

**CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED BALANCE SHEETS AS AT 31 MARCH 2005**

	Note	Group		Bank	
		31/3/2005 RM'000	31/12/2004 RM'000	31/3/2005 RM'000	31/12/2004 RM'000
ASSETS					
Cash and short-term funds		1,077,550	1,379,166	1,077,550	1,379,166
Securities purchased under resale agreement		1,844,221	0	1,844,221	0
Deposits and placements with financial institutions		433,691	523,991	433,691	523,991
Held-for-trading securities	4	671,480	579,445	671,480	579,445
Available-for-sale securities	4	5,139,144	4,881,721	5,139,144	4,881,721
Loans, advances and financing	5	19,551,074	19,081,516	19,550,269	19,080,640
Other assets	7	178,310	148,000	175,294	152,851
Statutory deposits with Bank Negara Malaysia		761,086	694,086	761,086	694,086
Investment in subsidiary companies		0	0	1,611	1,611
Property, plant and equipment		207,764	202,724	207,761	202,721
Deferred taxation asset		99,863	100,267	100,109	100,493
TOTAL ASSETS		29,964,183	27,590,916	29,962,216	27,596,725
LIABILITIES AND SHAREHOLDERS' EQUITY					
Deposits from customers	8	18,013,661	16,941,812	18,027,101	16,962,910
Deposits and placements of banks and other financial institutions	9	4,177,884	3,514,906	4,177,884	3,514,906
Obligations on securities sold under repurchase agreements		2,676,726	2,128,354	2,676,726	2,128,354
Bills and acceptances payable		1,670,671	1,533,193	1,670,671	1,533,193
Amount due to Cagamas		991,326	1,010,781	991,326	1,010,781
Subordinated term loan		535,426	570,000	535,426	570,000
Other liabilities	10	461,063	274,687	457,971	271,644
Taxation and zakat		(40,958)	8,464	(40,958)	8,464
Total Liabilities		28,485,799	25,982,197	28,496,147	26,000,252
Financed by :					
Share capital		287,500	287,500	287,500	287,500
Reserves		1,190,884	1,321,219	1,178,569	1,308,973
Shareholders' Equity		1,478,384	1,608,719	1,466,069	1,596,473
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		29,964,183	27,590,916	29,962,216	27,596,725
COMMITMENTS AND CONTINGENCIES	18	26,736,251	23,372,056	26,706,072	23,341,877

**CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED INCOME STATEMENTS FOR THE THREE MONTHS ENDED 31 MARCH 2005**

	Note	Group		Bank	
		1 st Quarter ended		1 st Quarter ended	
		31 March 2005 RM'000	31 March 2004 RM'000	31 March 2005 RM'000	31 March 2004 RM'000
Interest income	11	306,359	284,240	306,341	284,230
Interest expense	12	(162,415)	(148,272)	(162,530)	(148,432)
Net interest income		143,944	135,968	143,811	135,798
Islamic Banking income		9,550	3,641	9,550	3,641
		153,494	139,609	153,361	139,439
Non-interest income	13	56,782	45,207	56,782	45,207
Net income		210,276	184,816	210,143	184,646
Staff cost and overhead expenses	14	(84,024)	(56,655)	(83,961)	(56,617)
Operating profits before allowances		126,252	128,161	126,182	128,029
Write back of / (allowance for) losses on loans and financing	15	5,662	(2,512)	5,643	(2,583)
Provision for commitment and contingencies written back		384	324	384	324
Write back of diminution in value of investment securities (net)		321	1,376	321	1,376
Profit before taxation		132,619	127,349	132,530	127,146
Taxation	16	(36,743)	(34,356)	(36,723)	(34,311)
Net profit attributable to shareholders		95,876	92,993	95,807	92,835
Basic earnings per share (sen)		33.3	32.3	33.3	32.3

CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF CHANGES IN EQUITY FOR THE THREE MONTHS ENDED 31 MARCH 2005

	Non-distributable					Distributable		Total RM'000
	Share capital RM'000	Share Premium RM'000	Statutory reserve RM'000	Capital reserve RM'000	Fair value reserve RM'000	General reserve RM'000	Retained profits RM'000	
Group								
Balance at 1 January 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	(116,019)	(64,648)
As restated	<u>287,500</u>	<u>462,500</u>	<u>322,000</u>	<u>56,619</u>	<u>51,371</u>	<u>36,750</u>	<u>327,331</u>	<u>1,544,071</u>
Net profit attributable to shareholders	0	0	0	0	0	0	95,876	95,876
Revaluation of available-for- sale securities	0	0	0	0	(15,956)	0	0	(15,956)
Deferred tax on revaluation of available-for-sale securities	0	0	0	0	4,468	0	0	4,468
Dividends payable in respect of:								
- year ended 31 December 2004	0	0	0	0	0	0	(150,075)	(150,075)
Balance at 31 March 2005	<u>287,500</u>	<u>462,500</u>	<u>322,000</u>	<u>56,619</u>	<u>39,883</u>	<u>36,750</u>	<u>273,132</u>	<u>1,478,384</u>
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
	<u>287,500</u>	<u>462,500</u>	<u>322,000</u>	<u>56,619</u>	<u>0</u>	<u>36,750</u>	<u>601,699</u>	<u>1,767,068</u>
Net profit attributable to shareholders	0	0	0	0	0	0	92,993	92,993
Dividends paid in respect of :								
- year ended 31 December 2003	0	0	0	0	0	0	(351,900)	(351,900)
Balance at 31 March 2004	<u>287,500</u>	<u>462,500</u>	<u>322,000</u>	<u>56,619</u>	<u>0</u>	<u>36,750</u>	<u>342,792</u>	<u>1,508,161</u>

CONDENSED INTERIM FINANCIAL STATEMENTS**UNAUDITED STATEMENTS OF CHANGES IN EQUITY FOR THE THREE MONTHS ENDED 31 MARCH 2005 (CONTINUED)**

	Non-distributable					Distributable		Total RM'000
	Share capital RM'000	Share premium RM'000	Statutory reserve RM'000	Capital reserve RM'000	Fair value reserve RM'000	General reserve RM'000	Retained profits RM'000	
Bank								
Balance at 1 January 2005	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	(116,019)	(64,648)
As restated	287,500	462,500	322,000	0	51,371	0	408,454	1,531,825
Net profit attributable to shareholders	0	0	0	0	0	0	95,807	95,807
Revaluation of available-for- sale securities	0	0	0	0	(15,956)	0	0	(15,956)
Deferred tax on revaluation of available-for-sale securities	0	0	0	0	4,468	0	0	4,468
Dividends payable in respect of:								
-year ended 31 December 2004	0	0	0	0	0	0	(150,075)	(150,075)
Balance at 31 March 2005	287,500	462,500	322,000	0	39,883	0	354,186	1,466,069
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	92,835	92,835
Dividends paid in respect of :								
-year ended 31 December 2003	0	0	0	0	0	0	(351,900)	(351,900)
Balance at 31 March 2004	287,500	462,500	322,000	0	0	0	421,643	1,493,643

