

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

**UNAUDITED INTERIM FINANCIAL STATEMENTS**  
**CONDENSED BALANCE SHEETS AS AT 30 JUNE 2007**

	Note	30 June <u>2007</u> RM'000	31 December <u>2006</u> RM'000
<b>ASSETS</b>			
Cash and short-term funds	8	446,464	397,732
Deposits and placements with banks and other financial institutions	9	223,500	285,200
Securities portfolio			
Held-to-maturity investments	10	55,453	55,770
Loans and advances	11	392,789	335,108
Other assets	12	5,976	5,195
Deferred taxation assets		3,345	3,226
Tax recoverable		374	374
Statutory deposits with Bank Negara Malaysia		-	-
Property, plant and equipment		746	721
<b>TOTAL ASSETS</b>		<u>1,128,647</u>	<u>1,083,326</u>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
Deposits from customers	13	437,337	528,196
Deposits and placements of banks and other financial institutions	14	332,568	189,431
Bills and acceptances payable		-	-
Other liabilities	15	17,213	22,527
<b>TOTAL LIABILITIES</b>		<u>787,118</u>	<u>740,154</u>
<b>Financed by:</b>			
Share Capital		304,000	304,000
Reserves		37,529	39,172
<b>SHAREHOLDERS' EQUITY</b>		<u>341,529</u>	<u>343,172</u>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<u>1,128,647</u>	<u>1,083,326</u>
<b>COMMITMENTS AND CONTINGENCIES</b>			
	23	<u>274,508</u>	<u>323,592</u>

**BANK OF CHINA (MALAYSIA) BERHAD**  
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**UNAUDITED INTERIM FINANCIAL STATEMENTS**  
**CONDENSED INCOME STATEMENTS FOR THE SIX MONTHS**  
**ENDED 30 JUNE 2007**

		<b>Six Months Ended</b>	
		<b>30 June</b>	<b>30 June</b>
		<b>2007</b>	<b>2006</b>
		<b>RM'000</b>	<b>RM'000</b>
Interest income	16	<b>24,435</b>	20,828
Interest expense	17	<b>(13,185)</b>	(10,156)
Net interest income		<b>11,250</b>	10,672
Other operating income	18	<b>5,730</b>	5,572
Other operating expenses	19	<b>(6,644)</b>	(7,084)
Allowance for losses on loans and advances	20	<b>(462)</b>	-
Profit before taxation		<b>9,874</b>	9,160
Taxation	21	<b>(2,796)</b>	(2,300)
Net profit for the financial year		<b>7,078</b>	6,860

**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 2007**

	Issued and fully paid ordinary shares of RM1 each Nominal value RM'000	Non- distributable		Distributable		Total RM'000
		Statutory reserve RM'000	Retained profit RM'000	Proposed dividend RM'000		
At 1 January 2007	<b>304,000</b>	<b>29,333</b>	<b>1,118</b>	<b>8,721</b>		<b>343,172</b>
Net profit for the six months	-	-	<b>7,078</b>	-		<b>7,078</b>
Total recognised income for the six months	-	-	<b>7,078</b>	-		<b>7,078</b>
Transfer to statutory reserve	-	-	-	-		-
Proposed dividend	-	-	-	-		-
Dividend paid	-	-	-	<b>(8,721)</b>		<b>(8,721)</b>
At 30 June 2007	<b>304,000</b>	<b>29,333</b>	<b>8,196</b>	-		<b>341,529</b>
At 1 January 2006	304,000	19,868	375	5,034		329,277
Net profit for the financial year	-	-	<b>18,929</b>	-		<b>18,929</b>
Total recognised income for the year	-	-	<b>18,929</b>	-		<b>18,929</b>
Transfer to statutory reserve	-	9,465	(9,465)	-		-
Proposed dividend	-	-	(8,721)	8,721		-
Dividend paid	-	-	-	(5,034)		(5,034)
At 31 December 2006	<b>304,000</b>	<b>29,333</b>	<b>1,118</b>	<b>8,721</b>		<b>343,172</b>

