

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

	Note	Group		Bank	
		30/9/2006 RM'000	31/12/2005 RM'000	30/9/2006 RM'000	31/12/2005 RM'000
ASSETS					
Cash and short-term funds		2,398,193	1,960,947	2,398,193	1,960,947
Securities purchased under resale agreement		0	49,976	0	49,976
Deposits and placements with financial institutions		854,900	332,476	854,900	332,476
Held-for-trading securities	4	702,192	352,699	702,192	352,699
Available-for-sale securities	4	6,052,616	5,752,212	6,052,616	5,752,212
Loans, advances and financing	5	22,727,808	20,936,458	22,727,404	20,935,828
Other assets	7	382,231	263,969	379,305	260,952
Statutory deposits with Bank Negara Malaysia		842,086	785,086	842,086	785,086
Investment in subsidiary companies		0	0	1,611	1,611
Property, plant and equipment		231,899	236,301	231,885	236,283
Investment property		11,186	11,368	11,186	11,368
Non-current assets held for sale		53	0	53	0
Deferred taxation asset		112,052	129,243	112,385	129,527
TOTAL ASSETS		34,315,216	30,810,735	34,313,816	30,808,965
LIABILITIES AND SHAREHOLDERS' EQUITY					
Deposits from customers	8	22,967,037	19,778,540	22,981,203	19,792,275
Deposits and placements of banks and other financial institutions	9	3,203,889	3,066,763	3,203,889	3,066,763
Obligations on securities sold under repurchase agreements		2,418,916	2,611,796	2,418,916	2,611,796
Bills and acceptances payable		1,847,133	1,340,850	1,847,133	1,340,850
Amount due to Cagamas		716,957	921,782	716,957	921,782
Subordinated term loan		520,039	533,709	520,039	533,709
Other liabilities	10	491,057	404,084	488,067	401,025
Taxation and zakat		58,421	37,670	58,421	37,670
TOTAL LIABILITIES		32,223,449	28,695,194	32,234,625	28,705,870
Financed by :					
Share capital		291,500	291,500	291,500	291,500
Reserves		1,800,267	1,824,041	1,787,691	1,811,595
Shareholders' Equity		<u>2,091,767</u>	<u>2,115,541</u>	<u>2,079,191</u>	<u>2,103,095</u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		34,315,216	30,810,735	34,313,816	30,808,965
COMMITMENTS AND CONTINGENCIES	18	40,806,200	31,651,355	40,806,200	31,651,355

**CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED INCOME STATEMENTS FOR THE THIRD QUARTER AND NINE MONTHS ENDED 30
SEPTEMBER 2006**

Group		3rd Quarter Ended		Nine Months Ended	
		30 Sept 2006	30 Sept 2005	30 Sept 2006	30 Sept 2005
	Note	RM'000	RM'000	RM'000	RM'000
Interest income	11	423,680	340,168	1,168,818	978,050
Interest expense	12	(225,445)	(181,488)	(617,897)	(520,627)
Net interest income		198,235	158,680	550,921	457,423
Islamic Banking income		11,873	9,617	37,212	30,352
		210,108	168,297	588,133	487,775
Non-interest income	13	62,946	72,781	201,270	192,205
Net income		273,054	241,078	789,403	679,980
Staff cost and overhead expenses	14	(113,065)	(98,776)	(303,090)	(270,245)
Operating profits before allowances		159,989	142,302	486,313	409,735
Allowance of losses on loans and financing (Provision for) / write back of commitment and contingencies	15	(15,909)	(21,174)	(41,860)	(19,202)
Write back of impairment on securities (net)		(3)	0	(293)	619
		0	16,228	0	18,361
Profit before taxation and zakat		144,077	137,356	444,160	409,513
Taxation	16	(41,028)	(37,809)	(126,955)	(119,853)
Zakat		0	0	(221)	(200)
Net profit attributable to shareholders		103,049	99,547	316,984	289,460
Basic earnings per share (sen)		35.8	34.6	110.3	100.7
Dividend per ordinary share – 41.5 sen gross (2005 : 45.0 sen) less income tax (sen)		0	0	85.9	93.2

**CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED INCOME STATEMENTS FOR THE THIRD QUARTER AND NINE MONTHS ENDED 30
SEPTEMBER 2006 (continued)**

Bank		3rd Quarter Ended		Nine Months Ended	
		30 Sept 2006 RM'000	30 Sept 2005 RM'000	30 Sept 2006 RM'000	30 Sept 2005 RM'000
	Note				
Interest income	11	423,772	340,162	1,168,818	978,020
Interest expense	12	(225,653)	(181,586)	(618,212)	(520,941)
Net interest income		198,119	158,576	550,606	457,079
Islamic Banking income		11,873	9,617	37,212	30,352
		209,992	168,193	587,818	487,431
Non-interest income	13	62,946	72,781	201,270	192,205
Net income		272,938	240,974	789,088	679,636
Staff cost and overhead expenses	14	(113,011)	(98,715)	(302,906)	(270,075)
Operating profits before allowances		159,927	142,259	486,182	409,561
Allowance of losses on loans and financing (Provision for) / write back of commitment and contingencies	15	(15,959)	(21,187)	(41,908)	(19,261)
Write back of impairment on securities (net)		(3)	0	(293)	619
		0	16,228	0	18,361
Profit before taxation and zakat		143,965	137,300	443,981	409,280
Taxation	16	(41,031)	(37,798)	(126,906)	(119,803)
Zakat		0	0	(221)	(200)
Net profit attributable to shareholders		102,934	99,502	316,854	289,277
Basic earnings per share (sen)		35.8	34.6	110.2	100.7
Dividend per ordinary share – 41.5 sen gross (2005 : 45.0 sen) less income tax (sen)		0	0	85.9	93.2

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

	Share capital RM'000	Non-distributable				Distributable		Total RM'000
		Share premium RM'000	Statutory reserve RM'000	Capital reserve RM'000	Fair value reserve RM'000	General reserve RM'000	Retained profits RM'000	
Group								
Balance at 1 January 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	316,984	316,984
Revaluation of available-for-sale securities (net)	0	0	0	0	7,481	0	0	7,481
Deferred tax on revaluation of available-for-sale securities (net)	0	0	0	0	(1,237)	0	0	(1,237)
Share-based staff costs	0	0	0	(11,217)	0	0	0	(11,217)
Dividends paid on ordinary shares in respect of :								
-year ended 31 December 2005	0	0	0	0	0	0	(231,840)	(231,840)
-half year ended 30 June 2006	0	0	0	0	0	0	(85,905)	(85,905)
Dividends paid on preference shares	0	0	0	0	0	0	(18,040)	(18,040)
Balance at 30 September 2006	<u>291,500</u>	<u>858,500</u>	<u>322,000</u>	<u>61,715</u>	<u>38,890</u>	<u>36,750</u>	<u>482,412</u>	<u>2,091,767</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	289,460	289,460
Revaluation of available-for-sale securities (net)	0	0	0	0	17,453	0	0	17,453
Deferred tax on revaluation of available-for-sale securities (net)	0	0	0	0	(3,982)	0	0	(3,982)
Issuance of preference share	4,000	396,000	0	0	0	0	0	400,000
Share-based staff costs	0	0	0	4,473	0	0	0	4,473
Dividends paid on ordinary shares in respect of :								
-year ended 31 December 2004	0	0	0	0	0	0	(150,075)	(150,075)
-half year ended 30 June 2005	0	0	0	0	0	0	(93,150)	(93,150)
Dividends paid on preference shares	0	0	0	0	0	0	(1,928)	(1,928)
Balance at 30 September 2005	<u>291,500</u>	<u>858,500</u>	<u>322,000</u>	<u>71,468</u>	<u>64,842</u>	<u>36,750</u>	<u>376,027</u>	<u>2,021,087</u>

