

**CONDENSED INTERIM FINANCIAL STATEMENTS  
UNAUDITED BALANCE SHEETS AS AT 31 MARCH 2006**

	Note	Group		Bank	
		31/3/2006 RM'000	31/12/2005 RM'000	31/3/2006 RM'000	31/12/2005 RM'000
<b>ASSETS</b>					
Cash and short-term funds		2,294,629	1,960,947	2,294,629	1,960,947
Securities purchased under resale agreement		48,869	49,976	48,869	49,976
Deposits and placements with financial institutions		722,650	332,476	722,650	332,476
Held-for-trading securities	4	505,050	352,699	505,050	352,699
Available-for-sale securities	4	5,478,465	5,752,212	5,478,465	5,752,212
Loans, advances and financing	5	21,320,733	20,931,547	21,320,180	20,930,917
Other assets	7	332,831	263,969	329,872	260,952
Statutory deposits with Bank Negara Malaysia		781,086	785,086	781,086	785,086
Investment in subsidiary companies		0	0	1,611	1,611
Property, plant and equipment		234,452	236,438	234,435	236,420
Investment property		11,128	11,231	11,128	11,231
Non-current assets held for sale		49	0	49	0
Deferred taxation asset		107,422	129,243	107,727	129,527
<b>TOTAL ASSETS</b>		<b>31,837,364</b>	<b>30,805,824</b>	<b>31,835,751</b>	<b>30,804,054</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>					
Deposits from customers	8	21,457,425	19,778,540	21,471,319	19,792,275
Deposits and placements of banks and other financial institutions	9	2,593,555	3,066,763	2,593,555	3,066,763
Obligations on securities sold under repurchase agreements		2,435,952	2,611,796	2,435,952	2,611,796
Bills and acceptances payable		1,622,148	1,340,850	1,622,148	1,340,850
Amount due to Cagamas		748,762	921,782	748,762	921,782
Subordinated term loan		510,015	533,709	510,015	533,709
Other liabilities	10	452,430	399,173	449,360	396,114
Taxation and zakat		22,839	37,670	22,839	37,670
<b>TOTAL LIABILITIES</b>		<b>29,843,126</b>	<b>28,690,283</b>	<b>29,853,950</b>	<b>28,700,959</b>
Financed by :					
Share capital		291,500	291,500	291,500	291,500
Reserves		1,702,738	1,824,041	1,690,301	1,811,595
Shareholders' Equity		<u>1,994,238</u>	<u>2,115,541</u>	<u>1,981,801</u>	<u>2,103,095</u>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>31,837,364</b>	<b>30,805,824</b>	<b>31,835,751</b>	<b>30,804,054</b>
<b>COMMITMENTS AND CONTINGENCIES</b>	18	<b>36,017,645</b>	<b>31,651,355</b>	<b>36,017,645</b>	<b>31,651,355</b>

**CONDENSED INTERIM FINANCIAL STATEMENTS  
UNAUDITED INCOME STATEMENTS FOR THE FIRST QUARTER AND THREE MONTHS ENDED 31  
MARCH 2006**

	Note	Group		Bank	
		1 <sup>st</sup> Quarter ended		1 <sup>st</sup> Quarter ended	
		31 March 2006 RM'000	31 March 2005 RM'000	31 March 2006 RM'000	31 March 2005 RM'000
Interest income	11	349,687	306,359	349,700	306,341
Interest expense	12	(183,496)	(162,415)	(183,603)	(162,530)
Net interest income		166,191	143,944	166,097	143,811
Islamic Banking income		12,626	9,550	12,626	9,550
		178,817	153,494	178,723	153,361
Non-interest income	13	73,051	56,782	73,051	56,782
Net income		251,868	210,276	251,774	210,143
Staff cost and overhead expenses	14	(90,713)	(84,024)	(90,631)	(83,961)
Operating profits before allowances		161,155	126,252	161,143	126,182
Write back of losses on loans and financing (Provision for) / write back of commitment and contingencies	15	6,838 (290)	5,662 384	6,838 (290)	5,643 384
Write back of impairment on securities (net)		0	321	0	321
Profit before taxation		167,703	132,619	167,691	132,530
Taxation	16	(48,289)	(36,743)	(48,268)	(36,723)
Net profit attributable to shareholders		119,414	95,876	119,423	95,807
Basic earnings per share (sen)		38.4	33.3	38.4	33.3

**CONDENSED INTERIM FINANCIAL STATEMENTS****UNAUDITED STATEMENTS OF CHANGES IN EQUITY FOR THE THREE MONTHS ENDED 31 MARCH 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	119,414	119,414
Revaluation of available-for- sale securities (net)	0	0	0	0	(633)	0	0	(633)
Deferred tax on revaluation of available-for-sale securities (net)	0	0	0	0	178	0	0	178
Share-based staff costs	0	0	0	524	0	0	0	524
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 31 March 2006	<u>291,500</u>	<u>858,500</u>	<u>322,000</u>	<u>73,456</u>	<u>32,191</u>	<u>36,750</u>	<u>379,841</u>	<u>1,994,238</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	95,876	95,876
Revaluation of available-for- sale securities (net)	0	0	0	0	(15,956)	0	0	(15,956)
Deferred tax on revaluation of available-for-sale securities (net)	0	0	0	0	4,468	0	0	4,468
Share-based staff costs	0	0	0	1,912	0	0	0	1,912
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 31 March 2005	<u>287,500</u>	<u>462,500</u>	<u>322,000</u>	<u>68,907</u>	<u>39,883</u>	<u>36,750</u>	<u>277,521</u>	<u>1,495,061</u>

**CONDENSED INTERIM FINANCIAL STATEMENTS****UNAUDITED STATEMENTS OF CHANGES IN EQUITY FOR THE THREE MONTHS ENDED 31 MARCH 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	119,423	119,423
Revaluation of available-for-sale securities (net)	0	0	0	0	(633)	0	0	(633)
Deferred tax on revaluation of available-for-sale securities (net)	0	0	0	0	178	0	0	178
Share-based staff costs	0	0	0	524	0	0	0	524
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 31 March 2006	<u>291,500</u>	<u>858,500</u>	<u>322,000</u>	<u>16,837</u>	<u>32,191</u>	<u>0</u>	<u>460,773</u>	<u>1,981,801</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	95,807	95,807
Revaluation of available-for-sale securities (net)	0	0	0	0	(15,956)	0	0	(15,956)
Deferred tax on revaluation of available-for-sale securities (net)	0	0	0	0	4,468	0	0	4,468
Share-based staff costs	0	0	0	1,912	0	0	0	1,912
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 31 March 2005	<u>287,500</u>	<u>462,500</u>	<u>322,000</u>	<u>12,288</u>	<u>39,883</u>	<u>0</u>	<u>358,575</u>	<u>1,482,746</u>