**BANK OF CHINA (MALAYSIA) BERHAD**  
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**UNAUDITED INTERIM FINANCIAL STATEMENTS**  
**CONDENSED CASH FLOW STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2007**

	Note	30 June <u>2007</u> RM'000	31 December <u>2006</u> RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before taxation		9,874	26,425
<i>Adjustment for:</i>			
Depreciation of property, plant and equipment		181	376
Amortisation of premium less accretion of discount		317	626
Allowance for losses on loans and advances		462	468
Interest income from held-to-maturity investments		(1,341)	(2,705)
Unrealised foreign exchange gain		(57)	(1,141)
		<hr/>	<hr/>
Cash flow from operating profit before changes in operating assets and liabilities		9,436	24,049
<b>(INCREASE)/DECREASE IN OPERATING ASSETS</b>			
Loans and advances		(58,143)	(49,276)
Deposits and placements with banks and other financial institutions		61,700	(156,800)
Other assets		(736)	390
<b>INCREASE/(DECREASE) IN OPERATING LIABILITIES</b>			
Deposits from customers		(90,859)	207,586
Deposits and placements of banks and other financial institutions		143,137	10,509
Bills and acceptances payable		-	(26,746)
Other liabilities		(5,679)	(357)
		<hr/>	<hr/>
Cash generated from operating activities		58,856	9,355
Taxation paid		(2,550)	(5,778)
		<hr/>	<hr/>
Net cash generated from operating activities		56,306	3,577
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment		(206)	(212)
Net sale of held-to-maturity investments		-	-
Interest received on held-to-maturity investments		1,353	2,707
		<hr/>	<hr/>
Net cash generated from investing activities		1,147	2,495
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Dividend paid		(8,721)	(5,034)
		<hr/>	<hr/>
Net cash used in financing activities		(8,721)	(5,034)
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS DURING THE FINANCIAL PERIOD</b>			
		48,732	1,038
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD</b>			
		397,732	396,694
<b>CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR</b>			
	8	<hr/> <hr/>	<hr/> <hr/>
		446,464	397,732

**BANK OF CHINA (MALAYSIA) BERHAD**  
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**NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS**  
**ENDED 30 JUNE 2007**

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

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

**2 Group Accounting Policies**

The interim financial statements for the six months ended 30 June 2007 have been prepared in accordance with FRS134 (formerly known as MASB 26) issued by the Malaysian Accounting Standard Board (MASB). The interim financial statements should be read in conjunction with the audited financial statements of the Bank for the financial year ended 31 December 2006.

The accounting policies adopted by the Bank for the interim financial report are consistent with those adopted in the audited financial statements for the financial year ended 31 December 2006.

The Bank has been given approval by Bank Negara Malaysia to compute impairment losses of loans and advances based on "Guidelines on Classification of Non-Performing Loans and Provision for Substandard, Bad and Doubtful Debts, BNM/GP3".

**3 Audit Report**

The audit report for the financial period ended 31 December 2006 was not subject to any qualification.

**4 Seasonal or Cyclical Factors**

The business operations of the Bank have not been affected by any material seasonal cyclical factors.

**5 Exceptional or Extraordinary Items**

There were no exceptional or extraordinary items in the six months ended 30 June 2007.

**6 Changes in Estimates**

There were no material changes in estimates of amounts reported in prior financial years that have a material effect in the six months ended 30 June 2007.

**7 Changes in Debt and Equity Securities**

There were no issuance and repayment of debt and equity securities, share buy-backs, share cancellations, shares held as treasury shares and resale of treasury shares for the period under review.