CONDENSED INTERIM FINANCIAL STATEMENTS**UNAUDITED STATEMENTS OF CHANGES IN EQUITY FOR THE NINE MONTHS ENDED 30 SEPTEMBER 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	
Bank								
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	316,854	316,854
Revaluation of available-for-sale securities (net)	0	0	0	0	7,481	0	0	7,481
Deferred tax on revaluation of available-for-sale securities (net)	0	0	0	0	(1,237)	0	0	(1,237)
Share-based staff costs	0	0	0	(11,217)	0	0	0	(11,217)
Dividends paid on ordinary shares in respect of :								
-year ended 31 December 2005	0	0	0	0	0	0	(231,840)	(231,840)
-half year ended 30 June 2006	0	0	0	0	0	0	(85,905)	(85,905)
Dividends paid on preference shares	0	0	0	0	0	0	(18,040)	(18,040)
Balance at 30 September 2006	<u>291,500</u>	<u>858,500</u>	<u>322,000</u>	<u>5,096</u>	<u>38,890</u>	<u>0</u>	<u>563,205</u>	<u>2,079,191</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	289,277	289,277
Revaluation of available-for-sale securities (net)	0	0	0	0	17,453	0	0	17,453
Deferred tax on revaluation of available-for-sale securities (net)	0	0	0	0	(3,982)	0	0	(3,982)
Issuance of preference share	4,000	396,000	0	0	0	0	0	400,000
Share-based staff costs	0	0	0	4,473	0	0	0	4,473
Dividends paid on ordinary shares in respect of :								
-year ended 31 December 2004	0	0	0	0	0	0	(150,075)	(150,075)
-half year ended 30 June 2005	0	0	0	0	0	0	(93,150)	(93,150)
Dividends paid on preference shares	0	0	0	0	0	0	(1,928)	(1,928)
Balance at 30 September 2005	<u>291,500</u>	<u>858,500</u>	<u>322,000</u>	<u>14,849</u>	<u>64,842</u>	<u>0</u>	<u>456,967</u>	<u>2,008,658</u>

CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED CONDENSED CASH FLOW STATEMENTS FOR THE NINE MONTHS ENDED 30 SEPTEMBER
2006

	Group		Bank	
	30 Sept 2006 RM'000	30 Sept 2005 RM'000	30 Sept 2006 RM'000	30 Sept 2005 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before taxation and zakat	444,160	409,513	443,981	409,280
Adjustments for non-operating and non-cash items	75,884	18,813	75,928	18,871
Operating profit before changes in working capital	520,044	428,326	519,909	428,151
Changes in working capital:				
Net changes in Operating Assets	(2,247,296)	(3,098,111)	(2,247,661)	(3,090,552)
Net changes in Operating Liabilities	3,449,017	1,948,873	3,449,517	1,941,479
Income tax and zakat paid	(90,471)	(103,317)	(90,471)	(103,316)
Net cash generated from operating activities	1,631,294	(824,229)	1,631,294	(824,238)
Net cash utilised in investing activities	(335,839)	(167,787)	(335,839)	(167,778)
Net cash utilised in financing activities	(335,785)	(245,153)	(335,785)	(245,153)
Net increase / (decrease) in cash and cash equivalents	959,670	(1,237,169)	959,670	(1,237,169)
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	3,253,093	665,988	3,253,093	665,988

NOTES TO INTERIM FINANCIAL STATEMENTS – 30 SEPTEMBER 2006

1 REVIEW OF PERFORMANCE

The Bank recorded a pre-tax profit of RM443.9 million for the first nine months of 2006, registering an increase of RM34.7 million or 9% over the corresponding period in 2005. A 19% or RM76.6 million rise in operating profits to RM486.2 million, contributed to the increase, which was partly offset by higher allowances of RM42.2 million.

The higher operating profits came mainly from commendable growth in total income, which rose by RM109.4 million or 16% to RM789.1million. Net interest income augmented by RM93.5 million or 20% to RM550.6 million compared to RM457.1 million during the corresponding period last year. Overhead expenses also increased, but at a slower pace by RM32.8million or 12% to RM302.9 million as the Bank continued to expand its branch network and invest in infrastructure.

Of the increase in allowances amounting to RM42.2 million, a total of RM21 million was set aside for general allowance. The net NPL ratio improved slightly from 3.63% (Dec 05) to 3.38% (Sep 06).

Compared against 31 Dec 2005, gross loans outstanding as at 30 Sep 2006 grew by RM1.8 billion or 8.3% to RM23.6 billion. This growth derived from consumer and business loans of RM375 million and RM1.4 billion respectively.

Shareholders' funds stood at over RM2 billion and the Bank's risk weighted capital ratio as at 30 Sep 2006 was 11%.

2 ECONOMIC PERFORMANCE AND PROSPECTS

The economy grew by 5.9% in the second quarter of this year with fears of rising inflation subsiding as it moderated to 3.3% in August amid falling oil prices. Interest rates are expected to remain stable as Bank Negara Malaysia (BNM) recently indicated the Overnight Policy Rate (OPR) would remain unchanged at 3.5% as the Federal Reserve is expected to ease interest rates amid a weakened global outlook. By the end of 2006, the economy is forecasted to grow by 5.8% supported by the spillover effects of the Ninth Malaysian Plan.

Prospects for 2007 is expected to be buoyed by the recent pro-growth fiscal initiatives announced recently in the Budget in September such as the gradual reduction in corporate tax rates from the current rate of 28% to 27% by 2007 and finally 26% in 2008. This would be a welcome relief for businesses and for the banking industry as conditions are expected to become more challenging. Further tax incentives have been introduced to promote Islamic Banking as an alternative means of financing and are in line with the country's objectives to establish itself as a key Islamic finance centre.

NOTES TO INTERIM FINANCIAL STATEMENTS – 30 SEPTEMBER 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,

FRS	Title
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,

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

NOTES TO INTERIM FINANCIAL STATEMENTS – 30 SEPTEMBER 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 September 2006 are summarised below:

Group and Bank

Increase/(decrease)	FRS 116 RM'000	FRS 140 RM'000	FRS 5 RM'000	Total effect RM'000
<u>Balance Sheet</u>				
Property, plant and equipment	(1,678)	(11,256)	(89)	(13,023)
Investment property	-	11,256	-	11,256
Non-current assets held for sale	-	-	89	89
Taxation and zakat	(617)	-	-	(617)
Reserves	(1,061)	-	-	(1,061)
<u>Income Statement</u>				
Staff cost and overhead expenses	1,677	-	-	1,677
Taxation	(617)	-	-	(617)
Net profit attributable to shareholders	(1,060)	-	-	(1,060)

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

i) Held-For-Trading

	Group		Bank	
	30 Sept 2006 RM'000	31 Dec 2005 RM'000	30 Sept 2006 RM'000	31 Dec 2005 RM'000
<u>At fair value</u>				
Malaysian Government securities	81,528	10,163	81,528	10,163
Government Investment Certificate	193,246	65,029	193,246	65,029
Bank Negara Bills	117,844	0	117,844	0
Bank Negara Negotiable notes	24,582	32,628	24,582	32,628
Private debt securities	283,765	244,879	283,765	244,879
Share	1,227	0	1,227	0
	<u>702,192</u>	<u>352,699</u>	<u>702,192</u>	<u>352,699</u>

ii) Available-For-sale

At fair value

Malaysian Government securities	3,017,923	2,963,660	3,017,923	2,963,660
Government Investment Certificate	714,851	178,635	714,851	178,635
Cagamas bonds / notes	551,282	787,173	551,282	787,173
Khazanah bonds	0	14,901	0	14,901
Private debt securities	642,592	728,884	642,592	728,884
Negotiable instruments of deposit	1,065,000	965,000	1,065,000	965,000
Bankers' acceptance and Islamic accepted bills	0	118,413	0	118,413
Shares	61,540	45,635	61,540	45,635
Debentures	187	187	187	187
	<u>6,053,375</u>	<u>5,802,488</u>	<u>6,053,375</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>6,052,616</u>	<u>5,752,212</u>	<u>6,052,616</u>	<u>5,752,212</u>

Included in available-for-sale securities is an amount of RM 2,512,685,000 (Dec 2005:RM 2,751,375,000) being pledged to third parties in sale and repurchase agreements.

