

UNITED OVERSEAS BANK (MALAYSIA) BHD

(Incorporated in Malaysia)

CONDENSED INTERIM FINANCIAL STATEMENTS**UNAUDITED BALANCE SHEETS AS AT 30 SEPTEMBER 2005**

	Notes	Group		Bank	
		30-Sep-05 RM'000	31-Dec-04 RM'000	30-Sep-05 RM'000	31-Dec-04 RM'000
ASSETS					
Cash and short-term funds		3,108,200	2,910,943	3,108,200	2,910,943
Securities purchased under resale agreements		2,120,211	3,668,835	2,120,211	3,668,835
Deposits and placements with financial institutions		2,272,554	450,000	2,272,554	450,000
Held-For-Trading Securities	2	569,132	878,241	569,132	878,241
Available-For-Sale Securities	2	4,757,284	3,669,622	4,757,284	3,669,622
Loans and advances	3	17,038,468	16,189,922	17,038,468	16,189,922
Other assets	4	262,463	203,795	265,177	204,502
Statutory deposits With Bank Negara Malaysia		409,000	485,000	409,000	485,000
Investment in subsidiaries		-	-	151	151
Investment in associates		148,101	142,457	122,733	122,733
Property, plant and equipment		260,350	264,267	259,496	264,150
Deferred tax assets		37,407	37,407	37,407	37,407
Total assets		30,983,170	28,900,489	30,959,813	28,881,506
LIABILITIES AND SHAREHOLDER'S EQUITY					
Deposits from customers	5	16,688,987	15,907,311	16,688,987	15,908,324
Deposits and placements of banks and other financial institutions	6	5,341,697	4,000,651	5,342,856	4,000,651
Obligations on securities sold under repurchase agreements		3,225,372	3,128,205	3,225,372	3,128,205
Bills and acceptances payable		1,795,881	1,982,728	1,795,881	1,982,728
Amount due to Cagamas		1,251,450	1,361,055	1,251,450	1,361,055
Other liabilities	7	560,329	486,580	560,266	485,804
Taxation		37,508	45,751	37,508	45,843
Total liabilities		28,901,223	26,912,281	28,902,320	26,912,609
Financed by :					
Share Capital		470,000	470,000	470,000	470,000
Reserves		1,583,812	1,488,775	1,587,493	1,498,897
SHAREHOLDERS' EQUITY		2,053,812	1,958,775	2,057,493	1,968,897
Reserve Arising From Consolidation		28,134	29,433	-	-
		2,081,946	1,988,208	2,057,493	1,968,897
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		30,983,170	28,900,489	30,959,813	28,881,506
COMMITMENTS AND CONTINGENCIES	14	46,535,902	39,708,420	46,535,902	39,708,420

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CONDENSED INTERIM FINANCIAL STATEMENTS**UNAUDITED INCOME STATEMENTS FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2005**

	Notes	Group		Bank	
		Nine months period ended		Nine months period ended	
		30-Sep-05 RM'000	30-Sep-04 RM'000	30-Sep-05 RM'000	30-Sep-04 RM'000
Operating revenue		1,201,338	1,119,226	1,203,082	1,119,149
Interest income	8	930,516	885,970	930,509	885,964
Interest expenses	9	(523,365)	(479,627)	(523,365)	(479,627)
Net interest income		407,151	406,343	407,144	406,336
Other operating income	10	278,509	187,638	280,261	187,566
Operating income		685,661	593,981	687,405	593,902
Other operating expenses	11	(228,736)	(203,632)	(228,055)	(203,267)
Profit before allowance		456,925	390,350	459,350	390,635
Allowance for losses on loans and financing Provision(made)/written-back for commitments and contingencies	12	(87,352)	(74,089)	(87,372)	(74,224)
		781	(586)	781	(586)
Profit before taxation		370,353	315,675	372,760	315,825
Amortisation of goodwill		(1,171)	(1,052)	-	-
Share of profit of associates		11,400	13,710	-	-
Profit Before taxation		380,583	328,333	372,760	315,825
Taxation					
- Bank and subsidiary companies		(105,408)	(87,591)	(105,941)	(87,639)
- associated companies		(1,917)	(4,623)	-	-
Profit after taxation		273,258	236,119	266,818	228,186
Basic earnings per share (sen)		58.1	50.2	56.8	48.6

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CONDENSED INTERIM FINANCIAL STATEMENTS**UNAUDITED STATEMENTS OF CHANGES IN EQUITY FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2005**