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**NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS  
ENDED 30 JUNE 2007**

**8 Cash and short-term funds**

	<b>30 June 2007</b>	31 December 2006
	RM'000	RM'000
Cash and balances with banks and other financial institutions	<b>60,264</b>	49,832
Money at call and deposit placements maturing within 1 month	<b>386,200</b>	347,900
	<b>446,464</b>	397,732

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

	<b>30 June 2007</b>	31 December 2006
	RM'000	RM'000
Bank Negara Malaysia	<b>223,500</b>	285,200
	<b>223,500</b>	285,200

**10 Securities portfolio**

**Held-to-maturity investments**

	<b>30 June 2007</b>	31 December 2006
	RM'000	RM'000
Malaysian Government Securities	<b>58,029</b>	58,029
Amortisation of premium less accretion of discounts	<b>(2,576)</b>	(2,259)
	<b>55,453</b>	55,770

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**NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2007**

**11 Loans and advances**

**(i) By type**

	<b>30 June 2007</b>	31 December 2006
	RM'000	RM'000
Overdrafts	43,472	45,567
Terms loans		
- Housing loans	7,715	6,704
- Syndicated term loan	139,597	92,997
- Other term loans	92,869	95,849
Bills receivable	-	7
Trust receipts	8,769	6,809
Claims on customers under acceptance credits	50,830	36,362
Staff loans	1,621	1,314
of which: RMnil are to Directors		
Loans to banks and other financial institutions	59,115	60,294
	<b>403,988</b>	345,903
Unearned interest and income	(289)	(226)
Total gross loans and advances	<b>403,699</b>	345,677
Less: Allowance for bad and doubtful debts:		
- General	(10,910)	(10,410)
- Specific	-	(159)
Total net loans and advances	<b>392,789</b>	335,108

**(ii) By type of customer**

	<b>30 June 2007</b>	31 December 2006
	RM'000	RM'000
Domestic banking institutions	51,812	52,991
Domestic non-bank financial institutions	7,304	7,303
Domestic business enterprises		
- Small medium enterprises ("SME")	155,870	147,585
- Non-SME	36,832	55,543
Government and statutory bodies	122,331	53,724
Individuals	12,284	10,872
Foreign entities	17,266	17,659
	<b>403,699</b>	345,677

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**NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS**  
**ENDED 30 JUNE 2007**

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

	<b>30 June</b>	31 December
	<b><u>2007</u></b>	<u>2006</u>
	<b>RM'000</b>	RM'000
Fixed rate		
- Housing loans	512	914
- Other fixed rate loan	1,621	1,314
Variable rate		
- BLR plus	159,616	161,318
- Cost plus	50,541	36,143
- Other variable rates	191,409	145,988
	<b><u>403,699</u></b>	<u>345,677</u>

**(iv) By purpose**

	<b>30 June</b>	31 December
	<b><u>2007</u></b>	<u>2006</u>
	<b>RM'000</b>	RM'000
Purchase of transport vehicles	108	135
Purchase of landed property:	46,667	46,761
- Residential	9,386	8,062
- Non-residential	37,281	38,699
Personal use	2,398	2,164
Construction	9,765	11,259
Working capital	247,215	256,204
Other purpose	97,546	29,154
	<b><u>403,699</u></b>	<u>345,677</u>

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**NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2007**

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

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

	<b>30 June 2007</b>	31 December 2006
	RM'000	RM'000
At beginning of year	7,616	403
Classified as non-performing during the period	-	7,303
Amount recovered	(192)	(132)
Amount written off	(121)	-
Other adjustments (referring to payment made for legal fees, insurance premium, deposit to Land Office, quit rent & assessment and valuation fees)	-	42
At end of period	<u>7,303</u>	<u>7,616</u>
Specific allowance	-	(159)
Net non-performing loans and advances	<u><u>7,303</u></u>	<u><u>7,457</u></u>
Ratio of net non-performing loans and advances to net loans and advances	1.81%	2.16%