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

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

	Group		Bank	
	30 Sept 2006 RM'000	31 Dec 2005 RM'000	30 Sept 2006 RM'000	31 Dec 2005 RM'000
Maturity within one year	1,661,193	1,856,670	1,661,193	1,856,670
One year to three years	2,669,206	2,094,736	2,669,206	2,094,736
Three years to five years	1,152,230	1,107,194	1,152,230	1,107,194
Over five years	570,746	743,888	570,746	743,888
	6,053,375	5,802,488	6,053,375	5,802,488

5 LOANS, ADVANCES AND FINANCING

	Group		Bank	
	30 Sept 2006 RM'000	31 Dec 2005 RM'000	30 Sept 2006 RM'000	31 Dec 2005 RM'000
i) By type				
Overdrafts	3,412,605	3,375,072	3,412,605	3,375,072
Term loans/financing :				
Housing loans/financing	6,337,630	6,069,237	6,337,630	6,069,237
Syndicated term loan/financing	939,676	757,341	939,676	757,341
Hire purchase	357,587	332,770	357,587	332,770
Lease receivables	24,960	26,892	23,994	25,669
Other term loans	7,744,152	6,835,219	7,744,152	6,835,219
Credit/charge cards receivables	448,513	374,457	448,513	374,457
Bills receivable	97,482	98,125	97,482	98,125
Trust receipts	105,635	96,948	105,635	96,948
Claims on customers under acceptance credits	2,138,673	2,026,262	2,138,673	2,026,262
Block discounting	335	348	335	348
Loan to banks	267,465	297,490	267,465	297,490
Revolving credit	1,554,187	1,383,365	1,554,187	1,383,365
Staff loans (of which None [Dec 2005 : Nil] to directors)	116,084	106,727	116,084	106,727
Other loans	286,920	221,520	286,920	221,520
	23,831,904	22,001,773	23,830,938	22,000,550
Unearned interest and income	(195,943)	(176,917)	(195,914)	(176,855)
Gross loans, advances and financing	23,635,961	21,824,856	23,635,024	21,823,695
Allowance for bad and doubtful debts and financing :				
- Specific	(580,194)	(581,528)	(579,676)	(581,012)
- General	(327,959)	(306,870)	(327,944)	(306,855)
Net loans, advances and financing	22,727,808	20,936,458	22,727,404	20,935,828

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

ii) By type of customer

	Group		Bank	
	30 Sept 2006 RM'000	31 Dec 2005 RM'000	30 Sept 2006 RM'000	31 Dec 2005 RM'000
Domestic banking institutions	238,790	205,708	238,372	205,063
Domestic non-bank financial institutions (of which RM Nil to stockbroking companies)	218,365	244,053	218,365	244,053
Domestic business enterprises				
- Small medium enterprises ("SME")	3,232,644	3,490,596	3,232,475	3,490,430
- Non-SME	9,453,909	8,280,542	9,453,559	8,280,192
Government and statutory bodies	1,201,600	1,309,281	1,201,600	1,309,281
Individuals	9,027,620	8,242,555	9,027,620	8,242,555
Other domestic entities	2,737	1,765	2,737	1,765
Foreign entities	260,296	50,356	260,296	50,356
	<u>23,635,961</u>	<u>21,824,856</u>	<u>23,635,024</u>	<u>21,823,695</u>

iii) By interest/profit rate sensitivity

Fixed rate:

Housing loans/financing	94,035	97,754	94,035	97,754
Hire purchase receivables	322,191	298,188	322,191	298,188
Other fixed rate loan/financing	1,692,121	1,292,572	1,691,184	1,291,411

Variable rate:

BLR plus	14,169,556	13,397,160	14,169,556	13,397,160
Cost-plus	3,082,564	2,952,938	3,082,564	2,952,938
Other variable rates	4,275,494	3,786,244	4,275,494	3,786,244
	<u>23,635,961</u>	<u>21,824,856</u>	<u>23,635,024</u>	<u>21,823,695</u>

iv) By sector

Agriculture	1,557,811	1,233,191	1,557,811	1,233,191
Mining and quarrying	34,387	16,237	34,387	16,237
Manufacturing	4,063,722	3,648,285	4,063,722	3,648,285
Electricity, gas and water	30,829	56,391	30,829	56,391
Construction	859,757	828,608	859,407	828,259
Real estate	2,254,216	2,113,990	2,254,216	2,113,990
Purchase of landed property				
of which : i. Residential	6,576,498	6,275,535	6,576,498	6,275,535
ii. Non-residential	753,022	673,925	753,022	673,925
General commerce	2,722,196	2,507,213	2,722,027	2,507,046
Transport, storage and communication	424,194	451,941	424,194	451,941
Finance, insurance and business services	545,615	332,178	545,615	332,178
Purchase of securities	108,309	107,290	108,309	107,290
Purchase of transport vehicles	10,060	7,375	10,060	7,375
Consumption credit	1,201,374	1,228,892	1,200,956	1,228,247
Sovereign	1,201,600	1,309,275	1,201,600	1,309,275
Others	1,292,371	1,034,530	1,292,371	1,034,530
	<u>23,635,961</u>	<u>21,824,856</u>	<u>23,635,024</u>	<u>21,823,695</u>

NOTES TO INTERIM FINANCIAL STATEMENTS – 30 SEPTEMBER 2006 (continued)**6 NON-PERFORMING LOANS, ADVANCES AND FINANCING**

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

	Group		Bank	
	30 Sept 2006 RM'000	31 Dec 2005 RM'000	30 Sept 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)	394,489	256,604	394,487	256,599
Reclassified as performing during the period / year	(83,368)	(181,770)	(83,368)	(181,770)
Amount recovered	(265,057)	(240,811)	(265,057)	(240,768)
Amount written off	(38,337)	(74,879)	(38,337)	(74,774)
Balance at end of period / year	<u>1,360,344</u>	<u>1,352,617</u>	<u>1,359,826</u>	<u>1,352,101</u>
Specific allowance	(580,194)	(581,528)	(579,676)	(581,012)
Net non-performing loans, advances and financing	<u>780,150</u>	<u>771,089</u>	<u>780,150</u>	<u>771,089</u>
Ratio of net non-performing loans and financing to net loans, advances and financing	<u>3.38%</u>	<u>3.63%</u>	<u>3.38%</u>	<u>3.63%</u>

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

	Group		Bank	
	30 Sept 2006 RM'000	31 Dec 2005 RM'000	30 Sept 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	21,089	0	21,089	0
Balance at end of period / year	<u>327,959</u>	<u>306,870</u>	<u>327,944</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 SEPTEMBER 2006 (continued)**6 NON-PERFORMING LOANS, ADVANCES AND FINANCING (continued)**

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

	Group		Bank	
	30 Sept 2006 RM'000	31 Dec 2005 RM'000	30 Sept 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	147,271	165,950	147,269	165,945
Amount written back in respect of recoveries	(110,268)	(144,844)	(110,268)	(144,776)
Amount written off	(38,337)	(74,879)	(38,337)	(74,774)
Balance at end of period / year	<u>580,194</u>	<u>581,528</u>	<u>579,676</u>	<u>581,012</u>

