

**CONDENSED INTERIM FINANCIAL STATEMENTS  
UNAUDITED BALANCE SHEETS AS AT 30 JUNE 2006**

	Note	Group		Bank	
		30/6/2006 RM'000	31/12/2005 RM'000	30/6/2006 RM'000	31/12/2005 RM'000
<b>ASSETS</b>					
Cash and short-term funds		3,893,433	1,960,947	3,893,433	1,960,947
Securities purchased under resale agreement		0	49,976	0	49,976
Deposits and placements with financial institutions		367,600	332,476	367,600	332,476
Held-for-trading securities	4	371,384	352,699	371,384	352,699
Available-for-sale securities	4	5,116,835	5,752,212	5,116,835	5,752,212
Loans, advances and financing	5	22,058,195	20,936,458	22,057,711	20,935,828
Other assets	7	454,055	263,969	451,128	260,952
Statutory deposits with Bank Negara Malaysia		773,086	785,086	773,086	785,086
Investment in subsidiary companies		0	0	1,611	1,611
Property, plant and equipment		233,638	236,301	233,622	236,283
Investment property		11,229	11,368	11,229	11,368
Non-current assets held for sale		89	0	89	0
Deferred taxation asset		127,200	129,243	127,535	129,527
<b>TOTAL ASSETS</b>		<b>33,406,744</b>	<b>30,810,735</b>	<b>33,405,263</b>	<b>30,808,965</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>					
Deposits from customers	8	22,136,054	19,778,540	22,150,015	19,792,275
Deposits and placements of banks and other financial institutions	9	3,062,946	3,066,763	3,062,946	3,066,763
Obligations on securities sold under repurchase agreements		2,568,060	2,611,796	2,568,060	2,611,796
Bills and acceptances payable		1,780,719	1,340,850	1,780,719	1,340,850
Amount due to Cagamas		731,804	921,782	731,804	921,782
Subordinated term loan		501,884	533,709	501,884	533,709
Other liabilities	10	563,158	404,084	560,177	401,025
Taxation and zakat		29,954	37,670	29,954	37,670
<b>TOTAL LIABILITIES</b>		<b>31,374,579</b>	<b>28,695,194</b>	<b>31,385,559</b>	<b>28,705,870</b>
Financed by :					
Share capital		291,500	291,500	291,500	291,500
Reserves		1,740,665	1,824,041	1,728,204	1,811,595
Shareholders' Equity		<u>2,032,165</u>	<u>2,115,541</u>	<u>2,019,704</u>	<u>2,103,095</u>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>33,406,744</b>	<b>30,810,735</b>	<b>33,405,263</b>	<b>30,808,965</b>
<b>COMMITMENTS AND CONTINGENCIES</b>	18	<b>40,303,177</b>	<b>31,651,355</b>	<b>40,303,177</b>	<b>31,651,355</b>

**CONDENSED INTERIM FINANCIAL STATEMENTS  
UNAUDITED INCOME STATEMENTS FOR THE SECOND QUARTER AND SIX MONTHS ENDED 30 JUNE  
2006**

<b>Group</b>		<b>2<sup>nd</sup> Quarter Ended</b>		<b>Half Year Ended</b>	
		30 June 2006	30 June 2005	30 June 2006	30 June 2005
	Note	RM'000	RM'000	RM'000	RM'000
Interest income	11	395,451	331,523	745,138	637,882
Interest expense	12	(208,956)	(176,724)	(392,452)	(339,139)
Net interest income		186,495	154,799	352,686	298,743
Islamic Banking income		12,713	11,185	25,339	20,735
		199,208	165,984	378,025	319,478
Non-interest income	13	65,273	62,642	138,324	119,424
Net income		264,481	228,626	516,349	438,902
Staff cost and overhead expenses	14	(99,312)	(87,445)	(190,025)	(171,469)
Operating profits before allowances		165,169	141,181	326,324	267,433
Write back / (allowance) of losses on loans and financing	15	(32,789)	(3,690)	(25,951)	1,972
(Provision for) / write back of commitment and contingencies		0	235	(290)	619
Write back of impairment on securities (net)		0	1,812	0	2,133
Profit before taxation and zakat		132,380	139,538	300,083	272,157
Taxation	16	(37,638)	(45,301)	(85,927)	(82,044)
Zakat		(221)	(200)	(221)	(200)
Net profit attributable to shareholders		94,521	94,037	213,935	189,913
Basic earnings per share (sen)		32.9	32.7	74.4	66.1
Dividend per ordinary share – 41.5 sen gross (2005 : 45.0 sen) less income tax (sen)		85.9	93.2	85.9	93.2

**CONDENSED INTERIM FINANCIAL STATEMENTS  
UNAUDITED INCOME STATEMENTS FOR THE SECOND QUARTER AND SIX MONTHS ENDED 30 JUNE  
2006 (continued)**

<b>Bank</b>		<b>2<sup>nd</sup> Quarter Ended</b>		<b>Half Year Ended</b>	
		30 June 2006	30 June 2005	30 June 2006	30 June 2005
	Note	RM'000	RM'000	RM'000	RM'000
Interest income	11	395,346	331,517	745,046	637,858
Interest expense	12	(208,956)	(176,825)	(392,559)	(339,355)
Net interest income		186,390	154,692	352,487	298,503
Islamic Banking income		12,713	11,185	25,339	20,735
		199,103	165,877	377,826	319,238
Non-interest income	13	65,273	62,642	138,324	119,424
Net income		264,376	228,519	516,150	438,662
Staff cost and overhead expenses	14	(99,264)	(87,399)	(189,895)	(171,360)
Operating profits before allowances		165,112	141,120	326,255	267,302
Write back / (allowance) of losses on loans and financing	15	(32,787)	(3,717)	(25,949)	1,926
(Provision for) / write back of commitment and contingencies		0	235	(290)	619
Write back of impairment on securities (net)		0	1,812	0	2,133
Profit before taxation and zakat		132,325	139,450	300,016	271,980
Taxation	16	(37,607)	(45,282)	(85,875)	(82,005)
Zakat		(221)	(200)	(221)	(200)
Net profit attributable to shareholders		94,497	93,968	213,920	189,775
Basic earnings per share (sen)		32.9	32.7	74.4	66.0
Dividend per ordinary share – 41.5 sen gross (2005 : 45.0 sen) less income tax (sen)		85.9	93.2	85.9	93.2

**CONDENSED INTERIM FINANCIAL STATEMENTS****UNAUDITED STATEMENTS OF CHANGES IN EQUITY FOR THE SIX MONTHS ENDED 30 JUNE 2006**

	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 2006	291,500	858,500	322,000	72,932	32,646	36,750	501,213	2,115,541
Net profit attributable to shareholders	0	0	0	0	0	0	213,935	213,935
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
Share-based staff costs	0	0	0	(5,482)	0	0	0	(5,482)
Dividends paid on ordinary shares in respect of : -year ended 31 December 2005	0	0	0	0	0	0	(231,840)	(231,840)
Dividends paid on preference shares in respect of : -year ended 31 December 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>67,450</u>	<u>(18,397)</u>	<u>36,750</u>	<u>474,362</u>	<u>2,032,165</u>
Balance at 1 January 2005	287,500	462,500	322,000	66,995	51,371	36,750	331,720	1,558,836
Net profit attributable to shareholders	0	0	0	0	0	0	189,913	189,913
Revaluation of available-for- sale securities (net)	0	0	0	0	9,924	0	0	9,924
Deferred tax on revaluation of available-for-sale securities (net)	0	0	0	0	(1,874)	0	0	(1,874)
Share-based staff costs	0	0	0	3,078	0	0	0	3,078
Dividends paid on ordinary shares in respect of : -year ended 31 December 2004	0	0	0	0	0	0	(150,075)	(150,075)
Balance at 30 June 2005	<u>287,500</u>	<u>462,500</u>	<u>322,000</u>	<u>70,073</u>	<u>59,421</u>	<u>36,750</u>	<u>371,558</u>	<u>1,609,802</u>

**CONDENSED INTERIM FINANCIAL STATEMENTS****UNAUDITED STATEMENTS OF CHANGES IN EQUITY FOR THE SIX MONTHS ENDED 30 JUNE 2006  
(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 2006	291,500	858,500	322,000	16,313	32,646	0	582,136	2,103,095
Net profit attributable to shareholders	0	0	0	0	0	0	213,920	213,920
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
Share-based staff costs	0	0	0	(5,482)	0	0	0	(5,482)
Dividends paid on ordinary shares in respect of : -year ended 31 December 2005	0	0	0	0	0	0	(231,840)	(231,840)
Dividends paid on preference shares in respect of : -year ended 31 December 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>10,831</u>	<u>(18,397)</u>	<u>0</u>	<u>555,270</u>	<u>2,019,704</u>
Balance at 1 January 2005	287,500	462,500	322,000	10,376	51,371	0	412,843	1,546,590
Net profit attributable to shareholders	0	0	0	0	0	0	189,775	189,775
Revaluation of available-for-sale securities (net)	0	0	0	0	9,924	0	0	9,924
Deferred tax on revaluation of available-for-sale securities (net)	0	0	0	0	(1,874)	0	0	(1,874)
Share-based staff costs	0	0	0	3,078	0	0	0	3,078
Dividends paid on ordinary shares in respect of : -year ended 31 December 2004	0	0	0	0	0	0	(150,075)	(150,075)
Balance at 30 June 2005	<u>287,500</u>	<u>462,500</u>	<u>322,000</u>	<u>13,454</u>	<u>59,421</u>	<u>0</u>	<u>452,543</u>	<u>1,597,418</u>

**CONDENSED INTERIM FINANCIAL STATEMENTS**  
**UNAUDITED CONDENSED CASH FLOW STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2006**

