

**CONDENSED INTERIM FINANCIAL STATEMENTS  
UNAUDITED BALANCE SHEETS AS AT 30 JUNE 2007**

	Note	Group		Bank	
		30/6/2007 RM'000	31/12/2006 RM'000	30/6/2007 RM'000	31/12/2006 RM'000
<b>ASSETS</b>					
Cash and short-term funds		6,063,223	3,647,179	6,063,223	3,647,179
Securities purchased under resale agreement		0	0	0	0
Deposits and placements with financial institutions		1,636,700	2,280,746	1,636,700	2,280,746
Held-for-trading securities	4	1,969,572	529,805	1,969,572	529,805
Available-for-sale securities	4	5,545,453	5,641,394	5,545,453	5,641,394
Loans, advances and financing	5	24,199,131	23,068,124	24,198,918	23,067,753
Other assets	7	442,043	321,523	441,965	321,445
Statutory deposits with Bank Negara Malaysia		817,608	866,086	817,608	866,086
Investment in subsidiary companies		0	0	1,611	1,611
Property, plant and equipment		223,456	231,495	223,447	231,482
Investment property		11,087	11,030	11,087	11,030
Prepaid lease payment		4,147	0	4,147	0
Non-current assets held for sale		16	544	16	544
Deferred taxation asset		87,689	102,143	87,977	102,459
<b>TOTAL ASSETS</b>		<b>41,000,125</b>	<b>36,700,069</b>	<b>41,001,724</b>	<b>36,701,534</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>					
Deposits from customers	8	29,828,038	24,646,667	29,842,549	24,660,884
Deposits and placements of banks and other financial institutions	9	4,435,503	2,965,448	4,435,503	2,965,448
Obligations on securities sold under repurchase agreements		425,194	3,075,577	425,194	3,075,577
Bills and acceptances payable		1,938,339	1,818,185	1,938,339	1,818,185
Amount due to Cagamas		659,462	689,298	659,462	689,298
Subordinated term loan / bonds		684,382	698,522	684,382	698,522
Other liabilities	10	611,463	518,354	611,385	518,245
Taxation and zakat		96,448	58,070	96,370	58,058
<b>TOTAL LIABILITIES</b>		<b>38,678,829</b>	<b>34,470,121</b>	<b>38,693,184</b>	<b>34,484,217</b>
Financed by :					
Share capital		291,500	291,500	291,500	291,500
Reserves		2,029,796	1,938,448	2,017,040	1,925,817
Shareholders' Equity		<u>2,321,296</u>	<u>2,229,948</u>	<u>2,308,540</u>	<u>2,217,317</u>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>41,000,125</b>	<b>36,700,069</b>	<b>41,001,724</b>	<b>36,701,534</b>
<b>COMMITMENTS AND CONTINGENCIES</b>	18	<b>54,919,001</b>	<b>37,915,353</b>	<b>54,919,001</b>	<b>37,915,353</b>

**CONDENSED INTERIM FINANCIAL STATEMENTS  
UNAUDITED INCOME STATEMENTS FOR THE SECOND QUARTER AND SIX MONTHS ENDED 30 JUNE  
2007**

<b>Group</b>		<b>2<sup>nd</sup> Quarter Ended</b>		<b>Half Year Ended</b>	
		30 June 2007	30 June 2006	30 June 2007	30 June 2006
	Note	RM'000	RM'000	RM'000	RM'000
Interest income	11	474,650	395,451	914,354	745,138
Interest expense	12	(258,674)	(208,956)	(496,451)	(392,452)
Net interest income		215,976	186,495	417,903	352,686
Islamic Banking income		19,553	12,713	37,879	25,339
		235,529	199,208	455,782	378,025
Non-interest income	13	78,488	65,273	174,499	138,324
Net income		314,017	264,481	630,281	516,349
Staff cost and overhead expenses	14	(130,848)	(99,312)	(239,936)	(190,025)
Operating profits before allowances		183,169	165,169	390,345	326,324
Write back / (allowance) of losses on loans and financing	15	8,338	(32,789)	(15,490)	(25,951)
Write back of / (provision for) commitment and contingencies		0	0	3	(290)
Profit before taxation and zakat		191,507	132,380	374,858	300,083
Taxation	16	(53,590)	(37,638)	(108,452)	(85,927)
Zakat		0	(221)	0	(221)
Net profit attributable to shareholders		137,917	94,521	266,406	213,935
Basic earnings per share (sen)		48.0	32.9	92.7	74.4
Dividend per ordinary share – 20 sen gross (2006: 41.5 sen) less income tax (sen)		42.0	85.9	42.0	85.9

**CONDENSED INTERIM FINANCIAL STATEMENTS  
UNAUDITED INCOME STATEMENTS FOR THE SECOND QUARTER AND SIX MONTHS ENDED 30 JUNE  
2007**

<b>Bank</b>		<b>2<sup>nd</sup> Quarter Ended</b>		<b>Half Year Ended</b>	
		30 June 2007 RM'000	30 June 2006 RM'000	30 June 2007 RM'000	30 June 2006 RM'000
	Note				
Interest income	11	474,650	395,346	914,354	745,046
Interest expense	12	(258,787)	(208,956)	(496,677)	(392,559)
Net interest income		215,863	186,390	417,677	352,487
Islamic Banking income		19,553	12,713	37,879	25,339
		235,416	199,103	455,556	377,826
Non-interest income	13	78,487	65,273	174,498	138,324
Net income		313,903	264,376	630,054	516,150
Staff cost and overhead expenses	14	(130,797)	(99,264)	(239,790)	(189,895)
Operating profits before allowances		183,106	165,112	390,264	326,255
Write back / (allowance) of losses on loans and financing	15	8,347	(32,787)	(15,572)	(25,949)
Write back of / (provision for) commitment and contingencies		0	0	3	(290)
Profit before taxation and zakat		191,453	132,325	374,695	300,016
Taxation	16	(53,569)	(37,607)	(108,414)	(85,875)
Zakat		0	(221)	0	(221)
Net profit attributable to shareholders		137,884	94,497	266,281	213,920
Basic earnings per share (sen)		48.0	32.9	92.6	74.4
Dividend per ordinary share – 20 sen gross (2006: 41.5 sen) less income tax (sen)		42.0	85.9	42.0	85.9

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

	Non-distributable					Distributable		Total RM'000
	Share capital RM'000	Share premium RM'000	Statutory reserve RM'000	Capital reserve RM'000	Fair value reserve RM'000	General reserve RM'000	Retained profits RM'000	
<b>Group</b>								
Balance at 1 January 2007	291,500	858,500	322,000	56,619	67,892	36,750	596,687	2,229,948
Revaluation of available-for-sale securities (net)	0	0	0	0	43,070	0	0	43,070
Deferred tax on revaluation of available-for-sale securities (net)	0	0	0	0	(9,801)	0	0	(9,801)
Net gains recognised directly in equity	0	0	0	0	33,269	0	0	33,269
Net profit attributable to shareholders	0	0	0	0	0	0	266,406	266,406
Total recognised income and expense for the year	0	0	0	0	33,269	0	266,406	299,675
Dividends paid on ordinary shares in respect of:								
- Final 2006	0	0	0	0	0	0	(199,381)	(199,381)
Dividends paid on preference shares								
- Final 2006	0	0	0	0	0	0	(8,946)	(8,946)
Balance at 30 June 2007	<u>291,500</u>	<u>858,500</u>	<u>322,000</u>	<u>56,619</u>	<u>101,161</u>	<u>36,750</u>	<u>654,766</u>	<u>2,321,296</u>
Balance at 1 January 2006	291,500	858,500	322,000	56,619	32,646	36,750	501,213	2,099,228
Revaluation of available-for-sale securities (net)	0	0	0	0	(72,084)	0	0	(72,084)
Deferred tax on revaluation of available-for-sale securities (net)	0	0	0	0	21,041	0	0	21,041
Net gains recognised directly in equity	0	0	0	0	(51,043)	0	0	(51,043)
Net profit attributable to shareholders	0	0	0	0	0	0	213,935	213,935
Total recognised income and expense for the year	0	0	0	0	(51,043)	0	213,935	162,892
Dividends paid on ordinary shares in respect of :								
- Final 2005	0	0	0	0	0	0	(231,840)	(231,840)
Dividends paid on preference shares								
- Final 2005	0	0	0	0	0	0	(8,946)	(8,946)
Balance at 30 June 2006	<u>291,500</u>	<u>858,500</u>	<u>322,000</u>	<u>56,619</u>	<u>(18,397)</u>	<u>36,750</u>	<u>474,362</u>	<u>2,021,334</u>

