

**CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED BALANCE SHEETS AS AT 31 MARCH 2007**

	Note	Group		Bank	
		31/3/2007 RM'000	31/12/2006 RM'000	31/3/2007 RM'000	31/12/2006 RM'000
ASSETS					
Cash and short-term funds		4,404,489	3,647,179	4,404,489	3,647,179
Securities purchased under resale agreement		29,412	0	29,412	0
Deposits and placements with financial institutions		1,846,702	2,280,746	1,846,702	2,280,746
Held-for-trading securities	4	670,173	529,805	670,173	529,805
Available-for-sale securities	4	6,041,890	5,641,394	6,041,890	5,641,394
Loans, advances and financing	5	23,857,295	23,032,197	23,857,008	23,031,826
Other assets	7	366,957	357,450	366,879	357,372
Statutory deposits with Bank Negara Malaysia		821,608	866,086	821,608	866,086
Investment in subsidiary companies		0	0	1,611	1,611
Property, plant and equipment		226,461	231,495	226,449	231,482
Investment property		11,093	11,030	11,093	11,030
Prepaid lease payment		4,165	0	4,165	0
Non-current assets held for sale		544	544	544	544
Deferred taxation asset		89,030	102,143	89,330	102,459
TOTAL ASSETS		38,369,819	36,700,069	38,371,353	36,701,534
LIABILITIES AND SHAREHOLDERS' EQUITY					
Deposits from customers	8	26,554,105	24,646,667	26,568,540	24,660,884
Deposits and placements of banks and other financial institutions	9	2,285,560	2,965,448	2,285,560	2,965,448
Obligations on securities sold under repurchase agreements		3,483,762	3,075,577	3,483,762	3,075,577
Bills and acceptances payable		1,908,258	1,818,185	1,908,258	1,818,185
Amount due to Cagamas		674,405	689,298	674,405	689,298
Subordinated term loan / bonds		691,678	698,522	691,678	698,522
Other liabilities	10	526,316	518,354	526,183	518,245
Taxation and zakat		72,429	58,070	72,384	58,058
TOTAL LIABILITIES		36,196,513	34,470,121	36,210,770	34,484,217
Financed by :					
Share capital		291,500	291,500	291,500	291,500
Reserves		1,881,806	1,938,448	1,869,083	1,925,817
Shareholders' Equity		<u>2,173,306</u>	<u>2,229,948</u>	<u>2,160,583</u>	<u>2,217,317</u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		38,369,819	36,700,069	38,371,353	36,701,534
COMMITMENTS AND CONTINGENCIES	18	43,651,777	37,915,353	43,651,777	37,915,353

**CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED INCOME STATEMENTS FOR THE FIRST QUARTER AND THREE MONTHS ENDED 31
MARCH 2007**

	Note	Group		Bank	
		1 st Quarter Ended		1 st Quarter Ended	
		31 Mar 2007 RM'000	31 Mar 2006 RM'000	31 Mar 2007 RM'000	31 Mar 2006 RM'000
Interest income	11	439,704	349,687	439,704	349,700
Interest expense	12	(237,777)	(183,496)	(237,890)	(183,603)
Net interest income		201,927	166,191	201,814	166,097
Islamic Banking income		18,326	12,626	18,326	12,626
		220,253	178,817	220,140	178,723
Non-interest income	13	96,011	73,051	96,011	73,051
Net income		316,264	251,868	316,151	251,774
Staff cost and overhead expenses	14	(109,088)	(90,713)	(108,993)	(90,631)
Operating profits before allowances		207,176	161,155	207,158	161,143
(Allowance for) / write back of losses on loans and financing	15	(23,828)	6,838	(23,919)	6,838
Write back of / (provision for) commitment and contingencies		3	(290)	3	(290)
Profit before taxation and zakat		183,351	167,703	183,242	167,691
Taxation	16	(54,862)	(48,289)	(54,845)	(48,268)
Net profit attributable to shareholders		128,489	119,414	128,397	119,423
Basic earnings per share (sen)		41.6	38.4	41.5	38.4

CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF CHANGES IN EQUITY FOR THE THREE MONTHS ENDED 31 MARCH 2007

	Non-distributable					Distributable		Total RM'000
	Share capital RM'000	Share premium RM'000	Statutory reserve RM'000	Capital reserve RM'000	Fair value reserve RM'000	General reserve RM'000	Retained profits RM'000	
Group								
Balance at 1 January 2007	291,500	858,500	322,000	56,619	67,892	36,750	596,687	2,229,948
Revaluation of available-for-sale securities (net)	0	0	0	0	31,113	0	0	31,113
Deferred tax on revaluation of available-for-sale securities (net)	0	0	0	0	(7,917)	0	0	(7,917)
Net gains recognised directly in equity	0	0	0	0	23,196	0	0	23,196
Net profit attributable to shareholders	0	0	0	0	0	0	128,489	128,489
Total recognised income and expense for the year	0	0	0	0	23,196	0	128,489	151,685
Dividends paid on ordinary shares in respect of:								
- Final 2006	0	0	0	0	0	0	(199,381)	(199,381)
Dividends paid on preference shares								
- Final 2006	0	0	0	0	0	0	(8,946)	(8,946)
Balance at 31 March 2007	<u>291,500</u>	<u>858,500</u>	<u>322,000</u>	<u>56,619</u>	<u>91,088</u>	<u>36,750</u>	<u>516,849</u>	<u>2,173,306</u>
Balance at 1 January 2006	291,500	858,500	322,000	56,619	32,646	36,750	501,213	2,099,228
Revaluation of available-for-sale securities (net)	0	0	0	0	(633)	0	0	(633)
Deferred tax on revaluation of available-for-sale securities (net)	0	0	0	0	178	0	0	178
Net gains recognised directly in equity	0	0	0	0	(455)	0	0	(455)
Net profit attributable to shareholders	0	0	0	0	0	0	119,414	119,414
Total recognised income and expense for the year	0	0	0	0	(455)	0	119,414	118,959
Dividends paid on ordinary shares in respect of:								
- Final 2005	0	0	0	0	0	0	(231,840)	(231,840)
Dividends paid on preference shares								
- Final 2005	0	0	0	0	0	0	(8,946)	(8,946)
Balance at 31 March 2006	<u>291,500</u>	<u>858,500</u>	<u>322,000</u>	<u>56,619</u>	<u>32,191</u>	<u>36,750</u>	<u>379,841</u>	<u>1,977,401</u>

CONDENSED INTERIM FINANCIAL STATEMENTS**UNAUDITED STATEMENTS OF CHANGES IN EQUITY FOR THE THREE MONTHS ENDED 31 MARCH 2007 (CONTINUED)**