	<b>Group</b>		<b>Bank</b>	
	30 June 2006 RM'000	30 June 2005 RM'000	30 June 2006 RM'000	30 June 2005 RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Profit before taxation and zakat	300,083	272,157	300,016	271,980
Adjustments for non-operating and non-cash items	44,034	15,189	44,030	15,234
Operating profit before changes in working capital	344,117	287,346	344,046	287,214
Changes in working capital:				
Net changes in Operating Assets	(1,144,331)	(3,337,528)	(1,144,565)	(3,329,848)
Net changes in Operating Liabilities	2,544,743	3,677,181	2,545,047	3,669,630
Income tax and zakat paid	(70,780)	(80,202)	(70,779)	(80,202)
Net cash generated from operating activities	1,673,749	546,797	1,673,749	546,794
Net cash generated from / (utilised) in investing activities	534,647	(410,206)	534,647	(410,203)
Net cash utilised in financing activities	(240,786)	(150,075)	(240,786)	(150,075)
Net increase / (decrease) in cash and cash equivalents	1,967,610	(13,484)	1,967,610	(13,484)
Cash and cash equivalents at beginning of the period	2,293,423	1,903,157	2,293,423	1,903,157
Cash and cash equivalents at end of the period	4,261,033	1,889,673	4,261,033	1,889,673

## NOTES TO INTERIM FINANCIAL STATEMENTS – 30 JUNE 2006

### 1 REVIEW OF PERFORMANCE

The Bank recorded pre-tax profit of RM300 million for the first six months of 2006, marking a 10.3% or RM28 million increase over the corresponding period last year. The gains came mainly from improved operating profits, which rose 22% or RM59 million to RM326 million. This stemmed from higher total income which increased 18% or RM78 million to RM516 million.

Net interest income grew by RM55 million, attributable to growth in average interest earning assets to RM30.1 billion and improved net interest margin of 25bps. Islamic Banking also registered better performance with 19% increase in income mainly due to significant y-o-y growth of 70% in financing. Higher gains in foreign currency, amounting to an increase of RM12 million to RM30 million, and unrealised trading derivative gains of RM14 million, contributed to the increase in non-interest income. Operating expenses increased moderately by 11% or RM18 million to RM190 million.

Allowances for loan losses for the period were RM26 million compared with a net recovery of RM5 million in the previous corresponding period. Of the increase, RM10.4 million was provided for general allowances. Gross non-performing loans increased slightly by 2% or RM29 million to RM1.38 billion.

Gross outstanding loans for the first 6 months of 2006 grew by 5.2% or RM1.1 billion to RM22.9 billion. The growth came from consumer and business loans of RM259 million and RM877 million respectively.

With the inclusion of the half year net profits, shareholders funds stood at RM2 billion and the bank's risk weighted capital ratio strengthened at 11.85% as at 30 June 2006.

### 2 ECONOMIC PERFORMANCE AND PROSPECTS

The 1Q06 saw real GDP rise by 5.3% and despite the slow growth, the remaining months are expected to pick up with 6% growth to be achieved by the end of this year, boosted by investment activity arising from the 9<sup>th</sup> Malaysia Plan.

Inflation rose steadily throughout the first half of 2006 and reached a peak of 4.8% in March before moderating to 3.9% in May arising largely from the impact of an 18% increase in retail fuel prices in February and partially offset by the appreciation of the ringgit. Inflation is expected to reach between 3.5% and 4.0%. The overnight policy rate (OPR) has increased by 50 bps in the first 6 months of this year from 3.00% to 3.50% and further hikes in OPR are expected to combat inflationary pressures but at the same time ensure a more conducive environment to promote economic activity.

Moves to liberalise the banking sector are welcomed as several banks have announced moves to open additional branches to broaden their customer base. Interest rate flexibility have allowed banking institutions to price their lending and depository rates as seen by the rise in depository rates for different maturities. Efforts to make Malaysia a centre for Islamic banking will also provide further growth opportunities for the Bank to expand its product offerings.

**NOTES TO INTERIM FINANCIAL STATEMENTS – 30 JUNE 2006 (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 2005, except for the adoption of the following new or revised Financial Reporting Standards ("FRS") that are effective 1 January 2006 that are relevant to the Group & Bank,

<b>FRS</b>	<b>Title</b>
FRS 101	Presentation of Financial Statements
FRS 108	Accounting Policies, Changes in Accounting Estimates and Errors
FRS 110	Events After the Balance Sheet Date
FRS 116	Property, Plant and Equipment
FRS 121	The Effect of Changes in Foreign Exchange Rates
FRS 127	Consolidated and Separate Financial Statements
FRS 128	Investments in Associates
FRS 132	Financial Instruments: Disclosure and Presentation
FRS 133	Earning Per Share
FRS 136	Impairment of Assets
FRS 140	Investment Property
FRS 1	First-time Adoption of Financial Reporting Standards
FRS 5	Non-current Assets Held for Sale and Presentation of Discontinued Operation

The revised or new FRS was applied prospectively from 1 January 2006 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 except the following:

## 3.1 Summary effects of restatement on 31 Dec 2005 balances

## FRS 140 Investment Property

Certain Property, Plant and Equipment in the previous year were reclassified to Investment Property in order to conform with the new classification and presentation of FRS 140. The effect of restatement on the 2005 interim financial statements comparative figures are as follows,

<b><u>Group</u></b>	<b><u>As previously reported</u></b>	<b><u>Effect</u></b>	<b><u>As Restated</u></b>
<b>Increase/(decrease)</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b><u>Balance Sheet</u></b>			
Property, plant and equipment	247,669	(11,368)	236,301
Investment property	0	11,368	11,368
<b><u>Bank</u></b>			
<b>Increase/(decrease)</b>			
<b><u>Balance Sheet</u></b>			
Property, plant and equipment	247,651	(11,368)	236,283
Investment property	0	11,368	11,368



**NOTES TO INTERIM FINANCIAL STATEMENTS – 30 JUNE 2006 (continued)****3 BASIS OF PREPARATION (continued)**

## 3.2 Summary of effects on 2006 interim financial statements

The effect of adopting new or revised FRS on the interim financial statements as/for the financial period ended 30 June 2006 are summarised below:

**Group and Bank**

<b>Increase/(decrease)</b>	<b>FRS 116 RM'000</b>	<b>FRS 140 RM'000</b>	<b>FRS 5 RM'000</b>	<b>Total effect RM'000</b>
<b><u>Balance Sheet</u></b>				
Property, plant and equipment	(1,126)	(11,259)	(89)	(12,474)
Investment property	-	11,259	-	11,259
Non-current assets held for sale	-	-	89	89
Taxation and zakat	(411)	-	-	(411)
Reserves	(715)	-	-	(715)
<b><u>Income Statement</u></b>				
Staff cost and overhead expenses	1,126	-	-	1,126
Taxation	(411)	-	-	(411)
Net profit attributable to shareholders	(715)	-	-	(715)

**NOTES TO INTERIM FINANCIAL STATEMENTS – 30 JUNE 2006 (continued)****4 SECURITIES PORTFOLIO**

## i) Held-For-Trading

	<b>Group</b>		<b>Bank</b>	
	30 June 2006 RM'000	31 Dec 2005 RM'000	30 June 2006 RM'000	31 Dec 2005 RM'000
<u>At fair value</u>				
Malaysian Government securities	0	10,163	0	10,163
Government Investment Certificate	9,843	65,029	9,843	65,029
Bank Negara Bills	34,353	0	34,353	0
Bank Negara Negotiable notes	93,949	32,628	93,949	32,628
Private debt securities	233,239	244,879	233,239	244,879
	<u>371,384</u>	<u>352,699</u>	<u>371,384</u>	<u>352,699</u>

## ii) Available-For-sale

At fair value

Malaysian Government securities	2,560,273	2,963,660	2,560,273	2,963,660
Government Investment Certificate	178,127	178,635	178,127	178,635
Cagamas bonds / notes	768,350	787,173	768,350	787,173
Khazanah bonds	0	14,901	0	14,901
Private debt securities	624,897	728,884	624,897	728,884
Negotiable instruments of deposit	905,000	965,000	905,000	965,000
Bankers' acceptance and Islamic accepted bills	30,377	118,413	30,377	118,413
Shares	50,383	45,635	50,383	45,635
Debentures	187	187	187	187
	<u>5,117,594</u>	<u>5,802,488</u>	<u>5,117,594</u>	<u>5,802,488</u>
Allowance for impairment losses in investment securities :				
- Unquoted shares in Malaysia	(121)	(121)	(121)	(121)
- Private debt securities	(638)	(50,155)	(638)	(50,155)
	<u>5,116,835</u>	<u>5,752,212</u>	<u>5,116,835</u>	<u>5,752,212</u>

Included in available-for-sale securities is an amount of RM 2,621,917,000 (Dec 2005:RM 2,751,375,000) being pledged to third parties in sale and repurchase agreements.