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

	Non-distributable					Distributable		Total RM'000
	Share capital RM'000	Share premium RM'000	Statutory reserve RM'000	Capital Reserve RM'000	Fair value reserve RM'000	General reserve RM'000	Retained Profits RM'000	
<b>Bank</b>								
Balance at 1 January 2007	291,500	858,500	322,000	0	67,892	0	677,425	2,217,317
Revaluation of available-for-sale securities (net)	0	0	0	0	43,070	0	0	43,070
Deferred tax on revaluation of available-for-sale securities (net)	0	0	0	0	(9,801)	0	0	(9,801)
Net gains recognised directly in equity	0	0	0	0	33,269	0	0	33,269
Net profit attributable to shareholders	0	0	0	0	0	0	266,281	266,281
Total recognised income and expense for the year	0	0	0	0	33,269	0	266,281	299,550
Dividends paid on ordinary shares in respect of:								
- Final 2006	0	0	0	0	0	0	(199,381)	(199,381)
Dividends paid on preference shares								
- Final 2006	0	0	0	0	0	0	(8,946)	(8,946)
Balance at 30 June 2007	<u>291,500</u>	<u>858,500</u>	<u>322,000</u>	<u>0</u>	<u>101,161</u>	<u>0</u>	<u>735,379</u>	<u>2,308,540</u>
Balance at 1 January 2006	291,500	858,500	322,000	0	32,646	0	582,136	2,086,782
Revaluation of available-for-sale securities (net)	0	0	0	0	(72,084)	0	0	(72,084)
Deferred tax on revaluation of available-for-sale securities (net)	0	0	0	0	21,041	0	0	21,041
Net gains recognised directly in equity	0	0	0	0	(51,043)	0	0	(51,043)
Net profit attributable to shareholders	0	0	0	0	0	0	213,920	213,920
Total recognised income and expense for the year	0	0	0	0	(51,043)	0	213,920	162,877
Dividends paid on ordinary shares in respect of:								
- Final 2005	0	0	0	0	0	0	(231,840)	(231,840)
Dividends paid on preference shares								
- Final 2005	0	0	0	0	0	0	(8,946)	(8,946)
Balance at 30 June 2006	<u>291,500</u>	<u>858,500</u>	<u>322,000</u>	<u>0</u>	<u>(18,397)</u>	<u>0</u>	<u>555,270</u>	<u>2,008,873</u>

**CONDENSED INTERIM FINANCIAL STATEMENTS**  
**UNAUDITED CONDENSED CASH FLOW STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2007**

	<b>Group</b>		<b>Bank</b>	
	30 June 2007 RM'000	30 June 2006 RM'000	30 June 2007 RM'000	30 June 2006 RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Profit before taxation and zakat	374,858	300,083	374,695	300,016
Adjustments for non-operating and non-cash items	20,381	44,034	20,462	44,030
Operating profit before changes in working capital	395,239	344,117	395,157	344,046
Changes in working capital:				
Net changes in Operating Assets	(2,596,009)	(1,144,331)	(2,596,249)	(1,144,565)
Net changes in Operating Liabilities	3,934,720	2,544,743	3,935,045	2,545,047
Income tax and zakat paid	(65,421)	(70,780)	(65,421)	(70,779)
Net cash generated from operating activities	1,668,529	1,673,749	1,668,532	1,673,749
Net cash generated from investing activities	111,796	534,647	111,793	534,647
Net cash utilised in financing activities	(8,327)	(240,786)	(8,327)	(240,786)
Net increase in cash and cash equivalents	1,771,998	1,967,610	1,771,998	1,967,610
Cash and cash equivalents at beginning of the period	5,927,925	2,293,423	5,927,925	2,293,423
Cash and cash equivalents at end of the period	<u>7,699,923</u>	<u>4,261,033</u>	<u>7,699,923</u>	<u>4,261,033</u>

## NOTES TO INTERIM FINANCIAL STATEMENTS – 30 JUNE 2007

### 1 REVIEW OF PERFORMANCE

The Bank recorded a pre-tax profit of RM374 million for the first six months of 2007, registering a 25% or RM74 million increase over the corresponding period last year. The strong growth in profits are attributable to improved total income which grew by 22% or RM114 million to RM630 million, and lower provisions which decreased by 40% or RM10 million to RM15 million.

Net interest income rose by RM65 million to RM418 million, driven by 20% growth in average interest earning assets despite interest margins narrowing by 6bps. Income from Islamic banking also fared better, registering an increase of 49% or RM12 million to RM37 million compared to the first half of 2006. Non-interest income rose 26% or RM36 million to RM174 million, driven by higher fees and commissions totaling RM19 million and gains from trading securities amounting to RM16 million. Operating expenses rose by 26% or RM50 million to RM240 million while the cost-to-income ratio grew marginally from 37% to 38% compared to the first half of last year.

Allowances for loan losses during the period declined by RM10 million due mainly to a reduction in net specific allowances of RM18 million, offset by an increase of RM8 million in general allowances provided for loans growth.

Gross outstanding loans as at 30 June 2007 stood at RM25 billion, marking a growth of 4% or RM1 billion since 31 December 2006. The increase derived mainly from business banking loans.

As at 30 June 2007, the Bank's shareholders' funds stood at RM 2.3 billion, and the risk weighted capital ratio at 10.74%.

### 2 ECONOMIC PERFORMANCE AND PROSPECTS

First quarter growth of 5.3% was driven by expansion in construction and services sector that had mitigated the effects of the global downturn in the electronics/electrical sector. The second half is expected to post stronger growth arising from the spillover effects from the implementation of projects under the Ninth Malaysia Plan, expected boost of tourist arrivals, recent policy initiatives to relax foreign exchange trading rules, removal of Real Property Gains Tax in Apr 07, as well as measures to attract investment to the Iskandar Development Region (IDR). Malaysia is on track to register 6.0% growth this year with inflation maintained at between 2.0% and 2.5%.

The rapid pace of change in the banking sector has seen a number of banks announced the setting up of Islamic banking subsidiaries and growth in the number of branches by foreign banks. The threat from this coupled with the prospects of emerging universal banking groups will create more intense competition that will force the banking sector to seek other opportunities to grow in an environment which is facing narrowing margins.

**NOTES TO INTERIM FINANCIAL STATEMENTS – 30 JUNE 2007 (continued)**

**3 BASIS OF PREPARATION**

The accounting policies and presentation adopted for the interim financial statements are consistent with those adopted for the annual financial statements for the year ended 31 December 2006, except for the adoption of the following new or revised Financial Reporting Standards (“FRS”) that are effective 1 October 2006 that are relevant to the Group & Bank,

<b>FRS</b>	<b>Title</b>
FRS 117	Leases
FRS 124	Related Party Disclosures
FRS 119 <sup>2004</sup>	Employee Benefits – Actuarial Gains and Losses, Group Plans and Disclosures

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

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

**Group and Bank**

**Increase/(decrease)**

**RM'000**

**Balance Sheet**

Property, plant and equipment	(2,959)
Investment property	(1,129)
Prepaid lease payment	4,147
Reserves	(59)

**Income Statement**

Staff cost and overhead expenses	(59)
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**NOTES TO INTERIM FINANCIAL STATEMENTS – 30 JUNE 2007 (continued)****4 SECURITIES PORTFOLIO**

## i) Held-for-trading securities

	<b>Group</b>		<b>Bank</b>	
	30 June 2007 RM'000	31 Dec 2006 RM'000	30 June 2007 RM'000	31 Dec 2006 RM'000
<u>At fair value</u>				
Malaysian Government treasury bills	47,231	0	47,231	0
Malaysian Government securities	70,580	14,996	70,580	14,996
Government Investment Certificate	56,104	0	56,104	0
Bank Negara Bills	660,885	146,677	660,885	146,677
Bank Negara Negotiable notes	274,367	16,237	274,367	16,237
Private debt securities	850,391	350,429	850,391	350,429
Quoted shares in Malaysia	10,014	1,466	10,014	1,466
	<u>1,969,572</u>	<u>529,805</u>	<u>1,969,572</u>	<u>529,805</u>

## ii) Available-for-sale securities

<u>At fair value</u>				
Malaysian Government securities	3,274,420	2,881,368	3,274,420	2,881,368
Government Investment Certificate	790,977	934,862	790,977	934,862
Bank Negara Negotiable Notes	49,998	0	49,998	0
Cagamas bonds / notes	80,413	100,303	80,413	100,303
Private debt securities	759,026	594,557	759,026	594,557
Negotiable instruments of deposit	505,000	1,065,000	505,000	1,065,000
Quoted shares in Malaysia	40,178	19,179	40,178	19,179
Unquoted shares in Malaysia	51,674	46,696	51,674	46,696
Debentures	188	188	188	188
	<u>5,551,874</u>	<u>5,642,153</u>	<u>5,551,874</u>	<u>5,642,153</u>
Allowance for impairment losses in available-for-sale securities :				
- Unquoted shares in Malaysia	(121)	(121)	(121)	(121)
- Private debt securities	(6,300)	(638)	(6,300)	(638)
	<u>6,421</u>	<u>(759)</u>	<u>6,421</u>	<u>(759)</u>
	<u>5,545,453</u>	<u>5,641,394</u>	<u>5,545,453</u>	<u>5,641,394</u>

Included in available-for-sale securities is an amount of RM443,376,000 (Dec 2006:RM3,155,199,000) being pledged to third parties in sale and repurchase agreements.

