

**CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED BALANCE SHEETS AS AT 30 JUNE 2009**

	Note	Group		Bank	
		30/6/2009 RM'000	31/12/2008 RM'000	30/6/2009 RM'000	31/12/2008 RM'000
ASSETS					
Cash and short-term funds		7,422,993	4,374,064	7,044,908	3,717,429
Deposits and placements with financial institutions		2,291,300	1,230,613	2,591,300	1,230,613
Held-for-trading securities	4	613,549	581,784	613,549	581,784
Available-for-sale securities	4	6,353,702	8,577,769	5,543,132	7,744,641
Loans, advances and financing	5	30,033,170	30,174,433	28,084,577	28,044,170
Other assets	7	931,238	1,646,421	1,150,117	1,898,721
Statutory deposits with Bank					
Negara Malaysia		258,092	937,608	236,592	853,608
Investment in subsidiary companies		0	0	196,611	196,611
Property, plant and equipment		249,094	255,933	242,829	253,994
Investment property		11,576	12,358	11,576	12,358
Prepaid lease payment		2,903	2,929	2,903	2,929
Non-current assets held for sale		381	0	381	0
Deferred taxation asset		113,410	78,980	93,294	66,627
TOTAL ASSETS		48,281,408	47,872,892	45,811,769	44,603,485
LIABILITIES AND SHAREHOLDERS' EQUITY					
Deposits from customers	8	37,768,705	36,644,059	35,420,200	33,967,274
Deposits and placements of banks and other financial institutions	9	4,129,394	3,859,946	4,061,294	3,546,146
Bills and acceptances payable		334,667	1,446,081	324,828	1,431,979
Amount due to Cagamas		379,935	435,327	379,935	435,327
Subordinated term loan / bonds	10	1,304,817	981,162	1,304,817	981,162
Other liabilities	11	931,644	1,318,739	894,807	1,068,096
Taxation and zakat		81,548	61,340	77,702	61,325
Total Liabilities		44,930,710	44,746,654	42,463,583	41,491,309
Financed by :					
Share capital		291,500	291,500	291,500	291,500
Reserves		3,059,198	2,834,738	3,056,686	2,820,676
Shareholders' Equity		3,350,698	3,126,238	3,348,186	3,112,176
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		48,281,408	47,872,892	45,811,769	44,603,485
COMMITMENTS AND CONTINGENCIES	20	67,171,106	73,615,708	66,081,106	72,821,958

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 2008.

**CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED INCOME STATEMENTS FOR THE SECOND QUARTER AND HALF YEAR ENDED
30 JUNE 2009**

Group		2nd Quarter Ended		Half Year Ended	
		30 June 2009	30 June 2008	30 June 2009	30 June 2008
	Note	RM'000	RM'000	RM'000	RM'000
Interest income	12	477,399	527,561	987,098	1,036,953
Interest expense	13	(224,614)	(281,931)	(481,816)	(558,094)
Net interest income		252,785	245,630	505,282	478,859
Islamic Banking income		28,145	26,832	60,745	54,026
		280,930	272,462	566,027	532,885
Non-interest income	14	64,970	81,947	238,196	230,581
Net income		345,900	354,409	804,223	763,466
Staff cost and overhead expenses	15	(140,761)	(144,805)	(280,385)	(287,935)
Operating profits before allowances		205,139	209,604	523,838	475,531
Write back / (allowance) of losses on loans, advances and financing	16	(37,697)	27,428	(80,747)	6,913
Write back of commitment and contingencies		0	0	0	3,936
Impairment losses for property, plant and equipment		0	(577)	0	(577)
Profit before taxation and zakat		167,442	236,455	443,091	485,803
Taxation	18	(42,513)	(60,822)	(113,314)	(128,839)
Zakat			0		0
Net profit attributable to shareholders		124,929	175,633	329,777	356,964
Basic earnings per share (sen)		43.5	61.1	111.6	121.0
Dividend per ordinary share – RM Nil		0	0	0	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 2008.

**CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED INCOME STATEMENTS FOR THE SECOND QUARTER AND HALF YEAR ENDED
30 JUNE 2009**

Bank		2nd Quarter Ended		Half Year Ended	
		30 June 2009 RM'000	30 June 2008 RM'000	30 June 2009 RM'000	30 June 2008 RM'000
	Note				
Interest income	12	481,640	527,561	994,818	1,036,953
Interest expense	13	(224,619)	(281,934)	(481,826)	(558,101)
Net interest income		257,021	245,627	512,992	478,852
Islamic Banking income		0	26,832	0	54,026
		257,021	272,459	512,992	532,878
Non-interest income	14	76,622	81,954	258,526	230,588
Net income		333,643	354,413	771,518	763,466
Staff cost and overhead expenses	15	(133,298)	(144,712)	(266,265)	(287,757)
Operating profits before allowances		200,345	209,701	505,253	475,709
Write back / (allowance) of losses on loans, advances and financing	16	(29,362)	27,428	(66,932)	6,913
Write back of commitment and contingencies		0	0	0	3,936
Impairment losses on property, plant and equipment		0	(577)	0	(577)
Profit before taxation and zakat		170,983	236,552	438,321	485,981
Taxation	17	(43,318)	(60,825)	(112,171)	(128,862)
Zakat		0	0	0	0
Net profit attributable to shareholders		127,665	175,727	326,150	357,119
Basic earnings per share (sen)		44.4	61.1	110.3	121.1
Dividend per ordinary share – RM Nil		0	0	0	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 2008.

CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF CHANGES IN EQUITY FOR THE HALF YEAR ENDED 30 JUNE 2009

Group	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	
Balance at 1 January 2009	291,500	858,500	322,000	56,619	155,607	1,442,012	3,126,238
Revaluation of available-for-sale securities (net)	0	0	0	0	(92,593)	0	(92,593)
Deferred tax on revaluation of available-for-sale securities (net)	0	0	0	0	31,856	0	31,856
Realised gain on available-for-sale securities reclassified to income statement upon disposal	0	0	0	0	(35,634)	0	(35,634)
Net gains recognised directly in equity	0	0	0	0	(96,371)	0	(96,371)
Net profit attributable to shareholders	0	0	0	0	0	329,777	329,777
Total recognised income and expense for the period	0	0	0	0	(96,371)	329,777	233,406
Dividends paid on preference shares	0	0	0	0	0	(8,946)	(8,946)
Balance at 30 June 2009	<u>291,500</u>	<u>858,500</u>	<u>322,000</u>	<u>56,619</u>	<u>59,236</u>	<u>1,762,843</u>	<u>3,350,698</u>
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	(52,753)	0	(52,753)
Deferred tax on revaluation of available-for-sale securities (net)	0	0	0	0	20,781	0	20,781
Realised gain on available-for-sale securities reclassified to income statement upon disposal	0	0	0	0	(23,964)	0	(23,964)
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>

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 2008.

CONDENSED INTERIM FINANCIAL STATEMENTS**UNAUDITED STATEMENTS OF CHANGES IN EQUITY FOR THE HALF YEAR ENDED 30 JUNE 2009
(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 2009	291,500	858,500	322,000	147,220	1,492,956	3,112,176
Revaluation of available-for-sale securities (net)	0	0	0	(75,768)	0	(75,768)
Deferred tax on revaluation of available-for-sale securities (net)	0	0	0	27,064	0	27,064
Realised gain on available-for-sale securities reclassified to income statement upon disposal	0	0	0	(32,490)	0	(32,490)
Net gains recognised directly in equity	0	0	0	(81,194)	0	(81,194)
Net profit attributable to shareholders	0	0	0	0	326,150	326,150
Total recognised income and expense for the period	0	0	0	(81,194)	326,150	244,956
Dividends paid on preference shares	0	0	0	0	(8,946)	(8,946)
Balance at 30 June 2009	<u>291,500</u>	<u>858,500</u>	<u>322,000</u>	<u>66,026</u>	<u>1,810,160</u>	<u>3,348,186</u>
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	(52,753)	0	(52,753)
Deferred tax on revaluation of available-for-sale securities (net)	0	0	0	20,781	0	20,781
Realised gain on available-for-sale securities reclassified to income statement upon disposal	0	0	0	(23,964)	0	(23,964)
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>

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 2008.

CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED CONDENSED CASH FLOW STATEMENTS FOR THE HALF YEAR ENDED 30 JUNE 2009

	Group		Bank	
	30 June 2009 RM'000	30 June 2008 RM'000	30 June 2009 RM'000	30 June 2008 RM'000
Profit before taxation and zakat	443,091	485,803	438,321	485,981
Adjustments for non-operating and non-cash items	161,009	(85,107)	131,594	(85,108)
Operating profit before changes in working capital	604,100	400,696	569,915	400,873
Changes in working capital:				
Net changes in Operating Assets	29,766	1,244,148	(466,660)	1,243,951
Net changes in Operating Liabilities	84,089	577,054	891,182	577,074
Income tax and zakat paid	(95,680)	(89,214)	(95,397)	(89,214)
Net cash generated from operating activities	622,275	2,132,684	899,040	2,132,684
Net cash generated from / (utilised in) investing activities	2,100,483	(262,669)	2,102,268	(262,669)
Net cash generated from financing activities	326,171	348,454	326,171	348,454
Net increase in cash and cash equivalents	3,048,929	2,218,469	3,327,479	2,218,469
Cash and cash equivalents at beginning of the period	4,374,064	5,866,514	3,717,429	5,866,514
Cash and cash equivalents at end of the period	<u>7,422,993</u>	<u>8,084,983</u>	<u>7,044,908</u>	<u>8,084,983</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 2008.

NOTES TO INTERIM FINANCIAL STATEMENTS – 30 JUNE 2009

1 REVIEW OF PERFORMANCE

The Bank and its subsidiaries (“the Group”) recorded a net profit of RM330 million for the first six months of 2009, registering a decline of RM27 million or 8% compared to the corresponding period in 2008. The lower net profits were due to higher provisions (net of recoveries) of RM81 million compared to a net write back of RM10 million for the corresponding period in 2008, even though operating profits increased by RM48 million or 10% to RM524 million.

Total income rose by RM41 million or 5% to RM804 million as a result of a RM26 million or 6% increase in net interest income to RM505 million. Total Islamic banking income grew by RM7 million or 12% to RM61 million, while the Group’s non-interest income increased by RM8 million or 3% to RM238 million. Overheads fell by RM8 million or 3%, to RM280 million.

Specific allowances increased by RM67 million while general allowances made for loans growth declined by RM27 million to RM4 million (June 08: RM31 million). The net NPL ratio increased to 2.42% (Dec 08: 1.99%).

The Group’s gross loans outstanding remained at RM31.0 billion as at 30 June 2009 while total assets grew by RM0.4 billion to RM48.3 billion.

Shareholders’ funds strengthened to RM3.4 billion while the Group’s risk weighted capital ratio as at 30 June 2009 stood at 14.58%.

2 ECONOMIC PERFORMANCE AND PROSPECTS

The Malaysian economy has not been spared from the brunt of the global recession, as reflected in the contraction of -6.2% year-on-year for the first quarter of 2009. Consequent to this sharp decline, the official GDP growth forecast for the year was revised to between -4% and -5%, down from the previous forecast of -1% to 1%. Against this backdrop, the government undertook several measures to stimulate the economy, including implementation of two stimulus packages totalling RM67 billion, a comprehensive deregulation of investment guidelines administered by the Foreign Investment Committee to attract foreign direct investments and the easing of monetary policy to ensure adequate flow of credit to all segments of the economy.

Given the current weak economic sentiments, globally and domestically, the Bank continues to recognise the challenging environment in which it operates where net margins are being compressed as greater emphasis is placed on preserving asset quality. With the continued aim to grow the business and meet customers’ ongoing financial needs, new and innovative products, including Islamic banking ones, will continue to be rolled out.

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 2008.

NOTES TO INTERIM FINANCIAL STATEMENTS – 30 JUNE 2009 (continued)**4 SECURITIES PORTFOLIO**

i) Held-for-trading securities

	Group		Bank	
	30 June 2009 RM'000	31 Dec 2008 RM'000	30 June 2009 RM'000	31 Dec 2008 RM'000
<u>At fair value</u>				
Malaysian Government treasury bills	29,851	0	29,851	0
Malaysian Government securities	347,300	63,059	347,300	63,059
Government Investment Certificate	27,369	41,902	27,369	41,902
Bank Negara Bills	51,856	1,662	51,856	1,662
Bank Negara Malaysia negotiable notes	12,592	0	12,592	0
Private debt securities	140,982	474,804	140,982	474,804
Quoted shares in Malaysia	3,599	357	3,599	357
	<u>613,549</u>	<u>581,784</u>	<u>613,549</u>	<u>581,784</u>

ii) Available-for-sale securities

<u>At fair value</u>				
Malaysian Government treasury bills	90,835	0	90,835	0
Malaysian Government securities	3,030,376	4,136,832	3,030,376	4,136,832
Government Investment Certificate	1,441,914	1,444,231	823,375	992,589
Bank Negara Malaysia bills	15,010	84,252	15,010	84,252
Private debt securities	865,062	1,397,080	698,031	1,089,877
Negotiable instruments of deposit	785,000	1,224,283	760,000	1,150,000
Other government securities	59,972	173,343	59,972	173,343
Quoted shares in Malaysia	0	53,861	0	53,861
Unquoted shares in Malaysia	56,314	56,314	56,314	56,314
Unquoted shares outside Malaysia	9,788	8,142	9,788	8,142
Debentures	190	190	190	190
	<u>6,354,461</u>	<u>8,578,528</u>	<u>5,543,891</u>	<u>7,745,400</u>
Allowance for impairment losses in available-for-sale securities :				
- Unquoted shares in Malaysia	(109)	(109)	(109)	(109)
- Private debt securities	(638)	(638)	(638)	(638)
- Debentures	(12)	(12)	(12)	(12)
	<u>(759)</u>	<u>(759)</u>	<u>(759)</u>	<u>(759)</u>
	<u>6,353,702</u>	<u>8,577,769</u>	<u>5,543,132</u>	<u>7,744,641</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 2009 (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 2009 RM'000	31 Dec 2008 RM'000	30 June 2009 RM'000	31 Dec 2008 RM'000
Maturity within one year	1,713,554	3,109,664	1,633,024	2,905,263
One year to three years	2,405,201	1,763,298	2,385,235	1,742,720
Three years to five years	1,192,067	1,449,836	661,600	1,160,638
Over five years	1,042,880	2,254,971	863,273	1,936,020
	6,353,702	8,577,769	5,543,132	7,744,641

5 LOANS, ADVANCES AND FINANCING

	Group		Bank	
	30 June 2009 RM'000	31 Dec 2008 RM'000	30 June 2009 RM'000	31 Dec 2008 RM'000
i) By type				
Overdrafts	3,571,716	3,791,580	3,218,830	3,406,495
Term loans/financing :				
Housing loans/financing	7,928,321	7,724,556	7,819,020	7,605,105
Syndicated term loan/financing	2,254,570	1,867,533	2,040,589	1,649,828
Hire purchase	601,954	632,743	140	140
Lease receivables	12,573	18,377	12,417	17,805
Other term loans	10,892,101	10,716,266	10,384,941	10,195,573
Credit/charge cards receivables	524,186	596,688	524,186	596,688
Bills receivable	53,732	106,383	45,425	96,141
Trust receipts	90,074	114,056	89,452	113,641
Claims on customers under acceptance credits	1,862,752	2,400,698	1,711,087	2,155,104
Block discounting	330	330	330	330
Loan to banks and other financial institutions	136,084	203,631	136,084	203,631
Revolving credit	1,981,912	1,973,320	1,643,373	1,608,721
Staff loans (of which RM Nil [2008 : RM Nil] to Directors)	116,304	116,362	116,304	116,362
Other loans	1,182,320	1,127,044	1,168,009	1,119,465
	31,208,929	31,389,567	28,910,187	28,885,029
Unearned interest and income	(276,404)	(305,848)	(770)	(1,227)
Gross loans, advances and financing	30,932,525	31,083,719	28,909,417	28,883,802
Allowance for bad and doubtful debts and financing :				
- Specific	(435,714)	(449,277)	(396,933)	(413,155)
- General	(463,641)	(460,009)	(427,907)	(426,477)
Net loans, advances and financing	30,033,170	30,174,433	28,084,577	28,044,170