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

	Group		Bank	
	30 Sept 2006 RM'000	31 Dec 2005 RM'000	30 Sept 2006 RM'000	31 Dec 2005 RM'000
Agriculture	17,061	36,194	17,061	36,194
Manufacturing	356,908	337,815	356,908	337,815
Construction	115,137	119,046	114,788	118,697
Real estate	204,746	222,859	204,746	222,859
Purchase of landed property				
of which : i. Residential	161,180	109,843	161,180	109,843
ii. Non-residential	51,289	20,445	51,289	20,445
General commerce	270,574	275,435	270,405	275,268
Transport, storage and communication	8,056	11,310	8,056	11,310
Finance, insurance and business services	9,183	4,089	9,183	4,089
Purchase of securities	33,187	40,464	33,187	40,464
Purchase of transport vehicles	40	477	40	477
Consumption credit	45,978	41,915	45,978	41,915
Others	87,005	132,725	87,005	132,725
	<u>1,360,344</u>	<u>1,352,617</u>	<u>1,359,826</u>	<u>1,352,101</u>

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

	Group		Bank	
	30 Sept 2006 RM'000	31 Dec 2005 RM'000	30 Sept 2006 RM'000	31 Dec 2005 RM'000
Interest receivable	93,428	69,502	93,428	69,502
Derivative assets	167,027	105,390	167,027	105,390
Other debtors, deposits and prepayments	121,776	89,077	118,850	86,060
	<u>382,231</u>	<u>263,969</u>	<u>379,305</u>	<u>260,952</u>

8 DEPOSITS FROM CUSTOMERS

i) By type of deposit

	Group		Bank	
	30 Sept 2006 RM'000	31 Dec 2005 RM'000	30 Sept 2006 RM'000	31 Dec 2005 RM'000
Demand deposits	2,860,383	2,674,234	2,860,821	2,675,119
Savings deposits	1,701,686	1,682,772	1,701,686	1,682,772
Fixed deposits	13,547,300	10,843,856	13,561,028	10,856,706
Negotiable instruments of deposits	2,637,567	3,155,587	2,637,567	3,155,587
Islamic short term Mudharabah investment	671,322	337,923	671,322	337,923
Structured investments	1,531,052	1,066,919	1,531,052	1,066,919
Others	17,727	17,249	17,727	17,249
	<u>22,967,037</u>	<u>19,778,540</u>	<u>22,981,203</u>	<u>19,792,275</u>

ii) By type of customers

	Group		Bank	
	30 Sept 2006 RM'000	31 Dec 2005 RM'000	30 Sept 2006 RM'000	31 Dec 2005 RM'000
Government and statutory bodies	97,197	5,174	97,197	5,174
Business enterprises	7,401,062	5,039,053	7,401,062	5,039,053
Individuals	12,008,334	10,997,495	12,008,334	10,997,495
Others	3,460,444	3,736,818	3,474,610	3,750,553
	<u>22,967,037</u>	<u>19,778,540</u>	<u>22,981,203</u>	<u>19,792,275</u>

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

	Group		Bank	
	30 Sept 2006 RM'000	31 Dec 2005 RM'000	30 Sept 2006 RM'000	31 Dec 2005 RM'000
Licensed banks	3,167,246	2,954,940	3,167,246	2,954,940
Other financial institutions	36,643	111,823	36,643	111,823
	<u>3,203,889</u>	<u>3,066,763</u>	<u>3,203,889</u>	<u>3,066,763</u>

10 OTHER LIABILITIES

	Group		Bank	
	30 Sept 2006 RM'000	31 Dec 2005 RM'000	30 Sept 2006 RM'000	31 Dec 2005 RM'000
Accruals for personnel costs *	34,125	33,271	34,116	33,207
Obligations under finance lease	409	644	409	644
Provision for commitment and contingencies (a)	2,632	2,339	2,632	2,339
Interest payable	154,325	133,398	154,325	133,398
Other accruals and charges	123,818	121,732	120,837	118,737
Derivatives liabilities	159,006	108,229	159,006	108,229
Profit equalisation reserve [Note 22 (6)]	16,742	4,471	16,742	4,471
	<u>491,057</u>	<u>404,084</u>	<u>488,067</u>	<u>401,025</u>

*Includes accrual for salary, employee benefits and EPF

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

	Group		Bank	
	30 Sept 2006 RM'000	31 Dec 2005 RM'000	30 Sept 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)	293	(824)	293	(824)
Reclassification to other accruals and charges	0	(4,331)	0	(4,331)
Balance at end of period / year	<u>2,632</u>	<u>2,339</u>	<u>2,632</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 SEPTEMBER 2006 (continued)**11 INTEREST INCOME**

Group	3rd Quarter Ended		Nine Months Ended	
	30 Sept	30 Sept	30 Sept	30 Sept
	2006	2005	2006	2005
	RM'000	RM'000	RM'000	RM'000
Loans and advances				
- Interest income other than recoveries from NPL	323,339	262,106	901,533	752,253
- Recoveries from NPLs	7,540	4,339	21,339	19,741
Money at call and deposit placements with financial institutions	32,865	10,022	84,905	26,401
Held-for-trading securities	6,556	4,852	14,800	19,249
Available-for-sale securities	63,220	72,085	178,442	197,563
Others	1,680	1,618	3,396	4,980
	<u>435,200</u>	<u>355,022</u>	<u>1,204,415</u>	<u>1,020,187</u>
Amortisation of premium less accretion of discount	(11,520)	(14,854)	(35,597)	(42,137)
	<u>423,680</u>	<u>340,168</u>	<u>1,168,818</u>	<u>978,050</u>

Bank	3rd Quarter Ended		Nine Months Ended	
	30 Sept	30 Sept	30 Sept	30 Sept
	2006	2005	2006	2005
	RM'000	RM'000	RM'000	RM'000
Loans and advances				
- Interest income other than recoveries from NPL	323,350	262,106	901,533	752,253
- Recoveries from NPLs	7,540	4,333	21,339	19,711
Money at call and deposit placements with financial institutions	32,946	10,022	84,905	26,401
Held-for-trading securities	6,556	4,852	14,800	19,249
Available-for-sale securities	63,220	72,085	178,442	197,563
Others	1,680	1,618	3,396	4,980
	<u>435,292</u>	<u>355,016</u>	<u>1,204,415</u>	<u>1,020,157</u>
Amortisation of premium less accretion of discount	(11,520)	(14,854)	(35,597)	(42,137)
	<u>423,772</u>	<u>340,162</u>	<u>1,168,818</u>	<u>978,020</u>

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

<u>Group</u>	3rd Quarter Ended		Nine Months Ended	
	30 Sept 2006 RM'000	30 Sept 2005 RM'000	30 Sept 2006 RM'000	30 Sept 2005 RM'000
Deposits and placements of banks and other financial institutions	37,174	32,269	95,356	79,887
Deposits from customers	147,931	113,388	408,104	331,588
Loans sold to Cagamas	9,494	10,330	25,043	31,566
Subordinated term loan	6,120	8,141	23,442	24,199
Others	24,726	17,360	65,952	53,387
	225,445	181,488	617,897	520,627

<u>Bank</u>	3rd Quarter Ended		Nine Months Ended	
	30 Sept 2006 RM'000	30 Sept 2005 RM'000	30 Sept 2006 RM'000	30 Sept 2005 RM'000
Deposits and placements of banks and other financial institutions	37,174	32,269	95,356	79,887
Deposits from customers	148,119	113,471	408,386	331,851
Loans sold to Cagamas	9,494	10,330	25,043	31,566
Subordinated term loan	6,120	8,141	23,442	24,199
Others	24,746	17,375	65,985	53,438
	225,653	181,586	618,212	520,941

