007 RM'000
<b>ASSETS</b>			
Cash and short-term funds	8	453,476	587,326
Deposits and placements with banks and other financial institutions	9	-	71,000
Held-to-maturity securities	10	39,997	55,125
Loans and advances	11	924,356	376,712
Other assets	12	4,973	5,008
Deferred tax assets		3,598	3,598
Tax recoverable		-	-
Statutory deposits with Bank Negara Malaysia		-	-
Property and equipment		1,329	1,388
Intangible assets		970	1,140
<b>TOTAL ASSETS</b>		<b>1,428,699</b>	<b>1,101,297</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
Deposits from customers	13	275,372	428,645
Deposits and placements of banks and other financial institutions	14	743,950	252,849
Other liabilities	15	61,979	71,397
Provision for taxation		1,141	1,011
<b>TOTAL LIABILITIES</b>		<b>1,082,442</b>	<b>753,902</b>
<b>Financed by:</b>			
Share capital		304,000	304,000
Reserves		42,257	43,395
<b>SHAREHOLDERS' EQUITY</b>		<b>346,257</b>	<b>347,395</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>1,428,699</b>	<b>1,101,297</b>
<b>COMMITMENTS AND CONTINGENCIES</b>			
	23	656,196	289,025

**BANK OF CHINA (MALAYSIA) BERHAD**  
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**UNAUDITED INTERIM FINANCIAL STATEMENTS**  
**CONDENSED INCOME STATEMENTS FOR THE SIX MONTHS**  
**ENDED 30 JUNE 2008**

		<b>Six Months Ended</b>	
		<b>30 June</b>	<b>30 June</b>
		<b>2008</b>	<b>2007</b>
		<b>RM'000</b>	<b>RM'000</b>
Interest income	16	<b>23,262</b>	24,435
Interest expense	17	<b>(11,277)</b>	(13,185)
Net interest income		<b>11,985</b>	11,250
Other operating income	18	<b>7,575</b>	5,730
Other operating expenses	19	<b>(8,107)</b>	(6,644)
Allowance for losses on loans and advances	20	<b>(3,500)</b>	(462)
Profit before taxation		<b>7,953</b>	9,874
Taxation	21	<b>(2,680)</b>	(2,796)
Net profit for the financial period		<b>5,273</b>	7,078

**BANK OF CHINA (MALAYSIA) BERHAD**  
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**UNAUDITED INTERIM FINANCIAL STATEMENTS**  
**CONDENSED CASH FLOW STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2008**

	Note	30 June 2008 RM'000	31 December 2007 RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before taxation		7,953	18,606
<i>Adjustment for:</i>			
Depreciation of property and equipment		200	338
Amortisation of intangible assets		208	91
Net (gain)/loss on disposal of property and equipment		(5)	-
Amortisation of premium less accretion of discount		128	645
Allowance for losses on loans and advances		3,500	2,754
Write back of allowance for losses on loans and advances		-	(38)
Interest income from held-to-maturity securities		(1,011)	(2,703)
Unrealised foreign exchange loss		50	(91)
Operating profit before changes in operating assets and liabilities		11,023	19,602
<b>(INCREASE)/DECREASE IN OPERATING ASSETS</b>			
Deposits and placements with banks and other financial institutions		71,000	214,200
Loans and advances		(551,144)	(44,320)
Other assets		(357)	274
<b>INCREASE/(DECREASE) IN OPERATING LIABILITIES</b>			
Deposits from customers		(153,273)	(99,551)
Deposits and placements of banks and other financial institutions		491,101	63,418
Bills and acceptances payable		-	-
Other liabilities		(9,418)	48,870
Cash generated from / (used in) operating activities		(141,068)	202,493
Taxation paid		(2,550)	(4,649)
Net cash generated from / (used in) operating activities		(143,618)	197,844
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of property and equipment		(141)	(1,033)
Purchase of intangible assets		(38)	(1,203)
Proceeds from disposal of property and equipment		5	-
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		16,179	471
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Dividends paid		(6,411)	(8,721)
Net cash used in financing activities		(6,411)	(8,721)
<b>NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS DURING THE FINANCIAL PERIOD</b>		<b>(133,850)</b>	<b>189,594</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD</b>		<b>587,326</b>	<b>397,732</b>
<b>CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD</b>	8	<b>453,476</b>	<b>587,326</b>

