

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

	Note	Group		Bank	
		30/6/2008 RM'000	31/12/2007 RM'000	30/6/2008 RM'000	31/12/2007 RM'000
ASSETS					
Cash and short-term funds		6,466,275	5,636,115	6,466,275	5,636,115
Securities purchased under resale agreement		177,699	358,344	177,699	358,344
Deposits and placements with financial institutions		1,618,708	230,399	1,618,708	230,399
Held-for-trading securities	4	916,685	1,872,798	916,685	1,872,798
Available-for-sale securities	4	6,035,514	5,850,023	6,035,514	5,850,023
Loans, advances and financing	5	28,598,477	26,611,732	28,598,492	26,611,747
Other assets	7	863,632	445,658	863,629	445,656
Statutory deposits with Bank Negara Malaysia		956,608	843,608	956,608	843,608
Investment in subsidiary companies	8	0	0	1,611	1,611
Property, plant and equipment		221,012	221,683	221,005	221,675
Investment property		12,907	10,066	12,907	10,066
Prepaid lease payment		2,955	2,981	2,955	2,981
Non-current assets held for sale		2,092	2,092	2,092	2,092
Deferred taxation asset		116,855	100,056	117,125	100,345
TOTAL ASSETS		45,989,419	42,185,555	45,991,305	42,187,460
LIABILITIES AND SHAREHOLDERS' EQUITY					
Deposits from customers	9	32,985,036	31,467,966	32,999,541	31,482,621
Deposits and placements of banks and other financial institutions	10	5,735,953	4,064,268	5,735,953	4,064,268
Bills and acceptances payable		2,132,369	1,682,232	2,132,369	1,682,232
Amount due to Cagamas		454,059	628,680	454,059	628,680
Subordinated term loan / bonds	11	904,519	1,089,210	904,519	1,089,210
Other liabilities	12	941,338	702,179	941,371	702,240
Taxation and zakat		101,280	65,637	101,203	65,556
Total Liabilities		43,254,554	39,700,172	43,269,015	39,714,807
Financed by :					
Share capital		291,500	291,500	291,500	291,500
Reserves		2,443,365	2,193,883	2,430,790	2,181,153
Shareholders' Equity		2,734,865	2,485,383	2,722,290	2,472,653
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		45,989,419	42,185,555	45,991,305	42,187,460
COMMITMENTS AND CONTINGENCIES	20	95,669,886	59,568,827	95,669,886	59,568,827

The Unaudited Condensed Interim Financial Statements should be read in conjunction with the audited financial statements of the Group and Bank for the financial year ended 31 December 2007.

**CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED INCOME STATEMENTS FOR THE SECOND QUARTER AND SIX MONTHS ENDED 30 JUNE
2008**

Group		2nd Quarter Ended		Half Year Ended	
		30 June 2008	30 June 2007	30 June 2008	30 June 2007
	Note	RM'000	RM'000	RM'000	RM'000
Interest income	13	527,561	474,650	1,036,953	914,354
Interest expense	14	(281,931)	(258,674)	(558,094)	(496,451)
Net interest income		245,630	215,976	478,859	417,903
Islamic Banking income	25(8)	26,832	19,553	54,026	37,879
		272,462	235,529	532,885	455,782
Non-interest income	15	81,947	78,488	230,581	174,499
Net income		354,409	314,017	763,466	630,281
Staff cost and overhead expenses	16	(144,805)	(130,848)	(287,935)	(239,936)
Operating profits before allowances		209,604	183,169	475,531	390,345
Write back / (allowance) of losses on loans, advances and financing	17	27,428	8,338	6,913	(15,490)
Write back of commitment and contingencies		0	0	3,936	3
Impairment losses for property, plant and equipment		(577)	0	(577)	0
Profit before taxation and zakat		236,455	191,507	485,803	374,858
Taxation	18	(60,822)	(53,590)	(128,839)	(108,452)
Zakat		0	0	0	0
Net profit attributable to shareholders		175,633	137,917	356,964	266,406
Basic earnings per share (sen)		61.1	48.0	124.2	92.7
Dividend per ordinary share – RM Nil (2007: 20.0 sen gross less income tax)		0	42.0	0	42.0

The Unaudited Condensed Interim Financial Statements should be read in conjunction with the audited financial statements of the Group and Bank for the financial year ended 31 December 2007.

**CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED INCOME STATEMENTS FOR THE SECOND QUARTER AND SIX MONTHS ENDED 30 JUNE
2008**

Bank		2nd Quarter Ended		Half Year Ended	
		30 June 2008	30 June 2007	30 June 2008	30 June 2007
	Note	RM'000	RM'000	RM'000	RM'000
Interest income	13	527,561	474,650	1,036,953	914,354
Interest expense	14	(281,934)	(258,787)	(558,101)	(496,677)
Net interest income		245,627	215,863	478,852	417,677
Islamic Banking income	25(8)	26,832	19,553	54,026	37,879
		272,459	235,416	532,878	455,556
Non-interest income	15	81,954	78,487	230,588	174,498
Net income		354,413	313,903	763,466	630,054
Staff cost and overhead expenses	16	(144,712)	(130,797)	(287,757)	(239,790)
Operating profits before allowances		209,701	183,106	475,709	390,264
Write back / (allowance) of losses on loans, advances and financing	17	27,428	8,347	6,913	(15,572)
Write back of commitment and contingencies		0	0	3,936	3
Impairment losses on property, plant and equipment		(577)	0	(577)	0
Profit before taxation and zakat		236,552	191,453	485,981	374,695
Taxation	18	(60,825)	(53,569)	(128,862)	(108,414)
Zakat		0	0	0	0
Net profit attributable to shareholders		175,727	137,884	357,119	266,281
Basic earnings per share (sen)		61.1	48.0	124.2	92.6
Dividend per ordinary share – RM Nil (2007: 20.0 sen gross less income tax)		0	42.0	0	42.0

The Unaudited Condensed Interim Financial Statements should be read in conjunction with the audited financial statements of the Group and Bank for the financial year ended 31 December 2007.

CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF CHANGES IN EQUITY FOR THE SIX MONTHS ENDED 30 JUNE 2008

	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	Retained profits RM'000	
Group							
Balance at 1 January 2008	291,500	858,500	322,000	56,619	70,687	886,077	2,485,383
Revaluation of available-for-sale securities (net)	0	0	0	0	(76,717)	0	(76,717)
Deferred tax on revaluation of available-for-sale securities (net)	0	0	0	0	20,781	0	20,781
Net gains recognised directly in equity	0	0	0	0	(55,936)	0	(55,936)
Net profit attributable to shareholders	0	0	0	0	0	356,964	356,964
Total recognised income and expense for the period	0	0	0	0	(55,936)	356,964	301,028
Dividends paid on ordinary shares in respect of:							
- Final 2007	0	0	0	0	0	(42,550)	(42,550)
Dividends paid on preference shares	0	0	0	0	0	(8,996)	(8,996)
Balance at 30 June 2008	<u>291,500</u>	<u>858,500</u>	<u>322,000</u>	<u>56,619</u>	<u>14,751</u>	<u>1,191,495</u>	<u>2,734,865</u>
Balance at 1 January 2007	291,500	858,500	322,000	56,619	67,892	633,437	2,229,948
Revaluation of available-for-sale securities (net)	0	0	0	0	43,070	0	43,070
Deferred tax on revaluation of available-for-sale securities (net)	0	0	0	0	(9,801)	0	(9,801)
Net gains recognised directly in equity	0	0	0	0	33,269	0	33,269
Net profit attributable to shareholders	0	0	0	0	0	266,406	266,406
Total recognised income and expense for the period	0	0	0	0	33,269	266,406	299,675
Dividends paid on ordinary shares in respect of:							
- Final 2006	0	0	0	0	0	(199,381)	(199,381)
Dividends paid on preference shares	0	0	0	0	0	(8,946)	(8,946)
Balance at 30 June 2007	<u>291,500</u>	<u>858,500</u>	<u>322,000</u>	<u>56,619</u>	<u>101,161</u>	<u>691,516</u>	<u>2,321,296</u>

The Unaudited Condensed Interim Financial Statements should be read in conjunction with the audited financial statements of the Group and Bank for the financial year ended 31 December 2007.

CONDENSED INTERIM FINANCIAL STATEMENTS**UNAUDITED STATEMENTS OF CHANGES IN EQUITY FOR THE SIX MONTHS ENDED 30 JUNE 2008
(Continued)**

	Non-distributable			Distributable		Total RM'000
	Share capital RM'000	Share premium RM'000	Statutory reserve RM'000	Fair value reserve RM'000	Retained Profits RM'000	
Bank						
Balance at 1 January 2008	291,500	858,500	322,000	70,687	929,966	2,472,653
Revaluation of available-for-sale securities (net)	0	0	0	(76,717)	0	(76,717)
Deferred tax on revaluation of available-for-sale securities (net)	0	0	0	20,781	0	20,781
Net gains recognised directly in equity	0	0	0	(55,936)	0	(55,936)
Net profit attributable to shareholders	0	0	0	0	357,119	357,119
Total recognised income and expense for the period	0	0	0	(55,936)	357,119	301,183
Dividends paid on ordinary shares in respect of:						
- Final 2007	0	0	0	0	(42,550)	(42,550)
Dividends paid on preference shares	0	0	0	0	(8,996)	(8,996)
Balance at 30 June 2008	<u>291,500</u>	<u>858,500</u>	<u>322,000</u>	<u>14,751</u>	<u>1,235,539</u>	<u>2,722,290</u>
Balance at 1 January 2007	291,500	858,500	322,000	67,892	677,425	2,217,317
Revaluation of available-for-sale securities (net)	0	0	0	43,070	0	43,070
Deferred tax on revaluation of available-for-sale securities (net)	0	0	0	(9,801)	0	(9,801)
Net gains recognised directly in equity	0	0	0	33,269	0	33,269
Net profit attributable to shareholders	0	0	0	0	266,281	266,281
Total recognised income and expense for the period	0	0	0	33,269	266,281	299,550
Dividends paid on ordinary shares in respect of:						
- Final 2006	0	0	0	0	(199,381)	(199,381)
Dividends paid on preference shares	0	0	0	0	(8,946)	(8,946)
Balance at 30 June 2007	<u>291,500</u>	<u>858,500</u>	<u>322,000</u>	<u>101,161</u>	<u>735,379</u>	<u>2,308,540</u>

The Unaudited Condensed Interim Financial Statements should be read in conjunction with the audited financial statements of the Group and Bank for the financial year ended 31 December 2007.

CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED CONDENSED CASH FLOW STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2008

	Group		Bank	
	30 June 2008 RM'000	30 June 2007 RM'000	30 June 2008 RM'000	30 June 2007 RM'000
Profit before taxation and zakat	485,803	374,858	485,981	374,695
Adjustments for non-operating and non-cash items	(85,107)	20,381	(85,108)	20,462
Operating profit before changes in working capital	400,696	395,239	400,873	395,157
Changes in working capital:				
Net changes in Operating Assets	1,244,148	(2,596,009)	1,243,951	(2,596,249)
Net changes in Operating Liabilities	577,054	3,934,720	577,074	3,935,045
Income tax and zakat paid	(89,214)	(65,421)	(89,214)	(65,421)
Net cash generated from operating activities	2,132,684	1,668,529	2,132,684	1,668,532
Net cash (utilised in) / generated from investing activities	(262,669)	111,796	(262,669)	111,793
Net cash generated from / (utilised in) financing activities	348,454	(8,327)	348,454	(8,327)
Net increase in cash and cash equivalents	2,218,469	1,771,998	2,218,469	1,771,998
Cash and cash equivalents at beginning of the period	5,866,514	5,927,925	5,866,514	5,927,925
Cash and cash equivalents at end of the period	8,084,983	7,699,923	8,084,983	7,699,923

The Unaudited Condensed Interim Financial Statements should be read in conjunction with the audited financial statements of the Group and Bank for the financial year ended 31 December 2007.

NOTES TO INTERIM FINANCIAL STATEMENTS – 30 JUNE 2008

1 REVIEW OF PERFORMANCE

The Bank recorded a strong net profit of RM357 million for the first six months of 2008, marking an increase of RM91 million or 34% compared to the corresponding period for 2007. Contributing to the higher net profits were a 22% or RM85 million increase in operating profits to RM476 million and a lower provisioning of RM26 million.

Total income rose by RM133 million or 21% to RM763 million as a result of increase in net interest income, which increased by RM61 million or 15% to RM 479 million whilst non-interest income registered gains of RM56 million or 32% to RM231 million. Overhead increased at a slower pace, by RM48 million or 20%, to RM288 million in line with expansion in business volumes.

Allowances registered a net write back of RM10 million compared to a charge of RM16 million last year due to loan recoveries which was partly offset by increase in general allowance made for loans growth. Net NPL ratio declined to 2.11% (Dec 07: 2.55%).

Against 31 Dec 2007, gross loans outstanding as at 30 Jun 2008 grew by RM2 billion or 7% to RM29.4 billion. The growth came from consumer and business loans of RM0.5 billion and RM1.5 billion respectively.

Shareholders' funds strengthened to RM2.7 billion while the bank's risk weighted capital ratio as at 30 Jun 2008 stood at 11.15%.

2 ECONOMIC PERFORMANCE AND PROSPECTS

Although the Malaysian economy registered strong growth of 7.1% in the first quarter of 2008, there are several indications that suggest this growth might not be sustainable throughout the course of the entire year. Among these are the sharp spikes in oil and global energy prices which led to the reduction in the Government's fuel and electricity subsidies. In addition, higher prices of raw commodities may further push inflation rates to record levels of between 6-7% in June 2008 (May: 3.8%). Given the steep price hikes, the anticipated reaction in lower consumer spending would impact adversely on private consumption as well as overall economic growth. The economic growth is forecast to be revised to below 5% this year compared to last year (6.3%).

These indicators, together with weak sentiments in the global economy and current political landscape, pose a challenging operating environment to the bank as it strives to better manage rising operating costs as well as to grow its loans in selective sectors. The bank will also continue to focus on providing alternative banking services through its Islamic banking products and channels. New full-fledged Islamic banking branches will be opened at strategic locations in order to expand the bank's full range of Islamic banking services to customers.

NOTES TO INTERIM FINANCIAL STATEMENTS – 30 JUNE 2008 (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 2007, except for the adoption of the following revised Financial Reporting Standards (FRS), amendments to FRSs and IC Interpretations, that are effective 1 January 2008,

FRS	Title
FRS 107	Cash Flow Statements
FRS 112	Income Taxes
FRS 118	Revenue
FRS 119	Employee Benefits
FRS 137	Provision, Contingent Liabilities and Contingent Assets
IC Interpretation 8	Scope of FRS 2

The adoption of the above FRS did not result in substantial changes to the Group and Bank's interim financial statements.

NOTES TO INTERIM FINANCIAL STATEMENTS – 30 JUNE 2008 (continued)**4 SECURITIES PORTFOLIO**

i) Held-for-trading securities

	Group		Bank	
	30 June 2008 RM'000	31 Dec 2007 RM'000	30 June 2008 RM'000	31 Dec 2007 RM'000
<u>At fair value</u>				
Malaysian Government treasury bills	5,083	38,410	5,083	38,410
Malaysian Government securities	9,757	234,984	9,757	234,984
Government Investment Certificate	(41) *	93,704	(41) *	93,704
Bank Negara Bills	73,804	224,022	73,804	224,022
Bank Negara Negotiable notes	29,943	53,750	29,943	53,750
Private debt securities	791,529	1,225,322	791,529	1,225,322
Quoted shares in Malaysia	6,610	2,606	6,610	2,606
	<u>916,685</u>	<u>1,872,798</u>	<u>916,685</u>	<u>1,872,798</u>

* The negative amount resulted from recognition of mark-to-market losses using trade date accounting.

ii) Available-for-sale securities

<u>At fair value</u>				
Malaysian Government treasury bills	28,965	28,973	28,965	28,973
Malaysian Government securities	2,595,768	2,757,797	2,595,768	2,757,797
Government Investment Certificate	1,171,731	1,069,944	1,171,731	1,069,944
Bank Negara Malaysia Negotiable notes	0	153,162	0	153,162
Cagamas bonds / notes	35,177	35,280	35,177	35,280
Foreign Government bonds	63,825	0	63,825	
Private debt securities	1,157,339	1,040,538	1,157,339	1,040,538
Negotiable instruments of deposit	625,000	625,000	625,000	625,000
Bankers' acceptances and Islamic accepted bills	230,756	0	230,756	0
Quoted shares in Malaysia	58,884	93,889	58,884	93,889
Unquoted shares in Malaysia	56,314	51,673	56,314	51,673
Unquoted shares outside Malaysia	12,324	0	12,324	0
Debentures	190	188	190	188
	<u>6,036,273</u>	<u>5,856,444</u>	<u>6,036,273</u>	<u>5,856,444</u>
Allowance for impairment losses in available-for-sale securities :				
- Unquoted shares in Malaysia	(121)	(121)	(121)	(121)
- Private debt securities	(638)	(6,300)	(638)	(6,300)
	<u>(759)</u>	<u>(6,421)</u>	<u>(759)</u>	<u>(6,421)</u>
	<u>6,035,514</u>	<u>5,850,023</u>	<u>6,035,514</u>	<u>5,850,023</u>

During the period / year, no available-for-sale securities were pledged to third parties in sale and repurchase agreements.