<u>GROUP</u>	← Non-distributable →				Distributable		Total RM'000
	Share Capital RM'000	Share Premium RM'000	Statutory reserves RM'000	Revaluation reserves RM'000	Revaluation reserves-AFS RM'000	Retained profits RM'000	
<u>2005</u>							
Balance as at 1 January 2005							
- as previously stated	470,000	322,555	470,000	35,065	-	644,171	1,941,791
- prior year adjustments					15,280	1,705	16,985
As restated	470,000	322,555	470,000	35,065	15,280	645,876	1,958,776
Net profit for the year	-	-	-	-	-	273,258	273,258
Unrealised Net loss on revaluation of securities - AFS	-	-	-	-	(9,022)	-	(9,022)
Dividends paid :							
- final dividend for year ended 31 Dec 2004	-	-	-	-	-	(169,200)	(169,200)
Balance as at 30 Sept 2005	470,000	322,555	470,000	35,065	6,258	749,934	2,053,812
<u>2004</u>							
Balance as at 1 January 2004	470,000	322,555	470,000	35,509	-	300,347	1,598,411
Net profit for the year	-	-	-	-	-	377,197	377,197
Transfer to statutory reserve	-	-	-	-	-	-	-
Reserve on consolidation arising on acquisition of Overseas Union Bank (Malaysia) Berhad	-	-	-	-	-	-	-
Realisation of revaluation surplus of land and buildings	-	-	-	(467)	-	467	-
Transfer to deferred tax	-	-	-	23	-	-	23
Amortisation of negative goodwill	-	-	-	-	-	-	-
Dividends paid :							
- final dividend for year ended 31 Dec 2003	-	-	-	-	-	-	-
- interim dividend for the year ended 31 Dec 2004	-	-	-	-	-	(33,840)	(33,840)
Balance as at 31 December 2004	470,000	322,555	470,000	35,065	-	644,171	1,941,791

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CONDENSED INTERIM FINANCIAL STATEMENTS**UNAUDITED STATEMENTS OF CHANGES IN EQUITY FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2005**

	← Non-distributable →					Distributable		Total RM'000
	Share Capital RM'000	Share Premium RM'000	Statutory reserves RM'000	Revaluation reserves RM'000	Revaluation reserves-AFS RM'000	Retained profits RM'000		
BANK								
<u>2005</u>								
Balance as at 1 January 2005								
- as previously stated	470,000	322,555	470,000	50,117	-	639,239		1,951,912
- prior year adjustments					15,280	1,705		16,985
As restated	470,000	322,555	470,000	50,117	15,280	640,944		1,968,897
Net profit for the year	-	-	-	-	-	266,818		266,818
Unrealised Net loss on revaluation of securities - AFS	-	-	-	-	(9,022)	-		(9,022)
Realisation of revaluation surplus of land & buildings	-	-	-	(3,881)	-	3,881		-
Dividends paid :								
- final dividend for year ended 31 Dec 2004	-	-	-	-	-	(169,200)		(169,200)
Balance as at 30 Sept 2005	470,000	322,555	470,000	46,237	6,258	742,444		2,057,493
<u>2004</u>								
Balance as at 1 January 2004	470,000	322,555	470,000	50,561	-	323,744		1,636,860
- FRS 39 Reinstatement						-		-
As restated	470,000	322,555	470,000	50,561	-	323,744		1,636,860
Net profit for the year	-	-	-	-	-	348,869		348,869
Transfer to statutory reserve	-	-	-	-	-	-		-
Realisation of revaluation surplus of land & buildings	-	-	-	(467)	-	467		-
Transfer to deferred tax	-	-	-	23	-	-		23
Dividends paid :								
- final dividend for year ended 31 Dec 2003	-	-	-	-	-	(33,840)		(33,840)
- interim dividend for the year ended 31 Dec 2004	-	-	-	-	-	-		-
Balance as at 31 December 2004	470,000	322,555	470,000	50,117	-	639,239		1,951,912

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CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED CASH FLOW STATEMENTS FOR NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2005

	Group		Bank	
	Nine months period ended		Nine months period ended	
	30-Sep-05	30-Sep-04	30-Sep-05	30-Sep-04
	RM'000	RM'000	RM'000	RM'000
Cash Flows From Operating Activities				
Profit before taxation	380,583	328,333	372,760	315,825
Adjustment for non-cash items	(44,392)	53,113	(36,128)	65,901
Operating profit before changes in working capital	336,191	381,446	336,632	381,726
Changes in working capital :				
Net changes in operating assets	994,450	(1,792,605)	992,423	(1,792,630)
Net changes in operating liabilities	1,999,428	2,603,729	1,998,826	2,603,345
Income tax paid	(113,627)	(108,217)	(113,627)	(108,217)
Net cash generated (used in)/from operating activities	3,216,441	1,084,353	3,214,254	1,084,224
Net cash generated from investing activities	(1,027,430)	45,995	(1,025,244)	46,124
Net cash generated (used in)/from financing activities	(169,200)	(33,840)	(169,200)	(33,840)
Net changes in cash and cash equivalents	2,019,811	1,096,508	2,019,810	1,096,508
Cash and cash equivalents at beginning of the period	3,360,943	5,186,898	3,360,943	5,186,898
Cash and cash equivalents at end of the period	5,380,754	6,283,406	5,380,753	6,283,406

UNITED OVERSEAS BANK (MALAYSIA) BHD
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NOTES TO INTERIM FINANCIAL STATEMENTS - 30 SEPTEMBER 2005

1. BASIS OF PREPARATION

The unaudited financial statements of the Group and Bank for the nine months ended 30 September 2005 comply with the provisions of the Companies Act, 1965 and applicable Approved Accounting Standards in Malaysia. The unaudited financial statements should be read in conjunction with the audited financial statements of the Group and the Bank for the year ended 31 December 2004.

