

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

UNAUDITED INTERIM FINANCIAL STATEMENTS
CONDENSED BALANCE SHEETS AS AT 30 SEPTEMBER 2008

	Note	30 September 2008 RM'000	31 December 2007 RM'000
ASSETS			
Cash and short-term funds	8	450,425	587,326
Deposits and placements with banks and other financial institutions	9	170,000	71,000
Held-to-maturity securities	10	39,675	55,125
Loans and advances	11	907,642	376,712
Other assets	12	4,616	5,008
Deferred tax assets		3,598	3,598
Tax recoverable		-	-
Statutory deposits with Bank Negara Malaysia		-	-
Property and equipment		1,289	1,388
Intangible assets		1,032	1,140
TOTAL ASSETS		1,578,277	1,101,297
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY			
Deposits from customers	13	319,342	428,645
Deposits and placements of banks and other financial institutions	14	813,287	252,849
Bills and acceptances payable		31,150	-
Other liabilities	15	62,107	71,397
Provision for taxation		746	1,011
TOTAL LIABILITIES		1,226,632	753,902
Financed by:			
Share capital		304,000	304,000
Reserves		47,645	43,395
SHAREHOLDERS' EQUITY		351,645	347,395
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		1,578,277	1,101,297
		-	-
COMMITMENTS AND CONTINGENCIES	23	1,060,806	289,025

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

UNAUDITED INTERIM FINANCIAL STATEMENTS
CONDENSED INCOME STATEMENTS FOR THE NINE MONTHS
ENDED 30 SEPTEMBER 2008

		Nine Months Ended	
		30 September	30 September
		2008	2007
		RM'000	RM'000
Interest income	16	38,207	36,707
Interest expense	17	(19,530)	(19,631)
Net interest income		18,677	17,076
Other operating income	18	12,040	8,679
Other operating expenses	19	(11,826)	(9,619)
Allowance for losses on loans and advances	20	(3,500)	(962)
Profit before taxation		15,391	15,174
Taxation	21	(4,730)	(4,071)
Net profit for the financial period		10,661	11,103

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

UNAUDITED INTERIM FINANCIAL STATEMENTS
CONDENSED CASH FLOW STATEMENTS FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2008

	Note	30 September 2008 RM'000	31 December 2007 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		15,391	18,606
<i>Adjustment for:</i>			
Depreciation of property and equipment		300	338
Amortisation of intangible assets		327	91
Net (gain)/loss on disposal of property and equipment		(5)	-
Amortisation of premium less accretion of discount		122	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		(1,433)	(2,703)
Unrealised foreign exchange loss		91	(91)
		<hr/>	<hr/>
Operating profit before changes in operating assets and liabilities		18,293	19,602
(INCREASE)/DECREASE IN OPERATING ASSETS			
Deposits and placements with banks and other financial institutions		(99,000)	214,200
Loans and advances		(534,430)	(44,320)
Other assets		(403)	274
INCREASE/(DECREASE) IN OPERATING LIABILITIES			
Deposits from customers		(109,303)	(99,551)
Deposits and placements of banks and other financial institutions		560,438	63,418
Bills and acceptances payable		31,150	-
Other liabilities		(9,290)	48,870
		<hr/>	<hr/>
Cash generated from / (used in) operating activities		(142,545)	202,493
Taxation paid		(4,995)	(4,649)
		<hr/>	<hr/>
Net cash generated from / (used in) operating activities		(147,540)	197,844
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property and equipment		(202)	(1,033)
Purchase of intangible assets		(218)	(1,203)
Proceeds from disposal of property and equipment		5	-
Net sale / (net purchases) of held-to-maturity securities		15,328	-
Interest received on held-to-maturity securities		2,137	2,707
		<hr/>	<hr/>
Net cash generated from investing activities		17,050	471
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid		(6,411)	(8,721)
		<hr/>	<hr/>
Net cash used in financing activities		(6,411)	(8,721)
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS DURING THE FINANCIAL PERIOD			
		(136,901)	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	<hr/> 450,425 <hr/>	<hr/> 587,326 <hr/>