**CONDENSED INTERIM FINANCIAL STATEMENTS****UNAUDITED CONDENSED CASH FLOW STATEMENTS FOR THE THREE MONTHS ENDED 31 MARCH 2006**

	<b>Group</b>		<b>Bank</b>	
	31 March 2006 RM'000	31 March 2005 RM'000	31 March 2006 RM'000	31 March 2005 RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Profit before taxation and zakat	167,703	132,619	167,691	132,530
Adjustments for non-operating and non-cash items	6,010	22,412	6,009	22,431
Operating profit before changes in working capital	173,713	155,031	173,700	154,961
Changes in working capital:				
Net changes in Operating Assets	(536,416)	(2,643,466)	(536,551)	(2,635,689)
Net changes in Operating Liabilities	1,110,892	2,375,722	1,111,040	2,368,015
Income tax and zakat paid	(41,121)	(45,337)	(41,121)	(45,337)
Net cash generated from / (utilised in) operating activities	707,068	(158,050)	707,068	(158,050)
Net cash generated from / (utilised) in investing activities	257,574	(233,866)	257,574	(233,866)
Net cash utilised in financing activities	(240,786)	0	(240,786)	0
Net increase / (decrease) in cash and cash equivalents	723,856	(391,916)	723,856	(391,916)
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	<u>3,017,279</u>	<u>1,511,241</u>	<u>3,017,279</u>	<u>1,511,241</u>

## **NOTES TO INTERIM FINANCIAL STATEMENTS – 31 MARCH 2006**

### **1 REVIEW OF PERFORMANCE**

The Bank and its subsidiaries' pre-tax profit registered an increase of 26% or RM35.1 million to RM167.7 million for the first quarter 2006 over the previous year's corresponding quarter of RM132.6 million. The stronger results were attributed to higher operating profits of RM34.9 million to RM161.2 million.

Top line growth was attributed to increase in net interest income of 15% or RM22.2 million to RM166.2 million, supported by higher average loan volume of 10% and improved net interest margin of 23 bps. Non-interest income also grew by 28% or RM16.3 million to RM73.1 million mainly from gains in foreign currency and revaluation of derivatives, partly offset by lower service charges and fees. Overhead grew at a lower pace of 8% or RM6.7 million to RM 90.7 million compared to the previous year's corresponding quarter of RM84 million.

Outstanding loans grew by 2% or RM377 million to RM22.2 billion, while total assets expanded by 3% or RM1 billion to RM31.8 billion for the first three month in 2006. Net NPL ratio increase slightly to 3.8% from 3.6% (Dec 2005). Shareholders' funds stood at RM1.9 billion and the bank's risk weighted capital ratio was at 11.03%.

### **2 ECONOMIC PERFORMANCE AND PROSPECTS**

After growing by 5.3% in 2005, Malaysia is projected to grow faster at 6% in 2006, underpinned by the manufacturing sector, largely driven by the upturn in the semi-conductor industry, and the services sector.

Inflation which has been creeping up since the second half of 2005 is expected to rise further as a result of increase in petroleum prices in February 2006. Inflation is expected to ease in the second half of the year and inflation rate is expected to average between 3.5% - 4.0% by the end of this year. Further moves by the authorities to raise the overnight policy rate (OPR) signalled its resolve to ensure price stability and at the same time promote sustainable level of economic activity. The rollout of the 9<sup>th</sup> Malaysia Plan, a blueprint for economic growth from 2006-2010 is expected to provide a welcome boost for the economy and ensures Malaysia is able to produce long-term sustainable growth.

The second phase of the Masterplan has given locally incorporated foreign banks more opportunities to become more integrated in the domestic market with the implementation of the inter giro payment and flexibility to open additional branches that would serve to broaden the customer base. Interest rate flexibility has also been accorded to the banking institutions to determine their depository and lending rates and thus given free rein to manage their assets and liabilities more effectively.

**NOTES TO INTERIM FINANCIAL STATEMENTS – 31 MARCH 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>Group</b>	<b>As previously reported</b>	<b>Effect</b>	<b>As Restated</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	(11,231)	236,438
Investment property	0	11,231	11,231
<b><u>Bank</u></b>			
<b>Increase/(decrease)</b>			
<b><u>Balance Sheet</u></b>			
Property, plant and equipment	247,651	(11,231)	236,420
Investment property	0	11,231	11,231

**NOTES TO INTERIM FINANCIAL STATEMENTS – 31 MARCH 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 31 March 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	(614)	(11,128)	(49)	(11,791)
Investment property	-	11,128	-	11,128
Non-current assets held for sale	-	-	49	49
Taxation and zakat	(204)	-	-	(204)
Reserves	(410)	-	-	(410)
<b><u>Income Statement</u></b>				
Staff cost and overhead expenses	614	-	-	614
Taxation	(204)	-	-	(204)
Net profit attributable to shareholders	(410)	-	-	(410)



**NOTES TO INTERIM FINANCIAL STATEMENTS – 31 MARCH 2006 (continued)****4 SECURITIES PORTFOLIO**

## i) Held-For-Trading

	<b>Group</b>		<b>Bank</b>	
	31 Mar 2006 RM'000	31 Dec 2005 RM'000	31 Mar 2006 RM'000	31 Dec 2005 RM'000
<u>At fair value</u>				
Malaysian Government securities	274,909	10,163	274,909	10,163
Government Investment Certificate	29,632	65,029	29,632	65,029
Bank Negara Negotiable notes	0	32,628	0	32,628
Private debt securities	200,509	244,879	200,509	244,879
	<u>505,050</u>	<u>352,699</u>	<u>505,050</u>	<u>352,699</u>

## ii) Available-For-sale

At fair value

Malaysian Government securities	2,695,796	2,963,660	2,695,796	2,963,660
Government investment certificate	179,849	178,635	179,849	178,635
Cagamas bonds / notes	786,718	787,173	786,718	787,173
Khazanah bonds	0	14,901	0	14,901
Private debt securities	615,862	728,884	615,862	728,884
Negotiable instruments of deposit	905,000	965,000	905,000	965,000
Bankers' acceptance and Islamic accepted bills	250,177	118,413	250,177	118,413
Shares	45,635	45,635	45,635	45,635
Debentures	187	187	187	187
	<u>5,479,224</u>	<u>5,802,488</u>	<u>5,479,224</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>5,478,465</u>	<u>5,752,212</u>	<u>5,478,465</u>	<u>5,752,212</u>

Included in available-for-sale securities is an amount of RM 2,525,994,000 (Dec 2005:RM 2,751,375,000) being pledged to third parties in sale and repurchase agreements.