NOTES TO INTERIM FINANCIAL STATEMENTS – 30 JUNE 2008 (continued)**4 SECURITIES PORTFOLIO (continued)**

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

	Group		Bank	
	30 June 2008 RM'000	31 Dec 2007 RM'000	30 June 2008 RM'000	31 Dec 2007 RM'000
Maturity within one year	1,960,535	1,157,823	1,960,535	1,157,823
One year to three years	1,297,239	1,861,528	1,297,239	1,861,528
Three years to five years	1,919,904	2,008,968	1,919,904	2,008,968
Over five years	857,836	821,704	857,836	821,704
	<u>6,035,514</u>	<u>5,850,023</u>	<u>6,035,514</u>	<u>5,850,023</u>

5 LOANS, ADVANCES AND FINANCING

	Group		Bank	
	30 June 2008 RM'000	31 Dec 2007 RM'000	30 June 2008 RM'000	31 Dec 2007 RM'000
i) By type				
Overdrafts	3,204,401	3,261,190	3,204,401	3,261,190
Term loans/financing :				
Housing loans/financing	7,227,897	6,762,610	7,227,897	6,762,610
Syndicated term loan/financing	1,877,327	1,560,204	1,877,327	1,560,204
Hire purchase	591,668	449,570	591,668	449,570
Lease receivables	22,728	24,267	22,181	23,714
Other term loans	10,272,854	9,448,499	10,272,854	9,448,499
Credit/charge cards receivables	591,679	583,652	591,679	583,652
Bills receivable	58,935	79,123	58,935	79,123
Trust receipts	91,202	114,657	91,202	114,657
Claims on customers under acceptance credits	2,480,647	2,356,607	2,480,647	2,356,607
Block discounting	330	330	330	330
Loan to banks and other financial institutions	221,824	218,050	221,824	218,050
Revolving credit	1,940,942	2,032,899	1,940,942	2,032,899
Staff loans (of which RM Nil [2007 : RM Nil] to Directors)	113,739	114,217	113,739	114,217
Other loans	1,008,110	665,208	1,008,110	665,208
	<u>29,704,283</u>	<u>27,671,083</u>	<u>29,703,736</u>	<u>27,670,530</u>
Unearned interest and income	(286,610)	(238,406)	(286,591)	(238,381)
Gross loans, advances and financing	<u>29,417,673</u>	<u>27,432,677</u>	<u>29,417,145</u>	<u>27,432,149</u>
Allowance for bad and doubtful debts and financing :				
- Specific	(386,112)	(418,833)	(385,584)	(418,305)
- General	(433,084)	(402,112)	(433,069)	(402,097)
Net loans, advances and financing	<u>28,598,477</u>	<u>26,611,732</u>	<u>28,598,492</u>	<u>26,611,747</u>

NOTES TO INTERIM FINANCIAL STATEMENTS – 30 JUNE 2008 (continued)**5 LOANS, ADVANCES AND FINANCING (continued)**

ii) By type of customer

	Group		Bank	
	30 June 2008 RM'000	31 Dec 2007 RM'000	30 June 2008 RM'000	31 Dec 2007 RM'000
Domestic banking institutions	0	33,074	0	33,074
Domestic non-bank financial institutions				
- Stockbroking companies	87	50,161	87	50,161
- Others	264,182	235,908	264,182	235,908
Domestic business enterprises				
- Small medium enterprises ("SME")	5,311,992	4,677,986	5,311,813	4,677,808
- Non-SME	13,220,833	12,441,181	13,220,484	12,440,831
Government and statutory bodies	182,175	219,651	182,175	219,651
Individuals	10,357,079	9,712,221	10,357,079	9,712,221
Other domestic entities	2,776	2,666	2,776	2,666
Foreign entities	78,549	59,829	78,549	59,829
	<u>29,417,673</u>	<u>27,432,677</u>	<u>29,417,145</u>	<u>27,432,149</u>

iii) By interest/profit rate sensitivity

Fixed rate:				
Housing loans/financing	77,084	78,618	77,084	78,618
Hire purchase receivables	534,722	406,910	534,722	406,910
Other fixed rate loan/financing	2,490,947	2,400,090	2,490,419	2,399,562
Variable rate:				
BLR plus	18,115,673	16,566,038	18,115,673	16,566,038
Cost-plus	3,929,602	3,818,288	3,929,602	3,818,288
Other variable rates	4,269,645	4,162,733	4,269,645	4,162,733
	<u>29,417,673</u>	<u>27,432,677</u>	<u>29,417,145</u>	<u>27,432,149</u>

iv) By sector

Agriculture	1,643,400	1,651,442	1,643,400	1,651,442
Mining and quarrying	313,157	275,747	313,157	275,747
Manufacturing	5,372,392	5,089,382	5,372,392	5,089,382
Electricity, gas and water	283,336	230,974	283,336	230,974
Construction	1,306,116	1,326,049	1,305,767	1,325,700
Real estate	3,275,518	2,821,911	3,275,518	2,821,911
Wholesale & retail trade and restaurants & hotels	4,256,548	3,661,575	4,256,369	3,661,396
Transport, storage and communication	622,806	609,475	622,806	609,475
Finance, insurance and business services	708,350	734,952	708,350	734,952
Community, social and personal services	521,134	462,357	521,134	462,357
Households				
of which :				
i. Purchase of residential properties	7,209,902	6,817,604	7,209,902	6,817,604
ii. Purchase of non-residential properties	1,018,681	863,765	1,018,681	863,765
iii. Others	2,195,961	2,088,470	2,195,961	2,088,470
Others	690,372	798,974	690,372	798,974
	<u>29,417,673</u>	<u>27,432,677</u>	<u>29,417,145</u>	<u>27,432,149</u>

NOTES TO INTERIM FINANCIAL STATEMENTS – 30 JUNE 2008 (continued)**6 NON-PERFORMING LOANS, ADVANCES AND FINANCING**

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

	Group		Bank	
	30 June 2008 RM'000	31 Dec 2007 RM'000	30 June 2008 RM'000	31 Dec 2007 RM'000
Balance at 1 January	1,108,380	1,307,988	1,107,852	1,307,469
Non-performing during the period / year (gross)	221,411	490,377	221,411	490,368
Reclassified as performing during the period / year	(140,237)	(171,768)	(140,237)	(171,768)
Amount converted to investment securities	0	(5,662)	0	(5,662)
Amount recovered	(138,321)	(365,502)	(138,321)	(365,502)
Amount written off	(53,263)	(147,053)	(53,263)	(147,053)
Balance at end of period / year	997,970	1,108,380	997,442	1,107,852
Specific allowance	(386,112)	(418,833)	(385,584)	(418,305)
Net non-performing loans, advances and financing	<u>611,858</u>	<u>689,547</u>	<u>611,858</u>	<u>689,547</u>
Ratio of net non-performing loans, advances and financing to gross loans, advances and financing less specific allowance	<u>2.11%</u>	<u>2.55%</u>	<u>2.11%</u>	<u>2.55%</u>

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

	Group		Bank	
	30 June 2008 RM'000	31 Dec 2007 RM'000	30 June 2008 RM'000	31 Dec 2007 RM'000
<u>General allowance</u>				
Balance at 1 January	402,112	344,400	402,097	344,385
Allowance made during the period / year	30,972	57,712	30,972	57,712
Balance at end of period / year	<u>433,084</u>	<u>402,112</u>	<u>433,069</u>	<u>402,097</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 JUNE 2008 (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 June 2008 RM'000	31 Dec 2007 RM'000	30 June 2008 RM'000	31 Dec 2007 RM'000
<u>Specific allowance</u>				
Balance at 1 January	418,833	550,681	418,305	550,162
Allowance made during the period / year	112,464	248,125	112,464	248,116
Amount transferred to allowance for impairment losses for available-for-sale securities	0	(3,795)	0	(3,795)
Amount written back in respect of recoveries	(91,922)	(229,126)	(91,922)	(229,126)
Amount written off	(53,263)	(147,052)	(53,263)	(147,052)
Balance at end of period / year	<u>386,112</u>	<u>418,833</u>	<u>385,584</u>	<u>418,305</u>

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

	Group		Bank	
	30 June 2008 RM'000	31 Dec 2007 RM'000	30 June 2008 RM'000	31 Dec 2007 RM'000
Agriculture	12,008	17,871	12,008	17,871
Mining and quarrying	1,206	0	1,206	0
Manufacturing	321,211	323,981	321,211	323,981
Construction	44,646	60,266	44,297	59,916
Real estate	109,841	132,105	109,841	132,105
Wholesale & retail trade and restaurants & hotels	133,493	180,046	133,314	179,868
Transport, storage and communication	4,871	5,360	4,871	5,360
Finance, insurance and business services	1,791	2,960	1,791	2,960
Community, social and personal services	2,020	1,753	2,020	1,753
Households				
of which : i. Purchase of residential properties	226,756	227,513	226,756	227,513
ii. Purchase of non-residential properties	16,386	16,155	16,386	16,155
iii. Others	89,393	98,987	89,393	98,987
Others	34,348	41,383	34,348	41,383
	<u>997,970</u>	<u>1,108,380</u>	<u>997,442</u>	<u>1,107,852</u>

NOTES TO INTERIM FINANCIAL STATEMENTS – 30 JUNE 2008 (continued)**7 OTHER ASSETS**

	Group		Bank	
	30 June 2008 RM'000	31 Dec 2007 RM'000	30 June 2008 RM'000	31 Dec 2007 RM'000
Interest receivable	101,027	97,182	101,035	97,182
Derivative assets	650,483	261,577	650,483	261,577
Other debtors, deposits and prepayments	112,122	86,899	112,111	86,897
	<u>863,632</u>	<u>445,658</u>	<u>863,629</u>	<u>445,656</u>

8 INVESTMENT IN SUBSIDIARY COMPANIES

On 10 June 2008, the Bank acquired all shares in OCBC Al-Amin Bank Bhd, a company incorporated in Malaysia for RM2 in cash. There were no other significant changes in the composition of the Group during the second quarter ended 30 June 2008.