**NOTES TO INTERIM FINANCIAL STATEMENTS – 30 JUNE 2006 (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 2006 RM'000	31 Dec 2005 RM'000	30 June 2006 RM'000	31 Dec 2005 RM'000
Maturity within one year	1,749,733	1,856,670	1,749,733	1,856,670
One year to three years	2,024,113	2,094,736	2,024,113	2,094,736
Three years to five years	689,495	1,107,194	689,495	1,107,194
Over five years	654,253	743,888	654,253	743,888
	<u>5,117,594</u>	<u>5,802,488</u>	<u>5,117,594</u>	<u>5,802,488</u>

**5 LOANS, ADVANCES AND FINANCING**

	<b>Group</b>		<b>Bank</b>	
	30 June 2006 RM'000	31 Dec 2005 RM'000	30 June 2006 RM'000	31 Dec 2005 RM'000
i) By type				
Overdrafts	3,354,708	3,375,072	3,354,708	3,375,072
Term loans/financing :				
Housing loans/financing	6,263,722	6,069,237	6,263,722	6,069,237
Syndicated term loan/financing	976,342	757,341	976,342	757,341
Hire purchase	364,030	332,770	364,030	332,770
Lease receivables	26,504	26,892	25,449	25,669
Other term loans	7,301,554	6,835,219	7,301,554	6,835,219
Credit/charge cards receivables	417,150	374,457	417,150	374,457
Bills receivable	92,397	98,125	92,397	98,125
Trust receipts	109,535	96,948	109,535	96,948
Claims on customers under acceptance credits	2,064,026	2,026,262	2,064,026	2,026,262
Block discounting	339	348	339	348
Loan to banks	275,029	297,490	275,029	297,490
Revolving credit	1,526,914	1,383,365	1,526,914	1,383,365
Staff loans (of which None [Dec 2005 : Nil] to directors )	112,853	106,727	112,853	106,727
Other loans	258,478	221,520	258,478	221,520
	<u>23,143,581</u>	<u>22,001,773</u>	<u>23,142,526</u>	<u>22,000,550</u>
Unearned interest and income	(187,471)	(176,917)	(187,433)	(176,855)
Gross loans, advances and financing	<u>22,956,110</u>	<u>21,824,856</u>	<u>22,955,093</u>	<u>21,823,695</u>
Allowance for bad and doubtful debts and financing :				
- Specific	(580,671)	(581,528)	(580,153)	(581,012)
- General	(317,244)	(306,870)	(317,229)	(306,855)
Net loans, advances and financing	<u>22,058,195</u>	<u>20,936,458</u>	<u>22,057,711</u>	<u>20,935,828</u>

**NOTES TO INTERIM FINANCIAL STATEMENTS – 30 JUNE 2006 (continued)****5 LOANS, ADVANCES AND FINANCING (continued)**

## ii) By type of customer

	<b>Group</b>		<b>Bank</b>	
	30 June 2006 RM'000	31 Dec 2005 RM'000	30 June 2006 RM'000	31 Dec 2005 RM'000
Domestic banking institutions	236,466	205,708	235,968	205,063
Domestic non-bank financial institutions (of which RM Nil to stockbroking companies)	278,788	244,053	278,788	244,053
Domestic business enterprises				
- Small medium enterprises ("SME")	2,762,694	3,490,596	2,762,525	3,490,430
- Non-SME	9,245,834	8,280,542	9,245,484	8,280,192
Government and statutory bodies	1,238,820	1,309,281	1,238,820	1,309,281
Individuals	8,936,937	8,242,555	8,936,937	8,242,555
Other domestic entities	1,678	1,765	1,678	1,765
Foreign entities	254,893	50,356	254,893	50,356
	<u>22,956,110</u>	<u>21,824,856</u>	<u>22,955,093</u>	<u>21,823,695</u>

## iii) By interest/profit rate sensitivity

## Fixed rate:

Housing loans/financing	95,995	97,754	95,995	97,754
Hire purchase receivables	327,995	298,188	327,995	298,188
Other fixed rate loan/financing	1,583,938	1,292,572	1,582,921	1,291,411

## Variable rate:

BLR plus	13,905,914	13,397,160	13,905,914	13,397,160
Cost-plus	2,997,768	2,952,938	2,997,768	2,952,938
Other variable rates	4,044,500	3,786,244	4,044,500	3,786,244
	<u>22,956,110</u>	<u>21,824,856</u>	<u>22,955,093</u>	<u>21,823,695</u>

## iv) By sector

Agriculture	1,320,479	1,233,191	1,320,479	1,233,191
Mining and quarrying	39,217	16,237	39,217	16,237
Manufacturing	4,165,519	3,648,285	4,165,519	3,648,285
Electricity, gas and water	44,218	56,391	44,218	56,391
Construction	859,451	828,608	859,101	828,259
Real estate	1,890,680	2,113,990	1,890,680	2,113,990
Purchase of landed property				
of which : i. Residential	6,622,617	6,275,535	6,622,617	6,275,535
ii. Non-residential	744,421	673,925	744,421	673,925
General commerce	2,555,325	2,507,213	2,555,156	2,507,046
Transport, storage and communication	429,153	451,941	429,153	451,941
Finance, insurance and business services	619,975	332,178	619,975	332,178
Purchase of securities	113,605	107,290	113,605	107,290
Purchase of transport vehicles	9,564	7,375	9,564	7,375
Consumption credit	1,152,998	1,228,892	1,152,500	1,228,247
Sovereign	1,238,817	1,309,275	1,238,817	1,309,275
Others	1,150,071	1,034,530	1,150,071	1,034,530
	<u>22,956,110</u>	<u>21,824,856</u>	<u>22,955,093</u>	<u>21,823,695</u>

**NOTES TO INTERIM FINANCIAL STATEMENTS – 30 JUNE 2006 (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 2006 RM'000	31 Dec 2005 RM'000	30 June 2006 RM'000	31 Dec 2005 RM'000
Balance at 1 January	1,352,617	1,593,473	1,352,101	1,592,814
Non-performing during the period / year (gross)	254,348	256,604	254,346	256,599
Reclassified as performing during the period / year	(51,989)	(181,770)	(51,989)	(181,770)
Amount recovered	(145,434)	(240,811)	(145,434)	(240,768)
Amount written off	(28,033)	(74,879)	(28,033)	(74,774)
Balance at end of period / year	<u>1,381,509</u>	<u>1,352,617</u>	<u>1,380,991</u>	<u>1,352,101</u>
Specific allowance	(580,671)	(581,528)	(580,153)	(581,012)
Net non-performing loans, advances and financing	<u>800,838</u>	<u>771,089</u>	<u>800,838</u>	<u>771,089</u>
Ratio of net non-performing loans and financing to net loans, advances and financing	<u>3.58%</u>	<u>3.63%</u>	<u>3.58%</u>	<u>3.63%</u>

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

	<b>Group</b>		<b>Bank</b>	
	30 June 2006 RM'000	31 Dec 2005 RM'000	30 June 2006 RM'000	31 Dec 2005 RM'000
<u>General allowance</u>				
Balance at 1 January	306,870	306,870	306,855	306,855
Allowance made during the period / year	10,374	0	10,374	0
Balance at end of period / year	<u>317,244</u>	<u>306,870</u>	<u>317,229</u>	<u>306,855</u>
(as % of gross loans, advances and financing less specific allowance)	<u>1.50%</u>	<u>1.54%</u>	<u>1.50%</u>	<u>1.54%</u>

**NOTES TO INTERIM FINANCIAL STATEMENTS – 30 JUNE 2006 (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 2006 RM'000	31 Dec 2005 RM'000	30 June 2006 RM'000	31 Dec 2005 RM'000
<u>Specific allowance</u>				
Balance at 1 January	581,528	635,301	581,012	634,617
Allowance made during the period / year	87,259	165,950	87,257	165,945
Amount written back in respect of recoveries	(60,083)	(144,844)	(60,083)	(144,776)
Amount written off	(28,033)	(74,879)	(28,033)	(74,774)
Balance at end of period / year	<u>580,671</u>	<u>581,528</u>	<u>580,153</u>	<u>581,012</u>

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

	<b>Group</b>		<b>Bank</b>	
	30 June 2006 RM'000	31 Dec 2005 RM'000	30 June 2006 RM'000	31 Dec 2005 RM'000
Agriculture	18,855	36,194	18,855	36,194
Manufacturing	362,236	337,815	362,236	337,815
Construction	114,788	119,046	114,439	118,697
Real estate	207,072	222,859	207,072	222,859
Purchase of landed property				
of which : i. Residential	145,762	109,843	145,762	109,843
ii. Non-residential	40,962	20,445	40,962	20,445
General commerce	276,668	275,435	276,499	275,268
Transport, storage and communication	7,941	11,310	7,941	11,310
Finance, insurance and business services	9,030	4,089	9,030	4,089
Purchase of securities	30,086	40,464	30,086	40,464
Purchase of transport vehicles	40	477	40	477
Consumption credit	43,437	41,915	43,437	41,915
Others	124,632	132,725	124,632	132,725
	<u>1,381,509</u>	<u>1,352,617</u>	<u>1,380,991</u>	<u>1,352,101</u>

**NOTES TO INTERIM FINANCIAL STATEMENTS – 30 JUNE 2006 (continued)****7 OTHER ASSETS**

	<b>Group</b>		<b>Bank</b>	
	30 June 2006 RM'000	31 Dec 2005 RM'000	30 June 2006 RM'000	31 Dec 2005 RM'000
Interest receivable	71,863	69,502	71,863	69,502
Derivative assets	269,143	105,390	269,143	105,390
Other debtors, deposits and prepayments	113,049	89,077	110,122	86,060
	<u>454,055</u>	<u>263,969</u>	<u>451,128</u>	<u>260,952</u>

**8 DEPOSITS FROM CUSTOMERS**

## i) By type of deposit

	<b>Group</b>		<b>Bank</b>	
	30 June 2006 RM'000	31 Dec 2005 RM'000	30 June 2006 RM'000	31 Dec 2005 RM'000
Demand deposits	2,758,574	2,674,234	2,758,914	2,675,119
Savings deposits	1,727,021	1,682,772	1,727,021	1,682,772
Fixed deposits	12,723,674	10,843,856	12,737,295	10,856,706
Negotiable instruments of deposits	2,898,476	3,155,587	2,898,476	3,155,587
Islamic short term Mudharabah investment	542,149	337,923	542,149	337,923
Structured investments	1,466,239	1,066,919	1,466,239	1,066,919
Others	19,921	17,249	19,921	17,249
	<u>22,136,054</u>	<u>19,778,540</u>	<u>22,150,015</u>	<u>19,792,275</u>

