

CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED BALANCE SHEETS AS AT 30 SEPTEMBER 2007

	Note	Group		Bank	
		30/9/2007 RM'000	31/12/2006 RM'000	30/9/2007 RM'000	31/12/2006 RM'000
ASSETS					
Cash and short-term funds		3,255,846	3,647,179	3,255,846	3,647,179
Securities purchased under resale agreement		560,041	0	560,041	0
Deposits and placements with financial institutions		565,550	2,280,746	565,550	2,280,746
Held-for-trading securities	4	2,266,727	529,805	2,266,727	529,805
Available-for-sale securities	4	6,468,846	5,641,394	6,468,846	5,641,394
Loans, advances and financing	5	25,820,144	23,068,124	25,819,995	23,067,753
Other assets	7	437,467	321,523	437,428	321,445
Statutory deposits with Bank Negara Malaysia		858,608	866,086	858,608	866,086
Investment in subsidiary companies		0	0	1,611	1,611
Property, plant and equipment		222,968	231,495	222,960	231,482
Investment property		11,067	11,030	11,067	11,030
Prepaid lease payment		4,130	0	4,130	0
Non-current assets held for sale		0	544	0	544
Deferred taxation asset		97,720	102,143	97,983	102,459
TOTAL ASSETS		40,569,114	36,700,069	40,570,792	36,701,534
LIABILITIES AND SHAREHOLDERS' EQUITY					
Deposits from customers	8	30,891,209	24,646,667	30,905,875	24,660,884
Deposits and placements of banks and other financial institutions	9	3,200,085	2,965,448	3,200,085	2,965,448
Obligations on securities sold under repurchase agreements		0	3,075,577	0	3,075,577
Bills and acceptances payable		2,055,436	1,818,185	2,055,436	1,818,185
Amount due to Cagamas		641,402	689,298	641,402	689,298
Subordinated term loan / bonds		692,982	698,522	692,982	698,522
Other liabilities	10	614,718	518,354	614,629	518,245
Taxation and zakat		95,088	58,070	94,991	58,058
TOTAL LIABILITIES		38,190,920	34,470,121	38,205,400	34,484,217
Financed by :					
Share capital		291,500	291,500	291,500	291,500
Reserves		2,086,694	1,938,448	2,073,892	1,925,817
Shareholders' Equity		<u>2,378,194</u>	<u>2,229,948</u>	<u>2,365,392</u>	<u>2,217,317</u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		40,569,114	36,700,069	40,570,792	36,701,534
COMMITMENTS AND CONTINGENCIES	18	61,541,595	37,915,353	61,541,595	37,915,353

**CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED INCOME STATEMENTS FOR THE THIRD QUARTER AND NINE MONTHS ENDED
30 SEPTEMBER 2007**

Group		3rd Quarter Ended		Nine Months Ended	
		30 Sept 2007 RM'000	30 Sept 2006 RM'000	30 Sept 2007 RM'000	30 Sept 2006 RM'000
	Note				
Interest income	11	483,317	423,680	1,397,671	1,168,818
Interest expense	12	(267,378)	(225,445)	(763,829)	(617,897)
Net interest income		215,939	198,235	633,842	550,921
Islamic Banking income		20,561	11,873	58,440	37,212
		236,500	210,108	692,282	588,133
Non-interest income	13	91,032	62,946	265,531	201,270
Net income		327,532	273,054	957,813	789,403
Staff cost and overhead expenses	14	(139,275)	(113,065)	(379,211)	(303,090)
Operating profits before allowances		188,257	159,989	578,602	486,313
Allowance for losses on loans, advances and financing (Provision for) / write back of commitment and contingencies	15	(15,520)	(15,909)	(31,010)	(41,860)
		0	(3)	3	(293)
Profit before taxation and zakat		172,737	144,077	547,595	444,160
Taxation	16	(47,529)	(41,028)	(155,981)	(126,955)
Zakat		0	0	0	(221)
Net profit attributable to shareholders		125,208	103,049	391,614	316,984
Basic earnings per share (sen)		43.6	35.8	136.2	110.3
Dividend per ordinary share – 20.0 sen gross (2006 : 41.5 sen) less income tax (sen)		0	0	42.0	85.9

**CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED INCOME STATEMENTS FOR THE THIRD QUARTER AND NINE MONTHS ENDED
30 SEPTEMBER 2007 (continued)**

Bank		3rd Quarter Ended		Nine Months Ended	
		30 Sept 2007 RM'000	30 Sept 2006 RM'000	30 Sept 2007 RM'000	30 Sept 2006 RM'000
	Note				
Interest income	11	483,316	423,772	1,397,670	1,168,818
Interest expense	12	(267,492)	(225,653)	(764,169)	(618,212)
Net interest income		215,824	198,119	633,501	550,606
Islamic Banking income		20,561	11,873	58,440	37,212
		236,385	209,992	691,941	587,818
Non-interest income	13	91,032	62,946	265,530	201,270
Net income		327,417	272,938	957,471	789,088
Staff cost and overhead expenses	14	(139,208)	(113,011)	(378,998)	(302,906)
Operating profits before allowances		188,209	159,927	578,473	486,182
Allowance for losses on loans, advances and financing (Provision for) / write back of commitment and contingencies	15	(15,520)	(15,959)	(31,092)	(41,908)
		0	(3)	3	(293)
Profit before taxation and zakat		172,689	143,965	547,384	443,981
Taxation	16	(47,527)	(41,031)	(155,941)	(126,906)
Zakat		0	0	0	(221)
Net profit attributable to shareholders		125,162	102,934	391,443	316,854
Basic earnings per share (sen)		43.5	35.8	136.2	110.2
Dividend per ordinary share – 20.0 sen gross (2006 : 41.5 sen) less income tax (sen)		0	0	42.0	85.9

CONDENSED INTERIM FINANCIAL STATEMENTS**UNAUDITED STATEMENTS OF CHANGES IN EQUITY FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2007**

	Non-distributable					Distributable		Total RM'000
	Share capital RM'000	Share premium RM'000	Statutory reserve RM'000	Capital reserve RM'000	Fair value reserve RM'000	General reserve RM'000	Retained profits RM'000	
Group								
Balance at 1 January 2007	291,500	858,500	322,000	56,619	67,892	36,750	596,687	2,229,948
Revaluation of available-for-sale securities (net)	0	0	0	0	19,452	0	0	19,452
Deferred tax on revaluation of available-for-sale securities (net)	0	0	0	0	(3,424)	0	0	(3,424)
Net gains recognised directly in equity	0	0	0	0	16,028	0	0	16,028
Net profit attributable to shareholders	0	0	0	0	0	0	391,614	391,614
Total recognised income and expense for the year	0	0	0	0	16,028	0	391,614	407,642
Dividends paid on ordinary shares in respect of:								
- Final 2006	0	0	0	0	0	0	(199,381)	(199,381)
- Interim 2007	0	0	0	0	0	0	(41,975)	(41,975)
Dividends paid on preference shares	0	0	0	0	0	0	(18,040)	(18,040)
Balance at 30 September 2007	<u>291,500</u>	<u>858,500</u>	<u>322,000</u>	<u>56,619</u>	<u>83,920</u>	<u>36,750</u>	<u>728,905</u>	<u>2,378,194</u>
Balance at 1 January 2006	291,500	858,500	322,000	56,619	32,646	36,750	501,213	2,099,228
Revaluation of available-for-sale securities (net)	0	0	0	0	7,481	0	0	7,481
Deferred tax on revaluation of available-for-sale securities (net)	0	0	0	0	(1,237)	0	0	(1,237)
Net gains recognised directly in equity	0	0	0	0	6,244	0	0	6,244
Net profit attributable to shareholders	0	0	0	0	0	0	316,984	316,984
Total recognised income and expense for the year	0	0	0	0	6,244	0	316,984	323,228
Dividends paid on ordinary shares in respect of:								
- Final 2005	0	0	0	0	0	0	(231,840)	(231,840)
- Interim 2006	0	0	0	0	0	0	(85,905)	(85,905)
Dividends paid on preference shares	0	0	0	0	0	0	(18,040)	(18,040)
Balance at 30 September 2006	<u>291,500</u>	<u>858,500</u>	<u>322,000</u>	<u>56,619</u>	<u>38,890</u>	<u>36,750</u>	<u>482,412</u>	<u>2,086,671</u>

CONDENSED INTERIM FINANCIAL STATEMENTS**UNAUDITED STATEMENTS OF CHANGES IN EQUITY FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2007 (CONTINUED)**

	Non-distributable					Distributable		Total RM'000
	Share capital RM'000	Share premium RM'000	Statutory reserve RM'000	Capital reserve RM'000	Fair value reserve RM'000	General reserve RM'000	Retained profits RM'000	
Bank								
Balance at 1 January 2007	291,500	858,500	322,000	0	67,892	0	677,425	2,217,317
Revaluation of available-for-sale securities (net)	0	0	0	0	19,452	0	0	19,452
Deferred tax on revaluation of available-for-sale securities (net)	0	0	0	0	(3,424)	0	0	(3,424)
Net gains recognised directly in equity	0	0	0	0	16,028	0	0	16,028
Net profit attributable to shareholders	0	0	0	0	0	0	391,443	391,443
Total recognised income and expense for the year	0	0	0	0	16,028	0	391,443	407,471
Dividends paid on ordinary shares in respect of:								
- Final 2006	0	0	0	0	0	0	(199,381)	(199,381)
- Interim 2007	0	0	0	0	0	0	(41,975)	(41,975)
Dividends paid on preference shares	0	0	0	0	0	0	(18,040)	(18,040)
Balance at 30 September 2007	<u>291,500</u>	<u>858,500</u>	<u>322,000</u>	<u>0</u>	<u>83,920</u>	<u>0</u>	<u>809,472</u>	<u>2,365,392</u>
Balance at 1 January 2006	291,500	858,500	322,000	0	32,646	0	582,136	2,086,782
Revaluation of available-for-sale securities (net)	0	0	0	0	7,481	0	0	7,481
Deferred tax on revaluation of available-for-sale securities (net)	0	0	0	0	(1,237)	0	0	(1,237)
Net gains recognised directly in equity	0	0	0	0	6,244	0	0	6,244
Net profit attributable to shareholders	0	0	0	0	0	0	316,854	316,854
Total recognised income and expense for the year	0	0	0	0	6,244	0	316,854	323,098
Dividends paid on ordinary shares in respect of:								
- Final 2005	0	0	0	0	0	0	(231,840)	(231,840)
- Interim 2006	0	0	0	0	0	0	(85,905)	(85,905)
Dividends paid on preference shares	0	0	0	0	0	0	(18,040)	(18,040)
Balance at 30 September 2006	<u>291,500</u>	<u>858,500</u>	<u>322,000</u>	<u>0</u>	<u>38,890</u>	<u>0</u>	<u>563,205</u>	<u>2,074,095</u>

CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED CONDENSED CASH FLOW STATEMENTS FOR THE NINE MONTHS ENDED 30 SEPTEMBER
2007

	Group		Bank	
	30 Sept 2007 RM'000	30 Sept 2006 RM'000	30 Sept 2007 RM'000	30 Sept 2006 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before taxation and zakat	547,595	444,160	547,384	443,981
Adjustments for non-operating and non-cash items	59,254	75,884	59,334	75,928
Operating profit before changes in working capital	606,849	520,044	606,718	519,909
Changes in working capital:				
Net changes in Operating Assets	(5,113,799)	(2,247,296)	(5,114,142)	(2,247,661)
Net changes in Operating Liabilities	3,428,648	3,449,017	3,429,117	3,449,517
Income tax and zakat paid	(117,964)	(90,471)	(117,956)	(90,471)
Net cash (utilised in) / generated from operating activities	(1,196,266)	1,631,294	(1,196,263)	1,631,294
Net cash utilised in investing activities	(850,867)	(335,839)	(850,870)	(335,839)
Net cash utilised in financing activities	(59,396)	(335,785)	(59,396)	(335,785)
Net (decrease) / increase in cash and cash equivalents	(2,106,529)	959,670	(2,106,529)	959,670
Cash and cash equivalents at beginning of the period	5,927,925	2,293,423	5,927,925	2,293,423
Cash and cash equivalents at end of the period	<u>3,821,396</u>	<u>3,253,093</u>	<u>3,821,396</u>	<u>3,253,093</u>

NOTES TO INTERIM FINANCIAL STATEMENTS – 30 SEPTEMBER 2007

1 REVIEW OF PERFORMANCE

The Bank recorded a pre-tax profit of RM547 million for the first nine months of 2007, registering a 23% or RM103 million increase over the corresponding period last year. The strong growth in profits were driven by a 21% increase in total income to RM957 million, and a 26% reduction in provisions to RM31 million.

Net interest income rose by 15% or RM83 million to RM633 million, driven by 20% growth in average interest earning assets despite interest margins narrowing by 11 bps. Income from Islamic banking surged by 57% or RM21 million to RM58 million compared to the corresponding period last year. Non-interest income grew 32% or RM64 million to RM265 million, mainly from higher fees and commission income totaling RM27 million and gains from foreign exchange amounting to RM36 million. Operating expenses rose by 25% or RM76 million to RM379 million while the cost-to-income ratio grew from 38.4% to 39.6% compared to the first nine months of last year, in line with increased business volumes and the expansion of the Bank's branch network.

Allowances for loan losses during the period declined by RM11 million due mainly to a reduction in net specific allowances of RM33 million, offset by an increase of RM22 million in general allowances provided for loans growth.

Gross outstanding loans as at 30 Sep 2007 stood at RM26.6 billion, marking a growth of 11% or RM2.7 billion for the first nine months, derived mainly from business loans.

As at 30 Sep 2007, the Bank's shareholders' funds stood at RM2.4 billion, while its risk weighted capital ratio was 9.34%.

2 ECONOMIC PERFORMANCE AND PROSPECTS

The government announced its projections for real GDP in 2008 which is projected to grow to between 6.0% and 6.5% led by the services sector and faster growth by the manufacturing sector particularly from the chemicals and chemical products, food and construction-related industries. In 2008, the current account surplus is forecasted to narrow to RM88.7bn with imports expected to marginally rise by 8.2% with exports at a slower pace of 6.8%.

The recent US sub-prime loan crisis and the subsequent reduction of the US Federal Reserve's funds rate by 50 basis points prompted analysts to question whether other countries would follow suit. Some Asian countries have indicated they may reduce rates but in the case of Malaysia, its present interest rate level appears sustainable and is expected to remain stable unless the US economy falls into a recession which may require further US rate cuts.

The Budget for 2008 was recently unveiled in September 2007 which included proposals to promote Malaysia as an investment destination. The proposals included:

- Further corporate tax reduction from 26% in 2008 to 25% in 2009.
- Increase foreign ownership up to 70% for fund management companies and Real Estate Investment Trust (REIT) management companies.
- Rollout of the single tier system which will tax profits at the company level and therefore shareholders will receive higher dividends as it will be exempted from tax.
- Increased foreign ownership for fund management companies and income tax exemption for fees received from Islamic fund management activities.

They also announced the upcoming launch of the East Coast Economic Region, the Sabah Corridor and the Sarawak Corridor. This together with the Iskandar Development Region (IDR) and the Northern Corridor Economic Region (NCER) would comprise the economic corridor development initiatives in the 9th Malaysia Plan. Efforts to develop the infrastructure will further boost economic activity.

NOTES TO INTERIM FINANCIAL STATEMENTS – 30 SEPTEMBER 2007 (continued)**3 BASIS OF PREPARATION**

The accounting policies and presentation adopted for the interim financial statements are consistent with those adopted for the annual financial statements for the year ended 31 December 2006, except for the adoption of the following new and revised Financial Reporting Standards (“FRS”) that are relevant to the Group and Bank: FRS 117, Leases and FRS 124, Related Party Disclosures, that are effective for accounting periods beginning on or after 1 October 2006, and FRS 119₂₀₀₄, Employee Benefits - Actuarial Gains and Losses, Group Plans and Disclosures, that is effective for accounting periods beginning on or after 1 January 2007.

The new and revised FRS have been applied prospectively from 1 January 2007 in the preparation of the interim financial statements. The interim financial statements have been amended as required, in accordance with the relevant transitional provisions of the respective FRS.

The adoption of the above FRS did not result in substantial changes to the Group and Bank interim financial statements and the effect as/for the financial period ended 30 September 2007 are summarised

<u>Group and Bank</u> Increase/(decrease)	RM'000
<u>Balance Sheet</u>	
Property, plant and equipment	(2,922)
Investment property	(1,119)
Prepaid lease payment	4,130
Reserves	(89)
<u>Income Statement</u>	
Staff cost and overhead expenses	(89)

below:

On 15 June 2007, MASB announced the issuance of the following 10 revised FRS which have not been adopted by the Group and Bank in preparing the interim financial statements for the period ended 30 September 2007. The impact of applying these FRS upon first adoption, as required by paragraph 30(b) of FRS 108, Accounting Policies, Changes in Accounting Estimates and Errors, is not disclosed as mentioned below,

	Effective Date	Date of adoption by the Group and Bank	Remarks
FRS 107 Cash Flow Statements	On or after 1 July 2007	1 January 2008	No significant impact in the period of initial application
FRS 111 Construction Contracts	On or after 1 July 2007	Not applicable	Not applicable
FRS 112 Income Taxes	On or after 1 July 2007	1 January 2008	No significant impact in the period of initial application
FRS 118 Revenue	On or after 1 July 2007	1 January 2008	
FRS 119 Employee Benefits	On or after 1 July 2007	1 January 2008	
FRS 120 Accounting for Government Grants and Disclosure of Government Assistance	On or after 1 July 2007	1 January 2008	
FRS 126 Accounting and Reporting by Retirement Benefit Plans	On or after 1 July 2007	1 January 2008	
FRS 129 Financial Reporting in Hyperinflationary Economies	On or after 1 July 2007	1 January 2008	
FRS 134 Interim Financial Reporting	On or after 1 July 2007	1 January 2008	
FRS 137 Provisions, Contingent Liabilities and Contingent Assets	On or after 1 July 2007	1 January 2008	

NOTES TO INTERIM FINANCIAL STATEMENTS – 30 SEPTEMBER 2007 (continued)**4 SECURITIES PORTFOLIO**

i) Held-for-trading securities

	Group		Bank	
	30 Sept 2007 RM'000	31 Dec 2006 RM'000	30 Sept 2007 RM'000	31 Dec 2006 RM'000
<u>At fair value</u>				
Malaysian Government treasury bills	136,806	0	136,806	0
Malaysian Government securities	182,806	14,996	182,806	14,996
Government Investment Certificate	289,330	0	289,330	0
Bank Negara Bills	455,531	146,677	455,531	146,677
Bank Negara Negotiable notes	291,440	16,237	291,440	16,237
Private debt securities	884,188	350,429	884,188	350,429
Quoted shares in Malaysia	26,626	1,466	26,626	1,466
	<u>2,266,727</u>	<u>529,805</u>	<u>2,266,727</u>	<u>529,805</u>

ii) Available-for-sale securities

<u>At fair value</u>				
Malaysian Government treasury bills	28,982	0	28,982	0
Malaysian Government securities	3,338,985	2,881,368	3,338,985	2,881,368
Government Investment Certificate	1,081,437	934,862	1,081,437	934,862
Bank Negara Negotiable Notes	153,149	0	153,149	0
Cagamas bonds / notes	70,351	100,303	70,351	100,303
Private debt securities	1,050,979	594,557	1,050,979	594,557
Negotiable instruments of deposit	625,000	1,065,000	625,000	1,065,000
Quoted shares in Malaysia	74,522	19,179	74,522	19,179
Unquoted shares in Malaysia	51,674	46,696	51,674	46,696
Debentures	188	188	188	188
	<u>6,475,267</u>	<u>5,642,153</u>	<u>6,475,267</u>	<u>5,642,153</u>

Allowance for impairment losses in
available-for-sale securities :

- Unquoted shares in Malaysia	(121)	(121)	(121)	(121)
- Private debt securities	(6,300)	(638)	(6,300)	(638)
	<u>(6,421)</u>	<u>(759)</u>	<u>(6,421)</u>	<u>(759)</u>
	<u>6,468,846</u>	<u>5,641,394</u>	<u>6,468,846</u>	<u>5,641,394</u>

Included in available-for-sale securities is an amount of RM Nil (Dec 2006:RM 3,155,199,000) being pledged to third parties in sale and repurchase agreements.

