

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

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

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

**BANK OF CHINA (MALAYSIA) BERHAD**  
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**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
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before taxation		<b>15,391</b>	18,606
<i>Adjustment for:</i>			
Depreciation of property and equipment		<b>300</b>	338
Amortisation of intangible assets		<b>327</b>	91
Net (gain)/loss on disposal of property and equipment		<b>(5)</b>	-
Amortisation of premium less accretion of discount		<b>122</b>	645
Allowance for losses on loans and advances		<b>3,500</b>	2,754
Write back of allowance for losses on loans and advances		-	(38)
Interest income from held-to-maturity securities		<b>(1,433)</b>	(2,703)
Unrealised foreign exchange loss		<b>91</b>	(91)
Operating profit before changes in operating assets and liabilities		<b>18,293</b>	19,602
<b>(INCREASE)/DECREASE IN OPERATING ASSETS</b>			
Deposits and placements with banks and other financial institutions		<b>(99,000)</b>	214,200
Loans and advances		<b>(534,430)</b>	(44,320)
Other assets		<b>(403)</b>	274
<b>INCREASE/(DECREASE) IN OPERATING LIABILITIES</b>			
Deposits from customers		<b>(109,303)</b>	(99,551)
Deposits and placements of banks and other financial institutions		<b>560,438</b>	63,418
Bills and acceptances payable		<b>31,150</b>	-
Other liabilities		<b>(9,290)</b>	48,870
Cash generated from / (used in) operating activities		<b>(142,545)</b>	202,493
Taxation paid		<b>(4,995)</b>	(4,649)
Net cash generated from / (used in) operating activities		<b>(147,540)</b>	197,844
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of property and equipment		<b>(202)</b>	(1,033)
Purchase of intangible assets		<b>(218)</b>	(1,203)
Proceeds from disposal of property and equipment		<b>5</b>	-
Net sale / (net purchases) of held-to-maturity securities		<b>15,328</b>	-
Interest received on held-to-maturity securities		<b>2,137</b>	2,707
Net cash generated from investing activities		<b>17,050</b>	471
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Dividends paid		<b>(6,411)</b>	(8,721)
Net cash used in financing activities		<b>(6,411)</b>	(8,721)
<b>NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS DURING THE FINANCIAL PERIOD</b>			
		<b>(136,901)</b>	189,594
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD</b>			
		<b>587,326</b>	397,732
<b>CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD</b>			
	8	<b>450,425</b>	587,326

**BANK OF CHINA (MALAYSIA) BERHAD**  
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**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	Distributable	
	Nominal value RM'000	Statutory reserves RM'000	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>10,661</b>	<b>10,661</b>
Total recognised income for the three months	-	-	<b>10,661</b>	<b>10,661</b>
Transfer to statutory reserve	-	-	-	-
Dividends paid	-	-	<b>(6,411)</b>	<b>(6,411)</b>
At 30 September 2008	<b>304,000</b>	<b>35,805</b>	<b>11,840</b>	<b>351,645</b>
At 1 January 2007	304,000	29,333	9,839	343,172
Net profit for the financial year	-	-	<b>12,944</b>	<b>12,944</b>
Total recognised income for the year	-	-	<b>12,944</b>	<b>12,944</b>
Transfer to statutory reserve	-	6,472	<b>(6,472)</b>	-
Dividends paid	-	-	<b>(8,721)</b>	<b>(8,721)</b>
At 31 December 2007	<b>304,000</b>	<b>35,805</b>	<b>7,590</b>	<b>347,395</b>

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**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 continue 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.

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**8 Cash and short-term funds**

	<b>30 September</b>	<b>31 December</b>
	<b>2008</b>	<b>2007</b>
	<b>RM'000</b>	<b>RM'000</b>
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
	<b>450,425</b>	<b>587,326</b>

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

	<b>30 September</b>	<b>31 December</b>
	<b>2008</b>	<b>2007</b>
	<b>RM'000</b>	<b>RM'000</b>
Bank Negara Malaysia	170,000	71,000
	<b>170,000</b>	<b>71,000</b>

**10 Held-to-maturity securities**

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

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

**11 Loans and advances**

**(i) By type**

	<b>30 September 2008</b> <b>RM'000</b>	<b>31 December 2007</b> <b>RM'000</b>
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
Less: Unearned interest and income	924,926	390,327
Total gross loans and advances	(499)	(330)
Less: Allowance for bad and doubtful debts:		
- General	(16,210)	(12,710)
- Specific	(575)	(575)
Total net loans and advances	<u>907,642</u>	<u>376,712</u>

**(ii) By type of customer**

	<b>30 September 2008</b> <b>RM'000</b>	<b>31 December 2007</b> <b>RM'000</b>
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
	<u>924,427</u>	<u>389,997</u>

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**NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS  
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**11 Loans and advances (continued)**  
**(iii) By interest rate sensitivity**

	<b>30 September 2008</b> <b>RM'000</b>	<b>31 December 2007</b> <b>RM'000</b>
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
	<b>924,427</b>	<b>389,997</b>

**(iv) By purpose**

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

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**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

	<b>30 September</b> <b>2008</b> <b>RM'000</b>	<b>31 December</b> <b>2007</b> <b>RM'000</b>
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	<b>6,219</b>	7,103
Specific allowance	(575)	(575)
Net non-performing loans and advances	<b>5,644</b>	6,528

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**

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

**(c) NPL by purpose**

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

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

**12 Other Assets**

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

**13 Deposits from Customers**

(i) **By type of deposits**

	<b>30 September</b>	<b>31 December</b>
	<b>2008</b>	<b>2007</b>
	<b>RM'000</b>	<b>RM'000</b>
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
	<b>319,342</b>	<b>428,645</b>