**NOTES TO INTERIM FINANCIAL STATEMENTS – 31 MARCH 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>	
	31 Mar 2006 RM'000	31 Dec 2005 RM'000	31 Mar 2006 RM'000	31 Dec 2005 RM'000
Maturity within one year	1,884,214	1,856,670	1,884,214	1,856,670
One year to three years	2,220,949	2,094,736	2,220,949	2,094,736
Three years to five years	646,505	1,107,194	646,505	1,107,194
Over five years	727,556	743,888	727,556	743,888
	<b>5,479,224</b>	<b>5,802,488</b>	<b>5,479,224</b>	<b>5,802,488</b>

**5 LOANS, ADVANCES AND FINANCING**

	<b>Group</b>		<b>Bank</b>	
	31 Mar 2006 RM'000	31 Dec 2005 RM'000	31 Mar 2006 RM'000	31 Dec 2005 RM'000
i) By type				
Overdrafts	3,397,359	3,375,072	3,397,359	3,375,072
Term loans/financing :				
Housing loans/financing	6,149,650	6,069,237	6,149,650	6,069,237
Syndicated term loan/financing	769,657	757,341	769,657	757,341
Hire purchase	353,229	332,770	353,229	332,770
Lease receivables	25,491	26,892	24,358	25,669
Other term loans	7,005,282	6,850,025	7,005,282	6,850,025
Credit/charge cards receivables	382,282	374,457	382,282	374,457
Bills receivable	90,522	98,125	90,522	98,125
Trust receipts	100,008	96,948	100,008	96,948
Claims on customers under acceptance credits	2,113,094	2,026,262	2,113,094	2,026,262
Block discounting	344	348	344	348
Loan to banks	237,355	243,432	237,355	243,432
Revolving credit	1,499,931	1,422,617	1,499,931	1,422,617
Staff loans (of which None [Dec 2005 : Nil] to directors )	108,334	106,727	108,334	106,727
Other loans	149,001	221,520	149,001	221,520
	<b>22,381,539</b>	<b>22,001,773</b>	<b>22,380,406</b>	<b>22,000,550</b>
Unearned interest and income	(184,258)	(181,828)	(184,209)	(181,766)
Gross loans, advances and financing	<b>22,197,281</b>	<b>21,819,945</b>	<b>22,196,197</b>	<b>21,818,784</b>
Allowance for bad and doubtful debts and financing :				
- Specific	(569,678)	(581,528)	(569,162)	(581,012)
- General	(306,870)	(306,870)	(306,855)	(306,855)
Net loans, advances and financing	<b>21,320,733</b>	<b>20,931,547</b>	<b>21,320,180</b>	<b>20,930,917</b>

**NOTES TO INTERIM FINANCIAL STATEMENTS – 31 MARCH 2006 (continued)****5 LOANS, ADVANCES AND FINANCING (continued)**

## ii) By type of customer

	<b>Group</b>		<b>Bank</b>	
	31 Mar 2006 RM'000	31 Dec 2005 RM'000	31 Mar 2006 RM'000	31 Dec 2005 RM'000
Domestic banking institutions	237,923	205,708	237,355	205,063
Domestic non-bank financial institutions (of which RM Nil to stockbroking companies)	305,641	244,053	305,641	244,053
Domestic business enterprises				
- Small medium enterprises ("SME")	3,484,866	3,490,596	3,484,699	3,490,430
- Non-SME	8,433,421	8,275,631	8,433,072	8,275,281
Government and statutory bodies	1,238,612	1,309,281	1,238,612	1,309,281
Individuals	8,444,098	8,242,555	8,444,098	8,242,555
Other domestic entities	1,625	1,765	1,625	1,765
Foreign entities	51,095	50,356	51,095	50,356
	<u>22,197,281</u>	<u>21,819,945</u>	<u>22,196,197</u>	<u>21,818,784</u>

## iii) By interest/profit rate sensitivity

## Fixed rate:

Housing loans/financing	97,192	97,754	97,192	97,754
Hire purchase receivables	317,029	298,188	317,029	298,188
Other fixed rate loan/financing	1,271,660	1,287,661	1,270,576	1,286,500

## Variable rate:

BLR plus	13,690,925	13,397,160	13,690,925	13,397,160
Cost-plus	3,051,209	2,952,938	3,051,209	2,952,938
Other variable rates	3,769,266	3,786,244	3,769,266	3,786,244
	<u>22,197,281</u>	<u>21,819,945</u>	<u>22,196,197</u>	<u>21,818,784</u>

## iv) By sector

Agriculture	1,305,728	1,296,224	1,305,728	1,296,224
Mining and quarrying	19,179	16,899	19,179	16,899
Manufacturing	3,539,042	3,529,197	3,539,042	3,529,197
Electricity, gas and water	111,550	61,900	111,550	61,900
Construction	889,415	897,119	889,065	896,770
Real estate	1,685,736	1,621,544	1,685,736	1,621,544
Purchase of landed property				
of which : i. Residential	6,461,682	6,304,702	6,461,682	6,304,702
ii. Non-residential	982,344	955,552	982,344	955,552
General commerce	2,652,353	2,649,249	2,652,187	2,649,082
Transport, storage and communication	450,819	456,102	450,819	456,102
Finance, insurance and business services	750,653	644,812	750,653	644,812
Purchase of securities	417,167	417,412	417,167	417,412
Purchase of transport vehicles	9,151	9,214	9,151	9,214
Consumption credit	1,221,496	1,207,587	1,220,928	1,206,942
Sovereign	1,238,609	1,309,275	1,238,609	1,309,275
Others	462,357	443,157	462,357	443,157
	<u>22,197,281</u>	<u>21,819,945</u>	<u>22,196,197</u>	<u>21,818,784</u>

**NOTES TO INTERIM FINANCIAL STATEMENTS – 31 MARCH 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>	
	31 Mar 2006 RM'000	31 Dec 2005 RM'000	31 Mar 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)	134,518	256,604	134,518	256,599
Reclassified as performing during the period / year	(23,570)	(181,770)	(23,570)	(181,770)
Amount recovered	(56,896)	(240,811)	(56,896)	(240,768)
Amount written off	(11,424)	(74,879)	(11,424)	(74,774)
Balance at end of period / year	<u>1,395,245</u>	<u>1,352,617</u>	<u>1,394,729</u>	<u>1,352,101</u>
Specific allowance	(569,678)	(581,528)	(569,162)	(581,012)
Net non-performing loans, advances and financing	<u>825,567</u>	<u>771,089</u>	<u>825,567</u>	<u>771,089</u>
Ratio of net non-performing loans and financing to net loans, advances and financing	<u>3.82%</u>	<u>3.63%</u>	<u>3.82%</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>	
	31 Mar 2006 RM'000	31 Dec 2005 RM'000	31 Mar 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	0	0	0	0
Balance at end of period / year	<u>306,870</u>	<u>306,870</u>	<u>306,855</u>	<u>306,855</u>
(as % of gross loans, advances and financing less specific allowance)	<u>1.51%</u>	<u>1.54%</u>	<u>1.51%</u>	<u>1.54%</u>