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

	<b>30 June 2007</b>	31 December 2006
	RM'000	RM'000
<b>General allowance</b>		
At beginning of year	10,410	9,810
Allowance made during the year	500	600
At end of period	<u>10,910</u>	<u>10,410</u>
As % of gross loans and advances less specific allowance	2.7%	3.0%
<b>Specific allowance</b>		
At beginning of year	159	291
Amount recovered	(38)	(132)
Amount written off	(121)	-
At end of period	<u>-</u>	<u>159</u>

**(iii) NPL by purpose**

	<b>30 June 2007</b>	31 December 2006
	RM'000	RM'000
Working capital	<u>7,303</u>	<u>7,616</u>
	<u><u>7,303</u></u>	<u><u>7,616</u></u>

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**NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2007**

**12 Other Assets**

	<b>30 June</b> <u>2007</u> RM'000	31 December <u>2006</u> RM'000
Interest receivable	2,815	2,741
Other debtors, deposits and prepayments	3,161	2,454
	<u>5,976</u>	<u>5,195</u>

**13 Deposits from Customers**

**(i) By type of deposits**

	<b>30 June</b> <u>2007</u> RM'000	31 December <u>2006</u> RM'000
Demand deposits	68,025	86,103
Savings deposits	17,528	16,894
Fixed deposits	151,768	189,186
Negotiable instruments of deposits	200,000	236,000
Others	16	13
	<u>437,337</u>	<u>528,196</u>

**(ii) By type of customer**

	<b>30 June</b> <u>2007</u> RM'000	31 December <u>2006</u> RM'000
Government and statutory bodies	16	40,606
Business enterprises	356,345	408,419
Individuals	80,704	79,000
Others	272	171
	<u>437,337</u>	<u>528,196</u>

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

	<b>30 June</b> <u>2007</u> RM'000	31 December <u>2006</u> RM'000
Licensed banks	332,568	189,431
	<u>332,568</u>	<u>189,431</u>

**15 Other Liabilities**

	<b>30 June</b> <u>2007</u> RM'000	31 December <u>2006</u> RM'000
Interest payable	3,408	2,981
Accrued expenses	1,549	2,463
Margin deposits	8,677	7,961
Other liabilities	3,579	9,122
	<u>17,213</u>	<u>22,527</u>

**BANK OF CHINA (MALAYSIA) BERHAD**  
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**NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2007**

**16 Interest income**

	<b>Six Months Ended</b>	
	<b>30 June</b>	<b>30 June</b>
	<b><u>2007</u></b>	<b><u>2006</u></b>
	<b>RM'000</b>	<b>RM'000</b>
Loans and advances		
- Interest income other than recoveries from NPL	11,325	9,122
- Recoveries from NPLs	7	199
Money at call and deposit placement with financial institutions	12,079	10,649
Securities		
- Held-to-maturity investments	1,341	1,339
	<u>24,752</u>	<u>21,309</u>
Amortisation of premium less accretion of discount	(317)	(308)
Interest suspended	-	(173)
Total interest income	<u>24,435</u>	<u>20,828</u>

**17 Interest Expense**

	<b>Six Months Ended</b>	
	<b>30 June</b>	<b>30 June</b>
	<b><u>2007</u></b>	<b><u>2006</u></b>
	<b>RM'000</b>	<b>RM'000</b>
Deposits and placements of banks and other financial institutions	5,805	4,372
Deposits from customers	7,376	5,784
Others	4	-
	<u>13,185</u>	<u>10,156</u>

**18 Other operating income**

	<b>Six Months Ended</b>	
	<b>30 June</b>	<b>30 June</b>
	<b><u>2007</u></b>	<b><u>2006</u></b>
	<b>RM'000</b>	<b>RM'000</b>
Fees and commission income:		
- Processing fees	8	8
- Syndication fees	65	43
- Commitment fees	139	150
- Other fees relating to loan & finance	202	187
- Guarantee fees	516	520
- Acceptance commission	267	232
- Other fee income	2,149	2,164
	<u>3,346</u>	<u>3,304</u>
Held-to-maturity investments income:		
Gains from sale of held-to-maturity investments	-	-
Foreign exchange gain/(loss):		
- Realised gain/(loss)	2,327	2,109
- Unrealised gain/(loss)	57	159
	<u>5,730</u>	<u>5,572</u>

