

**CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED BALANCE SHEETS AS AT 30 SEPTEMBER 2005**

	Note	Group		Bank	
		30 Sept 2005 RM'000	31 Dec 2004 RM'000	30 Sept 2005 RM'000	31 Dec 2004 RM'000
ASSETS					
Cash and short-term funds		424,157	1,379,166	424,157	1,379,166
Securities purchased under resale agreement		1,252,825	0	1,252,825	0
Deposits and placements with financial institutions		241,832	523,991	241,832	523,991
Held-for-trading securities	4	854,456	579,445	854,456	579,445
Available-for-sale securities	4	5,452,103	4,881,721	5,452,103	4,881,721
Loans, advances and financing	5	20,435,841	19,081,516	20,435,178	19,080,640
Other assets	7	210,446	148,000	207,466	152,851
Statutory deposits with Bank Negara Malaysia		737,086	694,086	737,086	694,086
Investment in subsidiary companies		0	0	1,611	1,611
Property, plant and equipment		242,254	202,724	242,243	202,721
Deferred taxation asset		81,658	100,267	81,933	100,493
TOTAL ASSETS		29,932,658	27,590,916	29,930,890	27,596,725
LIABILITIES AND SHAREHOLDERS' EQUITY					
Deposits from customers	8	18,714,291	16,941,812	18,727,989	16,962,910
Deposits and placements of banks and other financial institutions	9	4,474,134	3,514,906	4,474,134	3,514,906
Obligations on securities sold under repurchase agreements		1,611,016	2,128,354	1,611,016	2,128,354
Bills and acceptances payable		1,283,586	1,533,193	1,283,586	1,533,193
Amount due to Cagamas		945,548	1,010,781	945,548	1,010,781
Subordinated term loan		537,485	570,000	537,485	570,000
Other liabilities	10	392,314	274,687	389,277	271,644
Taxation and zakat		(32,652)	8,464	(32,652)	8,464
Total Liabilities		27,925,722	25,982,197	27,936,383	26,000,252
Financed by :					
Share capital		291,500	287,500	291,500	287,500
Reserves		1,715,436	1,321,219	1,703,007	1,308,973
Shareholders' Equity		2,006,936	1,608,719	1,994,507	1,596,473
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		29,932,658	27,590,916	29,930,890	27,596,725
COMMITMENTS AND CONTINGENCIES	19	31,023,634	23,372,056	31,023,634	23,341,877

**CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED INCOME STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2005**

Group	Note	3rd Quarter Ended		Nine Months Ended	
		30 Sept 2005 RM'000	30 Sept 2004 RM'000	30 Sept 2005 RM'000	30 Sept 2004 RM'000
Interest income	12	340,168	293,239	978,050	866,103
Interest expense	13	(181,488)	(158,601)	(520,627)	(458,935)
Net interest income		158,680	134,638	457,423	407,168
Islamic Banking income		9,617	5,081	30,352	14,713
		168,297	139,719	487,775	421,881
Non-interest income	14	72,781	52,961	192,205	146,737
Net income		241,078	192,680	679,980	568,618
Staff cost and overhead expenses	15	(98,776)	(73,872)	(270,245)	(199,866)
Operating profits before allowances		142,302	118,808	409,735	368,752
Allowance for losses on loans and financing	16	(21,174)	(11,734)	(19,202)	(27,582)
Provision for commitment and contingencies		0	(166)	619	158
Write back of / (allowance for) diminution in value of investment securities (net)		16,228	329	18,361	1,841
Profit before taxation and zakat		137,356	107,237	409,513	343,169
Taxation	17	(37,809)	(29,699)	(119,853)	(102,454)
Zakat		0	0	(200)	(24)
Net profit attributable to shareholders		99,547	77,538	289,460	240,691
Basic earnings per ordinary share (sen)		34.6	27.0	100.7	83.7

**CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED INCOME STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2005**

<u>Bank</u>	Note	3rd Quarter Ended		Nine Months Ended	
		30 Sept 2005 RM'000	30 Sept 2004 RM'000	30 Sept 2005 RM'000	30 Sept 2004 RM'000
Interest income	12	340,162	293,241	978,020	866,077
Interest expense	13	(181,586)	(158,770)	(520,941)	(459,422)
Net interest income		158,576	134,471	457,079	406,655
Islamic Banking income		9,617	5,081	30,352	14,713
		168,193	139,552	487,431	421,368
Non-interest income	14	72,781	52,961	192,205	146,737
Net income		240,974	192,513	679,636	568,105
Staff cost and overhead expenses	15	(98,715)	(73,821)	(270,075)	(199,718)
Operating profits before allowances		142,259	118,692	409,561	368,387
Allowance for losses on loans and financing	16	(21,187)	(11,784)	(19,261)	(27,801)
Provision for commitment and contingencies		0	(166)	619	158
Write back of / (allowance for) diminution in value of investment securities (net)		16,228	329	18,361	1,841
Profit before taxation and zakat		137,300	107,071	409,280	342,585
Taxation	17	(37,798)	(29,608)	(119,803)	(102,146)
Zakat		0	0	(200)	(24)
Net profit attributable to shareholders		99,502	77,463	289,277	240,415
Basic earnings per ordinary share (sen)		34.6	26.9	100.7	83.6

CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 SEPTEMBER 2005

	Non-distributable					Distributable		Total
	Share capital	Share premium	Statutory reserve	Capital reserve	Fair value reserve	General reserve	Retained profits	
	RM'000	RM'000	RM'000	RM'000		RM'000	RM'000	RM'000
Group								
Balance at 1 January 2005 :								
- As previously stated	287,500	462,500	322,000	56,619	0	36,750	443,350	1,608,719
- Adjustments on adoption of Revised BNM/GP8	0	0	0	0	51,371	0	(110,932)	(59,561)
As restated	287,500	462,500	322,000	56,619	51,371	36,750	332,418	1,549,158
Net profit attributable to shareholders	0	0	0	0	0	0	289,460	289,460
Revaluation of available-for-sale securities	0	0	0	0	17,453	0	0	17,453
Deferred tax on revaluation of available-for-sale securities	0	0	0	0	(3,982)	0	0	(3,982)
Issuance of preference share	4,000	396,000	0	0	0	0	0	400,000
Dividends paid on ordinary shares in respect of:								
- year ended 31 December 2004	0	0	0	0	0	0	(150,075)	(150,075)
- half year ended 30 June 2005	0	0	0	0	0	0	(93,150)	(93,150)
Dividends paid on preference shares	0	0	0	0	0	0	(1,928)	(1,928)
Balance at 30 September 2005	291,500	858,500	322,000	56,619	64,842	36,750	376,725	2,006,936
Balance at 1 January 2004	287,500	462,500	322,000	56,619	0	436,750	201,699	1,767,068
Transfer (to)/from	0	0	0	0	0	(400,000)	400,000	0
	287,500	462,500	322,000	56,619	0	36,750	601,699	1,767,068
Net profit attributable to shareholders	0	0	0	0	0	0	240,691	240,691
Dividends paid in respect of :								
- year ended 31 December 2003	0	0	0	0	0	0	(434,700)	(434,700)
Balance at 30 September 2004	287,500	462,500	322,000	56,619	0	36,750	407,690	1,573,059

CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 SEPTEMBER 2005

	Non-distributable					Distributable		Total
	Share capital	Share premium	Statutory reserve	Capital reserve	Fair value reserve	General reserve	Retained profits	
	RM'000	RM'000	RM'000	RM'000		RM'000	RM'000	RM'000
Bank								
Balance at 1 January 2005 :								
- As previously stated	287,500	462,500	322,000	0	0	0	524,473	1,596,473
- Adjustments on adoption of Revised BNM/GP8	0	0	0	0	51,371	0	(110,932)	(59,561)
As restated	287,500	462,500	322,000	0	51,371	0	413,541	1,536,912
Net profit attributable to shareholders	0	0	0	0	0	0	289,277	289,277
Revaluation of available-for-sale securities	0	0	0	0	17,453	0	0	17,453
Deferred tax on revaluation of available-for-sale securities	0	0	0	0	(3,982)	0	0	(3,982)
Issuance of preference share	4,000	396,000	0	0	0	0	0	400,000
Dividends paid on ordinary shares in respect of:								
-year ended 31 December 2004	0	0	0	0	0	0	(150,075)	(150,075)
-half year ended 30 June 2005	0	0	0	0	0	0	(93,150)	(93,150)
Dividends paid on preference shares	0	0	0	0	0	0	(1,928)	(1,928)
Balance at 30 September 2005	291,500	858,500	322,000	0	64,842	0	457,665	1,994,507
Balance at 1 January 2004	287,500	462,500	322,000	0	0	400,000	280,708	1,752,708
Transfer (to)/from	0	0	0	0	0	(400,000)	400,000	0
	287,500	462,500	322,000	0	0	0	680,708	1,752,708
Net profit attributable to shareholders	0	0	0	0	0	0	240,415	240,415
Dividends paid in respect of -year ended 31 December 2003	0	0	0	0	0	0	(434,700)	(434,700)
Balance at 30 September 2004	287,500	462,500	322,000	0	0	0	486,423	1,558,423

CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED CONDENSED CASH FLOW STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2005