The accounting policies and methods of computation applied in the unaudited interim financial statements are consistent with those adopted in the previous audited annual financial statements except for the adoption of the revised guidelines on Financial Reporting for Licensed Institutions (BNM/GP8) issued by Bank Negara Malaysia which became effective for the current financial year. The adoption of the revised BNM/GP8 have resulted in changes in the accounting policies of the Group and Bank which have been applied prospectively in this unaudited interim financial statements and the details are disclosed.

UNITED OVERSEAS BANK (MALAYSIA) BHD

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NOTES TO INTERIM FINANCIAL STATEMENTS - 30 SEPTEMBER 2005**2. SECURITIES PORTFOLIO****(i) Held-for-Trading**

	Sep-05	Dec-04
Group and Bank	RM'000	RM'000
Money market instruments :-		
Bank Negara Malaysia Bills	64,496	-
Malaysian Government treasury bills	58,946	-
Malaysian Government securities	-	113,303
Negotiable instruments of deposits	35,000	320,000
Bankers' acceptances and Islamic accepted bills	43,633	-
Islamic private debt securities	233,193	281,971
Private debt securities	133,865	162,968
	<u>569,132</u>	<u>878,241</u>

(ii) Available-for-Sale

	Sep-05	Dec-04
Group and Bank	RM'000	RM'000
Malaysian Government securities	2,297	2,322
Negotiable instruments of deposits	4,159,958	3,252,000
Cagamas Notes/ Bonds	55,285	70,770
	<u>4,217,540</u>	<u>3,325,092</u>
Quoted securities :		
Shares of corporations	3,734	6,510
Private debt securities	4,190	12,452
	<u>4,225,464</u>	<u>3,344,054</u>
Unquoted securities :		
Shares	12,272	12,272
Private debt securities	519,548	313,296
	<u>531,820</u>	<u>325,568</u>
Total Available-for-Sale Securities	<u>4,757,284</u>	<u>3,669,622</u>

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NOTES TO INTERIM FINANCIAL STATEMENTS - 30 SEPTEMBER 2005**3. LOAN AND ADVANCES****(i) By type**

	Group		Bank	
	Sep-05	Dec-04	Sep-05	Dec-04
	RM'000	RM'000	RM'000	RM'000
Overdrafts	2,863,765	2,990,998	2,863,765	2,990,998
Term loans and revolving credits				
Housing loans	4,909,033	4,237,994	4,909,033	4,237,994
Syndicated term loan	123,726	161,370	123,726	161,370
Hire purchase receivables	1,355	8,143	1,355	8,143
Lease receivables	469	489	21	21
Other term loans/financing	5,754,064	5,706,296	5,754,064	5,706,296
Credit cards receivable	507,818	457,040	507,818	457,040
Bills receivable	107,107	113,031	107,107	113,031
Trust receipts	499,586	509,032	499,586	509,032
Claims on customers under acceptance credits	2,757,645	2,623,056	2,757,645	2,623,056
Staff loans	88,601	90,936	88,601	90,936
Others	4,667	-	4,667	-
	17,617,835	16,898,386	17,617,387	16,897,918
Less: Unearned interest	(344)	(287)	(344)	(287)
Gross loans, advances and financing	17,617,491	16,898,098	17,617,043	16,897,631
Allowance for bad and doubtful debts and financing				
- Specific	(327,078)	(456,227)	(326,686)	(455,821)
- General	(251,944)	(251,950)	(251,888)	(251,888)
Net loans, advances and financing	17,038,468	16,189,922	17,038,468	16,189,922

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NOTES TO INTERIM FINANCIAL STATEMENTS - 30 SEPTEMBER 2005**3. LOANS AND ADVANCES (CONTINUED)****(ii) By type of customer**

	Sep-05	Dec-04	Sep-05	Dec-04
	RM'000	RM'000	RM'000	RM'000
Domestic non-bank financial Institutions				
- stockbroking companies	90	29,013	90	29,013
- Others	125,755	120,790	125,755	120,790
Domestic business enterprises				
- Small medium enterprises	3,396,321	3,258,141	3,395,903	3,257,702
- Others	6,205,135	6,083,924	6,205,134	6,083,923
Government	881,850	1,200,252	881,850	1,200,252
Individuals	6,950,943	6,161,725	6,950,943	6,161,725
Other domestic entities	2,653	2,742	2,624	2,715
Foreign entities	54,744	41,514	54,744	41,514
	<u>17,617,491</u>	<u>16,898,098</u>	<u>17,617,043</u>	<u>16,897,631</u>

(iii) By interest/profit rate sensitivity

	Sep-05	Dec-04	Sep-05	Dec-04
	RM'000	RM'000	RM'000	RM'000
Fixed rate				
Housing loans/financing	87,248	89,341	87,248	89,341
Hire purchase receivable	1,871	10,027	1,871	10,027
Other fixed rate loan/financing	501,396	454,549	501,396	454,549
Variable rate				
BLR plus	14,265,808	13,385,240	14,265,360	13,384,773
Cost-plus	1,181,012	1,250,716	1,181,012	1,250,716
Other variable rates	1,580,155	1,708,225	1,580,155	1,708,225
	<u>17,617,491</u>	<u>16,898,098</u>	<u>17,617,043</u>	<u>16,897,631</u>

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NOTES TO INTERIM FINANCIAL STATEMENTS - 30 SEPTEMBER 2005**3. LOANS AND ADVANCES (CONTINUED)**(iv) **Loans and advances analysed according to economic sector are as follows :**

