

CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED BALANCE SHEETS AS AT 30 SEPTEMBER 2008

	Note	Group		Bank	
		30/9/2008 RM'000	31/12/2007 RM'000	30/9/2008 RM'000	31/12/2007 RM'000
ASSETS					
Cash and short-term funds		6,706,423	5,636,115	6,706,423	5,636,115
Securities purchased under resale agreement		0	358,344	0	358,344
Deposits and placements with financial institutions		1,287,258	230,399	1,287,258	230,399
Held-for-trading securities	4	919,379	1,872,798	919,379	1,872,798
Available-for-sale securities	4	5,830,051	5,850,023	5,830,051	5,850,023
Loans, advances and financing	5	29,618,875	26,611,732	29,618,890	26,611,747
Other assets	7	1,099,952	445,658	1,099,880	445,656
Statutory deposits with Bank Negara Malaysia		952,608	843,608	952,608	843,608
Investment in subsidiary companies	8	0	0	1,611	1,611
Property, plant and equipment		224,630	221,683	224,625	221,675
Investment property		12,690	10,066	12,690	10,066
Prepaid lease payment		2,942	2,981	2,942	2,981
Non-current assets held for sale		2,073	2,092	2,073	2,092
Deferred taxation asset		117,471	100,056	117,739	100,345
TOTAL ASSETS		46,774,352	42,185,555	46,776,169	42,187,460
LIABILITIES AND SHAREHOLDERS' EQUITY					
Deposits from customers	9	33,041,640	31,467,966	33,056,042	31,482,621
Deposits and placements of banks and other financial institutions	10	6,143,564	4,064,268	6,143,564	4,064,268
Bills and acceptances payable		2,173,068	1,682,232	2,173,068	1,682,232
Amount due to Cagamas		445,333	628,680	445,333	628,680
Subordinated term loan / bonds	11	944,774	1,089,210	944,774	1,089,210
Other liabilities	12	1,065,526	702,179	1,065,528	702,240
Taxation and zakat		85,236	65,637	85,159	65,556
Total Liabilities		43,899,141	39,700,172	43,913,468	39,714,807
Financed by :					
Share capital		291,500	291,500	291,500	291,500
Reserves		2,583,711	2,193,883	2,571,201	2,181,153
Shareholders' Equity		2,875,211	2,485,383	2,862,701	2,472,653
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		46,774,352	42,185,555	46,776,169	42,187,460
COMMITMENTS AND CONTINGENCIES	20	90,451,193	59,568,827	90,451,193	59,568,827

**CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED INCOME STATEMENTS FOR THE THIRD QUARTER AND NINE MONTHS ENDED
30 SEPTEMBER 2008**

Group		3rd Quarter Ended		Nine Months Ended	
		30 Sept 2008	30 Sept 2007	30 Sept 2008	30 Sept 2007
	Note	RM'000	RM'000	RM'000	RM'000
Interest income	13	543,121	483,317	1,580,074	1,397,671
Interest expense	14	(289,129)	(267,378)	(847,223)	(763,829)
Net interest income		253,992	215,939	732,851	633,842
Islamic Banking income	24(8)	27,566	20,561	81,592	58,440
		281,558	236,500	814,443	692,282
Non-interest income	15	81,200	91,032	311,781	265,531
Net income		362,758	327,532	1,126,224	957,813
Staff cost and overhead expenses	16	(152,887)	(139,275)	(440,822)	(379,211)
Operating profits before allowances		209,871	188,257	685,402	578,602
Allowance for losses on loans, advances and financing	17	(24,810)	(15,520)	(17,897)	(31,010)
Write back of commitment and contingencies		0	0	3,936	3
Impairment losses for property, plant and equipment		0	0	(577)	0
Profit before taxation and zakat		185,061	172,737	670,864	547,595
Taxation	18	(48,067)	(47,529)	(176,906)	(155,981)
Zakat		0	0	0	0
Net profit attributable to shareholders		136,994	125,208	493,958	391,614
Basic earnings per share (sen)		47.65	43.6	171.8	136.2
Dividend per ordinary share – RM Nil (2007 : 20.0 sen gross less income tax)		0	0	0	42.0

**CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED INCOME STATEMENTS FOR THE THIRD QUARTER AND NINE MONTHS ENDED
30 SEPTEMBER 2008 (continued)**

Bank		3rd Quarter Ended		Nine Months Ended	
		30 Sept 2008	30 Sept 2007	30 Sept 2008	30 Sept 2007
	Note	RM'000	RM'000	RM'000	RM'000
Interest income	13	543,121	483,316	1,580,074	1,397,670
Interest expense	14	(289,132)	(267,492)	(847,233)	(764,169)
Net interest income		253,989	215,824	732,841	633,501
Islamic Banking income	24(8)	27,566	20,561	81,592	58,440
		281,555	236,385	814,433	691,941
Non-interest income	15	81,203	91,032	311,791	265,530
Net income		362,758	327,417	1,126,224	957,471
Staff cost and overhead expenses	16	(152,821)	(139,208)	(440,578)	(378,998)
Operating profits before allowances		209,937	188,209	685,646	578,473
Allowance for losses on loans, advances and financing	17	(24,810)	(15,520)	(17,897)	(31,092)
Write back of commitment and contingencies		0	0	3,936	3
Impairment losses for property, plant and equipment		0	0	(577)	0
Profit before taxation and zakat		185,127	172,689	671,108	547,384
Taxation	18	(48,068)	(47,527)	(176,930)	(155,941)
Zakat		0	0	0	0
Net profit attributable to shareholders		137,059	125,162	494,178	391,443
Basic earnings per share (sen)		47.67	43.5	171.9	136.2
Dividend per ordinary share – RM Nil (2007 : 20.0 sen gross less income tax)		0	0	0	42.0

CONDENSED INTERIM FINANCIAL STATEMENTS**UNAUDITED STATEMENTS OF CHANGES IN EQUITY FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2008**

	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 2008	291,500	858,500	322,000	56,619	70,687	0	886,077	2,485,383
Revaluation of available-for-sale securities (net)	0	0	0	0	(60,122)	0	0	(60,122)
Deferred tax on revaluation of available-for-sale securities (net)	0	0	0	0	16,632	0	0	16,632
Net gains recognised directly in equity	0	0	0	0	(43,490)	0	0	(43,490)
Net profit attributable to shareholders	0	0	0	0	0	0	493,958	493,958
Total recognised income and expense for the year	0	0	0	0	(43,490)	0	493,958	450,468
Dividends paid on ordinary shares in respect of:								
- Final 2007	0	0	0	0	0	0	(42,550)	(42,550)
Dividends paid on preference shares	0	0	0	0	0	0	(18,090)	(18,090)
Balance at 30 September 2008	<u>291,500</u>	<u>858,500</u>	<u>322,000</u>	<u>56,619</u>	<u>27,197</u>	<u>0</u>	<u>1,319,395</u>	<u>2,875,211</u>
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	19,452	0	0	19,452
Deferred tax on revaluation of available-for-sale securities (net)	0	0	0	0	(3,424)	0	0	(3,424)
Net gains recognised directly in equity	0	0	0	0	16,028	0	0	16,028
Net profit attributable to shareholders	0	0	0	0	0	0	391,614	391,614
Total recognised income and expense for the year	0	0	0	0	16,028	0	391,614	407,642
Dividends paid on ordinary shares in respect of:								
- Final 2006	0	0	0	0	0	0	(199,381)	(199,381)
- Interim 2007	0	0	0	0	0	0	(41,975)	(41,975)
Dividends paid on preference shares	0	0	0	0	0	0	(18,040)	(18,040)
Balance at 30 September 2007	<u>291,500</u>	<u>858,500</u>	<u>322,000</u>	<u>56,619</u>	<u>83,920</u>	<u>36,750</u>	<u>728,905</u>	<u>2,378,194</u>

CONDENSED INTERIM FINANCIAL STATEMENTS**UNAUDITED STATEMENTS OF CHANGES IN EQUITY FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2008 (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 2008	291,500	858,500	322,000	0	70,687	0	929,966	2,472,653
Revaluation of available-for-sale securities (net)	0	0	0	0	(60,122)	0	0	(60,122)
Deferred tax on revaluation of available-for-sale securities (net)	0	0	0	0	16,632	0	0	16,632
Net gains recognised directly in equity	0	0	0	0	(43,490)	0	0	(43,490)
Net profit attributable to shareholders	0	0	0	0	0	0	494,178	494,178
Total recognised income and expense for the year	0	0	0	0	(43,490)	0	494,178	450,688
Dividends paid on ordinary shares in respect of:								
- Final 2007	0	0	0	0	0	0	(42,550)	(42,550)
Dividends paid on preference shares	0	0	0	0	0	0	(18,090)	(18,090)
Balance at 30 September 2008	<u>291,500</u>	<u>858,500</u>	<u>322,000</u>	<u>0</u>	<u>27,197</u>	<u>0</u>	<u>1,363,504</u>	<u>2,862,701</u>
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	19,452	0	0	19,452
Deferred tax on revaluation of available-for-sale securities (net)	0	0	0	0	(3,424)	0	0	(3,424)
Net gains recognised directly in equity	0	0	0	0	16,028	0	0	16,028
Net profit attributable to shareholders	0	0	0	0	0	0	391,443	391,443
Total recognised income and expense for the year	0	0	0	0	16,028	0	391,443	407,471
Dividends paid on ordinary shares in respect of:								
- Final 2006	0	0	0	0	0	0	(199,381)	(199,381)
- Interim 2007	0	0	0	0	0	0	(41,975)	(41,975)
Dividends paid on preference shares	0	0	0	0	0	0	(18,040)	(18,040)
Balance at 30 September 2007	<u>291,500</u>	<u>858,500</u>	<u>322,000</u>	<u>0</u>	<u>83,920</u>	<u>0</u>	<u>809,472</u>	<u>2,365,392</u>

CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED CONDENSED CASH FLOW STATEMENTS FOR THE NINE MONTHS ENDED 30 SEPTEMBER
2008

	Group		Bank	
	30 Sept 2008 RM'000	30 Sept 2007 RM'000	30 Sept 2008 RM'000	30 Sept 2007 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before taxation and zakat	670,864	547,595	671,108	547,384
Adjustments for non-operating and non-cash items	(113,881)	59,254	(113,910)	59,334
Operating profit before changes in working capital	556,983	606,849	557,198	606,718
Changes in working capital:				
Net changes in Operating Assets	356,382	(5,113,799)	356,281	(5,114,142)
Net changes in Operating Liabilities	1,082,318	3,428,648	1,082,204	3,429,117
Income tax and zakat paid	(158,090)	(117,964)	(158,089)	(117,956)
Net cash generated from / (utilised in) operating activities	1,837,593	(1,196,266)	1,837,594	(1,196,263)
Net cash utilised in investing activities	(49,786)	(850,867)	(49,787)	(850,870)
Net cash utilised in / (generated from) financing activities	339,360	(59,396)	339,360	(59,396)
Net increase /.(decrease) in cash and cash equivalents	2,127,167	(2,106,529)	2,127,167	(2,106,529)
Cash and cash equivalents at beginning of the period	5,866,514	5,927,925	5,866,514	5,927,925
Cash and cash equivalents at end of the period	<u>7,993,681</u>	<u>3,821,396</u>	<u>7,993,681</u>	<u>3,821,396</u>

NOTES TO INTERIM FINANCIAL STATEMENTS – 30 SEPTEMBER 2008

1 REVIEW OF PERFORMANCE

The Bank registered a net profit of RM494 million for the first nine months of 2008, marking an increase of RM102 million or 26% compared to the corresponding period in 2007. The higher net profits were due mainly to an 18% increase in operating profits during the period, from RM578 million in 2007 to RM685 million this year; and a lower provisioning of RM16 million.

Total income rose by RM168 million or 18% to RM1.1 billion as a result of increases in net interest income, which grew by RM99 million or 16% to RM733 million, and non-interest income, which rose by RM46 million or 17% to RM312 million. Overhead expenses increased by RM62 million or 16% to RM441 million, in line with a corresponding rise in business activities.

There was a net write back of RM32 million in specific allowances compared to RM13 million last year, due to loan recoveries which were partly offset by an increase in general allowance made for loans growth amounting to RM46 million (2007: RM44 million). The net NPL ratio declined to 1.92% (Dec 07: 2.55%).

Gross loans outstanding as at 30 September 2008 stood at RM30.4 billion, making a growth of RM3 billion or 11% compared with that of 31 December 2007. The growth derived from consumer and business loans of RM 0.8 billion and RM 2.2 billion respectively.

Shareholders' funds strengthened to RM2.8 billion while the Bank's risk weighted capital ratio as at 30 September 2008 stood at 10.73%.

2 ECONOMIC PERFORMANCE AND PROSPECTS

Stemming from the financial crisis, central banks across the globe recently cut interest rates in a concerted effort to avert further deterioration of the global economy. Governments have also intervened by injecting billions of funds into banks, aimed at boosting the banks' capital positions in order to facilitate the resumption of lending activities, which is crucial for economic growth.

The impact of the global financial turmoil on the Malaysian economy is less evident, although signs of slower growth rates are beginning to show. Malaysian exports grew at a slower pace in August 08, at 10.6% compared to 24.3% the previous month resulting in a lesser trade surplus of RM12 billion.

Against this economic backdrop, the Bank continues to actively manage its asset quality and capital position. The Bank will also focus on growing its loans portfolio in selective sectors while expanding its range of Islamic banking products and services.

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 2007, except for the adoption of the following revised Financial Reporting Standards (FRS), amendments to FRSs and IC Interpretations, that are effective 1 January 2008,

FRS	Title
FRS 107	Cash Flow Statements
FRS 112	Income Taxes
FRS 118	Revenue
FRS 119	Employee Benefits
FRS 137	Provision, Contingent Liabilities and Contingent Assets
IC Interpretation 8	Scope of FRS 2

The adoption of the above FRS did not result in substantial changes to the Group and Bank's interim financial statements.

Company No. 295400 W

OCBC BANK (MALAYSIA) BERHAD
(Incorporated in Malaysia)

NOTES TO INTERIM FINANCIAL STATEMENTS – 30 SEPTEMBER 2008 (continued)**4 SECURITIES PORTFOLIO**

i) Held-for-trading securities

	Group		Bank	
	30 Sept 2008 RM'000	31 Dec 2007 RM'000	30 Sept 2008 RM'000	31 Dec 2007 RM'000
<u>At fair value</u>				
Malaysian Government treasury bills	50,301	38,410	50,301	38,410
Malaysian Government securities	(25)*	234,984	(25)*	234,984
Government Investment Certificate	65,384	93,704	65,384	93,704
Bank Negara Bills	162,933	224,022	162,933	224,022
Bank Negara Negotiable notes	0	53,750	0	53,750
Private debt securities	635,935	1,225,322	635,935	1,225,322
Quoted shares in Malaysia	4,851	2,606	4,851	2,606
	<u>919,379</u>	<u>1,872,798</u>	<u>919,379</u>	<u>1,872,798</u>

* The negative amount resulted from recognition of mark-to-market losses using trade date accounting.

ii) Available-for-sale securities

<u>At fair value</u>				
Malaysian Government treasury bills	0	28,973	0	28,973
Malaysian Government securities	2,387,103	2,757,797	2,387,103	2,757,797
Government Investment Certificate	1,215,698	1,069,944	1,215,698	1,069,944
Bank Negara Malaysia Negotiable notes	0	153,162	0	153,162
Caqamas bonds / notes	0	35,280	0	35,280
Private debt securities	1,253,936	1,040,538	1,253,936	1,040,538
Negotiable instruments of deposit	675,000	625,000	675,000	625,000
Bankers' acceptances and Islamic accepted bills	180,447	0	180,447	0
Quoted shares in Malaysia	52,597	93,889	52,597	93,889
Unquoted shares in Malaysia	56,315	51,673	56,315	51,673
Unquoted shares outside Malaysia	9,524	0	9,524	0
Debentures	190	188	190	188
	<u>5,830,810</u>	<u>5,856,444</u>	<u>5,830,810</u>	<u>5,856,444</u>
Allowance for impairment losses in available-for-sale securities :				
- Unquoted shares in Malaysia	(121)	(121)	(121)	(121)
- Private debt securities	(638)	(6,300)	(638)	(6,300)
	<u>(759)</u>	<u>(6,421)</u>	<u>(759)</u>	<u>(6,421)</u>
	<u>5,830,051</u>	<u>5,850,023</u>	<u>5,830,051</u>	<u>5,850,023</u>

During the period / year, no available-for-sale securities were pledged to third parties in sale and repurchase agreements.

NOTES TO INTERIM FINANCIAL STATEMENTS – 30 SEPTEMBER 2008 (continued)**4 SECURITIES PORTFOLIO (continued)**

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

	Group		Bank	
	30 Sept 2008 RM'000	31 Dec 2007 RM'000	30 Sept 2008 RM'000	31 Dec 2007 RM'000
Maturity within one year	2,018,822	1,157,823	2,018,822	1,157,823
One year to three years	1,589,518	1,861,528	1,589,518	1,861,528
Three years to five years	1,345,497	2,008,968	1,345,497	2,008,968
Over five years	876,214	821,704	876,214	821,704
	5,830,051	5,850,023	5,830,051	5,850,023

5 LOANS, ADVANCES AND FINANCING

	Group		Bank	
	30 Sept 2008 RM'000	31 Dec 2007 RM'000	30 Sept 2008 RM'000	31 Dec 2007 RM'000
i) By type				
Overdrafts	3,340,128	3,261,190	3,340,128	3,261,190
Term loans/financing :				
Housing loans/financing	7,496,396	6,762,610	7,496,396	6,762,610
Syndicated term loan/financing	1,832,523	1,560,204	1,832,523	1,560,204
Hire purchase	629,733	449,570	629,733	449,570
Lease receivables	21,188	24,267	20,644	23,714
Other term loans	10,799,228	9,448,499	10,799,228	9,448,499
Credit/charge cards receivables	585,296	583,652	585,296	583,652
Bills receivable	48,046	79,123	48,046	79,123
Trust receipts	114,000	114,657	114,000	114,657
Claims on customers under acceptance credits	2,673,287	2,356,607	2,673,287	2,356,607
Block discounting	330	330	330	330
Loan to banks and other financial institutions	192,949	218,050	192,949	218,050
Revolving credit	1,872,729	2,032,899	1,872,729	2,032,899
Staff loans (of which RM Nil [Dec 2007 : RM Nil] to Directors)	114,060	114,217	114,060	114,217
Other loans	1,039,883	665,208	1,039,883	665,208
	30,759,776	27,671,083	30,759,232	27,670,530
Unearned interest and income	(309,645)	(238,406)	(309,629)	(238,381)
Gross loans, advances and financing	30,450,131	27,432,677	30,449,603	27,432,149
Allowance for bad and doubtful debts and financing :				
- Specific	(382,377)	(418,833)	(381,849)	(418,305)
- General	(448,879)	(402,112)	(448,864)	(402,097)
Net loans, advances and financing	29,618,875	26,611,732	29,618,890	26,611,747