	Group		Bank	
	30 Sept 2005 RM'000	30 Sept 2004 RM'000	30 Sept 2005 RM'000	30 Sept 2004 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before taxation and zakat	409,513	343,169	409,280	342,585
Adjustments for non-operating and non-cash items	18,813	58,852	18,871	59,071
Operating profit before changes in working capital	428,326	402,021	428,151	401,656
Change in working capital:				
Net changes in Operating Assets	(3,098,111)	(1,707,335)	(3,090,552)	(1,707,645)
Net changes in Operating Liabilities	1,948,873	2,006,318	1,941,479	2,006,990
Income tax and zakat paid	(103,317)	(53,231)	(103,316)	(53,231)
Net cash (utilised in) / generated from operating activities	(824,229)	647,773	(824,238)	647,770
Net cash utilised in investing activities	(167,787)	(736,706)	(167,778)	(736,703)
Net cash utilised in financing activities	(245,153)	(434,700)	(245,153)	(434,700)
Net (decrease) / increase in cash and cash equivalents	(1,237,169)	(523,633)	(1,237,169)	(523,633)
Cash and cash equivalents at beginning of the period	1,903,157	3,124,725	1,903,157	3,124,725
Cash and cash equivalents at end of the period	<u>665,988</u>	<u>2,601,092</u>	<u>665,988</u>	<u>2,601,092</u>

NOTES TO INTERIM FINANCIAL STATEMENTS – 30 SEPTEMBER 2005

1 Review of Performance

The Group, comprising the Bank and its subsidiaries, registered RM409.5 million in profit before tax for the first nine months of 2005, marking a RM66.3 million or 19% increase against the same period last year (YTD Q304: RM343.2 million). The increase was due mainly to higher operating profits, which rose by RM41 million or 11% to RM409.7 million (YTD Q304: RM368.8 million) and lower provisioning, which decreased by RM25.4 million to RM0.2 million (YTD Q304: RM25.6 million).

The increase in operating profits derived mainly from an increase in net interest income, which grew by RM50.3 million or 12% to RM457.4 million (YTD Q304: RM407.2 million). This, in turn, resulted from an improved net interest margin of 14bps and growth of RM2.5 billion in average loans, from RM16.8 billion to RM19.3 billion.

Non-interest income also increased, registered growth of RM45.5 million or 31% to RM192.2 million compared with RM146.7 million during the corresponding period last year. This was due mainly to an increase in trading income, fees from structured investments, trade finance, credit cards and foreign exchange profit.

Overheads increased by RM70.4 million or 35% to RM270.2 million due mainly to higher personnel costs and transaction processing fees from e2 Power Sdn Bhd.

Viewed against the balance sheet of the year ended 31 Dec 2004, outstanding gross loans increased by RM1.5 billion or 8% to RM21.3 billion for the first nine months of 2005. Total assets also expanded, by RM2.3 billion or 8% to RM29.9 billion, while the net NPL ratio declined from 5.87% to 3.70%.

The Group's shareholders' funds, as at 30 Sep 2005, strengthened from RM1.6 billion (31 Dec 2004) to RM2.0 billion, pursuant to the issuance of preference shares amounting to RM400 million in Aug 2005. Consequently, the Group's capital adequacy ratio improved from 10.97% to 11.59%.

For the third quarter ended 30 Sep 2005, the Group's profit before tax increased by RM30.1 million or 28% to RM137.4 million compared with RM107.2 million for the corresponding quarter the previous year. This was due to an increase in operating profits of RM23.5 million or 20% to RM142.3 million (3Q04: RM118.8 million), and a decrease in provisioning of RM6.6 million or 57% to RM4.9 million (3Q04: RM11.6 million).

2 Economic Performance and Prospects

In the second quarter, the economy grew by 4.1% yoy underpinned by services, manufacturing and agriculture while the construction sector remained weak. With the first half of 2005 at 4.9%, 2005 is estimated at 5%. By 2006, the economy is estimated to improve to 5.5% and will be broad based with expansion in all sectors, boosted by private investment spending and strong activities in the services sector. Inflationary pressures are evident with increases in higher petrol prices and the effect is expected to creep in 2006.

Measures were recently announced in the Budget 2006 to support economic activity with a series of tax incentives for business such as the enhancement of the pioneer status and provide support to the small and medium-sized enterprises (SMEs) with the SME Bank which has recently launched a RM1 billion venture capital fund to finance SMEs with fresh capital.

Banks will continue to see loan growth in key areas of home financing and loans to small and medium enterprises (SME) especially with announcements made in the Budget 2006. However with stiff competition in these areas, earnings may be impacted by the narrowing of interest margins amid the softening of the property sector. Islamic Banking is another area with untapped potential as some banks have shown an interest in this area, especially with the establishment of licensed Islamic Banks.

NOTES TO INTERIM FINANCIAL STATEMENTS – 30 SEPTEMBER 2005 (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 2004, except for the adoption of new applicable 'Revised Guidelines on Financial Reporting for Licensed Institutions (BNM/GP8)' issued by Bank Negara Malaysia on 5 October 2004 and has applied prospectively from 1 January 2005.

4 Securities Portfolio

i) Held-for-Trading

	Group		Bank	
	30 Sept 2005 RM'000	31 Dec 2004 RM'000	30 Sept 2005 RM'000	31 Dec 2004 RM'000
Money market instruments:-				
Quoted:				
Malaysian Government treasury bills	39,598	0	39,598	0
Malaysian Government securities	162,640	75,548	162,640	75,548
Government Investment Certificate	0	0	0	0
Bank Negara Bills	384,591	0	384,591	0
Bank Negara Negotiable Notes	34,840	0	34,840	0
Cagamas bonds / notes	5,028	0	5,028	0
Private debt securities	227,759	503,897	227,759	503,897
	<u>854,456</u>	<u>579,445</u>	<u>854,456</u>	<u>579,445</u>

ii) Available-for-Sale

Money market instruments:-				
Quoted:				
Malaysian Government securities	2,963,229	2,286,164	2,963,229	2,286,164
Government Investment Certificate	331,102	272,166	331,102	272,166
Cagamas bonds / notes	790,977	972,654	790,977	972,654
Khazanah bonds	14,815	0	14,815	0
Danaharta bonds	0	32,589	0	32,589
Private debt securities	682,040	644,112	682,040	644,112
	<u>4,782,163</u>	<u>4,207,685</u>	<u>4,782,163</u>	<u>4,207,685</u>
Unquoted:				
Negotiable instruments of deposit	570,000	780,000	570,000	780,000
Bankers' acceptances and Islamic accepted bills	104,624	26,002	104,624	26,002
	<u>5,456,787</u>	<u>5,013,687</u>	<u>5,456,787</u>	<u>5,013,687</u>
Unquoted securities in Malaysia :-				
Shares	45,635	15,650	45,635	15,650
Debentures	188	186	188	186
	<u>5,502,610</u>	<u>5,029,523</u>	<u>5,502,610</u>	<u>5,029,523</u>
Amortisation of premium less accretion of discounts	0	(77,908)	0	(77,908)
Allowance for diminution in value of Available-for-sale securities :				
-Unquoted shares in Malaysia	(121)	(121)	(121)	(121)
-Private debt securities	(50,386)	(69,773)	(50,386)	(69,773)
	<u>5,452,103</u>	<u>4,881,721</u>	<u>5,452,103</u>	<u>4,881,721</u>

Included in available-for-sale securities is an amount of RM1,672,579,000 (Dec 2004: RM2,307,772,000) being pledged to third parties in sale and repurchase agreements.

NOTES TO INTERIM FINANCIAL STATEMENTS – 30 SEPTEMBER 2005 (continued)**4 Securities Portfolio (continued)**

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

	Group		Bank	
	30 Sept 2005 RM'000	31 Dec 2004 RM'000	30 Sept 2005 RM'000	31 Dec 2004 RM'000
Maturity within one year	1,256,451	1,594,633	1,256,451	1,594,633
One year to three years	2,338,301	2,180,147	2,338,301	2,180,147
Three years to five years	1,178,610	1,166,658	1,178,610	1,166,658
Over five years	683,425	72,249	683,425	72,249
	<u>5,456,787</u>	<u>5,013,687</u>	<u>5,456,787</u>	<u>5,013,687</u>

5 Loans, Advances and Financing

Overdrafts	3,406,997	3,362,531	3,406,997	3,362,531
Term loans :				
-fixed rate	850,103	723,641	850,103	723,641
-floating rate	12,852,164	11,803,125	12,852,164	11,803,125
Credit/charge cards receivables	325,276	264,136	325,276	264,136
Bills receivable	67,121	39,221	67,121	39,221
Trust receipts	107,185	116,668	107,185	116,668
Claims on customers under acceptance credits	1,899,905	1,564,013	1,899,905	1,564,013
Hire purchase	325,931	260,936	325,931	260,936
Lease receivables	29,341	26,275	28,036	24,582
Block discounting	353	366	353	366
Other loans	1,548,552	1,697,619	1,548,552	1,697,619
Staff loans (of which None [Dec 2004 : Nil] to directors)	105,889	105,173	105,889	105,173
	<u>21,518,817</u>	<u>19,963,704</u>	<u>21,517,512</u>	<u>19,962,011</u>
Unearned interest and income	(168,069)	(119,853)	(168,002)	(119,735)
Gross loans, advances and financing	<u>21,350,748</u>	<u>19,843,851</u>	<u>21,349,510</u>	<u>19,842,276</u>
Allowance for bad and doubtful debts and financing :				
- Specific	(608,037)	(455,465)	(607,477)	(454,781)
- General	(306,870)	(306,870)	(306,855)	(306,855)
Net loans, advances and financing	<u>20,435,841</u>	<u>19,081,516</u>	<u>20,435,178</u>	<u>19,080,640</u>