	Group		Bank	
	Sep-05 RM'000	Dec-04 RM'000	Sep-05 RM'000	Dec-04 RM'000
Agriculture	84,508	108,990	84,508	108,990
Mining and quarrying	18,537	16,292	18,537	16,292
Manufacturing	3,563,071	3,514,589	3,562,653	3,514,150
Electricity, gas and water	213,612	44,792	213,612	44,792
Construction	809,498	886,927	809,498	886,927
Real estate	394,329	462,746	394,329	462,746
Purchase of landed property :				
(i) Residential	5,062,656	4,426,112	5,062,656	4,426,112
(ii) Non-residential	784,552	616,155	784,552	616,155
General commerce	2,512,242	2,416,625	2,512,241	2,416,625
Transport, storage and communication	510,578	523,205	510,578	523,205
Finance, insurance and business services	458,372	458,496	458,372	458,496
Purchase of securities	652,956	660,709	652,956	660,709
Purchase of transport vehicles	10,334	11,008	10,334	11,008
Consumption credit	1,448,323	1,378,425	1,448,323	1,378,425
Government agencies	895,523	1,221,689	895,523	1,221,689
Others	198,399	151,338	198,371	151,310
	<u>17,617,491</u>	<u>16,898,098</u>	<u>17,617,043</u>	<u>16,897,631</u>

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NOTES TO INTERIM FINANCIAL STATEMENTS - 30 SEPTEMBER 2005**3. LOANS AND ADVANCES (CONTINUED)****(v) Movements in the non-performing loans, advances and financing**

	Sep-05 RM'000	Dec-04 RM'000	Sep-05 RM'000	Dec-04 RM'000
Balance as at 1 January	1,506,588	1,494,860	1,506,121	1,494,257
Non-performing during the period/year	326,755	698,010	326,760	697,991
Recoveries	(141,523)	(295,593)	(141,508)	(295,431)
Reclassified as performing	(150,997)	(253,705)	(150,997)	(253,705)
Amount written off	(230,595)	(136,985)	(230,595)	(136,991)
Balance as at 30 September/December	<u>1,310,228</u>	<u>1,506,588</u>	<u>1,309,781</u>	<u>1,506,121</u>
Specific allowance (SA)	<u>(327,078)</u>	<u>(456,227)</u>	<u>(326,686)</u>	<u>(455,821)</u>
Net non-performing loans, advances and financing	<u>983,150</u>	<u>1,050,361</u>	<u>983,095</u>	<u>1,050,300</u>
Ratio of net non-performing loans and financing to net loans and financing	<u>5.69%</u>	<u>6.39%</u>	<u>5.69%</u>	<u>6.39%</u>

(vi) Movements in allowance for bad and doubtful debts

	Group		Bank	
	Sep-05 RM'000	Dec-04 RM'000	Sep-05 RM'000	Dec-04 RM'000
General allowance				
Balance as at 1 January	251,950	251,950	251,888	251,888
Allowance made during the period/year	-	-	-	-
Amount written back in respect of recoveries	(6)	-	-	-
Balances as at 30 September/December	<u>251,944</u>	<u>251,950</u>	<u>251,888</u>	<u>251,888</u>
% of gross loans, advances and financing (excluding loan to Government) less specific allowance	<u>1.54%</u>	<u>1.65%</u>	<u>1.54%</u>	<u>1.65%</u>

Specific allowance

Balance as at 1 January	456,227	518,670	455,821	518,128
Allowance made during the period/year	144,619	216,791	144,618	216,774
Transfer to allowance for diminution in value of investment securities	-	(34,079)	-	(34,079)
Amount written back in respect of recoveries	(42,720)	(160,357)	(42,705)	(160,204)
Amount written off	(231,048)	(84,798)	(231,048)	(84,798)
Balances as at 30 September/December	<u>327,078</u>	<u>456,227</u>	<u>326,686</u>	<u>455,821</u>

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NOTES TO INTERIM FINANCIAL STATEMENTS - 30 SEPTEMBER 2005**3. LOANS AND ADVANCES (CONTINUED)**

(vii) <u>NPL by sector</u>	Sep-05 RM'000	Dec-04 RM'000	Sep-05 RM'000	Dec-04 RM'000
Agriculture	1,946	4,523	1,946	4,523
Mining and quarrying	3,172	1,633	3,172	1,633
Manufacturing	420,701	501,268	420,283	500,829
Construction	55,843	54,513	55,843	54,513
Real estate	68,168	75,769	68,168	75,769
Purchase of landed property :	-			
(i) Residential	129,769	146,770	129,769	146,770
(ii) Non-residential	59,584	65,057	59,584	65,057
General commerce	243,589	345,382	243,588	345,381
Transport, storage and communication	4,133	9,277	4,133	9,277
Finance, insurance and business services	50,670	57,873	50,670	57,873
Purchase of securities	148,476	121,452	148,476	121,452
Purchase of transport vehicles	46	257	46	257
Consumption credit	98,937	95,147	98,937	95,147
Others	25,193	27,667	25,165	27,640
	<u>1,310,228</u>	<u>1,506,588</u>	<u>1,309,781</u>	<u>1,506,121</u>