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

Group	3rd Quarter Ended		Nine Months Ended	
	30 Sept 2006 RM'000	30 Sept 2005 RM'000	30 Sept 2006 RM'000	30 Sept 2005 RM'000
Fee income:-				
Commission	24,930	20,701	75,027	65,331
Service charges and fees	17,715	12,751	47,926	48,191
Guarantee fees	728	845	1,652	3,076
Other fee income	3,882	2,707	9,993	7,602
	<u>47,255</u>	<u>37,004</u>	<u>134,598</u>	<u>124,200</u>
Income from securities:-				
Net gains from sale of held-for-trading securities	9,130	13,994	749	20,507
Net (losses) / gains from sale of available-for-sale securities	(117)	194	1,198	0
Unrealised gains / (losses) on revaluation of held-for-trading securities (net)	3,525	(1,928)	3,217	600
Gross dividends from Malaysia:				
- available-for-sale securities	242	0	1,076	707
	<u>60,035</u>	<u>49,264</u>	<u>140,838</u>	<u>146,014</u>
Other income:-				
Unrealised (losses) / gains from foreign currency translation (net)	(1,822)	10,966	2,122	11,326
Gain arising from dealing in foreign currency (net)	14,087	9,738	43,848	26,845
(Losses) / gains arising for trading derivative (net)	(621)	324	(343)	3
Rental income (net)	1,093	820	3,258	1,206
Gain on disposal of property, plant and equipment	1,139	0	2,773	0
Unrealised (losses) / gains on revaluation of derivatives (net)	(10,792)	1,343	8,823	6,444
Others	(173)	326	(49)	367
	<u>2,911</u>	<u>23,517</u>	<u>60,432</u>	<u>46,191</u>
	<u>62,946</u>	<u>72,781</u>	<u>201,270</u>	<u>192,205</u>

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

Bank	3rd Quarter Ended		Nine Months Ended	
	30 Sept 2006 RM'000	30 Sept 2005 RM'000	30 Sept 2006 RM'000	30 Sept 2005 RM'000
Fee income:-				
Commission	24,930	20,701	75,027	65,331
Service charges and fees	17,715	12,751	47,926	48,191
Guarantee fees	728	845	1,652	3,076
Other fee income	3,882	2,707	9,993	7,602
	<u>47,255</u>	<u>37,004</u>	<u>134,598</u>	<u>124,200</u>
Income from securities:-				
Net gains from sale of held-for-trading securities	9,130	13,994	749	20,507
Net (losses) / gains from sale of available-for-sale securities	(117)	194	1,198	0
Unrealised gains / (losses) on revaluation of held-for-trading securities (net)	3,525	(1,928)	3,217	600
Gross dividends from Malaysia:				
- available-for-sale securities	242	0	1,076	707
	<u>60,035</u>	<u>49,264</u>	<u>140,838</u>	<u>146,014</u>
Other income:-				
Unrealised (losses) / gains from foreign currency translation (net)	(1,822)	10,966	2,122	11,326
Gain arising from dealing in foreign currency (net)	14,087	9,738	43,848	26,845
(Losses) / gain arising for trading derivative (net)	(621)	324	(343)	3
Rental income (net)	1,093	820	3,258	1206
Gain on disposal of property, plant and equipment	1,139	0	2,773	0
Unrealised (losses) / gains on revaluation of derivatives (net)	(10,792)	1,343	8,823	6,444
Others	(173)	326	(49)	367
	<u>2,911</u>	<u>23,517</u>	<u>60,432</u>	<u>46,191</u>
	<u>62,946</u>	<u>72,781</u>	<u>201,270</u>	<u>192,205</u>

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

<u>Group</u>	3rd Quarter Ended		Nine Months Ended	
	30 Sept 2006	30 Sept 2005	30 Sept 2006	30 Sept 2005
	RM'000	RM'000	RM'000	RM'000
Personnel costs (i)	52,685	41,210	137,296	123,203
Establishment costs (ii)	10,661	7,638	29,863	22,379
Marketing expenses (iii)	8,061	6,253	17,411	13,575
Administration and general expenses (iv)	41,658	43,675	118,520	111,088
	<u>113,065</u>	<u>98,776</u>	<u>303,090</u>	<u>270,245</u>

<u>Bank</u>	3rd Quarter Ended		Nine Months Ended	
	30 Sept 2006	30 Sept 2005	30 Sept 2006	30 Sept 2005
	RM'000	RM'000	RM'000	RM'000
Personnel costs (i)	52,641	41,166	137,155	123,067
Establishment costs (ii)	10,655	7,636	29,847	22,376
Marketing expenses (iii)	8,061	6,253	17,410	13,575
Administration and general expenses (iv)	41,654	43,660	118,494	111,057
	<u>113,011</u>	<u>98,715</u>	<u>302,906</u>	<u>270,075</u>

(i) Personnel costs

<u>Group</u>	3rd Quarter Ended		Nine Months Ended	
	30 Sept 2006	30 Sept 2005	30 Sept 2006	30 Sept 2005
	RM'000	RM'000	RM'000	RM'000
Wages, salaries and bonus	37,249	29,752	99,401	88,839
Defined contribution plan (EPF)	7,079	4,521	16,620	13,406
Equity compensation benefit	875	1,560	3,056	5,004
Employee benefit	196	329	1,154	1,299
Other personnel costs	7,286	5,048	17,065	14,655
	<u>52,685</u>	<u>41,210</u>	<u>137,296</u>	<u>123,203</u>

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

	3rd Quarter Ended		Nine Months Ended	
	30 Sept 2006	30 Sept 2005	30 Sept 2006	30 Sept 2005
	RM'000	RM'000	RM'000	RM'000
Bank				
Wages, salaries and bonus	37,222	29,727	99,302	88,755
Defined contribution plan (EPF)	7,074	4,517	16,603	13,392
Equity compensation benefit	875	1,560	3,056	5,004
Employee benefit	188	329	1,154	1,296
Other personnel costs	7,282	5,033	17,040	14,620
	<u>52,641</u>	<u>41,166</u>	<u>137,155</u>	<u>123,067</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

	3rd Quarter Ended		Nine Months Ended	
	30 Sept 2006	30 Sept 2005	30 Sept 2006	30 Sept 2005
	RM'000	RM'000	RM'000	RM'000
Group				
Rental of premises	930	627	2,470	3,361
Depreciation of property, plant and equipment	5,706	3,587	16,521	9,914
Depreciation of investment property	47	47	140	140
Repair and maintenance	1,968	1,377	5,102	3,670
Others	2,010	2,000	5,630	5,294
	<u>10,661</u>	<u>7,638</u>	<u>29,863</u>	<u>22,379</u>

	3rd Quarter Ended		Nine Months Ended	
	30 Sept 2006	30 Sept 2005	30 Sept 2006	30 Sept 2005
	RM'000	RM'000	RM'000	RM'000
Bank				
Rental of premises	926	627	2,459	3,361
Depreciation of property, plant and equipment	5,704	3,587	16,517	9,913
Depreciation of investment property	47	47	140	140
Repair and maintenance	1,968	1,376	5,102	3,669
Others	2,010	1,999	5,629	5,293
	<u>10,655</u>	<u>7,636</u>	<u>29,847</u>	<u>22,376</u>

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

Group	3rd Quarter Ended		Nine Months Ended	
	30 Sept 2006 RM'000	30 Sept 2005 RM'000	30 Sept 2006 RM'000	30 Sept 2005 RM'000
Transport and travelling	1,430	1,145	3,496	3,100
Advertisement and business promotion	6,143	4,712	12,818	9,589
Others	488	396	1,097	886
	<u>8,061</u>	<u>6,253</u>	<u>17,411</u>	<u>13,575</u>

Bank	3rd Quarter Ended		Nine Months Ended	
	30 Sept 2006 RM'000	30 Sept 2005 RM'000	30 Sept 2006 RM'000	30 Sept 2005 RM'000
Transport and travelling	1,430	1,145	3,495	3,100
Advertisement and business promotion	6,143	4,712	12,818	9,589
Others	488	396	1,097	886
	<u>8,061</u>	<u>6,253</u>	<u>17,410</u>	<u>13,575</u>