## ii) By type of customers

	<b>Group</b>		<b>Bank</b>	
	30 June 2006 RM'000	31 Dec 2005 RM'000	30 June 2006 RM'000	31 Dec 2005 RM'000
Government and statutory bodies	69,764	5,174	69,764	5,174
Business enterprises	6,872,214	5,039,053	6,872,214	5,039,053
Individuals	11,645,697	10,997,495	11,645,697	10,997,495
Others	3,548,379	3,736,818	3,562,340	3,750,553
	<u>22,136,054</u>	<u>19,778,540</u>	<u>22,150,015</u>	<u>19,792,275</u>

**NOTES TO INTERIM FINANCIAL STATEMENTS – 30 JUNE 2006 (continued)****9 DEPOSITS AND PLACEMENTS OF BANKS AND OTHER FINANCIAL INSTITUTIONS**

	<b>Group</b>		<b>Bank</b>	
	30 June 2006 RM'000	31 Dec 2005 RM'000	30 June 2006 RM'000	31 Dec 2005 RM'000
Licensed banks	2,687,926	2,954,940	2,687,926	2,954,940
Other financial institutions	375,020	111,823	375,020	111,823
	<u>3,062,946</u>	<u>3,066,763</u>	<u>3,062,946</u>	<u>3,066,763</u>

**10 OTHER LIABILITIES**

	<b>Group</b>		<b>Bank</b>	
	30 June 2006 RM'000	31 Dec 2005 RM'000	30 June 2006 RM'000	31 Dec 2005 RM'000
Accruals for personnel costs *	22,364	33,271	22,355	33,207
Obligations under finance lease	489	644	489	644
Provision for commitment and contingencies (a)	2,629	2,339	2,629	2,339
Interest payable	132,768	133,398	132,768	133,398
Other accruals and charges	128,929	121,732	125,957	118,737
Derivatives liabilities	264,687	108,229	264,687	108,229
Profit equalisation reserve [Note 23 (6)]	11,292	4,471	11,292	4,471
	<u>563,158</u>	<u>404,084</u>	<u>560,177</u>	<u>401,025</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 2006 RM'000	31 Dec 2005 RM'000	30 June 2006 RM'000	31 Dec 2005 RM'000
Balance at 1 January	2,339	7,494	2,339	7,494
Amount provided during the period / year (net)	290	(824)	290	(824)
Reclassification to other accruals and charges	0	(4,331)	0	(4,331)
Balance at end of period / year	<u>2,629</u>	<u>2,339</u>	<u>2,629</u>	<u>2,339</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 2006 (continued)****11 INTEREST INCOME**

<b>Group</b>	<b>2<sup>nd</sup> Quarter Ended</b>		<b>Half Year Ended</b>	
	30 June	30 June	30 June	30 June
	2006	2005	2006	2005
	RM'000	RM'000	RM'000	RM'000
Loans and advances				
- Interest income other than recoveries from NPL	304,028	254,808	578,194	490,147
- Recoveries from NPLs	7,331	6,590	13,799	15,402
Money at call and deposit placements with financial institutions	32,737	7,271	52,040	16,379
Held-for-trading securities	4,500	6,482	8,244	14,397
Available-for-sale securities	57,857	68,909	115,222	125,478
Others	652	1,319	1,716	3,362
	<u>407,105</u>	<u>345,379</u>	<u>769,215</u>	<u>665,165</u>
Amortisation of premium less accretion of discount	(11,654)	(13,856)	(24,077)	(27,283)
	<u>395,451</u>	<u>331,523</u>	<u>745,138</u>	<u>637,882</u>

<b>Bank</b>	<b>2<sup>nd</sup> Quarter Ended</b>		<b>Half Year Ended</b>	
	30 June	30 June	30 June	30 June
	2006	2005	2006	2005
	RM'000	RM'000	RM'000	RM'000
Loans and advances				
- Interest income other than recoveries from NPL	304,017	254,814	578,183	490,147
- Recoveries from NPLs	7,331	6,578	13,799	15,378
Money at call and deposit placements with financial institutions	32,643	7,271	51,959	16,379
Held-for-trading securities	4,500	6,482	8,244	14,397
Available-for-sale securities	57,857	68,909	115,222	125,478
Others	652	1,319	1,716	3,362
	<u>407,000</u>	<u>345,373</u>	<u>769,123</u>	<u>665,141</u>
Amortisation of premium less accretion of discount	(11,654)	(13,856)	(24,077)	(27,283)
	<u>395,346</u>	<u>331,517</u>	<u>745,046</u>	<u>637,858</u>

**NOTES TO INTERIM FINANCIAL STATEMENTS – 30 JUNE 2006 (continued)****12 INTEREST EXPENSE**

<b><u>Group</u></b>	<b>2<sup>nd</sup> Quarter Ended</b>		<b>Half Year Ended</b>	
	30 June	30 June	30 June	30 June
	2006	2005	2006	2005
	RM'000	RM'000	RM'000	RM'000
Deposits and placements of banks and other financial institutions	30,411	26,422	58,182	47,618
Deposits from customers	139,587	111,429	260,173	218,200
Loans sold to Cagamas	6,047	10,465	15,549	21,236
Subordinated term loan	9,513	8,073	17,322	16,058
Others	23,398	20,335	41,226	36,027
	<b>208,956</b>	<b>176,724</b>	<b>392,452</b>	<b>339,139</b>

<b><u>Bank</u></b>	<b>2<sup>nd</sup> Quarter Ended</b>		<b>Half Year Ended</b>	
	30 June	30 June	30 June	30 June
	2006	2005	2006	2005
	RM'000	RM'000	RM'000	RM'000
Deposits and placements of banks and other financial institutions	30,411	26,422	58,182	47,618
Deposits from customers	139,587	111,512	260,267	218,380
Loans sold to Cagamas	6,047	10,465	15,549	21,236
Subordinated term loan	9,513	8,073	17,322	16,058
Others	23,398	20,353	41,239	36,063
	<b>208,956</b>	<b>176,825</b>	<b>392,559</b>	<b>339,355</b>

**NOTES TO INTERIM FINANCIAL STATEMENTS – 30 JUNE 2006 (continued)****13 NON-INTEREST INCOME**

<b>Group</b>	<b>2<sup>nd</sup> Quarter Ended</b>		<b>Half Year Ended</b>	
	30 June 2006 RM'000	30 June 2005 RM'000	30 June 2006 RM'000	30 June 2005 RM'000
Fee income:-				
Commission	24,473	20,493	50,840	46,601
Service charges and fees	17,125	12,668	30,211	35,440
Guarantee fees	125	190	181	260
Other fee income	3,265	2,466	6,111	4,895
	<u>44,988</u>	<u>35,817</u>	<u>87,343</u>	<u>87,196</u>
Income from securities:-				
Net (losses) / gains from sale of held-for-trading securities	(8,529)	3100	(8,381)	6,513
Net gains / (losses) from sale of available-for-sale securities	1,763	(196)	1,315	(194)
Unrealised (losses) / gains on revaluation of held-for-trading securities (net)	(298)	8,904	(308)	2,529
Gross dividends from Malaysia:				
- available-for-sale securities	434	707	834	707
	<u>38,358</u>	<u>48,332</u>	<u>80,803</u>	<u>96,751</u>
Other income:-				
Unrealised gains from foreign currency translation (net)	9,066	449	3,944	360
Gain arising from dealing in foreign currency (net)	6,644	8,894	29,761	17,107
Gains / (losses) arising for trading derivative (net)	2,865	(174)	278	(321)
Rental income (net)	1,109	452	2,165	386
Gain on disposal of property, plant and equipment	1,126	0	1,634	0
Unrealised gains on revaluation of derivatives (net)	5,991	4,630	19,615	5,101
Others	114	59	124	40
	<u>26,915</u>	<u>14,310</u>	<u>57,521</u>	<u>22,673</u>
	<u>65,273</u>	<u>62,642</u>	<u>138,324</u>	<u>119,424</u>

**NOTES TO INTERIM FINANCIAL STATEMENTS – 30 JUNE 2006 (continued)****13 NON-INTEREST INCOME (continued)**

<b>Bank</b>	<b>2<sup>nd</sup> Quarter Ended</b>		<b>Half Year Ended</b>	
	30 June 2006 RM'000	30 June 2005 RM'000	30 June 2006 RM'000	30 June 2005 RM'000
Fee income:-				
Commission	24,473	20,493	50,840	46,601
Service charges and fees	17,125	12,668	30,211	35,440
Guarantee fees	125	190	181	260
Other fee income	3,265	2,466	6,111	4,895
	<u>44,988</u>	<u>35,817</u>	<u>87,343</u>	<u>87,196</u>
Income from securities:-				
Net (losses) / gains from sale of held-for-trading securities	(8,529)	3,100	(8,381)	6,513
Net gains / (losses) from sale of available-for-sale securities	1,763	(196)	1,315	(194)
Unrealised (losses) / gains on revaluation of held-for-trading securities (net)	(298)	8,904	(308)	2,529
Gross dividends from Malaysia: - available-for-sale securities	434	707	834	707
	<u>38,358</u>	<u>48,332</u>	<u>80,803</u>	<u>96,751</u>
Other income:-				
Unrealised gains from foreign currency translation (net)	9,066	449	3,944	360
Gain arising from dealing in foreign currency (net)	6,644	8,894	29,761	17,107
Gain / (losses) arising for trading derivative (net)	2,865	(174)	278	(321)
Rental income (net)	1,109	452	2,165	386
Gain on disposal of property, plant and equipment	1,126	0	1,634	0
Unrealised gains on revaluation of derivatives (net)	5,991	4,630	19,615	5,101
Others	114	59	124	40
	<u>26,915</u>	<u>14,310</u>	<u>57,521</u>	<u>22,673</u>
	<u>65,273</u>	<u>62,642</u>	<u>138,324</u>	<u>119,424</u>