9 DEPOSITS FROM CUSTOMERS

i) By type of deposit

	Group		Bank	
	30 June 2008 RM'000	31 Dec 2007 RM'000	30 June 2008 RM'000	31 Dec 2007 RM'000
Demand deposits	4,611,280	4,160,825	4,625,765	4,175,460
Savings deposits	2,057,726	1,931,446	2,057,726	1,931,446
Fixed deposits	18,443,286	17,334,211	18,443,306	17,334,231
Negotiable instruments of deposits	118,888	138,833	118,888	138,833
Short term money market deposits	6,500,321	7,272,115	6,500,321	7,272,115
Structured investments	1,204,729	594,447	1,204,729	594,447
Others	48,806	36,089	48,806	36,089
	<u>32,985,036</u>	<u>31,467,966</u>	<u>32,999,541</u>	<u>31,482,621</u>

ii) By type of customers

	Group		Bank	
	30 June 2008 RM'000	31 Dec 2007 RM'000	30 June 2008 RM'000	31 Dec 2007 RM'000
Government and statutory bodies	5,320	80,248	5,320	80,248
Business enterprises	15,197,906	14,722,391	15,197,906	14,722,391
Individuals	15,157,473	13,597,992	15,157,473	13,597,992
Others	2,624,337	3,067,335	2,638,842	3,081,990
	<u>32,985,036</u>	<u>31,467,966</u>	<u>32,999,541</u>	<u>31,482,621</u>

NOTES TO INTERIM FINANCIAL STATEMENTS – 30 JUNE 2008 (continued)**10 DEPOSITS AND PLACEMENTS OF BANKS AND OTHER FINANCIAL INSTITUTIONS**

	Group		Bank	
	30 June 2008	31 Dec 2007	30 June 2008	31 Dec 2007
	RM'000	RM'000	RM'000	RM'000
Licensed banks	4,038,200	1,746,978	4,038,200	1,746,978
Bank Negara Malaysia	1,143,345	1,653,463	1,143,345	1,653,463
Other financial institutions	554,408	663,827	554,408	663,827
	<u>5,735,953</u>	<u>4,064,268</u>	<u>5,735,953</u>	<u>4,064,268</u>

11 SUBORDINATED TERM LOAN / BONDS

On 31 March 2008, the Bank repaid the full subordinated term loan of USD50 million 10-year unsecured term loan obtained from Oversea-Chinese Banking Corporation Limited, Labuan Branch upon approval of Bank Negara Malaysia.

12 OTHER LIABILITIES

	Group		Bank	
	30 June 2008	31 Dec 2007	30 June 2008	31 Dec 2007
	RM'000	RM'000	RM'000	RM'000
Accruals for personnel costs *	33,540	54,571	33,504	54,519
Equity compensation benefits	6,558	5,274	6,558	5,274
Obligations under finance lease	0	0	155	198
Provision for commitment and contingencies (a)	0	3,936	0	3,936
Interest payable	186,120	186,182	186,120	186,182
Other accruals and charges	133,175	210,256	133,089	210,171
Derivatives liabilities	553,765	226,888	553,765	226,888
Trading liabilities #	14,372	0	14,372	0
Profit equalisation reserve [Note 25 (6)]	13,808	15,072	13,808	15,072
	<u>941,338</u>	<u>702,179</u>	<u>941,371</u>	<u>702,240</u>

* Includes accrual for salary, bonus, employee benefits and EPF

Short selling of Malaysian Government securities as at 30 June 2008 in accordance to Bank Negara Malaysia's guideline dated 7 October 2005 "Guidelines on Regulated Short Selling Securities in the Wholesale Money Market".

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

	Group		Bank	
	30 June 2008	31 Dec 2007	30 June 2008	31 Dec 2007
	RM'000	RM'000	RM'000	RM'000
Balance at 1 January	3,936	2,632	3,936	2,632
Amount (written back) / provided during the period / year (net)	<u>(3,936)</u>	<u>1,304</u>	<u>(3,936)</u>	<u>1,304</u>
Balance at end of period / year	<u>0</u>	<u>3,936</u>	<u>0</u>	<u>3,936</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 JUNE 2008 (continued)**13 INTEREST INCOME**

<u>Group</u>	2nd Quarter Ended		Half Year Ended	
	30 June 2008 RM'000	30 June 2007 RM'000	30 June 2008 RM'000	30 June 2007 RM'000
Loans and advances				
- Interest income other than recoveries from NPL	378,498	336,092	742,220	662,861
- Recoveries from NPLs	7,992	10,619	20,010	16,737
Money at call and deposit placements with financial institutions	74,285	62,427	140,495	105,104
Held-for-trading securities	11,224	12,196	29,201	21,635
Available-for-sale securities	61,046	64,272	115,631	129,785
Others	434	447	870	939
	<u>533,479</u>	<u>486,053</u>	<u>1,048,427</u>	<u>937,061</u>
Amortisation of premium less accretion of discount	(5,918)	(11,403)	(11,474)	(22,707)
	<u>527,561</u>	<u>474,650</u>	<u>1,036,953</u>	<u>914,354</u>

<u>Bank</u>	2nd Quarter Ended		Half Year Ended	
	30 June 2008 RM'000	30 June 2007 RM'000	30 June 2008 RM'000	30 June 2007 RM'000
Loans and advances				
- Interest income other than recoveries from NPL	378,498	336,092	742,220	662,861
- Recoveries from NPLs	7,992	10,619	20,010	16,737
Money at call and deposit placements with financial institutions	74,285	62,427	140,495	105,104
Held-for-trading securities	11,224	12,196	29,201	21,635
Available-for-sale securities	61,046	64,272	115,631	129,785
Others	434	447	870	939
	<u>533,479</u>	<u>486,053</u>	<u>1,048,427</u>	<u>937,061</u>
Amortisation of premium less accretion of discount	(5,918)	(11,403)	(11,474)	(22,707)
	<u>527,561</u>	<u>474,650</u>	<u>1,036,953</u>	<u>914,354</u>

NOTES TO INTERIM FINANCIAL STATEMENTS – 30 JUNE 2008 (continued)**14 INTEREST EXPENSE**

Group	2nd Quarter Ended		Half Year Ended	
	30 June 2008 RM'000	30 June 2007 RM'000	30 June 2008 RM'000	30 June 2007 RM'000
Deposits and placements of banks and other financial institutions	42,580	31,366	83,591	60,101
Deposits from customers	224,332	192,749	439,896	355,336
Loans sold to Cagamas	5,648	7,051	12,288	14,335
Subordinated term loan / bonds	9,058	7,242	20,408	14,567
Others	313	20,266	1,911	52,112
	281,931	258,674	558,094	496,451

Bank	2nd Quarter Ended		Half Year Ended	
	30 June 2008 RM'000	30 June 2007 RM'000	30 June 2008 RM'000	30 June 2007 RM'000
Deposits and placements of banks and other financial institutions	42,580	31,366	83,591	60,101
Deposits from customers	224,332	192,857	439,896	355,550
Loans sold to Cagamas	5,648	7,051	12,288	14,335
Subordinated term loan / bonds	9,058	7,242	20,408	14,567
Others	316	20,271	1,918	52,124
	281,934	258,787	558,101	496,677

NOTES TO INTERIM FINANCIAL STATEMENTS – 30 JUNE 2008 (continued)**15 NON-INTEREST INCOME**

<u>Group</u>	<u>2nd Quarter Ended</u>		<u>Half Year Ended</u>	
	30 June 2008 RM'000	30 June 2007 RM'000	30 June 2008 RM'000	30 June 2007 RM'000
Fee income:-				
Commission	21,942	25,774	45,080	53,066
Service charges and fees	23,142	19,534	43,212	36,916
Guarantee fees	4,035	3,901	10,838	9,222
Other fee income	4,467	3,617	8,438	7,231
	<u>53,586</u>	<u>52,826</u>	<u>107,568</u>	<u>106,435</u>
Income from securities (net):-				
Net (losses) / gains from sale of held-for-trading securities	(355)	7,732	8,402	14,236
Net gains from sale of available-for-sale securities	6,142	0	23,650	133
Unrealised losses on revaluation of held-for-trading securities (net)	(17,581)	(9,453)	(16,348)	(6,711)
Gross dividends from Malaysia:				
- available-for-sale securities	3,361	1,760	4,085	2,395
Gross dividends from outside Malaysia:				
- available-for-sale securities	1	0	1	0
	<u>45,154</u>	<u>52,865</u>	<u>127,358</u>	<u>116,488</u>
Other income (net):-				
Gains arising from dealing in foreign currency (net)	3,061	18,123	57,564	39,313
Gains / (losses) arising from trading derivative (net)	26,723	(469)	19,698	(3,987)
Unrealised gains on revaluation of derivatives (net)	54	6,452	17,124	18,954
Rental income (net)	1,533	1,258	2,893	2,487
Gain on disposal of property, plant and equipment	0	95	5	130
Gain on disposal of non-current asset held for sale	0	1,367	0	1,367
Others	5,422	(1,203)	5,939	(253)
	<u>36,793</u>	<u>25,623</u>	<u>103,223</u>	<u>58,011</u>
	<u>81,947</u>	<u>78,488</u>	<u>230,581</u>	<u>174,499</u>

NOTES TO INTERIM FINANCIAL STATEMENTS – 30 JUNE 2008 (continued)**15 NON-INTEREST INCOME (continued)**