**BANK OF CHINA (MALAYSIA) BERHAD**  
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**UNAUDITED INTERIM FINANCIAL STATEMENTS**  
**CONDENSED STATEMENT OF CHANGES IN EQUITY FOR THE SIX MONTHS ENDED 30 JUNE 2008**

	Issued and fully paid ordinary shares of RM1 each Nominal value RM'000	Non- distributable Statutory reserves RM'000	Distributable Retained profits RM'000	Total RM'000
At 1 January 2008	<b>304,000</b>	<b>35,805</b>	<b>7,590</b>	<b>347,395</b>
Net profit for the six months	-	-	<b>5,273</b>	<b>5,273</b>
Total recognised income for the three months	-	-	<b>5,273</b>	<b>5,273</b>
Transfer to statutory reserve	-	-	-	-
Dividends paid	-	-	<b>(6,411)</b>	<b>(6,411)</b>
At 30 June 2008	<b>304,000</b>	<b>35,805</b>	<b>6,452</b>	<b>346,257</b>
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 SIX MONTHS  
ENDED 30 JUNE 2008**

**1 Review of Performance and Commentary of Prospects**

The bank recorded a lower profit before tax for the six months ended 30 June 2008 compared with the corresponding period in 2007 as a result of higher other operating expenses, coupled with higher allowance for losses on loans and advances as a result of higher loans growth. In year 2008, the bank continued to 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 six months ended 30 June 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 six months ended 30 June 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 six months ended 30 June 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.

**BANK OF CHINA (MALAYSIA) BERHAD**  
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**NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS  
ENDED 30 JUNE 2008**

**8 Cash and short-term funds**

	<b>30 June 2008</b>	<b>31 December 2007</b>
	<b>RM'000</b>	<b>RM'000</b>
Cash and balances with banks and other financial institutions	<b>28,276</b>	58,526
Money at call and deposit placements maturing within 1 month	<b>425,200</b>	528,800
	<b>453,476</b>	<b>587,326</b>

**9 Deposits and placements with banks and other financial institutions**

	<b>30 June 2008</b>	<b>31 December 2007</b>
	<b>RM'000</b>	<b>RM'000</b>
Bank Negara Malaysia	-	71,000
	-	<b>71,000</b>

**10 Held-to-maturity securities**

	<b>30 June 2008</b>	<b>31 December 2007</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>At amortised cost</b>		
Money market instrument:		
Malaysian Government Securities	<b>39,940</b>	58,029
Amortisation of premium less accretion of discounts	<b>57</b>	(2,904)
	<b>39,997</b>	<b>55,125</b>

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**NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS  
ENDED 30 JUNE 2008**

**11 Loans and advances**

**(i) By type**

	<b>30 June 2008 RM'000</b>	<b>31 December 2007 RM'000</b>
Overdrafts	<b>45,598</b>	47,578
Terms loans		
- Housing loans	<b>6,684</b>	6,453
- Syndicated term loan	<b>260,847</b>	118,124
- Other term loans	<b>121,829</b>	98,735
Bills receivable	<b>312,730</b>	-
Trust receipts	<b>13,100</b>	8,424
Claims on customers under acceptance credits	<b>58,203</b>	51,444
Staff loans	<b>2,876</b>	2,884
of which: RMnil (2007: RMnil were to Directors)		
Loans to banks and other financial institutions	<b>119,632</b>	56,685
	<b>941,499</b>	390,327
Less: Unearned interest and income	<b>(358)</b>	(330)
Total gross loans and advances	<b>941,141</b>	389,997
Less: Allowance for bad and doubtful debts:		
- General	<b>(16,210)</b>	(12,710)
- Specific	<b>(575)</b>	(575)
Total net loans and advances	<b>924,356</b>	376,712

**(ii) By type of customer**

	<b>30 June 2008 RM'000</b>	<b>31 December 2007 RM'000</b>
Domestic banking institutions	<b>49,102</b>	49,582
Domestic non-bank financial institutions	<b>7,103</b>	7,103
Domestic business enterprises		
- Small medium enterprises ("SME")	<b>147,416</b>	131,910
- Non-SME	<b>87,141</b>	70,508
Government and statutory bodies	<b>49,319</b>	50,263
Individuals	<b>13,379</b>	12,770
Foreign entities	<b>587,681</b>	67,861
	<b>941,141</b>	389,997

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**NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS  
ENDED 30 JUNE 2008**