NOTES TO INTERIM FINANCIAL STATEMENTS – 30 SEPTEMBER 2008 (continued)**5 LOANS, ADVANCES AND FINANCING (continued)**

ii) By type of customer

	Group		Bank	
	30 Sept 2008 RM'000	31 Dec 2007 RM'000	30 Sept 2008 RM'000	31 Dec 2007 RM'000
Domestic banking institutions	0	33,074	0	33,074
Domestic non-bank financial institutions				
- Stockbroking companies	0	50,161	0	50,161
- Others	232,375	235,908	232,375	235,908
Domestic business enterprises				
- Small medium enterprises ("SME")	5,551,410	4,677,986	5,551,231	4,677,808
- Non-SME	13,667,241	12,441,181	13,666,892	12,440,831
Government and statutory bodies	152,457	219,651	152,457	219,651
Individuals	10,753,258	9,712,221	10,753,258	9,712,221
Other domestic entities	2,694	2,666	2,694	2,666
Foreign entities	90,696	59,829	90,696	59,829
	<u>30,450,131</u>	<u>27,432,677</u>	<u>30,449,603</u>	<u>27,432,149</u>

iii) By interest/profit rate sensitivity

Fixed rate:				
Housing loans/financing	87,593	78,618	87,593	78,618
Hire purchase receivables	569,064	406,910	569,064	406,910
Other fixed rate loan/financing	2,489,238	2,400,090	2,488,710	2,399,562
Variable rate:				
BLR plus	18,704,430	16,566,038	18,704,430	16,566,038
Cost-plus	4,003,104	3,818,288	4,003,104	3,818,288
Other variable rates	4,596,702	4,162,733	4,596,702	4,162,733
	<u>30,450,131</u>	<u>27,432,677</u>	<u>30,449,603</u>	<u>27,432,149</u>

iv) By sector

Agriculture	1,792,254	1,651,442	1,792,254	1,651,442
Mining and quarrying	309,803	275,747	309,803	275,747
Manufacturing	5,657,993	5,089,382	5,657,993	5,089,382
Electricity, gas and water	287,743	230,974	287,743	230,974
Construction	1,329,986	1,326,049	1,329,637	1,325,700
Real estate	3,248,777	2,821,911	3,248,777	2,821,911
Wholesale & retail trade and restaurants & hotels	4,518,096	3,661,575	4,517,917	3,661,396
Transport, storage and communication	683,019	609,475	683,019	609,475
Finance, insurance and business services	693,556	734,952	693,556	734,952
Community, social and personal services	549,458	462,357	549,458	462,357
Households				
of which : i. Purchase of residential properties	7,452,549	6,817,604	7,452,549	6,817,604
ii. Purchase of non-residential properties	1,108,722	863,765	1,108,722	863,765
iii. Others	2,271,084	2,088,470	2,271,084	2,088,470
Others	547,091	798,974	547,091	798,974
	<u>30,450,131</u>	<u>27,432,677</u>	<u>30,449,603</u>	<u>27,432,149</u>

NOTES TO INTERIM FINANCIAL STATEMENTS – 30 SEPTEMBER 2008 (continued)**6 NON-PERFORMING LOANS, ADVANCES AND FINANCING**

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

	Group		Bank	
	30 Sept 2008 RM'000	31 Dec 2007 RM'000	30 Sept 2008 RM'000	31 Dec 2007 RM'000
Balance at 1 January	1,108,380	1,307,988	1,107,852	1,307,469
Non-performing during the period / year (gross)	312,976	490,377	312,976	490,368
Reclassified as performing during the period / year	(195,894)	(171,768)	(195,894)	(171,768)
Amount converted to investment securities	0	(5,662)	0	(5,662)
Amount recovered	(194,941)	(365,502)	(194,941)	(365,502)
Amount written off	(69,708)	(147,053)	(69,708)	(147,053)
Balance at end of period / year	960,813	1,108,380	960,285	1,107,852
Specific allowance	(382,378)	(418,833)	(381,849)	(418,305)
Net non-performing loans, advances and financing	<u>578,435</u>	<u>689,547</u>	<u>578,436</u>	<u>689,547</u>
Ratio of net non-performing loans and financing to gross loans, advances and financing less specific allowance	<u>1.92%</u>	<u>2.55%</u>	<u>1.92%</u>	<u>2.55%</u>

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

	Group		Bank	
	30 Sept 2008 RM'000	31 Dec 2007 RM'000	30 Sept 2008 RM'000	31 Dec 2007 RM'000
<u>General allowance</u>				
Balance at 1 January	402,112	344,400	402,097	344,385
Allowance made during the period / year	46,767	57,712	46,767	57,712
Balance at end of period / year	<u>448,879</u>	<u>402,112</u>	<u>448,864</u>	<u>402,097</u>
(as % of gross loans, advances and financing less specific allowance)	<u>1.50%</u>	<u>1.50%</u>	<u>1.50%</u>	<u>1.50%</u>

NOTES TO INTERIM FINANCIAL STATEMENTS – 30 SEPTEMBER 2008 (continued)**6 NON-PERFORMING LOANS, ADVANCES AND FINANCING (continued)**

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

	Group		Bank	
	30 Sept 2008 RM'000	31 Dec 2007 RM'000	30 Sept 2008 RM'000	31 Dec 2007 RM'000
<u>Specific allowance</u>				
Balance at 1 January	418,833	550,681	418,305	550,162
Allowance made during the period / year	153,007	248,125	153,007	248,116
Amount transferred to allowance for diminution in value of available-for-sale securities	0	(3,795)	0	(3,795)
Amount written back in respect of recoveries	(119,755)	(229,126)	(119,755)	(229,126)
Amount written off	(69,708)	(147,052)	(69,708)	(147,052)
Balance at end of period / year	<u>382,377</u>	<u>418,833</u>	<u>381,849</u>	<u>418,305</u>

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

	Group		Bank	
	30 Sept 2008 RM'000	31 Dec 2007 RM'000	30 Sept 2008 RM'000	31 Dec 2007 RM'000
Agriculture	7,808	17,871	7,808	17,871
Manufacturing	302,584	323,981	302,584	323,981
Construction	39,137	60,266	38,788	59,916
Real estate	102,019	132,105	102,019	132,105
Wholesale & retail trade and restaurants & hotels	139,383	180,046	139,204	179,868
Transport, storage and communication	5,214	5,360	5,214	5,360
Finance, insurance and business services	3,691	2,960	3,691	2,960
Community, social and personal services	1,755	1,753	1,755	1,753
Households				
of which : i. Purchase of residential properties	233,251	227,513	233,251	227,513
ii. Purchase of non-residential properties	15,334	16,155	15,334	16,155
iii. Others	88,516	98,987	88,516	98,987
Others	22,121	41,383	22,121	41,383
	<u>960,813</u>	<u>1,108,380</u>	<u>960,285</u>	<u>1,107,852</u>

NOTES TO INTERIM FINANCIAL STATEMENTS – 30 SEPTEMBER 2008 (continued)**7 OTHER ASSETS**

	Group		Bank	
	30 Sept 2008 RM'000	31 Dec 2007 RM'000	30 Sept 2008 RM'000	31 Dec 2007 RM'000
Interest receivable	78,661	97,182	78,667	97,182
Derivative assets	866,405	261,577	866,405	261,577
Other debtors, deposits and prepayments	154,886	86,899	154,808	86,897
	<u>1,099,952</u>	<u>445,658</u>	<u>1,099,880</u>	<u>445,656</u>

8 INVESTMENT IN SUBSIDIARY COMPANIES

On 10 June 2008, the Bank acquired all shares in OCBC Al-Amin Bank Bhd, a company incorporated in Malaysia for RM2 in cash. There were no other significant changes in the composition of the Group during the third quarter ended 30 September 2008

9 DEPOSITS FROM CUSTOMERS

i) By type of deposit

	Group		Bank	
	30 Sept 2008 RM'000	31 Dec 2007 RM'000	30 Sept 2008 RM'000	31 Dec 2007 RM'000
Demand deposits	4,701,484	4,160,825	4,715,866	4,175,460
Savings deposits	2,018,835	1,931,446	2,018,835	1,931,446
Fixed deposits	18,860,905	17,334,211	18,860,925	17,334,231
Negotiable instruments of deposits	314,904	138,833	314,904	138,833
Short term money market deposits	5,939,244	7,272,115	5,939,244	7,272,115
Structured deposits	1,149,916	594,447	1,149,916	594,447
Others	56,352	36,089	56,352	36,089
	<u>33,041,640</u>	<u>31,467,966</u>	<u>33,056,042</u>	<u>31,482,621</u>

ii) By type of customers

	Group		Bank	
	30 Sept 2008 RM'000	31 Dec 2007 RM'000	30 Sept 2008 RM'000	31 Dec 2007 RM'000
Government and statutory bodies	7,337	80,248	7,337	80,248
Business enterprises	14,683,710	14,722,391	14,683,710	14,722,391
Individuals	15,725,495	13,597,992	15,725,495	13,597,992
Others	2,625,098	3,067,335	2,639,500	3,081,990
	<u>33,041,640</u>	<u>31,467,966</u>	<u>33,056,042</u>	<u>31,482,621</u>