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

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

	<b>Group</b>		<b>Bank</b>	
	30 June 2007 RM'000	31 Dec 2006 RM'000	30 June 2007 RM'000	31 Dec 2006 RM'000
Maturity within one year	1,400,342	2,021,449	1,400,342	2,021,449
One year to three years	1,724,970	1,656,684	1,724,970	1,656,684
Three years to five years	1,835,785	1,445,125	1,835,785	1,445,125
Over five years	584,356	518,136	584,356	518,136
	<b>5,545,453</b>	<b>5,641,394</b>	<b>5,545,453</b>	<b>5,641,394</b>

**5 LOANS, ADVANCES AND FINANCING**

	<b>Group</b>		<b>Bank</b>	
	30 June 2007 RM'000	31 Dec 2006 RM'000	30 June 2007 RM'000	31 Dec 2006 RM'000
i) By type				
Overdrafts	3,235,745	3,433,629	3,235,745	3,433,629
Term loans/financing :				
Housing loans/financing	6,460,092	6,427,839	6,460,092	6,427,839
Syndicated term loan/financing	1,549,145	930,687	1,549,145	930,687
Hire purchase	384,931	381,785	384,931	381,785
Lease receivables	21,828	22,066	21,053	21,130
Other term loans	8,210,496	7,714,720	8,210,496	7,714,720
Credit/charge cards receivables	522,555	516,055	522,555	516,055
Bills receivable	89,458	94,094	89,458	94,094
Trust receipts	93,136	96,129	93,136	96,129
Claims on customers under acceptance credits	2,285,841	2,169,791	2,285,841	2,169,791
Block discounting	330	330	330	330
Loan to banks and other financial institutions	249,692	343,768	249,692	343,768
Revolving credit	1,591,317	1,646,941	1,591,317	1,646,941
Staff loans (of which RM Nil [Dec 2006 : RM Nil] to Directors )	117,427	118,169	117,427	118,169
Other loans	414,674	266,403	414,674	266,403
	<b>25,226,667</b>	<b>24,162,406</b>	<b>25,225,892</b>	<b>24,161,470</b>
Unearned interest and income	(202,569)	(199,201)	(202,550)	(199,170)
Gross loans, advances and financing	<b>25,024,098</b>	<b>23,963,205</b>	<b>25,023,342</b>	<b>23,962,300</b>
Allowance for bad and doubtful debts and financing :				
- Specific	(461,918)	(550,681)	(461,390)	(550,162)
- General	(363,049)	(344,400)	(363,034)	(344,385)
Net loans, advances and financing	<b>24,199,131</b>	<b>23,068,124</b>	<b>24,198,918</b>	<b>23,067,753</b>

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

## ii) By type of customer

	<b>Group</b>		<b>Bank</b>	
	30 June 2007 RM'000	31 Dec 2006 RM'000	30 June 2007 RM'000	31 Dec 2006 RM'000
Domestic banking institutions	117,100	226,601	116,872	226,215
Domestic non-bank financial institutions (of which RM Nil [2006 : RM Nil] to stockbroking companies)	207,295	196,656	207,295	196,656
Domestic business enterprises				
- Small medium enterprises ("SME")	3,983,379	3,552,260	3,983,201	3,552,091
- Non-SME	11,001,029	10,273,370	11,000,679	10,273,020
Government and statutory bodies	373,468	422,557	373,468	422,557
Individuals	9,286,772	9,237,997	9,286,772	9,237,997
Other domestic entities	2,979	2,546	2,979	2,546
Foreign entities	52,076	51,218	52,076	51,218
	<u>25,024,098</u>	<u>23,963,205</u>	<u>25,023,342</u>	<u>23,962,300</u>

## iii) By interest/profit rate sensitivity

Fixed rate:				
Housing loans/financing	85,608	90,739	85,608	90,739
Hire purchase receivables	348,659	343,778	348,659	343,778
Other fixed rate loan/financing	2,003,186	1,817,764	2,002,430	1,816,859
Variable rate:				
BLR plus	15,314,293	14,649,030	15,314,293	14,649,030
Cost-plus	3,194,019	3,192,608	3,194,019	3,192,608
Other variable rates	4,078,333	3,869,286	4,078,333	3,869,286
	<u>25,024,098</u>	<u>23,963,205</u>	<u>25,023,342</u>	<u>23,962,300</u>

## iv) By sector

Agriculture	1,610,935	1,524,141	1,610,935	1,524,141
Mining and quarrying	209,439	32,763	209,439	32,763
Manufacturing	4,571,377	4,133,409	4,571,377	4,133,409
Electricity, gas and water	14,741	15,440	14,741	15,440
Construction	1,148,527	1,101,106	1,148,177	1,100,756
Real estate	2,379,244	2,331,682	2,379,244	2,331,682
Purchase of landed property				
of which : i. Residential	6,586,377	6,605,024	6,586,377	6,605,024
ii. Non-residential	812,837	781,980	812,837	781,980
General commerce	3,182,592	3,115,744	3,182,414	3,115,575
Transport, insurance and business services	1,056,572	1,105,071	1,056,572	1,105,071
Purchase of securities	142,075	122,917	142,075	122,917
Purchase of transport vehicles	9,507	10,059	9,507	10,059
Consumption credit	1,269,487	1,277,653	1,269,259	1,277,267
Sovereign	373,468	422,557	373,468	422,557
Others	1,656,920	1,383,659	1,656,920	1,383,659
	<u>25,024,098</u>	<u>23,963,205</u>	<u>25,023,342</u>	<u>23,962,300</u>

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

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

	<b>Group</b>		<b>Bank</b>	
	30 June 2007 RM'000	31 Dec 2006 RM'000	30 June 2007 RM'000	31 Dec 2006 RM'000
Balance at 1 January	1,307,988	1,352,617	1,307,469	1,352,101
Non-performing during the period / year (gross)	284,421	499,905	284,412	499,902
Reclassified as performing during the period / year	(75,236)	(137,348)	(75,236)	(137,348)
Amount converted to investment securities	(5,662)	0	(5,662)	0
Amount recovered	(175,056)	(328,667)	(175,056)	(328,667)
Amount written off	(96,437)	(78,519)	(96,437)	(78,519)
Balance at end of period / year	<u>1,240,018</u>	<u>1,307,988</u>	<u>1,239,490</u>	<u>1,307,469</u>
Specific allowance	<u>(461,918)</u>	<u>(550,681)</u>	<u>(461,390)</u>	<u>(550,162)</u>
Net non-performing loans, advances and financing	<u>778,100</u>	<u>757,307</u>	<u>778,100</u>	<u>757,307</u>
Ratio of net non-performing loans and financing to gross loans, advances and financing less specific allowance	<u>3.17%</u>	<u>3.24%</u>	<u>3.17%</u>	<u>3.24%</u>

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

	<b>Group</b>		<b>Bank</b>	
	30 June 2007 RM'000	31 Dec 2006 RM'000	30 June 2007 RM'000	31 Dec 2006 RM'000
<u>General allowance</u>				
Balance at 1 January	344,400	306,870	344,385	306,855
Allowance made during the period / year	18,649	37,530	18,649	37,530
Balance at end of period / year	<u>363,049</u>	<u>344,400</u>	<u>363,034</u>	<u>344,385</u>
(as % of gross loans, advances and financing less specific allowance)	<u>1.50%</u>	<u>1.50%</u>	<u>1.50%</u>	<u>1.50%</u>

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

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

	<b>Group</b>		<b>Bank</b>	
	30 June 2007 RM'000	31 Dec 2006 RM'000	30 June 2007 RM'000	31 Dec 2006 RM'000
<u>Specific allowance</u>				
Balance at 1 January	550,681	581,528	550,162	581,012
Allowance made during the period / year	127,462	222,435	127,453	222,432
Amount transferred to accumulated impairment loss in value of securities	(3,795)	0	(3,795)	0
Amount written back in respect of recoveries	(115,985)	(174,762)	(115,985)	(174,762)
Amount written off	(96,445)	(78,520)	(96,445)	(78,520)
Balance at end of period / year	<u>461,918</u>	<u>550,681</u>	<u>461,390</u>	<u>550,162</u>