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 2008

	Issued and fully paid ordinary shares of RM1 each	Non- distributable Statutory reserves	Distributable Retained profits	Total
	Nominal value RM'000	RM'000	RM'000	RM'000
At 1 January 2008	304,000	35,805	7,590	347,395
Net profit for the six months	-	-	10,661	10,661
Total recognised income for the three months	-	-	10,661	10,661
Transfer to statutory reserve	-	-	-	-
Dividends paid	-	-	(6,411)	(6,411)
At 30 September 2008	304,000	35,805	11,840	351,645
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

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

**NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS
ENDED 30 SEPTEMBER 2008**

1 Review of Performance and Commentary of Prospects

Profit before tax for the nine months ended 30 September 2008 is marginally higher as compared with the corresponding period in 2007. The marginal increase was mainly due to higher general allowance made as a result of substantial loan growth. The Bank will continued 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 interim financial statements for the nine months ended 30 September 2008 have been prepared in accordance with FRS134 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 nine months ended 30 September 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 nine months ended 30 September 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
(Incorporated in Malaysia)

**NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS
ENDED 30 SEPTEMBER 2008**

8 Cash and short-term funds

	30 September 2008	31 December 2007
	RM'000	RM'000
Cash and balances with banks and other financial institutions	67,325	58,526
Money at call and deposit placements maturing within 1 month	383,100	528,800
	450,425	587,326

9 Deposits and placements with banks and other financial institutions

	30 September 2008	31 December 2007
	RM'000	RM'000
Bank Negara Malaysia	170,000	71,000
	170,000	71,000

10 Held-to-maturity securities

	30 September 2008	31 December 2007
	RM'000	RM'000
At amortised cost		
Money market instrument:		
Malaysian Government Securities	39,672	58,029
Amortisation of premium less accretion of discounts	3	(2,904)
	39,675	55,125

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

**NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS
ENDED 30 SEPTEMBER 2008**

11 Loans and advances

(i) By type

	30 September 2008	31 December 2007
	RM'000	RM'000
Overdrafts	47,269	47,578
Terms loans		
- Housing loans	7,620	6,453
- Syndicated term loan	338,050	118,124
- Other term loans	152,304	98,735
Bills receivable	228,459	-
Trust receipts	10,541	8,424
Claims on customers under acceptance credits	41,242	51,444
Staff loans	2,876	2,884
of which: RMnil (2007: RMnil were to Directors)		
Loans to banks and other financial institutions	96,565	56,685
	924,926	390,327
Less: Unearned interest and income	(499)	(330)
Total gross loans and advances	924,427	389,997
Less: Allowance for bad and doubtful debts:		
- General	(16,210)	(12,710)
- Specific	(575)	(575)
Total net loans and advances	907,642	376,712

(ii) By type of customer

	30 September 2008	31 December 2007
	RM'000	RM'000
Domestic banking institutions	51,591	49,582
Domestic non-bank financial institutions	6,219	7,103
Domestic business enterprises		
- Small medium enterprises ("SME")	166,029	131,910
- Non-SME	124,701	70,508
Government and statutory bodies	51,456	50,263
Individuals	14,750	12,770
Foreign entities	509,681	67,861
	924,427	389,997

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

**NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS
ENDED 30 SEPTEMBER 2008**

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

	30 September 2008 RM'000	31 December 2007 RM'000
Fixed rate		
- Housing loans	27	-
- Other fixed rate loan	187,207	2,884
Variable rate		
- BLR plus	194,195	168,293
- Cost plus	60,756	51,114
- Other variable rates	482,242	167,706
	924,427	389,997

(iv) By purpose

	30 September 2008 RM'000	31 December 2007 RM'000
Purchase of transport vehicles	30,988	104
Purchase of landed property:	90,049	50,189
- Residential	11,776	10,447
- Non-residential	78,273	39,742
Personal use	3,704	3,002
Construction	5,446	7,200
Working capital	724,864	261,640
Other purpose	69,376	67,862
	924,427	389,997