	Non-distributable					Distributable		Total RM'000
	Share capital RM'000	Share premium RM'000	Statutory reserve RM'000	Capital reserve RM'000	Fair value reserve RM'000	General reserve RM'000	Retained profits RM'000	
Bank								
Balance at 1 January 2007	291,500	858,500	322,000	0	67,892	0	677,425	2,217,317
Revaluation of available-for-sale securities (net)	0	0	0	0	31,113	0	0	31,113
Deferred tax on revaluation of available-for-sale securities (net)	0	0	0	0	(7,917)	0	0	(7,917)
Net gains recognised directly in equity	0	0	0	0	23,196	0	0	23,196
Net profit attributable to shareholders	0	0	0	0	0	0	128,397	128,397
Total recognised income and expense for the year	0	0	0	0	23,196	0	128,397	151,593
Dividends paid on ordinary shares in respect of:								
- Final 2006	0	0	0	0	0	0	(199,381)	(199,381)
Dividends paid on preference shares								
- Final 2006	0	0	0	0	0	0	(8,946)	(8,946)
Balance at 31 March 2007	<u>291,500</u>	<u>858,500</u>	<u>322,000</u>	<u>0</u>	<u>91,088</u>	<u>0</u>	<u>597,495</u>	<u>2,160,583</u>
Balance at 1 January 2006	291,500	858,500	322,000	0	32,646	0	582,136	2,086,782
Revaluation of available-for-sale securities (net)	0	0	0	0	(633)	0	0	(633)
Deferred tax on revaluation of available-for-sale securities (net)	0	0	0	0	178	0	0	178
Net gains recognised directly in equity	0	0	0	0	(455)	0	0	(455)
Net profit attributable to shareholders	0	0	0	0	0	0	119,423	119,423
Total recognised income and expense for the year	0	0	0	0	(455)	0	119,423	118,968
Dividends paid on ordinary shares in respect of :								
- Final 2005	0	0	0	0	0	0	(231,840)	(231,840)
Dividends paid on preference shares								
- Final 2005	0	0	0	0	0	0	(8,946)	(8,946)
Balance at 31 March 2006	<u>291,500</u>	<u>858,500</u>	<u>322,000</u>	<u>0</u>	<u>32,191</u>	<u>0</u>	<u>460,773</u>	<u>1,964,964</u>

CONDENSED INTERIM FINANCIAL STATEMENTS**UNAUDITED CONDENSED CASH FLOW STATEMENTS FOR THE THREE MONTHS ENDED 31 MARCH 2007**

	Group		Bank	
	31 Mar 2007 RM'000	31 Mar 2006 RM'000	31 Mar 2007 RM'000	31 Mar 2006 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before taxation and zakat	183,351	167,703	183,242	167,691
Adjustments for non-operating and non-cash items	45,349	6,010	45,439	6,009
Operating profit before changes in working capital	228,700	173,713	228,681	173,700
Changes in working capital:				
Net changes in Operating Assets	(921,018)	(536,416)	(921,193)	(536,551)
Net changes in Operating Liabilities	1,444,673	1,110,892	1,444,867	1,111,040
Income tax and zakat paid	(35,307)	(41,121)	(35,307)	(41,121)
Net cash generated from operating activities	717,048	707,068	717,048	707,068
Net cash (utilised) / generated from investing activities	(385,455)	257,574	(385,455)	257,574
Net cash utilised in financing activities	(8,327)	(240,786)	(8,327)	(240,786)
Net increase in cash and cash equivalents	323,266	723,856	323,266	723,856
Cash and cash equivalents at beginning of the period	5,927,925	2,293,423	5,927,925	2,293,423
Cash and cash equivalents at end of the period	<u>6,251,191</u>	<u>3,017,279</u>	<u>6,251,191</u>	<u>3,017,279</u>

NOTES TO INTERIM FINANCIAL STATEMENTS – 31 MARCH 2007

1 REVIEW OF PERFORMANCE

The Bank registered a pre-tax profit of RM183 million for the first quarter of 2007, representing an increase of RM15 million or 9% over the corresponding period last year. This was mainly attributed to the significant increase in total income of RM64 million or 26% to RM316 million (March 2006: RM252 million), partly offset by higher overheads of RM18 million and provisions of RM31 million.

The continued growth in total income was supported by both an increase in net interest income of RM36 million (or 21%) to RM201 million, and an increase in non-interest income of RM23 million (or 31%) to RM96 million. Overhead expenses expanded by 20% to RM109 million in line with the growth in business volumes. Specific allowances increased by RM18 million, while a general allowance of RM13 million was provided in line with loans growth.

On the Balance Sheet, the Bank's gross outstanding loans grew by RM822 million or 3.4% to RM24.7 billion for the first three months. Customer deposits also grew, recording an increase of RM1.9 billion or 7.7% to stand at RM26.6 billion as at 31 March 2007. The net NPL ratio of the Bank improved marginally to 3.18% as at 31 March 2007 (Dec 06: 3.24%).

As at 31 March 2007, shareholders' funds stood at RM2 billion and the Bank's risk weighted capital was 10.6%.

2 ECONOMIC PERFORMANCE AND PROSPECTS

Building on the growth in 2006 (+5.9%), Malaysia is expected to grow by a further 6.0% in 2007 underpinned by sustained global demand and resilient domestic demand with fears of rising inflation receding and expected to hover around 2.0% - 2.5%. Monetary policy will continue to remain accommodative and ensure a balance between the need to use interest rates as a tool to combat inflation with the need to sustain growth in domestic demand. In tandem with this, fiscal policies which were introduced in the last budget (such as the reduction in corporate tax) will provide relief for businesses and with the spillover effects from the Ninth Malaysia Plan, this should support the sustain growth.

The banking sector has seen greater growth opportunities over the past 12 months which has included extending the branch network as well as increased revenue growth arising from the liberalisation of the foreign exchange policies. However as liberalisation continues, the banking fraternity is also faced with greater threats from financial institutions which have been granted Islamic Banking licenses as well as those that have merged their respective merchant / investment entities to become fully fledged universal banking groups.

NOTES TO INTERIM FINANCIAL STATEMENTS – 31 MARCH 2007 (continued)

3 BASIS OF PREPARATION

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

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

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

The adoption of the above FRS did not result in substantial changes to the Group and Bank interim financial statements and the effect as/for the financial period ended 31 March 2007 are summarised below:

Group and Bank

Increase/(decrease)

RM'000

Balance Sheet

Property, plant and equipment	(2,997)
Investment property	(1,139)
Prepaid lease payment	4,165
Reserves	(29)

Income Statement

Staff cost and overhead expenses	(29)
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NOTES TO INTERIM FINANCIAL STATEMENTS – 31 MARCH 2007 (continued)**4 SECURITIES PORTFOLIO**

i) Held-for-trading securities

	Group		Bank	
	31 Mar 2007 RM'000	31 Dec 2006 RM'000	31 Mar 2007 RM'000	31 Dec 2006 RM'000
<u>At fair value</u>				
Malaysian Government treasury bills	4,217	0	4,217	0
Malaysian Government securities	8,504	14,996	8,504	14,996
Government Investment Certificate	20,201	0	20,201	0
Bank Negara Bills	17,482	146,677	17,482	146,677
Bank Negara Negotiable notes	110,534	16,237	110,534	16,237
Private debt securities	497,291	350,429	497,291	350,429
Quoted shares in Malaysia	11,944	1,466	11,944	1,466
	<u>670,173</u>	<u>529,805</u>	<u>670,173</u>	<u>529,805</u>

ii) Available-for-sale securities

<u>At fair value</u>				
Malaysian Government securities	3,278,312	2,881,368	3,278,312	2,881,368
Government Investment Certificate	941,058	934,862	941,058	934,862
Cagamas bonds / notes	100,481	100,303	100,481	100,303
Private debt securities	591,945	594,557	591,945	594,557
Negotiable instruments of deposit	1,055,000	1,065,000	1,055,000	1,065,000
Quoted shares in Malaysia	28,969	19,179	28,969	19,179
Unquoted shares in Malaysia	46,696	46,696	46,696	46,696
Debentures	188	188	188	188
	<u>6,042,649</u>	<u>5,642,153</u>	<u>6,042,649</u>	<u>5,642,153</u>
Allowance for impairment losses in available-for-sale securities :				
- Unquoted shares in Malaysia	(121)	(121)	(121)	(121)
- Private debt securities	(638)	(638)	(638)	(638)
	<u>(759)</u>	<u>(759)</u>	<u>(759)</u>	<u>(759)</u>
	<u>6,041,890</u>	<u>5,641,394</u>	<u>6,041,890</u>	<u>5,641,394</u>

Included in available-for-sale securities is an amount of RM 3,567,130,000 (Dec 2006: RM3,155,199,000) being pledged to third parties in sale and repurchase agreements.