NOTES TO INTERIM FINANCIAL STATEMENTS – 30 SEPTEMBER 2005 (continued)**5 Loans, Advances and Financing (continued)**

ii) By type of customer

	Group		Bank	
	30 Sept 2005	31 Dec 2004	30 Sept 2005	31 Dec 2004
	RM'000	RM'000	RM'000	RM'000
Domestic banking institutions	205,150	243,817	204,472	242,929
Domestic non-bank financial institutions				
- Stockbroking companies	0	9,000	0	9,000
- Others	242,380	233,245	242,380	233,245
Domestic business enterprises				
- Small medium enterprises	3,420,163	2,988,969	3,419,952	2,988,735
- Others	8,144,316	7,926,272	8,143,967	7,925,819
Government and statutory bodies	1,309,556	1,273,590	1,309,556	1,273,590
Individuals	7,982,397	7,137,038	7,982,397	7,137,038
Other domestic entities	1,895	1,092	1,895	1,092
Foreign entities	44,891	30,828	44,891	30,828
	<u>21,350,748</u>	<u>19,843,851</u>	<u>21,349,510</u>	<u>19,842,276</u>

iii) By interest/profit rate sensitivity

Fixed rate

Housing loans/financing	94,742	70,415	94,742	70,415
Hire purchase receivables	290,418	225,199	290,418	225,199
Other fixed rate loan/financing	1,097,679	1,010,927	1,096,441	1,009,352

Variable rate

BLR plus	13,238,283	12,204,095	13,238,283	12,204,095
Cost-plus	2,997,225	2,744,657	2,997,225	2,744,657
Other variable rates	3,632,401	3,588,558	3,632,401	3,588,558
	<u>21,350,748</u>	<u>19,843,851</u>	<u>21,349,510</u>	<u>19,842,276</u>

iv) By sector

Agriculture	1,139,251	1,300,604	1,139,251	1,300,604
Mining and quarrying	20,797	21,033	20,797	21,033
Manufacturing	3,660,992	3,335,573	3,660,952	3,335,424
Electricity, gas and water	83,400	83,447	83,400	83,447
Construction	864,077	909,396	863,728	909,047
Real estate	1,610,993	1,369,766	1,610,993	1,369,766
Purchase of landed property				
of which : i. Residential	6,147,739	5,571,658	6,147,739	5,571,658
ii. Non-residential	946,123	822,738	946,123	822,738
General commerce	2,597,326	2,402,247	2,597,155	2,402,061
Transport, storage and communication	429,802	418,183	429,802	418,183
Finance, insurance and business services	645,632	833,534	645,632	833,534
Purchase of securities	419,246	266,936	419,246	266,936
Purchase of transport vehicles	9,554	10,154	9,554	10,154
Consumption credit	1,127,643	976,009	1,126,965	975,118
Others	1,648,173	1,522,573	1,648,173	1,522,573
	<u>21,350,748</u>	<u>19,843,851</u>	<u>21,349,510</u>	<u>19,842,276</u>

NOTES TO INTERIM FINANCIAL STATEMENTS – 30 SEPTEMBER 2005 (continued)**6 Non-performing Loans, Advances and Financing**

(i) The movements in the non-performing loans, advances and financing

	Group		Bank	
	30 Sept 2005 RM'000	31 Dec 2004 RM'000	30 Sept 2005 RM'000	31 Dec 2004 RM'000
Balance at 1 January				
- As previously stated	1,797,614	1,909,993	1,796,282	1,908,369
- Adjustments on adoption of revised BNM/GP8	(204,141)	(205,213)	(203,468)	(204,525)
As restated	1,593,473	1,704,780	1,592,814	1,703,844
Non-performing during the period/year	197,100	436,505	197,095	436,496
Reclassified as performing during the period/year	(154,152)	(129,099)	(154,152)	(129,099)
Amount converted to investment securities	0	(1,341)	0	(1,341)
Amount recovered	(196,648)	(298,812)	(196,609)	(298,554)
Amount written off	(65,293)	(118,560)	(65,228)	(118,532)
Balance at end of period/year	1,374,480	1,593,473	1,373,920	1,592,814
Specific allowance	(608,037)	(455,465)	(607,477)	(454,781)
Net non-performing loans, advances and financing	766,443	1,138,008	766,443	1,138,033
Ratio of net non-performing loans and financing to net loans, advances and financing	3.70%	5.87%	3.70%	5.87%

ii) Movements in allowance for bad and doubtful debts and financing

	Group		Bank	
	30 Sept 2005 RM'000	31 Dec 2004 RM'000	30 Sept 2005 RM'000	31 Dec 2004 RM'000
<u>General allowance</u>				
Balance at 1 January	306,870	305,758	306,855	305,743
Allowance made during the period/year	0	1,112	0	1,112
Balance at end of period/year	306,870	306,870	306,855	306,855
As % of gross loans, advances and financing less specific allowance	1.57%	1.70%	1.57%	1.69%

NOTES TO INTERIM FINANCIAL STATEMENTS – 30 SEPTEMBER 2005 (continued)**6 Non-performing Loans, Advances and Financing (continued)**

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

	Group		Bank	
	30 Sept 2005 RM'000	31 Dec 2004 RM'000	30 Sept 2005 RM'000	31 Dec 2004 RM'000
<u>Specific allowance</u>				
Balance at 1 January				
- As previously stated	455,465	448,813	454,781	447,853
- Adjustments on adoption of revised BNM/GP8	179,836	0	179,836	0
As restated	635,301	448,813	634,617	447,853
Allowance made during the period/year	131,650	240,947	131,645	240,938
Amount transferred to allowance for diminution in value of investment securities	0	(1,341)	0	(1,341)
Amount written back in respect of recoveries	(93,622)	(114,395)	(93,558)	(114,137)
Amount written off	(65,292)	(118,559)	(65,227)	(118,532)
Balance at end of period/year	<u>608,037</u>	<u>455,465</u>	<u>607,477</u>	<u>454,781</u>

(iii) Non-performing loans, advances and financing by sector

	Group		Bank	
	30 Sept 2005 RM'000	31 Dec 2004 RM'000	30 Sept 2005 RM'000	31 Dec 2004 RM'000
Agriculture	48,290	88,604	48,290	88,604
Manufacturing	316,047	362,556	316,007	362,407
Construction	116,110	143,654	115,761	143,305
Real estate	153,441	223,460	153,441	223,460
Purchase of landed property				
of which : i. Residential	99,658	73,683	99,658	73,683
ii. Non-residential	68,950	72,726	68,950	72,726
General commerce	311,161	336,669	310,990	336,508
Transport, storage and communication	14,594	20,676	14,594	20,676
Finance, insurance and business services	56,591	58,961	56,591	58,961
Purchase of securities	131,523	147,271	131,523	147,271
Purchase of transport vehicles	273	300	273	300
Consumption credit	36,507	37,820	36,507	37,820
Others	21,335	27,093	21,335	27,093
	<u>1,374,480</u>	<u>1,593,473</u>	<u>1,373,920</u>	<u>1,592,814</u>

NOTES TO INTERIM FINANCIAL STATEMENTS – 30 SEPTEMBER 2005 (continued)**7 Other Assets**

	Group		Bank	
	30 Sept 2005 RM'000	31 Dec 2004 RM'000	30 Sept 2005 RM'000	31 Dec 2004 RM'000
Amount due from subsidiary	0	0	0	7,867
Interest receivable	64,394	54,821	64,394	54,821
Other debtors, deposits and prepayments	146,052	93,179	143,072	90,163
	210,446	148,000	207,466	152,851

	Group		Bank	
	30 Sept 2005 RM'000	31 Dec 2004 RM'000	30 Sept 2005 RM'000	31 Dec 2004 RM'000
<u>Amount recoverable from Danaharta</u>				
Balance at 1 January	0	0	0	0
Amount arising during the period/year 1/	0	8,053	0	8,053
Allowance made during the period/year	0	(8,053)	0	(8,053)
Balance at end of period/year	0	0	0	0

1/ This amount arose from the recognition of 8% holding cost amount on loans and advances sold and outstanding form Danaharta

8 Deposits from Customers

(i) By type of deposits

	Group		Bank	
	30 Sept 2005 RM'000	31 Dec 2004 RM'000	30 Sept 2005 RM'000	31 Dec 2004 RM'000
Demand deposits	3,033,002	2,334,706	3,033,933	2,335,372
Savings deposits	1,686,683	1,577,662	1,686,683	1,577,662
Fixed deposits	11,988,376	11,804,056	12,001,143	11,824,488
Negotiable instruments of deposits	1,768,888	900,156	1,768,888	900,156
Islamic short term Mudharabah investment	196,055	183,203	196,055	183,203
Structured investments	0	118,500	0	118,500
Others	41,287	23,529	41,287	23,529
	18,714,291	16,941,812	18,727,989	16,962,910

NOTES TO INTERIM FINANCIAL STATEMENTS – 30 SEPTEMBER 2005 (continued)**8 Deposits from Customers (continued)**

ii) By type of customers

	Group		Bank	
	30 Sept 2005 RM'000	31 Dec 2004 RM'000	30 Sept 2005 RM'000	31 Dec 2004 RM'000
Government and statutory bodies	16,922	15,447	16,922	15,447
Business enterprises	5,568,294	6,445,703	5,568,294	6,445,703
Individuals	10,555,049	9,687,340	10,555,049	9,687,340
Others	2,574,026	793,322	2,587,724	814,420
	<u>18,714,291</u>	<u>16,941,812</u>	<u>18,727,989</u>	<u>16,962,910</u>

9 Deposits and Placements of Banks and Other Financial Institutions

	Group		Bank	
	30 Sept 2005 RM'000	31 Dec 2004 RM'000	30 Sept 2005 RM'000	31 Dec 2004 RM'000
Licensed banks	4,401,569	3,158,182	4,401,569	3,158,182
Licensed finance companies	0	120,000	0	120,000
Licensed merchant banks	0	50,000	0	50,000
Bank Negara Malaysia	0	32,741	0	32,741
Other financial institutions	72,565	153,983	72,565	153,983
	<u>4,474,134</u>	<u>3,514,906</u>	<u>4,474,134</u>	<u>3,514,906</u>