NOTES TO INTERIM FINANCIAL STATEMENTS – 30 SEPTEMBER 2008 (continued)**10 DEPOSITS AND PLACEMENTS OF BANKS AND OTHER FINANCIAL INSTITUTIONS**

	Group		Bank	
	30 Sept 2008 RM'000	31 Dec 2007 RM'000	30 Sept 2008 RM'000	31 Dec 2007 RM'000
Licensed banks	5,831,105	1,746,978	5,831,105	1,746,978
Bank Negara Malaysia	0	1,653,463	0	1,653,463
Other financial institutions	312,459	663,827	312,459	663,827
	<u>6,143,564</u>	<u>4,064,268</u>	<u>6,143,564</u>	<u>4,064,268</u>

11 SUBORDINATED TERM LOAN / BONDS

On 31 March 2008, the Bank repaid the full subordinated term loan of USD50 million 10-year unsecured term loan obtained from Oversea-Chinese Banking Corporation Limited, Labuan Branch upon approval of Bank Negara Malaysia.

12 OTHER LIABILITIES

	Group		Bank	
	30 Sept 2008 RM'000	31 Dec 2007 RM'000	30 Sept 2008 RM'000	31 Dec 2007 RM'000
Accruals for personnel costs *	48,460	54,571	48,416	54,519
Equity compensation benefits	7,839	5,274	7,839	5,274
Obligations under finance lease	0	0	136	198
Provision for commitment and contingencies (a)	0	3,936	0	3,936
Interest payable	219,985	186,182	219,985	186,182
Other accruals and charges	138,918	210,256	138,828	210,171
Derivatives liabilities	634,463	226,888	634,463	226,888
Profit equalisation reserve [Note 24 (6)]	15,861	15,072	15,861	15,072
	<u>1,065,526</u>	<u>702,179</u>	<u>1,065,528</u>	<u>702,240</u>

*Includes accrual for salary, bonus, employee benefits and EPF

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

	Group		Bank	
	30 Sept 2008 RM'000	31 Dec 2007 RM'000	30 Sept 2008 RM'000	31 Dec 2007 RM'000
Balance at 1 January	3,936	2,632	3,936	2,632
Amount (written back) / provided during the period / year (net)	(3,936)	1,304	(3,936)	1,304
Balance at end of period / year	<u>0</u>	<u>3,936</u>	<u>0</u>	<u>3,936</u>

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

NOTES TO INTERIM FINANCIAL STATEMENTS – 30 SEPTEMBER 2008 (continued)**13 INTEREST INCOME**

Group	3rd Quarter Ended		Nine Months Ended	
	30 Sept	30 Sept	30 Sept	30 Sept
	2008	2007	2008	2007
	RM'000	RM'000	RM'000	RM'000
Loans and advances				
- Interest income other than recoveries from NPL	397,111	347,944	1,139,331	1,010,805
- Recoveries from NPLs	6,513	3,922	26,523	20,659
Money at call and deposit placements with financial institutions	78,477	54,469	218,972	159,573
Held-for-trading securities	10,765	22,821	39,966	44,456
Available-for-sale securities	54,144	65,258	169,775	195,043
Others	441	443	1,311	1,382
	<u>547,451</u>	<u>494,857</u>	<u>1,595,878</u>	<u>1,431,918</u>
Amortisation of premium less accretion of discount	(4,330)	(11,540)	(15,804)	(34,247)
	<u>543,121</u>	<u>483,317</u>	<u>1,580,074</u>	<u>1,397,671</u>

Bank	3rd Quarter Ended		Nine Months Ended	
	30 Sept	30 Sept	30 Sept	30 Sept
	2008	2007	2008	2007
	RM'000	RM'000	RM'000	RM'000
Loans and advances				
- Interest income other than recoveries from NPL	397,111	347,944	1,139,331	1,010,805
- Recoveries from NPLs	6,513	3,922	26,523	20,659
Money at call and deposit placements with financial institutions	78,477	54,468	218,972	159,572
Held-for-trading securities	10,765	22,821	39,966	44,456
Available-for-sale securities	54,144	65,258	169,775	195,043
Others	441	443	1,311	1,382
	<u>547,451</u>	<u>494,856</u>	<u>1,595,878</u>	<u>1,431,917</u>
Amortisation of premium less accretion of discount	(4,330)	(11,540)	(15,804)	(34,247)
	<u>543,121</u>	<u>483,316</u>	<u>1,580,074</u>	<u>1,397,670</u>

NOTES TO INTERIM FINANCIAL STATEMENTS – 30 SEPTEMBER 2008 (continued)**14 INTEREST EXPENSE**

<u>Group</u>	3rd Quarter Ended		Nine Months Ended	
	30 Sept	30 Sept	30 Sept	30 Sept
	2008	2007	2008	2007
	RM'000	RM'000	RM'000	RM'000
Deposits and placements of banks and other financial institutions	42,579	43,513	126,170	103,614
Deposits from customers	233,788	206,932	673,684	562,268
Loans sold to Cagamas	4,591	6,950	16,879	21,285
Subordinated term loan / bonds	9,352	7,375	29,760	21,942
Others	(1,181)	2,608	730	54,720
	<u>289,129</u>	<u>267,378</u>	<u>847,223</u>	<u>763,829</u>

<u>Bank</u>	3rd Quarter Ended		Nine Months Ended	
	30 Sept	30 Sept	30 Sept	30 Sept
	2008	2007	2008	2007
	RM'000	RM'000	RM'000	RM'000
Deposits and placements of banks and other financial institutions	42,579	43,513	126,170	103,614
Deposits from customers	233,788	207,042	673,684	562,592
Loans sold to Cagamas	4,591	6,950	16,879	21,285
Subordinated term loan / bonds	9,352	7,375	29,760	21,942
Others	(1,178)	2,612	740	54,736
	<u>289,132</u>	<u>267,492</u>	<u>847,233</u>	<u>764,169</u>

NOTES TO INTERIM FINANCIAL STATEMENTS – 30 SEPTEMBER 2008 (continued)**15 NON-INTEREST INCOME**

Group	3rd Quarter Ended		Nine Months Ended	
	30 Sept 2008	30 Sept 2007	30 Sept 2008	30 Sept 2007
	RM'000	RM'000	RM'000	RM'000
Fee income:-				
Commission	23,041	29,293	68,121	82,359
Service charges and fees	23,807	16,920	67,019	53,836
Guarantee fees	4,932	4,631	15,770	13,853
Other fee income	7,315	3,920	15,753	11,151
	<u>59,095</u>	<u>54,764</u>	<u>166,663</u>	<u>161,199</u>
Income from securities:-				
Net (losses) / gains from sale of held-for-trading securities	(2,938)	(8,312)	5,464	5,924
Net gains from sale of available-for-sale securities	482	0	24,132	133
Unrealised gains / (losses) on revaluation of held-for-trading securities (net)	741	5,536	(15,607)	(1,175)
Gross dividends from Malaysia: - available-for-sale securities	1,442	1,220	5,528	3,615
	<u>58,822</u>	<u>53,208</u>	<u>186,180</u>	<u>169,696</u>
Other income:-				
Gains arising from dealing in foreign currency (net)	6,255	30,166	63,819	69,319
(Losses) / gains arising from trading derivative (net)	(14,243)	(880)	5,455	(4,867)
Unrealised gains / (losses) on revaluation of derivatives (net)	25,493	6,533	42,617	25,647
Rental income (net)	1,706	1,260	4,599	3,747
Gain on disposal of property, plant and equipment	3	209	8	339
Gain on disposal of non-current asset held for sale	4,242	484	4,242	1,851
Others	(1,078)	52	4,861	(201)
	<u>22,378</u>	<u>37,824</u>	<u>125,601</u>	<u>95,835</u>
	<u>81,200</u>	<u>91,032</u>	<u>311,781</u>	<u>265,531</u>

NOTES TO INTERIM FINANCIAL STATEMENTS – 30 SEPTEMBER 2008 (continued)**15 NON-INTEREST INCOME (continued)**

Bank	3rd Quarter Ended		Nine Months Ended	
	30 Sept 2008	30 Sept 2007	30 Sept 2008	30 Sept 2007
	RM'000	RM'000	RM'000	RM'000
Fee income:-				
Commission	23,041	29,293	68,121	82,359
Service charges and fees	23,807	16,920	67,019	53,836
Guarantee fees	4,932	4,631	15,770	13,853
Other fee income	7,315	3,920	15,753	11,151
	<u>59,095</u>	<u>54,764</u>	<u>166,663</u>	<u>161,199</u>
Income from securities:-				
Net (losses) / gains from sale of held-for-trading securities	(2,938)	(8,312)	5,464	5,924
Net gains from sale of available-for-sale securities	482	0	24,132	133
Unrealised gains / (losses) on revaluation of held-for-trading securities (net)	741	5,536	(15,607)	(1,175)
Gross dividends from Malaysia:				
- available-for-sale securities	1,442	1,220	5,528	3,615
	<u>58,822</u>	<u>53,208</u>	<u>186,180</u>	<u>169,696</u>
Other income:-				
Gains arising from dealing in foreign currency (net)	6,255	30,166	63,819	69,319
(Losses) / gains arising from trading derivative (net)	(14,243)	(880)	5,455	(4,867)
Unrealised gains / (losses) on revaluation of derivatives (net)	25,493	6,533	42,617	25,647
Rental income (net)	1,709	1,260	4,609	3,747
Gain on disposal of property, plant and equipment	3	209	8	338
Gain on disposal of non-current asset held for sale	4,242	484	4,242	1,851
Others	(1,078)	52	4,861	(201)
	<u>22,381</u>	<u>37,824</u>	<u>125,611</u>	<u>95,834</u>
	<u>81,203</u>	<u>91,032</u>	<u>311,791</u>	<u>265,530</u>