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

	<b>Group</b>		<b>Bank</b>	
	30 June 2007 RM'000	31 Dec 2006 RM'000	30 June 2007 RM'000	31 Dec 2006 RM'000
Agriculture	15,152	21,264	15,152	21,264
Manufacturing	355,484	327,723	355,484	327,723
Construction	74,654	105,227	74,304	104,877
Real estate	149,045	188,136	149,045	188,136
Purchase of landed property of which : i. Residential	218,853	171,327	218,853	171,327
ii. Non-residential	13,073	16,438	13,073	16,438
General commerce	202,653	259,732	202,475	259,563
Transport, insurance and business services	10,715	13,268	10,715	13,268
Purchase of securities	22,023	35,007	22,023	35,007
Purchase of transport vehicles	35	47	35	47
Consumption credit	51,035	54,573	51,035	54,573
Others	127,296	115,246	127,296	115,246
	<u>1,240,018</u>	<u>1,307,988</u>	<u>1,239,490</u>	<u>1,307,469</u>

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

	<b>Group</b>		<b>Bank</b>	
	30 June 2007 RM'000	31 Dec 2006 RM'000	30 June 2007 RM'000	31 Dec 2006 RM'000
Interest receivable	97,478	91,898	97,478	91,898
Derivative assets	269,328	193,699	269,328	193,699
Other debtors, deposits and prepayments	75,237	35,926	75,159	35,848
	<u>442,043</u>	<u>321,523</u>	<u>441,965</u>	<u>321,445</u>

**8 DEPOSITS FROM CUSTOMERS**

## i) By type of deposit

	<b>Group</b>		<b>Bank</b>	
	30 June 2007 RM'000	31 Dec 2006 RM'000	30 June 2007 RM'000	31 Dec 2006 RM'000
Demand deposits	3,699,295	3,242,274	3,699,757	3,242,657
Savings deposits	1,928,481	1,795,538	1,928,481	1,795,538
Fixed deposits	15,446,367	13,941,537	15,460,416	13,955,371
Negotiable instruments of deposits	2,056,300	3,308,451	2,056,300	3,308,451
Short term money market deposits	6,014,474	941,752	6,014,474	941,752
Structured investments	661,043	1,397,102	661,043	1,397,102
Others	22,078	20,013	22,078	20,013
	<u>29,828,038</u>	<u>24,646,667</u>	<u>29,842,549</u>	<u>24,660,884</u>

## ii) By type of customers

	<b>Group</b>		<b>Bank</b>	
	30 June 2007 RM'000	31 Dec 2006 RM'000	30 June 2007 RM'000	31 Dec 2006 RM'000
Government and statutory bodies	126,816	123,373	126,816	123,373
Business enterprises	12,675,669	8,167,992	12,675,669	8,167,992
Individuals	12,841,413	12,346,078	12,841,413	12,346,078
Others	4,184,140	4,009,224	4,198,651	4,023,441
	<u>29,828,038</u>	<u>24,646,667</u>	<u>29,842,549</u>	<u>24,660,884</u>

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

	<b>Group</b>		<b>Bank</b>	
	30 June 2007 RM'000	31 Dec 2006 RM'000	30 June 2007 RM'000	31 Dec 2006 RM'000
Licensed banks	3,581,669	2,380,698	3,581,669	2,380,698
Bank Negara Malaysia	635,445	493,080	635,445	493,080
Other financial institutions	218,389	91,670	218,389	91,670
	<u>4,435,503</u>	<u>2,965,448</u>	<u>4,435,503</u>	<u>2,965,448</u>

**10 OTHER LIABILITIES**

	<b>Group</b>		<b>Bank</b>	
	30 June 2007 RM'000	31 Dec 2006 RM'000	30 June 2007 RM'000	31 Dec 2006 RM'000
Accruals for personnel costs *	32,996	39,438	32,971	39,429
Equity compensation benefits	4,361	6,163	4,361	6,163
Obligations under finance lease	228	380	228	380
Provision for commitment and contingencies (a)	2,629	2,632	2,629	2,632
Interest payable	159,346	157,045	159,371	157,045
Other accruals and charges	132,514	82,901	132,436	82,801
Derivatives liabilities	262,361	210,640	262,361	210,640
Profit equalisation reserve [Note 23 (6)]	17,028	19,155	17,028	19,155
	<u>611,463</u>	<u>518,354</u>	<u>611,385</u>	<u>518,245</u>

\*Includes accrual for salary, employee benefits and EPF

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

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

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

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

<b><u>Group</u></b>	<b><u>2<sup>nd</sup> Quarter Ended</u></b>		<b><u>Half Year Ended</u></b>	
	30 June 2007 RM'000	30 June 2006 RM'000	30 June 2007 RM'000	30 June 2006 RM'000
Loans and advances				
- Interest income other than recoveries from NPL	336,092	304,028	662,861	578,194
- Recoveries from NPLs	10,619	7,331	16,737	13,799
Money at call and deposit placements with financial institutions	62,427	32,737	105,104	52,040
Held-for-trading securities	12,196	4,500	21,635	8,244
Available-for-sale securities	64,272	57,857	129,785	115,222
Others	447	652	939	1,716
	<u>486,053</u>	<u>407,105</u>	<u>937,061</u>	<u>769,215</u>
Amortisation of premium less accretion of discount	(11,403)	(11,654)	(22,707)	(24,077)
	<u>474,650</u>	<u>395,451</u>	<u>914,354</u>	<u>745,138</u>

<b><u>Bank</u></b>	<b><u>2<sup>nd</sup> Quarter Ended</u></b>		<b><u>Half Year Ended</u></b>	
	30 June 2007 RM'000	30 June 2006 RM'000	30 June 2007 RM'000	30 June 2006 RM'000
Loans and advances				
- Interest income other than recoveries from NPL	336,092	304,017	662,861	578,183
- Recoveries from NPLs	10,619	7,331	16,737	13,799
Money at call and deposit placements with financial institutions	62,427	32,643	105,104	51,959
Held-for-trading securities	12,196	4,500	21,635	8,244
Available-for-sale securities	64,272	57,857	129,785	115,222
Others	447	652	939	1,716
	<u>486,053</u>	<u>407,000</u>	<u>937,061</u>	<u>769,123</u>
Amortisation of premium less accretion of discount	(11,403)	(11,654)	(22,707)	(24,077)
	<u>474,650</u>	<u>395,346</u>	<u>914,354</u>	<u>745,046</u>



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

<b><u>Group</u></b>	<b>2<sup>nd</sup> Quarter Ended</b>		<b>Half Year Ended</b>	
	30 June 2007 RM'000	30 June 2006 RM'000	30 June 2007 RM'000	30 June 2006 RM'000
Deposits and placements of banks and other financial institutions	31,366	30,411	60,101	58,182
Deposits from customers	192,749	139,587	355,336	260,173
Loans sold to Cagamas	7,051	6,047	14,335	15,549
Subordinated term loan / bonds	7,242	9,513	14,567	17,322
Others	20,266	23,398	52,112	41,226
	<b>258,674</b>	<b>208,956</b>	<b>496,451</b>	<b>392,452</b>

  

<b><u>Bank</u></b>	<b>2<sup>nd</sup> Quarter Ended</b>		<b>Half Year Ended</b>	
	30 June 2007 RM'000	30 June 2006 RM'000	30 June 2007 RM'000	30 June 2006 RM'000
Deposits and placements of banks and other financial institutions	31,366	30,411	60,101	58,182
Deposits from customers	192,857	139,587	355,550	260,267
Loans sold to Cagamas	7,051	6,047	14,335	15,549
Subordinated term loan / bonds	7,242	9,513	14,567	17,322
Others	20,271	23,398	52,124	41,239
	<b>258,787</b>	<b>208,956</b>	<b>496,677</b>	<b>392,559</b>

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

<b>Group</b>	<b>2<sup>nd</sup> Quarter Ended</b>		<b>Half Year Ended</b>	
	30 June 2007	30 June 2006	30 June 2007	30 June 2006
	RM'000	RM'000	RM'000	RM'000
Fee income:-				
Commission	25,774	22,811	53,066	47,607
Service charges and fees	19,534	17,125	36,916	30,211
Guarantee fees	3,901	1,787	9,222	3,414
Other fee income	3,617	3,265	7,231	6,111
	<u>52,826</u>	<u>44,988</u>	<u>106,435</u>	<u>87,343</u>
Income from securities (net):-				
Net gains / (losses) from sale of held-for-trading securities	7,732	(8,529)	14,236	(8,381)
Net gains from sale of available-for-sale securities	0	1,763	133	1,315
Unrealised losses on revaluation of held-for-trading securities (net)	(9,453)	(298)	(6,711)	(308)
Gross dividends from Malaysia:				
- available-for-sale securities	1,760	434	2,395	834
	<u>52,865</u>	<u>38,358</u>	<u>116,488</u>	<u>80,803</u>
Other income (net):-				
Unrealised gains from foreign currency translation (net)	14,257	24,044	2,732	11,789
Gains arising from dealing in foreign currency (net)	14,213	6,644	39,153	29,761
(Losses) / gains arising from trading derivative (net)	(469)	2,865	(3,987)	278
Unrealised (losses) / gains on revaluation of derivatives (net)	(3,895)	(9,383)	16,382	11,770
Rental income (net)	1,258	1,109	2,487	2,165
Gain on disposal of property, plant and equipment	95	651	130	1,159
Gain on disposal of investment property	0	475	0	475
Gain on disposal of non-current asset held for sale	1,367	0	1,367	0
Others	(1,203)	114	(253)	124
	<u>25,623</u>	<u>26,915</u>	<u>58,011</u>	<u>57,521</u>
	<u>78,488</u>	<u>65,273</u>	<u>174,499</u>	<u>138,324</u>