**NOTES TO INTERIM FINANCIAL STATEMENTS – 31 MARCH 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>	
	31 Mar 2006 RM'000	31 Dec 2005 RM'000	31 Mar 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	34,432	165,950	34,432	165,945
Amount written back in respect of recoveries	(34,858)	(144,844)	(34,858)	(144,776)
Amount written off	(11,424)	(74,879)	(11,424)	(74,774)
Balance at end of period / year	<u>569,678</u>	<u>581,528</u>	<u>569,162</u>	<u>581,012</u>

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

	<b>Group</b>		<b>Bank</b>	
	31 Mar 2006 RM'000	31 Dec 2005 RM'000	31 Mar 2006 RM'000	31 Dec 2005 RM'000
Agriculture	53,848	47,637	53,848	47,637
Manufacturing	332,716	308,035	332,716	308,035
Construction	112,306	115,019	111,957	114,670
Real estate	172,560	149,734	172,560	149,734
Purchase of landed property				
of which : i. Residential	121,907	109,997	121,907	109,997
ii. Non-residential	56,238	58,581	56,238	58,581
General commerce	291,997	305,512	291,830	305,345
Transport, storage and communication	7,971	11,198	7,971	11,198
Finance, insurance and business services	53,975	58,313	53,975	58,313
Purchase of securities	128,783	131,346	128,783	131,346
Purchase of transport vehicles	239	240	239	240
Consumption credit	41,248	35,796	41,248	35,796
Others	21,457	21,209	21,457	21,209
	<u>1,395,245</u>	<u>1,352,617</u>	<u>1,394,729</u>	<u>1,352,101</u>

**NOTES TO INTERIM FINANCIAL STATEMENTS – 31 MARCH 2006 (continued)****7 OTHER ASSETS**

	<b>Group</b>		<b>Bank</b>	
	31 Mar 2006 RM'000	31 Dec 2005 RM'000	31 Mar 2006 RM'000	31 Dec 2005 RM'000
Interest receivable	66,401	69,502	66,401	69,502
Derivative assets	167,291	105,390	167,291	105,390
Other debtors, deposits and prepayments	99,139	89,077	96,180	86,060
	<u>332,831</u>	<u>263,969</u>	<u>329,872</u>	<u>260,952</u>

**8 DEPOSITS FROM CUSTOMERS**

## i) By type of deposit

	<b>Group</b>		<b>Bank</b>	
	31 Mar 2006 RM'000	31 Dec 2005 RM'000	31 Mar 2006 RM'000	31 Dec 2005 RM'000
Demand deposits	2,668,488	2,674,234	2,669,451	2,675,119
Savings deposits	1,729,651	1,682,772	1,729,651	1,682,772
Fixed deposits	11,463,051	10,843,856	11,475,982	10,856,706
Negotiable instruments of deposits	3,624,698	3,155,587	3,624,698	3,155,587
Islamic short term Mudharabah investment	598,422	337,923	598,422	337,923
Structured investments	1,354,436	1,066,919	1,354,436	1,066,919
Others	18,679	17,249	18,679	17,249
	<u>21,457,425</u>	<u>19,778,540</u>	<u>21,471,319</u>	<u>19,792,275</u>

## ii) By type of customers

	<b>Group</b>		<b>Bank</b>	
	31 Mar 2006 RM'000	31 Dec 2005 RM'000	31 Mar 2006 RM'000	31 Dec 2005 RM'000
Government and statutory bodies	65,879	5,174	65,879	5,174
Business enterprises	5,745,693	5,039,053	5,745,693	5,039,053
Individuals	11,487,538	10,997,495	11,487,538	10,997,495
Others	4,158,315	3,736,818	4,172,209	3,750,553
	<u>21,457,425</u>	<u>19,778,540</u>	<u>21,471,319</u>	<u>19,792,275</u>

**NOTES TO INTERIM FINANCIAL STATEMENTS – 31 MARCH 2006 (continued)****9 DEPOSITS AND PLACEMENTS OF BANKS AND OTHER FINANCIAL INSTITUTIONS**

	<b>Group</b>		<b>Bank</b>	
	31 Mar 2006 RM'000	31 Dec 2005 RM'000	31 Mar 2006 RM'000	31 Dec 2005 RM'000
Licensed banks	2,392,045	2,954,940	2,392,045	2,954,940
Other financial institutions	201,510	111,823	201,510	111,823
	<u>2,593,555</u>	<u>3,066,763</u>	<u>2,593,555</u>	<u>3,066,763</u>

**10 OTHER LIABILITIES**

	<b>Group</b>		<b>Bank</b>	
	31 Mar 2006 RM'000	31 Dec 2005 RM'000	31 Mar 2006 RM'000	31 Dec 2005 RM'000
Accruals for personnel costs *	20,570	33,271	20,553	33,207
Obligations under finance lease	568	644	568	644
Provision for commitment and contingencies (a)	2,629	2,339	2,629	2,339
Interest payable	140,062	133,398	140,062	133,398
Other accruals and charges	110,190	116,821	107,137	113,826
Derivatives liabilities	170,836	108,229	170,836	108,229
Profit equalisation reserve [Note 21 (6)]	7,575	4,471	7,575	4,471
	<u>452,430</u>	<u>399,173</u>	<u>449,360</u>	<u>396,114</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>	
	31 Mar 2006 RM'000	31 Dec 2005 RM'000	31 Mar 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 – 31 MARCH 2006 (continued)****11 INTEREST INCOME**

	<b>Group</b>		<b>Bank</b>	
	31 Mar 2006 RM'000	31 Mar 2005 RM'000	31 Mar 2006 RM'000	31 Mar 2005 RM'000
Loans and advances				
- Interest income other than recoveries from NPL	274,166	235,339	274,166	235,333
- Recoveries from NPLs	6,468	8,812	6,468	8,800
Money at call and deposit placements with financial institutions	19,303	9,108	19,316	9,108
Held-for-trading securities	3,744	7,915	3,744	7,915
Available-for-sale securities	57,365	56,569	57,365	56,569
Others	1,064	2,043	1,064	2,043
	<u>362,110</u>	<u>319,786</u>	<u>362,123</u>	<u>319,768</u>
Amortisation of premium less accretion of discount	(12,423)	(13,427)	(12,423)	(13,427)
	<u>349,687</u>	<u>306,359</u>	<u>349,700</u>	<u>306,341</u>