NOTES TO INTERIM FINANCIAL STATEMENTS – 30 SEPTEMBER 2008 (continued)**16 STAFF COST AND OVERHEAD EXPENSES**

Group	3rd Quarter Ended		Nine Months Ended	
	30 Sept 2008 RM'000	30 Sept 2007 RM'000	30 Sept 2008 RM'000	30 Sept 2007 RM'000
Personnel costs (i)	77,955	63,814	224,908	174,329
Establishment costs (ii)	16,862	12,029	44,770	38,756
Marketing expenses (iii)	8,446	10,738	24,178	26,713
Administration and general expenses (iv)	49,624	52,694	146,966	139,413
	<u>152,887</u>	<u>139,275</u>	<u>440,822</u>	<u>379,211</u>

Bank	3rd Quarter Ended		Nine Months Ended	
	30 Sept 2008 RM'000	30 Sept 2007 RM'000	30 Sept 2008 RM'000	30 Sept 2007 RM'000
Personnel costs (i)	77,899	63,766	224,700	174,182
Establishment costs (ii)	16,859	12,025	44,766	38,742
Marketing expenses (iii)	8,446	10,738	24,178	26,713
Administration and general expenses (iv)	49,617	52,679	146,934	139,361
	<u>152,821</u>	<u>139,208</u>	<u>440,578</u>	<u>378,998</u>

(i) Personnel costs

Group	3rd Quarter Ended		Nine Months Ended	
	30 Sept 2008 RM'000	30 Sept 2007 RM'000	30 Sept 2008 RM'000	30 Sept 2007 RM'000
Wages, salaries and bonus	53,595	44,688	159,655	125,637
Defined contribution plan (EPF)	9,311	7,510	26,942	20,494
Equity compensation benefit	2,071	372	4,275	2,062
Employee benefit	588	1,071	1,553	1,144
Other personnel costs	12,390	10,173	32,483	24,992
	<u>77,955</u>	<u>63,814</u>	<u>224,908</u>	<u>174,329</u>

NOTES TO INTERIM FINANCIAL STATEMENTS – 30 SEPTEMBER 2008 (continued)

16 STAFF COST AND OVERHEAD EXPENSES (continued)

(i) Personnel costs (continued)

	3 rd Quarter Ended		Nine Months Ended	
	30 Sept 2008	30 Sept 2007	30 Sept 2008	30 Sept 2007
	RM'000	RM'000	RM'000	RM'000
Bank				
Wages, salaries and bonus	53,561	44,660	159,655	125,541
Defined contribution plan (EPF)	9,305	7,505	26,942	20,478
Equity compensation benefit	2,071	372	4,275	2,062
Employee benefit	577	1,071	1,542	1,144
Other personnel costs	12,385	10,158	32,459	24,957
	<u>77,899</u>	<u>63,766</u>	<u>224,700</u>	<u>174,182</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

	3 rd Quarter Ended		Nine Months Ended	
	30 Sept 2008	30 Sept 2007	30 Sept 2008	30 Sept 2007
	RM'000	RM'000	RM'000	RM'000
Group				
Rental of premises	2,491	1,169	5,616	3,463
Rental of equipment	170	0	381	0
Depreciation of property, plant and equipment	7,336	6,506	21,112	19,097
Depreciation of investment property	217	41	419	122
Lease payment	13	17	39	53
Repair and maintenance	1,937	1,598	5,485	4,771
Others	4,698	2,698	11,718	11,250
	<u>16,862</u>	<u>12,029</u>	<u>44,770</u>	<u>38,756</u>
Bank				
Rental of premises	2,491	1,166	5,616	3,453
	170		381	
Depreciation of property, plant and equipment	7,335	6,505	21,110	19,094
Depreciation of investment property	217	41	419	122
Lease payment	13	17	39	53
Repair and maintenance	1,936	1,598	5,484	4,771
Others	4,697	2,698	11,717	11,249
	<u>16,859</u>	<u>12,025</u>	<u>44,766</u>	<u>38,742</u>

NOTES TO INTERIM FINANCIAL STATEMENTS – 30 SEPTEMBER 2008 (continued)

16 STAFF COST AND OVERHEAD EXPENSES (continued)

(iii) Marketing expenses

<u>Group</u>	3 rd Quarter Ended		Nine Months Ended	
	30 Sept 2008 RM'000	30 Sept 2007 RM'000	30 Sept 2008 RM'000	30 Sept 2007 RM'000
Transport and travelling	2,368	1,945	6,140	4,704
Advertisement and business promotion	5,368	8,265	16,301	20,435
Others	710	528	1,737	1,574
	<u>8,446</u>	<u>10,738</u>	<u>24,178</u>	<u>26,713</u>

<u>Bank</u>	3 rd Quarter Ended		Nine Months Ended	
	30 Sept 2008 RM'000	30 Sept 2007 RM'000	30 Sept 2008 RM'000	30 Sept 2007 RM'000
Transport and travelling	2,368	1,945	6,140	4,704
Advertisement and business promotion	5,368	8,265	16,301	20,435
Others	710	528	1,737	1,574
	<u>8,446</u>	<u>10,738</u>	<u>24,178</u>	<u>26,713</u>

(iv) Administration and general expenses

<u>Group</u>	3 rd Quarter Ended		Nine Months Ended	
	30 Sept 2008 RM'000	30 Sept 2007 RM'000	30 Sept 2008 RM'000	30 Sept 2007 RM'000
Printing and stationery	2,460	3,356	7,291	7,060
Postage and courier	1,819	1,166	4,652	3,016
Telephone, telex and fax	2,130	1,342	6,368	3,863
Legal and consultancy fees	1,728	2,191	3,947	5,372
Transaction processing fees	32,235	30,624	97,623	87,603
Other administrative and general expenses	9,252	14,015	27,085	32,499
	<u>49,624</u>	<u>52,694</u>	<u>146,966</u>	<u>139,413</u>

NOTES TO INTERIM FINANCIAL STATEMENTS – 30 SEPTEMBER 2008 (continued)**16 STAFF COST AND OVERHEAD EXPENSES (continued)****(iv) Administration and general expenses (continued)**

<u>Bank</u>	3rd Quarter Ended		Nine Months Ended	
	30 Sept 2008 RM'000	30 Sept 2007 RM'000	30 Sept 2008 RM'000	30 Sept 2007 RM'000
Printing and stationery	2,460	3,355	7,290	7,059
Postage and courier	1,819	1,166	4,652	3,016
Telephone, telex and fax	2,129	1,342	6,367	3,862
Legal and consultancy fees	1,725	2,182	3,944	5,335
Transaction processing fees	32,235	30,624	97,623	87,603
Other administrative and general expenses	9,249	14,010	27,058	32,486
	<u>49,617</u>	<u>52,679</u>	<u>146,934</u>	<u>139,361</u>

17 ALLOWANCE FOR LOSSES ON LOANS AND FINANCING

<u>Group</u>	3rd Quarter Ended		Nine Months Ended	
	30 Sept 2008 RM'000	30 Sept 2007 RM'000	30 Sept 2008 RM'000	30 Sept 2007 RM'000
Allowance for bad and doubtful debts and financing:-				
Specific allowance				
- made in the financial period	40,543	48,626	153,007	176,088
- written back	(27,833)	(48,614)	(119,755)	(164,599)
General allowance				
- made in the financial period	15,795	25,205	46,767	43,854
Other allowance	232	143	1,065	230
Bad debts and financing :-				
- written off	30	48	203	236
- recovered	(3,957)	(9,888)	(63,390)	(24,799)
	<u>24,810</u>	<u>15,520</u>	<u>17,897</u>	<u>31,010</u>

NOTES TO INTERIM FINANCIAL STATEMENTS – 30 SEPTEMBER 2008 (continued)**17 ALLOWANCE FOR LOSSES ON LOANS AND FINANCING (continued)**

Bank	3rd Quarter Ended		Nine Months Ended	
	30 Sept 2008 RM'000	30 Sept 2007 RM'000	30 Sept 2008 RM'000	30 Sept 2007 RM'000
Allowance for bad and doubtful debts and financing:-				
Specific allowance				
- made in the financial period	40,543	48,626	153,007	176,079
- written back	(27,833)	(48,614)	(119,755)	(164,599)
General allowance				
- made in the financial period	15,795	25,205	46,767	43,854
Other allowance	232	143	1,065	230
Bad debts and financing :-				
- written off	30	48	203	236
- recovered	(3,957)	(9,888)	(63,390)	(24,708)
	<u>24,810</u>	<u>15,520</u>	<u>17,897</u>	<u>31,092</u>