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

	<b>30 June 2008 RM'000</b>	<b>31 December 2007 RM'000</b>
Fixed rate		
- Housing loans	-	-
- Other fixed rate loan	<b>379,030</b>	2,884
Variable rate		
- BLR plus	<b>170,589</b>	168,293
- Cost plus	<b>78,287</b>	51,114
- Other variable rates	<b>313,235</b>	167,706
	<b>941,141</b>	<b>389,997</b>

**(iv) By purpose**

	<b>30 June 2008 RM'000</b>	<b>31 December 2007 RM'000</b>
Purchase of transport vehicles	<b>87</b>	104
Purchase of landed property:	<b>65,255</b>	50,189
- Residential	<b>10,690</b>	10,447
- Non-residential	<b>54,565</b>	39,742
Personal use	<b>3,401</b>	3,002
Construction	<b>6,009</b>	7,200
Working capital	<b>799,670</b>	261,640
Other purpose	<b>66,719</b>	67,862
	<b>941,141</b>	<b>389,997</b>

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

**(v) Non-performing Loans (NPL)**

**(a) Movement in non-performing loans and advances**

	<b>30 June 2008 RM'000</b>	<b>31 December 2007 RM'000</b>
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	0.69%	1.68%

**(b) Movement in allowance for bad and doubtful debts**

	<b>30 June 2008 RM'000</b>	<b>31 December 2007 RM'000</b>
<b>General allowance</b>		
At beginning of the financial year	12,710	10,410
Allowance made during the financial year	3,500	2,300
At end of the financial year	16,210	12,710
As % of gross loans and advances less specific allowance	1.73%	3.26%
<b>Specific allowance</b>		
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**

	<b>30 June 2008 RM'000</b>	<b>31 December 2007 RM'000</b>
Working capital	7,103	7,103
	7,103	7,103

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**NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS  
ENDED 30 JUNE 2008**

**12 Other Assets**

	<b>30 June 2008</b>	<b>31 December 2007</b>
	<b>RM'000</b>	<b>RM'000</b>
Interest receivable	1,529	1,716
Other debtors, deposits and prepayments	3,444	3,292
	<b>4,973</b>	<b>5,008</b>

**13 Deposits from Customers**

**(i) By type of deposits**

	<b>30 June 2008</b>	<b>31 December 2007</b>
	<b>RM'000</b>	<b>RM'000</b>
Demand deposits	89,450	85,922
Savings deposits	18,389	20,735
Fixed deposits	165,921	221,977
Negotiable instruments of deposits	-	100,000
Others	1,612	11
	<b>275,372</b>	<b>428,645</b>

**(ii) By type of customer**

	<b>30 June 2008</b>	<b>31 December 2007</b>
	<b>RM'000</b>	<b>RM'000</b>
Government and statutory bodies	1,952	45,011
Business enterprises	163,705	275,878
Individuals	109,418	107,485
Others	297	271
	<b>275,372</b>	<b>428,645</b>

**14 Deposits and placements of banks and other financial institutions**

	<b>30 June 2008</b>	<b>31 December 2007</b>
	<b>RM'000</b>	<b>RM'000</b>
Licensed banks	743,950	252,849
	<b>743,950</b>	<b>252,849</b>

**15 Other Liabilities**

	<b>30 June 2008</b>	<b>31 December 2007</b>
	<b>RM'000</b>	<b>RM'000</b>
Interest payable	3,619	4,193
Accrued expenses	2,374	2,739
Margin deposits	48,231	54,653
Other liabilities	7,755	9,812
	<b>61,979</b>	<b>71,397</b>

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**NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS  
ENDED 30 JUNE 2008**

**16 Interest income**

	<b>Six Months Ended</b>	
	<b>30 June</b>	<b>30 June</b>
	<b>2008</b>	<b>2007</b>
	<b>RM'000</b>	<b>RM'000</b>
Loans and advances		
- Interest income other than recoveries from NPL	11,169	11,325
- Recoveries from NPLs	-	7
Money at call and deposit placement with financial institutions	11,210	12,079
Securities		
- Held-to-maturity investments	1,011	1,341
	<b>23,390</b>	<b>24,752</b>
Amortisation of premium less accretion of discount	(128)	(317)
Interest suspended	-	-
Total interest income	<b>23,262</b>	<b>24,435</b>