CONDENSED INTERIM FINANCIAL STATEMENTS**UNAUDITED CONDENSED CASH FLOW STATEMENTS FOR THE THREE MONTHS ENDED 31 MARCH 2005**

	Group		Bank	
	31 March 2005 RM'000	31 March 2004 RM'000	31 March 2005 RM'000	31 March 2004 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before taxation and zakat	132,619	127,349	132,530	127,146
Adjustments for non-operating and non-cash items	22,412	32,458	22,431	32,511
Operating profit before changes in working capital	155,031	159,807	154,961	159,657
Changes in working capital:				
Net changes in Operating Assets	(2,643,466)	192,103	(2,635,689)	192,253
Net changes in Operating Liabilities	2,375,722	1,790,189	2,368,015	1,782,322
Income tax and zakat paid	(45,337)	(23,309)	(45,337)	(15,442)
Net cash (utilised in) / generated from operating activities	(158,050)	2,118,790	(158,050)	2,118,790
Net cash utilised in investing activities	(233,866)	(1,043,509)	(233,866)	(1,043,509)
Net cash utilised in financing activities	0	(351,900)	0	(351,900)
Net (decrease) / increase in cash and cash equivalents	(391,916)	723,381	(391,916)	723,381
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	1,511,241	3,848,106	1,511,241	3,848,106

NOTES TO INTERIM FINANCIAL STATEMENTS – 31 MARCH 2005

1 Review of Performance

The Bank and its subsidiaries recorded a higher pre-tax profit of RM132.6million for the first financial quarter 2005, registering a 4.1% increase of RM5.3million over the previous year's corresponding quarter. The better results were attributed to the net recoveries to RM6.3million compared to RM0.8 million provisioning last year.

Contribution to top line growth came from higher net interest income of 5.9% or RM8million from higher average loan volumes of 14% and improved net interest margin of 11 bps. Non-interest income also grew by 26% or RM11.6 million with fees and commissions growth of 58% from wealth management, credit card, trade finance and structured deposits partially offset by unrealised losses on financial instruments fair value. Total income increased by 14% or RM25.5million to RM210.3 million. Overhead, however, rose by 48% or RM27.4 million to RM84.0 million, mainly personnel costs from headcount increase and establishment costs in building up capacity for growth.

For the first three months of 2005, outstanding loans grew by 3% to RM20.4 billion with increases recorded in both consumer loans and business loans. Total assets also expanded correspondingly by 8.6% to RM29.9 billion. Net NPL ratio fell from 5.87% to 4.82%. Shareholders funds stood at RM1.48 billion and the bank's risk weighted capital ratio (RWCR) at 10.12%.

2 Economic Performance and Prospects

Economic growth is expected to moderate to between 5% - 6% due to an expected downturn in the semiconductor industry and lower government spending. All sectors (agriculture, mining, manufacturing, services) are projected to grow in 2005 with the exception of construction which is expected to remain weak. Monetary policy is expected to remain accommodative to the needs of both businesses and consumers.

Malaysia is also embarking on the second phase of the Masterplan which would entail further deregulation and liberalisation of the financial sector and level the playing field for foreign banks. Recent announcements to liberalise foreign exchange rules has also presented opportunities to boost the bank's foreign exchange business, the deregulation of interest rates has reduced the cost of doing business and changes to the amount available to invest overseas for unit trust companies to boost the bancassurance sector to create a financial sector which is able to face future challenges.

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.

NOTES TO INTERIM FINANCIAL STATEMENTS – 31 MARCH 2005 (continued)**4 Securities Portfolio**

i) Held-for-Trading

Held-for-trading securities are securities acquired and held with the intention of resale in the short term. All realised and unrealised gains and losses are included in the income statement. These securities are recorded at its initial fair value and subsequently remeasured to their fair value on the Balance Sheet.

	Group		Bank	
	31 Mar 2005 RM'000	31 Dec 2004 RM'000	31 Mar 2005 RM'000	31 Dec 2004 RM'000
Money market instruments:-				
Quoted:				
Malaysian Government securities	371,571	75,548	371,571	75,548
Government Investment Certificate	76,145	0	76,145	0
Private debt securities	223,764	503,897	223,764	503,897
	<u>671,480</u>	<u>579,445</u>	<u>671,480</u>	<u>579,445</u>

ii) Available-for-sale

Available-for-sale securities (AFS) are securities that are acquired and held for yield or capital growth or to meet minimum liquid assets requirement pursuant to the New Liquidity Framework and are usually held for an indefinite period of time, which may be sold in response to market conditions.

AFS securities are carried at fair value on the balance sheet with cumulative fair value changes reflected under fair value reserve in equity, and recognised in the income statement when the security is disposed of, collected or otherwise sold, or when the security is assessed to be impaired. An allowance is made in the event of any permanent diminution in value.

Money market instruments:-

Quoted:

Malaysian Government securities	2,405,799	2,286,164	2,405,799	2,286,164
Government Investment Certificate	286,815	272,166	286,815	272,166
Cagamas bonds / notes	822,034	972,654	822,034	972,654
Danaharta bonds	0	32,589	0	32,589
Private debt securities	605,830	644,112	605,830	644,112
	<u>4,120,478</u>	<u>4,207,685</u>	<u>4,120,478</u>	<u>4,207,685</u>

Unquoted:

Negotiable instruments of deposit	680,000	780,000	680,000	780,000
Bankers' acceptances and Islamic accepted bills	238,438	26,002	238,438	26,002
	<u>5,038,916</u>	<u>5,013,687</u>	<u>5,038,916</u>	<u>5,013,687</u>

Unquoted securities in Malaysia :-

Shares	42,402	15,650	42,402	15,650
Debentures	188	186	188	186
	<u>5,081,506</u>	<u>5,029,523</u>	<u>5,081,506</u>	<u>5,029,523</u>

Amortisation of premium less

accretion of discounts	126,676	(77,908)	126,676	(77,908)
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Allowance for diminution in value of investment securities :

-Unquoted shares in Malaysia	(121)	(121)	(121)	(121)
-Private debt securities	(68,917)	(69,773)	(68,917)	(69,773)
	<u>5,139,144</u>	<u>4,881,721</u>	<u>5,139,144</u>	<u>4,881,721</u>

Included in available-for-sale securities is an amount of RM2,906,633,000 (Dec 2004: RM2,307,772,000) being pledged to third parties in sale and repurchase agreements.