(iv) Administration and general expenses

Group	3rd Quarter Ended		Nine Months Ended	
	30 Sept 2006 RM'000	30 Sept 2005 RM'000	30 Sept 2006 RM'000	30 Sept 2005 RM'000
Printing and stationery	2,010	1,465	5,641	4,280
Postage and courier	1,076	1,464	3,513	3,814
Telephone, telex and fax	1,374	1,443	4,208	4,394
Legal and consultancy fees	1,149	1,261	3,206	3,538
Transaction processing fees	28,103	31,892	81,783	80,898
Other administrative and general expenses	7,946	6,150	20,169	14,164
	<u>41,658</u>	<u>43,675</u>	<u>118,520</u>	<u>111,088</u>

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

Bank	3rd Quarter Ended		Nine Months Ended	
	30 Sept 2006 RM'000	30 Sept 2005 RM'000	30 Sept 2006 RM'000	30 Sept 2005 RM'000
Printing and stationery	2,010	1,466	5,640	4,280
Postage and courier	1,076	1,464	3,513	3,814
Telephone, telex and fax	1,374	1,443	4,207	4,392
Legal and consultancy fees	1,137	1,238	3,182	3,514
Transaction processing fees	28,103	31,892	81,783	80,898
Other administrative and general expenses	7,954	6,157	20,169	14,159
	<u>41,654</u>	<u>43,660</u>	<u>118,494</u>	<u>111,057</u>

15 ALLOWANCE FOR LOSSES ON LOANS AND FINANCING

Group	3rd Quarter Ended		Nine Months Ended	
	30 Sept 2006 RM'000	30 Sept 2005 RM'000	30 Sept 2006 RM'000	30 Sept 2005 RM'000
Allowance for bad and doubtful debts and financing:-				
Specific allowance				
- Made in the financial period	60,012	49,824	147,271	131,650
- Written back	(50,185)	(22,988)	(110,268)	(93,622)
General allowance				
- Made in the financial period	10,715	0	21,089	0
Other allowance	55	173	610	515
Bad debts and financing :-				
- written off	156	35	234	228
- recovered	(4,844)	(5,870)	(17,076)	(19,569)
	<u>15,909</u>	<u>21,174</u>	<u>41,860</u>	<u>19,202</u>

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

<u>Bank</u>	3rd Quarter Ended		Nine Months Ended	
	30 Sept 2006 RM'000	30 Sept 2005 RM'000	30 Sept 2006 RM'000	30 Sept 2005 RM'000
Allowance for bad and doubtful debts and financing:-				
Specific allowance				
- Made in the financial period	60,012	49,824	147,269	131,645
- Written back	(50,185)	(22,975)	(110,268)	(93,558)
General allowance				
- Made in the financial period	10,715	0	21,089	0
Other allowance	55	173	610	515
Bad debts and financing :-				
- written off	156	35	234	228
- recovered	(4,794)	(5,870)	(17,026)	(19,569)
	<u>15,959</u>	<u>21,187</u>	<u>41,908</u>	<u>19,261</u>

16 TAXATION

<u>Group</u>	3rd Quarter Ended		Nine Months Ended	
	30 Sept 2006 RM'000	30 Sept 2005 RM'000	30 Sept 2006 RM'000	30 Sept 2005 RM'000
Malaysian income tax – current period	48,159	32,501	111,001	112,356
Deferred taxation :				
- relating to originating and reversal of temporary differences	(7,131)	5,308	15,954	7,497
	<u>41,028</u>	<u>37,809</u>	<u>126,955</u>	<u>119,853</u>

<u>Bank</u>	3rd Quarter Ended		Nine Months Ended	
	30 Sept 2006 RM'000	30 Sept 2005 RM'000	30 Sept 2006 RM'000	30 Sept 2005 RM'000
Malaysian income tax – current period	48,159	32,501	111,001	112,356
Deferred taxation :				
- relating to originating and reversal of temporary differences	(7,128)	5,297	15,905	7,447
	<u>41,031</u>	<u>37,798</u>	<u>126,906</u>	<u>119,803</u>

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

	Group		Bank	
	30 Sept 2006 RM'000	30 Sept 2005 RM'000	30 Sept 2006 RM'000	30 Sept 2005 RM'000
Capital expenditure in respect of property, plant and equipment:-				
- authorised and contracted for	34,378	24,647	34,378	24,647
- authorised but not contracted for	508	21,469	508	21,469
	<u>34,886</u>	<u>46,116</u>	<u>34,886</u>	<u>46,116</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 Sept 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
Group						
Direct credit substitutes	404,797	404,797	383,974	256,899	256,899	236,759
Transaction-related contingent items	937,788	468,894	461,659	616,806	308,403	301,168
Short-term self-liquidating trade-related contingencies	240,066	48,013	48,013	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	6,617,054	3,308,527	3,308,527	6,740,714	3,370,357	3,370,357
- maturity not exceeding one year	6,955,988	0	0	6,205,817	0	0
Foreign exchange related contracts						
- less than one year	7,205,284	125,712	42,653	4,042,049	78,649	30,190
- one year to less than five years	125,308	9,710	1,665	0	0	0
Interest rate contracts						
- less than one year	4,521,530	14,585	127,787	5,577,951	13,821	3,103
- one year to less than five years	12,438,668	390,550	17,444	7,556,089	258,977	92,571
- five years and above	862,641	70,686	17,518	248,976	18,718	8,279
Equity related contracts	52,069	14,157	14,157	28,500	9,230	9,230
Miscellaneous	400,007	0	0	0	0	0
Total	<u>40,806,200</u>	<u>4,855,631</u>	<u>4,423,397</u>	<u>31,651,355</u>	<u>4,381,565</u>	<u>4,118,168</u>

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

	30 Sept 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
Bank						
Direct credit substitutes	404,797	404,797	383,974	256,899	256,899	236,759
Transaction-related contingent items	937,788	468,894	461,659	616,806	308,403	301,168
Short-term self-liquidating trade-related contingencies	240,066	48,013	48,013	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	6,617,054	3,308,527	3,308,527	6,740,714	3,370,357	3,370,357
- maturity not exceeding one year	6,955,988	0	0	6,205,817	0	0
Foreign exchange related contracts						
- less than one year	7,205,284	125,712	42,653	4,042,049	78,649	30,190
- one year to less than five years	125,308	9,710	1,665	0	0	0
Interest rate contracts						
- less than one year	4,521,530	14,585	127,787	5,577,951	13,821	3,103
- one year to less than five years	12,438,668	390,550	17,444	7,556,089	258,977	92,571
- five years and above	862,641	70,686	17,518	248,976	18,718	8,279
Equity related contracts	52,069	14,157	14,157	28,500	9,230	9,230
Miscellaneous	400,007	0	0	0	0	0
Total	40,806,200	4,855,631	4,423,397	31,651,355	4,381,565	4,118,168

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

NOTES TO INTERIM FINANCIAL STATEMENTS – 30 SEPTEMBER 2006 (continued)