NOTES TO INTERIM FINANCIAL STATEMENTS – 30 SEPTEMBER 2007 (continued)**4 SECURITIES PORTFOLIO (continued)**

iii) The maturity structure of money market instruments held under available-for-sale are as follows:-

	Group		Bank	
	30 Sept 2007 RM'000	31 Dec 2006 RM'000	30 Sept 2007 RM'000	31 Dec 2006 RM'000
Maturity within one year	1,807,333	2,021,449	1,807,333	2,021,449
One year to three years	1,886,777	1,656,684	1,886,777	1,656,684
Three years to five years	2,015,905	1,445,125	2,015,905	1,445,125
Over five years	758,831	518,136	758,831	518,136
	6,468,846	5,641,394	6,468,846	5,641,394

5 LOANS, ADVANCES AND FINANCING

	Group		Bank	
	30 Sept 2007 RM'000	31 Dec 2006 RM'000	30 Sept 2007 RM'000	31 Dec 2006 RM'000
i) By type				
Overdrafts	3,221,587	3,433,629	3,221,587	3,433,629
Term loans/financing :				
Housing loans/financing	6,579,982	6,427,839	6,579,982	6,427,839
Syndicated term loan/financing	1,575,765	930,687	1,575,765	930,687
Hire purchase	415,186	381,785	415,186	381,785
Lease receivables	23,434	22,066	22,727	21,130
Other term loans	9,052,168	7,714,720	9,052,168	7,714,720
Credit/charge cards receivables	536,288	516,055	536,288	516,055
Bills receivable	34,545	94,094	34,545	94,094
Trust receipts	100,531	96,129	100,531	96,129
Claims on customers under acceptance credits	2,463,843	2,169,791	2,463,843	2,169,791
Block discounting	330	330	330	330
Loan to banks and other financial institutions	220,543	343,768	220,543	343,768
Revolving credit	1,853,127	1,646,941	1,853,127	1,646,941
Staff loans (of which RM Nil [Dec 2006 : RM Nil] to Directors)	116,892	118,169	116,892	118,169
Other loans	656,077	266,403	656,077	266,403
	26,850,298	24,162,406	26,849,591	24,161,470
Unearned interest and income	(208,247)	(199,201)	(208,232)	(199,170)
Gross loans, advances and financing	26,642,051	23,963,205	26,641,359	23,962,300
Allowance for bad and doubtful debts and financing :				
- Specific	(433,653)	(550,681)	(433,125)	(550,162)
- General	(388,254)	(344,400)	(388,239)	(344,385)
Net loans, advances and financing	25,820,144	23,068,124	25,819,995	23,067,753

NOTES TO INTERIM FINANCIAL STATEMENTS – 30 SEPTEMBER 2007 (continued)**5 LOANS, ADVANCES AND FINANCING (continued)**

ii) By type of customer

	Group		Bank	
	30 Sept 2007 RM'000	31 Dec 2006 RM'000	30 Sept 2007 RM'000	31 Dec 2006 RM'000
Domestic banking institutions	34,309	226,601	34,145	226,215
Domestic non-bank financial institutions				
- Stockbroking companies	20,014	0	20,014	0
- Others	253,719	196,656	253,719	196,656
Domestic business enterprises				
- Small medium enterprises ("SME")	4,326,722	3,552,260	4,326,544	3,552,091
- Non-SME	12,167,774	10,273,370	12,167,424	10,273,020
Government and statutory bodies	338,245	422,557	338,245	422,557
Individuals	9,445,475	9,237,997	9,445,475	9,237,997
Other domestic entities	3,046	2,546	3,046	2,546
Foreign entities	52,747	51,218	52,747	51,218
	<u>26,642,051</u>	<u>23,963,205</u>	<u>26,641,359</u>	<u>23,962,300</u>

iii) By interest/profit rate sensitivity

Fixed rate:				
Housing loans/financing	80,109	90,739	80,109	90,739
Hire purchase receivables	376,122	343,778	376,122	343,778
Other fixed rate loan/financing	2,267,302	1,817,764	2,266,610	1,816,859
Variable rate:				
BLR plus	15,940,519	14,649,030	15,940,519	14,649,030
Cost-plus	3,689,231	3,192,608	3,689,231	3,192,608
Other variable rates	4,288,768	3,869,286	4,288,768	3,869,286
	<u>26,642,051</u>	<u>23,963,205</u>	<u>26,641,359</u>	<u>23,962,300</u>

iv) By sector

Agriculture	1,921,284	1,524,141	1,921,284	1,524,141
Mining and quarrying	208,065	32,763	208,065	32,763
Manufacturing	4,999,363	4,133,409	4,999,363	4,133,409
Electricity, gas and water	14,129	15,440	14,129	15,440
Construction	1,286,633	1,101,106	1,286,283	1,100,756
Real estate	2,412,542	2,331,682	2,412,542	2,331,682
Purchase of landed property				
of which : i. Residential	6,677,050	6,605,024	6,677,050	6,605,024
ii. Non-residential	831,186	781,980	831,186	781,980
General commerce	3,677,338	3,115,744	3,677,160	3,115,575
Transport, insurance and business services	1,083,664	1,105,071	1,083,664	1,105,071
Purchase of securities	173,416	122,917	173,416	122,917
Purchase of transport vehicles	9,052	10,059	9,052	10,059
Consumption credit	1,300,029	1,277,653	1,299,865	1,277,267
Sovereign	338,245	422,557	338,245	422,557
Others	1,710,055	1,383,659	1,710,055	1,383,659
	<u>26,642,051</u>	<u>23,963,205</u>	<u>26,641,359</u>	<u>23,962,300</u>

NOTES TO INTERIM FINANCIAL STATEMENTS – 30 SEPTEMBER 2007 (continued)**6 NON-PERFORMING LOANS, ADVANCES AND FINANCING**

i) The movements in the non-performing loans and financing are as follows :

	Group		Bank	
	30 Sept 2007 RM'000	31 Dec 2006 RM'000	30 Sept 2007 RM'000	31 Dec 2006 RM'000
Balance at 1 January	1,307,988	1,352,617	1,307,469	1,352,101
Non-performing during the period / year (gross)	392,290	499,905	392,281	499,902
Reclassified as performing during the period / year	(130,218)	(137,348)	(130,218)	(137,348)
Amount converted to investment securities	(5,662)	0	(5,662)	0
Amount recovered	(269,886)	(328,667)	(269,886)	(328,667)
Amount written off	(124,723)	(78,519)	(124,723)	(78,519)
Balance at end of period / year	<u>1,169,789</u>	<u>1,307,988</u>	<u>1,169,261</u>	<u>1,307,469</u>
Specific allowance	<u>(433,653)</u>	<u>(550,681)</u>	<u>(433,125)</u>	<u>(550,162)</u>
Net non-performing loans, advances and financing	<u>736,136</u>	<u>757,307</u>	<u>736,136</u>	<u>757,307</u>
Ratio of net non-performing loans and financing to gross loans, advances and financing less specific allowance	<u>2.80%</u>	<u>3.24%</u>	<u>2.80%</u>	<u>3.24%</u>

ii) Movements in the allowance for bad and doubtful debts and financing are as follows :

	Group		Bank	
	30 Sept 2007 RM'000	31 Dec 2006 RM'000	30 Sept 2007 RM'000	31 Dec 2006 RM'000
<u>General allowance</u>				
Balance at 1 January	344,400	306,870	344,385	306,855
Allowance made during the period / year	43,854	37,530	43,854	37,530
Balance at end of period / year	<u>388,254</u>	<u>344,400</u>	<u>388,239</u>	<u>344,385</u>
(as % of gross loans, advances and financing less specific allowance)	<u>1.50%</u>	<u>1.50%</u>	<u>1.50%</u>	<u>1.50%</u>

NOTES TO INTERIM FINANCIAL STATEMENTS – 30 SEPTEMBER 2007 (continued)**6 NON-PERFORMING LOANS, ADVANCES AND FINANCING (continued)**

ii) Movements in the allowance for bad and doubtful debts and financing (continued):

	Group		Bank	
	30 Sept 2007 RM'000	31 Dec 2006 RM'000	30 Sept 2007 RM'000	31 Dec 2006 RM'000
<u>Specific allowance</u>				
Balance at 1 January	550,681	581,528	550,162	581,012
Allowance made during the period / year	176,088	222,435	176,079	222,432
Amount transferred to allowance for diminution in value of available-for-sale securities	(3,795)	0	(3,795)	0
Amount written back in respect of recoveries	(164,599)	(174,762)	(164,599)	(174,762)
Amount written off	(124,722)	(78,520)	(124,722)	(78,520)
Balance at end of period / year	<u>433,653</u>	<u>550,681</u>	<u>433,125</u>	<u>550,162</u>

iii) Non-performing loans, advances and financing by sector are as follows:

	Group		Bank	
	30 Sept 2007 RM'000	31 Dec 2006 RM'000	30 Sept 2007 RM'000	31 Dec 2006 RM'000
Agriculture	13,350	21,264	13,350	21,264
Manufacturing	347,779	327,723	347,779	327,723
Construction	69,972	105,227	69,622	104,877
Real estate	132,504	188,136	132,504	188,136
Purchase of landed property				
of which : i. Residential	235,889	171,327	235,889	171,327
ii. Non-residential	57,197	16,438	57,197	16,438
General commerce	196,876	259,732	196,698	259,563
Transport, insurance and business services	8,901	13,268	8,901	13,268
Purchase of securities	21,545	35,007	21,545	35,007
Purchase of transport vehicles	35	47	35	47
Consumption credit	51,178	54,573	51,178	54,573
Others	34,563	115,246	34,563	115,246
	<u>1,169,789</u>	<u>1,307,988</u>	<u>1,169,261</u>	<u>1,307,469</u>

NOTES TO INTERIM FINANCIAL STATEMENTS – 30 SEPTEMBER 2007 (continued)**7 OTHER ASSETS**

	Group		Bank	
	30 Sept 2007 RM'000	31 Dec 2006 RM'000	30 Sept 2007 RM'000	31 Dec 2006 RM'000
Interest receivable	101,489	91,898	101,489	91,898
Derivative assets	255,123	193,699	255,123	193,699
Other debtors, deposits and prepayments	80,855	35,926	80,816	35,848
	<u>437,467</u>	<u>321,523</u>	<u>437,428</u>	<u>321,445</u>

8 DEPOSITS FROM CUSTOMERS

i) By type of deposit

	Group		Bank	
	30 Sept 2007 RM'000	31 Dec 2006 RM'000	30 Sept 2007 RM'000	31 Dec 2006 RM'000
Demand deposits	3,774,651	3,242,274	3,775,158	3,242,657
Savings deposits	1,911,446	1,795,538	1,911,446	1,795,538
Fixed deposits	17,399,322	13,941,537	17,413,481	13,955,371
Negotiable instruments of deposits	91,131	3,308,451	91,131	3,308,451
Short term money market deposits	7,137,956	941,752	7,137,956	941,752
Structured deposits	553,903	1,397,102	553,903	1,397,102
Others	22,800	20,013	22,800	20,013
	<u>30,891,209</u>	<u>24,646,667</u>	<u>30,905,875</u>	<u>24,660,884</u>

ii) By type of customers

	Group		Bank	
	30 Sept 2007 RM'000	31 Dec 2006 RM'000	30 Sept 2007 RM'000	31 Dec 2006 RM'000
Government and statutory bodies	49,996	123,373	49,996	123,373
Business enterprises	14,587,019	8,167,992	14,587,019	8,167,992
Individuals	13,157,214	12,346,078	13,157,214	12,346,078
Others	3,096,980	4,009,224	3,111,646	4,023,441
	<u>30,891,209</u>	<u>24,646,667</u>	<u>30,905,875</u>	<u>24,660,884</u>

NOTES TO INTERIM FINANCIAL STATEMENTS – 30 SEPTEMBER 2007 (continued)**9 DEPOSITS AND PLACEMENTS OF BANKS AND OTHER FINANCIAL INSTITUTIONS**

	Group		Bank	
	30 Sept 2007 RM'000	31 Dec 2006 RM'000	30 Sept 2007 RM'000	31 Dec 2006 RM'000
Licensed banks	3,056,723	2,380,698	3,056,723	2,380,698
Bank Negara Malaysia	0	493,080	0	493,080
Other financial institutions	143,362	91,670	143,362	91,670
	<u>3,200,085</u>	<u>2,965,448</u>	<u>3,200,085</u>	<u>2,965,448</u>

10 OTHER LIABILITIES

	Group		Bank	
	30 Sept 2007 RM'000	31 Dec 2006 RM'000	30 Sept 2007 RM'000	31 Dec 2006 RM'000
Accruals for personnel costs *	44,148	39,438	44,115	39,429
Equity compensation benefits	4,340	6,163	4,340	6,163
Obligations under finance lease	164	380	164	380
Provision for commitment and contingencies (a)	2,629	2,632	2,629	2,632
Interest payable	177,498	157,045	177,523	157,045
Other accruals and charges	132,547	82,901	132,466	82,801
Derivatives liabilities	237,622	210,640	237,622	210,640
Profit equalisation reserve [Note 22 (6)]	15,770	19,155	15,770	19,155
	<u>614,718</u>	<u>518,354</u>	<u>614,629</u>	<u>518,245</u>

*Includes accrual for salary, employee benefits and EPF

a) Movements in provision for commitment and contingencies are as follows:

	Group		Bank	
	30 Sept 2007 RM'000	31 Dec 2006 RM'000	30 Sept 2007 RM'000	31 Dec 2006 RM'000
Balance at 1 January	2,632	2,339	2,632	2,339
Amount (written back) / provided during the period / year (net)	(3)	293	(3)	293
Balance at end of period / year	<u>2,629</u>	<u>2,632</u>	<u>2,629</u>	<u>2,632</u>

This refers to a provision made for the Bank's commitment and contingencies which was incurred in the normal course of business.

NOTES TO INTERIM FINANCIAL STATEMENTS – 30 SEPTEMBER 2007 (continued)**11 INTEREST INCOME**

Group	3rd Quarter Ended		Nine Months Ended	
	30 Sept	30 Sept	30 Sept	30 Sept
	2007	2006	2007	2006
	RM'000	RM'000	RM'000	RM'000
Loans and advances				
- Interest income other than recoveries from NPL	347,944	323,339	1,010,805	901,533
- Recoveries from NPLs	3,922	7,540	20,659	21,339
Money at call and deposit placements with financial institutions	54,469	32,865	159,573	84,905
Held-for-trading securities	22,821	6,556	44,456	14,800
Available-for-sale securities	65,258	63,220	195,043	178,442
Others	443	1,680	1,382	3,396
	<u>494,857</u>	<u>435,200</u>	<u>1,431,918</u>	<u>1,204,415</u>
Amortisation of premium less accretion of discount	(11,540)	(11,520)	(34,247)	(35,597)
	<u>483,317</u>	<u>423,680</u>	<u>1,397,671</u>	<u>1,168,818</u>

Bank	3rd Quarter Ended		Nine Months Ended	
	30 Sept	30 Sept	30 Sept	30 Sept
	2007	2006	2007	2006
	RM'000	RM'000	RM'000	RM'000
Loans and advances				
- Interest income other than recoveries from NPL	347,944	323,350	1,010,805	901,533
- Recoveries from NPLs	3,922	7,540	20,659	21,339
Money at call and deposit placements with financial institutions	54,468	32,946	159,572	84,905
Held-for-trading securities	22,821	6,556	44,456	14,800
Available-for-sale securities	65,258	63,220	195,043	178,442
Others	443	1,680	1,382	3,396
	<u>494,856</u>	<u>435,292</u>	<u>1,431,917</u>	<u>1,204,415</u>
Amortisation of premium less accretion of discount	(11,540)	(11,520)	(34,247)	(35,597)
	<u>483,316</u>	<u>423,772</u>	<u>1,397,670</u>	<u>1,168,818</u>

NOTES TO INTERIM FINANCIAL STATEMENTS – 30 SEPTEMBER 2007 (continued)**12 INTEREST EXPENSE**

<u>Group</u>	3rd Quarter Ended		Nine Months Ended	
	30 Sept 2007 RM'000	30 Sept 2006 RM'000	30 Sept 2007 RM'000	30 Sept 2006 RM'000
Deposits and placements of banks and other financial institutions	43,513	37,174	103,614	95,356
Deposits from customers	206,932	147,931	562,268	408,104
Loans sold to Cagamas	6,950	9,494	21,285	25,043
Subordinated term loan / bonds	7,375	6,120	21,942	23,442
Others	2,608	24,726	54,720	65,952
	267,378	225,445	763,829	617,897

<u>Bank</u>	3rd Quarter Ended		Nine Months Ended	
	30 Sept 2007 RM'000	30 Sept 2006 RM'000	30 Sept 2007 RM'000	30 Sept 2006 RM'000
Deposits and placements of banks and other financial institutions	43,513	37,174	103,614	95,356
Deposits from customers	207,042	148,119	562,592	408,386
Loans sold to Cagamas	6,950	9,494	21,285	25,043
Subordinated term loan / bonds	7,375	6,120	21,942	23,442
Others	2,612	24,746	54,736	65,985
	267,492	225,653	764,169	618,212

NOTES TO INTERIM FINANCIAL STATEMENTS – 30 SEPTEMBER 2007 (continued)**13 NON-INTEREST INCOME**

Group	3rd Quarter Ended		Nine Months Ended	
	30 Sept 2007	30 Sept 2006	30 Sept 2007	30 Sept 2006
	RM'000	RM'000	RM'000	RM'000
Fee income:-				
Commission	29,293	27,420	82,359	75,027
Service charges and fees	16,920	13,073	53,836	43,284
Guarantee fees	4,631	2,880	13,853	6,294
Other fee income	3,920	3,882	11,151	9,993
	<u>54,764</u>	<u>47,255</u>	<u>161,199</u>	<u>134,598</u>
Income from securities:-				
Net (losses) / gains from sale of held-for-trading securities	(8,312)	9,130	5,924	749
Net (losses) / gains from sale of available-for-sale securities	0	(117)	133	1,198
Unrealised gains / (losses) on revaluation of held-for-trading securities (net)	5,536	3,525	(1,175)	3,217
Gross dividends from Malaysia:				
- available-for-sale securities	1,220	242	3,615	1,076
	<u>53,208</u>	<u>60,035</u>	<u>169,696</u>	<u>140,838</u>
Other income:-				
Gains arising from dealing in foreign currency (net)	40,997	14,087	80,150	43,848
Losses arising from trading derivative (net)	(880)	(621)	(4,867)	(343)
Unrealised (losses) / gains on revaluation of derivatives (net)	(4,298)	(12,614)	14,816	10,945
Rental income (net)	1,260	1,093	3,747	3,258
Gain on disposal of property, plant and equipment	209	849	339	1,714
Gain on disposal of investment property	0	0	0	475
Gain on disposal of non-current asset held for sale	484	290	1,851	584
Others	52	(173)	(201)	(49)
	<u>37,824</u>	<u>2,911</u>	<u>95,835</u>	<u>60,432</u>
	<u>91,032</u>	<u>62,946</u>	<u>265,531</u>	<u>201,270</u>