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

<b>Bank</b>	<b>2<sup>nd</sup> Quarter Ended</b>		<b>Half Year Ended</b>	
	30 June 2007 RM'000	30 June 2006 RM'000	30 June 2007 RM'000	30 June 2006 RM'000
Fee income:-				
Commission	25,774	22,811	53,066	47,607
Service charges and fees	19,534	17,125	36,916	30,211
Guarantee fees	3,901	1,787	9,222	3,414
Other fee income	3,617	3,265	7,231	6,111
	<u>52,826</u>	<u>44,988</u>	<u>106,435</u>	<u>87,343</u>
Income from securities (net):-				
Net gains / (losses) from sale of held-for-trading securities	7,732	(8,529)	14,236	(8,381)
Net gains from sale of available-for-sale securities	0	1,763	133	1,315
Unrealised losses on revaluation of held-for-trading securities (net)	(9,453)	(298)	(6,711)	(308)
Gross dividends from Malaysia:				
- available-for-sale securities	1,760	434	2,395	834
	<u>52,865</u>	<u>38,358</u>	<u>116,488</u>	<u>80,803</u>
Other income (net):-				
Unrealised gains from foreign currency translation (net)	14,257	24,440	2,732	11,789
Gains arising from dealing in foreign currency (net)	14,213	6,644	39,153	29,761
(Losses) / gains arising from trading derivative (net)	(469)	2,865	(3,987)	278
Unrealised (losses) / gains on revaluation of derivatives (net)	(3,895)	(9,383)	16,382	11,770
Rental income (net)	1,258	1,109	2,487	2,165
Gain on disposal of property, plant and equipment	94	651	129	1,159
Gain on disposal of investment property	0	475	0	475
Gain on disposal of non-current asset held for sale	1,367	0	1,367	0
Others	(1,203)	114	(253)	124
	<u>25,622</u>	<u>26,915</u>	<u>58,010</u>	<u>57,521</u>
	<u>78,487</u>	<u>65,273</u>	<u>174,498</u>	<u>138,324</u>

**NOTES TO INTERIM FINANCIAL STATEMENTS – 30 JUNE 2007 (continued)****14 STAFF COST AND OVERHEAD EXPENSES**

<u>Group</u>	<b>2<sup>nd</sup> Quarter Ended</b>		<b>Half Year Ended</b>	
	30 June 2007 RM'000	30 June 2006 RM'000	30 June 2007 RM'000	30 June 2006 RM'000
Personnel costs (i)	60,813	42,688	110,515	84,611
Establishment costs (ii)	15,504	11,190	26,727	19,202
Marketing expenses (iii)	7,352	5,912	15,975	9,350
Administration and general expenses (iv)	47,179	39,522	86,719	76,862
	<u>130,848</u>	<u>99,312</u>	<u>239,936</u>	<u>190,025</u>

<u>Bank</u>	<b>2<sup>nd</sup> Quarter Ended</b>		<b>Half Year Ended</b>	
	30 June 2007 RM'000	30 June 2006 RM'000	30 June 2007 RM'000	30 June 2006 RM'000
Personnel costs (i)	60,771	42,656	110,416	84,514
Establishment costs (ii)	15,499	11,186	26,717	19,192
Marketing expenses (iii)	7,352	5,912	15,975	9,349
Administration and general expenses (iv)	47,175	39,510	86,682	76,840
	<u>130,797</u>	<u>99,264</u>	<u>239,790</u>	<u>189,895</u>

**(i) Personnel costs**

<u>Group</u>	<b>2<sup>nd</sup> Quarter Ended</b>		<b>Half Year Ended</b>	
	30 June 2007 RM'000	30 June 2006 RM'000	30 June 2007 RM'000	30 June 2006 RM'000
Wages, salaries and bonus	43,997	31,302	80,949	62,152
Defined contribution plan (EPF)	7,190	4,186	12,984	9,541
Equity compensation benefit	702	864	1,690	2,181
Employee benefit	482	783	73	958
Other personnel costs	8,442	5,553	14,819	9,779
	<u>60,813</u>	<u>42,688</u>	<u>110,515</u>	<u>84,611</u>

## NOTES TO INTERIM FINANCIAL STATEMENTS – 30 JUNE 2007 (continued)

## 14 STAFF COST AND OVERHEAD EXPENSES (continued)

## (i) Personnel costs (continued)

<u>Bank</u>	<b>2<sup>nd</sup> Quarter Ended</b>		<b>Half Year Ended</b>	
	30 June 2007 RM'000	30 June 2006 RM'000	30 June 2007 RM'000	30 June 2006 RM'000
Wages, salaries and bonus	43,969	31,275	80,881	62,080
Defined contribution plan (EPF)	7,186	4,181	12,973	9,529
Equity compensation benefit	702	864	1,690	2,181
Employee benefit	482	791	73	966
Other personnel costs	8,432	5,545	14,799	9,758
	<u>60,771</u>	<u>42,656</u>	<u>110,416</u>	<u>84,514</u>

Defined contribution plan

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

## (ii) Establishment costs

<u>Group</u>	<b>2<sup>nd</sup> Quarter Ended</b>		<b>Half Year Ended</b>	
	30 June 2007 RM'000	30 June 2006 RM'000	30 June 2007 RM'000	30 June 2006 RM'000
Rental of premises	1,165	873	2,294	1,540
Depreciation of property, plant and equipment	6,373	7,589	12,591	10,815
Depreciation of investment property	43	47	81	93
Lease payment	18	0	36	0
Repair and maintenance	1,919	1,115	3,173	3,134
Others	5,986	1,566	8,552	3,620
	<u>15,504</u>	<u>11,190</u>	<u>26,727</u>	<u>19,202</u>

  

<u>Bank</u>	<b>2<sup>nd</sup> Quarter Ended</b>		<b>Half Year Ended</b>	
	30 June 2007 RM'000	30 June 2006 RM'000	30 June 2007 RM'000	30 June 2006 RM'000
Rental of premises	1,162	871	2,287	1,533
Depreciation of property, plant and equipment	6,372	7,588	12,589	10,813
Depreciation of investment property	43	47	81	93
Lease payment	18	0	36	0
Repair and maintenance	1,919	1,115	3,173	3,134
Others	5,985	1,565	8,551	3,619
	<u>15,499</u>	<u>11,186</u>	<u>26,717</u>	<u>19,192</u>

## NOTES TO INTERIM FINANCIAL STATEMENTS – 30 JUNE 2007 (continued)

## 14 STAFF COST AND OVERHEAD EXPENSES (continued)

## (iii) Marketing expenses

<u>Group</u>	<u>2<sup>nd</sup> Quarter Ended</u>		<u>Half Year Ended</u>	
	30 June 2007 RM'000	30 June 2006 RM'000	30 June 2007 RM'000	30 June 2006 RM'000
Transport and travelling	1,546	1,175	2,759	2,066
Advertisement and business promotion	5,376	4,424	12,170	6,675
Others	430	313	1,046	609
	<u>7,352</u>	<u>5,912</u>	<u>15,975</u>	<u>9,350</u>

<u>Bank</u>	<u>2<sup>nd</sup> Quarter Ended</u>		<u>Half Year Ended</u>	
	30 June 2007 RM'000	30 June 2006 RM'000	30 June 2007 RM'000	30 June 2006 RM'000
Transport and travelling	1,546	1,175	2,759	2,065
Advertisement and business promotion	5,376	4,424	12,170	6,675
Others	430	313	1,046	609
	<u>7,352</u>	<u>5,912</u>	<u>15,975</u>	<u>9,349</u>