NOTES TO INTERIM FINANCIAL STATEMENTS – 31 MARCH 2007 (continued)**4 SECURITIES PORTFOLIO (continued)**

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

	Group		Bank	
	31 Mar 2007 RM'000	31 Dec 2006 RM'000	31 Mar 2007 RM'000	31 Dec 2006 RM'000
Maturity within one year	2,067,272	2,021,449	2,067,272	2,021,449
One year to three years	1,620,710	1,656,684	1,620,710	1,656,684
Three years to five years	1,425,073	1,445,125	1,425,073	1,445,125
Over five years	928,835	518,136	928,835	518,136
	6,041,890	5,641,394	6,041,890	5,641,394

5 LOANS, ADVANCES AND FINANCING

	Group		Bank	
	31 Mar 2007 RM'000	31 Dec 2006 RM'000	31 Mar 2007 RM'000	31 Dec 2006 RM'000
i) By type				
Overdrafts	3,330,444	3,433,629	3,330,444	3,433,629
Term loans/financing :				
Housing loans/financing	6,430,588	6,427,839	6,430,588	6,427,839
Syndicated term loan/financing	1,550,397	930,687	1,550,397	930,687
Hire purchase	380,609	381,785	380,609	381,785
Lease receivables	19,750	22,066	18,905	21,130
Other term loans	7,947,705	7,714,720	7,947,705	7,714,720
Credit/charge cards receivables	474,584	480,128	474,584	480,128
Bills receivable	99,406	94,094	99,406	94,094
Trust receipts	94,465	96,129	94,465	96,129
Claims on customers under acceptance credits	2,233,683	2,169,791	2,233,683	2,169,791
Block discounting	330	330	330	330
Loan to banks and other financial institutions	210,200	343,768	210,200	343,768
Revolving credit	1,765,589	1,646,941	1,765,589	1,646,941
Staff loans (of which RM Nil [Dec 2006 : RM Nil] to Directors)	120,280	118,169	120,280	118,169
Other loans	290,634	266,403	290,634	266,403
	24,948,664	24,126,479	24,947,819	24,125,543
Unearned interest and income	(198,821)	(199,201)	(198,797)	(199,170)
Gross loans, advances and financing	24,749,843	23,927,278	24,749,022	23,926,373
Allowance for bad and doubtful debts and financing :				
- Specific	(534,914)	(550,681)	(534,395)	(550,162)
- General	(357,634)	(344,400)	(357,619)	(344,385)
Net loans, advances and financing	23,857,295	23,032,197	23,857,008	23,031,826

NOTES TO INTERIM FINANCIAL STATEMENTS – 31 MARCH 2007 (continued)**5 LOANS, ADVANCES AND FINANCING (continued)**

ii) By type of customer

	Group		Bank	
	31 Mar 2007 RM'000	31 Dec 2006 RM'000	31 Mar 2007 RM'000	31 Dec 2006 RM'000
Domestic banking institutions	117,248	226,601	116,946	226,215
Domestic non-bank financial institutions (of which RM Nil [2006 : RM Nil] to stockbroking companies)	171,308	196,656	171,308	196,656
Domestic business enterprises				
- Small medium enterprises ("SME")	3,786,210	3,552,260	3,786,041	3,552,091
- Non-SME	11,025,824	10,273,370	11,025,474	10,273,020
Government and statutory bodies	379,058	422,557	379,058	422,557
Individuals	9,215,635	9,202,070	9,215,635	9,202,070
Other domestic entities	2,958	2,546	2,958	2,546
Foreign entities	51,602	51,218	51,602	51,218
	<u>24,749,843</u>	<u>23,927,278</u>	<u>24,749,022</u>	<u>23,926,373</u>

iii) By interest/profit rate sensitivity

Fixed rate:				
Housing loans/financing	87,837	90,739	87,837	90,739
Hire purchase receivables	343,924	343,778	343,924	343,778
Other fixed rate loan/financing	1,827,279	1,781,837	1,826,458	1,780,932
Variable rate:				
BLR plus	15,015,513	14,649,030	15,015,513	14,649,030
Cost-plus	3,304,642	3,192,608	3,304,642	3,192,608
Other variable rates	4,170,648	3,869,286	4,170,648	3,869,286
	<u>24,749,843</u>	<u>23,927,278</u>	<u>24,749,022</u>	<u>23,926,373</u>

iv) By sector

Agriculture	1,581,952	1,524,141	1,581,952	1,524,141
Mining and quarrying	153,967	32,763	153,967	32,763
Manufacturing	4,588,197	4,133,409	4,588,197	4,133,409
Electricity, gas and water	14,986	15,440	14,986	15,440
Construction	1,204,819	1,101,106	1,204,469	1,100,756
Real estate	2,335,027	2,331,682	2,335,027	2,331,682
Purchase of landed property				
of which : i. Residential	6,591,121	6,605,024	6,591,121	6,605,024
ii. Non-residential	800,402	781,980	800,402	781,980
General commerce	3,145,361	3,115,744	3,145,192	3,115,575
Transport, insurance and business services	934,182	1,105,071	934,182	1,105,071
Purchase of securities	126,365	122,917	126,365	122,917
Purchase of transport vehicles	9,549	10,059	9,549	10,059
Consumption credit	1,221,552	1,241,726	1,221,250	1,241,340
Sovereign	379,058	422,557	379,058	422,557
Others	1,663,305	1,383,659	1,663,305	1,383,659
	<u>24,749,843</u>	<u>23,927,278</u>	<u>24,749,022</u>	<u>23,926,373</u>

NOTES TO INTERIM FINANCIAL STATEMENTS – 31 MARCH 2007 (continued)**6 NON-PERFORMING LOANS, ADVANCES AND FINANCING**

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

	Group		Bank	
	31 Mar 2007 RM'000	31 Dec 2006 RM'000	31 Mar 2007 RM'000	31 Dec 2006 RM'000
Balance at 1 January	1,307,988	1,352,617	1,307,469	1,352,101
Non-performing during the period / year (gross)	121,532	499,905	121,532	499,902
Reclassified as performing during the period / year	(29,945)	(137,348)	(29,945)	(137,348)
Amount recovered	(61,634)	(328,667)	(61,634)	(328,667)
Amount written off	(32,894)	(78,519)	(32,894)	(78,519)
Balance at end of period / year	<u>1,305,047</u>	<u>1,307,988</u>	<u>1,304,528</u>	<u>1,307,469</u>
Specific allowance	<u>(534,914)</u>	<u>(550,681)</u>	<u>(534,395)</u>	<u>(550,162)</u>
Net non-performing loans, advances and financing	<u>770,133</u>	<u>757,307</u>	<u>770,133</u>	<u>757,307</u>
Ratio of net non-performing loans and financing to gross loans, advances and financing less specific allowance	<u>3.18%</u>	<u>3.24%</u>	<u>3.18%</u>	<u>3.24%</u>

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

	Group		Bank	
	31 Mar 2007 RM'000	31 Dec 2006 RM'000	31 Mar 2007 RM'000	31 Dec 2006 RM'000
<u>General allowance</u>				
Balance at 1 January	344,400	306,870	344,385	306,855
Allowance made during the period / year	13,234	37,530	13,234	37,530
Balance at end of period / year	<u>357,634</u>	<u>344,400</u>	<u>357,619</u>	<u>344,385</u>
(as % of gross loans, advances and financing less specific allowance)	<u>1.50%</u>	<u>1.50%</u>	<u>1.50%</u>	<u>1.50%</u>

NOTES TO INTERIM FINANCIAL STATEMENTS – 31 MARCH 2007 (continued)**6 NON-PERFORMING LOANS, ADVANCES AND FINANCING (continued)**