NOTES TO INTERIM FINANCIAL STATEMENTS – 30 JUNE 2009 (continued)**5 LOANS, ADVANCES AND FINANCING (continued)**

ii) By type of customer

	Group		Bank	
	30 June 2009 RM'000	31 Dec 2008 RM'000	30 June 2009 RM'000	31 Dec 2008 RM'000
Domestic non-bank financial institutions - Others	185,750	244,475	175,696	244,475
Domestic business enterprises - Small medium enterprises ("SME")	5,542,805	5,797,370	5,187,833	5,402,780
- Non-SME	13,831,023	13,787,081	12,504,699	12,338,722
Government and statutory bodies	0	43,822	0	43,822
Individuals	11,265,076	11,110,959	10,934,694	10,755,395
Other domestic entities	1,859	2,319	1,859	2,319
Foreign entities	106,012	97,693	104,636	96,289
	<u>30,932,525</u>	<u>31,083,719</u>	<u>28,909,417</u>	<u>28,883,802</u>

iii) By interest/profit rate sensitivity

Fixed rate:				
Housing loans/financing	65,664	71,516	0	0
Hire purchase receivables	547,721	573,537	77	77
Other fixed rate loan/financing	2,391,512	2,378,696	981,712	1,133,027
Variable rate:				
BLR plus	19,882,714	19,654,259	19,882,714	19,654,259
Cost-plus	3,379,980	3,819,013	3,379,980	3,819,013
Other variable rates	4,664,934	4,586,698	4,664,934	4,277,426
	<u>30,932,525</u>	<u>31,083,719</u>	<u>28,909,417</u>	<u>28,883,802</u>

iv) By sector

Agriculture	2,235,842	1,880,061	1,711,142	1,393,752
Mining and quarrying	268,271	307,953	238,144	274,395
Manufacturing	4,901,376	5,624,525	4,354,334	4,943,751
Electricity, gas and water	566,254	352,677	566,254	352,677
Construction	898,594	945,294	772,379	830,410
Real estate	3,837,896	3,818,470	3,705,582	3,650,272
Wholesale & retail trade and restaurants & hotels	4,529,909	4,620,135	4,388,610	4,470,113
Transport, storage and communication	818,555	697,485	684,002	562,904
Finance, insurance and business services	696,822	724,812	654,929	694,873
Community, social and personal services	546,453	557,004	535,625	516,696
Household sector, of which				
i. Purchase of residential properties	7,844,209	7,651,813	7,775,172	7,576,412
ii. Purchase of non-residential properties	1,208,562	1,186,296	1,205,906	1,184,577
iii. Others	2,308,618	2,358,552	2,049,172	2,079,134
Others	271,164	358,642	268,166	353,836
	<u>30,932,525</u>	<u>31,083,719</u>	<u>28,909,417</u>	<u>28,883,802</u>

NOTES TO INTERIM FINANCIAL STATEMENTS – 30 JUNE 2009 (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 2009 RM'000	31 Dec 2008 RM'000	30 June 2009 RM'000	31 Dec 2008 RM'000
Balance at 1 January	1,057,965	1,108,380	1,013,488	1,107,852
Non-performing during the period / year (gross)	397,659	511,865	373,291	508,443
Reclassified as performing during the period / year	(74,610)	(226,848)	(69,683)	(226,031)
Amount recovered	(104,943)	(250,319)	(101,077)	(249,690)
Amount written off	(101,483)	(84,576)	(90,593)	(83,343)
Transfer pursuant to business vesting to Islamic subsidiary	0	0	0	(43,206)
Foreign exchange difference	(499)	(537)	(499)	(537)
Balance at end of period / year	1,174,089	1,057,965	1,124,927	1,013,488
Specific allowance	(435,714)	(449,277)	(396,933)	(413,155)
Net non-performing loans, advances and financing	<u>738,375</u>	<u>608,688</u>	<u>727,994</u>	<u>600,333</u>
Ratio of net non-performing loans, advances and financing to gross loans, advances and financing less specific allowance	<u>2.42%</u>	<u>1.99%</u>	<u>2.55%</u>	<u>2.11%</u>

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

	Group		Bank	
	30 June 2009 RM'000	31 Dec 2008 RM'000	30 June 2009 RM'000	31 Dec 2008 RM'000
<u>General allowance</u>				
Balance at 1 January	460,009	402,112	426,477	402,097
Allowance made during the period / year	3,632	57,897	1,430	57,281
Transfer pursuant to business vesting to Islamic subsidiary	0	0	0	(32,901)
Balance at end of period / year	<u>463,641</u>	<u>460,009</u>	<u>427,907</u>	<u>426,477</u>
(As % of gross loans, advances and financing less specific allowance)	<u>1.52%</u>	<u>1.50%</u>	<u>1.50%</u>	<u>1.50%</u>

NOTES TO INTERIM FINANCIAL STATEMENTS – 30 JUNE 2009 (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 2009 RM'000	31 Dec 2008 RM'000	30 June 2009 RM'000	31 Dec 2008 RM'000
<u>Specific allowance</u>				
Balance at 1 January	449,277	418,833	413,155	418,305
Allowance made during the period / year	158,515	257,990	137,477	247,581
Amount written back in respect of recoveries	(70,746)	(142,599)	(63,256)	(141,677)
Amount written off	(101,482)	(84,576)	(90,593)	(83,343)
Transfer pursuant to business vesting to Islamic subsidiary	0	0	0	(27,340)
Foreign exchange difference	150	(371)	150	(371)
Balance at end of period / year	<u>435,714</u>	<u>449,277</u>	<u>396,933</u>	<u>413,155</u>

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

	Group		Bank	
	30 June 2009 RM'000	31 Dec 2008 RM'000	30 June 2009 RM'000	31 Dec 2008 RM'000
Agriculture	7,600	7,638	7,378	7,386
Manufacturing	460,368	367,267	435,939	346,185
Electricity, gas and water	48	0	48	0
Construction	37,004	46,337	32,387	41,732
Real estate	108,787	104,754	108,692	104,645
Wholesale and retail trade and restaurant and hotels	156,975	136,018	152,983	132,443
Transport, storage and communication	5,678	3,850	4,559	3,170
Finance, insurance and business services	4,544	4,402	4,447	4,402
Community, social and personal services	2,108	2,363	1,932	2,136
Household sector, of which				
i. Purchase of residential properties	259,422	241,793	255,035	237,418
ii. Purchase of non-residential properties	21,156	14,520	20,896	14,517
iii. Others	94,085	97,112	84,317	87,543
Others	16,314	31,911	16,314	31,911
	<u>1,174,089</u>	<u>1,057,965</u>	<u>1,124,927</u>	<u>1,013,488</u>

NOTES TO INTERIM FINANCIAL STATEMENTS – 30 JUNE 2009 (continued)**7 OTHER ASSETS**

	Group		Bank	
	30 June 2009 RM'000	31 Dec 2008 RM'000	30 June 2009 RM'000	31 Dec 2008 RM'000
Interest receivable	88,908	121,465	82,095	114,912
Derivative assets	708,746	1,021,420	705,357	1,020,543
Unquoted Islamic Subordinated Bonds of subsidiary	0	0	200,000	200,000
Other debtors, deposits and prepayments	133,584	503,536	162,665	563,266
	<u>931,238</u>	<u>1,646,421</u>	<u>1,150,117</u>	<u>1,898,721</u>