NOTES TO INTERIM FINANCIAL STATEMENTS – 31 MARCH 2005 (continued)**4 Securities Portfolio (continued)**

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

	Group		Bank	
	31 Mar 2005 RM'000	31 Dec 2004 RM'000	31 Mar 2005 RM'000	31 Dec 2004 RM'000
Maturity within one year	2,036,133	1,594,633	2,036,133	1,594,633
One year to three years	1,770,574	2,180,147	1,770,574	2,180,147
Three years to five years	1,191,763	1,166,658	1,191,763	1,166,658
Over five years	40,446	72,249	40,446	72,249
	<u>5,038,916</u>	<u>5,013,687</u>	<u>5,038,916</u>	<u>5,013,687</u>

5 Loans, Advances and Financing

i) By type

Overdrafts	3,357,559	3,362,531	3,357,559	3,362,531
Term loans :				
-fixed rate	768,851	723,641	768,851	723,641
-floating rate	12,201,931	11,803,125	12,201,931	11,803,125
Credit/charge cards receivables	281,807	264,136	281,807	264,136
Bills receivable	53,521	39,221	53,521	39,221
Trust receipts	99,659	116,668	99,659	116,668
Claims on customers under acceptance credits	1,659,874	1,564,013	1,659,874	1,564,013
Hire purchase	284,714	260,936	284,714	260,936
Lease receivables	24,996	26,275	23,411	24,582
Block discounting	361	366	361	366
Other loans	1,740,162	1,697,619	1,740,162	1,697,619
Staff loans (of which None [Dec 2004 : Nil] to directors)	104,320	105,173	104,320	105,173
	<u>20,577,755</u>	<u>19,963,704</u>	<u>20,576,170</u>	<u>19,962,011</u>
Unearned interest and income	(133,786)	(119,853)	(133,686)	(119,735)
Gross loans, advances and financing	<u>20,443,969</u>	<u>19,843,851</u>	<u>20,442,484</u>	<u>19,842,276</u>
Allowance for bad and doubtful debts and financing :				
- Specific	(586,025)	(455,465)	(585,360)	(454,781)
- General	(306,870)	(306,870)	(306,855)	(306,855)
Net loans, advances and financing	<u>19,551,074</u>	<u>19,081,516</u>	<u>19,550,269</u>	<u>19,080,640</u>

NOTES TO INTERIM FINANCIAL STATEMENTS – 31 MARCH 2005 (continued)**5 Loans, Advances and Financing (continued)**

ii) By type of customer

	Group		Bank	
	31 Mar 2005 RM'000	31 Dec 2004 RM'000	31 Mar 2005 RM'000	31 Dec 2004 RM'000
Domestic banking institutions	244,471	243,817	243,651	242,929
Domestic non-bank financial institutions				
- Stockbroking companies	50,112	9,000	50,112	9,000
- Others	230,506	233,245	230,506	233,245
Domestic business enterprises				
- Small medium enterprises	3,118,386	2,988,969	3,118,386	2,988,735
- Others	8,074,217	7,926,272	8,073,552	7,925,819
Government and statutory bodies	1,304,971	1,273,590	1,304,971	1,273,590
Individuals	7,383,841	7,137,038	7,383,841	7,137,038
Other domestic entities	1,117	1,092	1,117	1,092
Foreign entities	36,348	30,828	36,348	30,828
	<u>20,443,969</u>	<u>19,843,851</u>	<u>20,442,484</u>	<u>19,842,276</u>

iii) By interest/profit rate sensitivity

Fixed rate:

Housing loans/financing	80,760	70,415	80,760	70,415
Hire purchase receivables	253,411	225,199	253,411	225,199
Other fixed rate loan/financing	1,022,616	1,010,927	1,021,131	1,009,352

Variable rate:

BLR plus	12,482,422	12,204,095	12,482,422	12,204,095
Cost-plus	2,919,404	2,744,657	2,919,404	2,744,657
Other variable rates	3,685,356	3,588,558	3,685,356	3,588,558
	<u>20,443,969</u>	<u>19,843,851</u>	<u>20,442,484</u>	<u>19,842,276</u>

iv) By sector

Agriculture	1,344,377	1,300,604	1,344,377	1,300,604
Mining and quarrying	20,821	21,033	20,821	21,033
Manufacturing	3,458,961	3,335,573	3,458,825	3,335,424
Electricity, gas and water	86,896	83,447	86,896	83,447
Construction	851,674	909,396	851,324	909,047
Real estate	1,482,219	1,369,766	1,482,219	1,369,766
Purchase of landed property				
of which : i. Residential	5,746,668	5,571,658	5,746,668	5,571,658
ii. Non-residential	863,609	822,738	863,609	822,738
General commerce	2,397,246	2,402,247	2,397,067	2,402,061
Transport, storage and communication	411,733	418,183	411,733	418,183
Finance, insurance and business services	865,390	833,534	865,390	833,534
Purchase of securities	307,129	266,936	307,129	266,936
Purchase of transport vehicles	9,980	10,154	9,980	10,154
Consumption credit	1,011,440	976,009	1,010,620	975,118
Others	1,585,826	1,522,573	1,585,826	1,522,573
	<u>20,443,969</u>	<u>19,843,851</u>	<u>20,442,484</u>	<u>19,842,276</u>

NOTES TO INTERIM FINANCIAL STATEMENTS – 31 MARCH 2005 (continued)**6 Non-performing Loans, Advances and Financing**

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

	Group		Bank	
	31 Mar 2005 RM'000	31 Dec 2004 RM'000	31 Mar 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	83,468	436,505	83,462	436,496
Reclassified as performing during the period/year	(35,646)	(129,099)	(35,646)	(129,099)
Amount converted to investment securities	0	(1,341)	0	(1,341)
Amount recovered	(70,563)	(298,812)	(70,538)	(298,554)
Amount written off	(26,770)	(118,560)	(26,770)	(118,532)
Balance at end of period/year	1,543,962	1,593,473	1,543,322	1,592,814
Specific allowance	(586,025)	(455,465)	(585,360)	(454,781)
Net non-performing loans, advances and financing	957,937	1,138,008	957,962	1,138,033
Ratio of net non-performing loans and financing to net loans, advances and financing	4.82%	5.87%	4.82%	5.87%

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

	Group		Bank	
	31 Mar 2005 RM'000	31 Dec 2004 RM'000	31 Mar 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	1.65%	1.70%	1.65%	1.69%