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

	Group		Bank	
	31 Mar 2007 RM'000	31 Dec 2006 RM'000	31 Mar 2007 RM'000	31 Dec 2006 RM'000
<u>Specific allowance</u>				
Balance at 1 January	550,681	581,528	550,162	581,012
Allowance made during the period / year	50,375	222,435	50,375	222,432
Amount written back in respect of recoveries	(33,249)	(174,762)	(33,249)	(174,762)
Amount written off	(32,893)	(78,520)	(32,893)	(78,520)
Balance at end of period / year	<u>534,914</u>	<u>550,681</u>	<u>534,395</u>	<u>550,162</u>

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

	Group		Bank	
	31 Mar 2007 RM'000	31 Dec 2006 RM'000	31 Mar 2007 RM'000	31 Dec 2006 RM'000
Agriculture	20,997	21,264	20,997	21,264
Manufacturing	338,185	327,723	338,185	327,723
Construction	93,943	105,227	93,593	104,877
Real estate	174,079	188,136	174,079	188,136
Purchase of landed property				
of which : i. Residential	206,938	171,327	206,938	171,327
ii. Non-residential	48,103	16,438	48,103	16,438
General commerce	241,229	259,732	241,060	259,563
Transport, insurance and business services	12,337	13,268	12,337	13,268
Purchase of securities	31,911	35,007	31,911	35,007
Purchase of transport vehicles	38	47	38	47
Consumption credit	51,847	54,573	51,847	54,573
Others	85,440	115,246	85,440	115,246
	<u>1,305,047</u>	<u>1,307,988</u>	<u>1,304,528</u>	<u>1,307,469</u>

NOTES TO INTERIM FINANCIAL STATEMENTS – 31 MARCH 2007 (continued)**7 OTHER ASSETS**

	Group		Bank	
	31 Mar 2007 RM'000	31 Dec 2006 RM'000	31 Mar 2007 RM'000	31 Dec 2006 RM'000
Interest receivable	86,171	91,898	86,171	91,898
Derivative assets	186,720	169,338	186,720	169,338
Other debtors, deposits and prepayments	94,066	96,214	93,988	96,136
	366,957	357,450	366,879	357,372

8 DEPOSITS FROM CUSTOMERS

i) By type of deposit

	Group		Bank	
	31 Mar 2007 RM'000	31 Dec 2006 RM'000	31 Mar 2007 RM'000	31 Dec 2006 RM'000
Demand deposits	3,393,210	3,242,274	3,393,705	3,242,657
Savings deposits	1,851,142	1,795,538	1,851,142	1,795,538
Fixed deposits	14,933,077	13,941,537	14,947,017	13,955,371
Negotiable instruments of deposits	3,767,362	3,308,451	3,767,362	3,308,451
Short term money market deposits	1,646,352	941,752	1,646,352	941,752
Structured investments	942,500	1,397,102	942,500	1,397,102
Others	20,462	20,013	20,462	20,013
	26,554,105	24,646,667	26,568,540	24,660,884

ii) By type of customers

	Group		Bank	
	31 Mar 2007 RM'000	31 Dec 2006 RM'000	31 Mar 2007 RM'000	31 Dec 2006 RM'000
Government and statutory bodies	80,356	123,373	80,356	123,373
Business enterprises	8,761,841	8,167,992	8,761,841	8,167,992
Individuals	12,568,319	12,346,078	12,568,319	12,346,078
Others	5,143,589	4,009,224	5,158,024	4,023,441
	26,554,105	24,646,667	26,568,540	24,660,884

NOTES TO INTERIM FINANCIAL STATEMENTS – 31 MARCH 2007 (continued)**9 DEPOSITS AND PLACEMENTS OF BANKS AND OTHER FINANCIAL INSTITUTIONS**

	Group		Bank	
	31 Mar 2007 RM'000	31 Dec 2006 RM'000	31 Mar 2007 RM'000	31 Dec 2006 RM'000
Licensed banks	1,679,367	2,380,698	1,679,367	2,380,698
Bank Negara Malaysia	553,008	493,080	553,008	493,080
Other financial institutions	53,185	91,670	53,185	91,670
	<u>2,285,560</u>	<u>2,965,448</u>	<u>2,285,560</u>	<u>2,965,448</u>

10 OTHER LIABILITIES

	Group		Bank	
	31 Mar 2007 RM'000	31 Dec 2006 RM'000	31 Mar 2007 RM'000	31 Dec 2006 RM'000
Accruals for personnel costs *	19,312	39,438	19,295	39,429
Equity compensation benefits	7,173	6,163	7,173	6,163
Obligations under finance lease	302	380	302	380
Provision for commitment and contingencies (a)	2,629	2,632	2,629	2,632
Interest payable	161,261	157,045	161,287	157,045
Other accruals and charges	132,050	108,201	131,908	108,101
Derivatives liabilities	185,493	185,340	185,493	185,340
Profit equalisation reserve [Note 21 (6)]	18,096	19,155	18,096	19,155
	<u>526,316</u>	<u>518,354</u>	<u>526,183</u>	<u>518,245</u>

*Includes accrual for salary, employee benefits and EPF

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

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

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

NOTES TO INTERIM FINANCIAL STATEMENTS – 31 MARCH 2007 (continued)**11 INTEREST INCOME**

	Group		Bank	
	31 Mar 2007 RM'000	31 Mar 2006 RM'000	31 Mar 2007 RM'000	31 Mar 2006 RM'000
Loans and advances				
- Interest income other than recoveries from NPL	326,769	274,166	326,769	274,166
- Recoveries from NPLs	6,118	6,468	6,118	6,468
Money at call and deposit placements with financial institutions	42,677	19,303	42,677	19,316
Held-for-trading securities	9,439	3,744	9,439	3,744
Available-for-sale securities	65,513	57,365	65,513	57,365
Others	492	1,064	492	1,064
	<u>451,008</u>	<u>362,110</u>	<u>451,008</u>	<u>362,123</u>
Amortisation of premium less accretion of discount	(11,304)	(12,423)	(11,304)	(12,423)
	<u>439,704</u>	<u>349,687</u>	<u>439,704</u>	<u>349,700</u>

12 INTEREST EXPENSE

	Group		Bank	
	31 Mar 2007 RM'000	31 Mar 2006 RM'000	31 Mar 2007 RM'000	31 Mar 2006 RM'000
Deposits and placements of banks and other financial institutions	28,735	27,771	28,735	27,771
Deposits from customers	162,587	120,586	162,693	120,680
Loans sold to Cagamas	7,284	9,502	7,284	9,502
Subordinated term loan / bonds	7,325	7,809	7,325	7,809
Others	31,846	17,828	31,853	17,841
	<u>237,777</u>	<u>183,496</u>	<u>237,890</u>	<u>183,603</u>