8 DEPOSITS FROM CUSTOMERS

i) By type of deposit

	Group		Bank	
	30 June 2009 RM'000	31 Dec 2008 RM'000	30 June 2009 RM'000	31 Dec 2008 RM'000
Demand deposits	4,947,657	4,779,724	4,241,045	4,215,300
Savings deposits	2,334,741	2,083,575	2,045,658	1,802,865
Fixed deposits	22,848,264	21,171,298	22,233,067	20,009,411
Negotiable instruments of deposits	662,662	649,999	285,800	294,178
Short term money market deposits	5,813,867	6,798,750	5,591,698	6,583,173
Structured investments	1,153,096	1,150,375	1,014,514	1,052,009
Others	8,418	10,338	8,418	10,338
	<u>37,768,705</u>	<u>36,644,059</u>	<u>35,420,200</u>	<u>33,967,274</u>

ii) By type of customers

Government and statutory bodies	21,515	4,585	1,510	4,569
Business enterprises	17,294,494	16,750,153	16,072,579	15,299,199
Individuals	17,581,516	16,663,350	17,143,469	16,230,234
Foreign entities	9,833	9,682	0	0
Others	2,861,347	3,216,289	2,202,642	2,433,272
	<u>37,768,705</u>	<u>36,644,059</u>	<u>35,420,200</u>	<u>33,967,274</u>

9 DEPOSITS AND PLACEMENTS OF BANKS AND OTHER FINANCIAL INSTITUTIONS

	Group		Bank	
	30 June 2009 RM'000	31 Dec 2008 RM'000	30 June 2009 RM'000	31 Dec 2008 RM'000
Licensed banks	3,625,143	3,293,458	3,557,043	3,153,918
Other financial institutions	504,251	566,488	504,251	392,228
	<u>4,129,394</u>	<u>3,859,946</u>	<u>4,061,294</u>	<u>3,546,146</u>

NOTES TO INTERIM FINANCIAL STATEMENTS – 30 JUNE 2009 (continued)**10 SUBORDINATED TERM LOAN / BONDS**

	Group		Bank	
	30 June 2009 RM'000	31 Dec 2008 RM'000	30 June 2009 RM'000	31 Dec 2008 RM'000
USD 100 million subordinated term loan 2003/2013	291,946	361,617	291,946	361,617
RM 200 million redeemable Islamic subordinated bonds 2006/2021	200,000	200,000	200,000	200,000
RM 400 million redeemable subordinated bonds 2007/2017	412,871	419,545	412,871	419,545
RM 400 million Innovative Tier 1 Capital Securities	400,000	0	400,000	0
	<u>1,304,817</u>	<u>981,162</u>	<u>1,304,817</u>	<u>981,162</u>

On 17 April 2009, the Bank issued RM400 million Innovative Tier 1 (“IT1”) Capital Securities with permanent tenure but redeemable at the Bank’s option (subject to prior approval of BNM and MAS), 10 years after the issue date or on each coupon payment date thereafter or upon occurrence of tax or regulatory events. In addition, if the IT1 Capital Securities is still outstanding after 30 years from issue date, the Bank shall, subject to the prior approval of BNM and MAS, issue sufficient number of preference shares, the proceeds of which shall be utilised to redeem the IT1 Capital Securities. The IT1 Capital Securities bear an initial coupon rate of 6.75% per annum payable semi-annually for the first 10 years and, thereafter, at a rate per annum equal to the 6-month KLIBOR plus 3.32% with effect from (and including) the 10th anniversary date onward.

The IT1 Capital Securities, rated AA3 (stable) by RAM Rating Services Berhad, qualify as Tier 1 capital for the purpose of determining the capital adequacy ratio of the Bank.

On 28 May 2009, the Bank repaid USD20 million of the USD100 million subordinated term loan obtained from Overseas-Chinese Banking Corporation Limited, Labuan Branch, as required to be repaid in full by 5 equal and consecutive annual instalments commencing from the 6th anniversary year from the date of disbursement

11 OTHER LIABILITIES

	Group		Bank	
	30 June 2009 RM'000	31 Dec 2008 RM'000	30 June 2009 RM'000	31 Dec 2008 RM'000
Accruals for personnel costs *	38,681	59,845	38,651	59,799
Equity compensation benefits	8,500	9,838	8,500	9,838
Obligations under finance lease	0	0	218	259
Provision for commitment and contingencies (a)	0	0	0	0
Interest payable	227,880	227,563	219,419	215,260
Other accruals and charges	168,514	320,289	174,650	98,774
Derivatives liabilities	456,864	685,043	453,369	684,166
Profit equalisation reserve	31,205	16,161	0	0
	<u>931,644</u>	<u>1,318,739</u>	<u>894,807</u>	<u>1,068,096</u>

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

NOTES TO INTERIM FINANCIAL STATEMENTS – 30 JUNE 2009 (continued)**11 OTHER LIABILITIES (continued)**

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

	Group		Bank	
	30 June 2009 RM'000	31 Dec 2008 RM'000	30 June 2009 RM'000	31 Dec 2008 RM'000
Balance at 1 January	0	3,936	0	3,936
Amount written back during the period / year (net)	0	(3,936)	0	(3,936)
Balance at end of period / year	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>

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

12 INTEREST INCOME

Group	2nd Quarter Ended		Half Year Ended	
	30 June 2009 RM'000	30 June 2008 RM'000	30 June 2009 RM'000	30 June 2008 RM'000
Loans and advances				
- Interest income other than recoveries from NPL	357,720	378,498	736,574	742,220
- Recoveries from NPLs	9,028	7,992	14,362	20,010
Money at call and deposit placements with financial institutions	54,051	74,285	103,109	140,495
Held-for-trading securities	5,765	11,224	12,431	29,201
Available-for-sale securities	53,377	61,046	131,035	115,631
Others	2,382	434	4,356	870
	<u>482,323</u>	<u>533,479</u>	<u>1,001,867</u>	<u>1,048,427</u>
Amortisation of premium less accretion of discount	(4,924)	(5,918)	(14,769)	(11,474)
	<u>477,399</u>	<u>527,561</u>	<u>987,098</u>	<u>1,036,953</u>

NOTES TO INTERIM FINANCIAL STATEMENTS – 30 JUNE 2009 (continued)**12 INTEREST INCOME (continued)**

<u>Bank</u>	2nd Quarter Ended		Half Year Ended	
	30 June 2009 RM'000	30 June 2008 RM'000	30 June 2009 RM'000	30 June 2008 RM'000
Loans and advances				
- Interest income other than recoveries from NPL	357,720	378,498	736,574	742,220
- Recoveries from NPLs	9,028	7,992	14,362	20,010
Money at call and deposit placements with financial institutions	54,051	74,285	103,109	140,495
Held-for-trading securities	5,765	11,224	12,431	29,201
Available-for-sale securities	53,377	61,046	131,035	115,631
Others	6,623	434	12,076	870
	<u>486,564</u>	<u>533,479</u>	<u>1,009,587</u>	<u>1,048,427</u>
Amortisation of premium less accretion of discount	(4,924)	(5,918)	(14,769)	(11,474)
	<u>481,640</u>	<u>527,561</u>	<u>994,818</u>	<u>1,036,953</u>

13 INTEREST EXPENSE

<u>Group</u>	2nd Quarter Ended		Half Year Ended	
	30 June 2009 RM'000	30 June 2008 RM'000	30 June 2009 RM'000	30 June 2008 RM'000
Deposits and placements of banks and other financial institutions	12,625	42,580	24,020	83,591
Deposits from customers	190,757	224,332	419,896	439,896
Loans sold to Cagamas	3,871	5,648	7,996	12,288
Subordinated term loan / bonds	17,361	9,058	29,578	20,408
Others	0	313	326	1,911
	<u>224,614</u>	<u>281,931</u>	<u>481,816</u>	<u>558,094</u>
<u>Bank</u>				
Deposits and placements of banks and other financial institutions	12,625	42,580	24,020	83,591
Deposits from customers	190,757	224,332	419,896	439,896
Loans sold to Cagamas	3,871	5,648	7,996	12,288
Subordinated term loan / bonds	17,361	9,058	29,578	20,408
Others	5	316	336	1,918
	<u>224,619</u>	<u>281,934</u>	<u>481,826</u>	<u>558,101</u>