Bank	2nd Quarter Ended		Half Year Ended	
	30 June 2008 RM'000	30 June 2007 RM'000	30 June 2008 RM'000	30 June 2007 RM'000
Fee income:-				
Commission	21,942	25,774	45,080	53,066
Service charges and fees	23,142	19,534	43,212	36,916
Guarantee fees	4,035	3,901	10,838	9,222
Other fee income	4,467	3,617	8,438	7,231
	<u>53,586</u>	<u>52,826</u>	<u>107,568</u>	<u>106,435</u>
Income from securities (net):-				
Net (losses) / gains from sale of held-for-trading securities	(355)	7,732	8,402	14,236
Net gains from sale of available-for-sale securities	6,142	0	23,650	133
Unrealised losses on revaluation of held-for-trading securities (net)	(17,581)	(9,453)	(16,348)	(6,711)
Gross dividends from Malaysia:				
- available-for-sale securities	3,361	1,760	4,085	2,395
Gross dividends from outside Malaysia:				
- available-for-sale securities	1	0	1	0
	<u>45,154</u>	<u>52,865</u>	<u>127,358</u>	<u>116,488</u>
Other income (net):-				
Gains arising from dealing in foreign currency (net)	3,061	18,123	57,564	39,313
Gains / (losses) arising from trading derivative (net)	26,723	(469)	19,698	(3,987)
Unrealised gains on revaluation of derivatives (net)	54	6,452	17,124	18,954
Rental income (net)	1,540	1,258	2,900	2,487
Gain on disposal of property, plant and equipment	0	94	5	129
Gain on disposal of non-current asset held for sale	0	1,367	0	1,367
Others	5,422	(1,203)	5,939	(253)
	<u>36,800</u>	<u>25,622</u>	<u>103,230</u>	<u>58,010</u>
	<u>81,954</u>	<u>78,487</u>	<u>230,588</u>	<u>174,498</u>

NOTES TO INTERIM FINANCIAL STATEMENTS – 30 JUNE 2008 (continued)**16 STAFF COST AND OVERHEAD EXPENSES**

<u>Group</u>	2nd Quarter Ended		Half Year Ended	
	30 June 2008 RM'000	30 June 2007 RM'000	30 June 2008 RM'000	30 June 2007 RM'000
Personnel costs (i)	75,367	60,813	146,953	110,515
Establishment costs (ii)	14,219	15,504	27,908	26,727
Marketing expenses (iii)	5,350	7,352	15,732	15,975
Administration and general expenses (iv)	49,869	47,179	97,342	86,719
	<u>144,805</u>	<u>130,848</u>	<u>287,935</u>	<u>239,936</u>

<u>Bank</u>	2nd Quarter Ended		Half Year Ended	
	30 June 2008 RM'000	30 June 2007 RM'000	30 June 2008 RM'000	30 June 2007 RM'000
Personnel costs (i)	75,291	60,771	146,801	110,416
Establishment costs (ii)	14,222	15,499	27,907	26,717
Marketing expenses (iii)	5,350	7,352	15,732	15,975
Administration and general expenses (iv)	49,849	47,175	97,317	86,682
	<u>144,712</u>	<u>130,797</u>	<u>287,757</u>	<u>239,790</u>

(i) Personnel costs

<u>Group</u>	2nd Quarter Ended		Half Year Ended	
	30 June 2008 RM'000	30 June 2007 RM'000	30 June 2008 RM'000	30 June 2007 RM'000
Wages, salaries and bonus	54,017	43,997	106,060	80,949
Defined contribution plan (EPF)	8,560	7,190	17,631	12,984
Equity compensation benefit	1,382	702	2,204	1,690
Employee benefit	1,362	482	965	73
Other personnel costs	10,046	8,442	20,093	14,819
	<u>75,367</u>	<u>60,813</u>	<u>146,953</u>	<u>110,515</u>

NOTES TO INTERIM FINANCIAL STATEMENTS – 30 JUNE 2008 (continued)**16 STAFF COST AND OVERHEAD EXPENSES (continued)****(i) Personnel costs (continued)**

<u>Bank</u>	<u>2nd Quarter Ended</u>		<u>Half Year Ended</u>	
	30 June 2008 RM'000	30 June 2007 RM'000	30 June 2008 RM'000	30 June 2007 RM'000
Wages, salaries and bonus	53,961	43,969	105,946	80,881
Defined contribution plan (EPF)	8,551	7,186	17,612	12,973
Equity compensation benefit	1,382	702	2,204	1,690
Employee benefit	1,362	482	965	73
Other personnel costs	10,035	8,432	20,074	14,799
	<u>75,291</u>	<u>60,771</u>	<u>146,801</u>	<u>110,416</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

<u>Group</u>	<u>2nd Quarter Ended</u>		<u>Half Year Ended</u>	
	30 June 2008 RM'000	30 June 2007 RM'000	30 June 2008 RM'000	30 June 2007 RM'000
Rental of premises	1,848	1,165	3,125	2,294
Rental of equipment	211	0	211	0
Depreciation of property, plant and equipment	7,026	6,373	13,776	12,591
Depreciation of investment property	123	43	202	81
Amortisation of prepaid lease payment	13	18	26	36
Repair and maintenance	1,450	1,919	3,548	3,173
Others	3,548	5,986	7,020	8,552
	<u>14,219</u>	<u>15,504</u>	<u>27,908</u>	<u>26,727</u>

<u>Bank</u>	<u>2nd Quarter Ended</u>		<u>Half Year Ended</u>	
	30 June 2008 RM'000	30 June 2007 RM'000	30 June 2008 RM'000	30 June 2007 RM'000
Rental of premises	1,851	1,162	3,125	2,287
Rental of equipment	211	0	211	0
Depreciation of property, plant and equipment	7,026	6,372	13,775	12,589
Depreciation of investment property	123	43	202	81
Amortisation of prepaid lease payment	13	18	26	36
Repair and maintenance	1,450	1,919	3,548	3,173
Others	3,548	5,985	7,020	8,551
	<u>14,222</u>	<u>15,499</u>	<u>27,907</u>	<u>26,717</u>

NOTES TO INTERIM FINANCIAL STATEMENTS – 30 JUNE 2008 (continued)

16 STAFF COST AND OVERHEAD EXPENSES (continued)

(iii) Marketing expenses

<u>Group</u>	2nd Quarter Ended		Half Year Ended	
	30 June 2008 RM'000	30 June 2007 RM'000	30 June 2008 RM'000	30 June 2007 RM'000
Transport and travelling	2,066	1,546	3,772	2,759
Advertisement and business promotion	2,890	5,376	10,933	12,170
Others	394	430	1,027	1,046
	<u>5,350</u>	<u>7,352</u>	<u>15,732</u>	<u>15,975</u>

<u>Bank</u>	2nd Quarter Ended		Half Year Ended	
	30 June 2008 RM'000	30 June 2007 RM'000	30 June 2008 RM'000	30 June 2007 RM'000
Transport and travelling	2,066	1,546	3,772	2,759
Advertisement and business promotion	2,890	5,376	10,933	12,170
Others	394	430	1,027	1,046
	<u>5,350</u>	<u>7,352</u>	<u>15,732</u>	<u>15,975</u>

(iv) Administration and general expenses

<u>Group</u>	2nd Quarter Ended		Half Year Ended	
	30 June 2008 RM'000	30 June 2007 RM'000	30 June 2008 RM'000	30 June 2007 RM'000
Printing and stationery	2,556	2,198	4,831	3,704
Postage and courier	1,192	1,104	2,833	1,850
Telephone, telex and fax	2,178	1,424	4,238	2,521
Legal and consultancy fees	1,176	1,988	2,219	3,181
Transaction processing fees	33,489	29,984	65,388	56,979
Other administrative and general expenses	9,278	10,481	17,833	18,484
	<u>49,869</u>	<u>47,179</u>	<u>97,342</u>	<u>86,719</u>

<u>Bank</u>	2nd Quarter Ended		Half Year Ended	
	30 June 2008 RM'000	30 June 2007 RM'000	30 June 2008 RM'000	30 June 2007 RM'000
Printing and stationery	2,555	2,199	4,830	3,704
Postage and courier	1,192	1,104	2,833	1,850
Telephone, telex and fax	2,178	1,423	4,238	2,520
Legal and consultancy fees	1,176	1,992	2,219	3,153
Transaction processing fees	33,489	29,984	65,388	56,979
Other administrative and general expenses	9,259	10,473	17,809	18,476
	<u>49,849</u>	<u>47,175</u>	<u>97,317</u>	<u>86,682</u>

NOTES TO INTERIM FINANCIAL STATEMENTS – 30 JUNE 2008 (continued)**17 (WRITE BACK OF) / ALLOWANCE FOR LOSSES ON LOANS, ADVANCES AND FINANCING**

<u>Group</u>	<u>2nd Quarter Ended</u>		<u>Half Year Ended</u>	
	30 June 2008 RM'000	30 June 2007 RM'000	30 June 2008 RM'000	30 June 2007 RM'000
Allowance for bad and doubtful debts and financing:-				
Specific allowance				
- made in the financial period	57,667	77,087	112,464	127,462
- written back	(46,712)	(82,736)	(91,922)	(115,985)
General allowance				
- made in the financial period	13,261	5,415	30,972	18,649
Other allowance	236	81	833	87
Bad debts and financing :-				
- written off	14	157	173	188
- recovered	(51,894)	(8,342)	(59,433)	(14,911)
	<u>(27,428)</u>	<u>(8,338)</u>	<u>(6,913)</u>	<u>15,490</u>

<u>Bank</u>	<u>2nd Quarter Ended</u>		<u>Half Year Ended</u>	
	30 June 2008 RM'000	30 June 2007 RM'000	30 June 2008 RM'000	30 June 2007 RM'000
Allowance for bad and doubtful debts and financing:-				
Specific allowance				
- made in the financial period	57,667	77,078	112,464	127,453
- written back	(46,712)	(82,736)	(91,922)	(115,985)
General allowance				
- made in the financial period	13,261	5,415	30,972	18,649
Other allowance	236	81	833	87
Bad debts and financing :-				
- written off	14	157	173	188
- recovered	(51,894)	(8,342)	(59,433)	(14,820)
	<u>(27,428)</u>	<u>(8,347)</u>	<u>(6,913)</u>	<u>15,572</u>