**NOTES TO INTERIM FINANCIAL STATEMENTS – 30 JUNE 2006 (continued)****14 STAFF COST AND OVERHEAD EXPENSES**

<b><u>Group</u></b>	<b>2<sup>nd</sup> Quarter Ended</b>		<b>Half Year Ended</b>	
	30 June 2006 RM'000	30 June 2005 RM'000	30 June 2006 RM'000	30 June 2005 RM'000
Personnel costs (i)	42,688	37,456	84,611	77,953
Establishment costs (ii)	11,190	8,640	19,202	16,849
Marketing expenses (iii)	5,912	4,177	9,350	7,898
Administration and general expenses (iv)	39,522	37,172	76,862	68,769
	<u>99,312</u>	<u>87,445</u>	<u>190,025</u>	<u>171,469</u>

<b><u>Bank</u></b>	<b>2<sup>nd</sup> Quarter Ended</b>		<b>Half Year Ended</b>	
	30 June 2006 RM'000	30 June 2005 RM'000	30 June 2006 RM'000	30 June 2005 RM'000
Personnel costs (i)	42,656	37,419	84,514	77,861
Establishment costs (ii)	11,186	8,639	19,192	16,848
Marketing expenses (iii)	5,912	4,177	9,349	7,898
Administration and general expenses (iv)	39,510	37,164	76,840	68,753
	<u>99,264</u>	<u>87,399</u>	<u>189,895</u>	<u>171,360</u>

**(i) Personnel costs**

<b><u>Group</u></b>	<b>2<sup>nd</sup> Quarter Ended</b>		<b>Half Year Ended</b>	
	30 June 2006 RM'000	30 June 2005 RM'000	30 June 2006 RM'000	30 June 2005 RM'000
Wages, salaries and bonus	31,302	22,932	62,152	50,375
Defined contribution plan (EPF)	4,186	5,805	9,541	11,673
Equity compensation benefit	864	1,428	2,181	3,444
Employee benefit	783	970	958	970
Other personnel costs	5,553	6,321	9,779	11,491
	<u>42,688</u>	<u>37,456</u>	<u>84,611</u>	<u>77,953</u>

**NOTES TO INTERIM FINANCIAL STATEMENTS – 30 JUNE 2006 (continued)****14 STAFF COST AND OVERHEAD EXPENSES (continued)****(i) Personnel costs (continued)**

	<b>2<sup>nd</sup> Quarter Ended</b>		<b>Half Year Ended</b>	
	30 June 2006 RM'000	30 June 2005 RM'000	30 June 2006 RM'000	30 June 2005 RM'000
Wages, salaries and bonus	31,275	22,908	62,080	50,316
Defined contribution plan (EPF)	4,181	5,801	9,529	11,663
Equity compensation benefit	864	1,428	2,181	3,444
Employee benefit	791	967	966	967
Other personnel costs	5,545	6,315	9,758	11,471
	<b>42,656</b>	<b>37,419</b>	<b>84,514</b>	<b>77,861</b>

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**

<b>Group</b>	<b>2<sup>nd</sup> Quarter Ended</b>		<b>Half Year Ended</b>	
	30 June 2006 RM'000	30 June 2005 RM'000	30 June 2006 RM'000	30 June 2005 RM'000
Rental of premises	873	1,272	1,540	2,804
Depreciation of property, plant and equipment	7,589	4,340	10,815	7,553
Depreciation of investment property	47	47	93	93
Repair and maintenance	1,115	1,067	3,134	2,637
Others	1,566	1,914	3,620	3,762
	<b>11,190</b>	<b>8,640</b>	<b>19,202</b>	<b>16,849</b>

<b>Bank</b>	<b>2<sup>nd</sup> Quarter Ended</b>		<b>Half Year Ended</b>	
	30 June 2006 RM'000	30 June 2005 RM'000	30 June 2006 RM'000	30 June 2005 RM'000
Rental of premises	871	1,272	1,533	2,804
Depreciation of property, plant and equipment	7,588	4,340	10,813	7,552
Depreciation of investment property	47	47	93	93
Repair and maintenance	1,115	1,067	3,134	2,637
Others	1,565	1,913	3,619	3,762
	<b>11,186</b>	<b>8,639</b>	<b>19,192</b>	<b>16,848</b>

**NOTES TO INTERIM FINANCIAL STATEMENTS – 30 JUNE 2006 (continued)****14 STAFF COST AND OVERHEAD EXPENSES (continued)****(iii) Marketing expenses**

<b>Group</b>	<b>2<sup>nd</sup> Quarter Ended</b>		<b>Half Year Ended</b>	
	30 June 2006 RM'000	30 June 2005 RM'000	30 June 2006 RM'000	30 June 2005 RM'000
Transport and travelling	1,175	1,263	2,066	2,494
Advertisement and business promotion	4,424	2,637	6,675	4,907
Others	313	277	609	497
	<u>5,912</u>	<u>4,177</u>	<u>9,350</u>	<u>7,898</u>

<b>Bank</b>	<b>2<sup>nd</sup> Quarter Ended</b>		<b>Half Year Ended</b>	
	30 June 2006 RM'000	30 June 2005 RM'000	30 June 2006 RM'000	30 June 2005 RM'000
Transport and travelling	1,175	1,263	2,065	2,494
Advertisement and business promotion	4,424	2,637	6,675	4,907
Others	313	277	609	497
	<u>5,912</u>	<u>4,177</u>	<u>9,349</u>	<u>7,898</u>

**(iv) Administration and general expenses**

<b>Group</b>	<b>2<sup>nd</sup> Quarter Ended</b>		<b>Half Year Ended</b>	
	30 June 2006 RM'000	30 June 2005 RM'000	30 June 2006 RM'000	30 June 2005 RM'000
Printing and stationery	1,980	1,313	3,631	2,894
Postage and courier	1,334	657	2,437	2,046
Telephone, telex and fax	1,448	1,599	2,834	3,362
Legal and consultancy fees	1,321	1,637	2,057	2,922
Transaction processing fees	25,214	27,722	53,680	49,006
Other administrative and general expenses	8,225	4,244	12,223	8,539
	<u>39,522</u>	<u>37,172</u>	<u>76,862</u>	<u>68,769</u>

**NOTES TO INTERIM FINANCIAL STATEMENTS – 30 JUNE 2006 (continued)****14 STAFF COST AND OVERHEAD EXPENSES (continued)****(iv) Administration and general expenses (continued)**

<b>Bank</b>	<b>2<sup>nd</sup> Quarter Ended</b>		<b>Half Year Ended</b>	
	30 June 2006 RM'000	30 June 2005 RM'000	30 June 2006 RM'000	30 June 2005 RM'000
Printing and stationery	1,979	1,312	3,630	2,893
Postage and courier	1,334	657	2,437	2,046
Telephone, telex and fax	1,447	1,598	2,833	3,360
Legal and consultancy fees	1,319	1,636	2,045	2,921
Transaction processing fees	25,214	27,722	53,680	49,006
Other administrative and general expenses	8,217	4,239	12,215	8,527
	<u>39,510</u>	<u>37,164</u>	<u>76,840</u>	<u>68,753</u>

**15 ALLOWANCE FOR LOSSES ON LOANS AND FINANCING**

<b>Group</b>	<b>2<sup>nd</sup> Quarter Ended</b>		<b>Half Year Ended</b>	
	30 June 2006 RM'000	30 June 2005 RM'000	30 June 2006 RM'000	30 June 2005 RM'000
Allowance for bad and doubtful debts and financing:-				
Specific allowance				
- Made in the financial period	52,827	59,105	87,259	81,826
- Written back	(25,225)	(51,365)	(60,083)	(70,634)
General allowance				
- Made/(written back) in the financial period	10,374	0	10,374	0
Other allowance	455	116	555	342
Bad debts and financing :-				
- written off	24	157	78	193
- recovered	(5,666)	(4,323)	(12,232)	(13,699)
	<u>32,789</u>	<u>3,690</u>	<u>25,951</u>	<u>(1,972)</u>



**NOTES TO INTERIM FINANCIAL STATEMENTS – 30 JUNE 2006 (continued)****15 ALLOWANCE FOR LOSSES ON LOANS AND FINANCING (continued)**

<b>Bank</b>	<b>2<sup>nd</sup> Quarter Ended</b>		<b>Half Year Ended</b>	
	30 June 2006 RM'000	30 June 2005 RM'000	30 June 2006 RM'000	30 June 2005 RM'000
Allowance for bad and doubtful debts and financing:-				
Specific allowance				
- Made in the financial period	52,825	59,105	87,257	81,821
- Written back	(25,225)	(51,338)	(60,083)	(70,583)
General allowance				
- Made/(written back) in the financial period	10,374	0	10,374	0
Other allowance	455	116	555	342
Bad debts and financing :-				
- written off	24	157	78	193
- recovered	(5,666)	(4,323)	(12,232)	(13,699)
	<u>32,787</u>	<u>3,717</u>	<u>25,949</u>	<u>(1,926)</u>

**16 TAXATION**

<b>Group</b>	<b>2<sup>nd</sup> Quarter Ended</b>		<b>Half Year Ended</b>	
	30 June 2006 RM'000	30 June 2005 RM'000	30 June 2006 RM'000	30 June 2005 RM'000
Malaysian income tax – current period	36,552	40,853	62,842	79,855
Deferred taxation :				
- relating to originating and reversal of temporary differences	1,086	4,448	23,085	2,189
	<u>37,638</u>	<u>45,301</u>	<u>85,927</u>	<u>82,044</u>

<b>Bank</b>	<b>2<sup>nd</sup> Quarter Ended</b>		<b>Half Year Ended</b>	
	30 June 2006 RM'000	30 June 2005 RM'000	30 June 2006 RM'000	30 June 2005 RM'000
Malaysian income tax – current period	36,552	40,853	62,842	79,855
Deferred taxation :				
- relating to originating and reversal of temporary differences	1,055	4,429	23,033	2,150
	<u>37,607</u>	<u>45,282</u>	<u>85,875</u>	<u>82,005</u>

**NOTES TO INTERIM FINANCIAL STATEMENTS – 30 JUNE 2006 (continued)****17 CAPITAL COMMITMENTS**

	<b>Group</b>		<b>Bank</b>	
	30 June 2006 RM'000	30 June 2005 RM'000	30 June 2006 RM'000	30 June 2005 RM'000
Capital expenditure in respect of property, plant and equipment:-				
- authorised and contracted for	21,538	30,671	21,538	30,671
- authorised but not contracted for	18,969	22,454	18,969	22,454
	<u>40,507</u>	<u>53,125</u>	<u>40,507</u>	<u>53,125</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.