10 Other Liabilities

	Group		Bank	
	30 Sept 2005 RM'000	31 Dec 2004 RM'000	30 Sept 2005 RM'000	31 Dec 2004 RM'000
Equity compensation benefits (a)	13,065	680	13,065	680
Accruals for personnel costs *	29,004	19,589	28,964	19,587
Obligations under finance lease	678	888	678	888
Provision for commitment and contingencies (b)	2,545	7,494	2,545	7,494
Interest payable	129,750	122,095	129,750	122,095
Other accruals and charges	214,117	123,941	211,120	120,900
Profit equalisation reserve [Note 23 (6)]	3,155	0	3,155	0
	<u>392,314</u>	<u>274,687</u>	<u>389,277</u>	<u>271,644</u>

*Includes accrual for salary, employee benefits and EPF

NOTES TO INTERIM FINANCIAL STATEMENTS – 30 SEPTEMBER 2005 (continued)**10 Other Liabilities (continued)**

a) Movements in equity compensation benefits are as follows:

	Group		Bank	
	30 Sept 2005 RM'000	31 Dec 2004 RM'000	30 Sept 2005 RM'000	31 Dec 2004 RM'000
Balance at 1 January				
- As previous stated	680	200	680	200
- Prior year adjustment	8,302	0	8,302	0
As restated	8,982	200	8,982	200
Provision made during the period (net)	4,581	455	4,581	455
Adjustment on foreign currency revaluation	(498)	25	(498)	25
Balance at 30 September	13,065	680	13,065	680

Equity compensation benefits

Included in equity compensation benefits are:

- (i) OCBC Deferred Share Plan ("the Plan") was implemented with effect from 2003. Under the Plan, shares of the ultimate holding company of the Bank are granted to executive directors and officers of the rank of Vice President and above. Shares granted under the Plan will vest three years from the grant date and will lapse when the staff ceases employment during the vesting period.
- (ii) Shares Option Schemes that are offered to executives, of the rank of Assistant Manager and above, including executive directors and to non-executive directors. Options granted are exercisable for a period commencing after the 1st anniversary of the respective dates of grant and expiring on the 10th anniversary of the respective dates of grant. One-third of the share options granted will vest each financial year after the 1st anniversary of the respective dates of grant and fully vested after the 3rd anniversary.

A trust is set up to administer the shares purchased under the Plan. The remuneration expense is amortised and recognised in the income statement on a straight-line basis over the vesting period.

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

	Group		Bank	
	30 Sept 2005 RM'000	31 Dec 2004 RM'000	30 Sept 2005 RM'000	31 Dec 2004 RM'000
Balance at 1 January	7,494	3,192	7,494	3,192
Provision made during the period/year (net)	0	4,330	0	4,330
Provision written back during the period/year	(619)	(28)	(619)	(28)
Reclassification to other accruals and charges	(4,330)	0	(4,330)	0
Balance at end of period/year	2,545	7,494	2,545	7,494

NOTES TO INTERIM FINANCIAL STATEMENTS – 30 SEPTEMBER 2005 (continued)**11 SHARE CAPITAL**

<u>Group</u>	Group		Bank	
	30 Sept 2005 RM'000	31 Dec 2004 RM'000	30 Sept 2005 RM'000	31 Dec 2004 RM'000
Authorised:				
1,000,000,000 (2004 : 1,000,000,000) ordinary shares of RM1 each	1,000,000	1,000,000	1,000,000	1,000,000
5,000,000 (2004 : nil) non-cumulative non-convertible perpetual preference shares of RM1 each	5,000	0	5,000	0
	<u>1,005,000</u>	<u>1,000,000</u>	<u>1,005,000</u>	<u>1,000,000</u>
Issued and fully paid:				
287,500,000 (2004 : 287,500,000) ordinary shares of RM1 each	287,500	287,500	287,500	287,500
4,000,000 (2004 : nil) non-cumulative non-convertible perpetual preference shares of RM1 each	4,000	0	4,000	0
	<u>291,500</u>	<u>287,500</u>	<u>291,500</u>	<u>287,500</u>

On 20 May 2005, the Bank increased its authorised share capital from RM1,000,000,000 to RM1,005,000,000 through the creation of non-cumulative non-convertible perpetual preference shares of RM1 each. On 12 August 2005, the Bank issued 4,000,000 non-cumulative non-convertible perpetual preference shares of RM1 each at an issued price of RM100 each for cash. The dividends rate (inclusive of franked tax credit) payable to the holders of the preference shares, on and prior to the 10th anniversary date of the dividend issue date, are at a fixed rate of 4.51% per annum. After the 10th anniversary date, dividend rate will be paid at floating rate to be determined at each dividend payment period.

NOTES TO INTERIM FINANCIAL STATEMENTS – 30 SEPTEMBER 2005 (continued)**12 Interest Income**

<u>Group</u>	3rd Quarter Ended		Nine Months Ended	
	30 Sept	30 Sept	30 Sept	30 Sept
	2005	2004	2005	2004
	RM'000	RM'000	RM'000	RM'000
Loans and advances				
- Interest income other than recoveries from NPL	262,106	222,431	752,253	647,608
- Recoveries from NPLs	4,339	3,311	19,741	21,194
Money at call and deposit placements with financial institutions	10,022	22,029	26,401	75,556
Held-for-trading securities	4,852	5,885	19,249	9,512
Available-for-sale securities	72,085	42,045	197,563	125,942
Others	1,618	6,694	4,980	12,833
	<u>355,022</u>	<u>302,395</u>	<u>1,020,187</u>	<u>892,645</u>
Amortisation of premium less accretion of discount	(14,854)	(9,156)	(42,137)	(26,541)
	<u>340,168</u>	<u>293,239</u>	<u>978,050</u>	<u>866,104</u>
<u>Bank</u>	3rd Quarter Ended		Nine Months Ended	
	30 Sept	30 Sept	30 Sept	30 Sept
	2005	2004	2005	2004
	RM'000	RM'000	RM'000	RM'000
Loans and advances				
- Interest income other than recoveries from NPL	262,106	222,432	752,253	647,608
- Recoveries from NPLs	4,333	3,311	19,711	21,167
Money at call and deposit placements with financial institutions	10,022	22,030	26,401	75,557
Held-for-trading securities	4,852	5,885	19,249	9,512
Available-for-sale securities	72,085	42,045	197,563	125,942
Others	1,618	6,694	4,980	12,833
	<u>355,016</u>	<u>302,397</u>	<u>1,020,157</u>	<u>892,619</u>
Amortisation of premium less accretion of discount	(14,854)	(9,156)	(42,137)	(26,541)
	<u>340,162</u>	<u>293,241</u>	<u>978,020</u>	<u>866,078</u>

NOTES TO INTERIM FINANCIAL STATEMENTS – 30 SEPTEMBER 2005 (continued)**13 Interest Expense**

Group	3rd Quarter Ended		Nine Months Ended	
	30 Sept	30 Sept	30 Sept	30 Sept
	2005	2004	2005	2004
	RM'000	RM'000	RM'000	RM'000
Deposits and placements of banks and other financial institutions	32,269	17,708	79,887	46,578
Deposits from other customers	113,388	103,504	331,588	304,416
Loans sold to Cagamas	10,330	11,201	31,566	34,297
Subordinated term loan	8,141	8,102	24,199	21,597
Others	17,360	18,086	53,387	52,047
	<u>181,488</u>	<u>158,601</u>	<u>520,627</u>	<u>458,935</u>

Bank	3rd Quarter Ended		Nine Months Ended	
	30 Sept	30 Sept	30 Sept	30 Sept
	2005	2004	2005	2004
	RM'000	RM'000	RM'000	RM'000
Deposits and placements of banks and other financial institutions	32,269	17,708	79,887	46,578
Deposits from other customers	113,471	103,643	331,851	304,829
Loans sold to Cagamas	10,330	11,201	31,566	34,297
Subordinated term loan	8,141	8,102	24,199	21,597
Others	17,375	18,116	53,438	52,121
	<u>181,586</u>	<u>158,770</u>	<u>520,941</u>	<u>459,422</u>

NOTES TO INTERIM FINANCIAL STATEMENTS – 30 SEPTEMBER 2005 (continued)**14 Non-interest Income**