NOTES TO INTERIM FINANCIAL STATEMENTS – 30 JUNE 2008 (continued)**18 TAXATION**

Group	2nd Quarter Ended		Half Year Ended	
	30 June 2008 RM'000	30 June 2007 RM'000	30 June 2008 RM'000	30 June 2007 RM'000
Malaysian income tax – current period	72,051	54,133	124,857	103,799
Deferred taxation :				
- relating to originating and reversal of temporary differences	(11,229)	(543)	3,982	4,653
	<u>60,822</u>	<u>53,590</u>	<u>128,839</u>	<u>108,452</u>
Bank	2nd Quarter Ended		Half Year Ended	
	30 June 2008 RM'000	30 June 2007 RM'000	30 June 2008 RM'000	30 June 2007 RM'000
Malaysian income tax – current period	72,051	54,100	124,861	103,733
Deferred taxation :				
- relating to originating and reversal of temporary differences	(11,226)	(531)	4,001	4,681
	<u>60,825</u>	<u>53,569</u>	<u>128,862</u>	<u>108,414</u>

19 CAPITAL COMMITMENTS

	Group		Bank	
	30 June 2008 RM'000	30 June 2007 RM'000	30 June 2008 RM'000	30 June 2007 RM'000
Capital expenditure in respect of property, plant and equipment:-				
- authorised and contracted for	43,539	18,189	43,539	18,189
- authorised but not contracted for	19,055	30,337	19,055	30,337
	<u>62,594</u>	<u>48,526</u>	<u>62,594</u>	<u>48,526</u>

NOTES TO INTERIM FINANCIAL STATEMENTS – 30 JUNE 2008 (continued)**20 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 12), no material losses are anticipated as a result of these transactions.

	30 June 2008			31 Dec 2007		
	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	1,167,545	1,167,545	1,162,777	1,119,803	1,119,803	1,114,337
Transaction-related contingent items	1,272,521	636,260	608,648	1,172,085	586,042	559,760
Short-term self-liquidating trade-related contingencies	376,729	75,346	75,098	413,645	82,729	82,618
Obligations under underwriting agreement	140,000	70,000	70,000	76,000	38,000	38,000
Irrevocable commitments to extend credit:						
- maturity exceeding one year	9,968,702	4,984,351	4,984,351	8,835,582	4,417,791	4,417,791
- maturity not exceeding one year	8,429,097	0	0	7,894,166	0	0
Foreign exchange related contracts						
- less than one year	40,044,702	598,912	193,343	12,726,356	239,586	66,171
- one year to less than five years	1,375,589	216,240	69,807	467,519	64,310	17,762
- five years and above	847,915	190,738	61,575	97,763	14,665	4,050
Interest rate contracts						
- less than one year	7,950,729	21,962	5,941	5,859,413	16,664	4,352
- one year to less than five years	21,149,608	777,148	210,219	19,237,098	535,190	139,777
- five years and above	1,325,007	135,525	36,660	1,177,772	95,811	25,023
Equity and commodity related contracts	502,073	57,332	20,973	358,023	74,853	41,453
Miscellaneous	1,119,669	0	0	133,602	0	0
Total	95,669,886	8,931,359	7,499,392	59,568,827	7,285,444	6,511,094

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

NOTES TO INTERIM FINANCIAL STATEMENTS – 30 JUNE 2008 (continued)**21 INTEREST/PROFIT RATE RISK****Group**

As at 30 June 2008	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	6,364,390	0	0	0	0	101,885	0	6,466,275	3.92
Securities purchased under resale agreement	177,699	0	0	0	0	0	0	177,699	2.68
Deposits and placements with financial institutions	0	1,222,127	396,581	0	0	0	0	1,618,708	3.92
Held-for-trading securities	0	0	0	0	0	0	916,685	916,685	4.39
Available-for-sale securities	398,904	671,646	889,985	3,217,196	743,154	114,629 [^]	0	6,035,514	3.71
Loans, advances and financing									
- performing	22,671,096	1,529,582	399,970	1,431,300	296,179	1,658,492 [*]	0	27,986,619	6.26
- non-performing	0	0	0	0	0	611,858 [#]	0	611,858	-
Other assets	0	0	0	0	0	863,632	0	863,632	-
Statutory deposits with Bank Negara Malaysia	0	0	0	0	0	956,608	0	956,608	-
Property, plant and equipment	0	0	0	0	0	221,012	0	221,012	-
Investment property	0	0	0	0	0	12,907	0	12,907	-
Prepaid lease payment	0	0	0	0	0	2,955	0	2,955	-
Non-current assets held for sale	0	0	0	0	0	2,092	0	2,092	-
Deferred taxation asset	0	0	0	0	0	116,855	0	116,855	-
Total assets	29,612,089	3,423,355	1,686,536	4,648,496	1,039,333	4,662,925	916,685	45,989,419	
Liabilities									
Deposits from customers	18,053,520	3,427,096	7,071,810	876,101	0	3,556,509	0	32,985,036	2.93
Deposits and placements of banks and other financial institutions	4,167,741	840,455	506,080	73,027	148,650	0	0	5,735,953	3.19
Bills and acceptances payable	0	0	0	0	0	2,132,369	0	2,132,369	-
Amount due to Cagamas	0	8,726	62,037	358,751	24,545	0	0	454,059	3.56
Subordinated term loan / bonds	0	0	60,904	243,615	600,000	0	0	904,519	5.06
Other liabilities	0	0	0	0	0	926,966	14,372	941,338	-
Taxation and zakat	0	0	0	0	0	101,280	0	101,280	-
Total liabilities	22,221,261	4,276,277	7,700,831	1,551,494	773,195	6,717,124	14,372	43,254,554	
On-balance sheet interest sensitivity gap	7,390,828	(852,922)	(6,014,295)	3,097,002	266,138	(2,054,199)	902,313	2,734,865	
Off-balance sheet interest sensitivity gap	0	(726,670)	65,334	661,336	0	0	0	0	
Total interest sensitivity gap	7,390,828	(1,579,592)	(5,948,961)	3,758,338	266,138	(2,054,199)	902,313	2,734,865	

NOTES TO INTERIM FINANCIAL STATEMENTS – 30 JUNE 2008 (continued)**21 INTEREST/PROFIT RATE RISK (continued)****Bank**

As at 30 June 2008	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	6,364,390	0	0	0	0	101,885	0	6,466,275	3.92
Securities purchased under resale agreement	177,699	0	0	0	0	0	0	177,699	2.68
Deposits and placements with financial institutions	0	1,222,127	396,581	0	0	0	0	1,618,708	3.92
Held-for-trading securities	0	0	0	0	0	0	916,685	916,685	4.39
Available-for-sale securities	398,904	671,646	889,985	3,217,196	743,154	114,629 [^]	0	6,035,514	3.71
Loans, advances and financing									
- performing	22,671,096	1,529,579	399,970	1,431,156	296,179	1,658,654 [*]	0	27,986,634	6.26
- non-performing	0	0	0	0	0	611,858 [#]	0	611,858	-
Other assets	0	0	0	0	0	863,629	0	863,629	-
Statutory deposits with Bank Negara Malaysia	0	0	0	0	0	956,608	0	956,608	-
Investment in subsidiary companies	0	0	0	0	0	1,611	0	1,611	-
Property, plant and equipment	0	0	0	0	0	221,005	0	221,005	-
Investment property	0	0	0	0	0	12,907	0	12,907	-
Prepaid lease payment	0	0	0	0	0	2,955	0	2,955	-
Non-current assets held for sale	0	0	0	0	0	2,092	0	2,092	-
Deferred taxation asset	0	0	0	0	0	117,125	0	117,125	-
Total assets	29,612,089	3,423,352	1,686,536	4,648,352	1,039,333	4,664,958	916,685	45,991,305	
Liabilities									
Deposits from customers	18,053,520	3,427,116	7,071,810	876,101	0	3,570,994	0	32,999,541	2.93
Deposits and placements of banks and other financial institutions	4,167,741	840,455	506,080	73,027	148,650	0	0	5,735,953	3.19
Bills and acceptances payable	0	0	0	0	0	2,132,369	0	2,132,369	-
Amount due to Cagamas	0	8,726	62,037	358,751	24,545	0	0	454,059	3.56
Subordinated term loan / bonds	0	0	60,904	243,615	600,000	0	0	904,519	5.06
Other liabilities	0	0	0	0	0	926,999	14,372	941,371	-
Taxation and zakat	0	0	0	0	0	101,203	0	101,203	-
Total liabilities	22,221,261	4,276,297	7,700,831	1,551,494	773,195	6,731,565	14,372	43,269,015	
On-balance sheet interest sensitivity gap	7,390,828	(852,945)	(6,014,295)	3,096,858	266,138	(2,066,607)	902,313	2,722,290	
Off-balance sheet interest sensitivity gap	0	(726,670)	65,334	661,336	0	0	0	0	
Total interest sensitivity gap	7,390,828	(1,579,615)	(5,948,961)	3,758,194	266,138	(2,066,607)	902,313	2,722,290	

[^] The amount includes allowance for impairment losses in investment securities in accordance with the Bank's accounting policy amounting to RM759,000 for Group and Bank.

^{*} The amount includes general allowance for loans, advances and financing in accordance with the Bank's accounting policy amounting to RM433,084,000 for Group and RM433,069,000 for Bank.