	30 June 2006			31 Dec 2005		
	Principal Amount RM'000	Credit Equivalent Amount*	Risk Weighted Amount RM'000	Principal Amount RM'000	Credit Equivalent Amount*	Risk Weighted Amount RM'000
<b>Group</b>						
Direct credit substitutes	310,062	310,062	289,382	256,899	256,899	236,759
Transaction-related contingent items	994,909	497,454	490,219	616,806	308,403	301,168
Short-term self-liquidating trade-related contingencies	216,411	43,282	43,282	332,554	66,511	66,511
Obligations under underwriting agreement	45,000	0	0	45,000	0	0
Irrevocable commitments to extend credit:-						
- maturity exceeding one year	6,401,936	3,200,968	3,200,968	6,740,714	3,370,357	3,370,357
- maturity not exceeding one year	6,771,336	0	0	6,205,817	0	0
Foreign exchange related contracts						
- less than one year	8,023,210	141,356	46,370	4,042,049	78,649	30,190
- one year to less than five years	38,905	4,628	2,142	0	0	0
Interest rate contracts						
- less than one year	5,125,672	14,032	3,112	5,577,951	13,821	3,103
- one year to less than five years	11,482,757	475,135	175,212	7,556,089	258,977	92,571
- five years and above	805,988	53,787	21,889	248,976	18,718	8,279
Equity related contracts	51,991	12,257	12,257	28,500	9,230	9,230
Miscellaneous	35,000	0	0	0	0	0
<b>Total</b>	<u>40,303,177</u>	<u>4,752,961</u>	<u>4,284,833</u>	<u>31,651,355</u>	<u>4,381,565</u>	<u>4,118,168</u>

**NOTES TO INTERIM FINANCIAL STATEMENTS – 30 JUNE 2006 (continued)****18 COMMITMENTS AND CONTINGENCIES (continued)**

	30 June 2006			31 Dec 2005		
	Principal Amount RM'000	Credit	Risk	Principal Amount RM'000	Credit	Risk
		Equivalent Amount* RM'000	Weighted Amount RM'000		Equivalent Amount* RM'000	Weighted Amount RM'000
<b>Bank</b>						
Direct credit substitutes	310,062	310,062	289,382	256,899	256,899	236,759
Transaction-related contingent items	994,909	497,454	490,219	616,806	308,403	301,168
Short-term self-liquidating trade-related contingencies	216,411	43,282	43,282	332,554	66,511	66,511
Obligations under underwriting agreement	45,000	0	0	45,000	0	0
Irrevocable commitments to extend credit:-						
- maturity exceeding one year	6,401,936	3,200,968	3,200,968	6,740,714	3,370,357	3,370,357
- maturity not exceeding one year	6,771,336	0	0	6,205,817	0	0
Foreign exchange related contracts						
- less than one year	8,023,210	141,356	46,370	4,042,049	78,649	30,190
- one year to less than five years	38,905	4,628	2,142	0	0	0
Interest rate contracts						
- less than one year	5,125,672	14,032	3,112	5,577,951	13,821	3,103
- one year to less than five years	11,482,757	475,135	175,212	7,556,089	258,977	92,571
- five years and above	805,988	53,787	21,889	248,976	18,718	8,279
Equity related contracts	51,991	12,257	12,257	28,500	9,230	9,230
Miscellaneous	35,000	0	0	0	0	0
<b>Total</b>	<b>40,303,177</b>	<b>4,752,961</b>	<b>4,284,833</b>	<b>31,651,355</b>	<b>4,381,565</b>	<b>4,118,168</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 2006 (continued)

## 19 INTEREST/PROFIT RATE RISK

Group

As at 30 June 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	3,837,963	0	0	0	0	55,470	0	3,893,433	4.03
Securities purchased Under resale agreement	0	0	0	0	0	0	0	0	0
Deposits and placements with financial institutions	0	0	367,600	0	0	0	0	367,600	4.03
Held-for-trading securities	0	0	0	0	0	0	371,384	371,384	4.56
Available-for-sale securities	305,329	925,389	518,789	2,709,920	607,370	50,038	0	5,116,835	4.93
Loans, advances and financing									
- performing	16,182,532	1,549,966	1,204,867	786,572	51,842	1,492,629	0	21,268,408	6.40
- non-performing	0	0	0	0	0	789,787	0	789,787	0
Other assets	0	0	0	0	0	184,912	269,143	454,055	0
Statutory deposits with Bank Negara Malaysia	0	0	0	0	0	773,086	0	773,086	0
Property, plant and equipment	0	0	0	0	0	233,638	0	233,638	0
Investment property	0	0	0	0	0	11,229	0	11,229	0
Non-current assets held for sale	0	0	0	0	0	89	0	89	0
Deferred taxation asset	0	0	0	0	0	127,200	0	127,200	0
<b>Total assets</b>	<b>20,325,824</b>	<b>2,475,355</b>	<b>2,091,256</b>	<b>3,496,492</b>	<b>659,212</b>	<b>3,718,078</b>	<b>640,527</b>	<b>33,406,744</b>	
<b>Liabilities</b>									
Deposits from customers	9,806,600	3,572,075	4,685,044	1,468,578	0	2,603,757	0	22,136,054	2.88
Deposits and placements of banks and other financial institutions	1,727,202	1,260,301	60,260	5,657	9,526	0	0	3,062,946	4.57
Obligations on securities sold under repurchase agreements	2,472,415	95,645	0	0	0	0	0	2,568,060	3.22
Bills and acceptances payable	0	0	0	0	0	1,780,719	0	1,780,719	0
Amount due to Cagamas	4,932	9,916	54,204	358,622	304,130	0	0	731,804	4.29
Subordinated term loan	0	0	0	267,672	234,212	0	0	501,884	5.75
Other liabilities	0	0	0	0	0	332,586	230,572	563,158	0
Taxation and zakat	0	0	0	0	0	29,954	0	29,954	0
<b>Total liabilities</b>	<b>14,011,149</b>	<b>4,937,937</b>	<b>4,799,508</b>	<b>2,100,529</b>	<b>547,868</b>	<b>4,747,016</b>	<b>230,572</b>	<b>31,374,579</b>	
On-balance sheet interest sensitivity gap	6,314,675	(2,462,582)	(2,708,252)	1,395,963	111,344	(1,028,938)	409,955	2,032,165	
Off-balance sheet interest sensitivity gap	0	0	551,400	(294,080)	(257,320)	0	0	0	
<b>Total interest sensitivity gap</b>	<b>6,314,675</b>	<b>(2,462,582)</b>	<b>(2,156,852)</b>	<b>1,101,883</b>	<b>(145,976)</b>	<b>(1,028,938)</b>	<b>409,955</b>	<b>2,032,165</b>	

**NOTES TO INTERIM FINANCIAL STATEMENTS – 30 JUNE 2006 (continued)****19 INTEREST/PROFIT RATE RISK (continued)****Bank**

As at 30 June 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	3,837,963	0	0	0	0	55,470	0	3,893,433	4.03
Securities purchased under resale agreement	0	0	0	0	0	0	0	0	0
Deposits and placements with financial institutions	0	0	367,600	0	0	0	0	367,600	4.03
Held-for-trading securities	0	0	0	0	0	0	371,384	371,384	4.56
Available-for-sale securities	305,329	925,389	518,789	2,709,920	607,370	50,038	0	5,116,835	4.93
Loans, advances and financing									
- performing	16,181,587	1,549,966	1,204,788	786,152	51,842	1,492,644	0	21,266,979	6.40
- non-performing	0	0	0	0	0	790,732	0	790,732	0
Other assets	0	0	0	0	0	181,985	269,143	451,128	0
Statutory deposits with Bank Negara Malaysia	0	0	0	0	0	773,086	0	773,086	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	233,622	0	233,622	0
Investment property	0	0	0	0	0	11,229	0	11,229	0
Non-current assets held for sale	0	0	0	0	0	89	0	89	0
Deferred taxation asset	0	0	0	0	0	127,535	0	127,535	0
<b>Total assets</b>	<b>20,324,879</b>	<b>2,475,355</b>	<b>2,091,117</b>	<b>3,496,072</b>	<b>659,212</b>	<b>3,718,041</b>	<b>640,527</b>	<b>33,405,263</b>	
<b>Liabilities</b>									
Deposits from customers	9,820,561	3,572,075	4,685,044	1,468,578	0	2,603,757	0	22,150,015	2.88
Deposits and placements of banks and other financial institutions	1,727,202	1,260,301	60,260	5,657	9,526	0	0	3,062,946	4.57
Obligations on securities sold under repurchase agreements	2,472,415	95,645	0	0	0	0	0	2,568,060	3.22
Bills and acceptances payable	0	0	0	0	0	1,780,719	0	1,780,719	0
Amount due to Cagamas	4,932	9,916	54,204	358,622	304,130	0	0	731,804	4.29
Subordinated term loan	0	0	0	267,672	234,212	0	0	501,884	5.75
Other liabilities	0	0	0	0	0	329,605	230,572	560,177	0
Taxation and zakat	0	0	0	0	0	29,954	0	29,954	0
<b>Total liabilities</b>	<b>14,025,110</b>	<b>4,937,937</b>	<b>4,799,508</b>	<b>2,100,529</b>	<b>547,868</b>	<b>4,744,035</b>	<b>230,572</b>	<b>31,385,559</b>	
On-balance sheet interest sensitivity gap	6,299,769	(2,462,582)	(2,708,391)	1,395,543	111,344	(1,025,994)	409,955	2,019,704	
Off-balance sheet interest sensitivity gap	0	0	551,400	(294,080)	(257,320)	0	0	0	
<b>Total interest sensitivity gap</b>	<b>6,299,769</b>	<b>(2,462,582)</b>	<b>(2,156,991)</b>	<b>1,101,463</b>	<b>(145,976)</b>	<b>(1,025,994)</b>	<b>409,955</b>	<b>2,019,704</b>	

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

\* The amount includes general allowance for loans, advances and financing in accordance with the Company's accounting policy amounting to (RM 317,244,000) for Group and (RM 317,229,000) for Bank.