18 TAXATION

Group	3rd Quarter Ended		Nine Months Ended	
	30 Sept 2008 RM'000	30 Sept 2007 RM'000	30 Sept 2008 RM'000	30 Sept 2007 RM'000
Malaysian income tax – current period	52,831	51,183	177,688	154,982
Deferred taxation :				
- relating to originating and reversal of temporary differences	(4,764)	(3,654)	(782)	999
	<u>48,067</u>	<u>47,529</u>	<u>176,906</u>	<u>155,981</u>

Bank	3rd Quarter Ended		Nine Months Ended	
	30 Sept 2008 RM'000	30 Sept 2007 RM'000	30 Sept 2008 RM'000	30 Sept 2007 RM'000
Malaysian income tax – current period	52,831	51,156	177,692	154,889
Deferred taxation :				
- relating to originating and reversal of temporary differences	(4,763)	(3,629)	(762)	1,052
	<u>48,068</u>	<u>47,527</u>	<u>176,930</u>	<u>155,941</u>

NOTES TO INTERIM FINANCIAL STATEMENTS – 30 SEPTEMBER 2008 (continued)**19 CAPITAL COMMITMENTS**

	Group		Bank	
	30 Sept 2008 RM'000	30 Sept 2007 RM'000	30 Sept 2008 RM'000	30 Sept 2007 RM'000
Capital expenditure in respect of property, plant and equipment:-				
- authorised and contracted for	41,795	25,397	41,795	25,397
- authorised but not contracted for	30,000	20,883	30,000	20,883
	<u>71,795</u>	<u>46,280</u>	<u>71,795</u>	<u>46,280</u>

20 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 12), no material losses are anticipated as a result of these transactions.

	30 Sept 2008			31 Dec 2007		
	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	1,319,756	1,319,756	1,314,882	1,119,803	1,119,803	1,114,337
Transaction-related contingent items	1,353,299	676,649	648,723	1,172,085	586,042	559,760
Short-term self-liquidating trade-related contingencies	283,579	56,716	56,589	413,645	82,729	82,618
Obligations under underwriting agreement	145,000	72,500	72,500	76,000	38,000	38,000
Irrevocable commitments to extend credit:						
- maturity exceeding one year	8,561,740	0	0	8,835,582	4,417,791	4,417,791
- maturity not exceeding one year	10,099,415	5,049,708	5,049,708	7,894,166	0	0
Foreign exchange related contracts						
- less than one year	32,723,098	901,895	284,973	12,726,356	239,586	66,171
- one year to less than five years	1,347,606	196,177	61,986	467,519	64,310	17,762
- five years and above	1,005,846	196,850	62,199	97,763	14,665	4,050
Interest rate contracts						
- less than one year	9,244,111	29,460	8,563	5,859,413	16,664	4,352
- one year to less than five years	21,229,889	733,183	213,111	19,237,098	535,190	139,777
- five years and above	1,341,360	105,935	30,792	1,177,772	95,811	25,023
Equity and commodity related contracts	1,064,180	144,864	35,847	358,023	74,853	41,453
Miscellaneous	732,314	0	0	133,602	0	0
Total	<u>90,451,193</u>	<u>9,483,693</u>	<u>7,839,873</u>	<u>59,568,827</u>	<u>7,285,444</u>	<u>6,511,094</u>

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

NOTES TO INTERIM FINANCIAL STATEMENTS – 30 SEPTEMBER 2008 (continued)**21 INTEREST/PROFIT RATE RISK****Group**

As at 30 September 2008	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	6,594,330	0	0	0	0	112,093	0	6,706,423	4.06
Deposits and placements with financial institutions	0	816,210	471,048	0	0	0	0	1,287,258	4.06
Held-for-trading securities	0	0	0	0	0	0	919,379	919,379	4.19
Available-for-sale securities	119,389	601,751	1,297,682	2,935,068	767,818	108,343 [^]	0	5,830,051	4.09
Loans, advances and financing									
- performing	23,108,608	1,059,364	1,250,096	1,504,032	325,212	1,793,126 [*]	0	29,040,438	6.16
- non-performing	0	0	0	0	0	578,437 [#]	0	578,437	-
Other assets	0	0	0	0	0	233,547	866,405	1,099,952	-
Statutory deposits with Bank Negara Malaysia	0	0	0	0	0	952,608	0	952,608	-
Property, plant and equipment	0	0	0	0	0	224,630	0	224,630	-
Investment property	0	0	0	0	0	12,690	0	12,690	-
Prepaid lease payment	0	0	0	0	0	2,942	0	2,942	-
Non-current assets held for sale	0	0	0	0	0	2,073	0	2,073	-
Deferred taxation asset	0	0	0	0	0	117,471	0	117,471	-
Total assets	29,822,327	2,477,325	3,018,826	4,439,100	1,093,030	4,137,960	1,785,784	46,774,352	
Liabilities									
Deposits from customers	17,390,909	3,840,142	7,130,917	1,183,112	0	3,496,560	0	33,041,640	2.99
Deposits and placements of banks and other financial institutions	4,172,476	1,298,807	409,703	103,566	159,012	0	0	6,143,564	-
Bills and acceptances payable	0	0	0	0	0	2,173,068	0	2,173,068	-
Amount due to Cagamas	0	8,816	60,816	351,364	24,337	0	0	445,333	4.01
Subordinated term loan / bonds	0	0	68,955	275,819	600,000	0	0	944,774	5.09
Other liabilities	0	0	0	0	0	431,063	634,463	1,065,526	-
Taxation and zakat	0	0	0	0	0	85,236	0	85,236	-
Total liabilities	21,563,385	5,147,765	7,670,391	1,913,861	783,349	6,185,927	634,463	43,899,141	
On-balance sheet interest sensitivity gap	8,258,942	(2,670,440)	(4,651,565)	2,525,239	309,681	(2,047,967)	1,151,321	2,875,211	
Off-balance sheet interest sensitivity gap	(200,000)	(543,285)	68,657	674,628	0	0	0	0	
Total interest sensitivity gap	8,058,942	(3,213,725)	(4,582,908)	3,199,867	309,681	(2,047,967)	1,151,321	2,875,211	

NOTES TO INTERIM FINANCIAL STATEMENTS – 30 SEPTEMBER 2008 (continued)**21 INTEREST/PROFIT RATE RISK (continued)****Bank**

As at 30 September 2008	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	6,594,330	0	0	0	0	112,093	0	6,706,423	4.06
Deposits and placements with financial institutions	0	816,210	471,048	0	0	0	0	1,287,258	4.06
Held-for-trading securities	0	0	0	0	0	0	919,379	919,379	4.19
Available-for-sale securities	119,389	601,751	1,297,682	2,935,068	767,818	108,343 [^]	0	5,830,051	4.09
Loans, advances and financing									
- performing	23,108,608	1,059,364	1,250,076	1,503,922	325,212	1,793,271 [*]	0	29,040,453	6.16
- non-performing	0	0	0	0	0	578,437 [#]	0	578,437	-
Other assets	0	0	0	0	0	233,475	866,405	1,099,880	-
Statutory deposits with Bank Negara Malaysia	0	0	0	0	0	952,608	0	952,608	-
Investment in subsidiary companies	0	0	0	0	0	1,611	0	1,611	-
Property, plant and equipment	0	0	0	0	0	224,625	0	224,625	-
Investment property	0	0	0	0	0	12,690	0	12,690	-
Prepaid lease payment	0	0	0	0	0	2,942	0	2,942	-
Non-current assets held for sale	0	0	0	0	0	2,073	0	2,073	-
Deferred taxation asset	0	0	0	0	0	117,739	0	117,739	-
Total assets	29,822,327	2,477,325	3,018,806	4,438,990	1,093,030	4,137,907	1,785,784	46,776,169	
Liabilities									
Deposits from customers	17,390,909	3,840,142	7,130,937	1,183,112	0	3,510,942	0	33,056,042	2.99
Deposits and placements of banks and other financial institutions	4,172,476	1,298,807	409,703	103,566	159,012	0	0	6,143,564	3.25
Bills and acceptances payable	0	0	0	0	0	2,173,068	0	2,173,068	-
Amount due to Cagamas	0	8,816	60,816	351,364	24,337	0	0	445,333	4.01
Subordinated term loan / bonds	0	0	68,955	275,819	600,000	0	0	944,774	5.09
Other liabilities	0	0	0	0	0	431,065	634,463	1,065,528	-
Taxation and zakat	0	0	0	0	0	85,159	0	85,159	-
Total liabilities	21,563,385	5,147,765	7,670,411	1,913,861	783,349	6,200,234	634,463	43,913,468	
On-balance sheet interest sensitivity gap	8,258,942	(2,670,440)	(4,651,605)	2,525,129	309,681	(2,060,327)	1,151,321	2,862,701	
Off-balance sheet interest sensitivity gap	(200,000)	(543,285)	68,657	674,628	0	0	0	0	
Total interest sensitivity gap	8,058,942	(3,213,725)	(4,582,948)	3,199,757	309,681	(2,060,327)	1,151,321	2,862,701	

[^] 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 448,879,000 for Group and RM 448,864,000 for Bank.

[#] The amount includes specific allowance for loans, advances and financing in accordance with the Bank's accounting policy amounting to RM 382,377,000 for Group and RM 381,849,000 for Bank.