[#] The amount includes specific allowance for loans, advances and financing in accordance with the Bank's accounting policy amounting to RM386,112,000 for Group and RM385,584,000 for Bank

NOTES TO INTERIM FINANCIAL STATEMENTS – 30 JUNE 2008 (continued)**21 INTEREST/PROFIT RATE RISK (continued)****Group**

As at 31 December 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	5,540,690	0	0	0	0	95,425	0	5,636,115	4.08
Securities purchased under resale agreement	181,828	176,516	0	0	0	0	0	358,344	3.55
Deposits and placements with financial institutions	0	142,990	87,409	0	0	0	0	230,399	4.08
Held-for-trading securities	0	0	0	0	0	0	1,872,798	1,872,798	4.20
Available-for-sale securities	200,000	593,670	364,153	3,870,549	682,323	139,328 [^]	0	5,850,023	4.02
Loans, advances and financing									
- performing	20,713,714	1,600,222	538,637	1,228,642	222,505	1,618,465 [*]	0	25,922,185	6.54
- non-performing	0	0	0	0	0	689,547 [#]	0	689,547	-
Other assets	0	0	0	0	0	184,146	261,512	445,658	-
Statutory deposits with Bank Negara Malaysia	0	0	0	0	0	843,608	0	843,608	-
Property, plant and equipment	0	0	0	0	0	221,683	0	221,683	-
Investment property	0	0	0	0	0	10,066	0	10,066	-
Prepaid lease payment	0	0	0	0	0	2,981	0	2,981	-
Non-current assets held for sale	0	0	0	0	0	2,092	0	2,092	-
Deferred taxation asset	0	0	0	0	0	100,056	0	100,056	-
Total assets	26,636,232	2,513,398	990,199	5,099,191	904,828	3,907,397	2,134,310	42,185,555	
Liabilities									
Deposits from customers	15,404,972	5,428,247	6,243,058	552,199	0	3,839,490	0	31,467,966	2.94
Deposits and placements of banks and other financial institutions	3,799,498	57,401	34,763	60,659	111,947	0	0	4,064,268	3.98
Bills and acceptances payable	0	0	0	0	0	1,682,232	0	1,682,232	-
Amount due to Cagamas	0	0	144,644	440,454	43,582	0	0	628,680	4.30
Subordinated term loan / bonds	0	0	0	358,754	730,456	0	0	1,089,210	5.13
Other liabilities	0	0	0	0	0	483,772	218,407	702,179	-
Taxation and zakat	0	0	0	0	0	65,637	0	65,637	-
Total liabilities	19,204,470	5,485,648	6,422,465	1,412,066	885,985	6,071,131	218,407	39,700,172	
On-balance sheet interest sensitivity gap	7,431,762	(2,972,250)	(5,432,266)	3,687,125	18,843	(2,163,734)	1,915,903	2,485,383	
Off-balance sheet interest sensitivity gap	(90,000)	(165,346)	(330,693)	453,762	132,277	0	0	0	
Total interest sensitivity gap	7,341,762	(3,137,596)	(5,762,959)	4,140,887	151,120	(2,163,734)	1,915,903	2,485,383	

NOTES TO INTERIM FINANCIAL STATEMENTS – 30 JUNE 2008 (continued)**21 INTEREST/PROFIT RATE RISK (continued)****Bank**

As at 31 December 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	5,540,690	0	0	0	0	95,425	0	5,636,115	4.08
Securities purchased under resale agreement	181,828	176,516	0	0	0	0	0	358,344	3.55
Deposits and placements with financial institutions	0	142,990	87,409	0	0	0	0	230,399	4.08
Held-for-trading securities	0	0	0	0	0	0	1,872,798	1,872,798	4.20
Available-for-sale securities	200,000	593,670	364,153	3,870,549	682,323	139,328 [^]	0	5,850,023	4.02
Loans, advances and financing									
- performing	20,713,714	1,600,222	538,835	1,228,466	222,484	1,618,479 [*]	0	25,922,200	6.54
- non-performing	0	0	0	0	0	689,547 [#]	0	689,547	-
Other assets	0	0	0	0	0	184,144	261,512	445,656	-
Statutory deposits with Bank Negara Malaysia	0	0	0	0	0	843,608	0	843,608	-
Investment in subsidiary companies	0	0	0	0	0	1,611	0	1,611	-
Property, plant and equipment	0	0	0	0	0	221,675	0	221,675	-
Investment property	0	0	0	0	0	10,066	0	10,066	-
Prepaid lease payment	0	0	0	0	0	2,981	0	2,981	-
Non-current assets held for sale	0	0	0	0	0	2,092	0	2,092	-
Deferred taxation asset	0	0	0	0	0	100,345	0	100,345	-
Total assets	26,636,232	2,513,398	990,397	5,099,015	904,807	3,909,301	2,134,310	42,187,460	
Liabilities									
Deposits from customers	15,404,972	5,428,247	6,243,078	552,199	0	3,854,125	0	31,482,621	2.94
Deposits and placements of banks and other financial institutions	3,799,498	57,401	34,763	60,659	111,947	0	0	4,064,268	3.98
Bills and acceptances payable	0	0	0	0	0	1,682,232	0	1,682,232	-
Amount due to Cagamas	0	0	144,644	440,454	43,582	0	0	628,680	4.30
Subordinated term loan / bonds	0	0	0	358,754	730,456	0	0	1,089,210	5.13
Other liabilities	0	0	0	0	0	483,833	218,407	702,240	-
Taxation and zakat	0	0	0	0	0	65,556	0	65,556	-
Total liabilities	19,204,470	5,485,648	6,422,485	1,412,066	885,985	6,085,746	218,407	39,714,807	
On-balance sheet interest sensitivity gap	7,431,762	(2,972,250)	(5,432,088)	3,686,949	18,822	(2,176,445)	1,915,903	2,472,653	
Off-balance sheet interest sensitivity gap	(90,000)	(165,346)	(330,693)	453,762	132,277	0	0	0	
Total interest sensitivity gap	7,341,762	(3,137,596)	(5,762,781)	4,140,711	151,099	(2,176,445)	1,915,903	2,472,653	

[^] 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 402,112,000 for Group and RM 402,097,000 for Bank.

[#] The amount includes specific allowance for loans, advances and financing in accordance with the Bank's accounting policy amounting to RM 418,833,000 for Group and RM 418,305,000 for Bank.

NOTES TO INTERIM FINANCIAL STATEMENTS – 30 JUNE 2008 (continued)**22 CAPITAL ADEQUACY**

	Bank	
	30 June 2008 RM'000	31 Dec 2007 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	1,235,539	929,966
Other reserves	322,000	322,000
	<u>2,707,539</u>	<u>2,401,966</u>
Less: Deferred tax assets	<u>(107,819)</u>	<u>(111,821)</u>
Total Tier-1 capital	<u>2,599,720</u>	<u>2,290,145</u>
<u>Tier-2 capital</u>		
General allowance for bad and doubtful debts and financing	433,069	402,097
Subordinated term loan	922,417	932,172
Total Tier-2 capital	<u>1,355,486</u>	<u>1,334,269</u>
Total capital	3,955,206	3,624,414
Less :		
Investment in subsidiaries	(1,611)	(1,611)
Capital base	<u>3,953,595</u>	<u>3,622,803</u>
<u>Capital Ratios</u>		
Excluding proposed dividends :		
Core-capital ratio	7.33%	6.92%
Risk-weighted capital ratio	11.15%	10.95%
Including proposed dividends :		
Core-capital ratio	7.31%	6.77%
Risk-weighted capital ratio	11.13%	10.80%

23 DIVIDENDS

The directors have proposed a net cash dividend of 4.51% (on the issue price) amounted to RM9.09 million to the preference shareholders of the Bank in respect of the financial period ended 30 June 2008. These financial statements do not reflect this proposed net cash preference dividend which will be accrued as a liability in the second half of the financial year ending 31 December 2008 when approved by board of directors at the Board of Directors meeting.

24 CAPITAL ADEQUACY

Profit after taxation and zakat of RM357.1 million for the current half-year which was included in the capital base, was subjected to a limited review by the external auditors in accordance with Technical Bulletin 4.