NOTES TO INTERIM FINANCIAL STATEMENTS – 31 MARCH 2005 (continued)**6 Non-performing Loans, Advances and Financing (continued)**

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

	Group		Bank	
	31 Mar 2005 RM'000	31 Dec 2004 RM'000	31 Mar 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	153,875	0	153,875	0
As restated	609,340	448,813	608,656	447,853
Allowance made during the period/year	22,721	240,947	22,716	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	(19,269)	(114,395)	(19,245)	(114,137)
Amount written off	(26,767)	(118,559)	(26,767)	(118,532)
Balance at end of period/year	<u>586,025</u>	<u>455,465</u>	<u>585,360</u>	<u>454,781</u>

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

	Group		Bank	
	31 Mar 2005 RM'000	31 Dec 2004 RM'000	31 Mar 2005 RM'000	31 Dec 2004 RM'000
Agriculture	85,537	88,604	85,537	88,604
Manufacturing	355,846	362,556	355,710	362,407
Construction	124,394	143,654	124,045	143,305
Real estate	215,705	223,460	215,705	223,460
Purchase of landed property				
of which : i. Residential	81,558	73,683	81,558	73,683
ii. Non-residential	72,819	72,726	72,819	72,726
General commerce	332,172	336,669	332,017	336,508
Transport, storage and communication	16,876	20,676	16,876	20,676
Finance, insurance and business services	56,784	58,961	56,784	58,961
Purchase of securities	136,045	147,271	136,045	147,271
Purchase of transport vehicles	323	300	323	300
Consumption credit	36,404	37,820	36,404	37,820
Others	29,499	27,093	29,499	27,093
	<u>1,543,962</u>	<u>1,593,473</u>	<u>1,543,322</u>	<u>1,592,814</u>

NOTES TO INTERIM FINANCIAL STATEMENTS – 31 MARCH 2005 (continued)**7 Other Assets**

	Group		Bank	
	31 Mar 2005 RM'000	31 Dec 2004 RM'000	31 Mar 2005 RM'000	31 Dec 2004 RM'000
Amount due from subsidiary	0	0	0	7,867
Interest receivable	59,513	54,821	59,513	54,821
Other debtors, deposits and prepayments	118,797	93,179	115,781	90,163
	<u>178,310</u>	<u>148,000</u>	<u>175,294</u>	<u>152,851</u>

	Group		Bank	
	31 Mar 2005 RM'000	31 Dec 2004 RM'000	31 Mar 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	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>

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

8 Deposits from Customers

(i) By type of deposit

	Group		Bank	
	31 Mar 2005 RM'000	31 Dec 2004 RM'000	31 Mar 2005 RM'000	31 Dec 2004 RM'000
Demand deposits	2,556,825	2,334,706	2,557,663	2,335,372
Savings deposits	1,604,982	1,577,662	1,604,982	1,577,662
Fixed deposits	12,263,647	11,922,556	12,276,249	11,942,988
Negotiable instruments of deposits	1,259,379	900,156	1,259,379	900,156
Islamic short term Mudharabah investment	287,598	183,203	287,598	183,203
Others	41,230	23,529	41,230	23,529
	<u>18,013,661</u>	<u>16,941,812</u>	<u>18,027,101</u>	<u>16,962,910</u>

NOTES TO INTERIM FINANCIAL STATEMENTS – 31 MARCH 2005 (continued)**8 Deposits from Customers (continued)**

ii) By type of customers

	Group		Bank	
	31 Mar 2005 RM'000	31 Dec 2004 RM'000	31 Mar 2005 RM'000	31 Dec 2004 RM'000
Government and statutory bodies	19,293	15,447	19,293	15,447
Business enterprises	5,946,629	6,445,703	5,946,629	6,445,703
Individuals	9,936,324	9,687,340	9,936,324	9,687,340
Others	2,111,415	793,322	2,124,855	814,420
	<u>18,013,661</u>	<u>16,941,812</u>	<u>18,027,101</u>	<u>16,962,910</u>

9 Deposits and Placements of Banks and Other Financial Institutions

	Group		Bank	
	31 Mar 2005 RM'000	31 Dec 2004 RM'000	31 Mar 2005 RM'000	31 Dec 2004 RM'000
Licensed banks	3,719,839	3,158,182	3,719,839	3,158,182
Licensed finance companies	0	120,000	0	120,000
Licensed merchant banks	390,000	50,000	390,000	50,000
Bank Negara Malaysia	28,558	32,741	28,558	32,741
Other financial institutions	39,487	153,983	39,487	153,983
	<u>4,177,884</u>	<u>3,514,906</u>	<u>4,177,884</u>	<u>3,514,906</u>

10 Other Liabilities

	Group		Bank	
	31 Mar 2005 RM'000	31 Dec 2004 RM'000	31 Mar 2005 RM'000	31 Dec 2004 RM'000
Proposed dividend	150,075	0	150,075	0
Equity compensation benefits (a)	702	680	702	680
Accruals for personnel costs *	11,690	19,589	11,690	19,587
Obligations under finance lease	820	888	820	888
Provision for commitment and contingencies (b)	6,729	7,494	6,729	7,494
Interest payable	121,532	122,095	121,532	122,095
Other accruals and charges	169,405	123,941	166,313	120,900
Profit equalisation reserve [Note 22 (6)]	110	0	110	0
	<u>461,063</u>	<u>274,687</u>	<u>457,971</u>	<u>271,644</u>

*Includes accrual for salary, employee benefits and EPF

NOTES TO INTERIM FINANCIAL STATEMENTS – 31 MARCH 2005 (continued)**10 Other Liabilities (continued)**

a) Movements in equity compensation benefits are as follows:

	Group		Bank	
	31 Mar 2005 RM'000	31 Dec 2004 RM'000	31 Mar 2005 RM'000	31 Dec 2004 RM'000
Balance at 1 January	680	200	680	200
Provision made during the period/year (net)	28	455	28	455
Adjustment on foreign currency revaluation	(6)	25	(6)	25
Balance at end of period/year	<u>702</u>	<u>680</u>	<u>702</u>	<u>680</u>

Equity compensation benefits

This refers to the OCBC Deferred Share Plan ("the Plan") which 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. A trust is set up to administer the shares purchased under the Plan. 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. 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	
	31 Mar 2005 RM'000	31 Dec 2004 RM'000	31 Mar 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	(384)	(28)	(384)	(28)
Reclassification to other accruals and charges	<u>(381)</u>	<u>0</u>	<u>(381)</u>	<u>0</u>
Balance at end of period/year	<u>6,729</u>	<u>7,494</u>	<u>6,729</u>	<u>7,494</u>

NOTES TO INTERIM FINANCIAL STATEMENTS – 31 MARCH 2005 (continued)**11 Interest Income**