**BANK OF CHINA (MALAYSIA) BERHAD**  
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**NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2007**

**19 Other operating expenses**

	<b>Six Months Ended</b>	
	<b>30 June</b>	<b>30 June</b>
	<b><u>2007</u></b>	<b><u>2006</u></b>
	<b>RM'000</b>	<b>RM'000</b>
<u>Personnel expenses</u>	<b>3,934</b>	3,945
Salaries & wages (includes CEO / EDs)	<b>2,258</b>	1,913
Bonuses	<b>773</b>	1,080
Employee provident fund	<b>431</b>	365
Staff welfare expenses	<b>220</b>	324
Other personnel costs	<b>252</b>	263
 <u>Marketing expenses</u>	 <b>239</b>	 532
Entertainment expenses	<b>172</b>	449
Other marketing expenses	<b>67</b>	83
 <u>Establishment costs</u>	 <b>1,509</b>	 1,551
Lease rental of premises	<b>713</b>	707
Depreciation of property, plant and equipment	<b>181</b>	210
Repairs and maintenance	<b>365</b>	339
Other establishment costs	<b>250</b>	295
 <u>Administration and general expenses</u>	 <b>962</b>	 1,056
Insurance premium	<b>276</b>	277
Other administration and general expenses	<b>686</b>	779
	<b><u>6,644</u></b>	<b><u>7,084</u></b>

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

	<b>Six Months Ended</b>	
	<b>30 June</b>	<b>30 June</b>
	<b><u>2007</u></b>	<b><u>2006</u></b>
	<b>RM'000</b>	<b>RM'000</b>
Allowance for bad and doubtful debts on loans and advances		
(a) Specific allowance		
- Written back in the financial period	<b>(38)</b>	-
(b) General allowance		
- Made in the financial period	<b>500</b>	-
	<b><u>462</u></b>	<b><u>-</u></b>

**21 Taxation**

	<b>Six Months Ended</b>	
	<b>30 June</b>	<b>30 June</b>
	<b><u>2007</u></b>	<b><u>2006</u></b>
	<b>RM'000</b>	<b>RM'000</b>
Current tax - Malaysian income tax	<b>2,796</b>	2,300
	<b><u>2,796</u></b>	<b><u>2,300</u></b>

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**NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS  
ENDED 30 JUNE 2007**

**22 Capital adequacy**

	<b>30 June 2007 RM'000</b>	31 December 2006 RM'000
<b><u>Tier I capital</u></b>		
Paid-up ordinary share capital	304,000	304,000
Retained profit	1,118	1,118
Proposed dividend	-	8,721
Other reserves	29,333	29,333
	<u>334,451</u>	<u>343,172</u>
Less: Deferred tax assets	(3,345)	(3,226)
Total Tier I Capital	<u>331,106</u>	<u>339,946</u>
<b><u>Tier II capital</u></b>		
General allowance for bad and doubtful debts	10,910	10,410
Total Tier II Capital	<u>10,910</u>	<u>10,410</u>
Total capital base	<u>342,016</u>	<u>350,356</u>
<b><u>Capital ratios</u></b>		
Core capital ratio (inclusive of market risk)	118%	97%
Risk-weighted capital ratio (inclusive of market risk)	122%	100%
Core capital ratio (inclusive of market risk and net of proposed dividends)	118%	95%
Risk-weighted capital ratio (inclusive of market risk and net of proposed dividends)	122%	97%
Risk-weighted assets for credit and market risks (RM'000)	280,077	350,461

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**NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2007**