Group	3rd Quarter Ended		Nine Months Ended	
	30 Sept 2005 RM'000	30 Sept 2004 RM'000	30 Sept 2005 RM'000	30 Sept 2004 RM'000
Fee income:-				
Commission	21,476	24,042	68,077	64,110
Service charges and fees	12,751	12,997	48,191	38,020
Guarantee fees	70	416	330	1,495
Other fee income	2,707	2,314	7,602	5,746
	<u>37,004</u>	<u>39,769</u>	<u>124,200</u>	<u>109,371</u>
Investment income:-				
Net profit from held-for-trading securities	13,994	4,641	20,507	7,860
Gain from sale of available-for-sale securities	194	6	0	6
Gross dividends from Malaysia :-				
Available-for-sale securities	0	0	707	699
	<u>51,192</u>	<u>44,416</u>	<u>145,414</u>	<u>117,936</u>
Other income:-				
Foreign exchange profit / (loss)				
- realised	9,738	10,115	26,845	26,046
- unrealised	12,842	(527)	11,461	2,356
Rental income	820	117	1,206	305
Gain on disposal of property, plant and equipment	0	0	0	1,399
Unrealised gains / (losses) on revaluation of financial instruments	(2,141)	(1,162)	7,230	(1,379)
Others	330	2	49	74
	<u>21,589</u>	<u>8,545</u>	<u>46,791</u>	<u>28,801</u>
	<u>72,781</u>	<u>52,961</u>	<u>192,205</u>	<u>146,737</u>
Bank				
Fee income:-				
Commission	21,476	24,042	68,077	64,110
Service charges and fees	12,751	12,997	48,191	38,020
Guarantee fees	70	416	330	1,495
Other fee income	2,707	2,314	7,602	5,746
	<u>37,004</u>	<u>39,769</u>	<u>124,200</u>	<u>109,371</u>
Investment income:-				
Net profit from held-for-trading securities	13,994	4,641	20,507	7,860
Gain from sale of available-for-sale securities	194	6	0	6
Gross dividends from Malaysia :-				
Available-for-sale securities	0	0	707	699
	<u>51,192</u>	<u>44,416</u>	<u>145,414</u>	<u>117,936</u>
Other income:-				
Foreign exchange profit / (loss)				
- realised	9,738	10,115	26,845	26,046
- unrealised	12,842	(527)	11,461	2,356
Rental income	820	117	1,206	305
Gain on disposal of property, plant and equipment	0	0	0	1,399
Unrealised gains / (losses) on revaluation of financial instruments	(2,141)	(1,162)	7,230	(1,379)
Others	330	2	49	74
	<u>21,589</u>	<u>8,545</u>	<u>46,791</u>	<u>28,801</u>
	<u>72,781</u>	<u>52,961</u>	<u>192,205</u>	<u>146,737</u>

NOTES TO INTERIM FINANCIAL STATEMENTS – 30 SEPTEMBER 2005 (continued)**15 Staff Cost and Overhead Expenses**

<u>Group</u>	3rd Quarter Ended		Nine Months Ended	
	30 Sept 2005 RM'000	30 Sept 2004 RM'000	30 Sept 2005 RM'000	30 Sept 2004 RM'000
Personnel costs (i)	41,210	42,486	123,203	118,145
Establishment costs (ii)	7,638	13,970	22,379	39,745
Marketing expenses (iii)	6,253	6,430	13,575	13,217
Administration and general expenses (iv)	43,675	10,986	111,088	28,759
	98,776	73,872	270,245	199,866

<u>Bank</u>	3rd Quarter Ended		Nine Months Ended	
	30 Sept 2005 RM'000	30 Sept 2004 RM'000	30 Sept 2005 RM'000	30 Sept 2004 RM'000
Personnel costs (i)	41,166	42,453	123,067	118,037
Establishment costs (ii)	7,636	13,969	22,376	39,744
Marketing expenses (iii)	6,253	6,431	13,575	13,217
Administration and general expenses (iv)	43,660	10,968	111,057	28,720
	98,715	73,821	270,075	199,718

NOTES TO THE FINANCIAL STATEMENTS – 30 SEPTEMBER 2005 (continued)**15 Staff Cost and Overhead Expenses (continued)**

(i) Personnel costs

Group	3rd Quarter Ended		Nine Months Ended	
	30 Sept 2005 RM'000	30 Sept 2004 RM'000	30 Sept 2005 RM'000	30 Sept 2004 RM'000
Wages, salaries and bonus	29,752	30,092	88,839	84,473
Defined contribution plan (EPF)	4,521	4,660	13,406	13,181
Equity compensation benefit (deferred share plan)	231	131	530	373
Employee benefits	329	0	1,299	2,390
Other personnel costs	6,377	7,603	19,129	17,728
	<u>41,210</u>	<u>42,486</u>	<u>123,203</u>	<u>118,145</u>

Bank	3rd Quarter Ended		Nine Months Ended	
	30 Sept 2005 RM'000	30 Sept 2004 RM'000	30 Sept 2005 RM'000	30 Sept 2004 RM'000
Wages, salaries and bonus	29,727	30,071	88,755	84,402
Defined contribution plan (EPF)	4,517	4,656	13,392	13,169
Equity compensation benefit (deferred share plan)	231	131	530	373
Employee benefits	329	0	1,296	2,390
Other personnel costs	6,362	7,595	19,094	17,703
	<u>41,166</u>	<u>42,453</u>	<u>123,067</u>	<u>118,037</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.

NOTES TO THE FINANCIAL STATEMENTS – 30 SEPTEMBER 2005 (continued)**15 Staff Cost and Overhead Expenses (continued)**

(ii) Establishment costs

Group	3rd Quarter Ended		Nine Months Ended	
	30 Sept	30 Sept	30 Sept	30 Sept
	2005	2004	2005	2004
	RM'000	RM'000	RM'000	RM'000
Rental of premises	627	1,808	3,361	5,422
Depreciation of property, plant and equipment	3,634	5,289	10,054	15,063
Repair and maintenance	1,377	2,557	3,670	7,296
Others	2,000	4,316	5,294	11,964
	7,638	13,970	22,379	39,745

Bank	3rd Quarter Ended		Nine Months Ended	
	30 Sept	30 Sept	30 Sept	30 Sept
	2005	2004	2005	2004
	RM'000	RM'000	RM'000	RM'000
Rental of premises	627	1,808	3,361	5,422
Depreciation of property, plant and equipment	3,634	5,288	10,053	15,062
Repair and maintenance	1,376	2,557	3,669	7,296
Others	1,999	4,316	5,293	11,964
	7,636	13,969	22,376	39,744

(iii) Marketing expenses

Group	3rd Quarter Ended		Nine Months Ended	
	30 Sept	30 Sept	30 Sept	30 Sept
	2005	2004	2005	2004
	RM'000	RM'000	RM'000	RM'000
Transport and travelling	1,145	1,515	3,100	3,493
Advertisement and business promotion	4,712	4,662	9,589	9,057
Others	396	253	886	667
	6,253	6,430	13,575	13,217

Bank	3rd Quarter Ended		Nine Months Ended	
	30 Sept	30 Sept	30 Sept	30 Sept
	2005	2004	2005	2004
	RM'000	RM'000	RM'000	RM'000
Transport and travelling	1,145	1,515	3,100	3,493
Advertisement and business promotion	4,712	4,662	9,589	9,057
Others	396	254	886	667
	6,253	6,431	13,575	13,217

NOTES TO THE FINANCIAL STATEMENTS – 30 SEPTEMBER 2005 (continued)**15 Staff Cost and Overhead Expenses (continued)**

(iv) Administration and general expenses

Group	3rd Quarter Ended		Nine Months Ended	
	30 Sept 2005 RM'000	30 Sept 2004 RM'000	30 Sept 2005 RM'000	30 Sept 2004 RM'000
Printing and stationery	1,465	1,510	4,280	4,642
Postage and courier	1,464	731	3,814	1,815
Telephone, telex and fax	1,443	1,177	4,394	3,857
Legal and consultancy fees	1,261	2,420	3,538	5,741
Transaction processing fees*	31,892	0	80,898	0
Other administrative and general expenses	6,150	5,148	14,164	12,704
	<u>43,675</u>	<u>10,986</u>	<u>111,088</u>	<u>28,759</u>

Bank	3rd Quarter Ended		Nine Months Ended	
	30 Sept 2005 RM'000	30 Sept 2004 RM'000	30 Sept 2005 RM'000	30 Sept 2004 RM'000
Printing and stationery	1,466	1,510	4,280	4,642
Postage and courier	1,464	731	3,814	1,815
Telephone, telex and fax	1,443	1,176	4,392	3,855
Legal and consultancy fees	1,238	2,392	3,514	5,704
Transaction processing fees*	31,892	0	80,898	0
Other administrative and general expenses	6,157	5,159	14,159	12,704
	<u>43,660</u>	<u>10,968</u>	<u>111,057</u>	<u>28,720</u>

*Transaction processing fees were incurred for transactions being processed by e2 Power Sdn Bhd with effect from 17 January 2005.

NOTES TO THE FINANCIAL STATEMENTS – 30 SEPTEMBER 2005 (continued)**16 Allowance for Losses on Loans and Financing**

<u>Group</u>	<u>3rd Quarter Ended</u>		<u>Nine Months Ended</u>	
	30 Sept 2005 RM'000	30 Sept 2004 RM'000	30 Sept 2005 RM'000	30 Sept 2004 RM'000
Allowance for bad and doubtful debts and financing:-				
Specific allowance				
- Made in the financial period/year	49,824	34,563	131,650	115,085
- Written back	(22,988)	(18,736)	(93,622)	(72,311)
General allowance				
- Made/(written back) in the financial period	0	0	0	1,112
Other allowance	173	106	515	736
Bad debts and financing :-				
- written off	35	48	228	70
- recovered	(5,870)	(4,247)	(19,569)	(17,110)
	<u>21,174</u>	<u>11,734</u>	<u>19,202</u>	<u>27,582</u>

<u>Bank</u>	<u>3rd Quarter Ended</u>		<u>Nine Months Ended</u>	
	30 Sept 2005 RM'000	30 Sept 2004 RM'000	30 Sept 2005 RM'000	30 Sept 2004 RM'000
Allowance for bad and doubtful debts and financing:-				
Specific allowance				
- Made in the financial period/year	49,824	34,560	131,645	115,077
- Written back	(22,975)	(18,683)	(93,558)	(72,084)
General allowance				
- Made/(written back) in the financial period	0	0	0	1,112
Other allowance	173	106	515	736
Bad debts and financing :-				
- written off	35	48	228	70
- recovered	(5,870)	(4,247)	(19,569)	(17,110)
	<u>21,187</u>	<u>11,784</u>	<u>19,261</u>	<u>27,801</u>