	Group		Bank	
	31 Mar 2005 RM'000	31 Mar 2004 RM'000	31 Mar 2005 RM'000	31 Mar 2004 RM'000
Loans and advances				
- Interest income other than recoveries from NPL	235,339	211,563	235,333	211,563
- Recoveries from NPLs	8,812	8,696	8,800	8,687
Money at call and deposit placements with financial institutions	9,108	27,221	9,108	27,220
Held-for-trading securities	7,915	1,341	7,915	1,341
Available-for-sale securities	56,569	41,733	56,569	41,733
Others	2,043	2,393	2,043	2,393
	<u>319,786</u>	<u>292,947</u>	<u>319,768</u>	<u>292,937</u>
Amortisation of premium less accretion of discount	(13,427)	(8,707)	(13,427)	(8,707)
	<u>306,359</u>	<u>284,240</u>	<u>306,341</u>	<u>284,230</u>

12 Interest Expense

	Group		Bank	
	31 Mar 2005 RM'000	31 Mar 2004 RM'000	31 Mar 2005 RM'000	31 Mar 2004 RM'000
Deposits and placements of banks and other financial institutions	21,196	14,505	21,196	14,505
Deposits from other customers	106,771	99,692	106,868	99,829
Loans sold to Cagamas	10,771	11,741	10,771	11,741
Subordinated term loan	7,985	5,421	7,985	5,421
Others	15,692	16,913	15,710	16,936
	<u>162,415</u>	<u>148,272</u>	<u>162,530</u>	<u>148,432</u>

NOTES TO INTERIM FINANCIAL STATEMENTS – 31 MARCH 2005 (continued)**13 Non-interest Income**

	Group		Bank	
	31 Mar 2005 RM'000	31 Mar 2004 RM'000	31 Mar 2005 RM'000	31 Mar 2004 RM'000
Fee income:-				
Commission	26,108	17,927	26,108	17,927
Service charges and fees	22,772	12,663	22,772	12,663
Guarantee fees	70	150	70	150
Other fee income	2,429	1,677	2,429	1,677
	<u>51,379</u>	<u>32,417</u>	<u>51,379</u>	<u>32,417</u>
Investment income:-				
Net profit from held-for-trading securities	3,413	1,840	3,413	1,840
Gain from sale of available-for-sale securities	2	0	2	0
Gross dividends from Malaysia :- Available-for-sale securities	0	475	0	475
	<u>54,794</u>	<u>34,732</u>	<u>54,794</u>	<u>34,732</u>
Other income:-				
Foreign exchange profit	8,213	9,461	8,213	9,461
Rental income (net)	(66)	(24)	(66)	(24)
Gain on disposal of property, plant and equipment	0	1,030	0	1,030
Unrealised losses on revaluation of financial instruments	(5,993)	0	(5,993)	0
Others	(166)	8	(166)	8
	<u>1,988</u>	<u>10,475</u>	<u>1,988</u>	<u>10,475</u>
	<u>56,782</u>	<u>45,207</u>	<u>56,782</u>	<u>45,207</u>

14 Staff Cost and Overhead Expenses

	Group		Bank	
	31 Mar 2005 RM'000	31 Mar 2004 RM'000	31 Mar 2005 RM'000	31 Mar 2004 RM'000
Personnel costs (i)	40,497	34,317	40,442	34,285
Establishment costs (ii)	8,209	12,435	8,209	12,435
Marketing expenses (iii)	3,721	2,082	3,721	2,082
Administration and general expenses (iv)	31,597	7,821	31,589	7,815
	<u>84,024</u>	<u>56,655</u>	<u>83,961</u>	<u>56,617</u>

NOTES TO INTERIM FINANCIAL STATEMENTS – 31 MARCH 2005 (continued)**14 Staff Cost and Overhead Expenses (continued)**

(i) Personnel costs

	Group		Bank	
	31 Mar 2005 RM'000	31 Mar 2004 RM'000	31 Mar 2005 RM'000	31 Mar 2004 RM'000
Wages, salaries and bonus	27,443	25,968	27,408	25,948
Defined contribution plan (EPF)	5,868	4,028	5,862	4,024
Equity compensation benefit (deferred share plan)	28	69	28	69
Other personnel costs	7,158	4,252	7,144	4,244
	<u>40,497</u>	<u>34,317</u>	<u>40,442</u>	<u>34,285</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

	Group		Bank	
	31 Mar 2005 RM'000	31 Mar 2004 RM'000	31 Mar 2005 RM'000	31 Mar 2004 RM'000
Rental of premises	1,532	1,808	1,532	1,808
Depreciation of property, plant and equipment	3,259	4,794	3,259	4,794
Repair and maintenance	1,570	2,231	1,570	2,231
Others	1,848	3,602	1,848	3,602
	<u>8,209</u>	<u>12,435</u>	<u>8,209</u>	<u>12,435</u>

(iii) Marketing expenses

	Group		Bank	
	31 Mar 2005 RM'000	31 Mar 2004 RM'000	31 Mar 2005 RM'000	31 Mar 2004 RM'000
Transport and travelling	1,231	782	1,231	782
Advertisement and business promotion	2,270	1,128	2,270	1,128
Others	220	172	220	172
	<u>3,721</u>	<u>2,082</u>	<u>3,721</u>	<u>2,082</u>

NOTES TO INTERIM FINANCIAL STATEMENTS – 31 MARCH 2005 (continued)**14 Staff Cost and Overhead Expenses (continued)**

(iv) Administration and general expenses

	Group		Bank	
	31 Mar 2005 RM'000	31 Mar 2004 RM'000	31 Mar 2005 RM'000	31 Mar 2004 RM'000
Printing and stationery	1,581	1,569	1,581	1,569
Postage and courier	1,389	589	1,389	589
Telephone, telex and fax	1,763	1,328	1,762	1,328
Legal and consultancy fees	1,285	819	1,285	819
Transaction processing fees*	21,284	0	21,284	0
Other administrative and general expenses	4,295	3,516	4,288	3,510
	<u>31,597</u>	<u>7,821</u>	<u>31,589</u>	<u>7,815</u>

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

15 Allowance for Losses on Loans, Advances and Financing

Allowance for bad and doubtful debts and financing:-

(a) Specific allowance

- Made in the financial period/year	22,721	33,691	22,716	33,689
- Written back	(19,269)	(27,882)	(19,245)	(27,809)
(b) Other allowance	226	379	226	379

Bad debts and financing :-

- written off	36	8	36	8
- recovered	(9,376)	(3,684)	(9,376)	(3,684)
	<u>(5,662)</u>	<u>2,512</u>	<u>(5,643)</u>	<u>2,583</u>