NOTES TO INTERIM FINANCIAL STATEMENTS – 30 SEPTEMBER 2007 (continued)**13 NON-INTEREST INCOME (continued)**

Bank	3rd Quarter Ended		Nine Months Ended	
	30 Sept 2007	30 Sept 2006	30 Sept 2007	30 Sept 2006
	RM'000	RM'000	RM'000	RM'000
Fee income:-				
Commission	29,293	27,420	82,359	75,027
Service charges and fees	16,920	13,073	53,836	43,284
Guarantee fees	4,631	2,880	13,853	6,294
Other fee income	3,920	3,882	11,151	9,993
	<u>54,764</u>	<u>47,255</u>	<u>161,199</u>	<u>134,598</u>
Income from securities:-				
Net (losses) / gains from sale of held-for-trading securities	(8,312)	9,130	5,924	749
Net (losses) / gains from sale of available-for-sale securities	0	(117)	133	1,198
Unrealised gains / (losses) on revaluation of held-for-trading securities (net)	5,536	3,525	(1,175)	3,217
Gross dividends from Malaysia:				
- available-for-sale securities	1,220	242	3,615	1,076
	<u>53,208</u>	<u>60,035</u>	<u>169,696</u>	<u>140,838</u>
Other income:-				
Gains arising from dealing in foreign currency (net)	40,997	14,087	80,150	43,848
Losses arising from trading derivative (net)	(880)	(621)	(4,867)	(343)
Unrealised (losses) / gains on revaluation of derivatives (net)	(4,298)	(12,614)	14,816	10,945
Rental income (net)	1,260	1,093	3,747	3,258
Gain on disposal of property, plant and equipment	209	849	338	1,714
Gain on disposal of investment property	0	0	0	475
Gain on disposal of non-current asset held for sale	484	290	1,851	584
Others	52	(173)	(201)	(49)
	<u>37,824</u>	<u>2,911</u>	<u>95,834</u>	<u>60,432</u>
	<u>91,032</u>	<u>62,946</u>	<u>265,530</u>	<u>201,270</u>

NOTES TO INTERIM FINANCIAL STATEMENTS – 30 SEPTEMBER 2007 (continued)

14 STAFF COST AND OVERHEAD EXPENSES

Group	3rd Quarter Ended		Nine Months Ended	
	30 Sept 2007	30 Sept 2006	30 Sept 2007	30 Sept 2006
	RM'000	RM'000	RM'000	RM'000
Personnel costs (i)	63,814	52,685	174,329	137,296
Establishment costs (ii)	12,029	10,661	38,756	29,863
Marketing expenses (iii)	10,738	8,061	26,713	17,411
Administration and general expenses (iv)	52,694	41,658	139,413	118,520
	<u>139,275</u>	<u>113,065</u>	<u>379,211</u>	<u>303,090</u>

Bank	3rd Quarter Ended		Nine Months Ended	
	30 Sept 2007	30 Sept 2006	30 Sept 2007	30 Sept 2006
	RM'000	RM'000	RM'000	RM'000
Personnel costs (i)	63,766	52,641	174,182	137,155
Establishment costs (ii)	12,025	10,655	38,742	29,847
Marketing expenses (iii)	10,738	8,061	26,713	17,410
Administration and general expenses (iv)	52,679	41,654	139,361	118,494
	<u>139,208</u>	<u>113,011</u>	<u>378,998</u>	<u>302,906</u>

(i) Personnel costs

Group	3rd Quarter Ended		Nine Months Ended	
	30 Sept 2007	30 Sept 2006	30 Sept 2007	30 Sept 2006
	RM'000	RM'000	RM'000	RM'000
Wages, salaries and bonus	44,688	37,249	125,637	99,401
Defined contribution plan (EPF)	7,510	7,079	20,494	16,620
Equity compensation benefit	372	875	2,062	3,056
Employee benefit	1,071	196	1,144	1,154
Other personnel costs	10,173	7,286	24,992	17,065
	<u>63,814</u>	<u>52,685</u>	<u>174,329</u>	<u>137,296</u>

NOTES TO INTERIM FINANCIAL STATEMENTS – 30 SEPTEMBER 2007 (continued)

14 STAFF COST AND OVERHEAD EXPENSES (continued)

(i) Personnel costs (continued)

	3 rd Quarter Ended		Nine Months Ended	
	30 Sept 2007	30 Sept 2006	30 Sept 2007	30 Sept 2006
	RM'000	RM'000	RM'000	RM'000
Bank				
Wages, salaries and bonus	44,660	37,222	125,541	99,302
Defined contribution plan (EPF)	7,505	7,074	20,478	16,603
Equity compensation benefit	372	875	2,062	3,056
Employee benefit	1,071	188	1,144	1,154
Other personnel costs	10,158	7,282	24,957	17,040
	<u>63,766</u>	<u>52,641</u>	<u>174,182</u>	<u>137,155</u>

Defined contribution plan

The Group contribute to the Employees Provident Fund, the national defined contribution plan. Once the contributions have been paid, the Group has no further payment obligation.

(ii) Establishment costs

	3 rd Quarter Ended		Nine Months Ended	
	30 Sept 2007	30 Sept 2006	30 Sept 2007	30 Sept 2006
	RM'000	RM'000	RM'000	RM'000
Group				
Rental of premises	1,169	930	3,463	2,470
Depreciation of property, plant and equipment	6,506	5,706	19,097	16,521
Depreciation of investment property	41	47	122	140
Lease payment	17	0	53	0
Repair and maintenance	1,598	1,968	4,771	5,102
Others	2,698	2,010	11,250	5,630
	<u>12,029</u>	<u>10,661</u>	<u>38,756</u>	<u>29,863</u>

	3 rd Quarter Ended		Nine Months Ended	
	30 Sept 2007	30 Sept 2006	30 Sept 2007	30 Sept 2006
	RM'000	RM'000	RM'000	RM'000
Bank				
Rental of premises	1,166	926	3,453	2,459
Depreciation of property, plant and equipment	6,505	5,704	19,094	16,517
Depreciation of investment property	41	47	122	140
Lease payment	17	0	53	0
Repair and maintenance	1,598	1,968	4,771	5,102
Others	2,698	2,010	11,249	5,629
	<u>12,025</u>	<u>10,655</u>	<u>38,742</u>	<u>29,847</u>

NOTES TO INTERIM FINANCIAL STATEMENTS – 30 SEPTEMBER 2006 (continued)

14 STAFF COST AND OVERHEAD EXPENSES (continued)

(iii) Marketing expenses

<u>Group</u>	3 rd Quarter Ended		Nine Months Ended	
	30 Sept 2007 RM'000	30 Sept 2006 RM'000	30 Sept 2007 RM'000	30 Sept 2006 RM'000
Transport and travelling	1,945	1,430	4,704	3,496
Advertisement and business promotion	8,265	6,143	20,435	12,818
Others	528	488	1,574	1,097
	<u>10,738</u>	<u>8,061</u>	<u>26,713</u>	<u>17,411</u>

<u>Bank</u>	3 rd Quarter Ended		Nine Months Ended	
	30 Sept 2007 RM'000	30 Sept 2006 RM'000	30 Sept 2007 RM'000	30 Sept 2006 RM'000
Transport and travelling	1,945	1,430	4,704	3,495
Advertisement and business promotion	8,265	6,143	20,435	12,818
Others	528	488	1,574	1,097
	<u>10,738</u>	<u>8,061</u>	<u>26,713</u>	<u>17,410</u>

(iv) Administration and general expenses

<u>Group</u>	3 rd Quarter Ended		Nine Months Ended	
	30 Sept 2007 RM'000	30 Sept 2006 RM'000	30 Sept 2007 RM'000	30 Sept 2006 RM'000
Printing and stationery	3,356	2,010	7,060	5,641
Postage and courier	1,166	1,076	3,016	3,513
Telephone, telex and fax	1,342	1,374	3,863	4,208
Legal and consultancy fees	2,191	1,149	5,372	3,206
Transaction processing fees	30,624	28,103	87,603	81,783
Other administrative and general expenses	14,015	7,946	32,499	20,169
	<u>52,694</u>	<u>41,658</u>	<u>139,413</u>	<u>118,520</u>

NOTES TO INTERIM FINANCIAL STATEMENTS – 30 SEPTEMBER 2007 (continued)**14 STAFF COST AND OVERHEAD EXPENSES (continued)****(iv) Administration and general expenses (continued)**

<u>Bank</u>	3rd Quarter Ended		Nine Months Ended	
	30 Sept 2007 RM'000	30 Sept 2006 RM'000	30 Sept 2007 RM'000	30 Sept 2006 RM'000
Printing and stationery	3,355	2,010	7,059	5,640
Postage and courier	1,166	1,076	3,016	3,513
Telephone, telex and fax	1,342	1,374	3,862	4,207
Legal and consultancy fees	2,182	1,137	5,335	3,182
Transaction processing fees	30,624	28,103	87,603	81,783
Other administrative and general expenses	14,010	7,954	32,486	20,169
	<u>52,679</u>	<u>41,654</u>	<u>139,361</u>	<u>118,494</u>

15 ALLOWANCE FOR LOSSES ON LOANS AND FINANCING

<u>Group</u>	3rd Quarter Ended		Nine Months Ended	
	30 Sept 2007 RM'000	30 Sept 2006 RM'000	30 Sept 2007 RM'000	30 Sept 2006 RM'000
Allowance for bad and doubtful debts and financing:-				
Specific allowance				
- made in the financial period	48,626	60,012	176,088	147,271
- written back	(48,614)	(50,185)	(164,599)	(110,268)
General allowance				
- made in the financial period	25,205	10,715	43,854	21,089
Other allowance	143	55	230	610
Bad debts and financing :-				
- written off	48	156	236	234
- recovered	(9,888)	(4,844)	(24,799)	(17,076)
	<u>15,520</u>	<u>15,909</u>	<u>31,010</u>	<u>41,860</u>