4. OTHER ASSETS

	Group		Bank	
	Sep-05 RM'000	Dec-04 RM'000	Sep-05 RM'000	Dec-04 RM'000
Other debtors, deposits and prepayments	177,052	123,756	176,925	123,756
Accrued interest receivable	50,710	53,018	50,710	53,018
Amount due from subsidiaries	-	-	2,841	707
Precious Metal accounts	30,896	23,216	30,896	23,216
Foreclosed properties	3,806	3,806	3,806	3,806
	<u>262,463</u>	<u>203,795</u>	<u>265,177</u>	<u>204,502</u>

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NOTES TO INTERIM FINANCIAL STATEMENTS - 30 SEPTEMBER 2005**5. DEPOSITS FROM CUSTOMERS****(i) By type of deposit**

	Group		Bank	
	Sep-05 RM'000	Dec-04 RM'000	Sep-05 RM'000	Dec-04 RM'000
Demand deposits	2,093,909	1,910,845	2,093,909	1,911,858
Savings deposits	1,257,597	1,233,194	1,257,597	1,233,194
Fixed deposits	11,606,348	11,496,862	11,606,348	11,496,862
Negotiable instruments of deposits	1,493,098	1,239,529	1,493,098	1,239,529
Others	238,035	26,881	238,035	26,881
	<u>16,688,987</u>	<u>15,907,311</u>	<u>16,688,987</u>	<u>15,908,324</u>

(ii) By type of customer

	Group		Bank	
	Sep-05 RM'000	Dec-04 RM'000	Sep-05 RM'000	Dec-04 RM'000
Business enterprise	4,797,216	3,802,002	4,797,216	3,803,015
Individuals	10,353,558	9,993,516	10,353,558	9,993,516
Others	1,538,213	2,111,793	1,538,213	2,111,793
	<u>16,688,987</u>	<u>15,907,311</u>	<u>16,688,987</u>	<u>15,908,324</u>

6. DEPOSITS AND PLACEMENT OF BANKS AND FINANCIAL INSTITUTIONS

Group and Bank	Group		Bank	
	Sep-05 RM'000	Dec-04 RM'000	Sep-05 RM'000	Dec-04 RM'000
Licensed banks	5,276,189	3,849,699	5,277,348	3,849,699
Bank Negara Malaysia	48,400	132,574	48,400	132,574
Other financial institutions	17,108	18,378	17,108	18,378
	<u>5,341,697</u>	<u>4,000,651</u>	<u>5,342,856</u>	<u>4,000,651</u>

7. OTHER LIABILITIES

	Group		Bank	
	Sep-05 RM'000	Dec-04 RM'000	Sep-05 RM'000	Dec-04 RM'000
Provision for Commitments and Contingencies	1,324	2,105	1,324	2,105
Accrued interest payable	159,907	152,440	159,907	152,440
Accruals and provisions for operational expenses	78,500	39,634	78,446	39,634
Other accruals and provisions	320,597	292,401	320,589	291,625
	<u>560,329</u>	<u>486,580</u>	<u>560,266</u>	<u>485,804</u>

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NOTES TO INTERIM FINANCIAL STATEMENTS - 30 SEPTEMBER 2005**8. INTEREST INCOME**

	Group		Bank	
	Sep-05 RM'000	Sep-04 RM'000	Sep-05 RM'000	Sep-04 RM'000
Loans and advances				
- Interest income other than recoveries from NPL	620,433	569,547	620,436	569,541
- Recoveries from NPLs	61,161	63,648	61,161	63,648
Money at call and deposit placements with financial institutions	156,458	133,510	156,449	133,510
Held-For-Trading Securities	12,324	94,275	12,324	94,275
Available-For-Sale Securities	86,800	10,471	86,800	10,471
Others	1,692	21,930	1,692	21,930
	938,869	893,381	938,862	893,375
Amortisation of premium less accretion of discount	(4,359)	(876)	(4,359)	(876)
Net interest suspended	(3,994)	(6,535)	(3,994)	(6,535)
	930,516	885,970	930,509	885,964

9. INTEREST EXPENSES

	Sep-05 RM'000	Sep-04 RM'000
Group and Bank		
Deposits and placements of banks and other financial institutions	73,371	42,609
Deposits from other customers	297,353	253,362
Loans sold to Cagamas	36,582	39,380
Others	116,058	144,276
	523,365	479,627

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NOTES TO INTERIM FINANCIAL STATEMENTS - 30 SEPTEMBER 2005**10. OTHER OPERATING INCOME**