NOTES TO INTERIM FINANCIAL STATEMENTS – 31 MARCH 2007 (continued)**13 NON-INTEREST INCOME**

	Group		Bank	
	31 Mar 2007 RM'000	31 Mar 2006 RM'000	31 Mar 2007 RM'000	31 Mar 2006 RM'000
Fee income:-				
Commission	32,291	26,053	32,291	26,053
Service charges and fees	17,382	13,086	17,382	13,086
Guarantee fees	322	370	322	370
Other fee income	3,614	2,846	3,614	2,846
	<u>53,609</u>	<u>42,355</u>	<u>53,609</u>	<u>42,355</u>
Income from securities (net):-				
Net gains from sale of held-for-trading securities	6,504	148	6,504	148
Net gains / (losses) from sale of available-for-sale securities	133	(448)	133	(448)
Unrealised gains / (losses) on revaluation of held-for-trading securities (net)	2,742	(10)	2,742	(10)
Gross dividends from Malaysia: - available-for-sale securities	635	400	635	400
	<u>63,623</u>	<u>42,445</u>	<u>63,623</u>	<u>42,445</u>
Other income (net):-				
Unrealised losses from foreign currency translation (net)	(7,450)	(10,512)	(7,450)	(10,512)
Gains arising from dealing in foreign currency (net)	24,940	23,117	24,940	23,117
Losses arising from trading derivatives (net)	(3,518)	(2,587)	(3,518)	(2,587)
Unrealised gains on revaluation of derivatives (net)	16,202	19,014	16,202	19,014
Rental income (net)	1,229	1,056	1,229	1,056
Gain on disposal of property, plant and equipment	35	33	35	33
Gain on disposal of investment property	0	475	0	475
Others	950	10	950	10
	<u>32,388</u>	<u>30,606</u>	<u>32,388</u>	<u>30,606</u>
	<u>96,011</u>	<u>73,051</u>	<u>96,011</u>	<u>73,051</u>

NOTES TO INTERIM FINANCIAL STATEMENTS – 31 MARCH 2007 (continued)**14 STAFF COST AND OVERHEAD EXPENSES**

	Group		Bank	
	31 Mar 2007 RM'000	31 Mar 2006 RM'000	31 Mar 2007 RM'000	31 Mar 2006 RM'000
Personnel costs (i)	49,702	41,923	49,645	41,858
Establishment costs (ii)	11,223	8,012	11,218	8,006
Marketing expenses (iii)	8,623	3,438	8,623	3,437
Administration and general expenses (iv)	39,540	37,340	39,507	37,330
	<u>109,088</u>	<u>90,713</u>	<u>108,993</u>	<u>90,631</u>

(i) Personnel costs

	Group		Bank	
	31 Mar 2007 RM'000	31 Mar 2006 RM'000	31 Mar 2007 RM'000	31 Mar 2006 RM'000
Wages, salaries and bonus	36,952	30,850	36,912	30,805
Defined contribution plan (EPF)	5,794	5,355	5,787	5,348
Equity compensation benefit	988	1,317	988	1,317
Employee benefit	(409)	175	(409)	175
Other personnel costs	6,377	4,226	6,367	4,213
	<u>49,702</u>	<u>41,923</u>	<u>49,645</u>	<u>41,858</u>

Defined contribution plan

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

(ii) Establishment costs

	Group		Bank	
	31 Mar 2007 RM'000	31 Mar 2006 RM'000	31 Mar 2007 RM'000	31 Mar 2006 RM'000
Rental of premises	1,129	667	1,125	662
Depreciation of property, plant and equipment	6,075	3,228	6,074	3,227
Depreciation of investment property	181	44	181	44
Lease payment	18	0	18	0
Repair and maintenance	1,254	2,019	1,254	2,019
Others	2,566	2,054	2,566	2,054
	<u>11,223</u>	<u>8,012</u>	<u>11,218</u>	<u>8,006</u>

NOTES TO INTERIM FINANCIAL STATEMENTS – 31 MARCH 2007 (continued)**14 STAFF COST AND OVERHEAD EXPENSES (continued)****(iii) Marketing expenses**

	Group		Bank	
	31 Mar 2007 RM'000	31 Mar 2006 RM'000	31 Mar 2007 RM'000	31 Mar 2006 RM'000
Transport and travelling	1,213	891	1,213	890
Advertisement and business promotion	6,794	2,251	6,794	2,251
Others	616	296	616	296
	8,623	3,438	8,623	3,437

(iv) Administration and general expenses

	Group		Bank	
	31 Mar 2007 RM'000	31 Mar 2006 RM'000	31 Mar 2007 RM'000	31 Mar 2006 RM'000
Printing and stationery	1,506	1,651	1,505	1,651
Postage and courier	746	1,103	746	1,103
Telephone, telex and fax	1,097	1,386	1,097	1,386
Legal and consultancy fees	1,193	736	1,161	726
Transaction processing fees	26,995	28,466	26,995	28,466
Other administrative and general expenses	8,003	3,998	8,003	3,998
	39,540	37,340	39,507	37,330

15 ALLOWANCE FOR / (WRITE BACK OF) LOSSES ON LOANS AND FINANCING

	Group		Bank	
	31 Mar 2007 RM'000	31 Mar 2006 RM'000	31 Mar 2007 RM'000	31 Mar 2006 RM'000
Allowance for bad and doubtful debts and financing:-				
Specific allowance				
- made in the financial period	50,375	34,432	50,375	34,432
- written back	(33,249)	(34,858)	(33,249)	(34,858)
General allowance				
- made in the financial period	13,234	0	13,234	0
Other allowance	6	100	6	100
Bad debts and financing :-				
- written off	31	54	31	54
- recovered	(6,569)	(6,566)	(6,478)	(6,566)
	23,828	(6,838)	23,919	(6,838)

NOTES TO INTERIM FINANCIAL STATEMENTS – 31 MARCH 2007 (continued)

16 TAXATION

	Group		Bank	
	31 Mar 2007 RM'000	31 Mar 2006 RM'000	31 Mar 2007 RM'000	31 Mar 2006 RM'000
Malaysian income tax – current period	49,666	26,290	49,633	26,290
Deferred taxation :				
- relating to originating and reversal of temporary differences	5,196	21,999	5,212	21,978
	<u>54,862</u>	<u>48,289</u>	<u>54,845</u>	<u>48,268</u>

17 CAPITAL COMMITMENTS

	Group		Bank	
	31 Mar 2007 RM'000	31 Mar 2006 RM'000	31 Mar 2007 RM'000	31 Mar 2006 RM'000
Capital expenditure in respect of property, plant and equipment:-				
- authorised and contracted for	18,044	23,107	18,044	23,107
- authorised but not contracted for	1,946	12,869	1,946	12,869
	<u>19,990</u>	<u>35,976</u>	<u>19,990</u>	<u>35,976</u>

NOTES TO INTERIM FINANCIAL STATEMENTS – 31 MARCH 2007 (continued)**18 COMMITMENTS AND CONTINGENCIES**

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

	31 March 2007			31 Dec 2006		
	Principal Amount RM'000	Credit Equivalent Amount* RM'000	Risk Weighted Amount RM'000	Principal Amount RM'000	Credit Equivalent Amount* RM'000	Risk Weighted Amount RM'000
Group and Bank						
Direct credit substitutes	709,273	709,273	702,089	659,587	659,587	651,690
Transaction-related contingent items	864,933	432,467	406,050	709,632	354,816	331,054
Short-term self-liquidating trade-related contingencies	297,313	59,463	58,796	257,192	51,438	50,994
Obligations under underwriting agreement	76,000	38,000	38,000	60,000	30,000	30,000
Irrevocable commitments to extend credit:						
- maturity exceeding one year	6,733,149	3,335,661	3,335,662	6,677,501	3,338,750	3,338,750
- maturity not exceeding one year	6,671,324	0	0	6,582,863	0	0
Foreign exchange related contracts						
- less than one year	6,373,277	82,523	26,262	4,935,542	91,465	25,905
- one year to less than five years	322,979	37,871	12,052	121,468	9,296	1,615
- five years and above	200,903	32,179	10,241			
Interest rate contracts						
- less than one year	4,212,252	11,859	3,414	4,099,620	10,385	109,785
- one year to less than five years	14,544,592	429,314	123,604	12,985,490	395,843	17,544
- five years and above	1,210,778	83,782	24,122	750,833	54,917	16,730
Equity and commodity related contracts	411,395	79,914	43,871	60,625	19,011	19,011
Miscellaneous	1,023,609	0	0	15,000	0	0
Total	43,651,777	5,332,306	4,784,163	37,915,353	5,015,508	4,593,078