19 INTEREST/PROFIT RATE RISK

Group

As at 30 September 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			
Assets									
Cash and short term Funds	2,328,724	0	0	0	0	69,469	0	2,398,193	3.99
Securities purchased Under resale agreement	0	0	0	0	0	0	0	0	0
Deposits and placements with financial institutions	0	670,500	184,400	0	0	0	0	854,900	3.99
Held-for-trading securities	0	0	0	0	0	0	702,192	702,192	5.14
Available-for-sale securities	620,000	664,079	375,588	3,820,934	509,019	62,996 [^]	0	6,052,616	3.93
Loans, advances and financing									
- performing	16,324,212	2,243,136	1,038,979	837,862	93,138	1,566,273 [*]	0	22,103,600	6.41
- non-performing	0	0	0	0	0	624,208 [#]	0	624,208	0
Other assets	0	0	0	0	0	215,279	166,952	382,231	0
Statutory deposits with Bank Negara Malaysia	0	0	0	0	0	842,086	0	842,086	0
Property, plant and equipment	0	0	0	0	0	231,899	0	231,899	0
Investment property	0	0	0	0	0	11,186	0	11,186	0
Non-current assets held for sale	0	0	0	0	0	53	0	53	0
Deferred taxation asset	0	0	0	0	0	112,052	0	112,052	0
Total assets	19,272,936	3,577,715	1,598,967	4,658,796	602,157	3,735,501	869,144	34,315,216	
Liabilities									
Deposits from customers	10,216,339	3,101,244	5,450,278	1,407,271	76,100	2,715,805	0	22,967,037	2.95
Deposits and placements of banks and other financial institutions	2,174,514	906,855	104,025	6,296	12,199	0	0	3,203,889	4.44
Obligations on securities sold under repurchase agreements	2,389,035	25,150	4,731	0	0	0	0	2,418,916	3.25
Bills and acceptances payable	0	0	0	0	0	1,847,133	0	1,847,133	0
Amount due to Cagamas	4,932	9,916	53,191	353,067	295,851	0	0	716,957	4.19
Subordinated term loan	0	0	0	277,354	242,685	0	0	520,039	5.69
Other liabilities	0	0	0	0	0	362,036	129,021	491,057	0
Taxation and zakat	0	0	0	0	0	58,421	0	58,421	0
Total liabilities	14,784,820	4,043,165	5,612,225	2,043,988	626,835	4,983,395	129,021	32,223,449	
On-balance sheet interest sensitivity gap	4,488,116	(465,450)	(4,013,258)	2,614,808	(24,678)	(1,247,894)	740,123	2,091,767	
Off-balance sheet interest sensitivity gap	0	0	(553,200)	258,160	295,040	0	0	0	
Total interest sensitivity gap	4,488,116	(465,450)	(4,566,458)	2,872,968	270,362	(1,247,894)	740,123	2,091,767	

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

As at 30 September 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			
Assets									
Cash and short term funds	2,328,724	0	0	0	0	69,469	0	2,398,193	3.99
Securities purchased under resale agreement	0	0	0	0	0	0	0	0	0
Deposits and placements with financial institutions	0	670,500	184,400	0	0	0	0	854,900	3.99
Held-for-trading securities	0	0	0	0	0	0	702,192	702,192	5.14
Available-for-sale securities	620,000	664,079	375,588	3,820,934	509,019	62,996 [^]	0	6,052,616	3.93
Loans, advances and financing									
- performing	16,324,212	2,243,136	1,038,727	837,696	93,138	1,566,287 [*]	0	22,103,196	6.41
- non-performing	0	0	0	0	0	624,208 [#]	0	624,208	0
Other assets	0	0	0	0	0	212,353	166,952	379,305	0
Statutory deposits with Bank Negara Malaysia	0	0	0	0	0	842,086	0	842,086	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	231,885	0	231,885	0
Investment property	0	0	0	0	0	11,186	0	11,186	0
Non-current assets held for sale	0	0	0	0	0	53	0	53	0
Deferred taxation asset	0	0	0	0	0	112,385	0	112,385	0
Total assets	19,272,936	3,577,715	1,598,715	4,658,630	602,157	3,734,519	869,144	34,313,816	
Liabilities									
Deposits from customers	10,230,047	3,101,244	5,450,298	1,407,271	76,100	2,716,243	0	22,981,203	2.95
Deposits and placements of banks and other financial institutions	2,174,514	906,855	104,025	6,296	12,199	0	0	3,203,889	4.44
Obligations on securities sold under repurchase agreements	2,389,035	25,150	4,731	0	0	0	0	2,418,916	3.25
Bills and acceptances payable	0	0	0	0	0	1,847,133	0	1,847,133	0
Amount due to Cagamas	4,932	9,916	53,191	353,067	295,851	0	0	716,957	4.19
Subordinated term loan	0	0	0	277,354	242,685	0	0	520,039	5.69
Other liabilities	0	0	0	0	0	359,046	129,021	488,067	0
Taxation and zakat	0	0	0	0	0	58,421	0	58,421	0
Total liabilities	14,798,528	4,043,165	5,612,245	2,043,988	626,835	4,980,843	129,021	32,234,625	
On-balance sheet interest sensitivity gap	4,474,408	(465,450)	(4,013,530)	2,614,642	(24,678)	(1,246,324)	740,123	2,079,191	
Off-balance sheet interest sensitivity gap	0	0	(553,200)	258,160	295,040	0	0	0	
Total interest sensitivity gap	4,474,408	(465,450)	(4,566,730)	2,872,802	270,362	1,246,324	740,123	2,079,191	

[^] 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 327,959,000) for Group and (RM 327,944,000) for Bank.

[#] The amount includes specific allowance for loans, advances and financing in accordance with the Company's accounting policy amounting to (RM 580,194,000) for Group and (RM 579,676,000) for Bank

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

As at 31 December 2005	Non Trading Book						Non-interest sensitive RM'000	Trading Book RM'000	Total RM'000	Average interest rate %
	Up to 1 month RM'000	>1-3 months RM'000	>3-12 months RM'000	>1-5 years RM'000	Over 5 years RM'000	Over 5 years RM'000				
Assets										
Cash and short term Funds	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	4.39	
Available-for-sale Securities	781,675	327,863	747,011	3,201,694	698,065	(4,096)^	0	5,752,212	4.24	
Loans, advances and Financing										
- performing	15,233,969	1,165,013	1,248,215	808,434	95,345	1,621,281*	0	20,172,257	5.69	
- non-performing	0	0	0	0	0	762,020#	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	
Total assets	17,957,106	1,636,376	2,184,202	4,010,128	793,410	3,769,242	458,090	30,808,554		
Liabilities										
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	
Total liabilities	12,410,758	4,836,608	4,943,397	1,484,265	683,400	4,259,162	75,423	28,693,013		
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		
Total interest Sensitivity gap	5,546,348	(3,200,232)	(3,326,121)	3,092,789	110,010	(489,920)	382,667	2,115,541		

NOTES TO INTERIM FINANCIAL STATEMENTS – 30 SEPTEMBER 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			
Assets									
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	4.39
Available-for-sale securities	781,675	327,863	747,011	3,201,694	698,065	(4,096) [^]	0	5,752,212	4.24
Loans, advances and financing									
- performing	15,233,570	1,165,013	1,248,186	807,818	95,345	1,621,695 [*]	0	20,171,627	5.69
- non-performing	0	0	0	0	0	762,020 [#]	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
Total assets	17,956,707	1,636,376	2,184,173	4,009,512	793,410	3,768,516	458,090	30,806,784	
Liabilities									
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
Total liabilities	12,424,493	4,836,608	4,943,397	1,484,265	683,400	4,256,103	75,423	28,703,689	
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	
Total interest sensitivity gap	5,532,214	(3,200,232)	(3,326,150)	3,092,173	110,010	(487,587)	382,667	2,103,095	

[^] 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.

^{*} 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.

[#] 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 SEPTEMBER 2006 (continued)**20 CAPITAL ADEQUACY**

	Bank	
	30 Sept 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	460,271	582,136
Other reserves	332,831	338,313
	<u>1,943,102</u>	<u>2,070,449</u>
Less: Deferred tax assets	(107,529)	(130,562)
Total Tier-1 capital	<u>1,835,573</u>	<u>1,939,887</u>
<u>Tier-2 capital</u>		
General allowance for bad and doubtful debts and financing	327,944	306,855
Subordinated term loan	552,930	566,516
Total Tier-2 capital	<u>880,874</u>	<u>873,371</u>
Total capital	2,716,447	2,813,258
Less :		
Investment in subsidiaries	(1,611)	(1,611)
Capital base	<u>2,714,836</u>	<u>2,811,647</u>
<u>Capital Ratios</u>		
Excluding proposed dividend :		
Core-capital ratio	7.45%	8.55%
Risk-weighted capital ratio	11.02%	12.40%
Including proposed dividend :		
Core-capital ratio	7.45%	7.49%
Risk-weighted capital ratio	11.02%	11.34%

21 DIVIDENDS

The Board of Directors have approved: 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.