**17 Interest Expense**

	<b>Six Months Ended</b>	
	<b>30 June</b>	<b>30 June</b>
	<b>2008</b>	<b>2007</b>
	<b>RM'000</b>	<b>RM'000</b>
Deposits and placements of banks and other financial institutions	5,623	5,805
Deposits from customers	4,787	7,376
Others	867	4
	<b>11,277</b>	<b>13,185</b>

**18 Other operating income**

	<b>Six Months Ended</b>	
	<b>30 June</b>	<b>30 June</b>
	<b>2008</b>	<b>2007</b>
	<b>RM'000</b>	<b>RM'000</b>
Fees income:		
- Fee on loans and advances	729	666
- Service charges and fees	2,510	2,163
- Guarantee fees	674	516
- Other fee income	5	1
	<b>3,918</b>	<b>3,346</b>
Foreign exchange income:		
- Realised	3,707	2,327
- Unrealised	(50)	57
	<b>7,575</b>	<b>5,730</b>

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**NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS  
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**19 Other operating expenses**

	<b>Six Months Ended</b>	
	<b>30 June</b>	<b>30 June</b>
	<b>2008</b>	<b>2007</b>
	<b>RM'000</b>	<b>RM'000</b>
<u>Personnel expenses</u>	<b>5,292</b>	3,934
Salaries & wages (includes CEO / EDs)	<b>2,939</b>	2,258
Bonuses	<b>1,422</b>	773
Defined contribution plan ("EPF")	<b>581</b>	431
Staff welfare expenses	<b>146</b>	220
Other personnel costs	<b>204</b>	252
<u>Marketing expenses</u>	<b>208</b>	239
Entertainment	<b>183</b>	172
Other marketing	<b>25</b>	67
<u>Establishment costs</u>	<b>1,624</b>	1,509
Rental of premises	<b>599</b>	713
Depreciation	<b>200</b>	142
Amortisation	<b>208</b>	39
Repairs and maintenance	<b>342</b>	365
Other establishment costs	<b>275</b>	250
<u>Administration and general expenses</u>	<b>983</b>	962
Insurance premium	<b>278</b>	276
Other administration and general expenses	<b>705</b>	686
	<b>8,107</b>	6,644

**20 Allowance for losses on loans and advances**

	<b>Six Months Ended</b>	
	<b>30 June</b>	<b>30 June</b>
	<b>2008</b>	<b>2007</b>
	<b>RM'000</b>	<b>RM'000</b>
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	<b>3,500</b>	500
	<b>3,500</b>	462

**21 Taxation**

	<b>Six Months Ended</b>	
	<b>30 June</b>	<b>30 June</b>
	<b>2008</b>	<b>2007</b>
	<b>RM'000</b>	<b>RM'000</b>
Current tax - Malaysian income tax	<b>2,680</b>	2,796
	<b>2,680</b>	2,796

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**NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS  
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**22 Capital adequacy**

	<b>30 June 2008 RM'000</b>	<b>31 December 2007 RM'000</b>
<b><u>Tier-1 capital</u></b>		
Paid-up ordinary share capital	<b>304,000</b>	304,000
Retained profits	<b>7,590</b>	7,590
Other reserves	<b>35,805</b>	35,805
	<b>347,395</b>	347,395
Less: Deferred tax assets	<b>(3,598)</b>	(3,598)
Total Tier-1 Capital	<b>343,797</b>	343,797
<b><u>Tier-2 capital</u></b>		
General allowance for bad and doubtful debts	<b>16,210</b>	12,710
Total Tier-2 Capital	<b>16,210</b>	12,710
Total capital base	<b>360,007</b>	356,507
<b><u>Capital ratios</u></b>		
Core capital ratio	<b>50%</b>	123%
Risk-weighted capital ratio	<b>52%</b>	127%
Core capital ratio (net of proposed dividends)	<b>49%</b>	120%
Risk-weighted capital ratio (net of proposed dividends)	<b>51%</b>	125%
Risk-weighted assets for credit, market and operational risks (RM'000)	<b>692,609</b>	280,077

**BANK OF CHINA (MALAYSIA) BERHAD**  
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**NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2008**