**12 INTEREST EXPENSE**

	<b>Group</b>		<b>Bank</b>	
	31 Mar 2006 RM'000	31 Mar 2005 RM'000	31 Mar 2006 RM'000	31 Mar 2005 RM'000
Deposits and placements of banks and other financial institutions	27,771	21,196	27,771	21,196
Deposits from customers	120,586	106,771	120,680	106,868
Loans sold to Cagamas	9,502	10,771	9,502	10,771
Subordinated term loan	7,809	7,985	7,809	7,985
Others	17,828	15,692	17,841	15,710
	<u>183,496</u>	<u>162,415</u>	<u>183,603</u>	<u>162,530</u>



**NOTES TO INTERIM FINANCIAL STATEMENTS – 31 MARCH 2006 (continued)****13 NON-INTEREST INCOME**

	<b>Group</b>		<b>Bank</b>	
	31 Mar 2006 RM'000	31 Mar 2005 RM'000	31 Mar 2006 RM'000	31 Mar 2005 RM'000
Fee income:-				
Commission	26,367	26,108	26,367	26,108
Service charges and fees	13,086	22,772	13,086	22,772
Guarantee fees	56	70	56	70
Other fee income	2,846	2,429	2,846	2,429
	<u>42,355</u>	<u>51,379</u>	<u>42,355</u>	<u>51,379</u>
Income from securities:-				
Net profit from sale of held-for-trading securities	148	3,413	148	3,413
Net (losses) / gains from sale of available-for-sale securities	(448)	2	(448)	2
Unrealised losses on revaluation of held-for-trading securities (net)	(10)	(6,375)	(10)	(6,375)
Gross dividends from Malaysia: - available-for-sale securities	400	0	400	0
	<u>42,445</u>	<u>48,419</u>	<u>42,445</u>	<u>48,419</u>
Other income:-				
Unrealised losses from foreign currency translation (net)	(5,122)	(89)	(5,122)	(89)
Gain arising from dealing in foreign currency (net)	23,117	8,213	23,117	8,213
Losses arising for trading derivative (net)	(2,587)	(147)	(2,587)	(147)
Rental income (net)	1,056	(66)	1,056	(66)
Gain on disposal of property, plant and equipment	508	0	508	0
Unrealised gains on revaluation of derivatives (net)	13,624	471	13,624	471
Others	10	(19)	10	(19)
	<u>30,606</u>	<u>8,363</u>	<u>30,606</u>	<u>8,363</u>
	<u>73,051</u>	<u>56,782</u>	<u>73,051</u>	<u>56,782</u>

**NOTES TO INTERIM FINANCIAL STATEMENTS – 31 MARCH 2006 (continued)****14 STAFF COST AND OVERHEAD EXPENSES**

	<b>Group</b>		<b>Bank</b>	
	31 Mar 2006 RM'000	31 Mar 2005 RM'000	31 Mar 2006 RM'000	31 Mar 2005 RM'000
Personnel costs (i)	41,923	40,497	41,858	40,442
Establishment costs (ii)	8,012	8,209	8,006	8,209
Marketing expenses (iii)	3,438	3,721	3,437	3,721
Administration and general expenses (iv)	37,340	31,597	37,330	31,589
	<u>90,713</u>	<u>84,024</u>	<u>90,631</u>	<u>83,961</u>

**(i) Personnel costs**

	<b>Group</b>		<b>Bank</b>	
	31 Mar 2006 RM'000	31 Mar 2005 RM'000	31 Mar 2006 RM'000	31 Mar 2005 RM'000
Wages, salaries and bonus	30,850	27,443	30,805	27,408
Defined contribution plan (EPF)	5,355	5,868	5,348	5,862
Equity compensation benefit	1,317	28	1,317	28
Employee benefit	175	0	175	0
Other personnel costs	4,226	7,158	4,213	7,144
	<u>41,923</u>	<u>40,497</u>	<u>41,858</u>	<u>40,442</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**

	<b>Group</b>		<b>Bank</b>	
	31 Mar 2006 RM'000	31 Mar 2005 RM'000	31 Mar 2006 RM'000	31 Mar 2005 RM'000
Rental of premises	667	1,532	662	1,532
Depreciation of property, plant and equipment	3,272	3,259	3,271	3,259
Repair and maintenance	2,019	1,570	2,019	1,570
Others	2,054	1,848	2,054	1,848
	<u>8,012</u>	<u>8,209</u>	<u>8,006</u>	<u>8,209</u>

**NOTES TO INTERIM FINANCIAL STATEMENTS – 31 MARCH 2006 (continued)****14 STAFF COST AND OVERHEAD EXPENSES (continued)****(iii) Marketing expenses**

	<b>Group</b>		<b>Bank</b>	
	31 Mar 2006 RM'000	31 Mar 2005 RM'000	31 Mar 2006 RM'000	31 Mar 2005 RM'000
Transport and travelling	891	1,231	890	1,231
Advertisement and business promotion	2,251	2,270	2,251	2,270
Others	296	220	296	220
	<u>3,438</u>	<u>3,721</u>	<u>3,437</u>	<u>3,721</u>

**(iv) Administration and general expenses**

	<b>Group</b>		<b>Bank</b>	
	31 Mar 2006 RM'000	31 Mar 2005 RM'000	31 Mar 2006 RM'000	31 Mar 2005 RM'000
Printing and stationery	1,651	1,581	1,651	1,581
Postage and courier	1,103	1,389	1,103	1,389
Telephone, telex and fax	1,386	1,763	1,386	1,762
Legal and consultancy fees	736	1,285	726	1,285
Transaction processing fees	28,466	21,284	28,466	21,284
Other administrative and general expenses	3,998	4,295	3,998	4,288
	<u>37,340</u>	<u>31,597</u>	<u>37,330</u>	<u>31,589</u>

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

	<b>Group</b>		<b>Bank</b>	
	31 Mar 2006 RM'000	31 Mar 2005 RM'000	31 Mar 2006 RM'000	31 Mar 2005 RM'000
Allowance for bad and doubtful debts and financing:-				
Specific allowance				
- Made in the financial period	34,432	22,721	34,432	22,716
- Written back	(34,858)	(19,269)	(34,858)	(19,245)
Other allowance	100	226	100	226
Bad debts and financing :-				
- written off	54	36	54	36
- recovered	(6,566)	(9,376)	(6,566)	(9,376)
	<u>(6,838)</u>	<u>(5,662)</u>	<u>(6,838)</u>	<u>(5,643)</u>

**NOTES TO INTERIM FINANCIAL STATEMENTS – 31 MARCH 2006 (continued)****16 TAXATION**

	<b>Group</b>		<b>Bank</b>	
	31 Mar 2006 RM'000	31 Mar 2005 RM'000	31 Mar 2006 RM'000	31 Mar 2005 RM'000
Malaysian income tax – current period	26,290	39,002	26,290	39,002
Deferred taxation :				
- relating to originating and reversal of temporary differences	21,999	(2,259)	21,978	(2,279)
	<u>48,289</u>	<u>36,743</u>	<u>48,268</u>	<u>36,723</u>