	Group		Bank	
	Sep-05 RM'000	Sep-04 RM'000	Sep-05 RM'000	Sep-04 RM'000
The Group and Bank				
<u>Fee income</u>				
Commission	46,033	47,296	45,880	47,296
Guarantee Fees	10,307	8,992	10,307	8,992
Service charges and fees	83,799	59,720	83,799	59,658
Commitment fees	14,281	13,790	14,281	13,790
Arrangement and Participation fees	21,913	8,662	21,913	8,662
	<u>176,334</u>	<u>138,460</u>	<u>176,181</u>	<u>138,398</u>
<u>Investment income</u>				
Gain/(Loss) from sale of HFT Securities	69,954	5,258	69,954	5,258
Gain/(Loss) from sale of AFS Securities	2,104	12,670	2,104	12,670
Unrealised gain/(loss) of HFT Securities	(14,672)	(1,285)	(14,672)	(1,285)
Gross dividends from :				
- Investment securities in Malaysia	425	302	425	302
- Association	-	-	1,904	-
	<u>57,812</u>	<u>16,945</u>	<u>59,716</u>	<u>16,945</u>
Other income :-				
Foreign exchange gain/(loss)				
- realised	34,588	23,024	30,428	23,024
- unrealised	920	(194)	5,080	(194)
Rental income	430	471	430	462
Gain on disposal of property, plant and equipment	414	1,453	414	1,453
Others	8,011	7,480	8,011	7,478
	<u>44,363</u>	<u>32,233</u>	<u>44,363</u>	<u>32,223</u>
	<u><u>278,509</u></u>	<u><u>187,638</u></u>	<u><u>280,260</u></u>	<u><u>187,566</u></u>

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NOTES TO INTERIM FINANCIAL STATEMENTS - 30 SEPTEMBER 2005**11. OTHER OPERATING EXPENSES**

	Group		Bank	
	Sep-05 RM'000	Sep-04 RM'000	Sep-05 RM'000	Sep-04 RM'000
Personnel costs	112,094	96,382	111,550	96,191
Establishment costs	47,723	44,800	47,573	44,769
Marketing expenses	18,685	15,882	18,728	15,863
Administration and general expenses	50,234	46,566	50,204	46,444
	<u>228,736</u>	<u>203,632</u>	<u>228,055</u>	<u>203,267</u>
<u>Personnel costs</u>				
Salaries, allowance and bonuses	90,023	77,769	89,580	77,605
Employees Provident Fund Contributions (EPF)	14,732	12,832	14,660	12,805
Other personnel costs	7,340	5,782	7,311	5,781
	<u>112,094</u>	<u>96,382</u>	<u>111,550</u>	<u>96,191</u>
<u>Establishment costs</u>				
Depreciation	20,934	19,415	20,853	19,410
Information technology costs	4,642	3,609	4,642	3,608
Repair and Maintenance	7,442	6,877	7,435	6,867
Rental of Premises	2,117	2,137	2,060	2,123
Others	12,588	12,762	12,582	12,762
	<u>47,723</u>	<u>44,800</u>	<u>47,573</u>	<u>44,769</u>
<u>Marketing expenses</u>				
Advertisement and publicity	10,378	7,164	10,371	7,156
Others	8,307	8,719	8,357	8,707
	<u>18,685</u>	<u>15,882</u>	<u>18,728</u>	<u>15,863</u>
<u>Administration and general expenses</u>				
Fees and commissions paid	23,752	21,036	23,743	21,031
Other Administration and general expenses	26,482	25,530	26,461	25,413
	<u>50,234</u>	<u>46,566</u>	<u>50,204</u>	<u>46,444</u>

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NOTES TO INTERIM FINANCIAL STATEMENTS - 30 SEPTEMBER 2005**12. ALLOWANCE FOR LOSSES ON LOANS AND FINANCING**

	Group		Bank	
	Sep-05 RM'000	Sep-04 RM'000	Sep-05 RM'000	Sep-04 RM'000
Allowance for bad and doubtful debts on loans and financing				
(a) specific allowance (net)				
- Made in the financial period	144,618	149,894	144,618	149,879
- Written back	(42,720)	(63,270)	(42,705)	(63,120)
(b) general allowance				
- Made/(Written back) in the financial period	(6)	-	-	-
Bad debts on loans and financing				
- written off	(79)	517	(79)	517
- recovered	(14,462)	(13,053)	(14,462)	(13,053)
	<u>87,352</u>	<u>74,089</u>	<u>87,372</u>	<u>74,224</u>

13. CAPITAL ADEQUACY

	Sep-05 RM'000	Sep-04 RM'000
Group and Bank		
<u>Tier I Capital</u>		
Paid-up share capital	470,000	470,000
Share premium	322,555	322,555
Retained profit, as restated	471,645	640,845
As previously stated	-	639,141
Prior year adjustments *	-	1,704
Other reserves	480,150	470,000
Less: Revaluation Reserve : Available-For-Sale	(10,150)	-
Deferred Tax adjustments	(37,407)	(37,407)
Total Tier I Capital	<u>1,696,793</u>	<u>1,865,993</u>
<u>Tier II capital</u>		
Property revaluation reserve	25,108	25,108
General provisions for bad and doubtful debts	251,888	251,888
Total Tier II Capital	<u>276,996</u>	<u>276,996</u>
Total capital	1,973,789	2,142,989
Less: Investment in subsidiaries	(151)	(151)
Total capital base	<u>1,973,638</u>	<u>2,142,838</u>

(b) The capital adequacy ratios of the Group and Bank are as follows :Capital ratios

Core capital ratio	9.19%	11.39%
Risk-weighted capital ratio	<u>10.69%</u>	<u>13.08%</u>

* Prior year adjustments are in respect of the change in accounting policies as disclosed in Note 16.