**23 Commitments and contingencies**

	30 June 2008				31 December 2007			
	Principal RM'000	Credit equivalent RM'000	Risk weighted RM'000		Principal RM'000	Credit equivalent RM'000	Risk weighted RM'000	
Transaction-related contingent items	299,115	149,558	27,326		95,719	47,860	10,690	
Short-term self-liquidation trade related contingencies	4,894	979	648		63,490	12,698	532	
Irrevocable commitments to extend credit:								
- Maturity not exceeding one year	131,733	26,347	26,347		105,899	-	-	
- Maturity exceeding one year	105,197	52,599	52,344		13,489	6,745	6,700	
Foreign exchange related contracts:								
- Less than one year	7,346	-	-		9,915	-	-	
Others	107,911	-	-		513	-	-	
Total	656,196	229,483	106,665		289,025	67,303	17,922	

**NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2008**

**24 Interest rate risk**

	Non Trading Book						
	Up to 1 month			1-5 years		Over 5 years	
	RM'000	> 1-3 month	> 3-12 month	RM'000	RM'000	RM'000	RM'000
<b>Assets</b>							
Cash and short term funds	450,045	-	-	-	-	-	453,476
Deposits & placement with banks & other financial institutions	-	-	-	-	-	-	-
Held-to-maturity securities	-	-	39,994	-	-	-	39,994
Loans and advances							
- performing	305,390	439,371	186,401	87	2,789	(16,210)	917,828
- non-performing	-	-	-	-	-	6,528	6,528
Other assets	-	-	-	-	-	4,973	4,973
Deferred tax assets	-	-	-	-	-	3,598	3,598
Property and equipment	-	-	-	-	-	1,329	1,329
Intangible assets	-	-	-	-	-	970	970
<b>Total assets</b>	<b>755,435</b>	<b>439,371</b>	<b>226,395</b>	<b>87</b>	<b>2,789</b>	<b>4,619</b>	<b>1,428,696</b>
<b>Liabilities</b>							
Deposits from customers	147,533	12,590	32,016	-	-	83,233	275,372
Deposits & placements of banks & other financial institutions	164,168	406,179	173,603	-	-	-	743,950
Other liabilities	-	-	-	-	-	61,979	61,979
Provision of taxation	-	-	-	-	-	1,141	1,141
<b>Total liabilities</b>	<b>311,701</b>	<b>418,769</b>	<b>205,619</b>	<b>-</b>	<b>-</b>	<b>146,353</b>	<b>1,082,442</b>
Shareholders' equity	-	-	-	-	-	346,257	346,257
<b>Total liabilities and shareholders' equity</b>	<b>311,701</b>	<b>418,769</b>	<b>205,619</b>	<b>-</b>	<b>-</b>	<b>492,610</b>	<b>1,428,699</b>
On balance sheet - interest rate gap	443,734	20,602	20,776	87	2,789	(487,991)	(3)
Off balance sheet - interest rate gap	-	-	-	-	-	-	-
<b>Total interest rate gap</b>	<b>443,734</b>	<b>20,602</b>	<b>20,776</b>	<b>87</b>	<b>2,789</b>	<b>(487,991)</b>	<b>(3)</b>

**NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2008**

**24 Interest rate risk (Continued)**

	Non Trading Book						Effective interest rate %
	Up to 1 month RM'000	> 1-3 month RM'000	> 3-12 month RM'000	1-5 years RM'000	Over 5 years RM'000	Non-interest sensitive RM'000	Total RM'000
<b>31 December 2007</b>							
<b>Assets</b>							
Cash and short term funds	582,700	-	-	-	-	4,626	587,326
Deposits & placement with banks & other financial institutions	-	71,000	-	-	-	-	71,000
Held-to-maturity securities	-	15,135	39,990	-	-	-	55,125
Loans and advances	292,931	73,308	13,771	104	2,780	(12,710)	370,184
- performing	-	-	-	-	-	-	-
- 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
<b>Liabilities</b>							
Deposits from customers	302,911	17,910	28,487	116	-	79,221	428,645
Deposits & placements of banks & other financial institutions	203,274	49,575	-	-	-	-	252,849
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)	-

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

**NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS  
ENDED 30 JUNE 2008**

**25 Credit Exposures Arising From Credit Transactions With Connected Parties**

	<b>30 June 2008</b>
Outstanding credit exposures with connected parties (RM'000)	<u>454,006</u>
Percentage of outstanding credit exposures to connected parties as proportion of total credit exposures	<u>39%</u>
Percentage of outstanding credit exposures with connected parties which is non-performing or in default	<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 June 2008.

**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.