**17 CAPITAL COMMITMENTS**

	<b>Group</b>		<b>Bank</b>	
	31 Mar 2006 RM'000	31 Mar 2005 RM'000	31 Mar 2006 RM'000	31 Mar 2005 RM'000
Capital expenditure in respect of property, plant and equipment:-				
- authorised and contracted for	23,107	30,009	23,107	30,009
- authorised but not contracted for	12,869	27	12,869	27
	<u>35,976</u>	<u>30,036</u>	<u>35,976</u>	<u>30,036</u>

**NOTES TO INTERIM FINANCIAL STATEMENTS – 31 MARCH 2006 (continued)****18 COMMITMENTS AND CONTINGENCIES**

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

	31 Mar 2006			31 Dec 2005		
	Principal Amount RM'000	Credit Equivalent Amount* RM'000	Risk Weighted Amount RM'000	Principal Amount RM'000	Credit Equivalent* Amount* RM'000	Risk Weighted Amount RM'000
<b>Group</b>						
Direct credit substitutes	316,096	316,096	295,415	256,899	256,899	236,759
Transaction-related contingent items	661,729	330,864	323,629	616,806	308,403	301,168
Short-term self-liquidating trade-related contingencies	431,793	86,359	86,359	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	6,893,373	3,446,687	3,446,687	6,740,714	3,370,357	3,370,357
- maturity not exceeding one year	6,444,254	0	0	6,205,817	0	0
Foreign exchange related contracts						
- less than one year	5,477,338	97,269	30,252	4,042,049	78,649	30,190
- one year to less than five years	31,477	5,074	2,365	0	0	0
Interest rate contracts						
- less than one year	5,260,196	13,051	2,927	5,577,951	13,821	3,103
- one year to less than five years	9,731,464	350,958	128,209	7,556,089	258,977	92,571
- five years and above	679,864	44,983	21,411	248,976	18,718	8,279
Equity related contracts	30,061	10,205	10,205	28,500	9,230	9,230
Miscellaneous	15,000	0	0	0	0	0
<b>Total</b>	<b>36,017,645</b>	<b>4,701,546</b>	<b>4,347,459</b>	<b>31,651,355</b>	<b>4,381,565</b>	<b>4,118,168</b>
<b>Bank</b>						
Direct credit substitutes	316,096	316,096	295,415	256,899	256,899	236,759
Transaction-related contingent items	661,729	330,864	323,629	616,806	308,403	301,168
Short-term self-liquidating trade-related contingencies	431,793	86,359	86,359	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	6,893,373	3,446,687	3,446,687	6,740,714	3,370,357	3,370,357
- maturity not exceeding one year	6,444,254	0	0	6,205,817	0	0
Foreign exchange related contracts						
- less than one year	5,477,338	97,269	30,252	4,042,049	78,649	30,190
- one year to less than five years	31,477	5,074	2,365	0	0	0
Interest rate contracts						
- less than one year	5,260,196	13,051	2,927	5,577,951	13,821	3,103
- one year to less than five years	9,731,464	350,958	128,209	7,556,089	258,977	92,571
- five years and above	679,864	44,983	21,411	248,976	18,718	8,279
Equity related contracts	30,061	10,205	10,205	28,500	9,230	9,230
Miscellaneous	15,000	0	0	0	0	0
<b>Total</b>	<b>36,017,645</b>	<b>4,701,546</b>	<b>4,347,459</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 – 31 MARCH 2006 (continued)****19 INTEREST/PROFIT RATE RISK****Group**

As at 31 March 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	2,236,318	0	0	0	0	58,311	0	2,294,629	3.85
Securities purchased under resale agreement	48,869	0	0	0	0	0	0	48,869	3.19
Deposits and placements with financial institutions	0	354,150	368,500	0	0	0	0	722,650	3.85
Held-for-trading securities	0	0	0	0	0	0	505,050	505,050	3.67
Available-for-sale securities	482,413	696,470	703,846	2,867,454	681,733	46,549 <sup>^</sup>	0	5,478,465	4.84
Loans, advances and financing									
- performing	15,266,978	1,015,862	1,394,344	892,066	201,249	1,708,861 <sup>*</sup>	0	20,479,360	6.14
- non-performing	0	0	0	0	0	841,373 <sup>#</sup>	0	841,373	0
Other assets	0	0	0	0	0	332,831	0	332,831	0
Statutory deposits with Bank Negara Malaysia	0	0	0	0	0	781,086	0	781,086	0
Property, plant and equipment	0	0	0	0	0	234,452	0	234,452	0
Investment property	0	0	0	0	0	11,128	0	11,128	0
Non-current assets held for sale	0	0	0	0	0	49	0	49	0
Deferred taxation asset	0	0	0	0	0	107,422	0	107,422	0
<b>Total assets</b>	<b>18,034,578</b>	<b>2,066,482</b>	<b>2,466,690</b>	<b>3,759,520</b>	<b>882,982</b>	<b>4,122,062</b>	<b>505,050</b>	<b>31,837,364</b>	
<b>Liabilities</b>									
Deposits from customers	8,841,120	4,102,393	4,641,071	1,335,254	0	2,537,587	0	21,457,425	2.72
Deposits and placements of banks and other financial institutions	1,443,315	1,011,634	124,725	6,021	7,860	0	0	2,593,555	4.04
Obligations on securities sold under repurchase agreements	2,419,133	16,102	717	0	0	0	0	2,435,952	2.97
Bills and acceptances payable	0	0	0	0	0	1,622,148	0	1,622,148	0
Amount due to Cagamas	5,061	10,176	56,438	367,100	309,987	0	0	748,762	4.39
Subordinated term loan	0	0	0	204,006	306,009	0	0	510,015	5.63
Other liabilities	0	0	0	0	0	452,430	0	452,430	0
Taxation and zakat	0	0	0	0	0	22,839	0	22,839	0
<b>Total liabilities</b>	<b>12,708,629</b>	<b>5,140,305</b>	<b>4,822,951</b>	<b>1,912,381</b>	<b>623,856</b>	<b>4,635,004</b>	<b>0</b>	<b>29,843,126</b>	
On-balance sheet interest sensitivity gap	5,325,949	(3,073,823)	(2,356,261)	1,847,139	259,126	(512,942)	505,050	1,994,238	
Off-balance sheet interest sensitivity gap	0	0	(552,450)	552,450	0	0	0	0	
<b>Total interest sensitivity gap</b>	<b>5,325,949</b>	<b>(3,073,823)</b>	<b>(2,908,711)</b>	<b>2,399,589</b>	<b>259,126</b>	<b>(512,942)</b>	<b>505,050</b>	<b>1,994,238</b>	