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

**NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS
ENDED 30 SEPTEMBER 2008**

11 Loans and advances (continued)
(v) Non-performing Loans (NPL)
(a) Movement in non-performing loans and advances

	30 September 2008 RM'000	31 December 2007 RM'000
At beginning of financial year	7,103	7,616
Classified as non-performing during the period	-	-
Amount recovered	(884)	(392)
Amount written off	-	(121)
At end of financial period	<u>6,219</u>	<u>7,103</u>
Specific allowance	<u>(575)</u>	<u>(575)</u>
Net non-performing loans and advances	<u><u>5,644</u></u>	<u><u>6,528</u></u>
Ratio of net non-performing loans and advances to gross loans and advances less specific allowance	0.61%	1.68%

(b) Movement in allowance for bad and doubtful debts

	30 September 2008 RM'000	31 December 2007 RM'000
General allowance		
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	<u>16,210</u>	<u>12,710</u>
As % of gross loans and advances less specific allowance	1.76%	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	<u>575</u>	<u>575</u>

(c) NPL by purpose

	30 September 2008 RM'000	31 December 2007 RM'000
Working capital	6,219	7,103
	<u>6,219</u>	<u>7,103</u>

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

**NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS
ENDED 30 SEPTEMBER 2008**

12 Other Assets

	30 September 2008	31 December 2007
	RM'000	RM'000
Interest receivable	1,164	1,716
Other debtors, deposits and prepayments	3,452	3,292
	4,616	5,008

13 Deposits from Customers

(i) By type of deposits

	30 September 2008	31 December 2007
	RM'000	RM'000
Demand deposits	107,223	85,922
Savings deposits	18,178	20,735
Fixed deposits	192,338	221,977
Negotiable instruments of deposits	-	100,000
Others	1,603	11
	319,342	428,645

(ii) By type of customer

	30 September 2008	31 December 2007
	RM'000	RM'000
Government and statutory bodies	1,845	45,011
Business enterprises	196,399	275,878
Individuals	121,008	107,485
Others	90	271
	319,342	428,645

14 Deposits and placements of banks and other financial institutions

	30 September 2008	31 December 2007
	RM'000	RM'000
Licensed banks	813,287	252,849
	813,287	252,849

15 Other Liabilities

	30 September 2008	31 December 2007
	RM'000	RM'000
Interest payable	4,203	4,193
Accrued expenses	2,999	2,739
Margin deposits	48,063	54,653
Other liabilities	6,842	9,812
	62,107	71,397

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

**NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS
ENDED 30 SEPTEMBER 2008**

16 Interest income

	Nine Months Ended	
	30 September 2008	30 September 2007
	RM'000	RM'000
Loans and advances		
- Interest income other than recoveries from NPL	21,060	17,390
- Recoveries from NPLs	-	7
Money at call and deposit placement with financial institutions	15,836	17,768
Securities		
- Held-to-maturity investments	1,433	2,021
	38,329	37,186
Amortisation of premium less accretion of discount	(122)	(479)
Interest suspended	-	-
Total interest income	38,207	36,707

17 Interest Expense

	Nine Months Ended	
	30 September 2008	30 September 2007
	RM'000	RM'000
Deposits and placements of banks and other financial institutions	11,618	9,496
Deposits from customers	6,384	10,002
Others	1,528	133
	19,530	19,631

18 Other operating income

	Nine Months Ended	
	30 September 2008	30 September 2007
	RM'000	RM'000
Fees income:		
- Fee on loans and advances	1,080	1,067
- Service charges and fees	3,869	3,357
- Guarantee fees	1,350	759
- Other fee income	5	110
	6,304	5,293
Foreign exchange income:		
- Realised	5,827	3,271
- Unrealised	(91)	115
	12,040	8,679

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

**NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS
ENDED 30 SEPTEMBER 2008**

19 Other operating expenses

	Nine Months Ended	
	30 September 2008	30 September 2007
	RM'000	RM'000
<u>Personnel expenses</u>	7,742	5,582
Salaries & wages (includes CEO / EDs)	4,242	3,344
Bonuses	2,056	1,067
Defined contribution plan ("EPF")	867	577
Staff welfare expenses	233	208
Other personnel costs	344	386
<u>Marketing expenses</u>	289	355
Entertainment	247	260
Other marketing	42	95
<u>Establishment costs</u>	2,565	2,381
Rental of premises	1,056	1,062
Depreciation	300	256
Amortisation	327	21
Repairs and maintenance	432	695
Other establishment costs	450	347
<u>Administration and general expenses</u>	1,230	1,301
Insurance premium	278	289
Other administration and general expenses	952	1,012
	11,826	9,619