16 Taxation

Malaysian income tax – current year	39,002	35,327	39,002	35,327
Deferred taxation :				
- relating to originating and reversal of temporary differences	(2,259)	(971)	(2,279)	(1,016)
	<u>36,743</u>	<u>34,356</u>	<u>36,723</u>	<u>34,311</u>

NOTES TO INTERIM FINANCIAL STATEMENTS – 31 MARCH 2005 (continued)**17 Capital Commitments**

	Group		Bank	
	31 Mar 2005 RM'000	31 Mar 2004 RM'000	31 Mar 2005 RM'000	31 Mar 2004 RM'000
Capital expenditure in respect of property, plant and equipment:-				
- authorised and contracted for	30,009	10,689	30,009	10,689
- authorised but not contracted for	27	106	27	106
	<u>30,036</u>	<u>10,795</u>	<u>30,036</u>	<u>10,795</u>

18 Commitments and Contingencies

In the normal course of business, the Group and the Bank make various commitments and incurs certain contingent liabilities with legal recourse to their customers. No material losses are anticipated as a result of these transactions.

	31 Mar 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
Group						
Direct credit substitutes	260,148	260,148	240,008	280,841	280,841	260,701
Transaction-related contingent items	493,968	246,984	240,487	468,060	234,030	226,832
Short-term self-liquidating trade-related contingencies	331,407	66,281	66,189	294,616	58,923	58,719
Obligations under underwriting agreement	157,000	78,500	78,500	157,000	78,500	78,500
Irrevocable commitments to extend credit:-						
- maturity exceeding one year	6,436,864	3,218,432	3,218,432	5,921,834	2,960,917	2,960,917
- maturity not exceeding one year	5,664,194	0	0	5,410,656	0	0
Foreign exchange related contracts						
-less than one year	9,475,829	137,302	43,056	8,905,977	122,956	34,924
-one year to less than five years	82,522	4,389	2,195	112,543	6,336	3,168
Interest rate contracts						
-less than one year	10,265	10,265	4,655	145,250	692	138
-one year to less than five years	60,713	60,713	22,219	928,300	24,610	8,730
-five years and above	3,363,162	55,327	27,364	716,800	55,253	27,476
Miscellaneous	400,179	0	0	30,179	0	0
Total	<u>26,736,251</u>	<u>4,138,341</u>	<u>3,943,105</u>	<u>23,372,056</u>	<u>3,823,058</u>	<u>3,660,105</u>

NOTES TO INTERIM FINANCIAL STATEMENTS – 31 MARCH 2005 (continued)**18 Commitments and Contingencies (continued)**

	31 Mar 2005			31 Dec 2004		
	Principal Amount	Credit Equivalent Amount*	Risk Weighted Amount	Principal Amount	Credit Equivalent Amount*	Risk Weighted Amount
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Bank						
Direct credit substitutes	260,148	260,148	240,008	280,841	280,841	260,701
Transaction-related contingent items	493,968	246,984	240,487	468,060	234,030	226,832
Short-term self-liquidating trade-related contingencies	331,407	66,281	66,189	294,616	58,923	58,719
Obligations under underwriting agreement	157,000	78,500	78,500	157,000	78,500	78,500
Irrevocable commitments to extend credit:-						
- maturity exceeding one year	6,436,864	3,218,432	3,218,432	5,921,834	2,960,917	2,960,917
- maturity not exceeding one year	5,664,194	0	0	5,410,656	0	0
Foreign exchange related contracts						
-less than one year	9,475,829	137,302	43,056	8,905,977	122,956	34,924
-one year to less than five years	82,522	4,389	2,195	112,543	6,336	3,168
Interest rate contracts						
-less than one year	10,265	10,265	4,655	145,250	692	138
-one year to less than five years	60,713	60,713	22,219	928,300	24,610	8,730
-five years and above	3,363,162	55,327	27,364	716,800	55,253	27,476
Miscellaneous	370,000	0	0	0	0	0
Total	26,706,072	4,138,341	3,943,105	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.

Details of the foreign exchange related contracts and interest rate contracts at 31 March 2005 are as follows:

	Group and Bank	
	31 Mar 2005	31 Dec 2004
	RM'000	RM'000
Foreign exchange related contracts		
- Forward contracts	2,783,635	2,419,410
- Swaps	5,715,919	6,279,502
- Options	1,058,797	319,608
Interest rate contracts		
- Swaps	3,434,140	1,790,350

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 31 March 2005, the amount of contracts which were not hedged and hence, exposed to market risk was RM20,843,519 (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 31 March 2005, the amounts of credit risk, measured in term of the cost to replace the profitable contracts was RM35,808,207 (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 INTERIM FINANCIAL STATEMENTS – 31 MARCH 2005 (continued)**19 Interest/Profit Rate Risk****Group**

As at 31 March 2005	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	851,329	0	0	0	0	71,096	155,125	1,077,550	2.43
Securities purchased under resale agreement	154,586	1,689,635	0	0	0	0	0	1,844,221	2.60
Deposits and placements with financial institutions	0	0	0	0	0	287,391	146,300	433,691	2.43
Held-for-trading securities	0	0	0	0	0	0	671,480	671,480	4.87
Available-for-sale securities	550,871	560,114	927,219	3,082,321	41,850	(23,231)^	0	5,139,144	4.74
Loans, advances and financing	13,965,102	335,952	900,413	818,827	203,966	579,030*	2,747,784	19,551,074	5.47
Other assets	0	0	0	0	0	162,392	15,918	178,310	0
Statutory deposits with Bank Negara Malaysia	0	0	0	0	0	761,086	0	761,086	0
Property, plant and equipment	0	0	0	0	0	207,764	0	207,764	0
Deferred taxation asset	0	0	0	0	0	99,863	0	99,863	0
Total assets	15,521,888	2,585,701	1,827,632	3,901,148	245,816	2,145,391	3,736,607	29,964,183	
Liabilities									
Deposits from customers	8,271,286	2,320,892	4,471,075	350,747	0	2,222,113	377,548	18,013,661	2.66
Deposits and placements of banks and other financial institutions	1,061,318	97,194	11,223	12,386	2,309	0	2,993,454	4,177,884	2.57
Obligations on securities sold under repurchase agreements	2,645,264	31,462	0	0	0	0	0	2,676,726	2.69
Bills and acceptances payable	0	0	0	0	0	1,670,671	0	1,670,671	0
Amount due to Cagamas	6,532	13,134	217,103	409,040	345,517	0	0	991,326	4.49
Subordinated term loan	0	0	0	0	0	0	535,426	535,426	5.79
Other liabilities	0	0	0	0	0	428,657	32,406	461,063	0
Taxation and zakat	0	0	0	0	0	(40,958)	0	(40,958)	0
Total liabilities	11,984,400	2,462,682	4,699,401	772,173	347,826	4,280,483	3,938,834	28,485,799	
On-balance sheet interest sensitivity gap	3,537,488	123,019	(2,871,769)	3,128,975	(102,010)	(2,135,092)	(202,227)	1,478,384	
Off-balance sheet interest sensitivity gap	0	0	0	0	0	0	0	0	
Total interest sensitivity gap	3,537,488	123,019	(2,871,769)	3,128,975	(102,010)	(2,135,092)	(202,227)	1,478,384	