# The amount includes specific allowance for loans, advances and financing in accordance with the Company's accounting policy amounting to (RM 580,671,000) for Group and (RM 580,153,000) for Bank

**NOTES TO INTERIM FINANCIAL STATEMENTS – 30 JUNE 2006 (continued)****19 INTEREST/PROFIT RATE RISK (continued)****Group**

As at 31 December 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			
<b>Assets</b>									
Cash and short term Funds	1,891,486	0	0	0	0	69,461	0	1,960,947	3.55
Securities purchased under resale agreement	49,976	0	0	0	0	0	0	49,976	2.92
Deposits and placements with financial institutions	0	143,500	188,976	0	0	0	0	332,476	3.55
Held-for-trading securities	0	0	0	0	0	0	352,699	352,699	5.81
Available-for-sale Securities	781,675	327,863	747,011	3,201,694	698,065	(4,096) <sup>^</sup>	0	5,752,212	4.93
Loans, advances and Financing									
- performing	15,233,969	1,165,013	1,248,215	808,434	95,345	1,621,281 <sup>*</sup>	0	20,172,257	5.69
- non-performing	0	0	0	0	0	762,020 <sup>#</sup>	0	762,020	0
Other assets	0	0	0	0	0	158,578	105,391	263,969	0
Statutory deposits with Bank Negara Malaysia	0	0	0	0	0	785,086	0	785,086	0
Property, plant and Equipment	0	0	0	0	0	236,301	0	236,301	0
Investment property	0	0	0	0	0	11,368	0	11,368	0
Deferred taxation asset	0	0	0	0	0	129,243	0	129,243	0
<b>Total assets</b>	<b>17,957,106</b>	<b>1,636,376</b>	<b>2,184,202</b>	<b>4,010,128</b>	<b>793,410</b>	<b>3,769,242</b>	<b>458,090</b>	<b>30,808,554</b>	
<b>Liabilities</b>									
Deposits from customers	8,537,906	3,071,793	4,687,263	927,416	0	2,554,162	0	19,778,540	2.65
Deposits and placements of banks and other financial institutions	1,302,372	1,550,478	199,160	7,392	7,361	0	0	3,066,763	3.77
Obligations on securities sold under repurchase agreements	2,564,168	47,628	0	0	0	0	0	2,611,796	2.77
Bills and acceptances Payable	0	0	0	0	0	1,340,850	0	1,340,850	0
Amount due to Cagamas	6,312	166,709	56,974	371,554	320,233	0	0	921,782	4.33
Subordinated term loan	0	0	0	177,903	355,806	0	0	533,709	5.68
Other liabilities	0	0	0	0	0	326,480	75,423	401,903	0
Taxation and zakat	0	0	0	0	0	37,670	0	37,670	0
<b>Total liabilities</b>	<b>12,410,758</b>	<b>4,836,608</b>	<b>4,943,397</b>	<b>1,484,265</b>	<b>683,400</b>	<b>4,259,162</b>	<b>75,423</b>	<b>28,693,013</b>	
On-balance sheet interest sensitivity gap	5,546,348	(3,200,232)	(2,759,195)	2,525,863	110,010	(489,920)	382,667	2,115,541	
Off-balance sheet interest sensitivity gap	0	0	(566,926)	566,926	0	0	0	0	
<b>Total interest Sensitivity gap</b>	<b>5,546,348</b>	<b>(3,200,232)</b>	<b>(3,326,121)</b>	<b>3,092,789</b>	<b>110,010</b>	<b>(489,920)</b>	<b>382,667</b>	<b>2,115,541</b>	

**NOTES TO INTERIM FINANCIAL STATEMENTS – 30 JUNE 2006 (continued)****19 INTEREST/PROFIT RATE RISK (continued)****Bank**

As at 31 December 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			
<b>Assets</b>									
Cash and short term funds	1,891,486	0	0	0	0	69,461	0	1,960,947	3.55
Securities purchased under resale agreement	49,976	0	0	0	0	0	0	49,976	2.92
Deposits and placements with financial institutions	0	143,500	188,976	0	0	0	0	332,476	3.55
Held-for-trading securities	0	0	0	0	0	0	352,699	352,699	5.81
Available-for-sale securities	781,675	327,863	747,011	3,201,694	698,065	(4,096) <sup>^</sup>	0	5,752,212	4.93
Loans, advances and financing									
- performing	15,233,570	1,165,013	1,248,186	807,818	95,345	1,621,695 <sup>*</sup>	0	20,171,627	5.69
- non-performing	0	0	0	0	0	762,020 <sup>#</sup>	0	762,020	0
Other assets	0	0	0	0	0	155,561	105,391	260,952	0
Statutory deposits with Bank Negara Malaysia	0	0	0	0	0	785,086	0	785,086	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	236,283	0	236,283	0
Investment property	0	0	0	0	0	11,368	0	11,368	0
Deferred taxation asset	0	0	0	0	0	129,527	0	129,527	0
<b>Total assets</b>	<b>17,956,707</b>	<b>1,636,376</b>	<b>2,184,173</b>	<b>4,009,512</b>	<b>793,410</b>	<b>3,768,516</b>	<b>458,090</b>	<b>30,806,784</b>	
<b>Liabilities</b>									
Deposits from customers	8,551,641	3,071,793	4,687,263	927,416	0	2,554,162	0	19,792,275	2.65
Deposits and placements of banks and other financial institutions	1,302,372	1,550,478	199,160	7,392	7,361	0	0	3,066,763	3.77
Obligations on securities sold under repurchase agreements	2,564,168	47,628	0	0	0	0	0	2,611,796	2.77
Bills and acceptances payable	0	0	0	0	0	1,340,850	0	1,340,850	0
Amount due to Cagamas	6,312	166,709	56,974	371,554	320,233	0	0	921,782	4.33
Subordinated term loan	0	0	0	177,903	355,806	0	0	533,709	5.68
Other liabilities	0	0	0	0	0	323,421	75,423	398,844	0
Taxation and zakat	0	0	0	0	0	37,670	0	37,670	0
<b>Total liabilities</b>	<b>12,424,493</b>	<b>4,836,608</b>	<b>4,943,397</b>	<b>1,484,265</b>	<b>683,400</b>	<b>4,256,103</b>	<b>75,423</b>	<b>28,703,689</b>	
On-balance sheet interest sensitivity gap	5,532,214	(3,200,232)	(2,759,224)	2,525,247	110,010	(487,587)	382,667	2,103,095	
Off-balance sheet interest sensitivity gap	0	0	(566,926)	566,926	0	0	0	0	
<b>Total interest sensitivity gap</b>	<b>5,532,214</b>	<b>(3,200,232)</b>	<b>(3,326,150)</b>	<b>3,092,173</b>	<b>110,010</b>	<b>(487,587)</b>	<b>382,667</b>	<b>2,103,095</b>	

<sup>^</sup> The negative amount includes allowance for impairment losses in investment securities in accordance with the Company's accounting policy amounting to (RM 50,276,000) for Group and Bank.

<sup>\*</sup> The amount includes general allowance for loans, advances and financing in accordance with the Company's accounting policy amounting to (RM 306,870,000) for Group and (RM 306,855,000) for Bank.

<sup>#</sup> The amount includes specific allowance for loans, advances and financing in accordance with the Company's accounting policy amounting to (RM 581,528,000) for Group and (RM 581,012,000) for Bank

**NOTES TO INTERIM FINANCIAL STATEMENTS – 30 JUNE 2006 (continued)****20 CAPITAL ADEQUACY**

	<b>Bank</b>	
	30 June 2006 RM'000	31 Dec 2005 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
Paid-up non-cumulative perpetual preference shares	4,000	4,000
Share premium	858,500	858,500
Retained profit/loss	555,270	582,136
Other reserves	332,831	338,313
	<u>2,038,101</u>	<u>2,070,449</u>
Less: Deferred tax assets	(107,529)	(130,562)
Total Tier-1 capital	<u>1,930,572</u>	<u>1,939,887</u>
<u>Tier-2 capital</u>		
General allowance for bad and doubtful debts and financing	317,229	306,855
Subordinated term loan	550,954	566,516
Total Tier-2 capital	<u>868,183</u>	<u>873,371</u>
Total capital	2,798,755	2,813,258
Less :		
Investment in subsidiaries	(1,611)	(1,611)
Capital base	<u>2,797,144</u>	<u>2,811,647</u>
<u>Capital Ratios</u>		
Excluding proposed interim dividend :		
Core-capital ratio	8.16%	8.55%
Risk-weighted capital ratio	11.85%	12.40%
Including proposed interim dividend :		
Core-capital ratio	7.77%	7.49%
Risk-weighted capital ratio	11.44%	11.34%

**21 DIVIDENDS**

The directors have proposed: i) a net cash dividend of 4.51% (on the issue price) amounted to RM 9.10 million to the preference shareholders and ii) an interim dividend of 41.5 sen (2005: 45.0 sen) per share less tax amounting to RM85.90 million on the fully issued and paid up ordinary shares, of the Bank in respect of the financial period ended 30 June 2006. 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 2006 when approved by board of directors at the Board of Directors meeting.