NOTES TO INTERIM FINANCIAL STATEMENTS – 30 SEPTEMBER 2008 (continued)**21 INTEREST/PROFIT RATE RISK (continued)****Group**

As at 31 December 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	5,540,690	0	0	0	0	95,425	0	5,636,115	4.08
Securities purchased under resale agreement	181,828	176,516	0	0	0	0	0	358,344	3.55
Deposits and placements with financial institutions	0	142,990	87,409	0	0	0	0	230,399	4.08
Held-for-trading securities	0	0	0	0	0	0	1,872,798	1,872,798	4.20
Available-for-sale securities	200,000	593,670	364,153	3,870,549	682,323	139,328 [^]	0	5,850,023	4.02
Loans, advances and financing									
- performing	20,713,714	1,600,222	538,637	1,228,642	222,505	1,618,465 [*]	0	25,922,185	6.54
- non-performing	0	0	0	0	0	689,547 [#]	0	689,547	-
Other assets	0	0	0	0	0	184,146	261,512	445,658	-
Statutory deposits with Bank Negara Malaysia	0	0	0	0	0	843,608	0	843,608	-
Property, plant and equipment	0	0	0	0	0	221,683	0	221,683	-
Investment property	0	0	0	0	0	10,066	0	10,066	-
Prepaid lease payment	0	0	0	0	0	2,981	0	2,981	-
Non-current assets held for sale	0	0	0	0	0	2,092	0	2,092	-
Deferred taxation asset	0	0	0	0	0	100,056	0	100,056	-
Total assets	26,636,232	2,513,398	990,199	5,099,191	904,828	3,907,397	2,134,310	42,185,555	
Liabilities									
Deposits from customers	15,404,972	5,428,247	6,243,058	552,199	0	3,839,490	0	31,467,966	2.94
Deposits and placements of banks and other financial institutions	3,799,498	57,401	34,763	60,659	111,947	0	0	4,064,268	3.98
Bills and acceptances payable	0	0	0	0	0	1,682,232	0	1,682,232	-
Amount due to Cagamas	0	0	144,644	440,454	43,582	0	0	628,680	4.30
Subordinated term loan / bonds	0	0	0	358,754	730,456	0	0	1,089,210	5.13
Other liabilities	0	0	0	0	0	483,772	218,407	702,179	-
Taxation and zakat	0	0	0	0	0	65,637	0	65,637	-
Total liabilities	19,204,470	5,485,648	6,422,465	1,412,066	885,985	6,071,131	218,407	39,700,172	
On-balance sheet interest sensitivity gap	7,431,762	(2,972,250)	(5,432,266)	3,687,125	18,843	(2,163,734)	1,915,903	2,485,383	
Off-balance sheet interest sensitivity gap	(90,000)	(165,346)	(330,693)	453,762	132,277	0	0	0	
Total interest sensitivity gap	7,341,762	(3,137,596)	(5,762,959)	4,140,887	151,120	(2,163,734)	1,915,903	2,485,383	

NOTES TO INTERIM FINANCIAL STATEMENTS – 30 SEPTEMBER 2007 (continued)**21 INTEREST/PROFIT RATE RISK (continued)****Bank**

As at 31 December 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	5,540,690	0	0	0	0	95,425	0	5,636,115	4.08
Securities purchased under resale agreement	181,828	176,516	0	0	0	0	0	358,344	3.55
Deposits and placements with financial institutions	0	142,990	87,409	0	0	0	0	230,399	4.08
Held-for-trading securities	0	0	0	0	0	0	1,872,798	1,872,798	4.20
Available-for-sale securities	200,000	593,670	364,153	3,870,549	682,323	139,328 [^]	0	5,850,023	4.02
Loans, advances and financing									
- performing	20,713,714	1,600,222	538,835	1,228,466	222,484	1,618,479 [*]	0	25,922,200	6.54
- non-performing	0	0	0	0	0	689,547 [#]	0	689,547	-
Other assets	0	0	0	0	0	184,144	261,512	445,656	-
Statutory deposits with Bank Negara Malaysia	0	0	0	0	0	843,608	0	843,608	-
Investment in subsidiary companies	0	0	0	0	0	1,611	0	1,611	-
Property, plant and equipment	0	0	0	0	0	221,675	0	221,675	-
Investment property	0	0	0	0	0	10,066	0	10,066	-
Prepaid lease payment	0	0	0	0	0	2,981	0	2,981	-
Non-current assets held for sale	0	0	0	0	0	2,092	0	2,092	-
Deferred taxation asset	0	0	0	0	0	100,345	0	100,345	-
Total assets	26,636,232	2,513,398	990,397	5,099,015	904,807	3,909,301	2,134,310	42,187,460	
Liabilities									
Deposits from customers	15,404,972	5,428,247	6,243,078	552,199	0	3,854,125	0	31,482,621	2.94
Deposits and placements of banks and other financial institutions	3,799,498	57,401	34,763	60,659	111,947	0	0	4,064,268	3.98
Bills and acceptances payable	0	0	0	0	0	1,682,232	0	1,682,232	-
Amount due to Cagamas	0	0	144,644	440,454	43,582	0	0	628,680	4.30
Subordinated term loan / bonds	0	0	0	358,754	730,456	0	0	1,089,210	5.13
Other liabilities	0	0	0	0	0	483,833	218,407	702,240	-
Taxation and zakat	0	0	0	0	0	65,556	0	65,556	-
Total liabilities	19,204,470	5,485,648	6,422,485	1,412,066	885,985	6,085,746	218,407	39,714,807	
On-balance sheet interest sensitivity gap	7,431,762	(2,972,250)	(5,432,088)	3,686,949	18,822	(2,176,445)	1,915,903	2,472,653	
Off-balance sheet interest sensitivity gap	(90,000)	(165,346)	(330,693)	453,762	132,277	0	0	0	
Total interest sensitivity gap	7,341,762	(3,137,596)	(5,762,781)	4,140,711	151,099	(2,176,445)	1,915,903	2,472,653	

[^] The amount includes allowance for impairment losses in investment securities in accordance with the Bank's accounting policy amounting to RM 6,421,000 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 402,112,000 for Group and RM 402,097,000 for Bank.

[#] The amount includes specific allowance for loans, advances and financing in accordance with the Bank's accounting policy amounting to RM 418,833,000 for Group and RM 418,305,000 for Bank.

NOTES TO INTERIM FINANCIAL STATEMENTS – 30 SEPTEMBER 2008 (continued)**22 CAPITAL ADEQUACY**

	Bank	
	30 Sept 2008 RM'000	31 Dec 2007 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	1,231,208	929,966
Other reserves	322,000	322,000
	<u>2,703,208</u>	<u>2,401,966</u>
Less: Deferred tax assets	(112,582)	(111,821)
Total Tier-1 capital	<u>2,590,626</u>	<u>2,290,145</u>
<u>Tier-2 capital</u>		
General allowance for bad and doubtful debts and financing	448,864	402,097
Subordinated term loan	938,707	932,172
Total Tier-2 capital	<u>1,387,571</u>	<u>1,334,269</u>
Total capital	3,978,197	3,624,414
Less :		
Investment in subsidiaries	(1,611)	(1,611)
Capital base	<u>3,976,586</u>	<u>3,622,803</u>
<u>Capital Ratios</u>		
Core-capital ratio	6.99%	6.77%
Risk-weighted capital ratio	10.73%	10.80%

23 DIVIDENDS

Dividends paid by the Bank since the end of the previous financial year consist of:-

- (i) a final gross dividend of 20.0 sen per share less tax on 16 April 2008 in respect of the previous financial year amounting to RM42.55 million on the fully issued and paid-up ordinary shares of the Bank;
- (ii) a dividend of 4.51% per annum (on total paid up amount) on 19 March 2008 and 19 September 2008 amounting to RM9.0 million and RM9.1 million, respectively, on the fully issued and paid-up non-cumulative non-convertible perpetual preference shares of the Bank.

NOTES TO INTERIM FINANCIAL STATEMENTS – 30 SEPTEMBER 2008 (continued)**24 THE OPERATION OF ISLAMIC BANKING (IB)****CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED BALANCE SHEET AS AT 30 SEPTEMBER 2008**

		Group and Bank	
		30 Sept 2008	31 Dec 2007
ASSETS	Note	RM'000	RM'000
Cash and short-term funds		463,760	1,165,604
Available-for-sale securities	(1)	550,062	556,500
Financing and other advances	(2)	2,112,581	1,825,661
Other assets	(4)	16,875	23,571
Statutory deposits with Bank Negara Malaysia		70,713	91,913
Deferred taxation assets		17,523	14,695
TOTAL ASSETS		<u>3,231,514</u>	<u>3,677,944</u>
 LIABILITIES AND ISLAMIC BANKING FUNDS			
Deposits from customers	(5)	2,284,166	2,817,443
Deposits and placements of banks and other financial institutions		134,399	270,000
Subordinated bonds		200,000	200,000
Bills and acceptances payable		1,517	3,999
Other liabilities	(6)	413,306	203,838
Taxation and zakat		15,412	8,512
Total Liabilities		<u>3,048,800</u>	<u>3,503,792</u>
Capital funds		85,000	85,000
Reserves		97,714	89,152
Islamic Banking Funds	(7)	<u>182,714</u>	<u>174,152</u>
TOTAL LIABILITIES AND ISLAMIC BANKING FUNDS		<u>3,231,514</u>	<u>3,677,944</u>
 COMMITMENTS AND CONTINGENCIES		 <u>1,433,665</u>	 <u>1,249,213</u>