NOTES TO INTERIM FINANCIAL STATEMENTS – 31 MARCH 2005 (continued)**19 Interest/Profit Rate Risk (continued)****Bank**

As at 31 March 2005	Non Trading Book						Non-interest sensitive RM'000	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	Over 5 years RM'000				
Assets										
Cash and short term funds	851,329	0	0	0	0	71,096	155,125	1,077,550	2.43	
Securities purchased under resale agreement	154,586	1,689,635	0	0	0	0	0	1,844,221	2.60	
Deposits and placements with financial institutions	0	0	0	0	0	287,391	146,300	433,691	2.43	
Held-for-trading securities	0	0	0	0	0	0	671,480	671,480	4.87	
Available-for-sale securities	550,871	560,114	927,219	3,082,321	41,850	(23,231)^	0	5,139,144	4.74	
Loans, advances and financing	13,964,437	335,952	900,413	818,827	203,147	579,709*	2,747,784	19,550,269	5.47	
Other assets	0	0	0	0	0	159,376	15,918	175,294	0	
Statutory deposits with Bank Negara Malaysia	0	0	0	0	0	761,086	0	761,086	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	207,761	0	207,761	0	
Deferred taxation asset	0	0	0	0	0	100,109	0	100,109	0	
Total assets	15,521,223	2,585,701	1,827,632	3,901,148	244,997	2,144,908	3,736,607	29,962,216		
Liabilities										
Deposits from customers	8,283,868	2,320,912	4,471,075	350,747	0	2,222,951	377,548	18,027,101	2.66	
Deposits and placements of banks and other financial institutions	1,061,318	97,194	11,223	12,386	2,309	0	2,993,454	4,177,884	2.57	
Obligations on securities sold under repurchase agreements	2,645,264	31,462	0	0	0	0	0	2,676,726	2.69	
Bills and acceptances payable	0	0	0	0	0	1,670,671	0	1,670,671	0	
Amount due to Cagamas	6,532	13,134	217,103	409,040	345,517	0	0	991,326	4.49	
Subordinated term loan	0	0	0	0	0	0	535,426	535,426	5.79	
Other liabilities	0	0	0	0	0	425,565	32,406	457,971	0	
Taxation and zakat	0	0	0	0	0	(40,958)	0	(40,958)	0	
Total liabilities	11,996,982	2,462,702	4,699,401	772,173	347,826	4,278,229	3,938,834	28,496,147		
On-balance sheet interest sensitivity gap	3,524,241	122,999	(2,871,769)	3,128,975	(102,829)	(2,133,321)	(202,227)	1,466,069		
Off-balance sheet interest sensitivity gap	0	0	0	0	0	0	0	0		
Total interest sensitivity gap	3,524,241	122,999	(2,871,769)	3,128,975	(102,829)	(2,133,321)	(202,227)	1,466,069		

The negative amount includes allowance for diminution in value of investment securities in accordance with the Company's accounting policy amounting to (RM 69,038,000) for Group and Bank.

The amount includes specific allowance and general allowance for loans, advances and financing in accordance with the Company's accounting policy amounting to (RM 892,895,000) for Group and (RM 892,215,000) for Bank.

NOTES TO INTERIM FINANCIAL STATEMENTS – 31 MARCH 2005 (continued)**19 Interest/Profit Rate Risk (continued)****Group**

As at 31 December 2004	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	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 INTERIM FINANCIAL STATEMENTS – 31 MARCH 2005 (continued)**19 Interest/Profit Rate Risk (continued)****Bank**

As at 31 December 2004	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	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	2.70
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	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 loans, 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 INTERIM FINANCIAL STATEMENTS – 31 MARCH 2005 (continued)**20 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	(116,019)	327,331
<u>Income Statement – Period Ended 31 March 2005</u>			Effects RM'000
Total income			(6,310)
Staff costs and overhead expenses			(1,988)
Net profit before tax			(8,298)
Tax			2,323
Net profit after tax			(5,975)

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	(116,019)	408,454
<u>Income Statement – Period Ended 31 March 2005</u>			Effects RM'000
Net profit after tax			(5,975)

NOTES TO INTERIM FINANCIAL STATEMENTS – 31 MARCH 2005 (continued)**21 Capital Adequacy**

	Bank	
	31 Mar 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 follows:		
<u>Tier-1 capital</u>		
Paid-up share capital	287,500	287,500
Share premium	462,500	462,500
Retained profit/loss	258,379	532,957
Other reserves	322,000	322,000
	<u>1,330,379</u>	<u>1,604,957</u>
Less: Deferred tax assets	(102,936)	(108,977)
Total Tier-1 capital	<u>1,227,443</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	570,000	570,000
Total Tier-2 capital	<u>876,855</u>	<u>876,855</u>
Less :		
Investment in subsidiaries	(1,617)	(1,617)
Capital base	<u>2,102,681</u>	<u>2,371,218</u>
<u>Capital Ratios</u>		
Excluding proposed final dividend :		
Core-capital ratio	5.91%	7.39%
Risk-weighted capital ratio	10.12%	11.71%
Including proposed final dividend :		
Core-capital ratio	5.91%	6.65%
Risk-weighted capital ratio	10.12%	10.97%

NOTES TO INTERIM FINANCIAL STATEMENTS – 31 MARCH 2005 (continued)**22 The Operation of Islamic Banking (IB)****CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED BALANCE SHEETS AS AT 31 MARCH 2005**