## (iv) Administration and general expenses

<u>Group</u>	<u>2nd Quarter Ended</u>		<u>Half Year Ended</u>	
	30 June 2007 RM'000	30 June 2006 RM'000	30 June 2007 RM'000	30 June 2006 RM'000
Printing and stationery	2,198	1,980	3,704	3,631
Postage and courier	1,104	1,334	1,850	2,437
Telephone, telex and fax	1,424	1,448	2,521	2,834
Legal and consultancy fees	1,988	1,321	3,181	2,057
Transaction processing fees	29,984	25,214	56,979	53,680
Other administrative and general expenses	10,481	8,225	18,484	12,223
	<u>47,179</u>	<u>39,522</u>	<u>86,719</u>	<u>76,862</u>

<u>Bank</u>	<u>2nd Quarter Ended</u>		<u>Half Year Ended</u>	
	30 June 2007 RM'000	30 June 2006 RM'000	30 June 2007 RM'000	30 June 2006 RM'000
Printing and stationery	2,199	1,979	3,704	3,630
Postage and courier	1,104	1,334	1,850	2,437
Telephone, telex and fax	1,423	1,447	2,520	2,833
Legal and consultancy fees	1,992	1,319	3,153	2,045
Transaction processing fees	29,984	25,214	56,979	53,680
Other administrative and general expenses	10,473	8,217	18,476	12,215
	<u>47,175</u>	<u>39,510</u>	<u>86,682</u>	<u>76,840</u>

**NOTES TO INTERIM FINANCIAL STATEMENTS – 30 JUNE 2007 (continued)****15 (WRITE BACK OF) / ALLOWANCE FOR LOSSES ON LOANS AND FINANCING**

<b><u>Group</u></b>	<b><u>2nd Quarter Ended</u></b>		<b><u>Half Year Ended</u></b>	
	30 June 2007 RM'000	30 June 2006 RM'000	30 June 2007 RM'000	30 June 2006 RM'000
Allowance for bad and doubtful debts and financing:-				
Specific allowance				
- made in the financial period	77,087	52,827	127,462	87,259
- written back	(82,736)	(25,225)	(115,985)	(60,083)
General allowance				
- made in the financial period	5,415	10,374	18,649	10,374
Other allowance	81	455	87	555
Bad debts and financing :-				
- written off	157	24	188	78
- recovered	(8,342)	(5,666)	(14,911)	(12,232)
	<b>(8,338)</b>	<b>32,789</b>	<b>15,490</b>	<b>25,951</b>

<b><u>Bank</u></b>	<b><u>2nd Quarter Ended</u></b>		<b><u>Half Year Ended</u></b>	
	30 June 2007 RM'000	30 June 2006 RM'000	30 June 2007 RM'000	30 June 2006 RM'000
Allowance for bad and doubtful debts and financing:-				
Specific allowance				
- made in the financial period	77,078	52,825	127,453	87,257
- written back	(82,736)	(25,225)	(115,985)	(60,083)
General allowance				
- made in the financial period	5,415	10,374	18,649	10,374
Other allowance	81	455	87	555
Bad debts and financing :-				
- written off	157	24	188	78
- recovered	(8,342)	(5,666)	(14,820)	(12,232)
	<b>(8,347)</b>	<b>32,787</b>	<b>15,572</b>	<b>25,949</b>

**NOTES TO INTERIM FINANCIAL STATEMENTS – 30 JUNE 2007 (continued)****16 TAXATION**

<b>Group</b>	<b>2<sup>nd</sup> Quarter Ended</b>		<b>Half Year Ended</b>	
	30 June 2007 RM'000	30 June 2006 RM'000	30 June 2007 RM'000	30 June 2006 RM'000
Malaysian income tax – current period	54,133	36,552	103,799	62,842
Deferred taxation :				
- relating to originating and reversal of temporary differences	(543)	1,086	4,653	23,085
	<u>53,590</u>	<u>37,638</u>	<u>108,452</u>	<u>85,927</u>
<b>Bank</b>				
	<b>2<sup>nd</sup> Quarter Ended</b>		<b>Half Year Ended</b>	
	30 June 2007 RM'000	30 June 2006 RM'000	30 June 2007 RM'000	30 June 2006 RM'000
Malaysian income tax – current period	54,100	36,552	103,733	62,842
Deferred taxation :				
- relating to originating and reversal of temporary differences	(531)	1,055	4,681	23,033
	<u>53,569</u>	<u>37,607</u>	<u>108,414</u>	<u>85,875</u>

**17 CAPITAL COMMITMENTS**

	<b>Group</b>		<b>Bank</b>	
	30 June 2007 RM'000	30 June 2006 RM'000	30 June 2007 RM'000	30 June 2006 RM'000
Capital expenditure in respect of property, plant and equipment:-				
- authorised and contracted for	18,189	21,538	18,189	21,538
- authorised but not contracted for	30,337	18,969	30,337	18,969
	<u>48,526</u>	<u>40,507</u>	<u>48,526</u>	<u>40,507</u>



**NOTES TO INTERIM FINANCIAL STATEMENTS – 30 JUNE 2007 (continued)****18 COMMITMENTS AND CONTINGENCIES**

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

	30 June 2007			31 Dec 2006		
	Principal Amount RM'000	Credit Equivalent Amount* RM'000	Risk Weighted Amount RM'000	Principal Amount RM'000	Credit Equivalent Amount* RM'000	Risk Weighted Amount RM'000
<b>Group and Bank</b>						
Direct credit substitutes	715,225	715,224	708,925	659,587	659,587	651,690
Transaction-related contingent items	1,076,475	538,237	512,638	709,632	354,816	331,054
Short-term self-liquidating trade-related contingencies	256,864	51,373	51,129	257,192	51,438	50,994
Obligations under underwriting agreement	76,000	38,000	38,000	60,000	30,000	30,000
Irrevocable commitments to extend credit:						
- maturity exceeding one year	7,743,030	3,871,514	3,871,515	6,677,501	3,338,750	3,338,750
- maturity not exceeding one year	7,442,883	0	0	6,582,863	0	0
Foreign exchange related contracts						
- less than one year	12,233,321	157,115	52,144	4,935,542	91,465	25,905
- one year to less than five years	322,403	37,889	12,575	121,468	9,296	1,615
- five years and above	200,740	32,153	10,671	0	0	0
Interest rate contracts						
- less than one year	5,441,611	20,320	5,607	4,099,620	10,385	109,785
- one year to less than five years	16,281,255	487,832	134,608	12,985,490	395,843	17,544
- five years and above	1,220,159	90,459	24,961	750,833	54,917	16,730
Equity and commodity related contracts	874,725	133,930	43,197	60,625	19,011	19,011
Miscellaneous	1,034,310	0	0	15,000	0	0
<b>Total</b>	<b>54,919,001</b>	<b>6,174,046</b>	<b>5,465,970</b>	<b>37,915,353</b>	<b>5,015,508</b>	<b>4,593,078</b>

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

## NOTES TO INTERIM FINANCIAL STATEMENTS – 30 JUNE 2007 (continued)

## 19 INTEREST/PROFIT RATE RISK

Group

As at 30 June 2007	Non Trading Book						Trading Book RM'000	Total RM'000	Average interest rate %
	Up to 1 month RM'000	>1-3 months RM'000	>3-12 months RM'000	>1-5 years RM'000	Over 5 years RM'000	Non- interest sensitive RM'000			
<b>Assets</b>									
Cash and short term funds	5,992,179	0	0	0	0	71,044	0	6,063,223	3.84
Securities purchased under resale agreement	0	0	0	0	0	0	0	0	0
Deposits and placements with financial institutions	0	1,548,676	88,024	0	0	0	0	1,636,700	3.84
Held-for-trading securities	0	0	0	0	0	0	1,969,572	1,969,572	3.95
Available-for-sale securities	5,003	492,960	902,379	3,442,357	610,406	92,348 <sup>^</sup>	0	5,545,453	4.06
Loans, advances and financing									
- performing	18,789,739	1,275,525	654,765	1,028,963	87,358	1,584,681 <sup>*</sup>	0	23,421,031	5.76
- non-performing	0	0	0	0	0	778,100 <sup>#</sup>	0	778,100	0
Other assets	0	0	0	0	0	172,715	269,328	442,043	0
Statutory deposits with Bank Negara Malaysia	0	0	0	0	0	817,608	0	817,608	0
Property, plant and equipment	0	0	0	0	0	223,456	0	223,456	0
Investment property	0	0	0	0	0	11,087	0	11,087	0
Prepaid lease payment	0	0	0	0	0	4,147	0	4,147	0
Non-current assets held for sale	0	0	0	0	0	16	0	16	0
Deferred taxation asset	0	0	0	0	0	87,689	0	87,689	0
<b>Total assets</b>	<b>24,786,921</b>	<b>3,317,161</b>	<b>1,645,168</b>	<b>4,471,320</b>	<b>697,764</b>	<b>3,842,891</b>	<b>2,238,900</b>	<b>41,000,125</b>	
<b>Liabilities</b>									
Deposits from customers	15,872,634	3,775,223	6,106,524	616,876	0	3,456,781	0	29,828,038	2.94
Deposits and placements of banks and other financial institutions	3,182,239	1,163,858	42,325	17,229	29,852	0	0	4,435,503	4.04
Obligations on securities sold under repurchase agreements	414,672	10,522	0	0	0	0	0	425,194	3.35
Bills and acceptances payable	0	0	0	0	0	1,938,339	0	1,938,339	0
Amount due to Cagamas	0	0	145,421	469,628	44,413	0	0	659,462	4.19
Subordinated term loan / bonds	0	0	0	355,214	329,168	0	0	684,382	5.68
Other liabilities	0	0	0	0	0	349,102	262,361	611,463	0
Taxation and zakat	0	0	0	0	0	96,448	0	96,448	0
<b>Total liabilities</b>	<b>19,469,545</b>	<b>4,949,603</b>	<b>6,294,270</b>	<b>1,458,947</b>	<b>403,433</b>	<b>5,840,670</b>	<b>262,361</b>	<b>38,678,829</b>	
On-balance sheet interest sensitivity gap	5,317,376	(1,632,442)	(4,649,102)	3,012,373	294,331	(1,997,779)	1,976,539	2,321,296	
Off-balance sheet interest sensitivity gap	0	(172,675)	(345,351)	379,886	138,140	0	0	0	
<b>Total interest sensitivity gap</b>	<b>5,317,376</b>	<b>(1,805,117)</b>	<b>(4,994,453)</b>	<b>3,392,259</b>	<b>432,471</b>	<b>(1,997,779)</b>	<b>1,976,539</b>	<b>2,321,296</b>	