NOTES TO INTERIM FINANCIAL STATEMENTS – 30 SEPTEMBER 2006 (continued)**15 ALLOWANCE FOR LOSSES ON LOANS AND FINANCING (continued)**

Bank	3rd Quarter Ended		Nine Months Ended	
	30 Sept 2007 RM'000	30 Sept 2006 RM'000	30 Sept 2007 RM'000	30 Sept 2006 RM'000
Allowance for bad and doubtful debts and financing:-				
Specific allowance				
- made in the financial period	48,626	60,012	176,079	147,269
- written back	(48,614)	(50,185)	(164,599)	(110,268)
General allowance				
- made in the financial period	25,205	10,715	43,854	21,089
Other allowance	143	55	230	610
Bad debts and financing :-				
- written off	48	156	236	234
- recovered	(9,888)	(4,794)	(24,708)	(17,026)
	<u>15,520</u>	<u>15,959</u>	<u>31,092</u>	<u>41,908</u>

16 TAXATION

Group	3rd Quarter Ended		Nine Months Ended	
	30 Sept 2007 RM'000	30 Sept 2006 RM'000	30 Sept 2007 RM'000	30 Sept 2006 RM'000
Malaysian income tax – current period	51,183	48,159	154,982	111,001
Deferred taxation :				
- relating to originating and reversal of temporary differences	(3,654)	(7,131)	999	15,954
	<u>47,529</u>	<u>41,028</u>	<u>155,981</u>	<u>126,955</u>

Bank	3rd Quarter Ended		Nine Months Ended	
	30 Sept 2007 RM'000	30 Sept 2006 RM'000	30 Sept 2007 RM'000	30 Sept 2006 RM'000
Malaysian income tax – current period	51,156	48,159	154,889	111,001
Deferred taxation :				
- relating to originating and reversal of temporary differences	(3,629)	(7,128)	1,052	15,905
	<u>47,527</u>	<u>41,031</u>	<u>155,941</u>	<u>126,906</u>

NOTES TO INTERIM FINANCIAL STATEMENTS – 30 SEPTEMBER 2007 (continued)**17 CAPITAL COMMITMENTS**

	Group		Bank	
	30 Sept 2007 RM'000	30 Sept 2006 RM'000	30 Sept 2007 RM'000	30 Sept 2006 RM'000
Capital expenditure in respect of property, plant and equipment:-				
- authorised and contracted for	25,397	34,378	25,397	34,378
- authorised but not contracted for	20,883	508	20,883	508
	<u>46,280</u>	<u>34,886</u>	<u>46,280</u>	<u>34,886</u>

18 COMMITMENTS AND CONTINGENCIES

In the normal course of business, the Group and the Bank make various commitments and incurs certain contingent liabilities with legal recourse to their customers. Apart from the provision for commitments and contingencies already made in the interim financial statements (Note 10), no material losses are anticipated as a result of these transactions.

	30 Sept 2007			31 Dec 2006		
	Principal Amount RM'000	Credit Equivalent Amount* RM'000	Risk Weighted Amount RM'000	Principal Amount RM'000	Credit Equivalent Amount* RM'000	Risk Weighted Amount RM'000
Group and Bank						
Direct credit substitutes	1,129,726	1,129,726	1,123,938	659,587	659,587	651,690
Transaction-related contingent items	1,172,215	586,108	559,598	709,632	354,816	331,054
Short-term self-liquidating trade-related contingencies	325,674	65,135	64,668	257,192	51,438	50,994
Obligations under underwriting agreement	76,000	38,000	38,000	60,000	30,000	30,000
Irrevocable commitments to extend credit:						
- maturity exceeding one year	8,501,306	4,250,652	4,250,653	6,677,501	3,338,750	3,338,750
- maturity not exceeding one year	7,821,880	0	0	6,582,863	0	0
Foreign exchange related contracts						
- less than one year	16,580,107	236,928	62,347	4,935,542	91,465	25,905
- one year to less than five years	271,393	39,674	10,440	121,468	9,296	1,615
- five years and above	198,386	31,776	8,362	0	0	0
Interest rate contracts						
- less than one year	5,419,649	21,217	5,663	4,099,620	10,385	109,785
- one year to less than five years	17,649,430	499,101	133,224	12,985,490	395,843	17,544
- five years and above	1,213,883	95,342	25,449	750,833	54,917	16,730
Equity and commodity related contracts	536,974	91,126	40,972	60,625	19,011	19,011
Miscellaneous	644,972	0	0	15,000	0	0
Total	<u>61,541,595</u>	<u>7,084,785</u>	<u>6,323,314</u>	<u>37,915,353</u>	<u>5,015,508</u>	<u>4,593,078</u>

* The credit equivalent amount is arrived at using the credit conversion factor as per Bank Negara Malaysia guidelines.

NOTES TO INTERIM FINANCIAL STATEMENTS – 30 SEPTEMBER 2007 (continued)

19 INTEREST/PROFIT RATE RISK

Group

As at 30 September 2007	Non Trading Book						Trading Book RM'000	Total RM'000	Average interest rate %
	Up to 1 month RM'000	>1-3 months RM'000	>3-12 months RM'000	>1-5 years RM'000	Over 5 years RM'000	Non- interest sensitive RM'000			
Assets									
Cash and short term Funds	3,164,732	0	0	0	0	91,114	0	3,255,846	4.08
Securities purchased under resale agreement	77,665	482,376	0	0	0	0	0	560,041	3.53
Deposits and placements with financial institutions	0	475,430	90,120	0	0	0	0	565,550	4.08
Held-for-trading securities	0	0	0	0	0	0	2,266,727	2,266,727	4.30
Available-for-sale securities	305,215	1,026,520	475,597	3,902,735	638,816	119,963 [^]	0	6,468,846	3.98
Loans, advances and financing									
- performing	19,650,458	1,105,581	1,383,907	1,110,321	99,655	1,734,087 [*]	0	25,084,009	6.03
- non-performing	0	0	0	0	0	736,135 [#]	0	736,135	-
Other assets	0	0	0	0	0	182,344	255,123	437,467	-
Statutory deposits with Bank Negara Malaysia	0	0	0	0	0	858,608	0	858,608	-
Property, plant and equipment	0	0	0	0	0	222,968	0	222,968	-
Investment property	0	0	0	0	0	11,067	0	11,067	-
Prepaid lease payment	0	0	0	0	0	4,130	0	4,130	-
Non-current assets held for sale	0	0	0	0	0	0	0	0	-
Deferred taxation asset	0	0	0	0	0	97,720	0	97,720	-
Total assets	23,198,070	3,089,907	1,949,624	5,013,056	738,471	4,058,136	2,521,850	40,569,114	
Liabilities									
Deposits from customers	16,975,385	3,358,935	6,592,043	468,548	0	3,496,298	0	30,891,209	2.98
Deposits and placements of banks and other financial institutions	2,836,452	39,976	231,772	35,466	56,419	0	0	3,200,085	4.07
Obligations on securities sold under repurchase agreements	0	0	0	0	0	0	0	0	-
Bills and acceptances payable	0	0	0	0	0	2,055,436	0	2,055,436	-
Amount due to Cagamas	0	0	144,644	453,161	43,597	0	0	641,402	4.19
Subordinated term loan / bonds	0	0	0	361,520	331,462	0	0	692,982	5.41
Other liabilities	0	0	0	0	0	377,096	237,622	614,718	-
Taxation and zakat	0	0	0	0	0	95,088	0	95,088	-
Total liabilities	19,811,837	3,398,911	6,968,459	1,318,695	431,478	6,023,918	237,622	38,190,920	
On-balance sheet interest sensitivity gap	3,386,233	(309,004)	(5,018,835)	3,694,361	306,993	(1,965,782)	2,284,228	2,378,194	
Off-balance sheet interest sensitivity gap	0	0	(511,950)	443,690	68,260	0	0	0	
Total interest sensitivity gap	3,386,233	(309,004)	(5,530,785)	4,138,051	375,253	(1,965,782)	2,284,228	2,378,194	

NOTES TO INTERIM FINANCIAL STATEMENTS – 30 SEPTEMBER 2007 (continued)**19 INTEREST/PROFIT RATE RISK (continued)****Bank**

As at 30 September 2007	Non Trading Book						Trading Book RM'000	Total RM'000	Average interest rate %
	Up to 1 Month RM'000	>1-3 months RM'000	>3-12 months RM'000	>1-5 years RM'000	Over 5 years RM'000	Non- interest sensitive RM'000			
Assets									
Cash and short term funds	3,164,732	0	0	0	0	91,114	0	3,255,846	4.08
Securities purchased under resale agreement	77,665	482,376	0	0	0	0	0	560,041	3.53
Deposits and placements with financial institutions	0	475,430	90,120	0	0	0	0	565,550	4.08
Held-for-trading securities Available-for-sale securities	0	0	0	0	0	0	2,266,727	2,266,727	4.30
Loans, advances and financing - performing	305,215	1,026,520	475,597	3,902,735	638,816	119,963 [^]	0	6,468,846	3.98
- non-performing	19,650,442	1,105,581	1,383,907	1,110,274	99,583	1,734,073 [*]	0	25,083,860	6.03
Other assets	0	0	0	0	0	736,135 [#]	0	736,135	-
Statutory deposits with Bank Negara Malaysia	0	0	0	0	0	182,305	255,123	437,428	-
Investment in subsidiary companies	0	0	0	0	0	858,608	0	858,608	-
Property, plant and equipment	0	0	0	0	0	1,611	0	1,611	-
Investment property	0	0	0	0	0	222,960	0	222,960	-
Prepaid lease payment	0	0	0	0	0	11,067	0	11,067	-
Non-current assets held for sale	0	0	0	0	0	4,130	0	4,130	-
Deferred taxation asset	0	0	0	0	0	0	0	0	-
	0	0	0	0	0	97,983	0	97,983	-
Total assets	23,198,054	3,089,907	1,949,624	5,013,009	738,399	4,059,949	2,521,850	40,570,792	
Liabilities									
Deposits from customers	16,989,544	3,358,935	6,592,043	468,548	0	3,496,805	0	30,905,875	2.98
Deposits and placements of banks and other financial institutions	2,836,452	39,976	231,772	35,466	56,419	0	0	3,200,085	4.07
Obligations on securities sold under repurchase agreements	0	0	0	0	0	0	0	0	-
Bills and acceptances payable	0	0	0	0	0	2,055,436	0	2,055,436	-
Amount due to Cagamas	0	0	144,644	453,161	43,597	0	0	641,402	4.19
Subordinated term loan / bonds	0	0	0	361,520	331,462	0	0	692,982	5.41
Other liabilities	0	0	0	0	0	377,007	237,622	614,629	-
Taxation and zakat	0	0	0	0	0	94,991	0	94,991	-
Total liabilities	19,825,996	3,398,911	6,968,459	1,318,695	431,478	6,024,239	237,622	38,205,400	
On-balance sheet interest sensitivity gap	3,372,058	(309,004)	(5,018,835)	3,694,314	306,921	(1,964,290)	2,284,228	2,365,392	
Off-balance sheet interest sensitivity gap	0	0	(511,950)	443,690	68,260	0	0	0	
Total interest sensitivity gap	3,372,058	(309,004)	(5,530,785)	4,138,004	375,181	(1,964,290)	2,284,228	2,365,392	