**23 Commitments and contingencies**

	<b>30 June 2007</b>			<b>31 December 2006</b>		
	<u>Principal</u> RM'000	<u>Credit</u> <u>equivalent</u> RM'000	<u>Risk</u> <u>weighted</u> RM'000	<u>Principal</u> RM'000	<u>Credit</u> <u>equivalent</u> RM'000	<u>Risk</u> <u>weighted</u> RM'000
Transaction-related contingent items	118,963	59,482	12,672	132,621	66,311	13,009
Short-term self-liquidation trade related contingencies	21,304	4,261	216	22,983	4,597	265
Irrevocable commitments to extend credit:						
- Maturity not exceeding one year	107,392	-	-	98,183	-	-
- Maturity exceeding one year	20,274	10,137	10,009	25,878	12,939	12,652
Foreign exchange related contracts:						
- Less than one year	5,178	-	-	17,012	-	-
Others	1,397	-	-	26,915	-	-
<b>Total</b>	<b>274,508</b>	<b>73,880</b>	<b>22,897</b>	<b>323,592</b>	<b>83,847</b>	<b>25,926</b>

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**NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2007**

**24 Interest rate risk**

	Non Trading Book						Total RM'000	Effective interest rate %
	Up to 1 month	> 1-3 month	> 3-12 month	1-5 years	Over 5 years	Non-interest sensitive		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000		
<b>30 June 2007</b>								
<b>Assets</b>								
Cash and short term funds	443,661	-	-	-	-	2,803	446,464	3.55%
Deposits & placement with banks & other financial institutions	-	223,500	-	-	-	-	223,500	3.56%
Securities	-	-	15,469	39,984	-	-	55,453	4.92%
Loans and advances								
- performing	258,336	126,113	10,326	170	1,451	(10,910)	385,486	6.03%
- non-performing	-	-	-	-	-	7,303	7,303	
Other assets	-	-	-	-	-	5,976	5,976	
Deferred taxation	-	-	-	-	-	3,345	3,345	
Tax recoverable	-	-	-	-	-	374	374	
Property, plant and equipment	-	-	-	-	-	746	746	
<b>Total assets</b>	<b>701,997</b>	<b>349,613</b>	<b>25,795</b>	<b>40,154</b>	<b>1,451</b>	<b>9,637</b>	<b>1,128,647</b>	
<b>Liabilities</b>								
Deposits from customers	184,087	164,136	26,164	-	-	62,950	437,337	3.34%
Deposits & placements of banks & other financial institutions	229,008	103,560	-	-	-	-	332,568	4.71%
Bills and acceptances payable	-	-	-	-	-	-	-	-
Other liabilities	-	-	-	-	-	17,213	17,213	
<b>Total liabilities</b>	<b>413,095</b>	<b>267,696</b>	<b>26,164</b>	<b>-</b>	<b>-</b>	<b>80,163</b>	<b>787,118</b>	
Shareholders' equity	-	-	-	-	-	341,529	341,529	
<b>Total liabilities and shareholders' equity</b>	<b>413,095</b>	<b>267,696</b>	<b>26,164</b>	<b>-</b>	<b>-</b>	<b>421,692</b>	<b>1,128,647</b>	
On balance sheet - interest rate gap	288,902	81,917	(369)	40,154	1,451	(412,055)	-	
Off balance sheet - interest rate gap	-	-	-	-	-	-	-	
<b>Total interest rate gap</b>	<b>288,902</b>	<b>81,917</b>	<b>(369)</b>	<b>40,154</b>	<b>1,451</b>	<b>(412,055)</b>	<b>-</b>	

**BANK OF CHINA (MALAYSIA) BERHAD**  
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**NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2007**

**24 Interest rate risk (Continued)**

**31 December 2006**

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

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

**NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS**  
**ENDED 30 JUNE 2007**

**25 Operations of Islamic Banking**

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

**26 Valuation of Property, Plant and Equipment**

The Bank's property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. There was no change in the valuation of property, plant and equipment that were brought forward from the previous audited annual financial statements.

**27 Events subsequent to Balance Sheet Date**

There were no material events subsequent to the balance sheet date that require disclosure or adjustments to the interim statements.