17 Taxation

<u>Group</u>	<u>3rd Quarter Ended</u>		<u>Nine Months Ended</u>	
	30 Sept 2005 RM'000	30 Sept 2004 RM'000	30 Sept 2005 RM'000	30 Sept 2004 RM'000
Malaysia income tax – current year	32,501	30,740	112,356	96,871
Deferred taxation :				
- relating to originating and reversal of temporary differences	5,308	(1,041)	7,497	5,583
	<u>37,809</u>	<u>29,699</u>	<u>119,853</u>	<u>102,454</u>

Bank

Malaysia income tax – current year	32,501	30,740	112,356	96,871
Deferred taxation :				
- relating to originating and reversal of temporary differences	5,297	(1,132)	7,447	5,275
	<u>37,798</u>	<u>29,608</u>	<u>119,803</u>	<u>102,146</u>

NOTES TO THE FINANCIAL STATEMENTS – 30 SEPTEMBER 2005 (continued)**18 Capital Commitments**

	Group		Bank	
	30 Sept 2005 RM'000	31 Dec 2004 RM'000	30 Sept 2005 RM'000	31 Dec 2004 RM'000
Capital expenditure in respect of property, plant and equipment:-				
- authorised and contracted for	24,647	10,689	24,647	10,689
- authorised but not contracted for	21,469	106	21,469	106
	<u>46,116</u>	<u>10,795</u>	<u>46,116</u>	<u>10,795</u>

19 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. No material losses are anticipated as a result of these transactions.

Group	30 Sept 2005			31 Dec 2004		
	Principal Amount RM'000	Credit Equivalent Amount*	Risk Weighted Amount RM'000	Principal Amount RM'000	Credit Equivalent Amount*	Risk Weighted Amount RM'000
Direct credit substitutes	259,595	259,595	239,455	280,841	280,841	260,701
Transaction-related contingent items	509,340	254,670	247,435	468,060	234,030	226,832
Short-term self-liquidating trade-related contingencies	357,770	71,554	71,554	294,616	58,923	58,719
Obligations under underwriting agreement	45,000	0	0	157,000	78,500	78,500
Irrevocable commitments to extend credit:-						
- maturity exceeding one year	7,016,679	3,508,340	3,508,340	5,921,834	2,960,917	2,960,917
- maturity not exceeding one year	5,966,811	0	0	5,410,656	0	0
Foreign exchange related contracts						
-less than one year	6,973,849	114,498	42,092	8,905,977	122,956	34,924
-one year to less than five years	2,910	203	102	112,543	6,336	3,168
Interest rate contracts						
-less than one year	5,824,345	16,974	4,083	145,250	692	138
-one year to less than five years	3,431,910	107,130	39,339	928,300	24,610	8,730
-five years and above	565,425	35,810	17,904	716,800	55,253	27,476
Miscellaneous	70,000	0	0	30,179	0	0
Total	31,023,634	4,368,774	4,170,304	23,372,056	3,823,058	3,660,105

NOTES TO THE FINANCIAL STATEMENTS – 30 SEPTEMBER 2005 (continued)**19 Commitments and Contingencies (continued)**

	30 Sept 2005			31 Dec 2004		
	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	259,595	259,595	239,455	280,841	280,841	260,701
Transaction-related contingent items	509,340	254,670	247,435	468,060	234,030	226,832
Short-term self-liquidating trade-related contingencies	357,770	71,554	71,554	294,616	58,923	58,719
Obligations under underwriting agreement	45,000	0	0	157,000	78,500	78,500
Irrevocable commitments to extend credit:-						
- maturity exceeding one year	7,016,679	3,508,340	3,508,340	5,921,834	2,960,917	2,960,917
- maturity not exceeding one year	5,966,811	0	0	5,410,656	0	0
Foreign exchange related contracts						
-less than one year	6,973,849	114,498	42,092	8,905,977	122,956	34,924
-one year to less than five years	2,910	203	102	112,543	6,336	3,168
Interest rate contracts						
-less than one year	5,824,345	16,974	4,083	145,250	692	138
-one year to less than five years	3,431,910	107,130	39,339	928,300	24,610	8,730
-five years and above	565,425	35,810	17,904	716,800	55,253	27,476
Miscellaneous	70,000	0	0	0	0	0
Total	31,023,634	4,368,774	4,170,304	23,341,877	3,823,058	3,660,105

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

Foreign exchange related contracts which consist of forward, swaps and interest rate are subject to market risk and credit risk.

Detail of the foreign exchange related contracts and interest rate contracts at 30 September 2005 are as follows:

	Group and Bank	
	30 Sept 2005 RM'000	31 Dec 2004 RM'000
Foreign exchange related contracts		
- Forward contracts	3,386,543	2,419,410
- Swaps	2,793,812	6,279,502
- Options	796,404	319,608
Interest rate contracts		
- Swaps	9,787,080	1,790,350
- Swaption	34,600	0

Market risk

Market risk is the potential change in value caused by movement in market rates or prices. The contractual amounts stated above provide only a measure of involvement in these types of transactions and do not represent the amounts subject to market risk. Exposure to market risk may be reduced through offsetting on and off-balance positions. As at 30 September 2005, the amount of contracts which were not hedged and hence, exposed to market risk was RM28,784,019 (Dec 2004 : RM1,108,771).

Credit risk

Credit risk arises from the possibility that a counterparty may be unable to meet the terms of a contract in which the Bank has a gain position. As at 30 September 2005, the amounts of credit risk, measured in term of the cost to replace the profitable contracts was RM59,248,148 (Dec 2004 : RM16,653,122). This amount will increase or decrease over the life of the contracts, mainly as a function of maturity dates and market rates or prices.

NOTES TO THE FINANCIAL STATEMENTS – 30 SEPTEMBER 2005 (continued)**20 Interest /Profit Rate Risk**

Group	Non Trading Book						Trading Book	Total	Average interest rate
	Up to 1 month	>1-3 months	>3-12 months	>1-5 years	Over 5 years	Non-interest sensitive			
As at 30 September 2005	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	%
Assets									
Cash and short term funds	289,871	0	0	0	0	56,236	78,050	424,157	3.16
Securities purchased under resale agreement	528,087	724,738	0	0	0	0	0	1,252,825	2.81
Deposits and placements with financial institutions	34,509	0	0	0	0	0	207,323	241,832	3.16
Held-for-trading securities	0	0	0	0	0	0	854,456	854,456	4.48
Available-for-sale securities	554,632	269,302	429,292	3,566,428	633,908	(1,459)	0	5,452,103	4.57
Loans, advances and financing	14,858,802	355,302	704,879	903,070	209,100	789,980	2,614,708	20,435,841	6.03
Other assets	0	0	0	0	0	201,144	9,302	210,446	0
Statutory deposits with Bank Negara Malaysia	0	0	0	0	0	737,086	0	737,086	0
Property, plant and equipment	0	0	0	0	0	242,254	0	242,254	0
Deferred taxation asset	0	0	0	0	0	81,658	0	81,658	0
Total assets	16,265,901	1,349,342	1,134,171	4,469,498	843,008	2,106,899	3,763,839	29,932,658	
Liabilities									
Deposits from customers	8,500,387	2,183,203	4,688,649	711,117	0	1,881,623	749,312	18,714,291	2.42
Deposits and placements of banks and other financial institutions	1,614,435	106,348	11,473	10,464	5,526	0	2,725,888	4,474,134	2.91
Obligations on securities sold under repurchase agreements	1,497,856	113,160	0	0	0	0	0	1,611,016	2.59
Bills and acceptances payable	0	0	0	0	0	1,283,586	0	1,283,586	0
Amount due to Cagamas	6,470	13,010	206,535	393,382	326,151	0	0	945,548	4.25
Subordinated term loan	0	0	0	0	0	0	537,485	537,485	5.68
Other liabilities	0	0	0	0	0	369,888	22,426	392,314	0
Taxation and zakat	0	0	0	0	0	(32,652)	0	(32,652)	0
Total liabilities	11,619,148	2,415,721	4,906,657	1,114,963	331,677	3,502,445	4,035,111	27,925,722	
On-balance sheet interest sensitivity gap	4,646,753	(1,066,379)	(3,772,486)	3,354,535	511,331	(1,395,546)	(271,272)	2,006,936	
Off-balance sheet interest sensitivity gap	0	0	0	0	0	0	0	0	
Total interest sensitivity gap	4,646,753	(1,066,379)	(3,772,486)	3,354,535	511,331	(1,395,546)	(271,272)	2,006,936	

NOTES TO THE FINANCIAL STATEMENTS – 30 SEPTEMBER 2005 (continued)**20 Interest/Profit Rate Risk (continued)**