20 Allowance for losses on loans and advances

	Nine Months Ended	
	30 September 2008	30 September 2007
	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	3,500	1,000
	3,500	962

21 Taxation

	Nine Months Ended	
	30 September 2008	30 September 2007
	RM'000	RM'000
Current tax - Malaysian income tax	4,730	4,071
	4,730	4,071

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

**NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS
ENDED 30 SEPTEMBER 2008**

22 Capital adequacy

	30 September 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
Proposed dividend	6,411	6,411
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	16,210	12,710
Total Tier-2 Capital	16,210	12,710
Total capital base	360,007	356,507
<u>Capital ratios</u>		
Core capital ratio	41%	123%
Risk-weighted capital ratio	43%	127%
Core capital ratio (net of proposed dividends)	40%	120%
Risk-weighted capital ratio (net of proposed dividends)	42%	125%
Risk-weighted assets for credit, market and operational risks (RM'000)	844,824	280,077

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

NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2008

23 Commitments and contingencies

	30 September 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	527,734	263,867	49,021	95,719	47,860	10,690
Short-term self-liquidation trade related contingencies	3,663	733	175	63,490	12,698	532
Irrevocable commitments to extend credit:						
- Maturity not exceeding one year	334,070	66,814	66,814	105,899	-	-
- Maturity exceeding one year	87,032	43,516	43,344	13,489	6,745	6,700
Foreign exchange related contracts:						
- Less than one year	12,005	-	-	9,915	-	-
Others	96,302	-	-	513	-	-
Total	1,060,806	374,930	159,354	289,025	67,303	17,922

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

NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2008

24 Interest rate risk

30 September 2008

	Non Trading Book						Total RM'000	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		
Assets								
Cash and short term funds	446,326	-	-	-	-	4,099	450,425	3.56%
Deposits & placement with banks & other financial institutions	-	170,000	-	-	-	-	170,000	3.58%
Held-to-maturity securities	-	-	39,675	-	-	-	39,675	4.09%
Loans and advances								
- performing	409,286	374,747	131,300	78	2,797	(16,210)	901,998	4.57%
- non-performing	-	-	-	-	-	5,644	5,644	
Other assets	-	-	-	-	-	4,616	4,616	
Deferred tax assets	-	-	-	-	-	3,598	3,598	
Property and equipment	-	-	-	-	-	1,289	1,289	
Intangible assets	-	-	-	-	-	1,032	1,032	
Total assets	855,612	544,747	170,975	78	2,797	4,068	1,578,277	
Liabilities								
Deposits from customers	172,913	13,996	30,757	316	-	101,360	319,342	3.16%
Deposits & placements of banks & other financial institutions	341,913	351,324	120,050	-	-	-	813,287	3.15%
Bills and acceptances payable	8,804	20,028	2,318	-	-	-	31,150	3.95%
Other liabilities	-	-	-	-	-	62,107	62,107	
Provision of taxation	-	-	-	-	-	746	746	
Total liabilities	523,630	385,348	153,125	316	-	164,213	1,226,632	
Shareholders' equity	-	-	-	-	-	351,645	351,645	
Total liabilities and shareholders' equity	523,630	385,348	153,125	316	-	515,858	1,578,277	
On balance sheet - interest rate gap	331,982	159,399	17,850	(238)	2,797	(511,790)	-	
Off balance sheet - interest rate gap	-	-	-	-	-	-	-	
Total interest rate gap	331,982	159,399	17,850	(238)	2,797	(511,790)	-	

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

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

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

**NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS
ENDED 30 SEPTEMBER 2008**

25 Credit Exposures Arising From Credit Transactions With Connected Parties

	30 September 2008
Outstanding credit exposures with connected parties (RM'000)	<u>361,865</u>
Percentage of outstanding credit exposures to connected parties as proportion of total credit exposures	<u>32%</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 September 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.