NOTES TO INTERIM FINANCIAL STATEMENTS – 30 JUNE 2009 (continued)**14 NON-INTEREST INCOME**

<u>Group</u>	<u>2nd Quarter Ended</u>		<u>Half Year Ended</u>	
	30 June 2009 RM'000	30 June 2008 RM'000	30 June 2009 RM'000	30 June 2008 RM'000
Fee income:-				
Commission	19,333	21,942	39,384	45,080
Service charges and fees	35,612	23,142	58,544	43,212
Guarantee fees	4,707	4,035	8,573	10,838
Other fee income	5,644	4,467	11,824	8,438
	<u>65,296</u>	<u>53,586</u>	<u>118,325</u>	<u>107,568</u>
Income from securities (net):-				
Net (losses)/gains from sale of held-for-trading securities	(2,466)	(355)	(3,898)	8,402
Net (losses)/gains from sale of available-for-sale securities	(434)	6,142	32,490	23,650
Unrealised gains/(losses) on revaluation of held-for-trading securities (net)	391	(17,581)	2,783	(16,348)
Gross dividends from Malaysia:				
- available-for-sale securities	1,140	3,361	1,608	4,085
Gross dividends from outside Malaysia:				
- available-for-sale securities	0	1	0	1
	<u>63,927</u>	<u>45,154</u>	<u>151,308</u>	<u>127,358</u>
Other income (net):-				
Gains arising from dealing in foreign currency (net)	10,913	3,061	72,138	57,564
Gains arising from trading derivative (net)	1,359	26,723	3,338	19,698
Unrealised (losses)/gains on revaluation of derivatives (net)	(13,370)	54	7,136	17,124
Rental income (net)	1,767	1,533	3,370	2,893
Gain on disposal of property, plant and equipment	2	0	2	5
Others	372	5,422	904	5,939
	<u>1,043</u>	<u>36,793</u>	<u>86,888</u>	<u>103,223</u>
	<u>64,970</u>	<u>81,947</u>	<u>238,196</u>	<u>230,581</u>

NOTES TO INTERIM FINANCIAL STATEMENTS – 30 JUNE 2009 (continued)**14 NON-INTEREST INCOME (continued)**

Bank	2nd Quarter Ended		Half Year Ended	
	30 June 2009 RM'000	30 June 2008 RM'000	30 June 2009 RM'000	30 June 2008 RM'000
Fee income:-				
Commission	19,333	21,942	39,384	45,080
Service charges and fees	35,612	23,142	58,544	43,212
Guarantee fees	4,707	4,035	8,573	10,838
Other fee income	17,293	4,467	32,147	8,438
	<u>76,945</u>	<u>53,586</u>	<u>138,648</u>	<u>107,568</u>
Income from securities (net):-				
Net (losses)/gains from sale of held-for-trading securities	(2,466)	(355)	(3,898)	8,402
Net (losses)/gains from sale of available-for-sale securities	(434)	6,142	32,490	23,650
Unrealised gains/(losses) on revaluation of held-for-trading securities (net)	391	(17,581)	2,783	(16,348)
Gross dividends from Malaysia:				
- available-for-sale securities	1,140	3,361	1,608	4,085
Gross dividends from outside Malaysia:				
- available-for-sale securities	0	1	0	1
	<u>75,576</u>	<u>45,154</u>	<u>171,631</u>	<u>127,358</u>
Other income (net):-				
Gains arising from dealing in foreign currency (net)	10,913	3,061	72,138	57,564
Gains arising from trading derivative (net)	1,359	26,723	3,338	19,698
Unrealised (losses)/gains on revaluation of derivatives (net)	(13,370)	54	7,136	17,124
Rental income (net)	1,770	1,540	3,377	2,900
Gain on disposal of property, plant and equipment	2	0	2	5
Others	372	5,422	904	5,939
	<u>1,046</u>	<u>36,800</u>	<u>86,895</u>	<u>103,230</u>
	<u>76,622</u>	<u>81,954</u>	<u>258,526</u>	<u>230,588</u>

NOTES TO INTERIM FINANCIAL STATEMENTS – 30 JUNE 2009 (continued)**15 STAFF COST AND OVERHEAD EXPENSES**

<u>Group</u>	2nd Quarter Ended		Half Year Ended	
	30 June 2009 RM'000	30 June 2008 RM'000	30 June 2009 RM'000	30 June 2008 RM'000
Personnel costs (i)	63,370	75,367	130,307	146,953
Establishment costs (ii)	19,220	14,219	38,909	27,908
Marketing expenses (iii)	4,187	5,350	8,692	15,732
Administration and general expenses (iv)	53,984	49,869	102,477	97,342
	<u>140,761</u>	<u>144,805</u>	<u>280,385</u>	<u>287,935</u>

<u>Bank</u>	2nd Quarter Ended		Half Year Ended	
	30 June 2009 RM'000	30 June 2008 RM'000	30 June 2009 RM'000	30 June 2008 RM'000
Personnel costs (i)	59,971	75,291	123,847	146,801
Establishment costs (ii)	18,622	14,222	37,543	27,907
Marketing expenses (iii)	3,496	5,350	7,542	15,732
Administration and general expenses (iv)	51,209	49,849	97,333	97,317
	<u>133,298</u>	<u>144,712</u>	<u>266,265</u>	<u>287,757</u>

(i) Personnel costs

<u>Group</u>	2nd Quarter Ended		Half Year Ended	
	30 June 2009 RM'000	30 June 2008 RM'000	30 June 2009 RM'000	30 June 2008 RM'000
Wages, salaries and bonus	50,353	54,017	101,302	106,060
Defined contribution plan (EPF)	8,103	8,560	16,259	17,631
Equity compensation benefit	195	1,382	1,728	2,204
Employee benefit	(297)	1,362	(854)	965
Other personnel costs	5,016	10,046	11,872	20,093
	<u>63,370</u>	<u>75,367</u>	<u>130,307</u>	<u>146,953</u>

NOTES TO INTERIM FINANCIAL STATEMENTS – 30 JUNE 2009 (continued)**15 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 2009 RM'000	30 June 2008 RM'000	30 June 2009 RM'000	30 June 2008 RM'000
Wages, salaries and bonus	47,815	53,961	96,533	105,946
Defined contribution plan (EPF)	7,702	8,551	15,504	17,612
Equity compensation benefit	179	1,382	1,703	2,204
Employee benefit	(299)	1,362	(858)	965
Other personnel costs	4,574	10,035	10,965	20,074
	<u>59,971</u>	<u>75,291</u>	<u>123,847</u>	<u>146,801</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 2009 RM'000	30 June 2008 RM'000	30 June 2009 RM'000	30 June 2008 RM'000
Rental of premises	2,569	1,848	5,229	3,125
Rental of equipment	474	211	601	211
Depreciation of property, plant and equipment	10,906	7,026	21,422	13,776
Depreciation of investment property	209	123	418	202
Amortisation of prepaid lease payment	13	13	26	26
Repair and maintenance	1,157	1,450	3,149	3,548
Others	3,892	3,548	8,064	7,020
	<u>19,220</u>	<u>14,219</u>	<u>38,909</u>	<u>27,908</u>

<u>Bank</u>	<u>2nd Quarter Ended</u>		<u>Half Year Ended</u>	
	30 June 2009 RM'000	30 June 2008 RM'000	30 June 2009 RM'000	30 June 2008 RM'000
Rental of premises	2,264	1,851	4,648	3,125
Rental of equipment	474	211	601	211
Depreciation of property, plant and equipment	10,537	7,026	20,920	13,775
Depreciation of investment property	209	123	418	202
Amortisation of prepaid lease payment	13	13	26	26
Repair and maintenance	1,152	1,450	3,126	3,548
Others	3,973	3,548	7,804	7,020
	<u>18,622</u>	<u>14,222</u>	<u>37,543</u>	<u>27,907</u>

NOTES TO INTERIM FINANCIAL STATEMENTS – 30 JUNE 2009 (continued)

15 STAFF COST AND OVERHEAD EXPENSES (continued)

(iii) Marketing expenses

<u>Group</u>	<u>2nd Quarter Ended</u>		<u>Half Year Ended</u>	
	30 June 2009 RM'000	30 June 2008 RM'000	30 June 2009 RM'000	30 June 2008 RM'000
Transport and travelling	1,166	2,066	2,178	3,772
Advertisement and business promotion	2,827	2,890	5,973	10,933
Others	194	394	541	1,027
	<u>4,187</u>	<u>5,350</u>	<u>8,692</u>	<u>15,732</u>