* 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 2007 (continued)

19 INTEREST/PROFIT RATE RISK

Group

As at 31 March 2007	Non Trading Book						Trading Book RM'000	Total RM'000	Average interest rate %
	Up to 1 month RM'000	>1-3 months RM'000	>3-12 months RM'000	>1-5 years RM'000	Over 5 years RM'000	Non- interest sensitive RM'000			
Assets									
Cash and short term funds	4,329,530	0	0	0	0	74,959	0	4,404,489	4.04
Securities purchased under resale agreement	29,412	0	0	0	0	0	0	29,412	2.85
Deposits and placements with financial institutions	3,541	1,839,934	3,227	0	0	0	0	1,846,702	4.04
Held-for-trading securities	0	0	0	0	0	0	670,173	670,173	4.13
Available-for-sale securities	470,010	802,563	793,161	3,045,385	853,650	77,121 [^]	0	6,041,890	3.92
Loans, advances and financing									
- performing	18,634,126	877,053	887,082	807,825	250,132	1,630,944 [*]	0	23,087,162	6.26
- non-performing	0	0	0	0	0	770,133 [#]	0	770,133	0
Other assets	0	0	0	0	0	180,237	186,720	366,957	0
Statutory deposits with Bank Negara Malaysia	0	0	0	0	0	821,608	0	821,608	0
Property, plant and equipment	0	0	0	0	0	226,461	0	226,461	0
Investment property	0	0	0	0	0	11,093	0	11,093	0
Prepaid lease payment	0	0	0	0	0	4,165	0	4,165	0
Non-current assets held for sale	0	0	0	0	0	544	0	544	0
Deferred taxation asset	0	0	0	0	0	89,030	0	89,030	0
Total assets	23,466,619	3,519,550	1,683,470	3,853,210	1,103,782	3,886,295	856,893	38,369,819	
Liabilities									
Deposits from customers	11,985,357	4,964,428	5,500,055	928,699	0	3,175,566	0	26,554,105	2.90
Deposits and placements of banks and other financial institutions	1,677,386	494,096	79,203	11,236	23,639	0	0	2,285,560	4.67
Obligations on securities sold under repurchase agreements	3,426,613	52,624	4,525	0	0	0	0	3,483,762	3.36
Bills and acceptances payable	0	0	0	0	0	1,908,258	0	1,908,258	0
Amount due to Cagamas	0	0	13,973	585,480	74,952	0	0	674,405	4.36
Subordinated term loan / bonds	0	0	0	295,007	396,671	0	0	691,678	5.61
Other liabilities	0	0	0	0	0	340,823	185,493	526,316	0
Taxation and zakat	0	0	0	0	0	72,429	0	72,429	0
Total liabilities	17,089,356	5,511,148	5,597,756	1,820,422	495,262	5,497,076	185,493	36,196,513	
On-balance sheet interest sensitivity gap	6,377,263	(1,991,598)	(3,914,286)	2,032,788	608,520	(1,610,781)	671,400	2,173,306	
Off-balance sheet interest sensitivity gap	0	(345,630)	(172,815)	483,882	34,563	0	0	0	
Total interest sensitivity gap	6,377,263	(2,337,228)	(4,087,101)	2,516,670	643,083	(1,610,781)	671,400	2,173,306	

NOTES TO INTERIM FINANCIAL STATEMENTS – 31 MARCH 2007 (continued)**19 INTEREST/PROFIT RATE RISK (continued)****Bank**

As at 31 March 2007	Non Trading Book						Trading Book RM'000	Total RM'000	Average interest rate %
	Up to 1 Month RM'000	>1-3 months RM'000	>3-12 months RM'000	>1-5 years RM'000	Over 5 years RM'000	Non- interest sensitive RM'000			
Assets									
Cash and short term funds	4,329,530	0	0	0	0	74,959	0	4,404,489	4.04
Securities purchased under resale agreement	29,412	0	0	0	0	0	0	29,412	2.85
Deposits and placements with financial institutions	3,541	1,839,934	3,227	0	0	0	0	1,846,702	4.04
Held-for-trading securities	0	0	0	0	0	0	670,173	670,173	4.13
Available-for-sale securities	470,010	802,563	793,161	3,045,385	853,650	77,121 [^]	0	6,041,890	3.92
Loans, advances and financing									
- performing	18,634,126	877,042	886,974	807,689	250,085	1,630,959 [*]	0	23,086,875	6.26
- non-performing	0	0	0	0	0	770,133 [#]	0	770,133	0
Other assets	0	0	0	0	0	180,159	186,720	366,879	0
Statutory deposits with Bank Negara Malaysia	0	0	0	0	0	821,608	0	821,608	0
Investment in subsidiary companies	0	0	0	0	0	1,611	0	1,611	0
Property, plant and equipment	0	0	0	0	0	226,449	0	226,449	0
Investment property	0	0	0	0	0	11,093	0	11,093	0
Prepaid lease payment	0	0	0	0	0	4,165	0	4,165	0
Non-current assets held for sale	0	0	0	0	0	544	0	544	0
Deferred taxation asset	0	0	0	0	0	89,330	0	89,330	0
Total assets	23,466,619	3,519,539	1,683,362	3,853,074	1,103,735	3,888,131	856,893	38,371,353	
Liabilities									
Deposits from customers	11,999,297	4,964,428	5,500,055	928,699	0	3,176,061	0	26,568,540	2.90
Deposits and placements of banks and other financial institutions	1,677,386	494,096	79,203	11,236	23,639	0	0	2,285,560	4.67
Obligations on securities sold under repurchase agreements	3,426,613	52,624	4,525	0	0	0	0	3,483,762	3.36
Bills and acceptances payable	0	0	0	0	0	1,908,258	0	1,908,258	0
Amount due to Cagamas	0	0	13,973	585,480	74,952	0	0	674,405	4.36
Subordinated term loan / bonds	0	0	0	295,007	396,671	0	0	691,678	5.61
Other liabilities						340,690	185,493	526,183	0
Taxation and zakat	0	0	0	0	0	72,384	0	72,384	0
Total liabilities	17,103,296	5,511,148	5,597,756	1,820,422	495,262	5,497,393	185,493	36,210,770	
On-balance sheet interest sensitivity gap	6,363,323	(1,991,609)	(3,914,394)	2,032,652	608,473	(1,609,262)	671,400	2,160,583	
Off-balance sheet interest sensitivity gap	0	(345,630)	(172,815)	483,882	34,563	0	0	0	
Total interest sensitivity gap	6,363,323	(2,337,239)	(4,087,209)	2,516,534	643,036	(1,609,262)	671,400	2,160,583	

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

^{*} The amount includes general allowance for loans, advances and financing in accordance with the Bank's accounting policy amounting to RM 357,634,000 for Group and RM 357,619,000 for Bank.

[#] The amount includes specific allowance for loans, advances and financing in accordance with the Bank's accounting policy amounting to RM 534,914,000 for Group and RM 534,395,000 for Bank.