**22 CAPITAL ADEQUACY**

Profit after taxation and zakat of RM213.9 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 2006 (continued)****23 THE OPERATION OF ISLAMIC BANKING (IB)****CONDENSED INTERIM FINANCIAL STATEMENTS  
UNAUDITED BALANCE SHEETS AS AT 30 JUNE 2006**

		<b>Group and Bank</b>	
		30 June 2006 RM'000	31 Dec 2005 RM'000
<b>ASSETS</b>	Note		
Cash and short-term funds		934,430	416,930
Available-for-sale securities	(1)	343,826	457,119
Financing and other advances	(2)	1,553,533	1,399,075
Other assets	(4)	51,165	10,970
Statutory deposits with Bank Negara Malaysia		70,173	58,356
Deferred taxation assets		10,388	7,211
<b>TOTAL ASSETS</b>		<u>2,963,515</u>	<u>2,349,661</u>
<b>LIABILITIES AND ISLAMIC BANKING FUNDS</b>			
Deposits from customers	(5)	2,330,413	1,957,421
Deposits and placements of banks and other financial institutions		368,187	90,000
Bills and acceptances payable		688	23
Other liabilities	(6)	93,841	139,185
Tax and Zakat		9,119	11,443
<b>Total Liabilities</b>		<u>2,802,248</u>	<u>2,198,072</u>
Islamic Banking Funds	(7)	85,000	85,000
Retained profits	(7)	76,267	66,589
		<u>161,267</u>	<u>151,589</u>
<b>TOTAL LIABILITIES AND ISLAMIC BANKING FUNDS</b>		<u>2,913,767</u>	<u>2,349,661</u>
<b>COMMITMENTS AND CONTINGENCIES</b>		<u>860,899</u>	<u>584,120</u>

**NOTES TO INTERIM FINANCIAL STATEMENTS – 30 JUNE 2006 (continued)****23 THE OPERATION OF ISLAMIC BANKING (IB) (continued)****CONDENSED INTERIM FINANCIAL STATEMENTS****UNAUDITED INCOME STATEMENTS FOR THE FIRST QUARTER AND THREE MONTHS ENDED 30 JUNE 2006**

<b>Group and Bank</b>	<b>2<sup>nd</sup> Quarter Ended</b>		<b>Half Year Ended</b>	
	30 June	30 June	30 June	30 June
	2006	2005	2006	2005
	RM'000	RM'000	RM'000	RM'000
Income derived from investment of depositors' funds	24,413	9,092	45,685	19,710
Allowance for losses on financing and other loans	(4,036)	(1,680)	(7,090)	(3,654)
Transfer (to) / from profit equalisation reserve	(3,717)	110	(6,821)	0
Total attributable income	16,660	7,522	31,774	16,056
Income attributable to depositors	(21,003)	(9,268)	(35,369)	(19,894)
Income attributable to shareholders	(4,343)	(1,746)	(3,595)	(3,838)
Income derived from the investment of Islamic banking funds	13,020	11,251	21,844	20,919
Total net income	8,677	9,505	18,249	17,081
Personnel expenses	(382)	(403)	(940)	(761)
Other overhead expenses	(303)	(318)	(468)	(473)
Profit before taxation	7,992	8,784	16,841	15,847
Zakat	(221)	(200)	(221)	(200)
Taxation	(2,485)	(2,456)	(4,913)	(4,177)
Net profit for the financial period	5,286	6,128	11,707	11,470

**NOTES TO INTERIM FINANCIAL STATEMENTS – 30 JUNE 2006 (continued)****23 THE OPERATION OF ISLAMIC BANKING (IB) (continued)****(1) AVAILABLE-FOR-SALE SECURITIES**

	<b>Group and Bank</b>	
	30 June 2006 RM'000	31 Dec 2005 RM'000
<u>At fair value</u>		
Malaysian Government investment issues	144,345	143,250
Sanadat Mudharabah Cagamas	0	64
Sanadat Cagamas (SAC)	109,103	110,433
Khazanah bonds	0	14,901
Private debt securities	5,001	5,058
Islamic negotiable instruments of deposits	55,000	65,000
Bankers acceptances and Islamic accepted bills	30,377	118,413
	<u>343,826</u>	<u>457,119</u>

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

Maturing within one year	264,654	233,327
One year to three years	44,599	188,236
Three to five years	34,573	35,556
	<u>343,826</u>	<u>457,119</u>

**(2) FINANCING AND OTHER ADVANCES**

	<b>Group and Bank</b>	
	30 June 2006 RM'000	31 Dec 2005 RM'000
By type:		
Cash financing	251,866	216,055
Term financing		
- Housing financing	163,869	167,059
- Syndicated term financing	269,738	294,487
- Hire purchase receivables	360,366	328,737
- Leasing receivables	25,449	25,669
- Other term financing	158,739	153,912
Revolving credits	397,303	305,609
Customer's liability under acceptance credits	146,434	114,999
Unearned income	(187,328)	(176,748)
Gross financing	<u>1,586,436</u>	<u>1,429,779</u>
Allowance for bad and doubtful debts and financing		
- Specific	(9,245)	(9,400)
- General	(23,658)	(21,304)
Net financing	<u>1,553,533</u>	<u>1,399,075</u>

**NOTES TO INTERIM FINANCIAL STATEMENTS – 30 JUNE 2006 (continued)****23 THE OPERATION OF ISLAMIC BANKING (IB) (continued)****(3) Non-performing financing**

	<b>Group and Bank</b>	
	30 June 2006 RM'000	31 Dec 2005 RM'000
i) Movements in non-performing financing are as follows:		
Balance at 1 January	16,204	12,714
Non-performing during the period / year	12,041	10,515
Reclassified as performing during the period / year	(926)	(1,913)
Amount recovered	(2,833)	(1,855)
Amount written off	(4,992)	(3,257)
Balance at end of period / year	<u>19,494</u>	<u>16,204</u>
Specific allowance	(9,245)	(9,400)
Net non performing financing	<u>10,249</u>	<u>6,804</u>
Ratio of net non-performing financing to net financing	<u>0.66%</u>	<u>0.48%</u>
ii) Movements in the allowance for bad and doubtful financing are as follows :		
<u>General allowance</u>		
Balance at 1 January	21,304	13,191
Allowance made during the period / year	2,354	8,113
Balance at end of period / year	<u>23,658</u>	<u>21,304</u>
(as % of total financing less specific allowance)	<u>1.50%</u>	<u>1.50%</u>
<u>Specific allowance</u>		
Balance at 1 January	9,400	7,635
Allowance made during the period / year	5,688	6,437
Amount recovered	(852)	(1,414)
Amount written off	(4,991)	(3,258)
Balance at end of period / year	<u>9,245</u>	<u>9,400</u>

**NOTES TO INTERIM FINANCIAL STATEMENTS – 30 JUNE 2006 (continued)****23 THE OPERATION OF ISLAMIC BANKING (IB) (continued)****(4) OTHER ASSETS**

	<b>Group and Bank</b>	
	<b>30 June</b>	<b>31 Dec</b>
	<b>2006</b>	<b>2005</b>
	<b>RM'000</b>	<b>RM'000</b>
Income receivable	1,962	1,630
Other debtors, deposits and prepayments	49,203	9,340
	<b>51,165</b>	<b>10,970</b>

**(5) DEPOSITS FROM CUSTOMERS**

	<b>Group and Bank</b>	
	<b>30 June</b>	<b>31 Dec</b>
	<b>2006</b>	<b>2005</b>
	<b>RM'000</b>	<b>RM'000</b>
By type of deposits		
<b>Non-Mudharabah Fund:</b>		
Demand deposits	158,014	123,789
Savings deposits	266,443	271,193
Negotiable Islamic debt certificate	1,215,371	1,113,337
Others	16,971	14,417
	<b>1,656,799</b>	<b>1,522,736</b>
<b>Mudharabah Fund:</b>		
General investment deposits	131,465	96,762
Islamic short term Mudharabah Investment	542,149	337,923
	<b>673,614</b>	<b>434,685</b>
Total deposits from customers	<b>2,330,413</b>	<b>1,957,421</b>

**NOTES TO INTERIM FINANCIAL STATEMENTS – 30 JUNE 2006 (continued)**

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

**(6) OTHER LIABILITIES**

	<b>Group and Bank</b>	
	30 June 2006 RM'000	31 Dec 2005 RM'000
Other accruals and charges	82,549	134,714
Profit equalisation reserve	11,292	4,471
	<u>93,841</u>	<u>139,185</u>
<u>Profit equalisation reserve (PER)</u>		
Balance at 1 January	4,471	0
Amount provided during the period / year	7,135	5,275
Amount written back during the period / year	(314)	(804)
Balance at end of period / year	<u>11,292</u>	<u>4,471</u>

**(7) ISLAMIC BANKING CAPITAL FUNDS**

	<b>Group and Bank</b>	
	30 June 2006 RM'000	31 Dec 2005 RM'000
Islamic banking funds	85,000	85,000
Reserves :		
Net unrealised losses on available-for-sale investments of which the depositors' portion is RM 1,000 (Dec 2005 : RM 702,000 (gains))	(1,274)	755
Retained profits	77,541	65,834
	<u>161,267</u>	<u>151,589</u>