<u>Bank</u>	<u>2nd Quarter Ended</u>		<u>Half Year Ended</u>	
	30 June 2009 RM'000	30 June 2008 RM'000	30 June 2009 RM'000	30 June 2008 RM'000
Transport and travelling	1,067	2,066	2,034	3,772
Advertisement and business promotion	2,251	2,890	4,996	10,933
Others	178	394	512	1,027
	<u>3,496</u>	<u>5,350</u>	<u>7,542</u>	<u>15,732</u>

(iv) Administration and general expenses

<u>Group</u>	<u>2nd Quarter Ended</u>		<u>Half Year Ended</u>	
	30 June 2009 RM'000	30 June 2008 RM'000	30 June 2009 RM'000	30 June 2008 RM'000
Printing and stationery	1,901	2,556	3,560	4,831
Postage and courier	1,331	1,192	2,669	2,833
Telephone, telex and fax	2,404	2,178	4,255	4,238
Legal and consultancy fees	1,200	1,176	2,379	2,219
Transaction processing fees	32,410	33,489	63,525	65,388
Other administrative and general expenses	14,738	9,278	26,089	17,833
	<u>53,984</u>	<u>49,869</u>	<u>102,477</u>	<u>97,342</u>

<u>Bank</u>	<u>2nd Quarter Ended</u>		<u>Half Year Ended</u>	
	30 June 2009 RM'000	30 June 2008 RM'000	30 June 2009 RM'000	30 June 2008 RM'000
Printing and stationery	1,783	2,555	3,371	4,830
Postage and courier	1,260	1,192	2,546	2,833
Telephone, telex and fax	2,274	2,178	4,017	4,238
Legal and consultancy fees	1,142	1,176	2,021	2,219
Transaction processing fees	30,551	33,489	60,143	65,388
Other administrative and general expenses	14,199	9,259	25,235	17,809
	<u>51,209</u>	<u>49,849</u>	<u>97,333</u>	<u>97,317</u>

NOTES TO INTERIM FINANCIAL STATEMENTS – 30 JUNE 2009 (continued)**16 (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 2009 RM'000	30 June 2008 RM'000	30 June 2009 RM'000	30 June 2008 RM'000
Allowance for bad and doubtful debts and financing:-				
Specific allowance				
- made in the financial period	85,454	57,667	158,515	112,464
- written back	(44,663)	(46,712)	(70,746)	(91,922)
General allowance				
- made in the financial period	1,821	13,261	3,632	30,972
Other allowance	183	236	400	833
Bad debts and financing :-				
- written off	30	14	61	173
- recovered	(5,128)	(51,894)	(11,115)	(59,433)
	<u>37,697</u>	<u>(27,428)</u>	<u>80,747</u>	<u>(6,913)</u>

<u>Bank</u>	<u>2nd Quarter Ended</u>		<u>Half Year Ended</u>	
	30 June 2009 RM'000	30 June 2008 RM'000	30 June 2009 RM'000	30 June 2008 RM'000
Allowance for bad and doubtful debts and financing:-				
Specific allowance				
- made in the financial period	73,700	57,667	137,477	112,464
- written back	(40,826)	(46,712)	(63,256)	(91,922)
General allowance				
- made in the financial period	276	13,261	1,430	30,972
Other allowance	182	236	400	833
Bad debts and financing :-				
- written off	30	14	61	173
- recovered	(4,000)	(51,894)	(9,180)	(59,433)
	<u>29,362</u>	<u>(27,428)</u>	<u>66,932</u>	<u>(6,913)</u>

NOTES TO INTERIM FINANCIAL STATEMENTS – 30 JUNE 2009 (continued)**17 CREDIT EXPOSURE WITH CONNECTED PARTIES**

The following disclosure information are made pursuant to the revised BNM “Guidelines on Credit Transactions and Exposures with Connected Parties”:

<u>Group</u>	Credit facility and leasing (except guarantee) RM'000	Off balance sheet exposures# RM'000	Total RM'000
Aggregate value of outstanding credit exposure with connected parties [^]	<u>114,920</u>	<u>2,556,039</u>	<u>2,670,959</u>
Total exposure to connected parties as a proportion of total credit exposures			<u>7.00%</u>
Percentage of outstanding credit exposure with connected parties which is non-performing or in default			<u>0.00%</u>
<u>Bank</u>	Credit facility and leasing (except guarantee) RM'000	Off balance sheet exposures# RM'000	Total RM'000
Aggregate value of outstanding credit exposure with connected parties [^]	<u>114,661</u>	<u>2,556,039</u>	<u>2,670,700</u>
Total exposure to connected parties as a proportion of total credit exposures			<u>7.45%</u>
Percentage of outstanding credit exposure with connected parties which is non-performing or in default			<u>0.00%</u>

[^] Comprise of total outstanding balance and unutilised limit

[#] Off balance sheet transactions that give rise to credit and/or counterparty risk.

NOTES TO INTERIM FINANCIAL STATEMENTS – 30 JUNE 2009 (continued)

18 TAXATION

<u>Group</u>	2nd Quarter Ended		Half Year Ended	
	30 June 2009 RM'000	30 June 2008 RM'000	30 June 2009 RM'000	30 June 2008 RM'000
Malaysian income tax – current period	45,280	72,051	115,620	124,857
Deferred taxation :				
- relating to originating and reversal of temporary differences	(3,780)	(11,229)	(3,319)	3,982
- underprovision in prior year	1,013	0	1,013	0
Total charged to income statements	(2,767)	(11,229)	(2,306)	3,982
	42,513	60,822	113,314	128,839

<u>Bank</u>	2nd Quarter Ended		Half Year Ended	
	30 June 2009 RM'000	30 June 2008 RM'000	30 June 2009 RM'000	30 June 2008 RM'000
Malaysian income tax – current period	43,422	72,051	111,774	124,861
Deferred taxation :				
- relating to originating and reversal of temporary differences	(1,117)	(11,226)	(616)	4,001
- underprovision in prior year	1,013	0	1,013	0
Total charged to income statements	(104)	(11,226)	397	4,001
	43,318	60,825	112,171	128,862

19 CAPITAL COMMITMENTS

	Group		Bank	
	30 June 2009 RM'000	31 Dec 2008 RM'000	30 June 2009 RM'000	31 Dec 2008 RM'000
Capital expenditure in respect of property, plant and equipment:-				
- authorised and contracted for	26,763	24,081	24,610	19,775
- authorised but not contracted for	41,867	25,623	16,724	10,391
	68,630	49,704	41,334	30,166

NOTES TO INTERIM FINANCIAL STATEMENTS – 30 JUNE 2009 (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, no material losses are anticipated as a result of these transactions.

	30 June 2009			31 Dec 2008		
	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						
Direct credit substitutes	659,946	659,946	658,479	861,930	861,930	858,654
Transaction-related contingent items	1,497,034	748,517	722,291	1,471,531	735,766	703,771
Short-term self-liquidating trade-related contingencies	280,166	56,033	55,977	207,425	41,485	41,427
Obligations under underwriting agreement	111,000	55,500	55,500	116,000	58,000	58,000
Irrevocable commitments to extend credit:						
- maturity not exceeding one year	7,927,753	0	0	8,553,412	0	0
- maturity exceeding one year	8,457,905	2,725,241	2,725,241	9,744,501	4,872,251	4,872,251
Foreign exchange related contracts						
- less than one year	15,377,415	334,031	104,623	17,959,119	598,281	192,371
- one year to less than five years	1,615,917	220,849	69,173	1,557,177	204,498	64,995
- five years and above	826,351	128,176	40,147	813,476	145,027	46,632
Interest rate contracts						
- less than one year	7,928,510	49,356	13,615	8,976,652	37,642	10,202
- one year to less than five years	19,943,735	832,061	229,534	20,840,496	994,719	269,590
- five years and above	1,323,140	91,057	25,119	1,395,113	118,046	31,993
Equity and commodity related contracts	891,889	104,419	27,706	1,042,586	125,602	31,546
Miscellaneous	330,345	0	0	76,290	0	0
Total	67,171,106	6,005,186	4,727,405	73,615,708	8,793,247	7,181,432