<u>Bank</u>	← Non Trading Book →									Average
As at 30 September 2005	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	Trading Book RM'000	Total RM'000	interest rate %	
Assets										
Cash and short term funds	289,871	0	0	0	0	56,236	78,050	424,157	3.16	
Securities purchased under resale agreement	528,087	724,738	0	0	0	0	0	1,252,825	2.81	
Deposits and placements with financial institutions	34,509	0	0	0	0	0	207,323	241,832	3.16	
Held-for-trading securities	0	0	0	0	0	0	854,456	854,456	4.48	
Available-for-sale securities	554,632	269,302	429,292	3,566,428	633,908	(1,459)	0	5,452,103	4.57	
Loans, advances and financing	14,858,801	355,302	704,879	902,393	209,100	789,995	2,614,708	20,435,178	6.03	
Other assets	0	0	0	0	0	198,164	9,302	207,466	0	
Statutory deposits with Bank Negara Malaysia	0	0	0	0	0	737,086	0	737,086	0	
Investment in subsidiary companies	0	0	0	0	0	1,611	0	1,611	0	
Property, plant and equipment	0	0	0	0	0	242,243	0	242,243	0	
Deferred taxation asset	0	0	0	0	0	81,933	0	81,933	0	
Total assets	16,265,900	1,349,342	1,134,171	4,468,821	843,008	2,105,809	3,763,839	29,930,890		
Liabilities										
Deposits from customers	8,514,085	2,183,203	4,688,649	711,117	0	1,881,623	749,312	18,727,989	2.42	
Deposits and placements of banks and other financial institutions	1,614,435	106,348	11,473	10,464	5,526	0	2,725,888	4,474,134	2.91	
Obligations on securities sold under repurchase agreements	1,497,856	113,160	0	0	0	0	0	1,611,016	2.59	
Bills and acceptances payable	0	0	0	0	0	1,283,586	0	1,283,586	0	
Amount due to Cagamas	6,470	13,010	206,535	393,382	326,151	0	0	945,548	4.25	
Subordinated term loan	0	0	0	0	0	0	537,485	537,485	5.68	
Other liabilities	0	0	0	0	0	366,851	22,426	389,277	0	
Taxation and zakat	0	0	0	0	0	(32,652)	0	(32,652)	0	
Total liabilities	11,632,846	2,415,721	4,906,657	1,114,963	331,677	3,499,408	4,035,111	27,936,383		
On-balance sheet interest sensitivity gap	4,633,054	(1,066,379)	(3,772,486)	3,353,858	511,331	(1,393,599)	(271,272)	1,994,507		
Off-balance sheet interest sensitivity gap	0	0	0	0	0	0	0	0		
Total interest sensitivity gap	4,633,054	(1,066,379)	(3,772,486)	3,353,858	511,331	(1,393,599)	(271,272)	1,994,507		

^The negative amount includes allowance for diminution in value of investment securities in accordance with the Company's accounting policy amounting to (RM50,507,000) for Group and Bank.

*The amount includes specific allowance and general allowance for loan, advances and financing in accordance with the Company's accounting policy amounting to (RM914,907,000) for Group and (RM914,332,000) for Bank

NOTES TO THE FINANCIAL STATEMENTS – 30 SEPTEMBER 2005 (continued)**20 Interest /Profit Rate Risk**

Group	Non Trading Book						Trading Book	Total	Average interest rate
	Up to 1 month	>1-3 months	>3-12 months	>1-5 years	Over 5 years	Non-interest sensitive			
As at 31 December 2004									
Assets	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	%
Cash and short term funds	1,043,027	0	0	0	0	60,625	275,514	1,379,166	2.45
Deposits and placements with financial institutions	0	67,500	0	0	0	287,391	169,100	523,991	2.45
Held-for-trading securities	0	0	0	0	0	0	579,445	579,445	4.44
Available-for-sale securities	270,230	596,172	709,766	3,286,791	70,495	(51,733)^	0	4,881,721	4.95
Loans, advances and financing	13,178,977	501,845	888,141	770,219	376,446	612,665*	2,753,223	19,081,516	4.87
Other assets	0	0	0	0	0	128,603	19,397	148,000	0
Statutory deposits with Bank Negara Malaysia	0	0	0	0	0	694,086	0	694,086	0
Property, plant and equipment	0	0	0	0	0	202,724	0	202,724	0
Deferred taxation asset	0	0	0	0	0	100,267	0	100,267	0
Total assets	14,492,234	1,165,517	1,597,907	4,057,010	446,941	2,034,628	3,796,679	27,590,916	
Liabilities									
Deposits from customers	7,458,847	2,904,260	3,938,065	230,684	0	1,990,083	419,873	16,941,812	2.70
Deposits and placements of banks and other financial institutions	493,217	712,530	11,407	15,988	2,796	0	2,278,968	3,514,906	2.32
Obligations on securities sold under repurchase agreements	2,100,694	27,660	0	0	0	0	0	2,128,354	2.65
Bills and acceptances payable	0	0	0	0	0	1,533,193	0	1,533,193	0
Amount due to Cagamas	6,461	12,993	59,636	575,793	355,898	0	0	1,010,781	4.42
Subordinated term loan	0	0	0	0	0	0	570,000	570,000	5.79
Other liabilities	0	0	0	0	0	251,261	23,426	274,687	0
Taxation and zakat	0	0	0	0	0	8,464	0	8,464	0
Total liabilities	10,059,219	3,657,443	4,009,108	822,465	358,694	3,783,001	3,292,267	25,982,197	
On-balance sheet interest sensitivity gap	4,433,015	(2,491,926)	(2,411,201)	3,234,545	88,247	(1,748,373)	504,412	1,608,719	
Off-balance sheet interest sensitivity gap	0	0	0	0	0	0	0	0	
Total interest sensitivity gap	4,433,015	(2,491,926)	(2,411,201)	3,234,545	88,247	(1,748,373)	504,412	1,608,719	

NOTES TO THE FINANCIAL STATEMENTS – 30 SEPTEMBER 2005 (continued)**20 Interest/Profit Rate Risk (continued)**

<u>Bank</u>	Non Trading Book						Trading Book RM'000	Total RM'000	Average interest rate %
	←					→			
As at 31 December 2004	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	1,043,027	0	0	0	0	60,625	275,514	1,379,166	2.45
Deposits and placements with financial institutions	0	67,500	0	0	0	287,391	169,100	523,991	2.45
Held-for-trading securities	0	0	0	0	0	0	579,445	579,445	4.44
Available-for-sale securities	270,230	596,172	709,766	3,286,791	70,495	(51,733) [^]	0	4,881,721	4.95
Loans, advances and financing	13,178,977	501,845	888,141	769,328	376,446	612,680 [*]	2,753,223	19,080,640	4.87
Other assets	0	0	0	0	0	133,454	19,397	152,851	0
Statutory deposits with Bank Negara Malaysia	0	0	0	0	0	694,086	0	694,086	0
Investment in subsidiary companies	0	0	0	0	0	1,611	0	1,611	0
Property, plant and equipment	0	0	0	0	0	202,721	0	202,721	0
Deferred taxation asset	0	0	0	0	0	100,493	0	100,493	0
Total assets	14,492,234	1,165,517	1,597,907	4,056,119	446,941	2,041,328	3,796,679	27,596,725	
Liabilities									
Deposits from customers	7,479,259	2,904,280	3,938,065	230,684	0	1,990,083	420,539	16,962,910	2.7
Deposits and placements of banks and other financial institutions	493,217	712,530	11,407	15,988	2,796	0	2,278,968	3,514,906	2.32
Obligations on securities sold under repurchase agreements	2,100,694	27,660	0	0	0	0	0	2,128,354	2.65
Bills and acceptances payable	0	0	0	0	0	1,533,193	0	1,533,193	0
Amount due to Cagamas	6,461	12,993	59,636	575,793	355,898	0	0	1,010,781	4.42
Subordinated term loan	0	0	0	0	0	0	570,000	570,000	5.79
Other liabilities	0	0	0	0	0	248,218	23,426	271,644	0
Taxation and zakat	0	0	0	0	0	8,464	0	8,464	0
Total liabilities	10,079,631	3,657,463	4,009,108	822,465	358,694	3,779,958	3,292,933	26,000,252	
On-balance sheet interest sensitivity gap	4,412,603	(2,491,946)	(2,411,201)	3,233,654	88,247	(1,738,630)	503,746	1,596,473	
Off-balance sheet interest sensitivity gap	0	0	0	0	0	0	0	0	
Total interest sensitivity gap	4,412,603	(2,491,946)	(2,411,201)	3,233,654	88,247	(1,738,630)	503,746	1,596,473	

[^]The negative amount includes allowance for diminution in value of investment securities in accordance with the Company's accounting policy amounting to (RM 69,894,000) for Group and Bank.

^{*}The amount includes specific allowance and general allowance for loan, advances and financing in accordance with the Company's accounting policy amounting to (RM 762,335,000) for Group and (RM 761,636,000) for Bank

NOTES TO THE FINANCIAL STATEMENTS – 30 SEPTEMBER 2005 (continued)**21 IMPACT ON ADOPTION OF REVISED BNM/GP8****Group**

Increase / (decrease)	Previously reported RM'000	Effects RM'000	Restated RM'000
<u>Balance Sheet – 1 January 2005</u>			
Fair value reserves	0	51,371	51,371
- Fair value adjustments for available-for-sale assets		60,945	
- Deferred tax adjustments		(9,574)	
Unappropriated profits	443,350	(110,932)	332,418
<u>Income Statement – Period Ended 30 September 2005</u>			Effects RM'000
Total income			6,366
Staff costs and overhead expenses			(4,473)
Net profit before tax			1,893
Tax			(530)
Net profit after tax			1,363

Bank

Increase / (decrease)	Previously reported RM'000	Effects RM'000	Restated RM'000
<u>Balance Sheet – 1 January 2005</u>			
Fair value reserves	0	51,371	51,371
Unappropriated profits	524,473	(110,932)	413,541
<u>Income Statement – Period Ended 30 September 2005</u>			Effects RM'000
Net profit after tax			1,363

NOTES TO THE FINANCIAL STATEMENTS – 30 SEPTEMBER 2005 (continued)**22 Capital Adequacy**