NOTES TO INTERIM FINANCIAL STATEMENTS – 31 MARCH 2007 (continued)**19 INTEREST/PROFIT RATE RISK (continued)****Group**

As at 31 December 2006	Non Trading Book						Trading Book RM'000	Total RM'000	Average interest rate %
	Up to 1 month RM'000	>1-3 months RM'000	>3-12 months RM'000	>1-5 years RM'000	Over 5 years RM'000	Non- interest sensitive RM'000			
Assets									
Cash and short term funds	3,569,792	0	0	0	0	77,387	0	3,647,179	4.19
Securities purchased under resale agreement	0	0	0	0	0	0	0	0	0
Deposits and placements with financial institutions	0	2,192,696	88,050	0	0	0	0	2,280,746	4.19
Held-for-trading securities	0	0	0	0	0	0	529,805	529,805	4.37
Available-for-sale securities	590,000	480,828	950,377	3,100,823	452,741	66,625 [^]	0	5,641,394	3.86
Loans, advances and financing									
- performing	17,496,105	1,472,824	690,628	972,101	63,922	1,579,310 [*]	0	22,274,890	6.27
- non-performing	0	0	0	0	0	757,307 [#]	0	757,307	0
Other assets	0	0	0	0	0	188,112	169,338	357,450	0
Statutory deposits with Bank Negara Malaysia	0	0	0	0	0	866,086	0	866,086	0
Property, plant and equipment	0	0	0	0	0	231,495	0	231,495	0
Investment property	0	0	0	0	0	11,030	0	11,030	0
Prepaid lease payment	0	0	0	0	0	0	0	0	0
Non-current assets held for sale	0	0	0	0	0	544	0	544	0
Deferred taxation asset	0	0	0	0	0	102,143	0	102,143	0
Total assets	21,655,897	4,146,348	1,729,055	4,072,924	516,663	3,880,039	699,143	36,700,069	
Liabilities									
Deposits from customers	10,253,782	4,859,252	5,155,024	1,277,367	69,600	3,031,642	0	24,646,667	2.88
Deposits and placements of banks and other financial institutions	2,056,843	838,836	48,321	6,973	14,475	0	0	2,965,448	4.55
Obligations on securities sold under repurchase agreements	3,044,001	31,576	0	0	0	0	0	3,075,577	3.28
Bills and acceptances payable	0	0	0	0	0	1,818,185	0	1,818,185	0
Amount due to Cagamas	0	0	27,990	586,355	74,953	0	0	689,298	4.30
Subordinated term loan / bonds	0	0	0	265,878	432,644	0	0	698,522	5.53
Other liabilities	0	0	0	0	0	333,014	185,340	518,354	0
Taxation and zakat	0	0	0	0	0	58,070	0	58,070	0
Total liabilities	15,354,626	5,729,664	5,231,335	2,136,573	591,672	5,240,911	185,340	34,470,121	
On-balance sheet interest sensitivity gap	6,301,271	(1,583,316)	(3,502,280)	1,936,351	(75,009)	(1,360,872)	513,803	2,229,948	
Off-balance sheet interest sensitivity gap	0	(176,100)	(352,200)	281,760	246,540	0	0	0	
Total interest sensitivity gap	6,301,271	(1,759,416)	(3,854,480)	2,218,111	171,531	(1,360,872)	513,803	2,229,948	

NOTES TO INTERIM FINANCIAL STATEMENTS – 31 MARCH 2007 (continued)

19 INTEREST/PROFIT RATE RISK (continued)

Bank

As at 31 December 2006	Non Trading Book						Trading Book RM'000	Total RM'000	Average interest rate %
	Up to 1 Month RM'000	>1-3 months RM'000	>3-12 months RM'000	>1-5 years RM'000	Over 5 years RM'000	Non- interest sensitive RM'000			
Assets									
Cash and short term funds	3,569,792	0	0	0	0	77,387	0	3,647,179	4.19
Securities purchased under resale agreement	0	0	0	0	0	0	0	0	0
Deposits and placements with financial institutions	0	2,192,696	88,050	0	0	0	0	2,280,746	4.19
Held-for-trading securities	0	0	0	0	0	0	529,805	529,805	4.37
Available-for-sale securities	590,000	480,828	950,377	3,100,823	452,741	66,625 [^]	0	5,641,394	3.86
Loans, advances and financing									
- performing	17,496,105	1,472,824	690,443	971,900	63,923	1,579,324 [*]	0	22,274,519	6.27
- non-performing	0	0	0	0	0	757,307 [#]	0	757,307	0
Other assets	0	0	0	0	0	188,034	169,338	357,372	0
Statutory deposits with Bank Negara Malaysia	0	0	0	0	0	866,086	0	866,086	0
Investment in subsidiary companies	0	0	0	0	0	1,611	0	1,611	0
Property, plant and equipment	0	0	0	0	0	231,482	0	231,482	0
Investment property	0	0	0	0	0	11,030	0	11,030	0
Prepaid lease payment	0	0	0	0	0	0	0	0	0
Non-current assets held for sale	0	0	0	0	0	544	0	544	0
Deferred taxation asset	0	0	0	0	0	102,459	0	102,459	0
Total assets	21,655,897	4,146,348	1,728,870	4,072,723	516,664	3,881,889	699,143	36,701,534	
Liabilities									
Deposits from customers	10,267,596	4,859,252	5,155,024	1,277,367	69,600	3,032,045	0	24,660,884	2.88
Deposits and placements of banks and other financial institutions	2,056,843	838,836	48,321	6,973	14,475	0	0	2,965,448	4.55
Obligations on securities sold under repurchase agreements	3,044,001	31,576	0	0	0	0	0	3,075,577	3.28
Bills and acceptances payable	0	0	0	0	0	1,818,185	0	1,818,185	0
Amount due to Cagamas	0	0	27,990	586,355	74,953	0	0	689,298	4.30
Subordinated term loan / bonds	0	0	0	265,878	432,644	0	0	698,522	5.53
Other liabilities	0	0	0	0	0	332,905	185,340	518,245	0
Taxation and zakat	0	0	0	0	0	58,058	0	58,058	0
Total liabilities	15,368,440	5,729,664	5,231,335	2,136,573	591,672	5,241,193	185,340	34,484,217	
On-balance sheet interest sensitivity gap	6,287,457	(1,583,316)	(3,502,465)	1,936,150	(75,008)	(1,359,304)	513,803	2,217,317	
Off-balance sheet interest sensitivity gap	0	(176,100)	(352,200)	281,760	246,540	0	0	0	
Total interest sensitivity gap	6,287,457	(1,759,416)	(3,854,665)	2,217,910	171,532	(1,359,304)	513,803	2,217,317	

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

^{*} The amount includes general allowance for loans, advances and financing in accordance with the Bank's accounting policy amounting to RM 344,400,000 for Group and RM 344,385,000 for Bank.

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

NOTES TO INTERIM FINANCIAL STATEMENTS – 31 MARCH 2007 (continued)**20 CAPITAL ADEQUACY**

	Bank	
	31 Mar 2007 RM'000	31 Dec 2006 RM'000
Components of Tier-1 and Tier-2 capital are as follows:		
<u>Tier-1 capital</u>		
Paid-up share capital	287,500	287,500
Paid-up non-cumulative perpetual preference shares	4,000	4,000
Share premium	858,500	858,500
Retained profit	469,097	677,425
Other reserves	322,000	322,000
	<u>1,941,097</u>	<u>2,149,425</u>
Less: Deferred tax assets	(116,010)	(116,011)
Total Tier-1 capital	<u>1,825,087</u>	<u>2,033,414</u>
<u>Tier-2 capital</u>		
General allowance for bad and doubtful debts and financing	357,619	344,385
Subordinated term loan	718,617	729,421
Total Tier-2 capital	<u>1,076,236</u>	<u>1,073,806</u>
Total capital	2,901,323	3,107,220
Less :		
Investment in subsidiaries	(1,611)	(1,611)
Capital base	<u>2,899,712</u>	<u>3,105,609</u>
<u>Capital Ratios</u>		
Core-capital ratio	6.68%	7.00%
Risk-weighted capital ratio	10.62%	11.12%

NOTES TO INTERIM FINANCIAL STATEMENTS – 31 MARCH 2007 (continued)**21 THE OPERATION OF ISLAMIC BANKING (IB)****CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED BALANCE SHEETS AS AT 31 MARCH 2007**