**NOTES TO INTERIM FINANCIAL STATEMENTS – 31 MARCH 2006 (continued)****19 INTEREST/PROFIT RATE RISK (continued)****Bank**

As at 31 March 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	2,236,318	0	0	0	0	58,311	0	2,294,629	3.85
Securities purchased under resale agreement	48,869	0	0	0	0	0	0	48,869	3.19
Deposits and placements with financial institutions	0	354,150	368,500	0	0	0	0	722,650	3.85
Held-for-trading securities	0	0	0	0	0	0	505,050	505,050	3.67
Available-for-sale securities	482,413	696,470	703,846	2,867,454	681,733	46,549 <sup>^</sup>	0	5,478,465	4.84
Loans, advances and financing									
- performing	15,267,907	1,015,862	1,394,323	891,519	201,249	1,707,947 <sup>*</sup>	0	20,478,807	6.14
- non-performing	0	0	0	0	0	841,373 <sup>#</sup>	0	841,373	0
Other assets	0	0	0	0	0	329,872	0	329,872	0
Statutory deposits with Bank Negara Malaysia	0	0	0	0	0	781,086	0	781,086	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	234,435	0	234,435	0
Investment property	0	0	0	0	0	11,128	0	11,128	0
Non-current assets held for sale	0	0	0	0	0	49	0	49	0
Deferred taxation asset	0	0	0	0	0	107,727	0	107,727	0
<b>Total assets</b>	<b>18,035,507</b>	<b>2,066,482</b>	<b>2,466,669</b>	<b>3,758,973</b>	<b>882,982</b>	<b>4,120,088</b>	<b>505,050</b>	<b>31,835,751</b>	
<b>Liabilities</b>									
Deposits from customers	8,854,031	4,102,413	4,641,071	1,335,254	0	2,538,550	0	21,471,319	2.72
Deposits and placements of banks and other financial institutions	1,443,315	1,011,634	124,725	6,021	7,860	0	0	2,593,555	4.04
Obligations on securities sold under repurchase agreements	2,419,133	16,102	717	0	0	0	0	2,435,952	2.97
Bills and acceptances payable	0	0	0	0	0	1,622,148	0	1,622,148	0
Amount due to Cagamas	5,061	10,176	56,438	367,100	309,987	0	0	748,762	4.39
Subordinated term loan	0	0	0	204,006	306,009	0	0	510,015	5.63
Other liabilities	0	0	0	0	0	449,360	0	449,360	0
Taxation and zakat	0	0	0	0	0	22,839	0	22,839	0
<b>Total liabilities</b>	<b>12,721,540</b>	<b>5,140,325</b>	<b>4,822,951</b>	<b>1,912,381</b>	<b>623,856</b>	<b>4,632,897</b>	<b>0</b>	<b>29,853,950</b>	
On-balance sheet interest sensitivity gap	5,313,967	(3,073,843)	(2,356,282)	1,846,592	259,126	(512,809)	505,050	1,981,801	
Off-balance sheet interest sensitivity gap	0	0	(552,450)	552,450	0	0	0	0	
<b>Total interest sensitivity gap</b>	<b>5,313,967</b>	<b>(3,073,843)</b>	<b>(2,908,732)</b>	<b>2,399,042</b>	<b>259,126</b>	<b>(512,809)</b>	<b>505,050</b>	<b>1,981,801</b>	

<sup>^</sup> 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.

<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 569,678,000) for Group and (RM 569,162,000) for Bank

**NOTES TO INTERIM FINANCIAL STATEMENTS – 31 MARCH 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	1,618,551 <sup>*</sup>	0	20,169,527	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	236,438	0	236,438	0
Investment property	0	0	0	0	0	11,231	0	11,231	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>3,766,512</b>	<b>458,090</b>	<b>30,805,824</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	323,750	75,423	399,173	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>4,256,432</b>	<b>75,423</b>	<b>28,690,283</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 – 31 MARCH 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	1,618,965 <sup>*</sup>	0	20,168,897	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	236,420	0	236,420	0
Investment property	0	0	0	0	0	11,231	0	11,231	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>3,765,786</b>	<b>458,090</b>	<b>30,804,054</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	320,691	75,423	396,114	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>4,253,373</b>	<b>75,423</b>	<b>28,700,959</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 – 31 MARCH 2006 (continued)****20 CAPITAL ADEQUACY**

	<b>Bank</b>	
	31 Mar 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	340,315	582,136
Other reserves	338,313	338,313
	<u>1,828,628</u>	<u>2,070,449</u>
Less: Deferred tax assets	(129,527)	(130,562)
Total Tier-1 capital	<u>1,699,101</u>	<u>1,939,887</u>
<u>Tier-2 capital</u>		
General allowance for bad and doubtful debts and financing	306,855	306,855
Subordinated term loan	552,031	566,516
Total Tier-2 capital	<u>858,886</u>	<u>873,371</u>
Total capital	2,557,987	2,813,258
Less :		
Investment in subsidiaries	(1,611)	(1,611)
Capital base	<u>2,556,376</u>	<u>2,811,647</u>
<u>Capital Ratios</u>		
Excluding proposed final dividend :		
Core-capital ratio	7.33%	8.55%
Risk-weighted capital ratio	11.03%	12.40%
Including proposed final dividend :		
Core-capital ratio	7.33%	7.49%
Risk-weighted capital ratio	11.03%	11.34%

**NOTES TO INTERIM FINANCIAL STATEMENTS – 31 MARCH 2006 (continued)****21 THE OPERATION OF ISLAMIC BANKING (IB)****CONDENSED INTERIM FINANCIAL STATEMENTS  
UNAUDITED BALANCE SHEETS AS AT 31 MARCH 2006**

		<b>Group and Bank</b>	
		31 Mar 2006	31 Dec 2005
ASSETS	Note	RM'000	RM'000
Cash and short-term funds		545,262	416,930
Deposits and placements with financial institutions		170,000	0
Available-for-sale securities	(1)	564,113	457,119
Financing and other advances	(2)	1,471,239	1,399,016
Other assets	(4)	12,956	10,970
Statutory deposits with Bank Negara Malaysia		72,223	58,356
Deferred taxation assets		8,739	7,211
<b>TOTAL ASSETS</b>		<b>2,844,532</b>	<b>2,349,602</b>
<b>LIABILITIES AND ISLAMIC BANKING FUNDS</b>			
Deposits from customers	(5)	2,558,269	1,957,421
Deposits and placements of banks and other financial institutions		34,198	90,000
Bills and acceptances payable		422	23
Other liabilities	(6)	89,166	139,126
Tax and Zakat		5,250	11,443
<b>Total Liabilities</b>		<b>2,687,305</b>	<b>2,198,013</b>
Islamic Banking Funds	(7)	85,000	85,000
Retained profits	(7)	72,227	66,589
		<b>157,227</b>	<b>151,589</b>
<b>TOTAL LIABILITIES AND ISLAMIC BANKING FUNDS</b>		<b>2,844,532</b>	<b>2,349,602</b>
<b>COMMITMENTS AND CONTINGENCIES</b>		<b>823,946</b>	<b>584,120</b>