[^] The amount includes allowance for impairment losses in investment securities in accordance with the Bank's accounting policy amounting to RM 6,421,000 for Group and Bank.

^{*} The amount includes general allowance for loans, advances and financing in accordance with the Bank's accounting policy amounting to RM 388,254,000 for Group and RM 388,239,000 for Bank.

[#] The amount includes specific allowance for loans, advances and financing in accordance with the Bank's accounting policy amounting to RM 433,653,000 for Group and RM 433,125,000 for Bank.

NOTES TO INTERIM FINANCIAL STATEMENTS – 30 SEPTEMBER 2007 (continued)**19 INTEREST/PROFIT RATE RISK (continued)****Group**

As at 31 December 2006	Non Trading Book						Trading Book RM'000	Total RM'000	Average interest rate %
	Up to 1 month RM'000	>1-3 months RM'000	>3-12 months RM'000	>1-5 years RM'000	Over 5 years RM'000	Non- interest sensitive RM'000			
Assets									
Cash and short term funds	3,569,792	0	0	0	0	77,387	0	3,647,179	4.19
Securities purchased under resale agreement	0	0	0	0	0	0	0	0	-
Deposits and placements with financial institutions	0	2,192,696	88,050	0	0	0	0	2,280,746	4.19
Held-for-trading securities	0	0	0	0	0	0	529,805	529,805	4.37
Available-for-sale securities	590,000	480,828	950,377	3,100,823	452,741	66,625 [^]	0	5,641,394	3.86
Loans, advances and financing									
- performing	17,496,105	1,472,824	690,628	972,101	63,922	1,615,237 [*]	0	22,310,817	6.27
- non-performing	0	0	0	0	0	757,307 [#]	0	757,307	-
Other assets	0	0	0	0	0	127,824	193,699	321,523	-
Statutory deposits with Bank Negara Malaysia	0	0	0	0	0	866,086	0	866,086	-
Property, plant and equipment	0	0	0	0	0	231,495	0	231,495	-
Investment property	0	0	0	0	0	11,030	0	11,030	-
Prepaid lease payment	0	0	0	0	0	0	0	0	-
Non-current assets held for sale	0	0	0	0	0	544	0	544	-
Deferred taxation asset	0	0	0	0	0	102,143	0	102,143	-
Total assets	21,655,897	4,146,348	1,729,055	4,072,924	516,663	3,855,678	723,504	36,700,069	
Liabilities									
Deposits from customers	10,253,782	4,859,252	5,155,024	1,277,367	69,600	3,031,642	0	24,646,667	2.88
Deposits and placements of banks and other financial institutions	2,056,843	838,836	48,321	6,973	14,475	0	0	2,965,448	4.55
Obligations on securities sold under repurchase agreements	3,044,001	31,576	0	0	0	0	0	3,075,577	3.28
Bills and acceptances payable	0	0	0	0	0	1,818,185	0	1,818,185	-
Amount due to Cagamas	0	0	27,990	586,355	74,953	0	0	689,298	4.30
Subordinated term loan / bonds	0	0	0	265,878	432,644	0	0	698,522	5.53
Other liabilities	0	0	0	0	0	307,714	210,640	518,354	-
Taxation and zakat	0	0	0	0	0	58,070	0	58,070	-
Total liabilities	15,354,626	5,729,664	5,231,335	2,136,573	591,672	5,215,611	210,640	34,470,121	
On-balance sheet interest sensitivity gap	6,301,271	(1,583,316)	(3,502,280)	1,936,351	(75,009)	(1,359,933)	512,864	2,229,948	
Off-balance sheet interest sensitivity gap	0	(176,100)	(352,200)	281,760	246,540	0	0	0	
Total interest sensitivity gap	6,301,271	(1,759,416)	(3,854,480)	2,218,111	171,531	(1,359,933)	512,864	2,229,948	

NOTES TO INTERIM FINANCIAL STATEMENTS – 30 SEPTEMBER 2007 (continued)**19 INTEREST/PROFIT RATE RISK (continued)****Bank**

As at 31 December 2006	Non Trading Book						Trading Book RM'000	Total RM'000	Average interest rate %
	Up to 1 Month RM'000	>1-3 months RM'000	>3-12 months RM'000	>1-5 years RM'000	Over 5 years RM'000	Non- interest sensitive RM'000			
Assets									
Cash and short term funds	3,569,792	0	0	0	0	77,387	0	3,647,179	4.19
Securities purchased under resale agreement	0	0	0	0	0	0	0	0	-
Deposits and placements with financial institutions	0	2,192,696	88,050	0	0	0	0	2,280,746	4.19
Held-for-trading securities	0	0	0	0	0	0	529,805	529,805	4.37
Available-for-sale securities	590,000	480,828	950,377	3,100,823	452,741	66,625 [^]	0	5,641,394	3.86
Loans, advances and financing									
- performing	17,496,105	1,472,824	690,443	971,900	63,923	1,615,251 [*]	0	22,310,446	6.27
- non-performing	0	0	0	0	0	757,307 [#]	0	757,307	-
Other assets	0	0	0	0	0	127,746	193,699	321,445	-
Statutory deposits with Bank Negara Malaysia	0	0	0	0	0	866,086	0	866,086	-
Investment in subsidiary companies	0	0	0	0	0	1,611	0	1,611	-
Property, plant and equipment	0	0	0	0	0	231,482	0	231,482	-
Investment property	0	0	0	0	0	11,030	0	11,030	-
Prepaid lease payment	0	0	0	0	0	0	0	0	-
Non-current assets held for sale	0	0	0	0	0	544	0	544	-
Deferred taxation asset	0	0	0	0	0	102,459	0	102,459	-
Total assets	21,655,897	4,146,348	1,728,870	4,072,723	516,664	3,857,528	723,504	36,701,534	
Liabilities									
Deposits from customers	10,267,596	4,859,252	5,155,024	1,277,367	69,600	3,032,045	0	24,660,884	2.88
Deposits and placements of banks and other financial institutions	2,056,843	838,836	48,321	6,973	14,475	0	0	2,965,448	4.55
Obligations on securities sold under repurchase agreements	3,044,001	31,576	0	0	0	0	0	3,075,577	3.28
Bills and acceptances payable	0	0	0	0	0	1,818,185	0	1,818,185	-
Amount due to Cagamas	0	0	27,990	586,355	74,953	0	0	689,298	4.30
Subordinated term loan / bonds	0	0	0	265,878	432,644	0	0	698,522	5.53
Other liabilities	0	0	0	0	0	307,605	210,640	518,245	-
Taxation and zakat	0	0	0	0	0	58,058	0	58,058	-
Total liabilities	15,368,440	5,729,664	5,231,335	2,136,573	591,672	5,215,893	210,640	34,484,217	
On-balance sheet interest sensitivity gap	6,287,457	(1,583,316)	(3,502,465)	1,936,150	(75,008)	(1,358,365)	512,864	2,217,317	
Off-balance sheet interest sensitivity gap	0	(176,100)	(352,200)	281,760	246,540	0	0	0	
Total interest sensitivity gap	6,287,457	(1,759,416)	(3,854,665)	2,217,910	171,532	(1,358,365)	512,864	2,217,317	

[^] The amount includes allowance for impairment losses in investment securities in accordance with the Bank's accounting policy amounting to RM 759,000 for Group and Bank.

^{*} The amount includes general allowance for loans, advances and financing in accordance with the Bank's accounting policy amounting to RM 344,400,000 for Group and RM 344,385,000 for Bank.

[#] The amount includes specific allowance for loans, advances and financing in accordance with the Bank's accounting policy amounting to RM 550,681,000 for Group and RM 550,162,000 for Bank.