		Group and Bank	
		31 Mar 2007	31 Dec 2006
ASSETS	Note	RM'000	RM'000
Cash and short-term funds		767,336	932,498
Deposits and placements with financial institutions		100,000	200,000
Available-for-sale securities	(1)	307,189	305,918
Financing and other advances	(2)	1,647,634	1,638,339
Other assets	(4)	11,659	10,165
Statutory deposits with Bank Negara Malaysia		58,113	60,413
Deferred taxation assets		13,980	15,028
TOTAL ASSETS		<u>2,905,911</u>	<u>3,162,361</u>
 LIABILITIES AND ISLAMIC BANKING FUNDS			
Deposits from customers	(5)	2,364,679	2,635,783
Deposits and placements of banks and other financial institutions		0	0
Subordinated bonds		200,000	200,000
Bills and acceptances payable		1,018	367
Other liabilities	(6)	173,204	168,689
Taxation and zakat		12,866	9,011
Total Liabilities		<u>2,751,767</u>	<u>3,013,850</u>
Islamic Banking Funds	(7)	85,000	85,000
Reserves	(7)	69,144	63,511
		<u>154,144</u>	<u>148,511</u>
TOTAL LIABILITIES AND ISLAMIC BANKING FUNDS		<u>2,905,911</u>	<u>3,162,361</u>
 COMMITMENTS AND CONTINGENCIES		 <u>931,790</u>	 <u>826,098</u>

NOTES TO INTERIM FINANCIAL STATEMENTS – 31 MARCH 2007 (continued)**21 THE OPERATION OF ISLAMIC BANKING (IB) (continued)****CONDENSED INTERIM FINANCIAL STATEMENTS****UNAUDITED INCOME STATEMENTS FOR THE FIRST QUARTER ENDED 31 MARCH 2007**

	Group and Bank	
	31 Mar 2007 RM'000	31 Mar 2006 RM'000
Income derived from investment of depositors' funds	33,842	27,557
Allowance for losses on financing and other loans	(6,131)	(3,054)
Transfer to / (from) profit equalisation reserve	1,059	(3,104)
Total attributable income	<u>28,770</u>	<u>21,399</u>
Income attributable to depositors	(19,434)	(14,366)
Income attributable to shareholders	9,336	7,033
Income derived from the investment of Islamic banking funds	<u>2,859</u>	<u>2,539</u>
Total net income	12,195	9,572
Personnel expenses	(506)	(558)
Other overhead expenses	(7,192)	(3,754)
Profit before taxation	<u>4,497</u>	<u>5,260</u>
Taxation	(1,887)	(1,423)
Net profit for the financial period	<u><u>2,610</u></u>	<u><u>3,837</u></u>

NOTES TO INTERIM FINANCIAL STATEMENTS – 31 MARCH 2007 (continued)**21 THE OPERATION OF ISLAMIC BANKING (IB) (continued)****(1) AVAILABLE-FOR-SALE SECURITIES**

	Group and Bank	
	31 Mar 2007 RM'000	31 Dec 2006 RM'000
<u>At fair value</u>		
Malaysian Government investment issues	201,718	200,631
Sanadat Cagamas (SAC)	80,471	80,287
Islamic negotiable instruments of deposits	25,000	25,000
	<u>307,189</u>	<u>305,918</u>

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

Maturing within one year	219,069	217,641
One year to three years	35,390	88,277
Three to five years	52,730	0
	<u>307,189</u>	<u>305,918</u>

(2) FINANCING AND OTHER ADVANCES

	Group and Bank	
	31 Mar 2007 RM'000	31 Dec 2006 RM'000
By type:		
Cash financing	280,195	278,230
Term financing		
- Housing financing	147,177	152,609
- Syndicated term financing	235,014	232,777
- Hire purchase receivables	379,765	380,247
- Leasing receivables	18,905	21,130
- Other term financing	213,191	205,077
Revolving credits	452,454	452,410
Customer's liability under acceptance credits	158,334	150,834
Unearned income	(198,694)	(199,066)
Gross financing	<u>1,686,341</u>	<u>1,674,248</u>
Allowance for bad and doubtful debts and financing		
- Specific	(13,617)	(10,960)
- General	(25,090)	(24,949)
Net financing	<u>1,647,634</u>	<u>1,638,339</u>

NOTES TO INTERIM FINANCIAL STATEMENTS – 31 MARCH 2007 (continued)**21 THE OPERATION OF ISLAMIC BANKING (IB) (continued)****(3) NON-PERFORMING FINANCING**

	Group and Bank	
	31 Mar 2007 RM'000	31 Dec 2006 RM'000
i) Movements in non-performing financing are as follows:		
Balance at 1 January	23,221	16,204
Non-performing during the period / year	8,509	26,388
Reclassified as performing during the period / year	(1,728)	(3,738)
Amount recovered	(589)	(3,922)
Amount written off	(3,401)	(11,711)
Balance at end of period / year	<u>26,012</u>	<u>23,221</u>
Specific allowance	(13,617)	(10,960)
Net non-performing financing	<u>12,395</u>	<u>12,261</u>
Ratio of net non-performing financing to net financing	<u>0.74%</u>	<u>0.74%</u>
ii) Movements in the allowance for bad and doubtful financing are as follows :		
<u>General allowance</u>		
Balance at 1 January	24,949	21,304
Allowance made during the period / year	141	3,645
Balance at end of period / year	<u>25,090</u>	<u>24,949</u>
(as % of total financing less specific allowance)	<u>1.5%</u>	<u>1.5%</u>
<u>Specific allowance</u>		
Balance at 1 January	10,960	9,400
Allowance made during the period / year	6,935	15,699
Amount recovered	(877)	(2,428)
Amount written off	(3,401)	(11,711)
Balance at end of period / year	<u>13,617</u>	<u>10,960</u>
(4) OTHER ASSETS		
Income receivable	2,163	2,877
Other debtors, deposits and prepayments	9,496	7,288
	<u>11,659</u>	<u>10,165</u>

NOTES TO INTERIM FINANCIAL STATEMENTS – 31 MARCH 2007 (continued)**21 THE OPERATION OF ISLAMIC BANKING (IB) (continued)****(5) DEPOSITS FROM CUSTOMERS**

	Group and Bank	
	31 Mar 2007 RM'000	31 Dec 2006 RM'000
By type of deposits		
Non-Mudharabah Fund:		
Demand deposits	220,421	213,425
Savings deposits	267,029	266,322
Negotiable Islamic Debt Certificate	169,953	478,756
Others	17,453	17,200
	<u>674,856</u>	<u>975,703</u>
Mudharabah Fund:		
General investment deposits	579,310	718,328
Islamic short term Mudharabah Investment	1,110,513	941,752
	<u>1,689,823</u>	<u>1,660,080</u>
Total deposits from customers	<u>2,364,679</u>	<u>2,635,783</u>

(6) OTHER LIABILITIES

Other accruals and charges	155,108	149,534
Profit equalisation reserve	18,096	19,155
	<u>173,204</u>	<u>168,689</u>
<u>Profit equalisation reserve (PER)</u>		
Balance at 1 January	19,155	4,471
Amount provided during the period / year	12	14,998
Amount written back during the period / year	(1,071)	(314)
Balance at end of period / year	<u>18,096</u>	<u>19,155</u>

(7) ISLAMIC BANKING CAPITAL FUNDS

Islamic banking funds	85,000	85,000
Reserves :		
Net unrealised gains on available-for-sale investments of which the depositors' portion is RM 1,794,000 (Dec 2006 : RM 1,381,000)	1,908	1,469
Retained profits	67,236	62,042
	<u>154,144</u>	<u>148,511</u>