(ii) **By type of customer**

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

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

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

**15 Other Liabilities**

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

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

**16 Interest income**

	<b>Nine Months Ended</b>	
	<b>30 September 2008</b>	<b>30 September 2007</b>
	<b>RM'000</b>	<b>RM'000</b>
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
	<b>38,329</b>	37,186
Amortisation of premium less accretion of discount	(122)	(479)
Interest suspended	-	-
Total interest income	<b>38,207</b>	<b>36,707</b>

**17 Interest Expense**

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

**18 Other operating income**

	<b>Nine Months Ended</b>	
	<b>30 September 2008</b>	<b>30 September 2007</b>
	<b>RM'000</b>	<b>RM'000</b>
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
	<b>6,304</b>	5,293
Foreign exchange income:		
- Realised	5,827	3,271
- Unrealised	(91)	115
	<b>12,040</b>	<b>8,679</b>

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

**19 Other operating expenses**

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

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

	<b>Nine Months Ended</b>	
	<b>30 September</b>	<b>30 September</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	3,500	1,000
	<b>3,500</b>	<b>962</b>

**21 Taxation**

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

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

**22 Capital adequacy**

	<b>30 September 2008</b> <b>RM'000</b>	<b>31 December 2007</b> <b>RM'000</b>
<b><u>Tier-1 capital</u></b>		
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
	<b>347,395</b>	347,395
Less: Deferred tax assets	(3,598)	(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	16,210	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	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**  
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**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 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	<b>527,734</b>	<b>263,867</b>	<b>49,021</b>	95,719	47,860	10,690
Short-term self-liquidation trade related contingencies	<b>3,663</b>	<b>733</b>	<b>175</b>	63,490	12,698	532
Irrevocable commitments to extend credit:						
- Maturity not exceeding one year	<b>334,070</b>	<b>66,814</b>	<b>66,814</b>	105,899	-	-
- Maturity exceeding one year	<b>87,032</b>	<b>43,516</b>	<b>43,344</b>	13,489	6,745	6,700
Foreign exchange related contracts:						
- Less than one year	<b>12,005</b>	-	-	9,915	-	-
Others	<b>96,302</b>	-	-	513	-	-
<b>Total</b>	<b>1,060,806</b>	<b>374,930</b>	<b>159,354</b>	<b>289,025</b>	<b>67,303</b>	<b>17,922</b>

**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**

<b><u>30 September 2008</u></b>	<b>Non Trading Book</b>							<b>Effective interest rate %</b>
	<b>Up to 1 month</b> <b>RM'000</b>	<b>&gt; 1-3 month</b> <b>RM'000</b>	<b>&gt; 3-12 month</b> <b>RM'000</b>	<b>1-5 years</b> <b>RM'000</b>	<b>Over 5 years</b> <b>RM'000</b>	<b>Non-interest sensitive</b> <b>RM'000</b>	<b>Total</b> <b>RM'000</b>	
<b>Assets</b>								
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	
<b>Total assets</b>	<b>855,612</b>	<b>544,747</b>	<b>170,975</b>	<b>78</b>	<b>2,797</b>	<b>4,068</b>	<b>1,578,277</b>	
<b>Liabilities</b>								
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	
<b>Total liabilities</b>	<b>523,630</b>	<b>385,348</b>	<b>153,125</b>	<b>316</b>	<b>-</b>	<b>164,213</b>	<b>1,226,632</b>	
Shareholders' equity	-	-	-	-	-	351,645	351,645	
<b>Total liabilities and shareholders' equity</b>	<b>523,630</b>	<b>385,348</b>	<b>153,125</b>	<b>316</b>	<b>-</b>	<b>515,858</b>	<b>1,578,277</b>	
On balance sheet - interest rate gap	331,982	159,399	17,850	(238)	2,797	(511,790)	-	
Off balance sheet - interest rate gap	-	-	-	-	-	-	-	
<b>Total interest rate gap</b>	<b>331,982</b>	<b>159,399</b>	<b>17,850</b>	<b>(238)</b>	<b>2,797</b>	<b>(511,790)</b>	<b>-</b>	

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

**24 Interest rate risk (Continued)**

<b><u>31 December 2007</u></b>	<b>Non Trading Book</b>						<b>Total</b> RM'000	<b>Effective interest rate %</b>
	<b>Up to 1 month</b> RM'000	<b>&gt; 1-3 month</b> RM'000	<b>&gt; 3-12 month</b> RM'000	<b>1-5 years</b> RM'000	<b>Over 5 years</b> RM'000	<b>Non-interest sensitive</b> RM'000		
<b>Assets</b>								
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	
<b>Total assets</b>	<b>875,631</b>	<b>159,443</b>	<b>53,761</b>	<b>104</b>	<b>2,780</b>	<b>9,578</b>	<b>1,101,297</b>	
<b>Liabilities</b>								
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	
<b>Total liabilities</b>	<b>506,185</b>	<b>67,485</b>	<b>28,487</b>	<b>116</b>	<b>-</b>	<b>151,629</b>	<b>753,902</b>	
Shareholders' equity	-	-	-	-	-	347,395	347,395	
<b>Total liabilities and shareholders' equity</b>	<b>506,185</b>	<b>67,485</b>	<b>28,487</b>	<b>116</b>	<b>-</b>	<b>499,024</b>	<b>1,101,297</b>	
On balance sheet - interest rate gap	369,446	91,958	25,274	(12)	2,780	(489,446)	-	
Off balance sheet - interest rate gap	-	-	-	-	-	-	-	
<b>Total interest rate gap</b>	<b>369,446</b>	<b>91,958</b>	<b>25,274</b>	<b>(12)</b>	<b>2,780</b>	<b>(489,446)</b>	<b>-</b>	

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

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

	<b>30 September 2008</b>
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.