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NOTES TO INTERIM FINANCIAL STATEMENTS - 30 SEPTEMBER 2005**14. COMMITMENTS AND CONTINGENCIES**

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

Group and Bank	Principal Amount RM'000	Jun-05	Risk	Principal Amount RM'000	Dec-04	Risk
		Credit Equivalent Amount * RM'000	Weighted Amount RM'000		Credit Equivalent Amount * RM'000	Weighted Amount RM'000
Direct credit substitutes	1,251,028	1,251,028	1,184,771	778,849	778,849	726,469
Transaction-related contingent items	768,703	384,352	317,759	880,661	440,331	392,921
Short-term self-liquidating trade-related contingencies	338,993	67,799	62,515	307,371	61,474	53,336
Irrevocable commitments to extend credit						
- maturity more than one year	1,687,343	843,672	766,841	1,246,101	623,051	536,292
- maturity less than one year	12,527,706	-	-	11,742,716	-	-
Foreign exchange related contracts						
- less than one year	7,149,250	111,900	26,292	4,294,288	258,630	55,237
- one year to less than one year	603,120	57,173	11,435	-	-	-
Interest rates related contracts						
- less than one year	4,578,000	2,049	410	2,034,627	15,855	3,207
- one year to less than one year	16,533,437	158,121	33,849	18,158,448	131,187	26,236
- 5 years and above	563,129	76,000	15,201	-	-	-
Others	535,193	-	-	265,359	-	-
Total	46,535,902	2,952,093	2,419,073	39,708,420	2,309,377	1,793,699

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

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NOTES TO INTERIM FINANCIAL STATEMENTS - 30 SEPTEMBER 2005**15. INTEREST / PROFIT RATE RISK**

Group
As at 30 September 2005

	←----- Non-trading book ----->						Trading book	Total	Effective Interest Rate
	Up to 1 Mth	> 1-3 Mth	>3-12 Mth	>1-5 Yrs	Over 5 Yrs	Non Int Sensitive			
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	%
Assets									
Cash & Short Term Funds	2,945,085	-	-	-	-	163,115	-	3,108,200	2.94%
Securities purchased under repo	51,070	2,069,141	-	-	-	-	-	2,120,211	2.79%
Deposits & Placements with CB & FI	-	2,272,554	-	-	-	-	-	2,272,554	2.94%
Held for Trading Securities	-	-	-	-	-	-	569,132	569,132	2.83%
Investment Securities	1,729,982	1,269,987	1,215,273	179,637	340,792	21,613	-	4,757,284	2.79%
Loans & Advances & Financing									
-performing	10,014,972	1,243,266	1,951,391	881,733	363,301	1,615,809	-	16,070,472	6.23%
-non-performing	-	-	-	-	-	967,996	-	967,996	-
Other assets	-	-	-	-	-	1,117,321	-	1,117,321	-
	14,741,109	6,854,948	3,166,664	1,061,370	704,093	3,885,854	569,132	30,983,170	
Liabilities									
Deposits from Customers	6,348,595	3,123,064	4,639,388	461,916	181,594	1,934,430	-	16,688,987	2.67%
Deposits & Placements of CB & FI	4,047,957	1,112,219	162,008	-	-	19,513	-	5,341,697	2.70%
Securities Sold Under Repo	2,950,677	270,695	4,000	-	-	-	-	3,225,372	2.64%
Bills & Acceptances Payable	5,440	22,598	8,873	-	-	1,758,970	-	1,795,881	2.04%
Amount due to Cagamas	9,782	19,656	551,831	637,134	33,047	-	-	1,251,450	3.80%
Other Liabilities	-	-	-	-	-	597,837	-	597,837	-
Financed by :									
Share Capital	-	-	-	-	-	470,000	-	470,000	-
Reserves	-	-	-	-	-	1,611,946	-	1,611,946	-
	13,362,451	4,548,232	5,366,100	1,099,050	214,641	6,392,696	-	30,983,170	
On B/S Interest Sensitivity Gap	1,378,658	2,306,716	(2,199,436)	(37,680)	489,452	(2,506,842)	569,132	-	
Off B/S Interest Sensitivity Gap	403,773	1,002,428	185,368	(1,521,569)	(70,000)	-	-	-	
Total Interest Sensitivity Gap	1,782,431	3,309,144	(2,014,068)	(1,559,249)	419,452	(2,506,842)	569,132	-	

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NOTES TO INTERIM FINANCIAL STATEMENTS - 30 SEPTEMBER 2005**15. INTEREST / PROFIT RATE RISK (CONTINUED)****Bank**