* 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 2009 (continued)**20 COMMITMENTS AND CONTINGENCIES (continued)**

	30 June 2009			31 Dec 2008		
	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
Bank						
Direct credit substitutes	659,756	659,756	658,289	811,860	811,860	808,584
Transaction-related contingent items	1,406,816	703,408	677,182	1,404,722	702,361	670,366
Short-term self-liquidating trade-related contingencies	259,553	51,911	51,854	159,439	31,888	31,830
Obligations under underwriting agreement	111,000	55,500	55,500	116,000	58,000	58,000
Irrevocable commitments to extend credit:						
- maturity not exceeding one year	7,643,323	0	0	8,449,200	0	0
- maturity exceeding one year	8,057,644	2,669,483	2,669,483	9,402,265	4,701,133	4,701,133
Foreign exchange related contracts						
- less than one year	15,372,909	333,964	104,591	17,959,119	598,281	192,371
- one year to less than five years	1,405,083	211,753	67,353	1,452,458	198,051	63,681
- five years and above	826,351	128,176	40,147	813,476	145,027	46,632
Interest rate contracts						
- less than one year	7,928,510	49,356	13,615	8,976,652	37,642	10,202
- one year to less than five years	19,943,735	832,061	229,534	20,840,496	994,719	269,590
- five years and above	1,323,140	91,057	25,119	1,395,113	118,046	31,993
Equity and commodity related contracts	812,941	99,113	26,620	964,868	122,111	29,800
Miscellaneous	330,345	0	0	76,290	0	0
Total	66,081,106	5,885,538	4,619,287	72,821,958	8,519,119	6,914,182

* 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 2009 (continued)**21 INTEREST/PROFIT RATE RISK (continued)****Group**

As at 30 June 2009	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	7,294,693	0	0	0	0	128,300	0	7,422,993	2.19
Deposits and placements with financial institutions	0	2,146,128	145,172	0	0	0	0	2,291,300	2.19
Held-for-trading securities	0	0	0	0	0	0	613,549	613,549	3.57
Available-for-sale securities	143,054	1,053,258	517,241	3,597,321	987,085	55,743 [^]	0	6,353,702	4.14
Loans, advances and financing									
- performing	25,016,384	927,042	392,205	1,256,067	456,196	1,246,901 [*]	0	29,294,795	5.34
- non-performing	0	0	0	0	0	738,375 [#]	0	738,375	-
Other assets	0	0	0	0	0	222,492	708,746	931,238	-
Statutory deposits with Bank Negara Malaysia	0	0	0	0	0	258,092	0	258,092	-
Property, plant and equipment	0	0	0	0	0	249,094	0	249,094	-
Investment property	0	0	0	0	0	11,576	0	11,576	-
Prepaid lease payment	0	0	0	0	0	2,903	0	2,903	-
Non-current assets held for sale	0	0	0	0	0	381	0	381	-
Deferred taxation asset	0	0	0	0	0	113,410	0	113,410	-
Total assets	32,454,131	4,126,428	1,054,618	4,853,388	1,443,281	3,027,267	1,322,295	48,281,408	
Liabilities									
Deposits from customers	19,458,014	4,835,185	9,000,039	732,264	0	3,743,203	0	37,768,705	2.16
Deposits and placements of banks and other financial institutions	3,505,998	300,873	4,087	98,255	182,081	38,100	0	4,129,394	1.37
Bills and acceptances payable	0	0	0	0	0	334,667	0	334,667	-
Amount due to Cagamas	2,360	4,745	21,754	351,076	0	0	0	379,935	3.99
Subordinated term loan / bonds	0	0	93,726	211,091	1,000,000	0	0	1,304,817	6.65
Other liabilities	0	0	0	0	0	474,780	456,864	931,644	-
Taxation and zakat	0	0	0	0	0	81,548	0	81,548	-
Total liabilities	22,966,372	5,140,803	9,119,606	1,392,686	1,182,081	4,672,298	456,864	44,930,710	
On-balance sheet interest sensitivity gap	9,487,759	(1,014,375)	(8,064,988)	3,460,702	261,200	(1,645,031)	865,431	3,350,698	
Off-balance sheet interest sensitivity gap	56,291	(681,455)	56,291	568,873	0	0	0	0	
Total interest sensitivity gap	9,544,050	(1,695,830)	(8,008,697)	4,029,575	261,200	(1,645,031)	865,431	3,350,698	

NOTES TO INTERIM FINANCIAL STATEMENTS – 30 JUNE 2009 (continued)**21 INTEREST/PROFIT RATE RISK (continued)****Bank**

As at 30 June 2009	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	6,939,304	0	0	0	0	105,604	0	7,044,908	2.19
Deposits and placements with financial institutions	0	2,446,128	145,172	0	0	0	0	2,591,300	2.19
Held-for-trading securities	0	0	0	0	0	0	613,549	613,549	3.57
Available-for-sale securities	118,054	1,053,258	461,712	3,046,888	807,477	55,743 [^]	0	5,543,132	4.18
Loans, advances and financing									
- performing	24,649,151	801,088	278,357	251,854	93,368	1,282,765 [*]	0	27,356,583	5.26
- non-performing	0	0	0	0	0	727,994 [#]	0	727,994	-
Other assets	0	0	0	0	0	444,760	705,357	1,150,117	-
Statutory deposits with Bank Negara Malaysia	0	0	0	0	0	236,592	0	236,592	-
Investment in subsidiary companies	0	0	0	0	0	196,611	0	196,611	-
Property, plant and equipment	0	0	0	0	0	242,829	0	242,829	-
Investment property	0	0	0	0	0	11,576	0	11,576	-
Prepaid lease payment	0	0	0	0	0	2,903	0	2,903	-
Non-current assets held for sale	0	0	0	0	0	381	0	381	-
Deferred taxation asset	0	0	0	0	0	93,294	0	93,294	-
Total assets	31,706,509	4,300,474	885,241	3,298,742	900,845	3,401,052	1,318,906	45,811,769	
Liabilities									
Deposits from customers	18,041,421	4,536,861	8,664,861	609,045	0	3,568,012	0	35,420,200	2.21
Deposits and placements of banks and other financial institutions	3,775,998	873	4,087	98,255	182,081	0	0	4,061,294	1.09
Bills and acceptances payable	0	0	0	0	0	324,828	0	324,828	-
Amount due to Cagamas	2,360	4,745	21,754	351,076	0	0	0	379,935	3.99
Subordinated term loan / bonds	0	0	93,726	211,091	1,000,000	0	0	1,304,817	6.65
Other liabilities	0	0	0	0	0	441,438	453,369	894,807	-
Taxation and zakat	0	0	0	0	0	77,702	0	77,702	-
Total liabilities	21,819,779	4,542,479	8,784,428	1,269,467	1,182,081	4,411,980	453,369	42,463,583	
On-balance sheet interest sensitivity gap									
	9,886,730	(242,005)	(7,899,187)	2,029,275	(281,236)	(1,010,928)	865,537	3,348,186	
Off-balance sheet interest sensitivity gap									
	56,291	(681,455)	56,291	568,873	0	0	0	0	
Total interest sensitivity gap	9,943,021	(923,460)	(7,842,896)	2,598,148	(281,236)	(1,010,928)	865,537	3,348,186	

[^] 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 463,641,000 for Group and RM 427,907,000 for Bank.

[#] The amount includes specific allowance for loans, advances and financing in accordance with the Bank's accounting policy amounting to RM 435,714,000 for Group and RM 396,933,000 for Bank.