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

As at 30 June 2007	Non Trading Book						Trading Book RM'000	Total RM'000	Average interest rate %
	Up to 1 Month RM'000	>1-3 months RM'000	>3-12 months RM'000	>1-5 years RM'000	Over 5 years RM'000	Non- interest sensitive RM'000			
<b>Assets</b>									
Cash and short term funds	5,992,179	0	0	0	0	71,044	0	6,063,223	3.84
Securities purchased under resale agreement	0	0	0	0	0	0	0	0	0
Deposits and placements with financial institutions	0	1,548,676	88,024	0	0	0	0	1,636,700	3.84
Held-for-trading securities	0	0	0	0	0	0	1,969,572	1,969,572	3.95
Available-for-sale securities	5,003	492,960	902,379	3,442,357	610,406	92,348 <sup>^</sup>	0	5,545,453	4.06
Loans, advances and financing									
- performing	18,789,739	1,275,525	654,703	1,028,797	87,358	1,584,696 <sup>*</sup>	0	23,420,818	5.76
- non-performing	0	0	0	0	0	778,100 <sup>#</sup>	0	778,100	0
Other assets	0	0	0	0	0	172,637	269,328	441,965	0
Statutory deposits with Bank Negara Malaysia	0	0	0	0	0	817,608	0	817,608	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	223,447	0	223,447	0
Investment property	0	0	0	0	0	11,087	0	11,087	0
Prepaid lease payment	0	0	0	0	0	4,147	0	4,147	0
Non-current assets held for sale	0	0	0	0	0	16	0	16	0
Deferred taxation asset	0	0	0	0	0	87,977	0	87,977	0
<b>Total assets</b>	<b>24,786,921</b>	<b>3,317,161</b>	<b>1,645,106</b>	<b>4,471,154</b>	<b>697,764</b>	<b>3,844,718</b>	<b>2,238,900</b>	<b>41,001,724</b>	
<b>Liabilities</b>									
Deposits from customers	15,886,683	3,775,223	6,106,524	616,876	0	3,457,243	0	29,842,549	2.94
Deposits and placements of banks and other financial institutions	3,182,239	1,163,858	42,325	17,229	29,852	0	0	4,435,503	4.04
Obligations on securities sold under repurchase agreements	414,672	10,522	0	0	0	0	0	425,194	3.35
Bills and acceptances payable	0	0	0	0	0	1,938,339	0	1,938,339	0
Amount due to Cagamas	0	0	145,421	469,628	44,413	0	0	659,462	4.19
Subordinated term loan / bonds	0	0	0	355,214	329,168	0	0	684,382	5.68
Other liabilities	0	0	0	0	0	349,024	262,361	611,385	0
Taxation and zakat	0	0	0	0	0	96,370	0	96,370	0
<b>Total liabilities</b>	<b>19,483,594</b>	<b>4,949,603</b>	<b>6,294,270</b>	<b>1,458,947</b>	<b>403,433</b>	<b>5,840,976</b>	<b>262,361</b>	<b>38,693,184</b>	
On-balance sheet interest sensitivity gap	5,303,327	(1,632,442)	(4,649,164)	3,012,207	294,331	(1,996,258)	1,976,539	2,308,540	
Off-balance sheet interest sensitivity gap	0	(172,675)	(345,351)	379,886	138,140	0	0	0	
<b>Total interest sensitivity gap</b>	<b>5,303,327</b>	<b>(1,805,117)</b>	<b>(4,994,515)</b>	<b>3,392,093</b>	<b>432,471</b>	<b>(1,996,258)</b>	<b>1,976,539</b>	<b>2,308,540</b>	

<sup>^</sup> The amount includes allowance for impairment losses in investment securities in accordance with the Bank's accounting policy amounting to RM6,421,000 for Group and Bank.

<sup>\*</sup> The amount includes general allowance for loans, advances and financing in accordance with the Bank's accounting policy amounting to RM363,049,000 for Group and RM363,034,000 for Bank.

<sup>#</sup> The amount includes specific allowance for loans, advances and financing in accordance with the Bank's accounting policy amounting to RM461,918,000 for Group and RM461,390,000 for Bank.

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

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

## NOTES TO INTERIM FINANCIAL STATEMENTS – 30 JUNE 2007 (continued)

## 19 INTEREST/PROFIT RATE RISK (continued)

Bank

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

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

<sup>\*</sup> The amount includes general allowance for loans, advances and financing in accordance with the Bank's accounting policy amounting to RM 344,400,000 for Group and RM 344,385,000 for Bank.

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

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

	<b>Bank</b>	
	30 June 2007 RM'000	31 Dec 2006 RM'000
Components of Tier-1 and Tier-2 capital are as follows:		
<u>Tier-1 capital</u>		
Paid-up share capital	287,500	287,500
Paid-up non-cumulative perpetual preference shares	4,000	4,000
Share premium	858,500	858,500
Retained profit	735,379	677,425
Other reserves	322,000	322,000
	<u>2,207,379</u>	<u>2,149,425</u>
Less: Deferred tax assets	<u>(111,329)</u>	<u>(116,011)</u>
Total Tier-1 capital	<u>2,096,050</u>	<u>2,033,414</u>
<u>Tier-2 capital</u>		
General allowance for bad and doubtful debts and financing	363,034	344,385
Subordinated term loan	719,503	729,421
Total Tier-2 capital	<u>1,082,537</u>	<u>1,073,806</u>
Total capital	3,178,587	3,107,220
Less :		
Investment in subsidiaries	(1,611)	(1,611)
Capital base	<u>3,176,976</u>	<u>3,105,609</u>
<u>Capital Ratios</u>		
Excluding proposed interim dividend :		
Core-capital ratio	7.08%	7.80%
Risk-weighted capital ratio	10.74%	11.91%
Including proposed interim dividend :		
Core-capital ratio	6.91%	7.00%
Risk-weighted capital ratio	10.56%	11.12%

**21 DIVIDENDS**

The directors have proposed: i) a net cash dividend of 4.51% (on the issue price) amounted to RM9.09 million to the preference shareholders and ii) an interim dividend of 20.0 sen (2006: 41.5 sen) per share less tax amounting to RM41.98 million on the fully issued and paid up ordinary shares, of the Bank in respect of the financial period ended 30 June 2007. These financial statements do not reflect this proposed interim dividend which will be accrued as a liability in the second half of the financial year ending 31 December 2007 when approved by board of directors at the Board of Directors meeting.

**22 CAPITAL ADEQUACY**

Profit after taxation and zakat of RM266.3 million for the current half-year which was included in the capital base, was subjected to a limited review by the external auditors in accordance with Technical Bulletin 4.