NOTES TO INTERIM FINANCIAL STATEMENTS – 30 SEPTEMBER 2008 (continued)**24 THE OPERATION OF ISLAMIC BANKING (IB) (continued)****CONDENSED INTERIM FINANCIAL STATEMENTS****UNAUDITED INCOME STATEMENT FOR THE THIRD QUARTER AND NINE MONTHS ENDED 30 SEPTEMBER 2008**

Group and Bank	3 rd Quarter Ended		Nine Months Ended	
	30 Sept 2008 RM'000	30 Sept 2007 RM'000	30 Sept 2008 RM'000	30 Sept 2007 RM'000
Income derived from investment of depositors' funds	47,916	41,235	148,964	111,936
Allowance for losses on financing and other loans	(4,361)	(5,053)	(19,221)	(17,350)
Transfer (from) / to profit equalisation reserve	(2,053)	1,258	(789)	3,385
Total attributable income	41,502	37,440	128,954	97,971
Income attributable to depositors	(26,269)	(24,560)	(83,154)	(65,781)
Income attributable to shareholders	15,233	12,880	45,800	32,190
Income derived from the investment of Islamic banking funds	7,972	2,628	16,571	8,900
Total net income	23,205	15,508	62,371	41,090
Personnel expenses	(1,501)	(759)	(3,492)	(1,838)
Other overhead expenses	(13,835)	(8,344)	(37,989)	(23,846)
Profit before taxation	7,869	6,405	20,890	15,406
Zakat	0	0	0	0
Taxation	(2,194)	(1,086)	(6,126)	(4,419)
Net profit for the financial period	5,675	5,319	14,764	10,987

NOTES TO INTERIM FINANCIAL STATEMENTS – 30 SEPTEMBER 2008 (continued)**24 THE OPERATION OF ISLAMIC BANKING (IB) (continued)****(1) AVAILABLE-FOR-SALE SECURITIES**

	Group and Bank	
	30 Sept 2008 RM'000	31 Dec 2007 RM'000
<u>At fair value</u>		
Malaysian Government investment issues	325,063	194,871
Bank Negara Negotiable Notes	0	153,162
Sanadat Cagamas (SAC)	0	35,281
Private debt securities	199,999	119,212
Malaysian Government Islamic treasury bills	0	28,974
Islamic negotiable instruments of deposits	25,000	25,000
	<u>550,062</u>	<u>556,500</u>

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

Maturing within one year	30,012	207,136
One year to three years	30,180	35,280
Three to five years	304,640	194,872
More than 5 years	185,230	119,212
	<u>550,062</u>	<u>556,500</u>

(2) FINANCING AND OTHER ADVANCES

	Group and Bank	
	30 Sept 2008 RM'000	31 Dec 2007 RM'000
By type:		
Cash financing	386,457	324,263
Term financing		
- Housing financing	124,914	131,272
- Syndicated term financing	211,994	235,536
- Hire purchase receivables	629,593	449,077
- Leasing receivables	20,644	23,714
- Other term financing	508,512	380,973
Revolving credits	275,912	323,357
Customer's liability under acceptance credits	310,976	241,548
Invoice financing	5,184	0
Bill receivable	2,348	0
Unearned income	(309,531)	(238,281)
Gross financing	<u>2,167,003</u>	<u>1,871,459</u>
Allowance for bad and doubtful debts and financing		
- Specific	(22,250)	(17,986)
- General	(32,172)	(27,812)
Net financing	<u>2,112,581</u>	<u>1,825,661</u>

NOTES TO INTERIM FINANCIAL STATEMENTS – 30 SEPTEMBER 2008 (continued)**24 THE OPERATION OF ISLAMIC BANKING (IB) (continued)****(3) NON-PERFORMING FINANCING**

	Group and Bank	
	30 Sept 2008 RM'000	31 Dec 2007 RM'000
i) Movements in non-performing financing are as follows:		
Balance at 1 January	27,410	23,221
Non-performing during the period / year	25,914	28,231
Reclassified as performing during the period / year	(6,672)	(6,075)
Amount recovered	(4,025)	(3,423)
Amount written off	(12,076)	(14,544)
Balance at end of period / year	<u>30,551</u>	<u>27,410</u>
Specific allowance	(22,250)	(17,986)
Net non-performing financing	<u>8,301</u>	<u>9,424</u>
Ratio of net non-performing financing to net financing	<u>0.39%</u>	<u>0.51%</u>
ii) Movements in the allowance for bad and doubtful financing are as follows :		
<u>General allowance</u>		
Balance at 1 January	27,812	24,949
Allowance made during the period / year	4,360	2,863
Balance at end of period / year	<u>32,172</u>	<u>27,812</u>
(as % of total financing less specific allowance)	<u>1.50%</u>	<u>1.50%</u>
<u>Specific allowance</u>		
Balance at 1 January	17,986	10,960
Allowance made during the period / year	23,172	26,017
Amount recovered	(6,832)	(4,447)
Amount written off	(12,076)	(14,544)
Balance at end of period / year	<u>22,250</u>	<u>17,986</u>

NOTES TO INTERIM FINANCIAL STATEMENTS – 30 SEPTEMBER 2008 (continued)**24 THE OPERATION OF ISLAMIC BANKING (IB) (continued)****(4) OTHER ASSETS**

	Group and Bank	
	30 Sept 2008	31 Dec 2007
	RM'000	RM'000
Income receivable	3,830	7,669
Derivative assets	1,559	4,263
Other debtors, deposits and prepayments	11,486	11,639
	16,875	23,571

(5) DEPOSITS FROM CUSTOMERS

	Group and Bank	
	30 Sept 2008	31 Dec 2007
	RM'000	RM'000
By type of deposits		
Non-Mudharabah Fund:		
Demand deposits	543,949	324,201
Savings deposits	274,425	269,502
Negotiable Islamic Debt Certificate	28,304	47,446
Structured investment	87,656	88,232
Others	53,471	33,223
	987,805	762,604
Mudharabah Fund:		
General investment deposits	740,595	1,523,335
Islamic short term Mudharabah Investment	555,766	531,504
	1,296,361	2,054,839
Total deposits from customers	2,284,166	2,817,443

NOTES TO INTERIM FINANCIAL STATEMENTS – 30 SEPTEMBER 2008 (continued)

24 THE OPERATION OF ISLAMIC BANKING (IB) (continued)

(6) OTHER LIABILITIES

	Group and Bank	
	30 Sept 2008 RM'000	31 Dec 2007 RM'000
Other accruals and charges	395,886	184,503
Derivative liabilities	1,559	4,263
Profit equalisation reserve	15,861	15,072
	<u>413,306</u>	<u>203,838</u>
<u>Profit equalisation reserve (PER)</u>		
Balance at 1 January	15,072	19,155
Amount provided during the period / year	10,132	5,339
Amount written back during the period / year	(9,343)	(9,422)
Balance at end of period / year	<u>15,861</u>	<u>15,072</u>

(7) ISLAMIC BANKING CAPITAL FUNDS

	Group and Bank	
	30 Sept 2008 RM'000	31 Dec 2007 RM'000
Islamic banking funds	85,000	85,000
Reserves :		
Net unrealised gains on available-for-sale investments of which the depositors' portion is RM 8,633,000 (Dec 2007 : RM 977,000)	(6,964)	(762)
Retained profits	104,678	89,914
	<u>182,714</u>	<u>174,152</u>

NOTES TO INTERIM FINANCIAL STATEMENTS – 30 SEPTEMBER 2008 (continued)**24 THE OPERATION OF ISLAMIC BANKING (IB) (continued)****(8) NET INCOME FROM ISLAMIC BANKING OPERATIONS**

For consolidation with the conventional banking operations, net income from Islamic Banking operations comprise the following items:

Group and Bank	3 rd Quarter Ended		Nine Months Ended	
	30 Sept 2008 RM'000	30 Sept 2007 RM'000	30 Sept 2008 RM'000	30 Sept 2007 RM'000
Income derived from investment of depositors' funds	47,916	41,235	148,964	111,936
Transfer (from) / to profit equalisation reserve (net)	(2,053)	1,258	(789)	3,385
Total attributable income	45,863	42,493	148,175	115,321
Income attributable to the depositors	(26,269)	(24,560)	(83,154)	(65,781)
Income attributable to the Bank	19,594	17,933	65,021	49,540
Income derived from the investment of Islamic Banking funds	7,972	2,628	16,571	8,900
Net income from Islamic Banking operations	27,566	20,561	81,592	58,440

(9) COMPARATIVE FIGURES

Certain comparative figures have been restated to exclude the allocated costs that were charged to Islamic Banking operations for the year ended 31 December 2005, as the requirement for banks with Islamic Banking operations to apportion overhead costs and other expenditure incurred when managing the Islamic Banking portfolio in accordance to the BNM Circular dated 11 November 2005 "Measures to Further Strengthen Islamic Banking Operations" was effective from 3 January 2006. The comparative figures that were restated are as follows:

	As previously reported RM'000	As restated RM'000
Balance Sheet as at 31 December 2007		
Other liabilities	217,260	203,838
Taxation and zakat	4,754	8,512
Reserves	79,488	89,152