	Note	Group and Bank	
		31 Mar 2005 RM'000	31 Dec 2004 RM'000
ASSETS			
Cash and short-term funds		2,016	71,656
Deposits and placements with financial institutions		103,091	0
Available-for-sale securities	(1)	619,121	449,757
Financing and other advances	(2)	919,387	865,927
Other assets	(4)	18,339	145,570
Statutory deposits with Bank Negara Malaysia		50,552	39,352
Deferred taxation assets		3,330	3,963
TOTAL ASSETS		1,715,836	1,576,225
LIABILITIES AND ISLAMIC BANKING FUNDS			
Deposits from customers	(5)	1,123,375	1,098,541
Deposits and placements of banks and other financial institutions		407,800	299,000
Bills and acceptances payable		653	1,122
Other liabilities	(6)	64,614	59,191
Tax and Zakat		2,187	10,671
Total Liabilities		1,598,629	1,468,525
Islamic Banking Funds	(7)	64,000	64,000
Reserves	(7)	53,207	43,700
		117,207	107,700
TOTAL LIABILITIES AND ISLAMIC BANKING FUNDS		1,715,836	1,576,225
COMMITMENTS AND CONTINGENCIES		621,929	588,043

NOTES TO INTERIM FINANCIAL STATEMENTS – 31 MARCH 2005 (continued)

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

CONDENSED INTERIM FINANCIAL STATEMENTS

UNAUDITED INCOME STATEMENTS FOR THE FIRST QUARTER AND THREE MONTHS ENDED 31 MARCH 2005

	Group and Bank	
	31 Mar 2005 RM'000	31 Mar 2004 RM'000
Income derived from investment of depositors' funds	10,618	9,858
Allowance for losses on financing and other loans	(1,974)	(323)
Transfer to profit equalisation reserve	(110)	(819)
Total attributable income	<u>8,534</u>	<u>8,716</u>
Income attributable to depositors	(10,626)	(9,888)
Income attributable to shareholders	(2,092)	(1,172)
Income derived from the investment of Islamic banking funds	9,668	4,490
Total net income	<u>7,576</u>	<u>3,318</u>
Personnel expenses	(358)	(234)
Other overhead expenses	(155)	(120)
Profit before taxation	<u>7,063</u>	<u>2,964</u>
Taxation	(1,721)	(1,061)
Net profit for the financial period	<u><u>5,342</u></u>	<u><u>1,903</u></u>

NOTES TO INTERIM FINANCIAL STATEMENTS – 31 MARCH 2005 (continued)**22 The Operation of Islamic Banking (IB) (continued)****(1) Available-For-Sale Securities**

	Group and Bank	
	31 Mar 2005 RM'000	31 Dec 2004 RM'000
Money market instruments :-		
Quoted :		
Malaysian Government investment issues	237,785	226,532
Khazanah Bonds	14,586	14,199
Sanadat Mudharabah Cagamas	110,327	110,134
Private debt securities	<u>10,082</u>	<u>10,507</u>
	372,780	361,372
Unquoted:		
Islamic Negotiable Instruments of Deposits	80,000	80,000
Bankers acceptances and Islamic accepted bills	<u>166,247</u>	<u>0</u>
	619,027	441,372
Amortisation of premium less accretion of discounts	94	8,385
	<u>619,121</u>	<u>449,757</u>
(i) The maturity structure of money market instruments under available-for-sale are as follows :		
Maturing within one year	103,141	110,883
One year to three years	234,352	205,354
Three to five years	<u>35,287</u>	<u>45,135</u>
	<u>372,780</u>	<u>361,372</u>

(2) Financing and Advances

	Group and Bank	
	31 Mar 2005 RM'000	31 Dec 2004 RM'000
(i) By type:		
Cash Line	102,073	85,753
Term financing		
- Housing financing	139,401	122,944
- Syndicated term financing	238,716	244,031
- Hire purchase receivables	279,965	256,068
- Leasing receivables	23,380	24,556
- Other term financing	106,964	87,458
Revolving Credits	183,873	183,895
Unearned income	<u>(132,186)</u>	<u>(117,952)</u>
Gross financing	942,186	886,753
Allowance for bad and doubtful debts and financing		
- Specific	(8,796)	(7,635)
- General	<u>(14,003)</u>	<u>(13,191)</u>
Net financing	<u>919,387</u>	<u>865,927</u>

NOTES TO INTERIM FINANCIAL STATEMENTS – 31 MARCH 2005 (continued)**22 The Operation of Islamic Banking (IB) (continued)**

	Group and Bank	
	31 Mar 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	3,544	12,150
Reclassified as performing during the period/year	(442)	(2,441)
Amount recovered	(493)	(1,059)
Amount written off	0	(12)
Balance at end of period/year	<u>15,323</u>	<u>12,714</u>
Specific allowance	<u>(8,796)</u>	<u>(7,635)</u>
Net non performing financing	<u>6,527</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	812	8,556
Balance at end of period/year	<u>14,003</u>	<u>13,191</u>
As % of total financing less specific allowance	<u>1.5%</u>	<u>1.5%</u>
<u>Specific allowance</u>		
Balance at 1 January	7,635	696
Allowance made during period/year	1,222	7,984
Amount recovered	(61)	(1,031)
Amount written off	0	(14)
Balance at end of period/year	<u>8,796</u>	<u>7,635</u>

NOTES TO INTERIM FINANCIAL STATEMENTS – 31 MARCH 2005 (continued)**(4) Other Assets**

	Group and Bank	
	31 Mar 2005 RM'000	31 Dec 2004 RM'000
Income receivable	4,720	1,718
Other debtors, deposits and prepayments	13,619	143,852
	<u>18,339</u>	<u>145,570</u>

(5) Deposits from Customers

i) By type of deposits

Non-Mudharabah Fund:

Demand deposits	101,671	98,662
Savings deposits	262,265	255,514
Others	12,574	9,117
	<u>376,510</u>	<u>363,293</u>

Mudharabah Fund:

General investment deposits	230,387	332,390
Islamic short term Mudharabah Investment	287,598	183,203
Negotiable Islamic Debt Certificate	228,880	219,655
	<u>746,865</u>	<u>735,248</u>

Total deposits from customers	<u>1,123,375</u>	<u>1,098,541</u>
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(6) Other Liabilities

Other accruals and charges	64,504	59,191
Profit equalisation reserve	110	0
	<u>64,614</u>	<u>59,191</u>

Profit equalisation reserve (PER)

Balance at 1 January	0	4,479
Amount provided during the period/year	110	0
Amount written back during the period/year	0	(4,479)
Balance at end of the period/year	<u>110</u>	<u>0</u>

Company No. 295400 W

OCBC BANK (MALAYSIA) BERHAD
(Incorporated in Malaysia)

NOTES TO INTERIM FINANCIAL STATEMENTS – 31 MARCH 2005 (continued)

(7) Islamic Banking Capital Funds

	Group and Bank	
	31 Mar 2005 RM'000	31 Dec 2004 RM'000
Islamic banking funds	64,000	64,000
Reserves :		
Net unrealised gains on available-for-sale investments of which the depositors' portion is RM3,458,000 (Dec 2004 : Nil)	2,677	0
Retained profits	50,530	43,700
	117,207	107,700