As at 30 September 2005

	←----- Non-trading book -----→						Trading book	Total	Effective Interest Rate
	Up to 1 Mth	> 1-3 Mth	>3-12 Mth	>1-5 Yrs	Over 5 Yrs	Non Int Sensitive			
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	%
Assets									
Cash & Short Term Funds	2,945,085	-	-	-	-	163,115	-	3,108,200	2.94%
Securities purchased under repo	51,070	2,069,141	-	-	-	-	-	2,120,211	2.79%
Deposits & Placements with CB & FI	-	2,272,554	-	-	-	-	-	2,272,554	2.94%
Held for Trading Securities	-	-	-	-	-	-	569,132	569,132	2.83%
Investment Securities	1,729,982	1,269,987	1,215,273	179,637	340,792	21,613	-	4,757,284	2.79%
Loans & Advances & Financing									
-performing	10,014,972	1,243,266	1,951,391	881,733	363,301	1,615,809	-	16,070,472	6.23%
-non-performing	-	-	-	-	-	967,996	-	967,996	-
Other assets	-	-	-	-	-	1,093,964	-	1,093,964	-
	14,741,109	6,854,948	3,166,664	1,061,370	704,093	3,862,497	569,132	30,959,813	
Liabilities									
Deposits from Customers	6,348,595	3,123,064	4,639,388	461,916	181,594	1,934,430	-	16,688,987	2.67%
Deposits & Placements of CB & FI	4,049,116	1,112,219	162,008	-	-	19,513	-	5,342,856	2.70%
Securities Sold Under Repo	2,950,677	270,695	4,000	-	-	-	-	3,225,372	2.64%
Bills & Acceptances Payable	5,440	22,598	8,873	-	-	1,758,970	-	1,795,881	2.04%
Amount due to Cagamas	9,782	19,656	551,831	637,134	33,047	-	-	1,251,450	3.80%
Other Liabilities	-	-	-	-	-	597,774	-	597,774	0.00%
Financed by :									
Share Capital	-	-	-	-	-	470,000	-	470,000	-
Reserves	-	-	-	-	-	1,587,493	-	1,587,493	-
	13,363,610	4,548,232	5,366,100	1,099,050	214,641	6,368,180	-	30,959,813	
On B/S Interest Sensitivity Gap	1,377,499	2,306,716	(2,199,436)	(37,680)	489,452	(2,505,683)	569,132	-	
Off B/S Interest Sensitivity Gap	403,773	1,002,428	185,368	(1,521,569)	(70,000)	-	-	-	
Total Interest Sensitivity Gap	1,781,272	3,309,144	(2,014,068)	(1,559,249)	419,452	(2,505,683)	569,132	-	

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NOTES TO INTERIM FINANCIAL STATEMENTS - 30 SEPTEMBER 2005

16. CHANGE IN ACCOUNTING POLICIES AND PRIOR YEAR ADJUSTMENTS

(a) Change in Accounting Policies

During the nine months period ended 30 September 2005, the Group and the Bank have adopted the revised BNM/GP8 which have resulted in the following new accounting policies:

- 1) The holdings of the securities portfolio of the Group and the Bank are segregated based on the following categories and valuation methods:

- i) Securities held-for-trading

Securities are classified as held-for-trading if they are acquired and held principally for the intention of resale in the near term. The securities held-for-trading will be stated at fair value and any gain or loss arising from a change in their fair values and the derecognition of securities held-for-trading are recognised in the income statement.

- ii) Securities available-for-sale

Securities available-for-sale are financial assets that are not classified as held-for trading or held-to-maturity investments. The securities available-for-sale are measured at fair value or at amortised cost (less impairment losses) if the fair value cannot be reliably measured. Any gain or loss arising from a change in fair value are recognised directly in equity through the statement of changes in equity. When the financial assets are sold, collected, disposed of or impaired, the cumulative gain or loss previously recognised in equity will be transferred to the income statement.

- 2) Derivatives financial instruments are recognised at fair value and are carried as assets when the fair value is positive and as liabilities when the fair value is negative. Any gain or loss arising from a change in the fair value of the derivatives is recognised in the income statement.
- 3) Where a loan becomes non-performing, interest accrued and recognised as income prior to the date the loans are classified as non-performing shall be reversed out of income and set-off against the accrued interest receivable account in the balance sheet. Thereafter, the interest accrued on the non-performing loans shall be recognised as income on a cash basis instead of being accrued and suspended at the same time as prescribed previously.

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NOTES TO INTERIM FINANCIAL STATEMENTS - 30 SEPTEMBER 2005

16. CHANGE IN ACCOUNTING POLICIES AND PRIOR YEAR ADJUSTMENTS (CONTINUED)

b) Prior Year Adjustments

The following comparative figures have been restated for the effects of adopting the above change in accounting policies:

	Group		Bank	
	As restated	As previously reported	As restated	As previously reported
	RM'000	RM'000	RM'000	RM'000
i) Balance sheet as at 31 December 2004				
Dealing securities	-	878,241	-	878,241
Investment securities	-	3,638,850	-	3,638,850
Held-for-trading securities	878,241	-	878,241	-
Available-for-sale securities	3,669,622	-	3,669,622	-
Other assets	203,795	203,695	204,502	204,402
Other liabilities	486,580	472,692	485,804	471,916
Reserves	1,488,775	1,471,791	1,498,897	1,481,912

17. PERFORMANCE REVIEW

The Group's pre-tax profit for the 9 months period ended 30 September 2005 of RM273.3million was RM37.1million or 15.7% higher than that of the previous corresponding period of RM236.1million. The improvement in earnings was primarily due to higher non-interest income especially unrealised gain from sale of HFT securities and fee income.

The increase were partially offset by higher overhead expenses of RM25.1million as compared to previous corresponding period coupled with lower share of profit from associated companies.

18. PROSPECTS FOR 2005

The Malaysian economy is expected to grow moderately, driven mainly by domestic demand through higher private consumption and investment. Going forward, competition in the banking sector is expected to intensify. Leveraging on its strong financial footing, the Bank is confident of meeting the challenges ahead.

18. Dividends

A final gross dividend of 50 sen per share less tax, totalling RM169.2 million in respect of the financial year ended 31 December 2004 was paid during the period.