	Bank	
	30 Sept 2005 RM'000	31 Dec 2004 RM'000
(i) The capital adequacy ratios of the Bank are as follows:-		
Components of Tier-1 and Tier-2 capital are as follow:		
<u>Tier-1 capital</u>		
Paid-up share capital	287,500	287,500
Paid-up non-cumulative perpetual preference shares	4,000	0
Share premium	858,500	462,500
Retained profit	358,164	524,473
Other reserves	322,000	322,000
	<u>1,830,164</u>	<u>1,596,473</u>
Less: Deferred tax assets	(100,786)	(100,493)
	<u>1,729,378</u>	<u>1,495,980</u>
<u>Tier-2 capital</u>		
General allowance for bad and doubtful debts and financing	306,855	306,855
Subordinated term loan	565,104	570,000
Total Tier-2 capital	<u>871,959</u>	<u>876,855</u>
Less :		
Investment in subsidiaries	(1,611)	(1,611)
Capital base	<u>2,599,726</u>	<u>2,371,224</u>
<u>Capital Ratios</u>		
Excluding proposed final dividend :		
Core-capital ratio	7.71%	7.39%
Risk-weighted capital ratio	11.59%	11.71%
Including proposed final dividend :		
Core-capital ratio	7.71%	6.65%
Risk-weighted capital ratio	11.59%	10.97%

NOTES TO THE FINANCIAL STATEMENTS – 30 SEPTEMBER 2005 (continued)**23 The Operation of Islamic Banking (IB)****CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED BALANCE SHEETS AS AT 30 SEPTEMBER 2005**

	Group and Bank	
	30 Sept 2005 RM'000	31 Dec 2004 RM'000
ASSETS		
Cash and short-term funds	152,784	71,656
Available-for sale securities	(1) 547,699	449,757
Financing and other advances	(2) 1,023,225	865,927
Other assets	(4) 16,145	145,570
Statutory deposits with Bank Negara Malaysia	52,632	39,352
Deferred taxation assets	4,799	3,963
TOTAL ASSETS	<u>1,797,284</u>	<u>1,576,225</u>
 LIABILITIES AND ISLAMIC BANKING FUNDS		
Deposits from customers	(5) 1,384,135	1,098,541
Deposits and placements of banks and other financial institutions	205,000	299,000
Bills and acceptances payable	758	1,122
Other liabilities	(6) 71,113	59,191
Tax and Zakat	7,985	10,671
Total Liabilities	<u>1,668,991</u>	<u>1,468,525</u>
Islamic Banking Funds	(7) 64,000	64,000
Retained profits	(7) 64,293	43,700
	<u>128,293</u>	<u>107,700</u>
TOTAL LIABILITIES AND ISLAMIC BANKING FUNDS	<u>1,797,284</u>	<u>1,576,225</u>
 COMMITMENTS AND CONTINGENCIES	<u>854,194</u>	<u>588,043</u>

NOTES TO THE FINANCIAL STATEMENTS – 30 SEPTEMBER 2005 (continued)**23 The Operation of Islamic Banking (IB) (continued)****CONDENSED INTERIM FINANCIAL STATEMENTS****UNAUDITED INCOME STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2005**

Group and Bank	3rd Quarter Ended		Nine Months Ended	
	30 Sept 2005 RM'000	30 Sept 2004 RM'000	30 Sept 2005 RM'000	30 Sept 2004 RM'000
Income derived from investment of depositors' funds	11,484	12,882	31,194	39,310
Allowance for losses on financing and other loans	(2,597)	(1,588)	(6,250)	(3,289)
Transfer from/(to) profit equalisation reserve	(3,155)	(1,598)	(3,155)	(1,629)
Total attributable income	5,732	9,696	21,789	34,392
Income attributable to depositors	(8,650)	(11,510)	(28,544)	(33,719)
Income attributable to shareholders	(2,918)	(1,814)	(6,755)	673
Income derived from the investment of Islamic banking funds	9,938	5,307	30,857	10,751
Total net income	7,020	3,493	24,102	11,424
Personnel expenses	(506)	(301)	(1,268)	(784)
Other overhead expenses	(342)	(434)	(815)	(681)
Profit before zakat and taxation	6,172	2,758	22,019	9,959
Zakat	0	0	(200)	(24)
Taxation	(2,041)	(1,057)	(6,218)	(3,785)
Net profit for the financial period	4,131	1,701	15,601	6,150

NOTES TO THE FINANCIAL STATEMENTS – 30 SEPTEMBER 2005 (continued)**23 The Operation of Islamic Banking (IB) (continued)****(1) Available-For-Sale Securities**

	Group and Bank	
	30 Sept 2005 RM'000	31 Dec 2004 RM'000
Money market instruments :-		
Quoted :		
Malaysian Government investment issues	244,538	226,532
Khazanah Bonds	14,814	14,199
Sanadat Mudharabah Cagamas	111,229	110,134
Private debt securities	5,101	10,507
	<u>375,682</u>	<u>361,372</u>
Unquoted :		
Islamic Negotiable Instruments of Deposits	70,000	80,000
Bankers acceptances and Islamic accepted bills	102,017	0
	<u>547,699</u>	<u>441,372</u>
Amortisation of premium less accretion of discounts	0	8,385
	<u>547,699</u>	<u>449,757</u>
The maturity structure of money market instruments under available- for-sale are as follow :		
Maturing within one year	294,119	190,883
One year to three years	217,785	205,354
Three to five years	35,795	45,135
	<u>547,699</u>	<u>441,372</u>

(2) Financing and Advances

	Group and Bank	
	30 Sept 2005 RM'000	31 Dec 2004 RM'000
By type:		
Cash Line	176,865	85,753
Term financing		
- Housing financing	161,975	122,944
- Syndicated term financing	233,913	244,031
- Hire purchase receivables	321,796	256,068
- Leasing receivables	28,036	24,556
- Other term financing	118,586	87,458
Revolving Credits	160,657	183,895
Customer's Liability for Acceptance i	8,581	0
Unearned income	<u>(162,591)</u>	<u>(117,952)</u>
Gross financing	1,047,818	886,753
Allowance for bad and doubtful debts and financing		
- Specific	(8,968)	(7,635)
- General	<u>(15,625)</u>	<u>(13,191)</u>
Net financing	<u>1,023,225</u>	<u>865,927</u>

NOTES TO THE FINANCIAL STATEMENTS – 30 SEPTEMBER 2005 (continued)**23 The Operation of Islamic Banking (IB) (continued)**

	Group and Bank	
	30 Sept 2005 RM'000	31 Dec 2004 RM'000
(3) Non-performing financing		
i) Movements in non-performing financing:		
Balance at 1 January		
- As previously stated	13,508	4,553
- Adjustments on adoption of revised BNM/GP8	(794)	(477)
As restated	<u>12,714</u>	<u>4,076</u>
Non-performing during the period/year	8,473	12,150
Reclassified as performing during the period/year	(1,391)	(2,441)
Amount recovered	(1,111)	(1,059)
Amount written off	(2,483)	(12)
Balance at end of period/year	<u>16,202</u>	<u>12,714</u>
Specific allowance	(8,968)	(7,635)
Net non performing financing	<u>7,234</u>	<u>5,079</u>
Ratio of net non-performing financing to net financing	<u>0.70%</u>	<u>0.58%</u>
ii) Movements in the allowance for bad and doubtful financing are as follows :		
<u>General allowance</u>		
Balance at 1 January	13,191	4,635
Allowance made during the period/year	2,434	8,556
Balance at end of period/year	<u>15,625</u>	<u>13,191</u>
As % of total financing less specific allowance	<u>1.50%</u>	<u>1.50%</u>
<u>Specific allowance</u>		
Balance at 1 January	7,635	696
Allowance made during period/year	4,624	7,984
Amount recovered	(808)	(1,031)
Amount written off	(2,483)	(14)
Balance at end of period/year	<u>8,968</u>	<u>7,635</u>

NOTES TO THE FINANCIAL STATEMENTS – 30 SEPTEMBER 2005 (continued)**23 The Operation of Islamic Banking (IB) (continued)****(4) Other Assets**

	Group and Bank	
	30 Sept 2005 RM'000	31 Dec 2004 RM'000
Income receivable	1,618	1,718
Other debtors, deposit and prepayments	14,527	143,852
	<u>16,145</u>	<u>145,570</u>

(5) Deposits from Customers

By type of deposits

Non-Mudharabah Fund:

Demand deposits	291,786	98,662
Savings deposits	265,542	255,514
Negotiable Islamic Debt Certificate	475,323	219,655
Others	13,848	9,117
	<u>1,046,499</u>	<u>582,948</u>

Mudharabah Fund:

General investment deposits	141,581	332,390
Islamic short term Mudharabah Investment	196,055	183,203
	<u>337,636</u>	<u>515,593</u>

Total deposits from customers	<u>1,384,135</u>	<u>1,098,541</u>
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(6) Other Liabilities

Other accruals and charges	67,958	59,191
Profit equalisation reserve	3,155	0
	<u>71,113</u>	<u>59,191</u>

Profit equalisation reserve (PER)

Balance at 1 January	0	4,479
Amount provided during the period/year	3,452	0
Amount written back during the period/year	(297)	(4,479)
Balance at end of the period/year	<u>3,155</u>	<u>0</u>

NOTES TO THE FINANCIAL STATEMENTS – 30 SEPTEMBER 2005 (continued)

23 The Operation of Islamic Banking (IB) (continued)

(7) Islamic Banking Capital Funds

	Group and Bank	
	<u>30 Sept</u>	<u>31 Dec</u>
	2005	2004
	RM'000	RM'000
Islamic banking funds	64,000	64,000
Reserves :		
Net unrealised gains on available-for-sale investments of which the depositors' portion is RM4,525,000 (Dec 2004 : Nil)	3,504	0
Retained profits	60,789	43,700
	<u>128,293</u>	<u>107,700</u>