**NOTES TO INTERIM FINANCIAL STATEMENTS – 30 JUNE 2007 (continued)****23 THE OPERATION OF ISLAMIC BANKING (IB)****CONDENSED INTERIM FINANCIAL STATEMENTS  
UNAUDITED BALANCE SHEETS AS AT 30 JUNE 2007**

		<b>Group and Bank</b>	
		30 June	31 Dec
		2007	2006
ASSETS	Note	RM'000	RM'000
Cash and short-term funds		775,584	932,498
Deposits and placements with financial institutions		0	200,000
Available-for-sale securities	(1)	308,969	305,918
Financing and other advances	(2)	1,752,335	1,638,339
Other assets	(4)	12,850	10,165
Statutory deposits with Bank Negara Malaysia		63,413	60,413
Deferred taxation assets		13,931	15,028
<b>TOTAL ASSETS</b>		<b><u>2,927,082</u></b>	<b><u>3,162,361</u></b>
<b>LIABILITIES AND ISLAMIC BANKING FUNDS</b>			
Deposits from customers	(5)	2,266,710	2,635,783
Deposits and placements of banks and other financial institutions		159,600	0
Subordinated bonds		200,000	200,000
Bills and acceptances payable		1,237	367
Other liabilities	(6)	125,970	168,689
Taxation and zakat		16,390	9,011
<b>Total Liabilities</b>		<b><u>2,769,907</u></b>	<b><u>3,013,850</u></b>
Islamic Banking Funds	(7)	85,000	85,000
Reserves	(7)	72,175	63,511
		<b><u>157,175</u></b>	<b><u>148,511</u></b>
<b>TOTAL LIABILITIES AND ISLAMIC BANKING FUNDS</b>		<b><u>2,927,082</u></b>	<b><u>3,162,361</u></b>
<b>COMMITMENTS AND CONTINGENCIES</b>		<b><u>1,049,545</u></b>	<b><u>826,098</u></b>

**NOTES TO INTERIM FINANCIAL STATEMENTS – 30 JUNE 2007 (continued)****23 THE OPERATION OF ISLAMIC BANKING (IB) (continued)****CONDENSED INTERIM FINANCIAL STATEMENTS****UNAUDITED INCOME STATEMENTS FOR THE SECOND QUARTER AND SIX MONTHS ENDED 30 JUNE 2007**

Group and Bank	2 <sup>nd</sup> Quarter Ended		Half Year Ended	
	30 June 2007 RM'000	30 June 2006 RM'000	30 June 2007 RM'000	30 June 2006 RM'000
Income derived from investment of depositors' funds	36,859	33,955	70,701	61,512
Allowance for losses on financing and other loans	(6,166)	(4,036)	(12,297)	(7,090)
Transfer to profit equalisation reserve	1,068	(3,717)	2,127	(6,821)
Total attributable income	31,761	26,202	60,531	47,601
Income attributable to depositors	(21,787)	(21,003)	(41,221)	(35,369)
Income attributable to shareholders	9,974	5,199	19,310	12,232
Income derived from the investment of Islamic banking funds	3,413	3,478	6,272	6,017
Total net income	13,387	8,677	25,582	18,249
Personnel expenses	(573)	(382)	(1,079)	(940)
Other overhead expenses	(8,310)	(4,727)	(15,502)	(8,481)
Profit before taxation	4,504	3,568	9,001	8,828
Zakat	0	(221)	0	(221)
Taxation	(1,446)	(1,246)	(3,333)	(2,669)
Net profit for the financial period	3,058	2,101	5,668	5,938



**NOTES TO INTERIM FINANCIAL STATEMENTS – 30 JUNE 2007 (continued)****23 THE OPERATION OF ISLAMIC BANKING (IB) (continued)****(1) AVAILABLE-FOR-SALE SECURITIES**

	<b>Group and Bank</b>	
	30 June 2007 RM'000	31 Dec 2006 RM'000
<u>At fair value</u>		
Malaysian Government investment issues	53,199	200,631
Bank Negara Negotiable Notes	49,999	0
Sanadat Cagamas (SAC)	80,412	80,287
Private debt securities	100,359	0
Islamic negotiable instruments of deposits	25,000	25,000
	<u>308,969</u>	<u>305,918</u>

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

Maturing within one year	119,997	217,641
One year to three years	36,480	88,277
Three to five years	52,132	0
More than 5 years	100,360	0
	<u>308,969</u>	<u>305,918</u>

**(2) FINANCING AND OTHER ADVANCES**

	<b>Group and Bank</b>	
	30 June 2007 RM'000	31 Dec 2006 RM'000
By type:		
Cash financing	290,320	278,230
Term financing		
- Housing financing	143,237	152,609
- Syndicated term financing	235,120	232,777
- Hire purchase receivables	384,289	380,247
- Leasing receivables	21,053	21,130
- Other term financing	224,141	205,077
Revolving credits	443,086	452,410
Customer's liability under acceptance credits	254,683	150,834
Unearned income	(202,449)	(199,066)
Gross financing	<u>1,793,480</u>	<u>1,674,248</u>
Allowance for bad and doubtful debts and financing		
- Specific	(14,461)	(10,960)
- General	(26,684)	(24,949)
Net financing	<u>1,752,335</u>	<u>1,638,339</u>

**NOTES TO INTERIM FINANCIAL STATEMENTS – 30 JUNE 2007 (continued)****23 THE OPERATION OF ISLAMIC BANKING (IB) (continued)****(3) NON-PERFORMING FINANCING**

	<b>Group and Bank</b>	
	30 June 2007 RM'000	31 Dec 2006 RM'000
i) Movements in non-performing financing are as follows:		
Balance at 1 January	23,221	16,204
Non-performing during the period / year	15,245	26,388
Reclassified as performing during the period / year	(2,620)	(3,738)
Amount recovered	(1,549)	(3,922)
Amount written off	(7,247)	(11,711)
Balance at end of period / year	<u>27,050</u>	<u>23,221</u>
Specific allowance	(14,461)	(10,960)
Net non-performing financing	<u>12,589</u>	<u>12,261</u>
Ratio of net non-performing financing to net financing	<u>0.71%</u>	<u>0.74%</u>
ii) Movements in the allowance for bad and doubtful financing are as follows :		
<u>General allowance</u>		
Balance at 1 January	24,949	21,304
Allowance made during the period / year	1,735	3,645
Balance at end of period / year	<u>26,684</u>	<u>24,949</u>
(as % of total financing less specific allowance)	<u>1.5%</u>	<u>1.5%</u>
<u>Specific allowance</u>		
Balance at 1 January	10,960	9,400
Allowance made during the period / year	12,956	15,699
Amount recovered	(2,209)	(2,428)
Amount written off	(7,246)	(11,711)
Balance at end of period / year	<u>14,461</u>	<u>10,960</u>

**NOTES TO INTERIM FINANCIAL STATEMENTS – 30 JUNE 2007 (continued)****23 THE OPERATION OF ISLAMIC BANKING (IB) (continued)****(4) OTHER ASSETS**

	<b>Group and Bank</b>	
	30 June 2007 RM'000	31 Dec 2006 RM'000
Income receivable	3,148	2,877
Other debtors, deposits and prepayments	9,702	7,288
	<u>12,850</u>	<u>10,165</u>

**(5) DEPOSITS FROM CUSTOMERS**

	<b>Group and Bank</b>	
	30 June 2007 RM'000	31 Dec 2006 RM'000
By type of deposits		
<b>Non-Mudharabah Fund:</b>		
Demand deposits	246,195	213,425
Savings deposits	263,523	266,322
Negotiable Islamic Debt Certificate	49,797	478,756
Structured investment	18,100	0
Others	18,144	17,200
	<u>595,759</u>	<u>975,703</u>
<b>Mudharabah Fund:</b>		
General investment deposits	973,684	718,328
Islamic short term Mudharabah Investment	697,267	941,752
	<u>1,670,951</u>	<u>1,660,080</u>
Total deposits from customers	<u>2,266,710</u>	<u>2,635,783</u>

**NOTES TO INTERIM FINANCIAL STATEMENTS – 30 JUNE 2007 (continued)**

**23 THE OPERATION OF ISLAMIC BANKING (IB) (continued)**

**(6) OTHER LIABILITIES**

	<b>Group and Bank</b>	
	30 June 2007 RM'000	31 Dec 2006 RM'000
Other accruals and charges	108,942	149,534
Profit equalisation reserve	17,028	19,155
	<u>125,970</u>	<u>168,689</u>
<u>Profit equalisation reserve (PER)</u>		
Balance at 1 January	19,155	4,471
Amount provided during the period / year	640	14,998
Amount written back during the period / year	(2,767)	(314)
Balance at end of period / year	<u>17,028</u>	<u>19,155</u>

**(7) ISLAMIC BANKING CAPITAL FUNDS**

	<b>Group and Bank</b>	
	30 June 2007 RM'000	31 Dec 2006 RM'000
Islamic banking funds	85,000	85,000
Reserves :		
Net unrealised gains on available-for-sale investments of which the depositors' portion is RM 1,768,000 (Dec 2006 : RM 1,381,000)	1,881	1,469
Retained profits	70,294	62,042
	<u>157,175</u>	<u>148,511</u>