NOTES TO INTERIM FINANCIAL STATEMENTS – 30 JUNE 2009 (continued)**21 INTEREST/PROFIT RATE RISK (continued)****Group**

As at 31 December 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	4,192,299	0	0	0	0	181,765	0	4,374,064	3.59
Deposits and placements with banks and other financial institutions	86,584	1,083,737	60,292	0	0	0	0	1,230,613	3.59
Held-for-trading securities	0	0	0	0	0	0	581,784	581,784	4.62
Available-for-sale securities	79,210	2,297,177	733,277	3,213,187	2,145,312	109,606 [^]	0	8,577,769	3.93
Loans, advances and Financing									
- performing	24,427,833	1,218,777	917,954	1,124,856	311,942	1,564,383 [*]	0	29,565,745	6.08
- non-performing	0	0	0	0	0	608,688 [#]	0	608,688	-
Other assets	0	0	0	0	0	661,584	984,837	1,646,421	-
Statutory deposits with Bank Negara Malaysia	0	0	0	0	0	937,608	0	937,608	-
Property, plant and equipment	0	0	0	0	0	255,933	0	255,933	-
Investment property	0	0	0	0	0	12,358	0	12,358	-
Prepaid lease payment	0	0	0	0	0	2,929	0	2,929	-
Non-current assets held for sale	0	0	0	0	0	0	0	0	-
Deferred taxation asset	0	0	0	0	0	78,980	0	78,980	-
Total assets	28,785,926	4,599,691	1,711,523	4,338,043	2,457,254	4,413,834	1,566,621	47,872,892	
Liabilities									
Deposits from customers	19,208,144	5,180,761	7,699,985	1,016,575	0	3,583,520	0	36,688,985	2.86
Deposits and placements of banks and other financial institutions	3,508,477	112,386	4,989	87,263	146,831	0	0	3,859,946	2.54
Bills and acceptances payable	0	0	0	0	0	1,446,081	0	1,446,081	-
Amount due to Cagamas	0	45,457	22,683	367,187	0	0	0	435,327	4.13
Subordinated term loan / bonds	0	0	76,232	304,930	600,000	0	0	981,162	5.12
Other liabilities	0	0	0	0	0	588,770	685,043	1,273,813	-
Taxation and zakat	0	0	0	0	0	61,340	0	61,340	-
Total liabilities	22,716,621	5,338,604	7,803,889	1,775,955	746,831	5,679,711	685,043	44,746,654	
On-balance sheet interest sensitivity gap	6,069,305	(738,913)	(6,092,366)	2,562,088	1,710,423	(1,265,877)	881,578	3,126,238	
Off-balance sheet interest sensitivity gap	0	(746,338)	69,268	677,070	0	0	0	0	
Total interest sensitivity gap	6,055,203	(1,485,251)	(6,023,098)	3,239,158	1,710,423	(1,265,877)	881,578	3,126,238	

NOTES TO INTERIM FINANCIAL STATEMENTS – 30 JUNE 2009 (continued)**21 INTEREST/PROFIT RATE RISK (continued)****Bank**

As at 31 December 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	3,539,229	0	0	0	0	178,200	0	3,717,429	3.61
Deposits and placements with banks and other financial institutions	86,584	1,083,737	60,292	0	0	0	0	1,230,613	3.61
Held-for-trading securities	0	0	0	0	0	0	581,784	581,784	4.62
Available-for-sale securities	4,927	2,227,151	673,185	2,903,411	1,826,361	109,606 [^]	0	7,744,641	3.96
Loans, advances and Financing									
- performing	24,093,812	867,880	492,179	349,935	41,986	1,598,045 [*]	0	27,443,837	6.06
- non-performing	0	0	0	0	0	600,333 [#]	0	600,333	-
Other assets	0	0	0	0	0	914,761	983,960	1,898,721	-
Statutory deposits with Bank Negara Malaysia	0	0	0	0	0	853,608	0	853,608	-
Investment in subsidiary companies	0	0	0	0	0	196,611	0	196,611	-
Property, plant and equipment	0	0	0	0	0	253,994	0	253,994	-
Investment property	0	0	0	0	0	12,358	0	12,358	-
Prepaid lease payment	0	0	0	0	0	2,929	0	2,929	-
Non-current assets held for sale	0	0	0	0	0	0	0	0	-
Deferred taxation asset	0	0	0	0	0	66,627	0	66,627	-
Total assets	27,724,552	4,178,768	1,225,656	3,253,346	1,868,347	4,787,072	1,565,744	44,603,485	
Liabilities									
Deposits from customers	17,405,770	4,667,435	7,424,816	916,443	0	3,552,810	0	33,967,274	2.88
Deposits and placements of banks and other financial institutions	3,254,677	52,387	4,989	87,263	146,830	0	0	3,546,146	2.45
Bills and acceptances payable	0	0	0	0	0	1,431,979	0	1,431,979	-
Amount due to Cagamas	0	45,457	22,683	367,187	0	0	0	435,327	4.13
Subordinated term loan / bonds	0	0	76,232	304,930	600,000	0	0	981,162	5.06
Other liabilities	0	0	0	0	0	383,930	684,166	1,068,096	-
Taxation and zakat	0	0	0	0	0	61,325	0	61,325	-
Total liabilities	20,660,447	4,765,279	7,528,720	1,675,823	746,830	5,430,044	684,166	41,491,309	
On-balance sheet interest sensitivity gap	7,064,105	(586,511)	(6,303,064)	1,577,523	1,121,517	(642,972)	881,578	3,112,176	
Off-balance sheet interest sensitivity gap	0	(746,338)	69,268	677,070	0	0	0	0	
Total interest sensitivity gap	7,064,105	(1,332,849)	(6,233,796)	2,254,593	1,121,517	(642,972)	881,578	3,112,176	

[^] The amount includes allowance for impairment loss in available-for-sale 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 460,009,000 for Group and RM 426,477,000 for Bank.

[#] The amount includes specific allowance for loans, advances and financing in accordance with the Bank's accounting policy amounting to RM 449,277,000 for Group and RM 413,155,000 for Bank.

NOTES TO INTERIM FINANCIAL STATEMENTS – 30 JUNE 2009 (continued)**22 CAPITAL ADEQUACY**

	Group		Bank	
	30 June 2009 RM'000	31 Dec 2008 RM'000	30 June 2009 RM'000	31 Dec 2008 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	287,500	287,500
Paid-up non-cumulative perpetual preference shares	4,000	4,000	4,000	4,000
Share premium	858,500	858,500	858,500	858,500
Retained profits	1,762,843	1,442,012	1,810,161	1,492,956
Other reserves	322,000	322,000	322,000	322,000
Innovative Tier 1 capital	400,000	0	400,000	0
Capital reserves	56,619	56,619	0	0
	<u>3,691,462</u>	<u>2,970,631</u>	<u>3,682,161</u>	<u>2,964,956</u>
Less: Deferred tax assets	(117,509)	(113,243)	(101,082)	(101,479)
Total Tier-1 capital	<u>3,573,953</u>	<u>2,857,388</u>	<u>3,581,079</u>	<u>2,863,477</u>
<u>Tier-2 capital</u>				
General allowance for bad and doubtful debts and financing	463,642	460,009	427,907	426,477
Subordinated term loan / bonds	878,931	944,579	678,931	744,579
Total Tier-2 capital	<u>1,342,573</u>	<u>1,404,588</u>	<u>1,106,838</u>	<u>1,171,056</u>
Total capital	4,916,526	4,261,976	4,687,917	4,034,533
Less: Investment in subsidiaries	0	0	(196,617)	(196,617)
Valuation adjustments in Excess of Financial Statements	(8,466)	0	(8,466)	0
Capital base	<u>4,908,060</u>	<u>4,261,976</u>	<u>4,482,834</u>	<u>3,837,916</u>
<u>Capital Ratios</u>				
Excluding proposed interim dividend :				
Core-capital ratio	10.61%	7.76%	11.48%	8.40%
Risk-weighted capital ratio	14.58%	11.58%	14.37%	11.27%
Including proposed interim dividend :				
Core-capital ratio	10.59%	7.74%	11.45%	8.38%
Risk-weighted capital ratio	14.55%	11.56%	14.34%	11.24%

23 COMPARATIVE FIGURES

Certain comparative figures have been restated to conform with the current period's presentation as follow:

	Group	
	As previously reported RM'000	As restated RM'000
Balance Sheet as at 31 December 2008		
Deposits from customers	36,688,985	36,644,059
Other liabilities	<u>1,273,813</u>	<u>1,318,739</u>