**NOTES TO INTERIM FINANCIAL STATEMENTS – 31 MARCH 2006 (continued)****21 THE OPERATION OF ISLAMIC BANKING (IB) (continued)****CONDENSED INTERIM FINANCIAL STATEMENTS****UNAUDITED INCOME STATEMENTS FOR THE FIRST QUARTER AND THREE MONTHS ENDED 31 MARCH 2006**

	<b>Group and Bank</b>	
	31 Mar 2006 RM'000	31 Mar 2005 RM'000
Income derived from investment of depositors' funds	21,272	10,618
Allowance for losses on financing and other loans	(3,054)	(1,974)
Transfer to profit equalisation reserve	(3,104)	(110)
Total attributable income	<u>15,114</u>	<u>8,534</u>
Income attributable to depositors	(14,366)	(10,626)
Income attributable to shareholders	748	(2,092)
Income derived from the investment of Islamic banking funds	8,824	9,668
Total net income	<u>9,572</u>	<u>7,576</u>
Personnel expenses	(558)	(358)
Other overhead expenses	(165)	(155)
Profit before taxation	<u>8,849</u>	<u>7,063</u>
Taxation	(2,428)	(1,721)
Net profit for the financial period	<u><u>6,421</u></u>	<u><u>5,342</u></u>

**NOTES TO INTERIM FINANCIAL STATEMENTS – 31 MARCH 2006 (continued)****21 THE OPERATION OF ISLAMIC BANKING (IB) (continued)****(1) AVAILABLE-FOR-SALE SECURITIES**

	<b>Group and Bank</b>	
	31 Mar 2006 RM'000	31 Dec 2005 RM'000
<u>At fair value</u>		
Malaysian Government investment issues	143,925	143,250
Sanadat Mudharabah Cagamas	0	64
Sanadat Cagamas (SAC)	109,982	110,433
Khazanah bonds	0	14,901
Private debt securities	5,029	5,058
Islamic negotiable instruments of deposits	55,000	65,000
Bankers acceptances and Islamic accepted bills	250,177	118,413
	<u>564,113</u>	<u>457,119</u>

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

Maturing within one year	341,619	233,327
One year to three years	187,249	188,236
Three to five years	35,245	35,556
	<u>564,113</u>	<u>457,119</u>

**(2) FINANCING AND OTHER ADVANCES**

	<b>Group and Bank</b>	
	31 Mar 2006 RM'000	31 Dec 2005 RM'000
By type:		
Cash financing	226,846	216,055
Term financing		
- Housing financing	166,008	167,059
- Syndicated term financing	278,413	294,487
- Hire purchase receivables	349,297	328,737
- Leasing receivables	24,358	25,669
- Other term financing	154,917	153,912
Revolving credits	306,147	305,609
Customer's liability under acceptance credits	178,414	114,999
Unearned income	(180,218)	(176,807)
Gross financing	<u>1,504,182</u>	<u>1,429,720</u>
Allowance for bad and doubtful debts and financing		
- Specific	(10,550)	(9,400)
- General	(22,393)	(21,304)
Net financing	<u>1,471,239</u>	<u>1,399,016</u>

**NOTES TO INTERIM FINANCIAL STATEMENTS – 31 MARCH 2006 (continued)****21 THE OPERATION OF ISLAMIC BANKING (IB) (continued)****(3) Non-performing financing**

	<b>Group and Bank</b>	
	31 Mar 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	6,651	10,515
Reclassified as performing during the period / year	(253)	(1,913)
Amount recovered	(535)	(1,855)
Amount written off	(822)	(3,257)
Balance at end of period / year	<u>21,245</u>	<u>16,204</u>
Specific allowance	(10,550)	(9,400)
Net non performing financing	<u>10,695</u>	<u>6,804</u>
Ratio of net non-performing financing to net financing	<u>0.73%</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	1,089	8,113
Balance at end of period / year	<u>22,393</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	2,241	6,437
Amount recovered	(271)	(1,414)
Amount written off	(820)	(3,258)
Balance at end of period / year	<u>10,550</u>	<u>9,400</u>

**NOTES TO INTERIM FINANCIAL STATEMENTS – 31 MARCH 2006 (continued)****21 THE OPERATION OF ISLAMIC BANKING (IB) (continued)****(4) OTHER ASSETS**

	<b>Group and Bank</b>	
	31 Mar 2006 RM'000	31 Dec 2005 RM'000
Income receivable	1,879	1,630
Other debtors, deposits and prepayments	11,077	9,340
	<u>12,956</u>	<u>10,970</u>

**(5) DEPOSITS FROM CUSTOMERS**

	<b>Group and Bank</b>	
	31 Mar 2006 RM'000	31 Dec 2005 RM'000
By type of deposits		
<b>Non-Mudharabah Fund:</b>		
Demand deposits	133,745	123,789
Savings deposits	268,474	271,193
Negotiable Islamic debt certificate	1,447,943	1,113,337
Others	15,836	14,417
	<u>1,865,998</u>	<u>1,522,736</u>
<b>Mudharabah Fund:</b>		
General investment deposits	93,849	96,762
Islamic short term Mudharabah Investment	598,422	337,923
	<u>692,271</u>	<u>434,685</u>
Total deposits from customers	<u>2,558,269</u>	<u>1,957,421</u>

**NOTES TO INTERIM FINANCIAL STATEMENTS – 31 MARCH 2006 (continued)****21 THE OPERATION OF ISLAMIC BANKING (IB) (continued)****(6) OTHER LIABILITIES**

	<b>Group and Bank</b>	
	31 Mar 2006 RM'000	31 Dec 2005 RM'000
Other accruals and charges	81,591	134,655
Profit equalisation reserve	7,575	4,471
	<u>89,166</u>	<u>139,126</u>
<u>Profit equalisation reserve (PER)</u>		
Balance at 1 January	4,471	0
Amount provided during the period / year	3,104	5,275
Amount written back during the period / year	0	(804)
Balance at end of period / year	<u>7,575</u>	<u>4,471</u>

**(7) ISLAMIC BANKING CAPITAL FUNDS**

	<b>Group and Bank</b>	
	31 Mar 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 26,000 (Dec 2005 : RM 702,000 (gains))	(28)	755
Retained profits	72,255	65,834
	<u>157,227</u>	<u>151,589</u>