NOTES TO INTERIM FINANCIAL STATEMENTS – 30 JUNE 2008 (continued)**25 THE OPERATION OF ISLAMIC BANKING (IB)****CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED BALANCE SHEETS AS AT 30 JUNE 2008**

		Group and Bank	
		30 June	31 Dec
		2008	2007
ASSETS	Note	RM'000	RM'000
Cash and short-term funds		1,176,215	1,165,604
Available-for-sale securities	(1)	526,266	556,500
Financing and other advances	(2)	2,009,320	1,825,661
Other assets	(4)	21,694	23,571
Statutory deposits with Bank Negara Malaysia		64,413	91,913
Deferred taxation assets		17,680	14,695
TOTAL ASSETS		<u>3,815,588</u>	<u>3,677,944</u>
 LIABILITIES AND ISLAMIC BANKING FUNDS			
Deposits from customers	(5)	2,874,483	2,817,443
Deposits and placements of banks and other financial institutions		382,577	270,000
Subordinated bonds		200,000	200,000
Bills and acceptances payable		2,698	3,999
Other liabilities	(6)	169,468	203,838
Taxation and zakat		12,362	8,512
Total Liabilities		<u>3,641,588</u>	<u>3,503,792</u>
Capital funds		85,000	85,000
Reserves		89,000	89,152
Islamic Banking Funds	(7)	<u>174,000</u>	<u>174,152</u>
TOTAL LIABILITIES AND ISLAMIC BANKING FUNDS		<u>3,815,588</u>	<u>3,677,944</u>
 COMMITMENTS AND CONTINGENCIES		 <u>1,485,002</u>	 <u>1,249,213</u>

NOTES TO INTERIM FINANCIAL STATEMENTS – 30 JUNE 2008 (continued)**25 THE OPERATION OF ISLAMIC BANKING (IB) (continued)****CONDENSED INTERIM FINANCIAL STATEMENTS****UNAUDITED INCOME STATEMENTS FOR THE SECOND QUARTER AND SIX MONTHS ENDED 30 JUNE 2008**

Group and Bank	2 nd Quarter Ended		Half Year Ended	
	30 June 2008 RM'000	30 June 2007 RM'000	30 June 2008 RM'000	30 June 2007 RM'000
Income derived from investment of depositors' funds	50,886	36,859	101,048	70,701
Allowance for losses on financing and other advances	(7,835)	(6,166)	(14,860)	(12,297)
Transfer (from) / to profit equalisation reserve (net)	(190)	1,068	1,264	2,127
Total attributable income	42,861	31,761	87,452	60,531
Income attributable to depositors	(28,578)	(21,787)	(56,885)	(41,221)
Income attributable to shareholders	14,283	9,974	30,567	19,310
Income derived from the investment of Islamic Banking funds	4,714	3,413	8,599	6,272
Total net income	18,997	13,387	39,166	25,582
Personnel expenses	(1,333)	(573)	(1,991)	(1,079)
Other overhead expenses	(12,807)	(8,310)	(24,154)	(15,502)
Profit before taxation	4,857	4,504	13,021	9,001
Zakat	0	0	0	0
Taxation	(1,205)	(1,446)	(3,932)	(3,333)
Net profit for the financial period	3,652	3,058	9,089	5,668

NOTES TO INTERIM FINANCIAL STATEMENTS – 30 JUNE 2008 (continued)**25 THE OPERATION OF ISLAMIC BANKING (IB) (continued)****(1) AVAILABLE-FOR-SALE SECURITIES**

	Group and Bank	
	30 June 2008 RM'000	31 Dec 2007 RM'000
<u>At fair value</u>		
Malaysian Government investment issues	296,849	194,871
Bank Negara Negotiable Notes	0	153,162
Sanadat Cagamas (SAC)	35,178	35,281
Private debt securities	140,274	119,212
Malaysian Government Islamic treasury bills	28,965	28,974
Islamic negotiable instruments of deposits	25,000	25,000
	<u>526,266</u>	<u>556,500</u>

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

Maturing within one year	59,001	207,136
One to three years	40,315	35,280
Three to five years	311,915	194,872
More than five years	115,035	119,212
	<u>526,266</u>	<u>556,500</u>

(2) FINANCING AND OTHER ADVANCES

	Group and Bank	
	30 June 2008 RM'000	31 Dec 2007 RM'000
By type:		
Cash financing	371,495	324,263
Term financing		
- Housing financing	129,088	131,272
- Syndicated term financing	219,808	235,536
- Hire purchase receivables	591,529	449,077
- Leasing receivables	22,181	23,714
- Other term financing	444,378	380,973
Revolving credits	288,908	323,357
Customer's liability under acceptance credits	276,296	241,548
Invoice financing	3,710	0
Bill receivable	1,679	0
Unearned income	(286,492)	(238,281)
Gross financing	<u>2,062,580</u>	<u>1,871,459</u>
Allowance for bad and doubtful debts and financing		
- Specific	(22,661)	(17,986)
- General	(30,599)	(27,812)
Net financing	<u>2,009,320</u>	<u>1,825,661</u>

NOTES TO INTERIM FINANCIAL STATEMENTS – 30 JUNE 2008 (continued)**25 THE OPERATION OF ISLAMIC BANKING (IB) (continued)****(3) NON-PERFORMING FINANCING**

	Group and Bank	
	30 June 2008 RM'000	31 Dec 2007 RM'000
i) Movements in non-performing financing are as follows:		
Balance at 1 January	27,410	23,221
Non-performing during the period / year	17,982	28,231
Reclassified as performing during the period / year	(2,942)	(6,075)
Amount recovered	(2,337)	(3,423)
Amount written off	(8,266)	(14,544)
Balance at end of period / year	<u>31,847</u>	<u>27,410</u>
Specific allowance	(22,661)	(17,986)
Net non-performing financing	<u>9,186</u>	<u>9,424</u>
Ratio of net non-performing financing and other advances to net financing and other advances	<u>0.45%</u>	<u>0.51%</u>
ii) Movements in the allowance for losses on financing and other advances are as follows:		
<u>General allowance</u>		
Balance at 1 January	27,812	24,949
Allowance made during the period / year	2,787	2,863
Balance at end of period / year	<u>30,599</u>	<u>27,812</u>
(as % of total financing and other advances less specific allowance)	<u>1.50%</u>	<u>1.50%</u>
<u>Specific allowance</u>		
Balance at 1 January	17,986	10,960
Allowance made during the period / year	15,759	26,017
Amount recovered	(2,819)	(4,447)
Amount written off	(8,265)	(14,544)
Balance at end of period / year	<u>22,661</u>	<u>17,986</u>

NOTES TO INTERIM FINANCIAL STATEMENTS – 30 JUNE 2008 (continued)**25 THE OPERATION OF ISLAMIC BANKING (IB) (continued)****(4) OTHER ASSETS**

	Group and Bank	
	30 June 2008 RM'000	31 Dec 2007 RM'000
Income receivable	6,677	7,669
Derivative assets	3,392	4,263
Other debtors, deposits and prepayments	11,625	11,639
	<u>21,694</u>	<u>23,571</u>

(5) DEPOSITS FROM CUSTOMERS

	Group and Bank	
	30 June 2008 RM'000	31 Dec 2007 RM'000
By type of deposits		
Non-Mudharabah Fund:		
Demand deposits	487,032	324,201
Savings deposits	272,674	269,502
Negotiable Islamic Debt Certificate	28,402	47,446
Structured investment	87,982	88,232
Others	45,931	33,223
	<u>922,021</u>	<u>762,604</u>
Mudharabah Fund:		
General investment deposits	1,401,152	1,523,335
Islamic short term Mudharabah Investment	551,310	531,504
	<u>1,952,462</u>	<u>2,054,839</u>
Total deposits from customers	<u>2,874,483</u>	<u>2,817,443</u>

NOTES TO INTERIM FINANCIAL STATEMENTS – 30 JUNE 2008 (continued)**25 THE OPERATION OF ISLAMIC BANKING (IB) (continued)****(6) OTHER LIABILITIES**

	Group and Bank	
	30 June 2008 RM'000	31 Dec 2007 RM'000
Other accruals and charges	152,267	184,503
Derivative liabilities	3,393	4,263
Profit equalisation reserve	13,808	15,072
	169,468	203,838
<u>Profit equalisation reserve (PER)</u>		
Balance at 1 January	15,072	19,155
Amount provided during the period / year	5,086	5,339
Amount written back during the period / year	(6,350)	(9,422)
Balance at end of period / year	13,808	15,072

(7) ISLAMIC BANKING CAPITAL FUNDS

	Group and Bank	
	30 June 2008 RM'000	31 Dec 2007 RM'000
Capital funds	85,000	85,000
Reserves :		
Net unrealised losses on available-for-sale investments of which the depositors' portion is RM 12,661,000 (Dec 2007 : RM 977,000)	(10,003)	(762)
Retained profits	99,003	89,914
	174,000	174,152

NOTES TO INTERIM FINANCIAL STATEMENTS – 30 JUNE 2008 (continued)**25 THE OPERATION OF ISLAMIC BANKING (IB) (continued)****(8) NET INCOME FROM ISLAMIC BANKING OPERATIONS**

For consolidation with the conventional banking operations, net income from Islamic Banking operations comprise the following items:

Group and Bank	2 nd Quarter Ended		Half Year Ended	
	30 Jun 2008 RM'000	30 Jun 2007 RM'000	30 Jun 2008 RM'000	30 Jun 2007 RM'000
Income derived from investment of depositors' funds	50,886	36,859	101,048	70,701
Transfer (from) / to profit equalisation reserve (net)	(190)	1,068	1,264	2,127
Total attributable income	50,696	37,927	102,312	72,828
Income attributable to the depositors	(28,578)	(21,787)	(56,885)	(41,221)
Income attributable to the Bank	22,118	16,140	45,427	31,607
Income derived from the investment of Islamic Banking funds	4,714	3,413	8,599	6,272
Net income from Islamic Banking operations	26,832	19,553	54,026	37,879

(9) COMPARATIVE FIGURES

Certain comparative figures have been restated to exclude the allocated costs that were charged to Islamic Banking operations for the year ended 31 December 2005, as the requirement for banks with Islamic Banking operations to apportion overhead costs and other expenditure incurred when managing the Islamic Banking portfolio in accordance to the BNM Circular dated 11 November 2005 "Measures to Further Strengthen Islamic Banking Operations" was effective from 3 January 2006. The comparative figures that were restated are as follows:

	As previously reported RM'000	As restated RM'000
Balance Sheet as at 31 December 2007		
Other liabilities	217,260	203,838
Taxation and zakat	4,754	8,512
Reserves	79,488	89,152