NOTES TO INTERIM FINANCIAL STATEMENTS – 30 SEPTEMBER 2007 (continued)**20 CAPITAL ADEQUACY**

	Bank	
	30 Sept 2007 RM'000	31 Dec 2006 RM'000
Components of Tier-1 and Tier-2 capital are as follows:		
<u>Tier-1 capital</u>		
Paid-up share capital	287,500	287,500
Paid-up non-cumulative perpetual preference shares	4,000	4,000
Share premium	858,500	858,500
Retained profit	687,939	677,425
Other reserves	322,000	322,000
	<u>2,159,939</u>	<u>2,149,425</u>
Less: Deferred tax assets	(114,958)	(116,011)
Total Tier-1 capital	<u>2,044,981</u>	<u>2,033,414</u>
<u>Tier-2 capital</u>		
General allowance for bad and doubtful debts and financing	388,239	344,385
Subordinated term loan	542,659	729,421
Total Tier-2 capital	<u>930,898</u>	<u>1,073,806</u>
Total capital	2,975,879	3,107,220
Less :		
Investment in subsidiaries	(1,611)	(1,611)
Capital base	<u>2,974,268</u>	<u>3,105,609</u>
<u>Capital Ratios</u>		
Core-capital ratio	6.42%	7.00%
Risk-weighted capital ratio	9.34%	11.12%

21 DIVIDENDS

Dividends paid by the Bank since the end of the previous financial year consist of:-

- (i) a final gross dividend of 95.0 sen per share less tax on 20 March 2007 in respect of the previous financial year amounting to RM199.38 million on the fully issued and paid-up ordinary shares of the Bank;
- (ii) an interim dividend of 20.0 sen per share less tax on 22 August 2007 in respect of the current financial year amounting to RM41.98 million on the fully issued and paid-up ordinary shares of the Bank; and
- (iii) a dividend of 4.51% per annum (on total paid up amount) on 19 March 2007 and 19 September 2007 amounting to RM8.9 million and RM9.1 million, respectively, on the fully issued and paid-up non-cumulative non-convertible perpetual preference shares of the Bank.

NOTES TO INTERIM FINANCIAL STATEMENTS – 30 SEPTEMBER 2007 (continued)**22 THE OPERATION OF ISLAMIC BANKING (IB)****CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED BALANCE SHEETS AS AT 30 SEPTEMBER 2007**

		Group and Bank	
		30 Sept 2007	31 Dec 2006
ASSETS	Note	RM'000	RM'000
Cash and short-term funds		1,013,682	932,498
Deposits and placements with financial institutions		0	200,000
Available-for-sale securities	(1)	573,955	305,918
Financing and other advances	(2)	1,793,625	1,638,339
Other assets	(4)	16,615	10,165
Statutory deposits with Bank Negara Malaysia		72,913	60,413
Deferred taxation assets		14,750	15,028
TOTAL ASSETS		3,485,540	3,162,361
LIABILITIES AND ISLAMIC BANKING FUNDS			
Deposits from customers	(5)	2,920,270	2,635,783
Deposits and placements of banks and other financial institutions		77,000	0
Subordinated bonds		200,000	200,000
Bills and acceptances payable		2,041	367
Other liabilities	(6)	120,535	165,100
Taxation and zakat		4,043	10,016
Total Liabilities		3,323,889	3,011,266
Islamic Banking Funds	(7)	85,000	85,000
Reserves	(7)	76,651	66,095
		161,651	151,095
TOTAL LIABILITIES AND ISLAMIC BANKING FUNDS		3,485,540	3,162,361
COMMITMENTS AND CONTINGENCIES		1,142,916	826,098

NOTES TO INTERIM FINANCIAL STATEMENTS – 30 SEPTEMBER 2007 (continued)**22 THE OPERATION OF ISLAMIC BANKING (IB) (continued)****CONDENSED INTERIM FINANCIAL STATEMENTS****UNAUDITED INCOME STATEMENTS FOR THE THIRD QUARTER AND NINE MONTHS ENDED 30 SEPTEMBER 2007**

Group and Bank	3rd Quarter Ended		Nine Months Ended	
	30 Sept 2007 RM'000	30 Sept 2006 RM'000	30 Sept 2007 RM'000	30 Sept 2006 RM'000
Income derived from investment of depositors' funds	41,235	30,963	111,936	92,475
Allowance for losses on financing and other loans	(5,053)	(3,493)	(17,350)	(10,583)
Transfer to profit equalisation reserve	1,258	(5,450)	3,385	(12,271)
Total attributable income	37,440	22,020	97,971	69,621
Income attributable to depositors	(24,560)	(18,107)	(65,781)	(53,476)
Income attributable to shareholders	12,880	3,913	32,190	16,145
Income derived from the investment of Islamic banking funds	2,628	4,467	8,900	10,484
Total net income	15,508	8,380	41,090	26,629
Personnel expenses	(759)	(678)	(1,838)	(1,618)
Other overhead expenses	(8,344)	(5,363)	(23,846)	(13,844)
Profit before taxation	6,405	2,339	15,406	11,167
Zakat	0	0	0	(221)
Taxation	(1,086)	(586)	(4,419)	(3,255)
Net profit for the financial period	5,319	1,753	10,987	7,691

NOTES TO INTERIM FINANCIAL STATEMENTS – 30 SEPTEMBER 2007 (continued)**22 THE OPERATION OF ISLAMIC BANKING (IB) (continued)****(1) AVAILABLE-FOR-SALE SECURITIES**

	Group and Bank	
	30 Sept 2007 RM'000	31 Dec 2006 RM'000
<u>At fair value</u>		
Malaysian Government investment issues	196,653	200,631
Bank Negara Negotiable Notes	153,148	0
Sanadat Cagamas (SAC)	70,351	80,287
Private debt securities	99,821	0
Malaysian Government Islamic treasury bills	28,982	0
Islamic negotiable instruments of deposits	25,000	25,000
	<u>573,955</u>	<u>305,918</u>

The maturity structure of money market instruments under available-for-sale are as follows :

Maturing within one year	242,132	165,746
One year to three years	35,350	88,277
Three to five years	196,653	51,895
More than 5 years	99,820	0
	<u>573,955</u>	<u>305,918</u>

(2) FINANCING AND OTHER ADVANCES

	Group and Bank	
	30 Sept 2007 RM'000	31 Dec 2006 RM'000
By type:		
Cash financing	308,056	278,230
Term financing		
- Housing financing	134,060	152,609
- Syndicated term financing	237,331	232,777
- Hire purchase receivables	414,594	380,247
- Leasing receivables	22,727	21,130
- Other term financing	232,478	205,077
Revolving credits	437,413	452,410
Customer's liability under acceptance credits	257,318	150,834
Unearned income	(208,131)	(199,066)
Gross financing	<u>1,835,846</u>	<u>1,674,248</u>
Allowance for bad and doubtful debts and financing		
- Specific	(14,907)	(10,960)
- General	(27,314)	(24,949)
Net financing	<u>1,793,625</u>	<u>1,638,339</u>

NOTES TO INTERIM FINANCIAL STATEMENTS – 30 SEPTEMBER 2007 (continued)**22 THE OPERATION OF ISLAMIC BANKING (IB) (continued)****(3) NON-PERFORMING FINANCING**

	Group and Bank	
	30 Sept 2007 RM'000	31 Dec 2006 RM'000
i) Movements in non-performing financing are as follows:		
Balance at 1 January	23,221	16,204
Non-performing during the period / year	21,443	26,388
Reclassified as performing during the period / year	(4,742)	(3,738)
Amount recovered	(2,324)	(3,922)
Amount written off	(11,558)	(11,711)
Balance at end of period / year	<u>26,040</u>	<u>23,221</u>
Specific allowance	(14,907)	(10,960)
Net non-performing financing	<u>11,133</u>	<u>12,261</u>
Ratio of net non-performing financing to net financing	<u>0.61%</u>	<u>0.74%</u>
ii) Movements in the allowance for bad and doubtful financing are as follows :		
<u>General allowance</u>		
Balance at 1 January	24,949	21,304
Allowance made during the period / year	2,365	3,645
Balance at end of period / year	<u>27,314</u>	<u>24,949</u>
(as % of total financing less specific allowance)	<u>1.5%</u>	<u>1.5%</u>
<u>Specific allowance</u>		
Balance at 1 January	10,960	9,400
Allowance made during the period / year	18,770	15,699
Amount recovered	(3,267)	(2,428)
Amount written off	(11,556)	(11,711)
Balance at end of period / year	<u>14,907</u>	<u>10,960</u>

NOTES TO INTERIM FINANCIAL STATEMENTS – 30 SEPTEMBER 2007 (continued)

22 THE OPERATION OF ISLAMIC BANKING (IB) (continued)

(4) OTHER ASSETS

	Group and Bank	
	30 Sept 2007	31 Dec 2006
	RM'000	RM'000
Income receivable	5,505	2,877
Other debtors, deposits and prepayments	11,110	7,288
	16,615	10,165

(5) DEPOSITS FROM CUSTOMERS

	Group and Bank	
	30 Sept 2007	31 Dec 2006
	RM'000	RM'000
By type of deposits		
Non-Mudharabah Fund:		
Demand deposits	281,207	213,425
Savings deposits	262,348	266,322
Negotiable Islamic Debt Certificate	49,744	478,756
Structured investment	38,100	0
Others	19,925	17,200
	651,324	975,703
Mudharabah Fund:		
General investment deposits	1,877,570	718,328
Islamic short term Mudharabah Investment	391,376	941,752
	2,268,946	1,660,080
Total deposits from customers	2,920,270	2,635,783

NOTES TO INTERIM FINANCIAL STATEMENTS – 30 SEPTEMBER 2007 (continued)**22 THE OPERATION OF ISLAMIC BANKING (IB) (continued)****(6) OTHER LIABILITIES**

	Group and Bank	
	30 Sept 2007 RM'000	31 Dec 2006 RM'000
Other accruals and charges	104,765	145,945
Profit equalisation reserve	15,770	19,155
	120,535	165,100
<u>Profit equalisation reserve (PER)</u>		
Balance at 1 January	19,155	4,471
Amount provided during the period / year	2,263	14,998
Amount written back during the period / year	(5,648)	(314)
Balance at end of period / year	15,770	19,155

(7) ISLAMIC BANKING CAPITAL FUNDS

	Group and Bank	
	30 Sept 2007 RM'000	31 Dec 2006 RM'000
Islamic banking funds	85,000	85,000
Reserves :		
Net unrealised gains on available-for-sale investments of which the depositors' portion is RM 985,000 (Dec 2006 : RM 1,381,000)	1,038	1,469
Retained profits	75,613	64,626
	161,651	151,095