NOTES TO INTERIM FINANCIAL STATEMENTS – 30 SEPTEMBER 2006 (continued)**22 THE OPERATION OF ISLAMIC BANKING (IB)****CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED BALANCE SHEETS AS AT 30 SEPTEMBER 2006**

		Group and Bank	
		30 Sept 2006	31 Dec 2005
ASSETS	Note	RM'000	RM'000
Cash and short-term funds		481,232	416,930
Available-for-sale securities	(1)	332,825	457,119
Financing and other advances	(2)	1,562,945	1,399,075
Other assets	(4)	10,696	10,970
Statutory deposits with Bank Negara Malaysia		65,563	58,356
Deferred taxation assets		11,325	7,211
TOTAL ASSETS		2,464,586	2,349,661
LIABILITIES AND ISLAMIC BANKING FUNDS			
Deposits from customers	(5)	2,169,368	1,957,421
Deposits and placements of banks and other financial institutions		8,734	90,000
Bills and acceptances payable		1,200	23
Other liabilities	(6)	104,051	139,185
Tax and Zakat		12,763	11,443
Total Liabilities		2,296,116	2,198,072
Islamic Banking Funds	(7)	85,000	85,000
Retained profits	(7)	83,470	66,589
		168,470	151,589
TOTAL LIABILITIES AND ISLAMIC BANKING FUNDS		2,464,586	2,349,661
COMMITMENTS AND CONTINGENCIES		948,066	584,120

NOTES TO INTERIM FINANCIAL STATEMENTS – 30 SEPTEMBER 2006 (continued)**22 THE OPERATION OF ISLAMIC BANKING (IB) (continued)****CONDENSED INTERIM FINANCIAL STATEMENTS****UNAUDITED INCOME STATEMENTS FOR THE FIRST QUARTER AND THREE MONTHS ENDED 30 SEPTEMBER 2006**

Group and Bank	3rd Quarter Ended		Nine Months Ended	
	30 Sept	30 Sept	30 Sept	30 Sept
	2006	2005	2006	2005
	RM'000	RM'000	RM'000	RM'000
Income derived from investment of depositors' funds	22,759	11,484	68,444	31,194
Allowance for losses on financing and other loans	(3,493)	(2,597)	(10,583)	(6,250)
Transfer to profit equalisation reserve	(5,450)	(3,155)	(12,271)	(3,155)
Total attributable income	13,816	5,732	45,590	21,789
Income attributable to depositors	(18,107)	(8,650)	(53,476)	(28,544)
Income attributable to shareholders	(4,291)	(2,918)	(7,886)	(6,755)
Income derived from the investment of Islamic banking funds	12,671	9,938	34,515	30,857
Total net income	8,380	7,020	26,629	24,102
Personnel expenses	(678)	(506)	(1,618)	(1,268)
Other overhead expenses	(380)	(342)	(848)	(815)
Profit before taxation	7,322	6,172	24,163	22,019
Zakat	0	0	(221)	(200)
Taxation	(1,981)	(2,041)	(6,894)	(6,218)
Net profit for the financial period	5,341	4,131	17,048	15,601

NOTES TO INTERIM FINANCIAL STATEMENTS – 30 SEPTEMBER 2006 (continued)**22 THE OPERATION OF ISLAMIC BANKING (IB) (continued)****(1) AVAILABLE-FOR-SALE SECURITIES**

	Group and Bank	
	30 Sept 2006 RM'000	31 Dec 2005 RM'000
<u>At fair value</u>		
Malaysian Government investment issues	198,112	143,250
Sanadat Mudharabah Cagamas	0	64
Sanadat Cagamas (SAC)	109,713	110,433
Khazanah bonds	0	14,901
Private debt securities	0	5,058
Islamic negotiable instruments of deposits	25,000	65,000
Bankers acceptances and Islamic accepted bills	0	118,413
	<u>332,825</u>	<u>457,119</u>

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

Maturing within one year	211,114	233,327
One year to three years	70,261	188,236
Three to five years	51,450	35,556
	<u>332,825</u>	<u>457,119</u>

(2) FINANCING AND OTHER ADVANCES

	Group and Bank	
	30 Sept 2006 RM'000	31 Dec 2005 RM'000
By type:		
Cash financing	282,772	216,055
Term financing		
- Housing financing	159,316	167,059
- Syndicated term financing	260,426	294,487
- Hire purchase receivables	355,950	328,737
- Leasing receivables	23,995	25,669
- Other term financing	164,328	153,912
Revolving credits	401,456	305,609
Customer's liability under acceptance credits	145,271	114,999
Unearned income	(195,811)	(176,748)
Gross financing	<u>1,597,703</u>	<u>1,429,779</u>
Allowance for bad and doubtful debts and financing		
- Specific	(10,956)	(9,400)
- General	(23,802)	(21,304)
Net financing	<u>1,562,945</u>	<u>1,399,075</u>

NOTES TO INTERIM FINANCIAL STATEMENTS – 30 SEPTEMBER 2006 (continued)**22 THE OPERATION OF ISLAMIC BANKING (IB) (continued)****(3) Non-performing financing**

	Group and Bank	
	30 Sept 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	18,672	10,515
Reclassified as performing during the period / year	(2,494)	(1,913)
Amount recovered	(3,427)	(1,855)
Amount written off	(6,640)	(3,257)
Balance at end of period / year	<u>22,315</u>	<u>16,204</u>
Specific allowance	(10,956)	(9,400)
Net non performing financing	<u>11,359</u>	<u>6,804</u>
Ratio of net non-performing financing to net financing	<u>0.72%</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	2,498	8,113
Balance at end of period / year	<u>23,802</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	9,788	6,437
Amount recovered	(1,592)	(1,414)
Amount written off	(6,640)	(3,258)
Balance at end of period / year	<u>10,956</u>	<u>9,400</u>

NOTES TO INTERIM FINANCIAL STATEMENTS – 30 SEPTEMBER 2006 (continued)**22 THE OPERATION OF ISLAMIC BANKING (IB) (continued)****(4) OTHER ASSETS**

	Group and Bank	
	30 Sept 2006 RM'000	31 Dec 2005 RM'000
Income receivable	2,101	1,630
Other debtors, deposits and prepayments	8,595	9,340
	<u>10,696</u>	<u>10,970</u>

(5) DEPOSITS FROM CUSTOMERS

	Group and Bank	
	30 Sept 2006 RM'000	31 Dec 2005 RM'000
By type of deposits		
Non-Mudharabah Fund:		
Demand deposits	147,424	123,789
Savings deposits	260,164	271,193
Negotiable Islamic debt certificate	782,342	1,113,337
Others	14,881	14,417
	<u>1,204,811</u>	<u>1,522,736</u>
Mudharabah Fund:		
General investment deposits	293,235	96,762
Islamic short term Mudharabah Investment	671,322	337,923
	<u>964,557</u>	<u>434,685</u>
Total deposits from customers	<u>2,169,368</u>	<u>1,957,421</u>

NOTES TO INTERIM FINANCIAL STATEMENTS – 30 SEPTEMBER 2006 (continued)**22 THE OPERATION OF ISLAMIC BANKING (IB) (continued)****(6) OTHER LIABILITIES**

	Group and Bank	
	30 Sept	31 Dec
	2006	2005
	RM'000	RM'000
Other accruals and charges	87,309	134,714
Profit equalisation reserve	16,742	4,471
	104,051	139,185
<u>Profit equalisation reserve (PER)</u>		
Balance at 1 January	4,471	0
Amount provided during the period / year	12,585	5,275
Amount written back during the period / year	(314)	(804)
Balance at end of period / year	16,742	4,471

(7) ISLAMIC BANKING CAPITAL FUNDS

	Group and Bank	
	30 Sept	31 Dec
	2006	2005
	RM'000	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 541,000 (Dec 2005 : RM 702,000 (gains))	588	755
Retained profits	82,882	65,834
	168,470	151,589